

BULGARIAN NATIONAL BANK

ANNUAL REPORT
2001



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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 2001 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

Bulgarian National Bank Management

MANAGING BOARD

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Governor

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Deputy Governor

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Deputy Governor

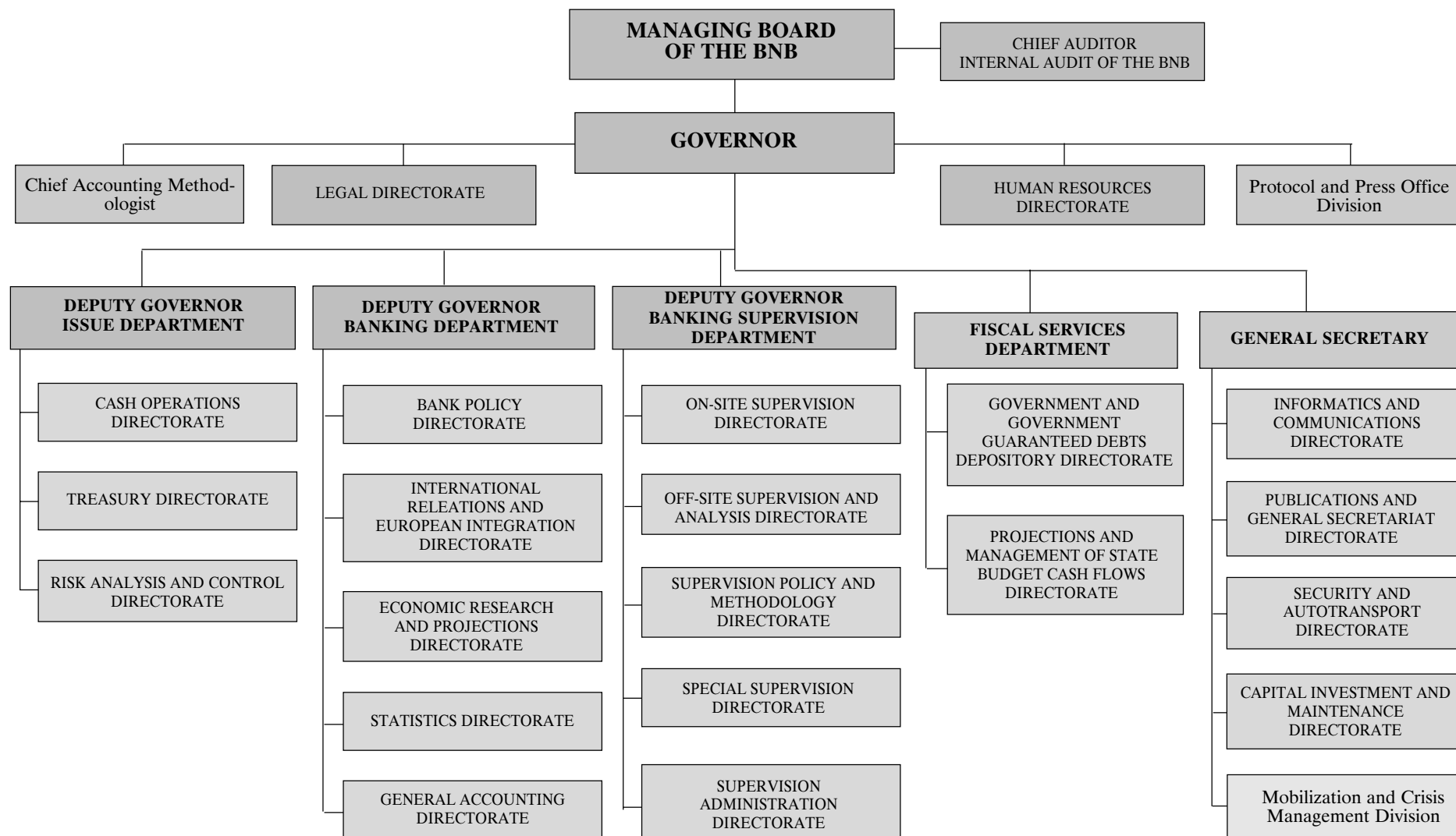
Garabed Minassian

Bojidar Kabaktchiev
Deputy Governor

Georgi Petrov

Organizational Structure of the BNB

(as of March 2002)



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I. Developments in the World Economy and Finances

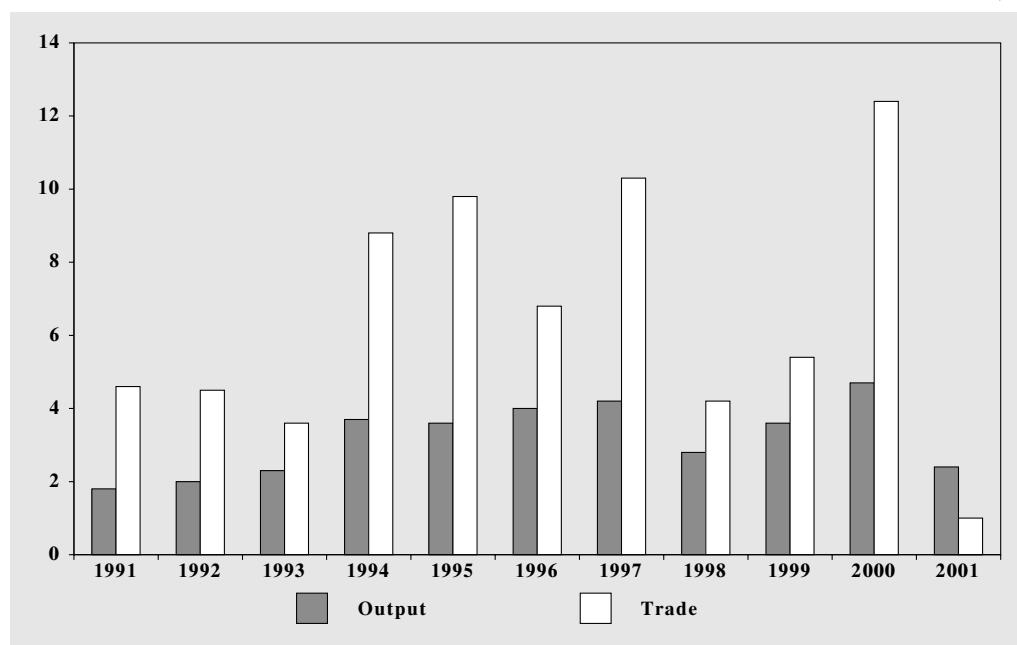
1. Overview and Major Trends in the Development of the World Economy

The past year was marked by the following major events: a slowdown in world economic growth, recession in the USA and Japan, and the terrorist attacks of 11 September 2001. Business climate and consumer confidence deteriorated as uncertainty about global economic conditions heightened. In the wake of September 2001 consumer confidence, the only driver of economic growth suppressing a slump, weakened. As a result, recession worsened globally during the fourth quarter of 2001. The stress from the 11 September terrorist attacks created expectations of possible stock market speculations, and the latter stopped trading for several days. Fast reaction and coordinated actions by all central banks, particularly the FRS and the ECB, in response to enhanced liquidity demand played a key role in their stabilization.

The IMF¹ estimates world output growth at 2.4% and world trade growth at 1%: the lowest growth rates over the last decade.

DEVELOPMENTS IN WORLD OUTPUT AND TRADE

(%)



Source: IMF.

Feedstock prices followed a downward trend in international markets, reflecting weaker economic activity in industrialized countries, combined with slower world output growth. Crude oil prices were falling by 11 September when shock from the terrorist attacks caused concern that the trend might be reversed. Given

¹ IMF, *World Economic Outlook*, December 2001.

the slump in economic activity, however, crude oil prices fell to USD 18 per barrel in the fourth quarter of 2001 (well below the trough of USD 22 per barrel in the price band set by OPEC). The fall in crude oil prices contributed to lower inflation globally. According to the IMF forecast, largely based on lower inflationary expectations, price growth (measured by CPI) in the developed and developing countries stayed at the 2000 level (2.3% and 6%), while price growth in CEE countries fell significantly in 2001: from 12.8% to 9.3%.

According to data published in early 2002, the first signs of global economic recovery are already in place. With the exception of Argentina, where the debt crisis grew into forex, social and political crises, the business climate in the rest of the world has gradually begun improving. Major factors behind reviving world output are low international feedstock prices, drawdowns on inventories accumulated in 2001, and particularly expectations of a steady fall in inflation. This is expected to keep inflation low, creating favorable conditions for lending to business. Therefore, the IMF forecasts world output growth at 2.4% and gradual intensification of international trade which is expected to grow by 2.1% on 2001.

2. The Developed Countries

Expectations emerging in early 2001 that a possible worsening of the problems in the USA and Japan will impact other regions adversely did materialize. The slump in international trade combined with the unexpected reversal in the IT production cycle reflected adversely on South Asian and EU countries, for exports are considered the main driver of economic growth.

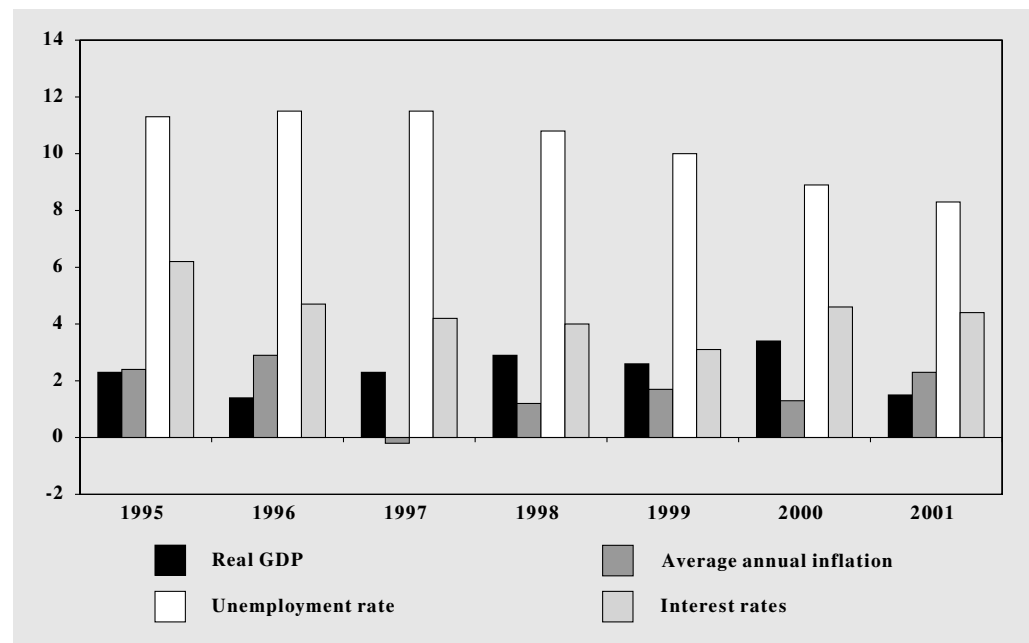
Concerns over a worsening and spreading of the economic crisis throughout the period brought a policy of gradual interest rate reduction.

The European Union

In the setting of changing global economic conditions EU countries experienced a gradual slowdown in growth. Following Germany, which entered recession at year's end, economic slowdown spread across France, Italy and Spain. Indicators of industrial output, the services sector, and business confidence fell sharply; the IFO index in Germany bottomed at a low since 1993.

BASIC MACROECONOMIC INDICATORS FOR EUROPEAN UNION MEMBER COUNTRIES

(%)



Source: IMF.

Major factors constraining ECB policy targeted at interest rate reduction were high inflation rates from March to June with HICP moving within 2.9 to 3.4%, combined with an underestimation of the situation in Germany and its impact on other countries in the region. In the second half of the year inflation in EU countries was falling, creating conditions for an overall interest rate reduction of 150 basis points to 3.25% at year-end.

Due to worsened economic conditions, structural imbalances in the labor market deteriorated, affecting both labor demand and supply. The relatively high unemployment (8.3 – 8.4%) and serious differences in the institutionalization of labor relations in EU countries highlight the need for progress in the labor market reform started in 1997.

Expectations for 2002 are associated with a gradual improvement in external and internal economic conditions. This entails creating conditions for the European economy to emerge from recession as early as the third quarter of the year. In contrast to the customary high inflation in the first months of the year (reflecting the effect of euro adoption), the forecast annual average HICP suggests lower inflation at 1.7%² consistent with lower feedstock prices in international markets and lower inflationary expectations globally. The ECB 2002 forecast for the eurozone is for 2.5% growth and 2% inflation.

The USA

Following a dramatic slowdown in US economic growth in mid-2000, in March 2001 the US economy entered recession, ending the longest period of expansion in US history. Business sector problems were the driver of the economic crisis in the USA. Unlike the 1990 – 1991 period, when industrial output contracted by 4.7% in seven consecutive months,³ between July 2000 and December 2001 industrial output fell by 7.6%. This, coupled with an aggressive contraction of inventories and negative capital investment growth, are seen as the main factors for the weak economic growth of 1.1%.

The unexpected decline in consumer demand in the aftermath of 11 September worsened the crisis, creating conditions for bankruptcies in tourism and transportation. The equity of a number of companies virtually collapsed. This, in combination with enhanced possibilities for speculation and deficient liquid funds in the US economy, prompted a further fall in incomes, the downsizing of manufacturing, and layoffs. The latter caused serious problems in the labor market, unemployment hitting a high of 5.8% since April 1995.

In 2001 the US authorities actively employed economic policy tools to deal with recession. A policy designed to boost business was consistently pursued through attractive terms of financing, and cutting the fed funds rate from 6.5% to 1.75%. As a result, monetary aggregate M3 rose by 12.8% on an annual basis, the highest rise over the last two decades. Following the June tax cut, in September the government approved a package of target fiscal measures worth USD 63 billion.

Forecasts for 2002 are for GDP growth at 3%, lower inflation at 2.2% by year-end, and 6% unemployment. These forecasts are based on the optimistic outlook, published in the first quarter, of a nascent US economic recovery in the second quarter.⁴ However, there is a likelihood of a downward revision given uncertainty about growth prospects and the extent of economic disequilibria adjustment.

Japan

In 2001 economic recession and deflation continued in Japan. During the review period the problems of the Japanese economy worsened. The high degree of intercompany indebtedness, especially in the banking sector, put 19 banks into conservatorship. To ward off a possible banking crisis, the central bank pursued a policy of zero interest rates and increased the purchase of government securities several-fold. Due to inadequate monetary policy transmission through the banking system, expansionary monetary policy did not contribute to solving the fundamen-

² *Survey of Professional Forecasters*, February 2002.

³ FRBSL, *National Economic Trends*, April 2002.

⁴ JP Morgan, *Global Data Watch*, March 29, 2002.

tal problem for the Japanese economy, deflation, which reached 1.2% on an annual basis at the end of 2001.

Although forecasts for the development of the Japanese economy in 2002 are based on an assumption of a gradual stabilization in the environment after mid-year, it should be noted that the crisis has hit all sectors of the economy and positive results cannot be expected without serious structural reform. Expectations for 2002 are for a GDP decline by 1%,⁵ 1% deflation and unemployment rising to over 6%.

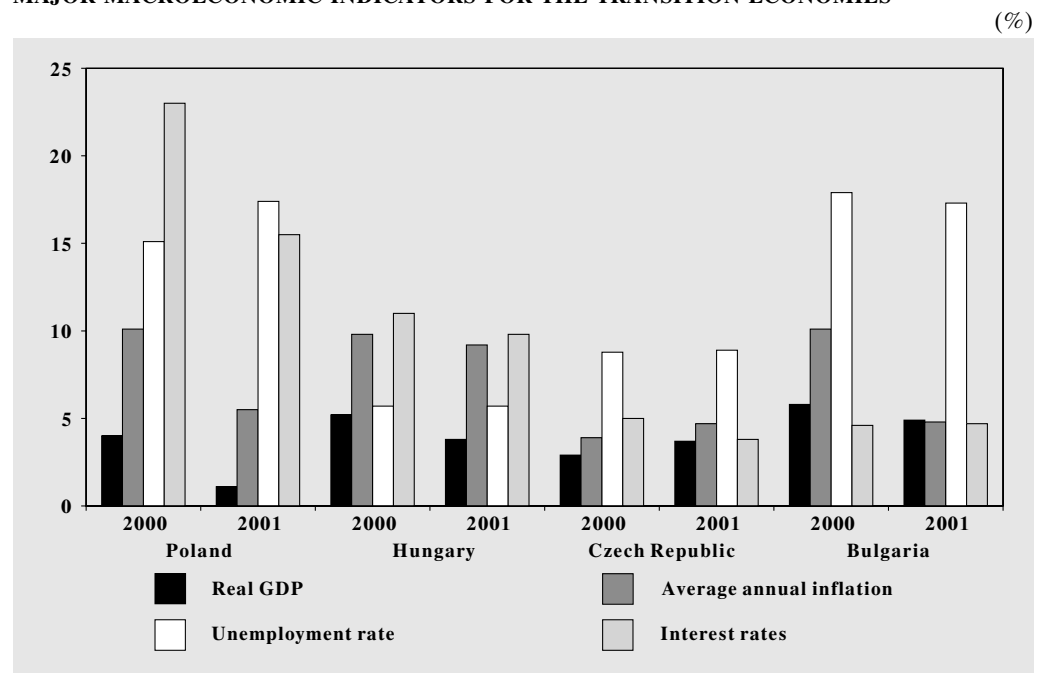
3. The Central and East European Countries

Worsened global economic conditions, greater uncertainty in most markets, and economic slowdown in EU countries were the major sources of external impact on the transition economies. Most countries within the group have small and open economies, making them strongly dependent on external demand. Nevertheless, transition economies posted 4.9% growth, mainly reflecting steady internal demand.

Central Europe

Since mid-2001 conditions for economic growth have dramatically worsened in Hungary. Under the impact of the EU crisis and national currency appreciation export volumes gradually declined. Nevertheless, compared with 2000 when the current account deficit accounted for 2.9% of GDP, in 2001 it fell to 2.1% of GDP as a result of net growth in exported services and a fall in import growth. The business climate deteriorated and in September industrial output⁶ contracted by 4.4%, growing by just 3.7% for the year as a whole (in 2000 industrial output grew by 18.6%). Inflation followed a downward trend throughout the year but measured on an annual basis it stayed high, 9.2%, due to high fuel and food prices over the first half of the review period. Concerns over permanent and high inflationary expectations were the main reason for high interest rates set by the central bank. These were cut to 9.8% as late as the end of the year.

MAJOR MACROECONOMIC INDICATORS FOR THE TRANSITION ECONOMIES



Source: BIS.

⁵ IMF, *World Economic Outlook*, December 2001.

⁶ BIS, *Economic Indicators for Eastern Europe*, March 2002.

Expectations for 2002 are for slower growth (3.5% against 3.8% in 2001), a higher current account deficit at 2.6% of GDP, and 5.5% annual inflation.

The *Polish economy* was hit hardest by EU recession, posting the lowest real GDP growth in the region: just 1.1%. The central bank did not take active action to underpin economic growth, despite the downward trend in industrial output, which started at the beginning of the second quarter, and growing unemployment. Labor market problems worsened and employment declined for a third consecutive year. Inflation fell dramatically consistent with the slowdown in economic activity. Despite monetary authority efforts to cut interest rates, they remained significantly higher than those in European and other transition economies, at 15.5%.

Forecasts for 2002⁷ are for 1% GDP growth, 4.5% annual average inflation, an 18.6% rise in unemployment, 4.8% current account deficit of GDP, and devaluation of the exchange rate from 3.70 PLZ/EUR to 3.95 PLZ/EUR. In 2002 the government will continue the policy of fiscal expansion with authorities allowing the budget deficit to grow from 4.4% to 4.8% of GDP. This will be financed through treasury bonds issues worth PLZ 26 billion and USD 1.6 billion revenue from privatization deals in the banking and energy sectors and in telecommunications (0.9% of GDP).

Unlike other countries in the region, the *Czech Republic* posted 3.7% growth driven by steady private demand and investment consumption. Nevertheless, the first signs that the economy has entered a new stage of the business cycle emerged in the third quarter, reflecting a slowdown in growth, contracted domestic credit and higher unemployment (9% at end-period). Concurrently, the appreciation of the Czech crown against the euro was the main factor for the inflow of foreign direct investment, which reached 4.5% of GDP.

Expectations for 2002 point to 3.4% GDP growth, 3.9% annual average inflation, unemployment reduction to 8.7%, and 4.4% current account deficit of GDP. The forecast is based on the assumption of close cooperation between the central bank and the government to avoid further appreciation of the crown and preserve economic competitiveness. The authorities are confronted with the task of fiscal discipline tightening, intensive economic restructuring and creating favorable conditions for output and labor productivity growth.

Russia

Following the *Russian economy's* 9% growth in 2000, in 2001 growth slowed down with GDP growing 5% in real terms. Internal demand rose considerably reflecting higher incomes (46.7% in nominal and 23.6% in real terms) and consumption. Likewise, domestic credit increased by 30% and unemployment was down from 10.2% to 9%. The sizable fall in international oil prices, reduced gas production and exports, and higher imports are the major reasons for the smaller current account surplus compared with the previous year (11% of GDP against 18.4% in 2000). However, this did not prevent foreign exchange reserves from growing by some 34% to USD 32.5 billion.

Expectations for 2002 are associated with steady consumer and investment demand, current account and budget surpluses, and high foreign exchange reserves. The government projects 3.5 to 4.3% GDP growth depending on movements in international oil prices, and 12 to 13% annual inflation.

4. Countries with Currency Boards

The Baltic Countries

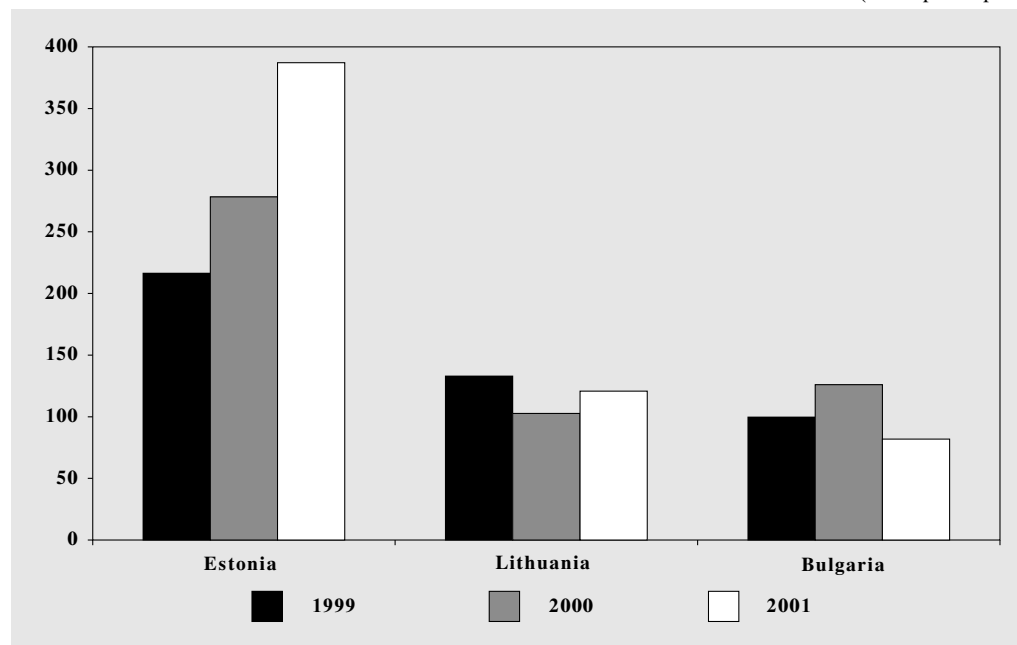
Following the 6.9% GDP growth in 2000 the *Estonian economy* preserved its high 2001 growth at 5.3%. Industrial output grew by 7%, driven by the textiles, wood processing and furniture sectors. Further salary rises (12.4%), combined with moderate inflation at year-end (4.2%), boosted consumer demand. Unemployment fell by two percentage points to 11.9%.

⁷ According to the macro framework of the national budget, adopted on 20 November 2001.

In 2001 Estonian exports rose by 7.3% thanks to a favorable external economic environment at the beginning of the year, but in the last months export growth slowed dramatically as a result of weaker demand from major trading partners Finland and Sweden.

FOREIGN DIRECT INVESTMENT IN COUNTRIES WITH CURRENCY BOARDS

(USD per capita)



Source: Eesti Pank, Lietuvos Bankas, BNB.

In 2001 Estonia will adhere to a policy of boosting free enterprise within the existing monetary regime and to strict fiscal policy. The MF projects 4% growth, 3.8% annual average inflation, higher unemployment at 13.4%, current account worsening (6.9% of GDP), and a balanced national budget in compliance with law (revenue and expenditure of EEK 34.7 billion respectively).

The past year favored the development of the *Lithuanian economy*, which posted 5.7% real GDP growth. Exports grew by 21%, revenue from the privatization of over 800 enterprises reached EUR 140 million, and industrial output rose by 17% (oil processing industry output, a key one for the economy, accounted for 47%). The USD 111 million agreement with the IMF signed in August 2001 had a positive effect on investor attitude. As a result, foreign investment increased. Given high economic growth, steady interest rates, and successful banking sector restructuring, bank lending intensified in the last months of the year, growing by 8% for the first time in recent years. Expectations that in April 2002 the central bank of Lithuania will reduce minimum required reserves from 8% to 6% are associated with enhanced lending.

Government projections from 8 October 2001 envisage 4.7% growth and a 1.5% of GDP budget deficit in compliance with the IMF agreement. Major challenges facing the Lithuanian economy in 2002 are high unemployment (12.9% at year-end) and the current account deficit, which is expected to reach 5.8% of GDP according to the IMF forecast.

Argentina

The macroeconomic stabilization in Argentina after currency board adoption and structural measures in the early 90's created conditions for high economic growth. However, Argentina failed to take advantage of the favorable economic environment and high growth rates to accelerate reforms, particularly in the public sector, which continued generating deficits, despite reported real growth in the economy.

Deficit financing was through bond issues in the international financial markets and IFI loans. Public debt rose fast, entailing higher interest expenses. Between 1994 and June 2001 external debt rose by 65.6%. Government debt is mainly in government securities (63%) and loans from international financial institutions (30%).

Since early 2001 the government took measures for debt restructuring but problems with external debt payment financing were a signal for depositors to start a run on banks whereby foreign exchange reserves decreased. At the end of 2001 the credibility crisis reached hysteria, especially after the IMF (the biggest creditor) refused financial support. The government had to take countermeasures, suspending the law banning the expropriation of the savings of the public, blocked their deposits and put a limit on withdrawals. In late 2001 a moratorium on external debt payments was announced, and the currency board was abolished.

The Argentinean crisis provoked unjustified attacks against the currency boards. Although it is already obvious that the crisis was caused by weak fiscal policies, some still adhere to the traditional explanation of the collapse of the Argentinean currency board, namely the loss of competitiveness due to the fixed exchange rate, the impossibility of generating foreign exchange, and hence the country's inability to service its external debt. However, data on Argentina's real exchange rate dynamics *vis-à-vis* its major trading partners show that the Argentinean currency has not been continuously and considerably overvalued. The periods of overvaluation of the Argentinean peso's real exchange rate are associated with the sharp devaluation of the Brazilian real in early 1999 and continuous euro devaluation against the US dollar since 2000.

Argentina could serve as another lesson that maintaining fiscal and quasi-fiscal deficits instead of implementing consistent fiscal, macro- and microeconomic policies inevitably leads to an accumulation of unsteady high levels of government debt and ultimately to the collapse of the financial and economic system.

II. Developments in the Bulgarian Economy

During 2001 the international economic situation worsened, with the effects of global recession affecting all economies worldwide. Dramatically increased uncertainty following the 11 September terrorist attacks on the USA eroded mainly confidence, resulting in decreased consumer demand. However, the recession also affected Bulgaria's economy, mostly in terms of international trade. Slower economic growth in the eurozone and the USA, coupled with economic problems in some Balkan countries resulted in weaker external demand which in turn affected adversely the prices of major Bulgarian export goods. As a result Bulgaria's trade balance deficit increased, limiting opportunities for export-oriented growth. Nevertheless, in 2001 economic growth in Bulgaria continued for the fourth year in a row. GDP rose by 4% in real terms, showing an even growth over the four quarters of the year. The sustained growth in investment activity resulted in a real increase of gross capital formation prompting a 20% growth of fixed capital. Intensified commercial bank lending contributed significantly to this effect by increasing dramatically banks' exposures to the real sector.

By the close of 2001 inflation fell on end-2000: 4.8% against 11.4%. This fall reflects lower energy commodities' and inputs' prices, and slower depreciation of the euro against the US dollar. Increased domestic demand did not prompt price rises in Bulgaria due to available free capacities and the repressive effect of imports.

The financial sector also operated under relatively smooth conditions over 2001. The stagnant world economy impacted more seriously Bulgaria's real sector, while the effects on the financial sector proved weaker. During the review period the BNB did not intervene on money supply, keeping the level of minimum required reserves unchanged, and did not perform its function of lender of last resort. Monetary aggregates' dynamics matched money demand by economic agents and entirely reflected reserve money growth.

1. The Real Sector

Gross Domestic Product

The favorable trends in Bulgaria's economy continued in 2001. According to preliminary National Statistical Institute (NSI) data, GDP in 2001 totals BGN 29,618.1 million: a real increase of 4% compared with 2000. Given the slowdown in the world economy this growth may be considered a success: the result of increased domestic demand, and primarily of investment.

Between January and September economic activity stayed high due to the 2000 inertia impulse, and to growth in agriculture reported in the third quarter. GDP rose by 4.7% on the same period in 2000. In 2001 the three biggest economic sectors reported growth: services (particularly communications and trade) contributed most significantly to this over the first nine months, followed by industry. Worsened external conditions affected imports in the second half of 2001.

GDP GROWTH

	(percentage change on previous year)			
	Rate (%)		Contribution to growth (percentage points)	
	2000	2001	2000	2001
GDP	5.4	4.0		
Final demand	5.7	4.5	5.0	3.9
Gross fixed capital formation	15.4	19.9	2.3	3.1
Net exports			-1.9	-3.2
Exports of goods and services	16.6	8.5	7.4	4.7
Imports of goods and services	18.6	13.0	-9.3	-7.9

Source: NSI.

GDP by Final Demand Component

Domestic demand (consumer and investment) contributed most significantly to the growth reported in 2001. Final consumption increased by 4.5% in real terms comprising the largest share of overall GDP growth: 3.9% percentage points.

In 2001 the growth of investment in fixed capital accelerated: from 15.4% in 2000 to 19.9% in 2001 in real terms. The share of investment in fixed capital rose from 15.7% in 2000 to 17.8% in 2001. The improved quality of investment spending, and equipment renewal instead of repair and reconstruction of existing plant appeared as a positive trend.

Net exports remained negative. Despite the real increase of exported goods and services (by 8.5%), imports rose at a faster rate (by 13.5%). As a result the foreign trade balance worsened: from -5.4% in 2000 to -7.5% in 2001.

GROSS VALUE ADDED GROWTH

	Rate (%)		Contribution to growth (percentage points)	
	2000	2001	2000	2001
	Gross value added	5.0	3.7	
Agriculture	-10.3	0.5	-1.7	0.1
Industrial sector	10.6	4.2	3.0	1.2
Services	6.7	4.2	3.7	2.4

Source: NSI.

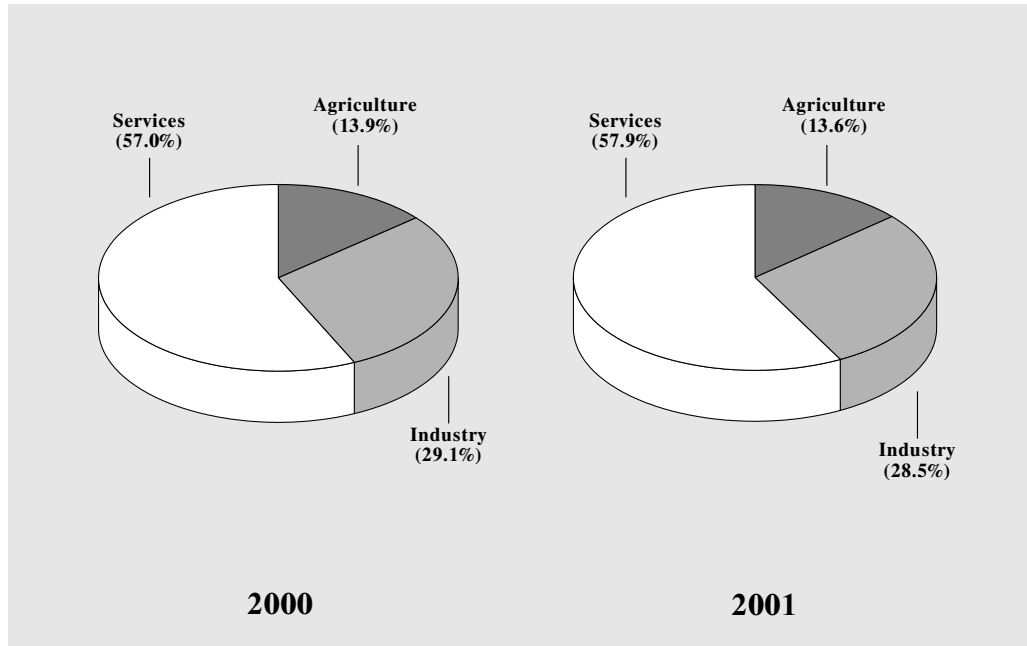
Sectoral GDP Structure

Gross value added increased by 3.7% with the share of the three biggest economic sectors staying stable compared with 2000. Growth was reported in *agriculture* in the second half of 2001 which reversed the end-1999 downward trend.

Value added in the *industrial sector* grew by 4.2% in 2001 showing a slowdown during the year: from 6.6% in the first quarter to 1% in the fourth quarter compared with the corresponding periods of 2000.

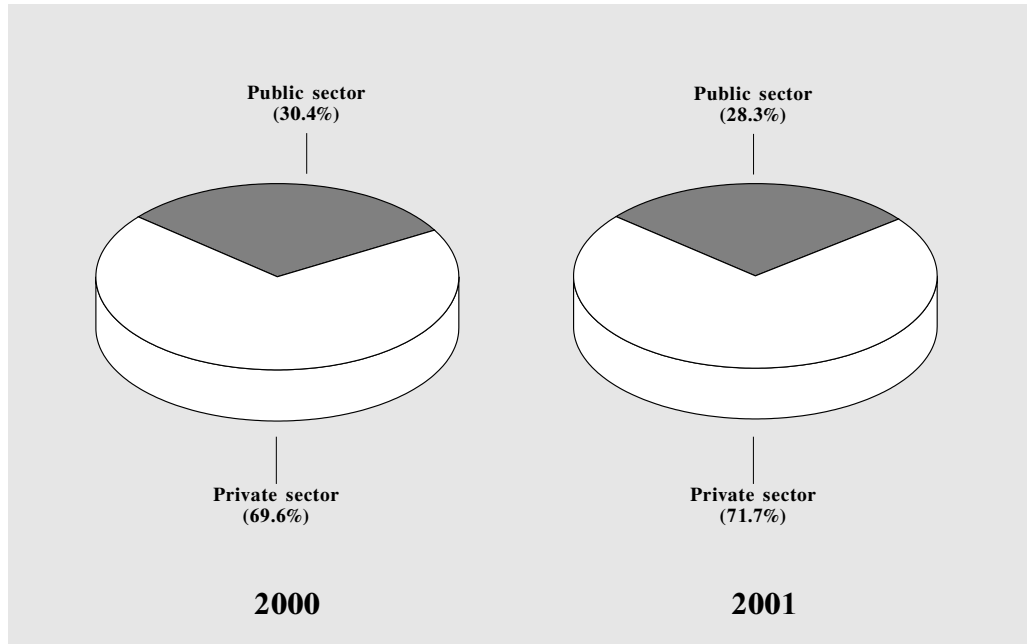
Worsened international economic conditions impacted *industry* growth in the third and fourth quarters, with the drop in exports being the major factor behind the decline in total sales. A significant decrease was reported in the fourth quarter which impacted the annual sector's result. Between January and December real industrial sales matched the 2000 level, with domestic market sales growing by 1.1%. Export sales fell by 2.6%. November and December saw sales decrease by 5.8% and 4.5% on corresponding months in 2000. Export sales declined by 17.8% and 17.3% respectively. *Metallurgy, the tobacco industry and the chemical industry* experienced serious difficulties due to decreased external demand. High dynamics in the engineering, electrical and clothing industries appeared as a positive change in the structure of industry. *Services*, indicating a 4.2% increase and generating 58% of value added, contributed most significantly to the overall growth.

SECTORAL GDP STRUCTURE



Source: NSI.

STRUCTURE OF GDP BY ORIGIN OF OWNERSHIP



Source: NSI.

GDP by Origin of Ownership

Over 2001 private sector share in total value added rose by two percentage points, indicating a 7.3% real growth. Public sector value added decreased by 4.5%. Given slower privatization rates, it may be concluded that the results are attributable mostly to private sector development rather than to ownership restructuring.

Inflation

Domestic demand did not prompt price rises due to free production capacities and import elasticity. Domestic prices are mostly impacted by the movements in international prices and adjustments in administered prices.

In 2001 producer prices matched the previous year's level and accumulated inflation from the beginning of 2001 was 0.7% (by end-2000 accumulated inflation on producer prices was 14.4%). Over 2001 international prices of major raw material feedstocks and crude oil decreased. This had an anti-inflationary effect on domestic prices. Crude oil prices fell by approximately 14% on 2000, international prices of nonenergy goods went down by almost 9%, and prices of raw material feedstocks, by 15%.⁸

Consumer prices are directly impacted by several major factors: producer prices, international fuel prices, and administered prices. Fluctuations of the BGN/USD exchange rate reflected on inflation through producer prices. Therefore, consumer price sensitivity to the exchange rate is not as high as it was prior to 1997.

Consumer price goods remained relatively stable until August when accumulated inflation from early 2001 was 0.9%. By the end of 2001 inflation rapidly accelerated, reaching 4.8%. Price shocks in September (1.3% monthly inflation under the pressure of seasonal goods) and October (1.7% monthly inflation due to a rise in administratively set prices of electricity and district heating) did not impact inflation significantly in the final two months of 2001.

INFLATION IN 2001

	Inflation (% at year-end)	Inflation contribution (percentage points)
Total	4.8	
Food	2.7	1.16
Nonfood	5.6	1.54
Catering	3.3	0.13
Services	8.1	2.00

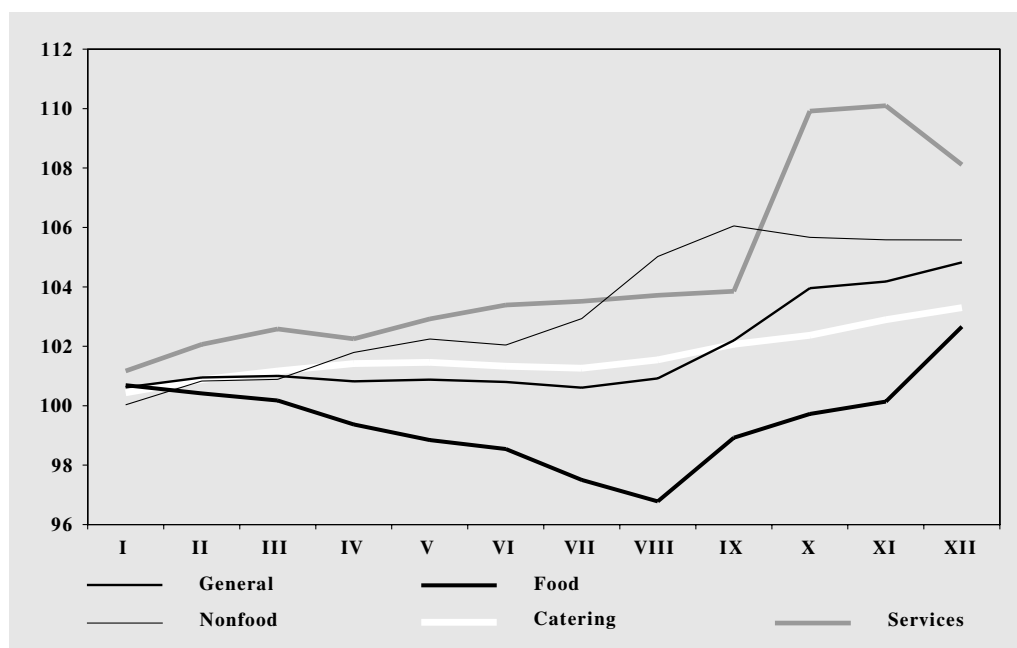
Source: NSI.

Goods whose prices increased during 2001 accounted for about 80% of the consumer basket. Administered prices had a strong direct effect on inflation. This effect induced changes in relative prices which increased monthly inflation volatility. On 1 October prices of energy and district heating were raised by 10% and prices of local telephone services provided by the BTK, by 20%. These price rises were the reasons behind significantly accelerated inflation in services and the general price index correspondingly.

Changes in **relative prices** in 2001 did not impact significantly the structure of consumer expenditure at constant prices. More clearly pronounced trends are associated with increased expenditure on communication services (from 1.5% in 1997 to 4% in 2001), a decreased share of expenditure on housing maintenance (including rents, water supply, electricity and heating) from 12.8% in 1997 to 10.9% in 2001, and reduced expenses on clothing and footwear (from 8.1% in 1997 and 8.3% in 1998 to 6% in 2001). The share of food (tobacco and alcoholic drinks) again comprised almost 50% of the consumer basket. However, the structure of consumption at current prices reveals a favorable trend: in the three most recent years food expenses stabilized around 42 – 43%, and housing maintenance at about 16%. This prompted a decline in the total share of these two commodity groups in the consumer basket: from 66% in 1997 to 59% in 2001.

⁸ According to World Bank data.

CONSUMER PRICE INDICES IN 2001



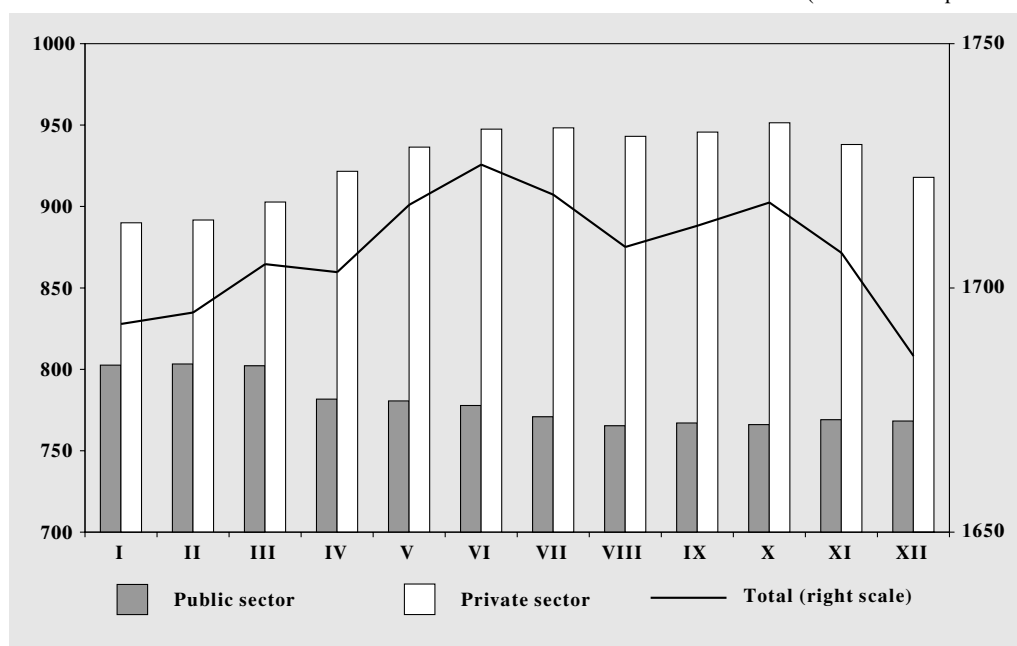
Source: NSI.

Employment, Unemployment and Pay

In 2001 the upward trend in economic efficiency against a background of reduced employment (by 1.3%) and moderately increased salaries (by 4.3% in real terms) continued. The number of registered unemployed decreased until September and started increasing in the winter months to reach 19.5% (according to the ILO definition) due to the seasonal nature of unemployment in Bulgaria. In 2001 the average number of employees under labor contract fell by 2.8% and the average number of employees, by 1.3%. This equates to a labor efficiency gain of 5.4% against GDP growth of 4%.

EMPLOYEES UNDER LABOR CONTRACTS IN 2001

(thousands of persons)



Source: NSI.

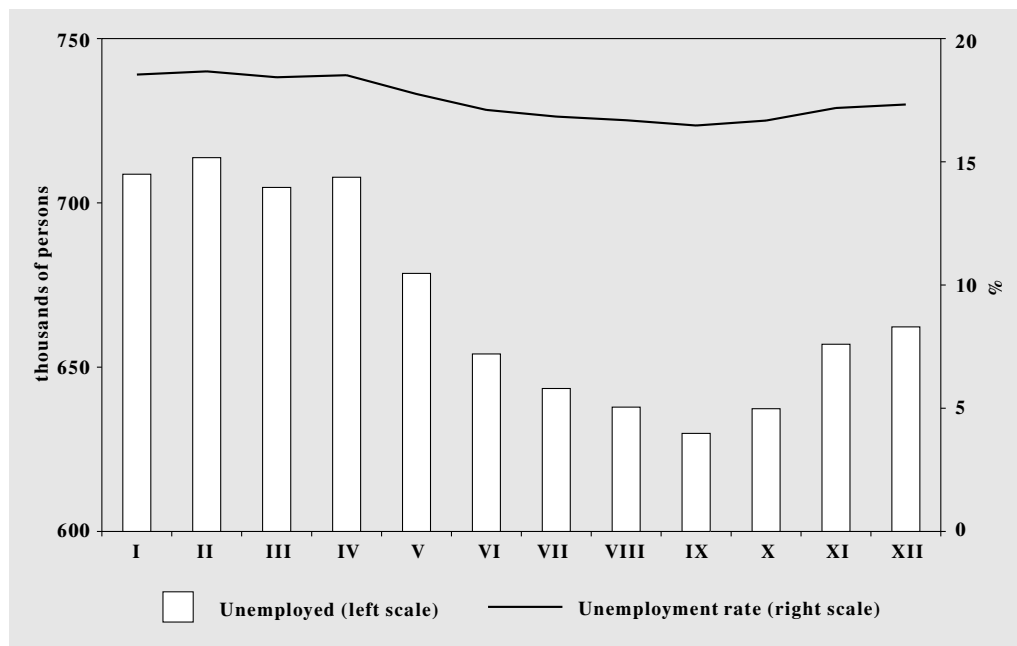
Public sector employment decreased by 10%, the decline affecting the entire nongovernment sector – a sign of public sector restructuring. Private sector employment increased by 2.2%. However, this increase could not offset the public sector decline.

Industries indicating employment growth are: trade and overhauls (by 0.8%), hotels and catering (by 11.1%), and real estate transactions and business services⁹ (by 8.9%). These three industries developed at extremely fast rates, and public sector employment in these sectors is characterized by the highest growth rates and flexible and efficient labor use. Employment growth was reported also in *government administration* (by 5.6%) and *finance, credit and insurance* (by 4.7%). However, the social effect of employment growth in these sectors is insignificant, given their relatively small share in total 2001 employment (see Appendices).

Processing industry employment fell most significantly (3.9%), contributing to the overall employment decline (1.3%) by 0.8 percentage points. Employment in education experienced a 6.6% fall and healthcare, 6.7%. These sectors' contribution to the total employment drop was 0.5 and 0.3 percentage points respectively. The shares of these three sectors in total employment are 20%, 7% and 5% respectively. The downward trend in processing industry employment in recent years reflects substantial structural changes in this industry associated with increased labor efficiency and improved employment distribution among individual industry subsectors.

Within the year under review unemployment decreased. According to NSI labor surveys based on the International Labor Organization definition, by end-2001 the unemployment rate was 19.5% against 21.6% in early 2001. The number of registered unemployed reported by the Employment Executive Agency decreased by 3%: from 682,792 by end-2000 to 662,260 by end-2001.

UNEMPLOYMENT IN 2001



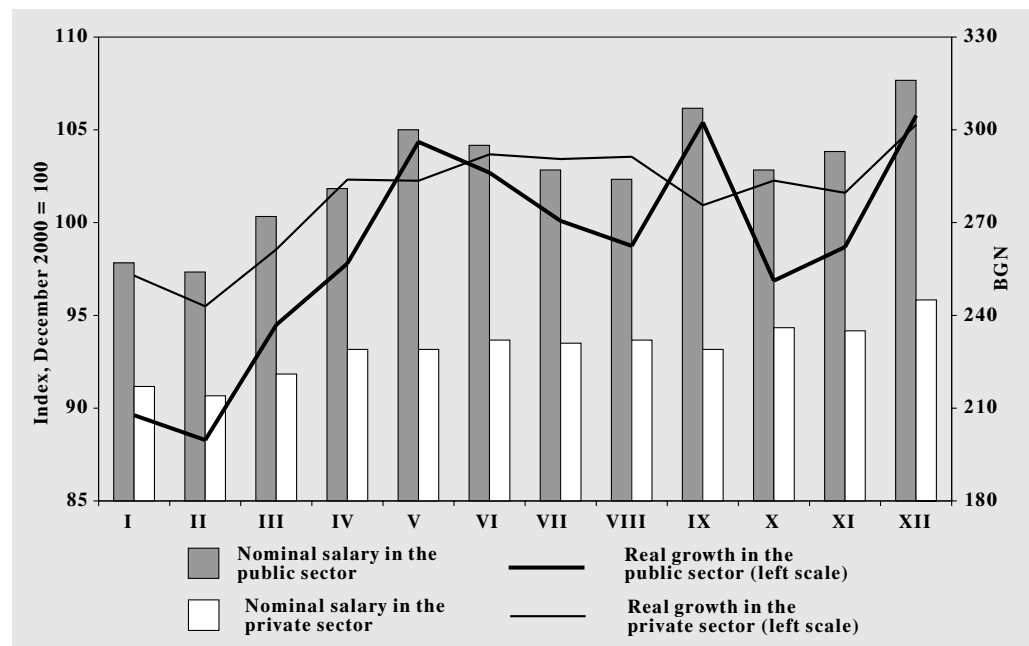
Source: Employment Executive Agency.

According to NSI labor surveys 290,700 employees over the last eight years (69% of total employed people) left their last job due to a layoff. Unemployed people seeking a first job numbered 150,300. The bulk of these people (109,000) did not find a job after finishing education or leaving military service. By the end of

⁹ Including computer services, research and development, legal and accounting services, advertizing, architecture and engineering, detective and security services, cleaning, photography, secretarial and translation services, *et alia*.

2001 the share of long-term jobless people was high, accounting for 63.2% of the unemployed total.

NOMINAL AND REAL SALARIES IN PUBLIC AND PRIVATE SECTORS IN 2001



Source: NSI.

In 2001 **real pay** increased by 4.3%. A greater increase in real pay was reported in *trade and overhauls* (by 11.3%), and *hotels and catering* (by 12.1%), attributable probably to the improved economic indicators. Increased pay in *healthcare* (by 16.4%) and *education* (9.7%) to a great extent reflects personnel reductions. No real salary increase was reported in processing industry over 2001 reflecting mostly downward sales. During 2001 the highest remuneration was again paid in the *financial, energy and extracting* industries and the lowest, in the *hotels and catering* sector.

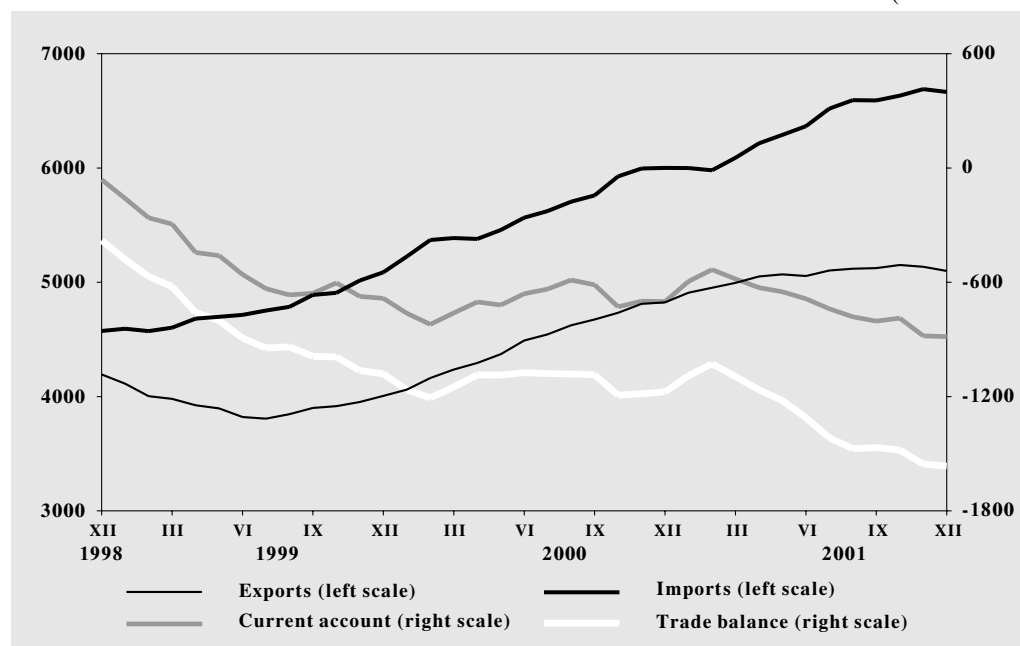
2. The External Sector

The Balance of Payments

The general trends in balance of payments dynamics sustained in 2001. Following the relative stabilization of the last two years the current account deficit started growing to reach a negative balance of USD 887.5 million, exceeding the previous year's deficit by USD 186 million. The progressively worsening trade balance and negative net income, only partly offset by the higher balance on services and net current transfers, contributed most significantly to these unfavorable balance of payments dynamics. Foreign trade volume continued to increase but unlike the previous year import growth rates almost doubled those of exports. This pushed up the trade balance deficit which rose by USD 392 million, exceeding USD 1.5 billion.

BALANCE OF PAYMENTS BASIC COMPONENTS
(on an annual basis)

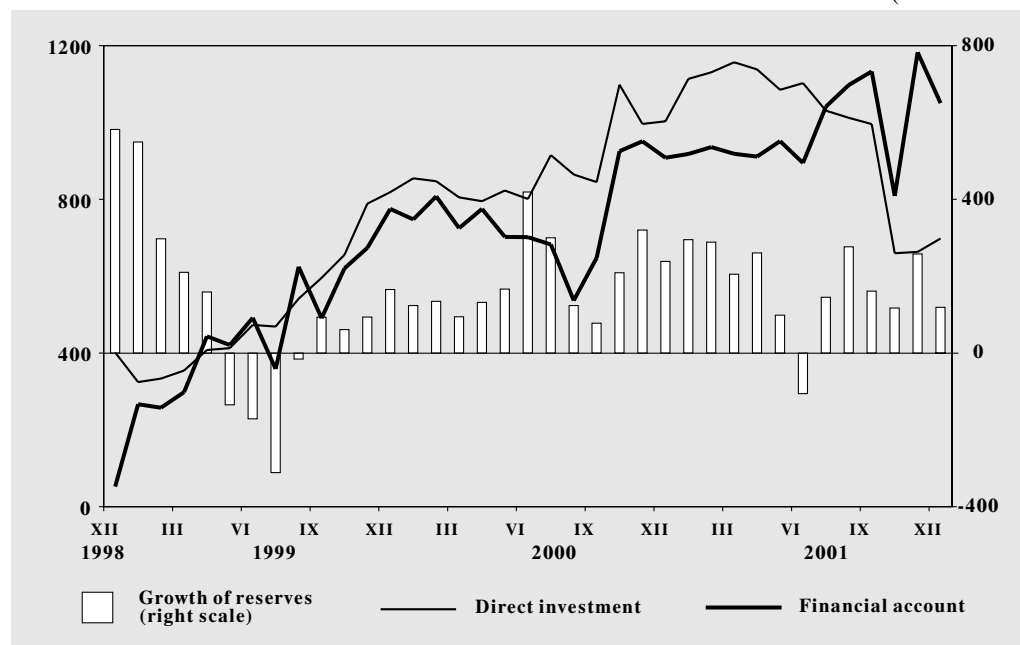
(million USD)



Source: BNB, NSI.

BALANCE OF PAYMENTS BASIC COMPONENTS
(on an annual basis)

(million USD)



Source: BNB, NSI.

Unfavorable trends in the balance of payments current account did not cause any loss of foreign exchange reserves due to the compensating effect of the financial account.

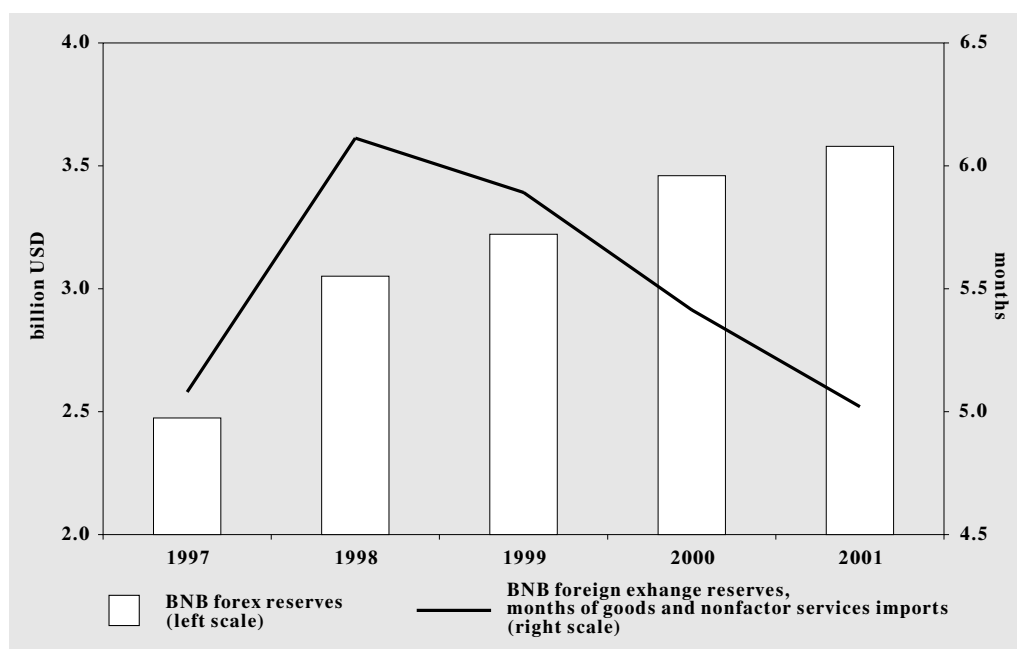
The financial account surplus totaled USD 1,050.6 million, reflecting the impact of several factors:

- despite the reported decrease of USD 313 million on 2000, direct investment in Bulgaria continued to play a key role in financial account dynamics, totaling USD 688.5 million by end-2001. No significant privatization

transactions were concluded over 2001, and the bulk of direct investment was the so-called greenfield investment, which explains to a great extent the increased imports of investment goods.

- for the first time since the introduction of a currency board portfolio investment indicated a surplus amounting to USD 82.2 million. Similar dynamics occurred in early 1997 as a result of the inflow of speculative capital invested in short-term government securities due to the huge interest rate differential. In contrast to 1997 the surplus reported in 2001 reflects the issue of Eurobonds of USD 250 million in the third quarter, maturing in 2007.
- reverse repurchase of Brady bonds and the follow-up canceling and sale helped release and sell the security on them. Income from the sold security resulted in an increase in both the fiscal and forex reserves of the central bank.
- foreign currency deposits of the public with local commercial banks grew by USD 463.5 million, reflecting the withdrawal of eurozone national currencies from circulation (beside the strengthened confidence in banks). In the last months of 2001 currency in circulation dramatically grew as a result of BNB net purchases of foreign currency which additionally helped increase Bulgaria's foreign exchange reserves.

BNB FOREIGN EXCHANGE RESERVES



Source: BNB.

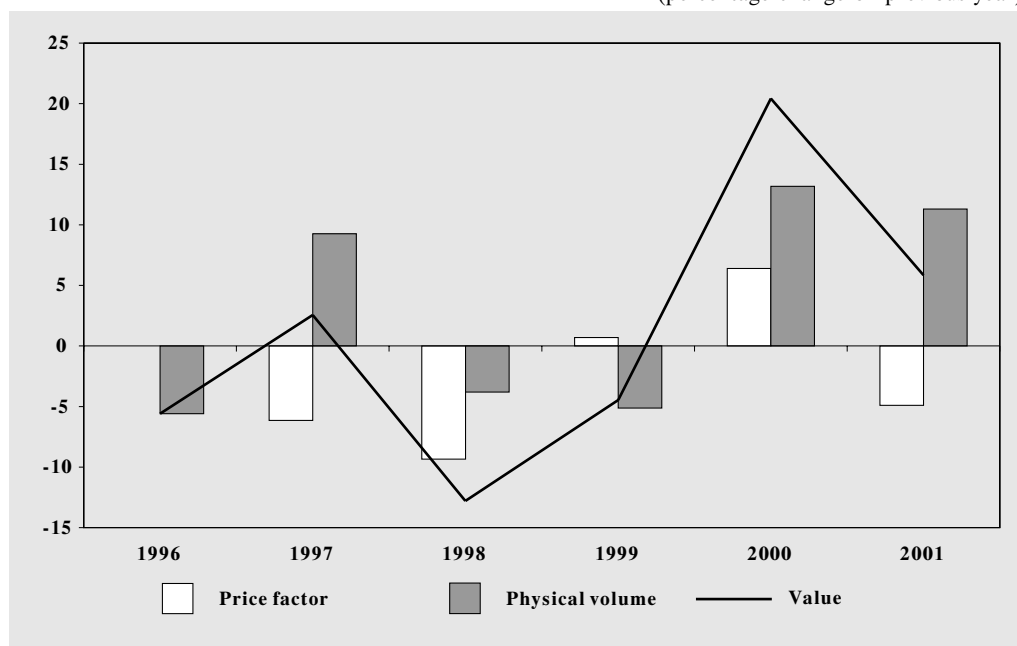
Foreign Trade

Dynamics of Exports and Imports

Foreign trade volume continued to increase in 2001: the values of exports (FOB) and imports (FOB) rose by 5.8% and 11.2% respectively. However, compared with 2000 growth rates slowed significantly. This reflects to a great extent the slower growth rates in the eurozone (Bulgaria's major trade partner), the USA, and the economic difficulties of some Balkan countries, which resulted in diminished external demand and affected adversely the prices of Bulgaria's major export goods. As a result 2001 saw opposite dynamics of physical and price dynamics both in exports and imports, indicating a decline in the values of foreign trade.

EXPORT DYNAMICS (FOB)

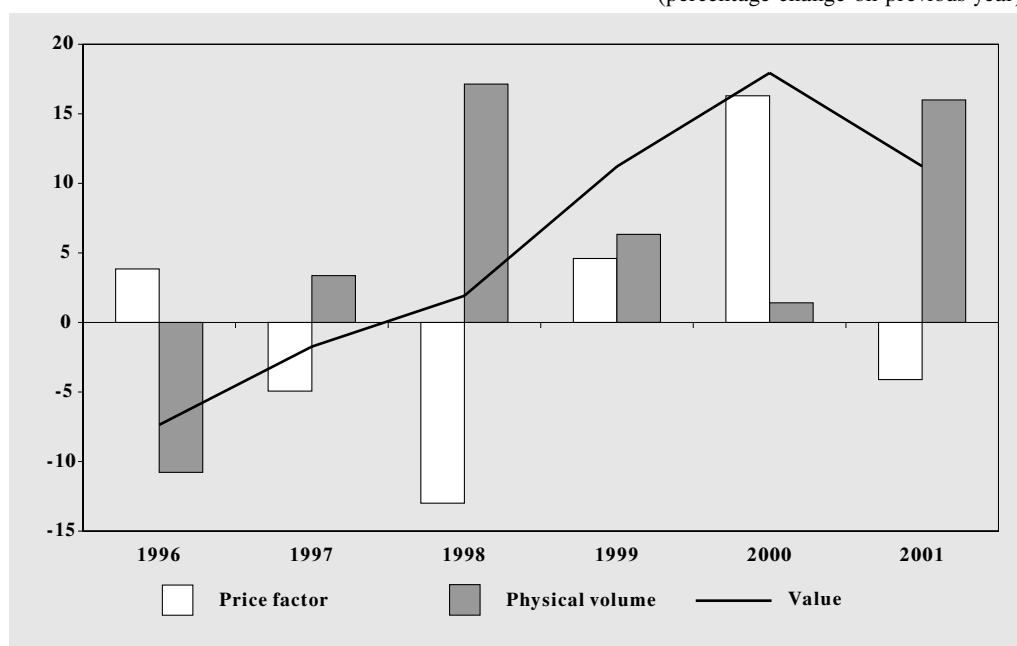
(percentage change on previous year)



Source: NSI, BNB.

IMPORT DYNAMICS (FOB)

(percentage change on previous year)



Source: NSI, BNB.

Commodity Structure

Exports. Increased exports of consumer and investment goods continued over 2001 and entirely compensated the drop in exports of energy resources and raw material feedstocks. The dynamics of exported energy commodities reflected the opposite effect from declined exports of petroleum products and increased exports of electricity, with the stronger impact of the first factor.

In 2001 exports of *consumer goods* increased by 19.1%, contributing most significantly to the overall change in value of exports on 2000. Major commodity groups responsible for the export growth were: *clothing and footwear* (29.1%), *food* (25%), *furniture and home equipment* (26%). Exports of *tobacco* declined dramatically: by 42.6%.

EXPORT DYNAMICS

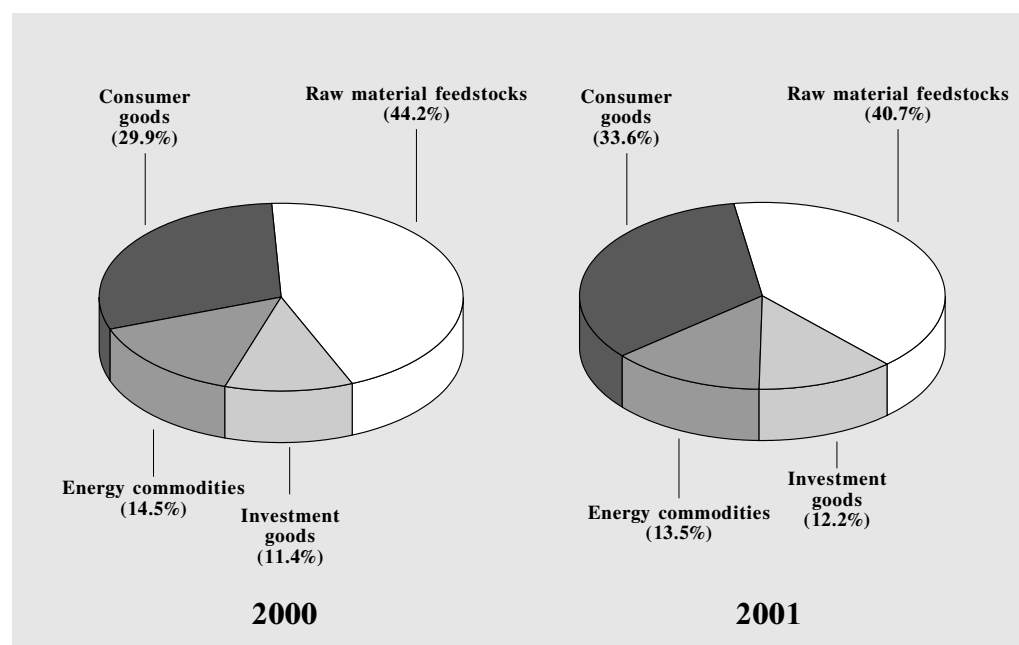
Exports by use	Relative share for 2001 (%)	Contribution to total export change on the corresponding period of 2001 (percentage points)				
		I quarter	II quarter	III quarter	IV quarter	Total
Consumer goods	33.6	5.6	4.3	7.4	5.4	5.7
Raw material feedstocks	40.7	2.2	1.5	-4.6	-3.1	-1.1
Investment goods	12.2	1.3	0.3	2.4	1.8	1.5
Energy commodities	13.5	6.1	-1.0	0.3	-5.5	-0.2
TOTAL EXPORTS (FOB)	100.0	15.3	5.2	5.5	-1.4	5.8

Source: BNB, NSI.

Exports of *investment goods* grew by 13.1%, attributable primarily to the increase in the *spare parts and equipment* group (26.9%), *vehicles* (41.4%), *electrical machines* (17.6%) and *machines, tools and appliances* (9%). Exports of *raw material feedstocks* fell slightly (by 2.6%), indicating divergent dynamics during 2001. In the first and second quarters exports grew by 4.8% and 3.5%, while in the third and the fourth quarters they fell by 10.1% and 7.2% respectively, a result of weaker external demand and the recession in Germany. The decline in this commodity group over 2001 was mostly due to dramatically decreased exports of metals, which was not offset by the increased exports of *textile* and *food feedstocks*. The most substantial decline was reported in exports of *nonferrous metals* (14.1%), *cast-iron, iron and steel* (9.1%), *tobacco* (12.1%) and *cement* (10.1%).

Different growth rates in exports by commodity group did not prompt serious changes in export structure by use. *Raw material feedstocks* remained a key group in exports. This explains the dependence of this group's volume on the business cycle's stage of major trade partners.

EXPORT STRUCTURE BY USE



Source: BNB, NSI.

Imports. In 2001 imports in all commodity groups experienced an increase with the exception of energy resources which decreased due to a fall in crude oil prices. Petroleum price dynamics over 2001 reflected primarily weakened demand as a result of slower growth rates of developed economies and substantially accumu-

lated inventories. The failure of petroleum producing countries (members and non-members of OPEC) to agree upon output reductions and noncompliance with quotas agreed at a later stage of negotiations led to serious price falls.¹⁰

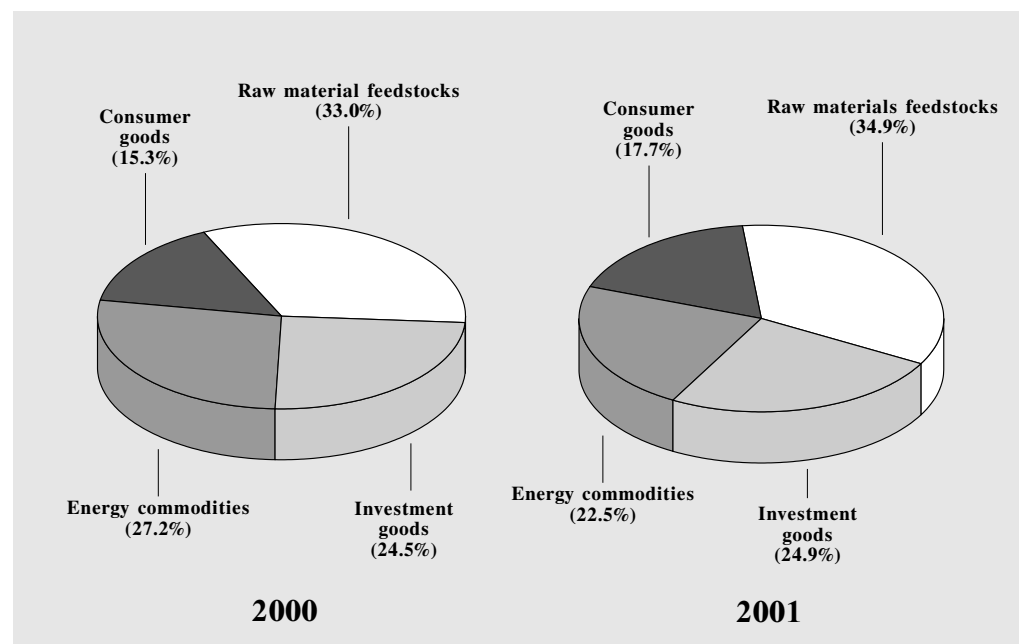
IMPORT DYNAMICS

Imports by use	Relative share for 2001 (%)	Contribution to total import change on the corresponding period of 2001 (percentage points)				
		I quarter	II quarter	III quarter	IV quarter	Total
Consumer goods	17.7	2.9	4.0	4.8	5.7	4.4
Raw material feedstocks	34.9	7.5	9.5	4.5	2.8	5.9
Investment goods	24.9	-2.3	4.8	5.1	4.9	3.3
Energy commodities	22.5	-1.9	1.5	0.8	-8.6	-2.3
TOTAL IMPORTS (CIF)	100.0	6.3	19.8	15.3	4.8	11.3

Source: BNB, NSI.

During the reporting year imports of *raw material feedstocks* increased by 17.9%, with the largest growth reported in *textile* (22.8%), *nonferrous metals* (27.6%), *plastics and rubber* (17.4%), *leather* (42.4%) and *food feedstocks* (15.6%). Significantly increased imports of *textile* and *leather* are associated to a great extent with increased exports of *clothing and footwear* which are made primarily with imported materials. Imports of *consumer goods* rose by 28.9% (USD 287.1 million), reflecting individuals' higher purchasing power. This pertains both to the increased real public incomes and significantly increased consumer lending, which indicated a 38.8% real growth on 2000. Imports of *investment goods* grew by 13.3% (USD 212.1 million). Imports of *electrical machines* increased most dramatically (by 67.4%, or USD 127.8 million), followed by *vehicles* (by 25.1%, or USD 81.4 million) and *spare parts and equipment* (by 18.1%, or USD 37.5 million).

IMPORTS BY USE



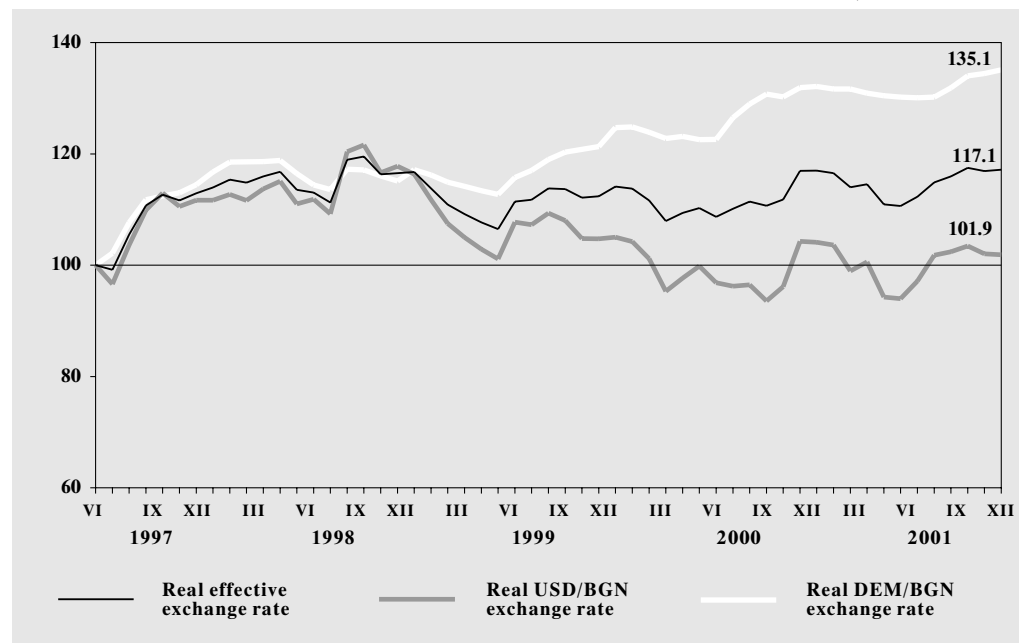
Source: BNB, NSI.

¹⁰ The average annual petroleum price of Brent type in 2001 was USD 24.5 against USD 28.3 in 2000, a decrease of 13.4%.

As in exports no significant changes occurred in the commodity structure of imports. These changes pertained primarily to changes in the price levels. The largest share of raw material feedstocks, typical of the import structure, was sustained. This import feature predetermined the big share of the import component (38 – 40%) in exported output. Therefore, the effect of real effective exchange rate fluctuation may not be considered pure and cannot be properly estimated and forecast.

**REAL EFFECTIVE EXCHANGE RATE,¹¹
REAL DEM/BGN AND USD/BGN EXCHANGE RATES**

(June 1997 = 100)



Source: BNB, NSI.

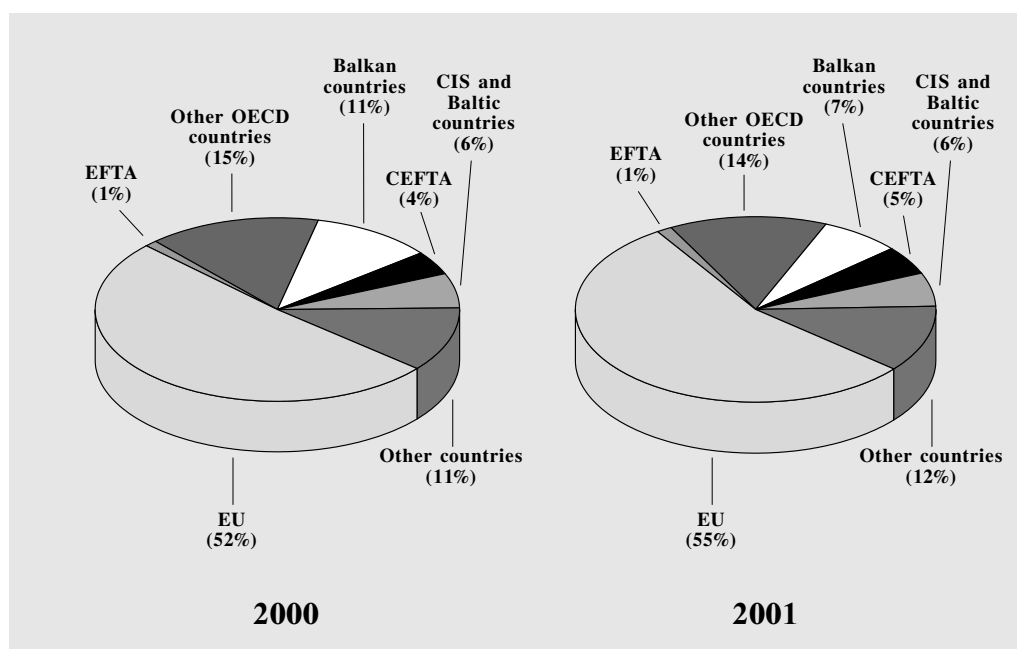
Geographic Structure

Exports. The progressively sliding growth rates of European economies and weaker external demand in Bulgaria's neighbors resulted in a 5.8% decline in Bulgarian exports in 2001. Export growth by region in 2001 is attributable mostly to the higher exports to EU countries. Exports to **Spain** rose most significantly (by 65.3%), followed by **France** (by 23.8%), **Greece** (by 18.9%), **Germany** (by 11.5%) and **Italy** (by 11.4%). Higher exports to Spain are attributable primarily to the *cast-iron, iron and steel* group, while those to France and Greece, to *mineral fuels, mineral oils and distilled products*, and *clothing and accessories to clothing*, respectively. Increased exports to Italy and Germany reflect the greater volume of exported *shoes, gaiters and similar articles*, and *clothing and accessories to clothing*.

Exports to **Other OECD countries** declined insignificantly (0.3%), with those to **Turkey** decreasing most dramatically (by 16.3% or USD 80.3 million), reflecting primarily the significantly reduced demand following the financial crisis and serious devaluation of the Turkish lira. A significant increase in exports was reported to the **USA** (by 50% or USD 94.8 million), reflecting mostly higher exports of *mineral fuels, mineral oils and distilled products*, and *fertilizers*.

¹¹ Based on CPI and weights of currencies in export settlements.

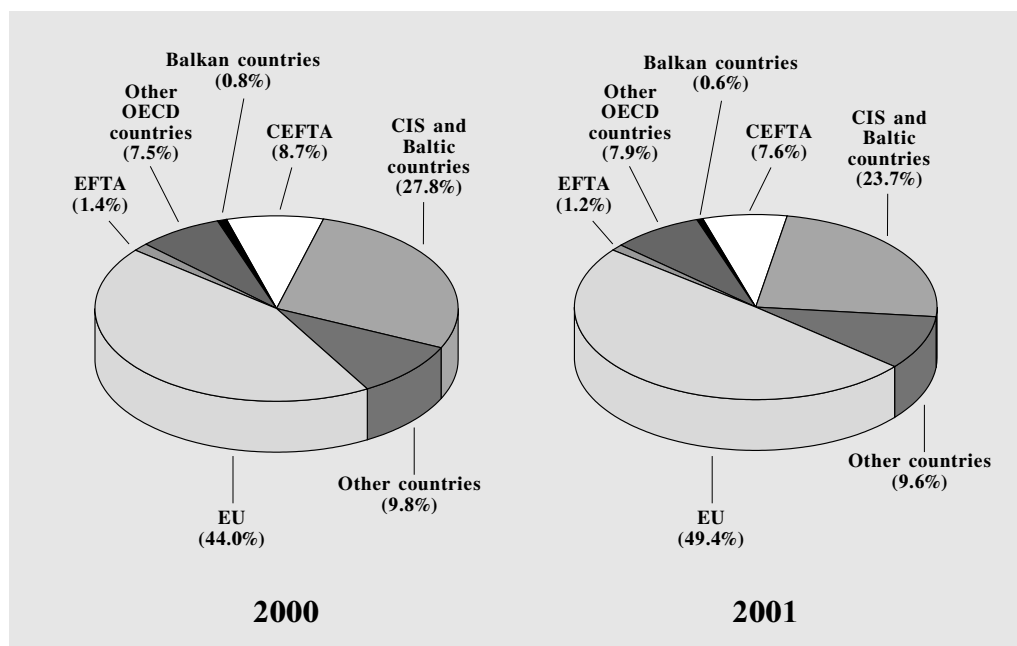
GEOGRAPHIC STRUCTURE OF EXPORTS



Source: BNB, NSI.

Imports. Imports (CIF) indicated an 11.3% growth, reflecting primarily imports from the *European Union* (24.9%) and to a smaller extent from *Other OECD countries* (by 16.5%). The share of imports from the EU dramatically increased to approximately half of total imports. Substantial growths in imports from almost all EU countries were reported: most significantly from **Germany** (by 22.8%), **Italy** (by 26.5%), **France** (by 38.4%) and **Greece** (by 29.4%).

GEOGRAPHIC STRUCTURE OF IMPORTS



Source: BNB, NSI.

Higher imports from **Germany** and **Italy** are attributable to imports of *automobiles* and *electrical machines and appliances* respectively. Increased imports from **Greece** reflect mostly the increased volume of imported *clothing and accessories* for

clothing, mineral fuels, mineral oils and distilled products and plastics and plastic products.

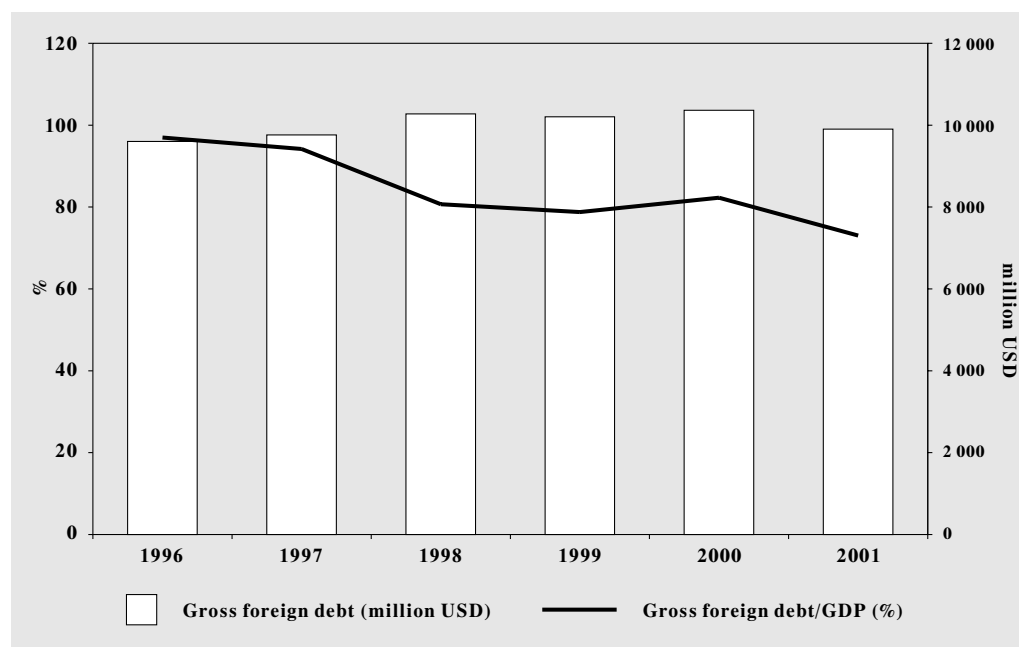
Imports from **the CIS and Baltic countries** fell by 5% reflecting primarily reduced imports from **Russia** (8.9%). Imported *crude oil* fell by USD 216 million (20.9%) due to lower prices. In 2001 imports from **CEFTA countries** decreased insignificantly (3.1%) on 2000. Reduced imports from **Romania** were offset by higher imports from **Hungary, Poland, and Slovenia**. Imports from **Other OECD countries** indicated a 16.5% growth due basically to higher imports from **Turkey**: by 27.3%. Imports of *clothing and accessories for clothing from knitwear* and *electrical machines and appliances* from Turkey contributed most significantly to this growth.

Foreign Debt and Debt Indicators

Amount and Structure of Foreign Debt

Bulgaria's gross foreign debt (GFD)¹² by end-December 2001 amounted to USD 9,903.5 million (73.1% of GDP): a decrease of USD 460.8 million (4.4%) compared with end-2000.

GROSS FOREIGN DEBT



Source: MF, BNB.

During 2001 foreign debt payments (principal and interest payments) totaled USD 1,521.2 million.¹³ New credits and deposits received totaled USD 1,151.7 million.

As a result of concluded transactions¹⁴ Bulgaria's foreign debt decreased by USD 199.5 million, and due to valuation adjustments it fell by USD 261.3 million.

In general the *maturity structure* of foreign debt was unchanged. Long-term debt continued to comprise the bulk of total debt (94.4%). This trend was not reversed despite the increase in private debt which in principle has a shorter maturity. By end-December 2001 the public debt decreased by USD 643.1 million, while private sector foreign debt increased by USD 182.3 million.

The *foreign exchange structure* of foreign debt is characterized by insignificant but constant changes. By 31 December 2001 Bulgaria's obligations denominated in

¹² Preliminary data. Bulgaria's foreign obligations on commercial credits, advances received and obligations to suppliers are not included. These are being processed by the BNB at the time of going to press.

¹³ Obligations on revolving credits excluded.

¹⁴ Transactions resulting in a GFD change include principal repayments, disbursement of new loans and deposits, and restructuring and/or canceling.

US dollars accounted for 64%, in euro¹⁵ 21.4% and in SDR 11.2% of the total. Compared with December 2000 the euro share rose by 3.2 percentage points due mostly to cancellation of Brady bonds bought in 2000, and to issue of Eurobonds by the Ministry of Finance in November 2001. By 31 December 2001 private commercial company debt was denominated mostly in US dollars (49.8%) and in euro (49%).

Gross Foreign Debt Service

In 2001 payments on Bulgaria's gross foreign debt service totaled USD 1,521.2 million. This indicates a significant increase¹⁶ in payments on 2000, reflecting entirely payments falling due and the amortization of principal on Brady bonds. Compared with 2000 principal payments increased by USD 339.3 million and interest payments generally matched the previous year's level.

New Loans and Deposits

In 2001 new loans and deposits received amounted to USD 1,151.7 million. Of this USD 628.4 million (54.6% of the total amount) was extended to the public sector, and USD 523.3 million (45.4%) to the private financial and nonfinancial enterprises. Compared with 2000 the total amount of loans drawn increased insignificantly: by USD 5.8 million

New loans and deposits extended to the private sector increased by USD 27.2 million (5.2%) from 2000. In 2001 the share of credits to private sector in total new loans and deposits was 45.4%, indicating a growth on 1999 and 2000 by 8.8 and 2.1 percentage points respectively.

Within the total amount of new loans and deposits disbursed to private commercial banks in 2001 (USD 204.8 million), deposits accounted for the biggest share: 85.9% (USD 175.9 million). Tranches on long-term loans comprised 93.8% (USD 27.1 million) of total newly drawn loans in 2001. Compared with 2000 the amount of new loans and deposits extended to this sector rose by USD 26.6 million (13%).

Tranches on *intracompany loans* comprised 55.8% and on *other loans* 44.2% of total loans drawn by nonfinancial sector enterprises (USD 318.6 million) in 2001. Compared with 2000 *intracompany loans* decreased by USD 16.1 million (9.1%), while *other loans* rose by USD 16.8 million (11.9%). In terms of maturity long-term loans disbursed to private nonfinancial enterprises totaled USD 212.9 million, an increase of USD 35.2 million (19.8%) compared with 2000. Short-term loans amounted to USD 105.7 million, indicating a decrease of USD 34.5 million (24.6%).

Changes in Debt Indicators

As a result of decreased gross foreign debt and higher GDP the ratio of *gross foreign debt to gross domestic product* slightly improved in 2001, falling from 82.3% in December 2000 to 73.1% in December 2001.

The ratio of *gross foreign debt to exports of goods and nonfactor services* improved: from 148.1% by end-December 2000 it reached 131.6% by 31 December 2001. This was attributable to a decrease in GFD (by USD 460.8 million or 4.4%) and increased exports of goods and nonfactor services in 2001 by USD 524.7 million (7.5%) on 2000.

The ratio of *short-term debt to gross foreign debt* improved (by 0.6 percentage points) from 2000, reaching 5.6%, the result of a faster decrease in short-term debt compared with long-term.

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, slightly improved compared with end-2000. This ratio decreased from 18.7% in December 2000 to 15.5% in December 2001.

In 2001 the ratio of *gross foreign debt service to gross domestic product* deteriorated, increasing from 9.3% by the end of 2000 to 11.2% by 31 December 2001. This reflects entirely increased expenditure on foreign debt service: by USD 350.9 million (30%).

¹⁵ Including euro national components.

¹⁶ In 2000 payments amounted to USD 1,170.3 million (9.8% of GDP).

DEBT INDICATORS

(%)

	XII.1996	XII.1997	XII.1998	XII.1999	XII.2000	XII.2001
Gross foreign debt/GDP	97.0	94.2	80.7	78.8	82.3	73.1
Gross foreign debt/exports of goods and nonfactor services	145.3	139.2	171.8	176.1	148.1	131.6
Short-term debt/gross foreign debt	10.7	12.3	9.7	5.8	6.2	5.6
Short-term debt/GDP	10.4	11.6	7.8	4.6	5.1	4.1
Short-term debt/BNB forex reserves	130.1	48.6	32.7	18.5	18.7	15.5
Gross foreign debt service/GDP	10.9	8.7	9.4	8.1	9.3	11.2
Gross foreign debt service/exports of goods and nonfactor services	16.3	12.8	20.0	18.0	16.7	20.2

Source: MF, BNB.

The indicator of *foreign debt service to exports of goods and nonfactor services* reached 20.2% in December 2001. Compared with December 2000 this ratio worsened by 3.5 percentage points. This was attributable to the higher growth in expenditure on gross foreign debt service (by 30%) in 2001 compared with the growth in exports of goods and nonfactor services (by 7.5%).

3. The Monetary Sector

During 2001 the smoothly operating currency board arrangement continued to be an important factor in preserving financial stability in Bulgaria. The real growth reported in monetary and most credit aggregates, key indicators of monetization of the economy, continued in 2001 despite the higher-than-projected inflation rate (4.8%) in the state budget framework (3.5%). Real money supply dynamics reflects the enhanced money demand by economic agents, consistent both with intensified economic activity, banking system stability and confidence in the national currency. Commercial banks continued to pursue a prudent lending policy, showing clearly pronounced growth in their credit portfolios.

Monetary Aggregates

Under a currency board the central bank does not have a proactive effect on money supply. Money supply was entirely governed by the level of forex reserves and economic agents' demand for money. The level of minimum required reserves stayed unchanged and the banking system remained stable. Therefore, the BNB did not resort to the lender of last resort function.

The reduced amount of forex reserves in most months of 2001 did not prompt a decrease in money supply as it was entirely due to a fall in government deposits. The specificity of the Bulgarian currency board¹⁷ provides monetary aggregate stability even under decreasing reserves, provided the decrease is only on the account of government deposits. Although this is considered a deviation from the orthodox currency board, this opportunity ensures stable interest rate levels as they are the only balancing factor.

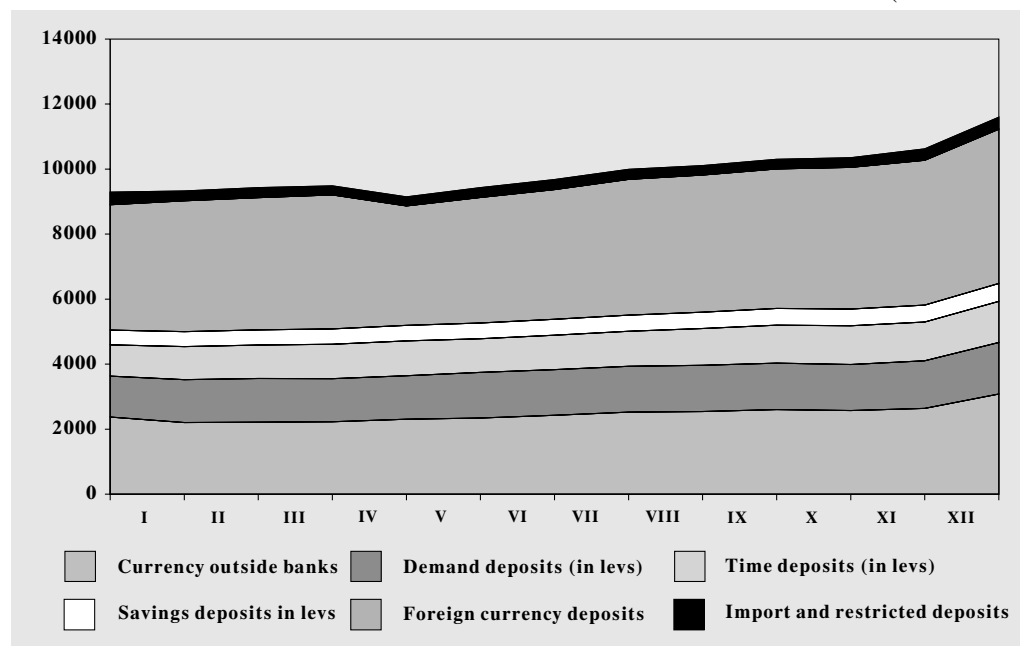
In 2001 the broadest monetary aggregate M3 grew by BGN 2,303.4 million, or 24.8% in nominal terms. In real terms money supply fell by 19.1% but it remains the highest since currency board introduction. This is indicative of the ongoing restoration of money demand and remonetization of the economy.

Broad money growth is driven both by the increased lev component (BGN 1,455.5 million or 28.1%) and forex component growth, though to a lesser extent (USD 278.5 million or 14.2%).

¹⁷ Pursuant to the Law on the BNB foreign currency assets shall cover all monetary obligations, including also government deposits in the liabilities of the Issue Department balance sheet.

MONETARY AGGREGATES DYNAMICS IN 2001

(million BGN)



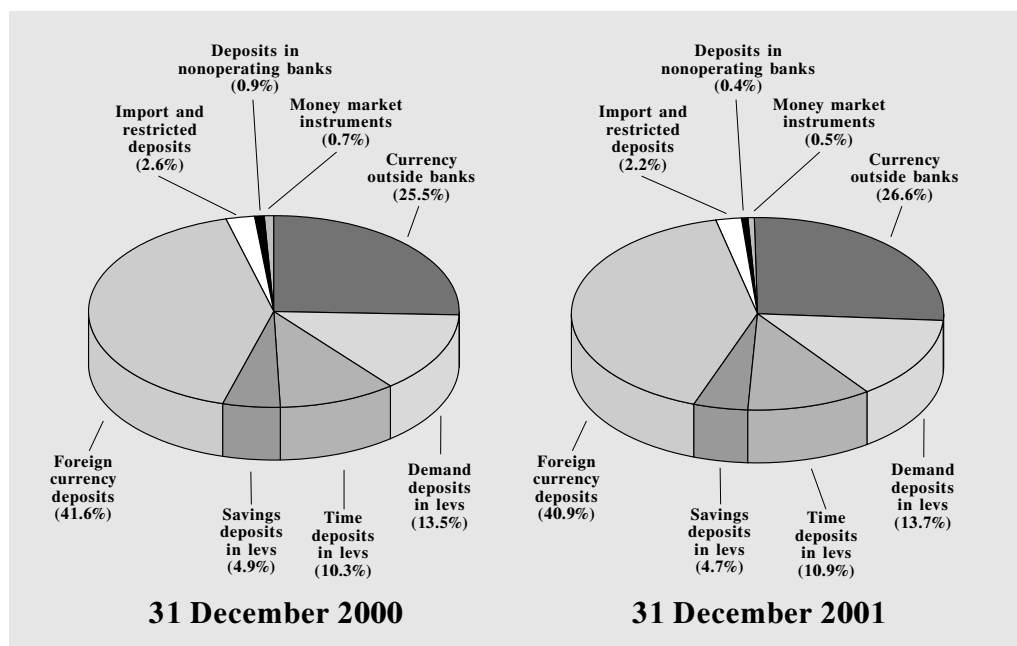
Source: BNB.

The growth rate of monetary aggregate M1 (28.4% in nominal and 22.5% in real terms) again exceeded broad money growth. Despite the higher rates, growth in absolute terms of the narrowest monetary aggregate (BGN 1,032.5 million) comprised just 70.9% of broad money lev component growth. By comparison, in 2000 its share was 90.9%. M1 two component dynamics converged: currency outside banks grew by 23.8% in real terms, and demand deposits by 20.1%. The growth rate of cash significantly accelerated in the last months of 2001, reflecting the increased volume of cash foreign currency purchases by the BNB, associated with the pending withdrawal from circulation of the eurozone countries' currencies.

In 2001 monetary aggregate M2 rose by 26.1% (BGN 2,320.1 million) in nominal terms and 20.3% in real terms. Quasi-money grew by BGN 1,287.7 million (24.4% in nominal and 18.7% in real terms), reflecting to the largest extent the increase in lev time deposits: by 32%, (BGN 307 million) in nominal and 25.9% in real terms. The other two types of deposits included in this monetary aggregate also indicated a growth though at a slower rate: savings deposits rose by 21.3% in nominal terms (BGN 96.3 million) and 15.7% in real terms and foreign currency deposits increased by 22.9% in lev terms and 16.4% in US dollar terms. The dynamics by sector diverged. Economic agents' funds indicated a growth (both in levs and in foreign currency) with the exception of public enterprises. The reason behind the fall in deposits of public enterprises was the high base¹⁸ and ongoing privatization, rather than the poor financial performance of most of these enterprises. Despite the decreased share of foreign currency deposits in quasi-money to 72.3% (against 73.2% by end-December 2000), it stayed high which indicates continuing preference for depositing funds in foreign currency by economic agents. The quasi-money lev component increased by 22.6% in real terms, and its nominal growth was even greater: by 28.5%.

¹⁸ By end-2000 the deposit level of state-owned enterprises was high as a result of transferred funds from the sale of Bulbank to the BCC account. After distributing the dividends by the BCC (in April 2001), these funds were transferred to the government deposit in the BNB Issue Department.

MONEY SUPPLY STRUCTURE



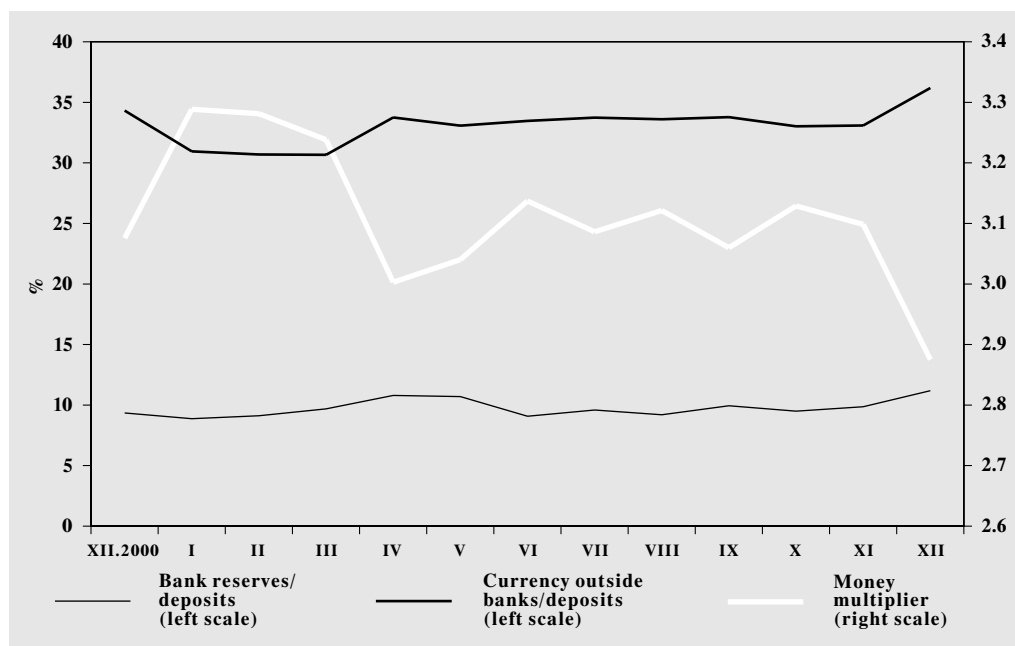
Source: BNB.

The sustained trend to quasi-money growth (dating from mid-1999) is indicative of a significant amount of attracted funds by commercial banks which can be treated as potential credit resources. Provided these resources are lent (in the form of investment) to the real sector and efficiently utilized by it, this could boost economic growth in the long run. Whether this happens depends on a number of factors, including various aspects of commercial bank lending policies as well as accelerated restructuring and modernization of the real sector to increase efficiency.

The Money Supply Mechanism

No significant changes occurred in the money supply mechanism during the review period as it adhered to the currency board rules. Broad money growth in 2001 was entirely due to reserve money (monetary base) growth, accounting for 33.5% (BGN 1,011.9 million) in nominal and 27.4% in real terms. Reserve money dynamics reflected changes in its two components. The two components changed faster than deposits at commercial banks. Consequently, the ratios of cash and bank reserves to deposits increased to 36.2% and 11.2% respectively (from 34.3% and 9.4% in 2000) whereas money multiplier decreased. It was 2.88 at 2001 year-end, down from 3.08 in December 2000.

MONEY MULTIPLIER IN 2001



Source: BNB.

BROAD MONEY CHANGE IN 2001

(million BGN)

Indicators	January – June	July – December	Total
Broad money change driven by:			
money multiplier	388.6	1,914.8	2,303.4
reserve money	185.9	-809.1	-606.2
both factors	198.7	2,972.3	3,112.7
both factors	4.0	-248.4	-203.1
Broad money change driven by			
reserve money source:			
net foreign assets	198.7	2,972.3	3,112.7
incl. forex reserves	-1,115.3	3,724.0	2,535.7
net domestic assets	-807.4	2,924.9	2,060.2
incl. net claims on government	1,314.0	-751.7	577.0
claims on banks	-569.9	-75.0	-643.5
claims on banks	-78.7	-89.4	-166.4

Source: BNB.

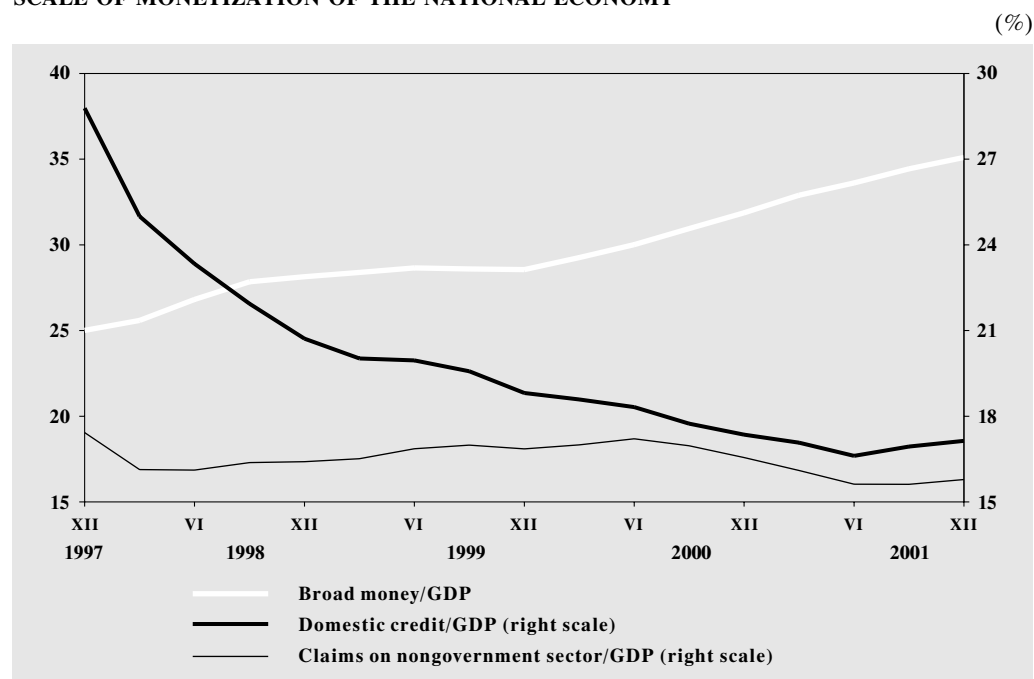
An index factor analysis of money supply dynamics highlights that major determining factors had divergent effects. In the first half of 2001 broad money growth was attributable to parallel money multiplier and monetary base growth. The latter was entirely due to net domestic assets. Reserve money dynamics diverged from forex reserve dynamics as lower government deposit at the Issue Department impacted these dynamics.

In the second half of the year money supply dynamics was consistent with monetary base growth against a smaller money multiplier. Reserve money growth was entirely due to net foreign asset growth offsetting the fall in net domestic assets. Reported falls (in both periods) in net claims on the government and commercial bank liabilities had a restrictive effect on monetary base growth. On an annual basis, these indicators' dynamics are similar to those in the second half of the year, the only difference being that reserve money growth was attributable to net domestic assets (together with net foreign assets).

Monetization Scale

The upward trend in the scale of monetization of the economy continued in 2001, indicating economic agents' confidence in the national currency and the banking system. The ratio of broad money to GDP rose by 3.3 percentage points, reaching 33.6% as a result of significant growth both in cash and deposits. The other measure of the scale of monetization of the economy, claims on the nongovernment sector as a percent of GDP, fell slightly on the base period. The main reason for the relatively low value of this indicator is the small scale of bank intermediation.

SCALE OF MONETIZATION OF THE NATIONAL ECONOMY¹⁹



Source: BNB.

Credit Aggregates

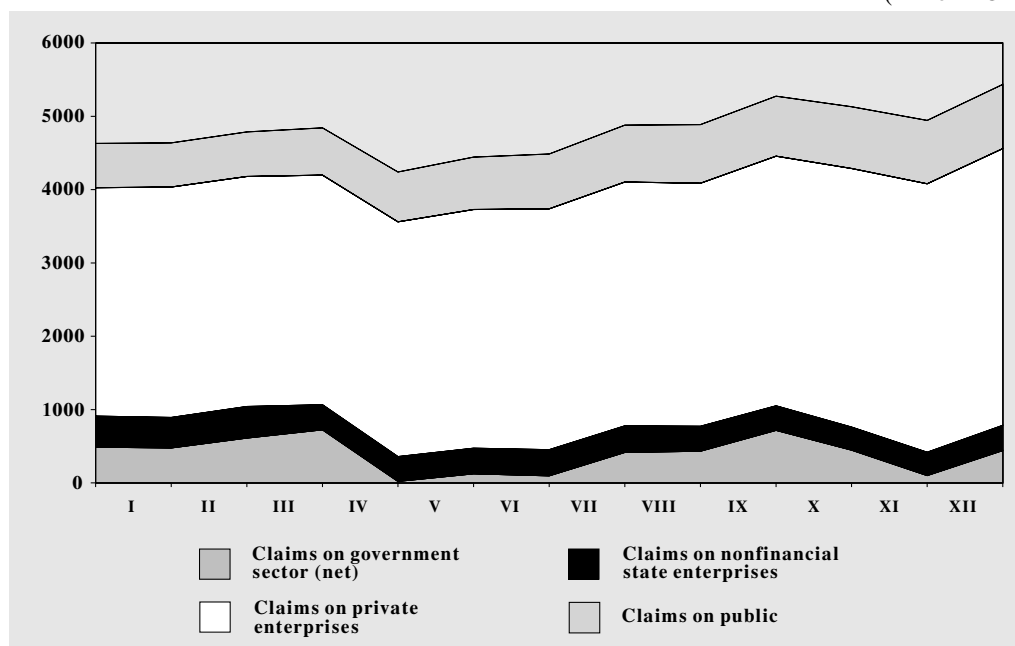
Domestic credit dynamics moved in line with money supply dynamics but growth in the broadest credit aggregate lagged behind broad money growth (as in previous years). During the reporting period the lag was considerably less than in previous years, reflecting enhanced commercial bank lending.

Domestic credit grew by BGN 816.7 million (17.5% in nominal and 12.2% in real terms). This was mainly due to lev component growth by BGN 556.3 million or 34.5% while forex component growth was 8.6%. Economic agents' preference for lev credits reflected cautiousness in the face of currency risk and comparable interest rates. Net lev claims on the government stayed negative, totaling BGN 696.4 million at end-2001 against BGN 637 million at end-2000. The MF continued to be a net source of liquidity for the banking system, given limited government securities issuing (a sign of restrictive fiscal policy).

¹⁹ Monetary and credit aggregates are calculated on a monthly basis based on annual average values.

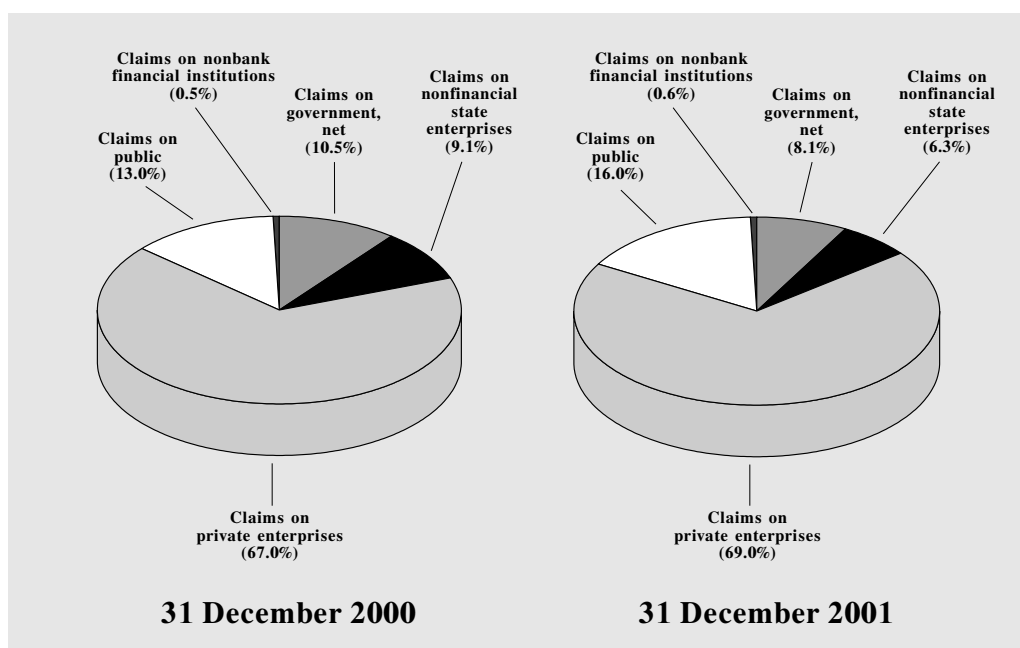
DOMESTIC CREDIT DYNAMICS IN 2001

(million BGN)



Source: BNB.

DOMESTIC CREDIT STRUCTURE



Source: BNB.

Claims on nonfinancial state-owned enterprises decreased further. The real drop was 22.6%, reflecting both public sector contraction and the poor financial standing of some state-owned firms, to whom banks were very restrictive in lending. The upward trend in claims on private companies continued, growing by BGN 658.1 million or 21.1% in nominal terms and 15.6% in real terms. Claims on the public continued increasing faster than other credit aggregates: by 38.5% in real terms and 45.1% (BGN 272.5 million) in nominal terms. The sizeable increase was no cause for concern either as regards possible inflationary pressure, nor in terms of service. Claims on nonbank financial institutions rose by BGN 11.1 million, or 45.8% in nominal and 39.1% in real terms. The significant increase in percentage terms was

due to this indicator's low value (BGN 35.5 million). The low level of lending to the real sector shows that commercial banks preferred investing in foreign assets. Commercial banks' cautious lending policies were consistent with the relatively high risk associated with some inefficient enterprises in this sector and their inability to prepare and present adequate investment projects. Weak legal protection of creditor interests also had a restrictive effect on domestic credit growth.

The Credit Register

In compliance with BNB Regulation No. 22 the Central Credit Register (CCR) includes claims exceeding BGN 10,000. Single claims below that amount are reported on an aggregate basis with breakdown by four indicators: currency, sector, category (standard, watch, etc.) and sectoral attribution.

Claims over BGN 10,000 subject to the CCR system are reported in individual records till repayment. Nomenclatures are diverse and contribute to a more comprehensive monitoring and analysis. The amounts are relatively constant and no significant changes have occurred.

Data as of December 2001 indicates:

- Claims (including claims of less than BGN 10,000) of operating commercial banks include total balance sheet exposure of BGN 6,411,627,000, respectively off-balance sheet exposure of BGN 1,453,260,000. A significant increase occurred on 2000, by 46.6% for balance sheet exposures, and 65.8% for off-balance sheet ones.
- By credit agreement term (only for credits exceeding BGN 10,000), the share of credits for up to one year increased (56.64% against 50.52% in 2000). The share of credits for a term of two to three years fell below 22% (against 27.03% in 2000) and practically equaled that of the one to two-year term group.
- In terms of currency, the share of lev credits decreased in total balance sheet exposure. At 50% in 2000, they fell below 40% in the first half of 2001 and by the end of the year partially restored their position, reaching 45.2%. At year-end claims in US dollars and euro were almost equal, at 27% each.
- Claims on nonfinancial institutions rose by 31.5%, reaching BGN 4,409,358,000 or 68.8% of total balance sheet exposure. Claims on the processing industry grew at a much slower pace but kept their first place with 18.4% share against 27% at 2000 year-end.

Claims on the *Finance, Credit and Insurance* sector grew fastest, accounting for 31.2% of total balance sheet exposure against 23.29% at the end of 2000 (only interbank claims for a term exceeding 30 days are subject to reporting).

Interest Rates on Commercial Bank Operations

The changed schedule of government securities issue reflects the changed frequency of base rate setting from weekly to fortnightly. As the methodology of the base rate calculation and the impact of traditional factors remained unchanged, the base rate did not deviate significantly from last year's cycle, though at a higher annual average level (4.56% against 3.91% in 2000).

After the usual fall at the beginning of the year consistent with enhanced banking system liquidity (due to interest and partial principal payments on ZUNK bonds denominated in US dollars), bottoming at 4.19% in February, the base rate started rising to stabilize at 4.51 to 4.58% in mid-year. After a new rise to 4.81% in September driven by more favorable interest rate terms in international forex markets it stabilized at about 4.75% in the last quarter of the year.

INTEREST RATES

(%)

	2000	2001
Average annual base interest rate	3.92	4.56
Average annual interest rate in the interbank lev market	3.06	3.75
Average interest rate on interbank forex deposits		
EUR	4.12	4.11
USD	6.40	3.87

Source: BNB.

The interbank lev market continued to be deployed primarily as a current liquidity management tool whereby monthly average interest levels greatly depended on short-term transactions. Overall, monthly average interest levels were kept below base rate with the exception of three months, mainly due to imprecise balancing between lev and foreign currency positions in peak periods when more lev funds were needed to meet budget payments. Generally longer-term transactions (with a term exceeding seven days) were effected at rates higher than base rate.

Interest rate cuts in international markets throughout the year (particularly marked for the US dollar) did not impact significantly commercial bank lending policies. Interest rates on new short-term credits disbursed by banks rose by 0.78 percentage points on 2000 but stayed well below the level of previous years. Interest rates on one-month deposits stayed at the previous year's level. At the same time, reported minimum inflation based on consumer prices led to the formation of considerably higher real lending interest rates thus significantly reducing depositors' negative real interest result compared with 2000.

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

(%)

	2000	2001
Nominal interest rates on short-term credits disbursed by commercial banks	10.90	11.68
Real annual interest rates on short-term credits disbursed by commercial banks	0.84	6.5
Nominal interest rates on one-month deposits attracted by commercial banks	3.00	3.1
Real annual interest rates on one-month deposits attracted by commercial banks	-7.86	-1.7

Source: BNB.

The lower yield on banks' foreign assets was offset by a minimal increase in the interest spread between internal assets and liabilities in levs, combined with a certain change in asset structure – credit exposure grew both in absolute and relative terms. A similar positive trend evolved in terms of banks' internal foreign currency assets while preserving the interest margin formed in recent years.

BNB Issuing Activity**Banknotes and Coins outside BNB Vaults**

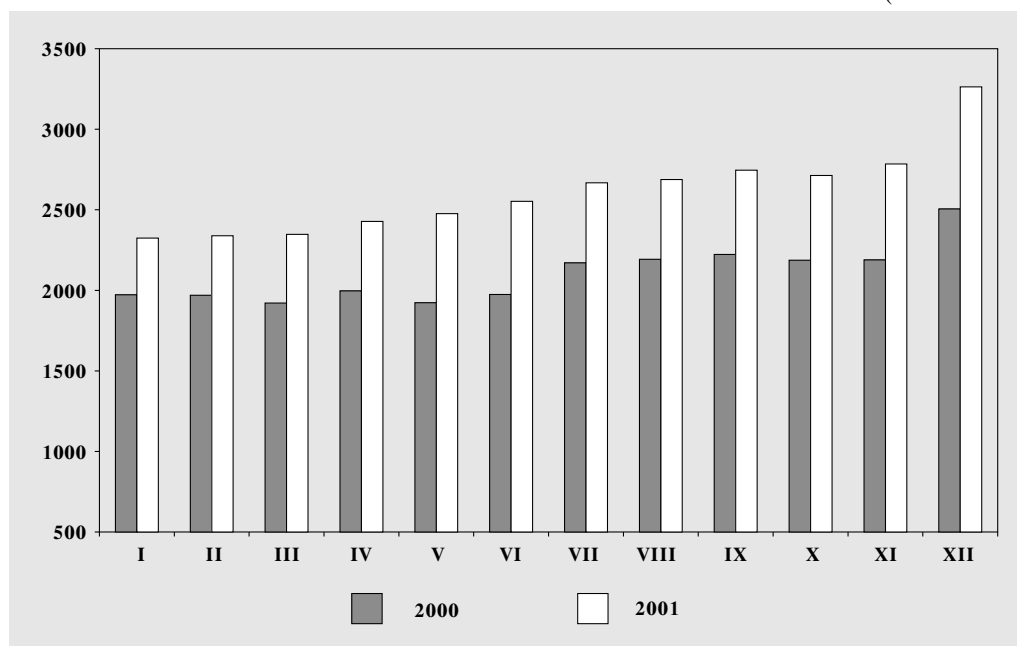
At the end of 2001 banknotes and coins outside BNB vaults reached BGN 3,263 million, an increase of BGN 758 million or 30% compared with end-2000. Of these, banknotes (1999 issue) and circulating coins (1999 and 2000 issues) accounted for 99% or BGN 3,243 million.

Cash in commercial bank vaults totaled BGN 179 million against BGN 134 million at the end of 2000.

Cash dynamics followed the typical seasonal pattern: a decrease in the first half-year and a strong increase during the tourist season and the Christmas holidays. This pattern was strongly influenced at year-end by the introduction of the euro as of 1 January 2002.

CURRENCY IN CIRCULATION
(outside BNB vaults)

(million BGN)



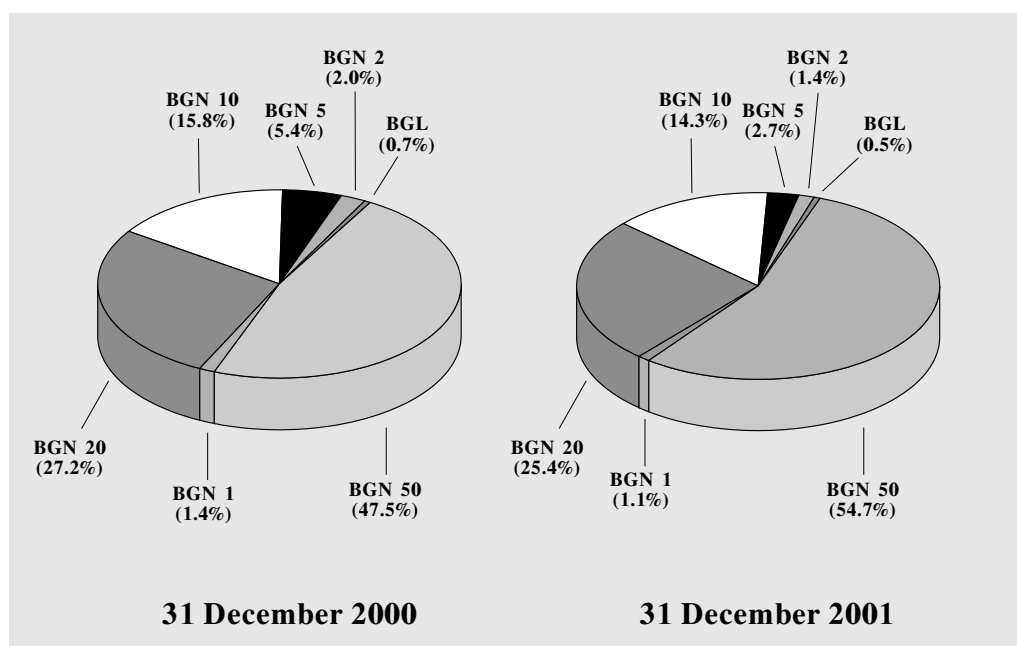
Source: BNB.

**Denomination
Composition**

At the end of 2001 the number of banknotes in circulation was 299 million or BGN 4,050, including 198 million or BGN 3,213 million outside BNB vaults. The average banknote outside BNB vaults was worth 16 leva against 14 leva at the end of 2000.

As of 31 December 2001 the number of coins in circulation was 350 million or BGN 34 million, including 330 million or BGN 30 million outside BNB vaults. The average coin outside BNB vaults was worth 0.09 leva against 0.10 leva at the end of 2000.

DENOMINATION COMPOSITION OF CIRCULATING BANKNOTES²⁰



Source: BNB.

²⁰ Based on values.

Commemorative Coin Issue

In 2001 the BNB put the following commemorative coins into circulation:

Coin	Issue	Nominal value	Metal	Circulation date	Mintage (pcs.)	Sold in 2001 (pcs.)
IX Winter Olympic Games – Ski Jump	2001	10 levs	silver	19.02.2001	25,000	12,149
Bulgarian Higher Education – EURO	2001	10 levs	silver	22.05.2001	10,000	6,357

Source: BNB.

4. The Fiscal Sector

Tight government fiscal policy underpinned sustained stable macroeconomic indicators after currency board introduction. Budget spending tightened in response to a worsened balance of payments current account in the last quarter of the year, involving only partial payment of extra salaries in the public sector and just one Christmas addition to pensioners. Despite official statements that the government administration would be cut back, it increased by 8.1% on 2000.

The sustained high share of registered unemployed and a deteriorating demographic structure exerted pressure on budget spending. Expenditure for salaries and social activity stayed highest. The growing number of pensioners and unemployed together with accumulated liabilities of employers to the National Insurance Fund caused a deficit in that component of the consolidated state budget. As of 2002 additional compulsory pension insurance was launched whereby part of pension contributions (in compliance with the budget law) will be channeled into pension funds, reducing National Insurance Fund revenue.

During the reporting year consolidation of accounts within the Single Account of the Ministry of Finance at the BNB continued. Preparation for the establishment of a Unified Revenue Agency for collection of taxes and social contributions was launched with assistance from the World Bank. This is intended to reduce costs for the General Tax Directorate and the National Insurance Fund which are currently responsible for that activity.

The Consolidated Fiscal Program

The consolidated budget deficit of 0.86% of GDP is a good fiscal balancing result in the medium run. Net foreign financing was negative (BGN -99.76 million) and net domestic financing was positive (BGN 354.95 million), including revenue from the initial license payment from the second GSM mobile telephone network operator and the BCC dividend (similar in nature to privatization revenue). Privatization revenue halved on 2000 and accounted for BGN 181 million.

The cash balance on the consolidated state budget for 2001 ran a deficit of BGN 255.2 million. For a third consecutive year the deficit level stayed close to 1% of GDP. Although the projected BGN 968 million primary balance was not achieved, the cash deficit was lower than projected, mainly due to smaller interest payments.

Data on the cash execution of the budget by month exhibits a more even distribution of expenditures (except December) compared with revenues. At year's end significant transfers were made from the republican budget to cover deficiencies in the other budgets. Monthly revenues were highest in March, April and May consistent with the schedule of certain tax payments, combined with nontax revenues. Due to the annual adjustment of contributions from the corporate tax and the personal income tax and municipal taxes and charges, budget revenues stabilized. During the period the BNB contributed sizeable revenue to the budget as set out in legislation. As a result, the share of tax revenue fell from 91% in March to 81% at the end of April. The one-off nature of annual payments, the low deficit achieved on the republican budget and the surplus on the consolidated budget changed in subsequent months.

The Republican Budget

As of 31 December 2001 reported revenue into the republican budget was BGN 6,527,529,800. Revenue performance was 104% against Budget Law provision. A major component of the consolidated budget, republican budget revenue comprised 55.1% of total revenue.

This was mainly attributable to tax revenue, which accounted for 78.4% of total budget revenue, meeting estimates. Direct tax revenue increased both in relative (from 17.4% to 19.8%) and absolute terms compared with 2000, despite changed tax laws. A major component of 2001 tax policy was lower corporate tax rates, from 25% to 20% for companies with profit exceeding BGN 50,000 and from 20% to 15% for companies with profit up to BGN 50,000. The satisfactory corporate tax revenue reflected the unexpectedly high profit of financial institutions: 316% of projected and reported profit in 2000. Revenue from nonfinancial enterprises' corporate tax also increased.

In 2001 the tax scale of individuals' incomes changed with an expected average reduction of two percentage points. Unlike corporate tax revenue, revenue from personal income tax remained below the 2000 level.

Tax changes aimed to transfer the burden from direct to indirect taxes. The analysis of data for 2001 highlights the opposite trend. One of the reasons was non-performance of VAT and excise revenue adopted by the 2001 State Budget Law. Changes in the VAT Law²¹ did not generate higher revenue but eased the burden on tax-liable persons and reduced MF disposable funds. The structure of VAT revenue changed: VAT from domestic transactions was 9.94% of total VAT revenue against 16.67% in 2000; in absolute terms, a fall of BGN 393 million to BGN 244 million in 2001. Higher internal trade deficit in 2001 did not result in higher customs duties and fees. This was due in part to the processes of harmonizing Bulgarian customs policy with the EU, with the gradual reduction or abolition of certain customs duties. On the other hand, changes in the management and operations of the customs administration also affected revenue collection.

Nontax revenue to the republican budget rose by 11.5% and 17.4% against Budget Law projection. Performance by item varied significantly: from 37.4% for *finances, sanctions and penalty interest on CB* to 441.6% for *operating revenue and ownership revenue on CB*.²²

The lower (BGN 660.3 million) than planned republican budget deficit was a result of better revenue than expenditure performance. Expenditure accounted for 100.9% of projection. Overhead expenditure (particularly central budget operating and capital expenditures, 44%) was significantly reduced, due mainly to lower interest payments on government debt service. At the same time, social insurance funds faced difficulties and together with municipalities were the biggest net receiver of transfers to cover deficits.

Fiscal Reserves

Fiscal reserves are the sum of government and budget organizations' deposits at the BNB and balances on budget accounts at commercial banks. The centralized revenue and expenditure execution through the Single Account of the Ministry of Finance at the central bank and coming inclusion of almost all budget accounts into this system will gradually reduce fiscal reserves at commercial banks.

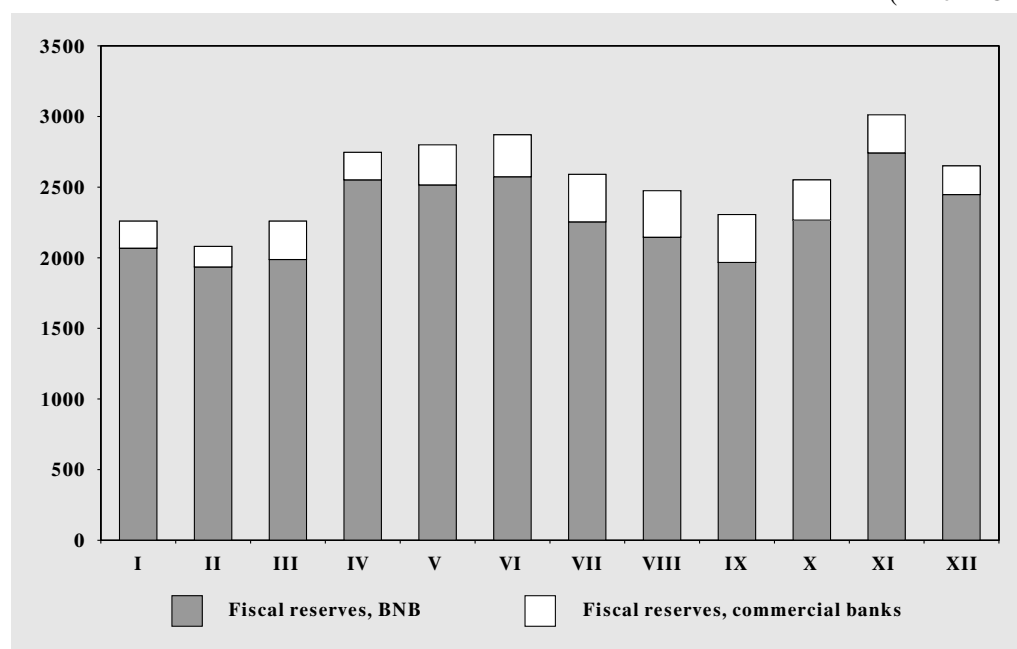
The analysis of data by month shows that fiscal reserves were strongly related to international transactions effected by the government. In addition to the usual coupon payments on Brady bonds, but with a plus sign, were funds received from the November Eurobond issue. This was the biggest one-off change in the government deposit at the BNB. The composition of the Issue Department balance sheet and expenditure by the government, the biggest economic agent in Bulgaria, reflected on bank liquidity and currency circulation.

²¹ Shortening the period for tax credit recovery from six to four months.

²² In December 2001 NEC and BTC transferred in advance their annual dividends.

FISCAL RESERVES IN 2001

(million BGN)



Source: MF.

Fiscal reserves are one of the internal sources of budget deficit financing. Their foreign exchange cover (a component of BNB Issue Department liabilities) and the government's commitment to ensure a minimum balance serve as a guarantee on debt service to external creditors.

Government Debt Structure and Amount

Total government debt (domestic and foreign) at the end of 2001 totaled BGN 20,752.14 million. In absolute terms, it increased slightly by BGN 135.14 million or 0.65% on an annual basis. Debt indicators improved significantly: the debt to GDP ratio fell from 80.6% to 70.06%. Expectations are for this ratio to reach 68%, i.e. the average value for countries with BB rating. For a rating upgrade progress in structural reforms is needed, combined with sustainable fiscal policy.

No significant changes occurred in the ratio between internal (domestic) and external (foreign) debt. Domestic debt totaled BGN 1,860.50 million²³ and the lev equivalent of foreign debt was BGN 18,891.64 million,²⁴ or 8.97% and 91.03% respectively. Their decreased share in GDP offset the increase in absolute terms of both domestic and foreign debts. Within the currency structure, dollar liabilities had the largest share in government debt (63.3%), debt in euro accounted for 16.5%, debt in other currencies was 14.8%, and lev liabilities had the smallest share: 5.4%. In November 2001 Standard & Poors upgraded Bulgaria's rating from BB- to BB for long-term securities in national currency and from B+ to BB- for long-term securities in foreign currency. The outlook is defined as stable.

Domestic Debt

Total government domestic debt²⁵ increased by 5.27% in 2001 from BGN 1,767.21 million at the end of 2000, reaching BGN 1,860.50 million. Its ratio against projected GDP fell from 6.94% to 6.28% as a result of faster GDP growth. Domestic debt service (interest and discount payments) accounted for BGN 126.78 million, according to MF data. Although domestic debt grew in absolute terms, expenses on its service decreased by BGN 4.18 million, comprising 0.43% of GDP against 0.51% in 2000.

²³ MF data as of 31 December 2001.

²⁴ Calculated at the central BNB rate of the US dollar for 31 December 2001; MF data.

²⁵ Credits under Article 45 of the LBNS are reported as foreign debt.

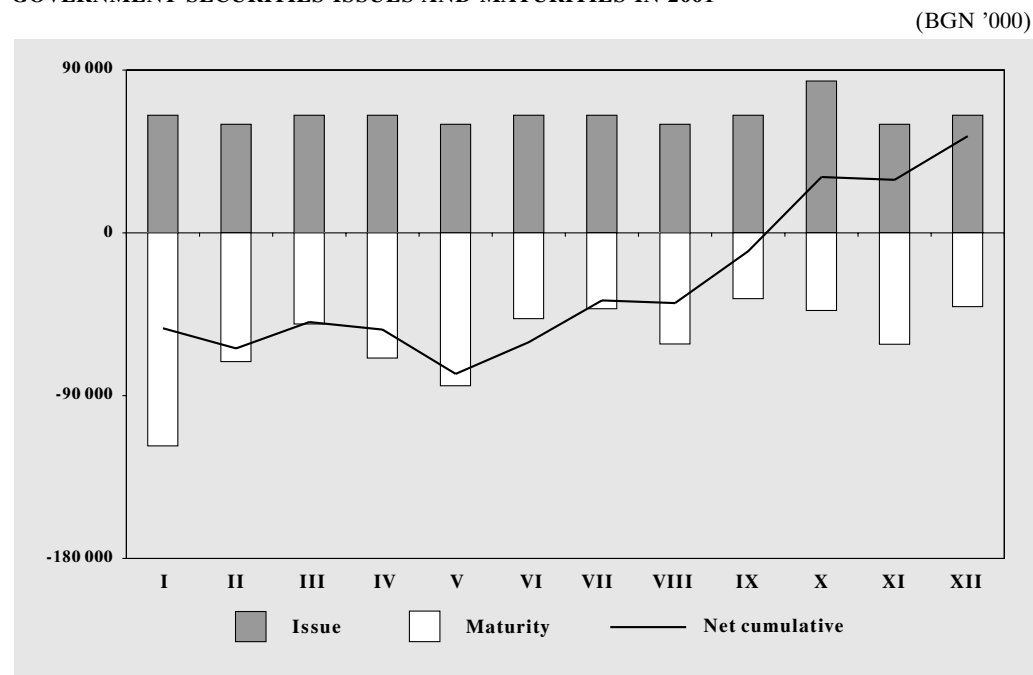
DOMESTIC DEBT

	31.XII.2000 (BGN '000)	31.XII.2001 (BGN '000)	Change (%)
Government securities for budget deficit financing	946,069.0	1,077,246.6	13.9
Government securities for structural reform	811,160.0	776,600.7	-4.3
Domestic government guarantees	9,984.0	6,653.3	-33.4
Total domestic debt	1,767,214.4	1,860,500.6	5.3

Source: MF.

Outstanding issues are of two basic types: debt on government securities issued for budget deficit financing, and debt on government securities issued for structural reform. There are no further issues of the second type and their share has been gradually declining since 1994. In 2001 the decline was from 45.9% to 41.74%. This led to a change in currency debt structure due to the predominant share of USD-denominated government securities for structural reform. Outstanding issues were distributed as follows: 60.43% in levs, 33.17% in US dollars, and 6.39% in euro. Factors that favored restructuring were significant principal payments on government securities issued for structural reform. The changed structure of domestic government debt was due to the new issues of government securities.

GOVERNMENT SECURITIES ISSUES AND MATURITIES IN 2001

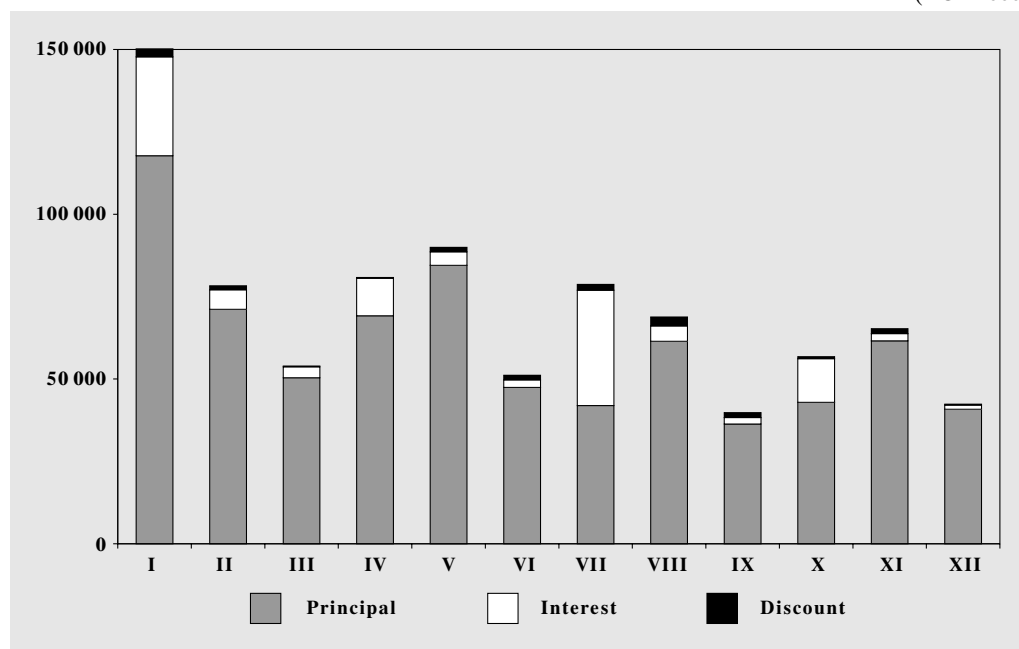


Source: MF.

The new government securities in 2001 were issued for budget deficit financing under BNB Regulation No. 5. The MF issue calendar provided for three-, 12-month, two-, and five-year issues. Seven-year government securities were issued for the first time, with a nominal value of BGN 30 million. Three-year issues were completely replaced by two- and five-year issues. The maturity structure of debt on government securities increased by nine months and at the end of 2001 was two years and 11 months. Investor interest in longer-term and higher-yield debt instruments reflected a stable market. The bulk of outstanding government securities is with a fixed yield, with the exception of unredeemed ZUNK bonds.

FOREIGN DEBT SERVICE IN 2001

(BGN '000)



Source: MF.

In 2001 domestic debt service (interest and discount payments) accounted for BGN 126.78 million or 80% of projected figures in the Republican Budget Law. Of these, 59.8% were spent on government securities issued for budget deficit financing. The largest expenses on government securities issued for structural reform were made on USD-denominated government securities.

Foreign Debt

As of 31 December 2001 government foreign debt was USD 8,512.6 million, including USD 507 million government guaranteed debt. Foreign debt fell by USD 457.8 million on 2000. This was reflected in a lower foreign debt to GDP ratio, 63.7% from 73.7%; this effect partially offset by the higher exchange rate of the US dollar at year's end compared with the previous year, used for foreign debt calculation.

Buyback of Brady bonds preceded the placement of the five-year Eurobond issue. The higher price of Bulgarian Brady bonds, hitting record values, coupled with Bulgaria's upgraded rating contributed to a successful debut by the Bulgarian government in international markets. As bids for Bulgarian Eurobonds quadrupled the projected amount of fixed yield fell from 7.5% to 7.25%. Announced results show that 10% of the bonds were purchased by Bulgarian banks and pension funds.

The revenue from the Eurobond issue was used for foreign debt restructuring. The debt to the London Club was reduced by the dollar equivalent of that issue as a result of canceling the Brady bonds bought back in the preceding months, and debt repayments. The replacement of dollar-denominated debt with euro-denominated one is a positive step reflecting a lower currency risk and an alternative source of financing. A cited weakness is the shortening of debt residual maturity.

GOVERNMENT FOREIGN DEBT

	31.XII.2000 (BGN '000)	31.XII.2001 (BGN '000)	Change (%)
Government debt	8,523.0	8,005.5	-6.07
1. Bonds	4,976.1	4,979.3	0.06
Brady	4,976.1	4,759.0	-4.36
Euro	0.0	220.3	-
2. Credits	3,546.9	3,062.2	-13.67
Paris Club	600.4	382.0	-36.38
World Bank	827.8	829.4	0.19
G-24	56.5	47.5	-15.93
EU	428.0	343.7	-19.70
IMF	1,218.4	1,031.7	-15.32
Other	127.1	120.4	-5.27
Government investment loans	233.5	211.8	-9.29
Called guarantees	55.1	59.8	8.53
Government guaranteed debt	447.4	507.0	13.32
Total	8,970.4	8,512.6	-5.10

Source: MF.

As regards foreign debt currency structure, USD-denominated obligations had the largest share (66.28%) followed by debt denominated in euro currencies (17.44%), and 16.28% for debt in other currencies. The larger share of USD-denominated debt was at the expense of the faster reduction of obligations in euro and other currencies (mainly SDR). The average weighted residual term of the debt was 12 years and one month at 31 December 2001 against 12 years and five months at the end of 2000. Principal repayments totaled BGN 1,469.47 million. Interest repayments accounted for BGN 1,050.17 million (USD 482.5 million) or 3.54% of GDP. Favorable conditions for debt instruments in both domestic and international financial markets (lower interest rates) allowed interest repayments on domestic and foreign debts to stay well below those projected in the 2001 Budget Law. Interest repayments in 2000 totaled USD 472.7 million, growing only in lev equivalent.

III. Foreign Exchange Reserves Management

1. Amount and Dynamics of 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 7 billion (EUR 3.6 billion), indicating an increase over the previous year's average by more than BGN 600 million.

In most months of the year forex assets varied around BGN 6.8 billion, while in the last three months of 2001 they increased to reach a record high of approximately BGN 8 billion as a result of the issue of eurobonds, the release of security on Brady bonds and final settlement of the relationships between the BNB and the Ministry of Finance in respect of ownership on the residual security.

SELECTED INDICATORS OF THE ISSUE DEPARTMENT BALANCE SHEET²⁶

	1998	1999	2000	2001
Gross reserves	4800	5201	6410	6979
Net reserves	724	813	875	977
Government	1945	2070	2644	2472
Banks	621	575	638	615
Notes and coins	1487	1735	2103	2602

(million BGN)

Source: BNB.

Forex asset growth during 2001 reflects the impact of the following factors:

- net reserve currency (euro) purchases in the forex market: EUR 473.3 million, including EUR 387 million from commercial bank operations, EUR 143.4 million from operations with individuals and companies and EUR 57.1 million from operations with budget organizations;
- a release of security on Brady bonds by end-year and final settlement of the relationships between the BNB and the Ministry of Finance in respect of ownership on the residual security: a total increase of approximately USD 125 million;
- revenue realized from forex assets management: approximately BGN 300 million;
- a deposit of EUR 245.8 million from Eurobonds issue;
- a deposit of USD 135 million paid for the second GSM license;
- regulation of minimum required reserves in foreign currency by commercial banks totaling BGN 157.8 million.

The major factor behind the decreased forex assets was MF payments on government debt service (domestic and foreign debts) denominated in foreign currency. In general, over 2001 the Ministry of Finance and other budget entities were net payers in major foreign currencies from their own accounts with the BNB, worth approximately EUR 237.8 million (the new issue of Eurobonds excluded), USD 403.2 million, SDR 169.1 million and JPY 10.4 billion.

Net forex assets (the *Banking Department Deposit* item in the balance sheet) stayed at an average level of BGN 977 million, an increase of about BGN 100 mil-

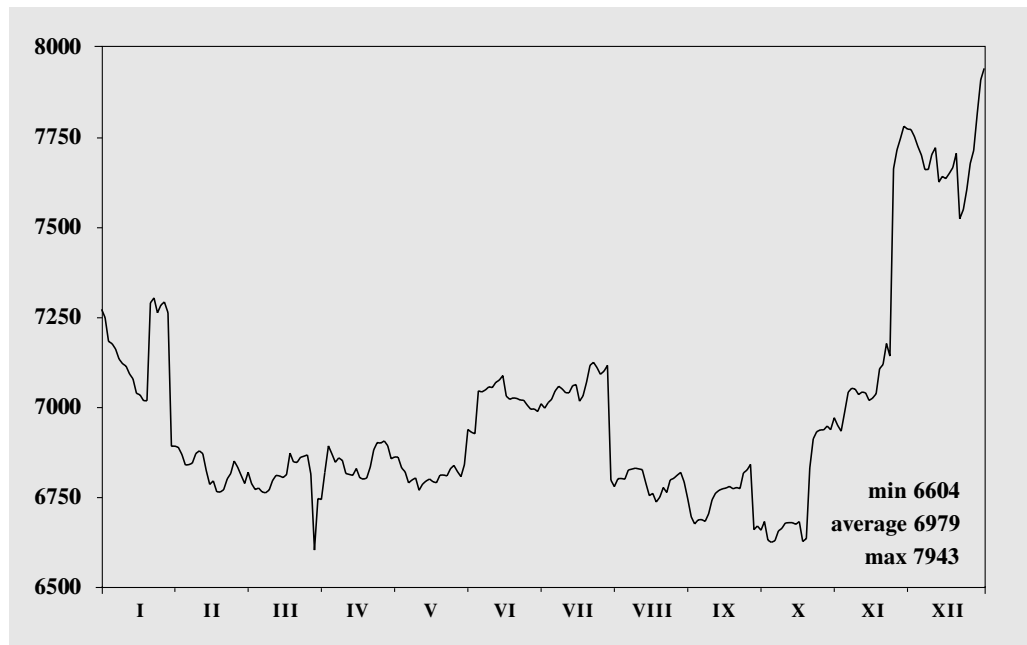
²⁶ Average annual values.

lion compared with 2000. Two dramatic changes in the net forex assets are worth mentioning:

- a decrease of BGN 180 million at end-April as a result of transferring by the BNB the excess of revenue over expenditure for 2000 to the account of the Ministry of Finance;
- an increase of approximately USD 83.1 million (BGN 180 million) reported between October and November due to released security on Brady bonds and final settlement of the relationships between the BNB and the Ministry of Finance in respect of ownership on the residual security.

TOTAL ASSETS IN 2001

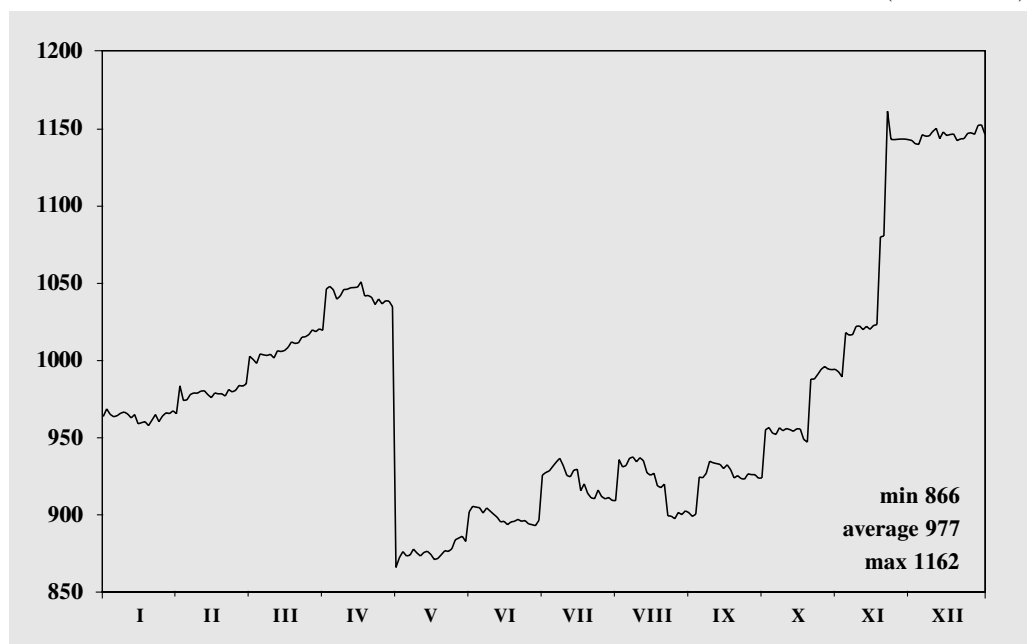
(million BGN)



Source: BNB.

BANKING DEPARTMENT DEPOSIT IN 2001 (net assets)

(million BGN)



Source: BNB.

2. Management Strategy for BNB International Foreign Exchange Assets

Portfolio Positioning in Euro

The year under review was characterized by a global slowdown in economic growth which led to a drop in share prices. The same trend occurred in the economic development of eurozone countries, accompanied by subdued inflationary pressure. In its efforts to avoid a possible recession, the ECB gradually decreased repo interest rates by 1.25 percentage points to 3.25%. The portfolio yield curve slid down, affecting most significantly the sector of up to one year which prompted a yield drop by 1.5 percentage points. The strategy enacted by the BNB for euro-denominated assets management entirely conformed with conditions in international markets. Portfolio duration²⁷ was maintained a little higher than the benchmark. The largest deviation of portfolio duration compared with the benchmark occurred in mid-2001. Within this period a 0.5% cut in interest rates was expected.

Following the terrorist attacks of 11 September 2001, measures aimed at protecting forex assets and providing equilibrium between liquidity and investment in government securities were initiated. Given the existing serious uncertainty about future prospects of the world economic development (including also the eurozone) by end-2001, a passive strategy was launched by the end of November: portfolio duration was decreased to match the benchmark. During 2001 cashflows to and from the portfolio were characterized by uneven movements. However, this did not cause serious difficulties in portfolio management.

Portfolio Positioning in US Dollars

During 2001 US economic growth slowed down. The decline in stock exchange markets, low corporate profits, weakened economic activity, eroded consumer confidence and lower investments were the major factors behind the aggressive expansionist monetary policy pursued by the US Federal Reserve System (FRS). The interest rate on federal funds was cut by 4.75 percentage points during 2001 (from 6.5% to 1.75%). The terrorist attack against the USA of 11 September 2001 and fears of the economy's falling into a deflationary spiral in the last quarter of 2001 predetermined the dramatic interest rate reduction by 1.75 percentage points at end-year. As a result of implemented monetary policy the yield curve slope steepened which was most clearly pronounced in the sectors of up to five years. The long end stayed comparatively unchanged. Under the conditions of ascending market development, in the first half of 2001 portfolio duration was maintained higher than the benchmark, with USD-denominated assets invested in government securities and in securities issued by supranational institutions with a residual term to maturity of up to three years. Given the volatile financial markets portfolio duration was reduced and maintained close to or shorter than the benchmark, and investment was concentrated in the sectors of up to two years. Significant volatility of portfolio duration over 2001 reflects sizable cash inflows and outflows. The dramatically shortened duration in January, July and December was driven by significant cash outflows from the portfolio (reaching 50% of its market value), associated with foreign debt interest and principal payments. In the fourth quarter of the year the structure of the USD-denominated portfolio was also impacted by operations associated with released security on Brady bonds and final settlement of the relationships between the BNB and the Ministry of Finance in respect of ownership on the residual security.

²⁷ A measure of interest rate risk evaluating the percentage change of the portfolio market value, provided the yield to maturity changes by 1%.

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

Foreign Currency Structure

The bulk of BNB forex assets is denominated in the reserve currency, the euro. The share of EUR-denominated assets increased from 75% in early 2001 to more than 80% of the total market value of forex assets by the year's end. The share of USD-denominated assets declined to reach 6% by the end of December 2001.

CURRENCY STRUCTURE OF INTERNATIONAL ASSETS IN 2001

Currency	I quarter	II quarter	III quarter	IV quarter
EUR	74.9	73.1	80.5	83.0
XAU	10.7	11.2	11.7	9.8
USD	8.9	9.0	4.3	5.8
SDR	4.3	5.3	2.3	1.2
CHF	1.2	1.5	1.2	0.3
GBP	0.0	0.0	0.0	0.0
JPY	0.0	0.0	0.0	0.0
Assets, total	100	100	100	100

Source: BNB.

The bulk of forex assets are differentiated in asset portfolios denominated in euro and US dollars, and managed by the BNB in compliance with clearly defined investment constraints and the benchmark. External portfolio managers managed a portion of international forex reserves in order to diversify assets, prepare expertise and reduce operations risk. The results obtained by the external managers were used also as an additional criterion in assessing the efficiency of BNB's major portfolios management. By the end of 2001 BNB assets managed by external managers accounted for about 13%.

Structure of Forex Assets by Financial Instrument

The share of investment in securities grew, exceeding BGN 4.6 billion (74%) by the end of 2001. The negative share of cash by the end of the second and fourth quarters of 2001 reflects transactions concluded on 30 June and 29 December 2001 (trade dates) when funds in the form of external flow or maturing investments were not reported in the portfolio by the value date.

STRUCTURE OF ASSETS BY FINANCIAL INSTRUMENT IN 2001 (as of end-period)

Instrument	I quarter	II quarter	III quarter	IV quarter
Cash	1.9	-1.3	1.8	-4.5
Deposits	32.9	20.2	24.0	30.4
Securities	65.2	81.1	74.2	74.1
Assets, total	100	100	100	100

Source: BNB.

Structure of Forex Assets by Residual Term

One of the major investment goals in managing international forex assets in 2001 was to maintain high liquidity. In accordance with this goal the bulk of the assets was invested in instruments (current accounts, short-term deposits in foreign currency and gold and short-term securities) with a residual term to maturity of up to one year. The share of these assets rose from 69% in early 2001 to over 82% by the end of the review period on the account of decreased shares of sectors from one to three years and from three to five years.

STRUCTURE OF FOREX ASSETS BY MATURITY IN 2001
(as of end-period)

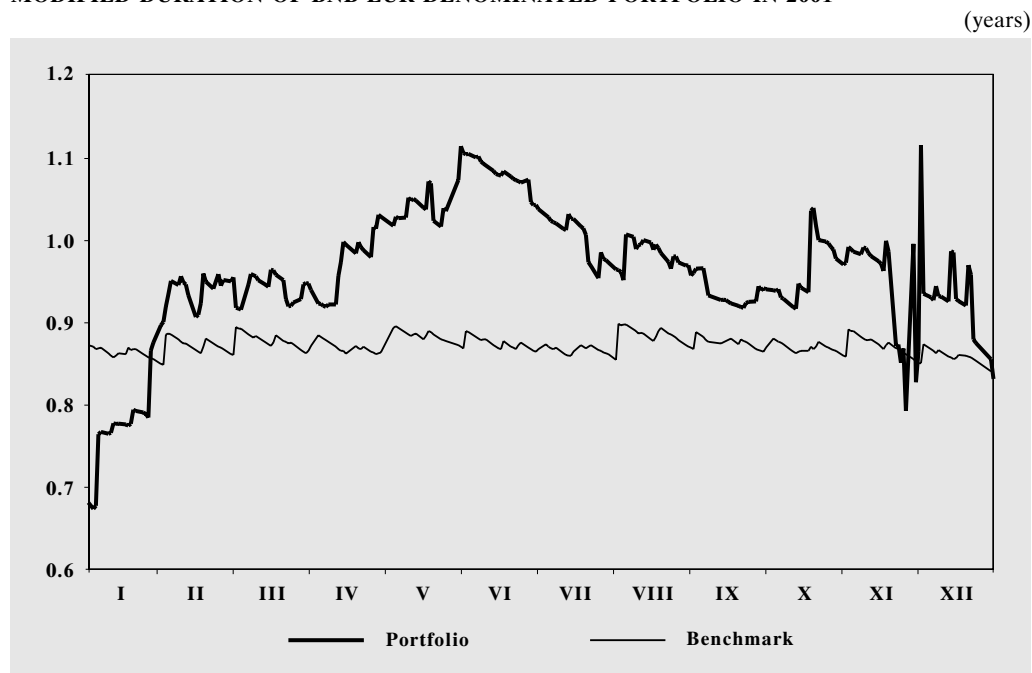
Maturity	I quarter	II quarter	III quarter	IV quarter
Up to 1 month	37.7	23.4	25.4	47.9
From 1 month to 1 year	31.7	50.3	52.2	34.2
From 1 to 3 years	20.1	16.6	11.2	11.8
From 3 to 5 years	10.1	9.2	10.7	5.6
From 5 to 10 years	0.4	0.5	0.5	0.5
Assets, total	100	100	100	100

Source: BNB.

**Return,
Volatility and
Interest Rate
Risk**

EUR-denominated portfolio. In the review period return on the EUR-denominated portfolio was 5.02%, exceeding by 11 basis points the return on the corresponding benchmark. The volatility (standard deviation) of the realized portfolio return was 0.78%, while the return on the benchmark was 0.73%. Modified portfolio duration was 0.96 years, while modified benchmark duration averaged 0.87 years during the review period. Portfolio Sharp's²⁸ ratio was 0.89 and that of the benchmark was 0.77. Analysis of the risk to EUR-denominated portfolio indicates portfolio management efficiency which in 2001 exceeded the base one.

MODIFIED DURATION OF BNB EUR-DENOMINATED PORTFOLIO IN 2001



Source: BNB.

²⁸ The Sharp's 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 bigger the Sharp ratio for a particular portfolio, the more efficient is the portfolio's management.

**RETURN AND INTEREST RATE RISK
OF BNB EUR-DENOMINATED PORTFOLIO IN 2001**

(%)

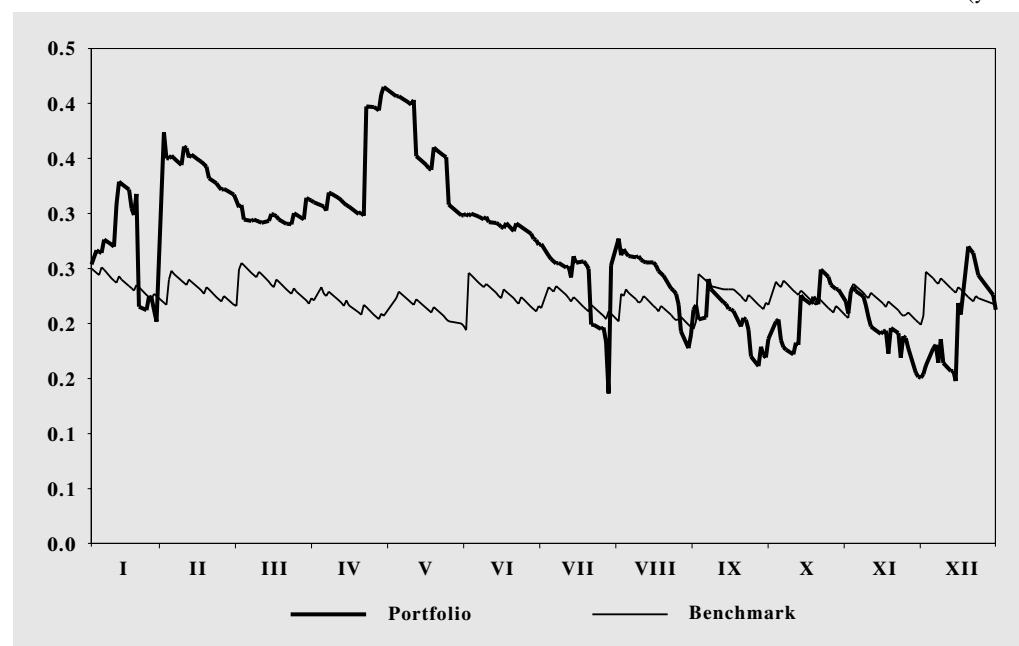
	I quarter	II quarter	III quarter	IV quarter	Total
Portfolio					
return	1.36	1.03	1.71	0.84	5.02
risk	0.30	0.44	0.36	0.46	0.78
Benchmark					
return	1.32	1.04	1.67	0.80	4.91
risk	0.31	0.35	0.33	0.45	0.73

Source: BNB.

The USD-denominated portfolio. In 2001 return on the USD-denominated portfolio was 4.67%, exceeding by 16 basis points the return on the corresponding benchmark (4.51%). The volatility of the portfolio was 0.43%, while benchmark was 0.34%. Modified portfolio duration over the review period averaged 0.26 years, while the value of the same indicator for the benchmark was 0.22. Portfolio Sharp's ratio was 2.36 and that of the benchmark was 2.07, which coupled with the above data is indicative of efficient portfolio management in 2001.

MODIFIED DURATION OF BNB USD-DENOMINATED PORTFOLIO IN 2001

(years)



Source: BNB.

**RETURN AND INTEREST RATE RISK
OF BNB USD-DENOMINATED PORTFOLIO IN 2001**

(%)

	I quarter	II quarter	III quarter	IV quarter	Total
Portfolio					
return	1.63	1.17	1.15	0.65	4.67
risk	0.20	0.29	0.16	0.17	0.43
Benchmark					
return	1.57	1.10	1.13	0.64	4.51
risk	0.18	0.17	0.16	0.15	0.34

Source: BNB.

Monetary gold invested abroad. Major instruments employed in monetary gold management were short-term deposits with a maximum term of up to three

months. Given the terrorist attack against the USA of 11 September followed by increased volatility of financial markets, by year's end the maximum term was decreased to one month. In 2001 realized return was 0.99%.

RETURN ON MONETARY GOLD MANAGED BY THE BNB IN 2001

	(%)				
	I quarter	II quarter	III quarter	IV quarter	Total for 2001
Portfolio	0.19	0.42	0.30	0.08	0.99
Benchmark	-	-	-	-	-

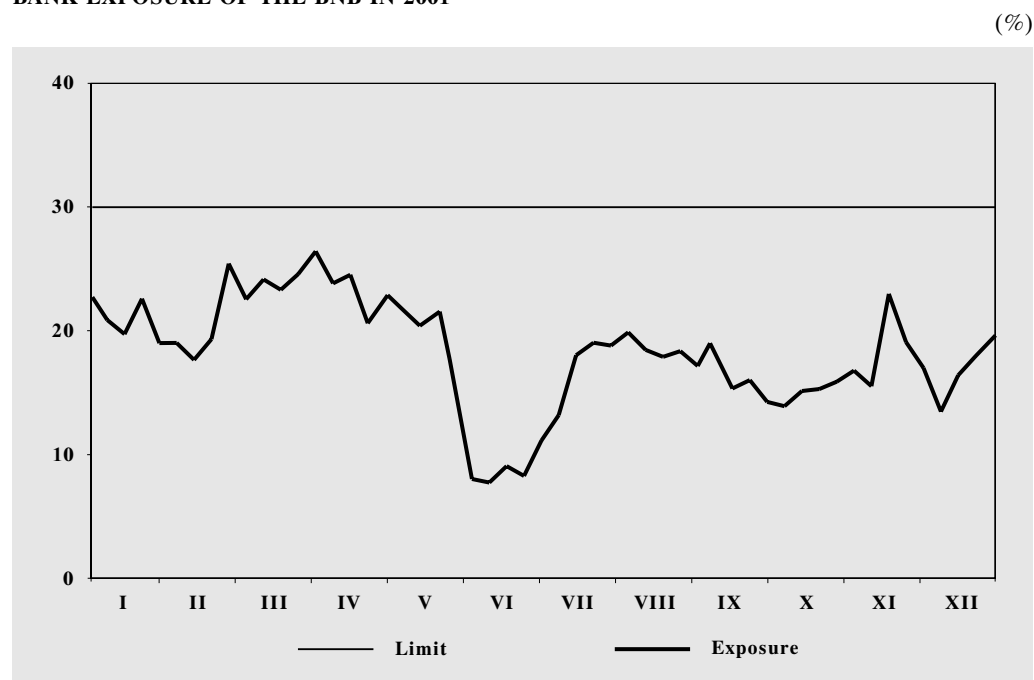
Source: BNB.

Credit Risk

Credit Exposure. Countries, government agencies, supranational financial institutions, and commercial banks cleared for investment are evaluated according to the criteria of at least two of the three credit rating agencies, Moody's, Standard & Poors and Fitch IBCA (at least two of the evaluations should have a minimum of an AA credit rating). The bulk of BNB international forex assets was invested in government and government guaranteed securities issued and/or guaranteed by countries which have at least an AA- long-term credit rating. Financial institutions, which are counterparts of the BNB, should have a minimum of an AA- long-term credit rating. This guarantees the safety of BNB investments, consistent with the Law on the BNB. The credit structure changed: the share of investments in financial instruments having AAA long-term credit rating according to Fitch IBCA increased from 73% in early year to about 83% by the end of 2001.

Bank exposure. The share of investments in commercial banks, the so-called bank exposure of the BNB, comprised less than 30% of invested assets (monetary gold and foreign banknotes and coins in BNB vaults excluded), consistent with investment constraints provided for forex asset management. The dynamics of credit exposure (on a weekly basis) during 2001 did not exceed set limits, approximating 20% by end-year.

BANK EXPOSURE OF THE BNB IN 2001



Source: BNB.

Foreign exchange risk. 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.

IV. Liquidity and the Financial Markets

1. Liquidity

The Interbank Money Market

The volume of the interbank money market increased significantly amid continued stabilization of the financial system in 2001. Term transactions rose by BGN 6.3 billion in absolute terms or 47%.

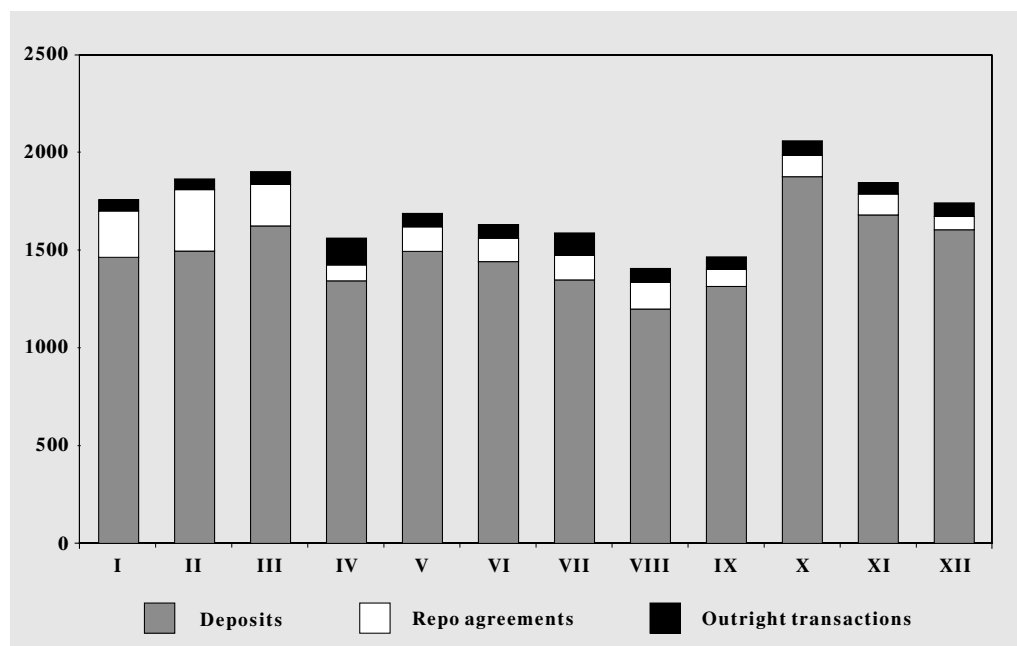
No significant changes occurred in market structure by type of transaction: deposits dominated trending upward, 87.2% (against 77.1% in 2000), followed by repo agreements, 8.4%, and outright transactions in government securities, 4.4% (17.4% and 5% respectively in 2000).

As regards interbank deposits, of note is the nine-fold decrease in unsecured deposits, their share falling to almost 0.45% in total deposits from some 5% in 2000.

As regards outright transactions, the volume of traded government securities denominated in US dollars increased significantly (by 139% on 2000), mainly due to their higher yield and a sustained upward trend in the US dollar. The volume of traded lev issues increased by 25% against an overall increase of 29% for this market sector.

THE INTERBANK MONEY MARKET IN 2001

(million BGN)

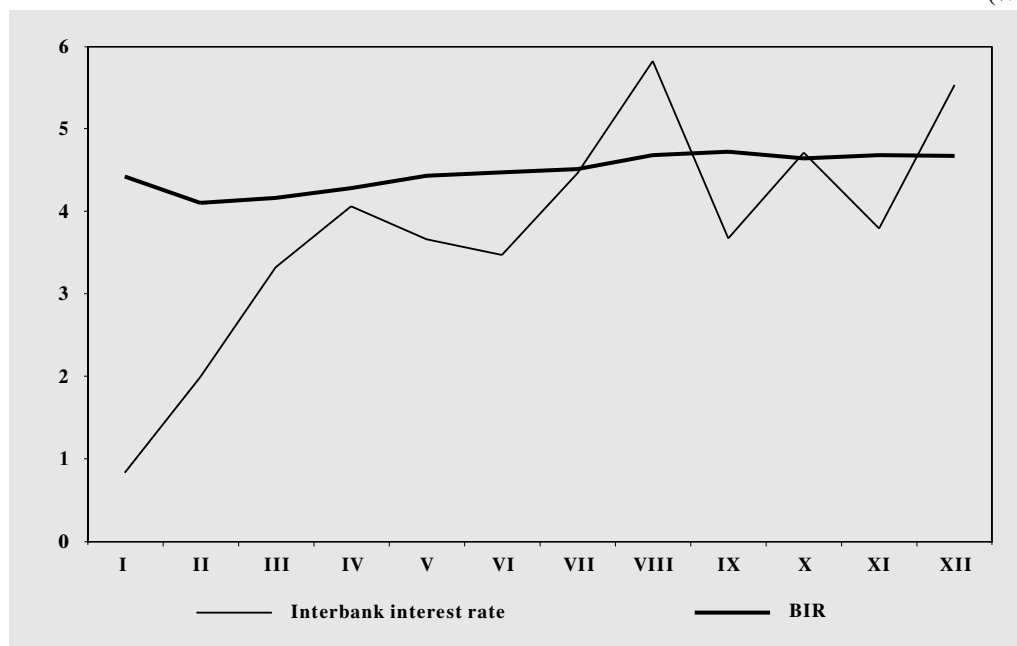


Source: BNB.

The continued trend of high banking system liquidity was the main reason for the sustained ratios within the interbank market structure by term of transaction, formed in previous years. Overnight transactions had the largest share, 65.8%, followed by two to three-day transactions, 17.2%. Therefore interbank market operations were employed mainly as an instrument for current liquidity management, not for medium- or longer-term investment.

BASE INTEREST RATE AND INTERBANK INTEREST RATE IN 2001

(%)



Source: BNB.

The average interest rate on interbank market transactions reached 3.7% on an annual basis against 3.2% in 2000, staying below the average base rate level (4.48% in 2001 and 3.85% in 2000). In different months significant fluctuations occurred reflecting market demand and supply: from 0.83% in January to 5.82% in August. Major factors responsible for the formation of this ratio were MF fiscal operations and developments in international forex markets. Low interbank interest levels at the beginning of the year resulted from partial principal and interest payments by the Ministry of Finance on ZUNK bonds denominated in US dollars. The high levels in August and December were due to irregularities in lev liquidity regulation by particular banks, striving to preserve their favorable foreign currency positions. Only in those two months did interest on interbank transactions exceed average base rate levels: in August by 1.4 percentage points (5.8% against 4.4% average base rate) and in December by one percentage point (5.5% and 4.5% respectively). Fluctuations within individual months were even stronger, mainly reflecting fiscal cash flow dynamics.

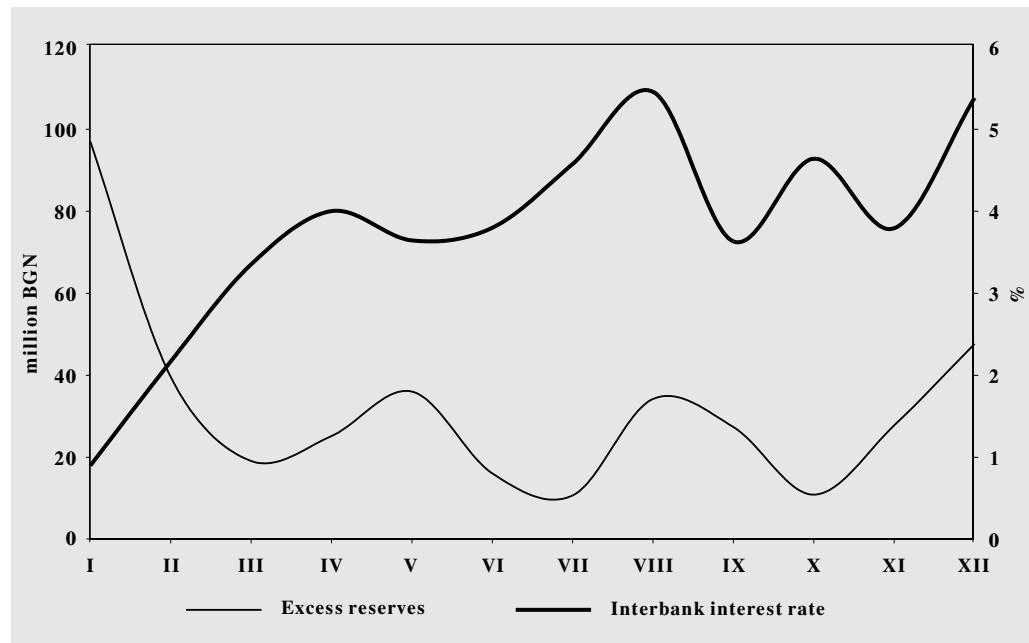
Commercial Bank Reserves

In 2001 the volume of attracted bank funds in lev and foreign currencies increased gradually. Between end-January and end-December 2001 the lev deposit base grew by 18.3% and foreign currency deposits increased by 32.1% (reflecting relatively small lev devaluation against the US dollar by some 5.1%). Deposit base curve growth largely matched that of previous years. The real annual average growth in attracted funds was 2.2% on 2000.

The share of minimum required reserves remained unchanged at 8% of the deposit base. Reserve assets in foreign exchange held at BNB accounts varied widely depending on the level of lev liquidity in the banking system consistent with fiscal cash flows and developments in international forex markets. Thus in January the banks preferred to hold reserves in national currency due to high lev liquidity resulting from interest and partial principal payments on USD-denominated ZUNK bonds by the Ministry of Finance. As a result, foreign currency balances on commercial bank reserve accounts bottomed at a low, comprising just 21% of required reserves on attracted funds in foreign currency. Conversely, in the summer high yields in international markets led banks to convert their free lev funds into euro, which caused a temporary shortage of funds on their lev settlement accounts and hence higher prices of traded funds in the interbank market. The banks reacted by

increasing foreign currency balances on reserve accounts with the BNB, hitting a high in July: 73.1% of required reserves on the foreign currency deposit base.

EXCESS RESERVES AND THE INTERBANK INTEREST RATE IN 2001



Source: BNB.

During most of the year the structure of foreign exchange reserve assets by currency matched that formed in recent years: a strong euro prevalence, followed by the Swiss franc. Since early November, with a view to creating conditions for a more flexible current liquidity management banks were given the opportunity to enter transactions with the BNB for euro purchasing and selling from their accounts with the BNB with the same value date. This, coupled with higher interest rates in forex markets on euro transactions compared with dollar transactions led to a serious change in the average monthly structure of deposited currency. US dollar balances prevailed and the euro dominated account flows.

Overall, during the year banks did not face difficulties in maintaining minimum required reserves. Current and medium-term liquidity management in the system was flexibly linked with the state of domestic and international markets and fiscal cashflows. Depending on bank policies, excess reserves varied from BGN 87 million in January to BGN 11 million in June. Average excess reserves for the period (BGN 34 million) decreased by some 25% on the previous year. This reflected more efficient asset management by commercial banks under similar conditions.

2. The Financial Markets

The Government Securities Market

The Primary Market

In 2001 serious changes occurred in the issue calendar of the Ministry of Finance compared with 2000:

- Three-month discount government securities were issued twice monthly instead of weekly at twice the nominal value: BGN 10 million against BGN 5 million in the previous year.
- The practice of joint auctions was abolished: auctions for longer-term government securities (12-month, two and five-year issues) were held in weeks when three-month issues were not offered; an auction was held quarterly for each issue at a nominal value of BGN 20 million for 12-month discount

government securities, BGN 50 million for two-year government securities with fixed interest, and BGN 60 million for five-year bonds with fixed interest, respectively.

- No auctions were held for three-year government securities with fixed interest and at the end of October a seven-year fixed-interest bond of BGN 30 million was issued.

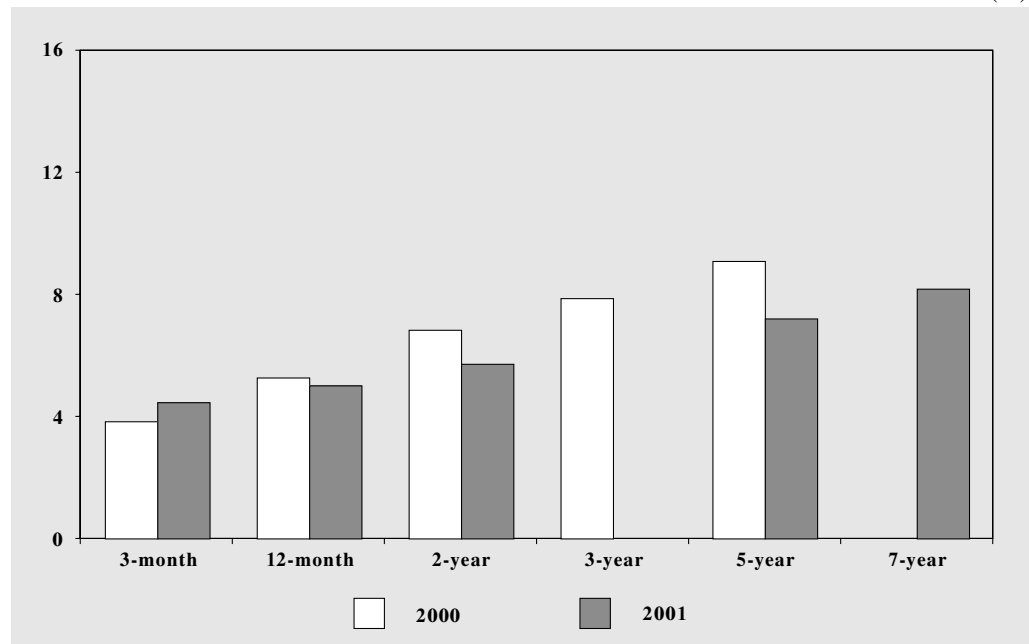
During the months following the introduction of the new issue calendar the coverage coefficient (the ratio between bids received and approved) for three-month securities did not change significantly. It moved within 2:1 during the first half-year and, as a rule (except in March), was higher in the first than in the second auction of the month. During the second half of the year the coefficient tended to 1.5:1, staying higher at the beginning and decreasing in the middle of the month. Average annual yield at issue (and base rate) started from a level of 4.5%, fell to 4% in the first quarter and moved back to 4.5% in the second quarter, moving upward to 4.75% in the second half of the year.

Likewise, a similar trend of a gradual fall in the coverage coefficient and hence higher yield outlined for longer-term issues, though to a different extent, without reaching the average levels for the same periods in 2000.

The monthly amount (in nominal terms) of *target issues* sold to physical persons followed the typical seasonal upward trend, increasing from BGN 1.2 million in January to BGN 2.1 million in March, thereafter varying from BGN 0.9 million to BGN 1.5 million.

AVERAGE ANNUAL YIELD ON GOVERNMENT SECURITIES AT ISSUE

(%)



Source: MF.

A subscription for the conversion of 25-year USD-denominated ZUNK bonds into 20-year EUR-denominated government securities with the same status and maturity date was held in June. As a result, the second issue of EUR 37.5 million nominal value replaced the first issue of USD 31.9 million nominal value.

Bulgaria's first issue of Eurobonds with issue date 19 November 2001 and maturity date 1 March 2007 (7.25% annual coupon) was oversubscribed. The price at issue was 98.955%, ensuring a 376 basis points (3.76 percentage points) higher yield than the German government bond maturing January 2007. The successful sale was underpinned by Bulgaria's upgraded long-term rating by rating agencies, and subsequent upgrade of the new Eurobonds in foreign currency: by Fitch IBCA to B+ with a positive outlook, and in early 2002 to BB- with a stable outlook; by Stan-

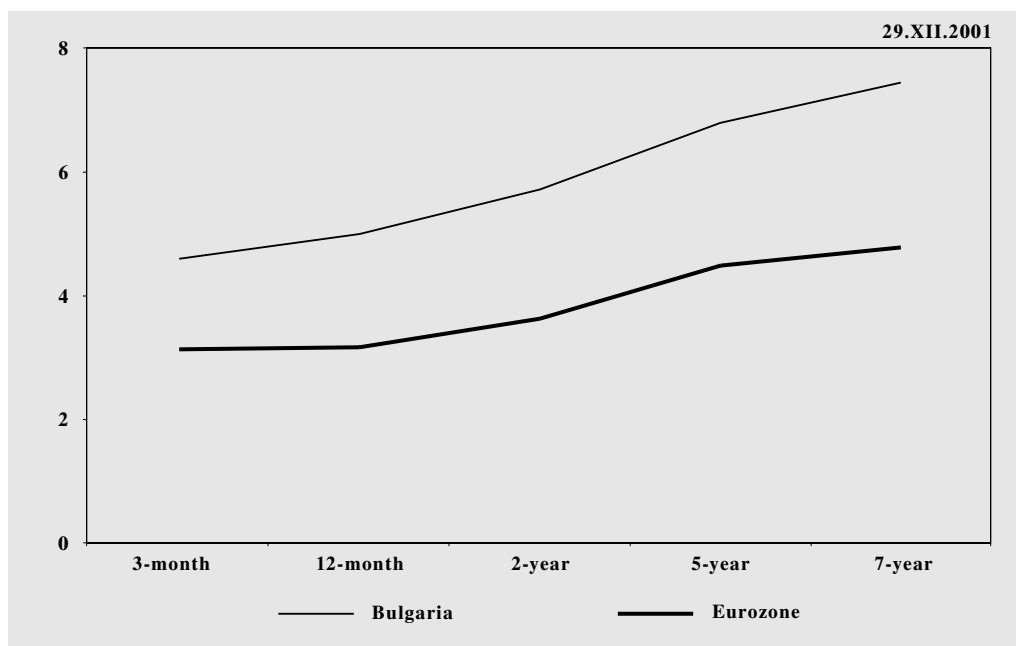
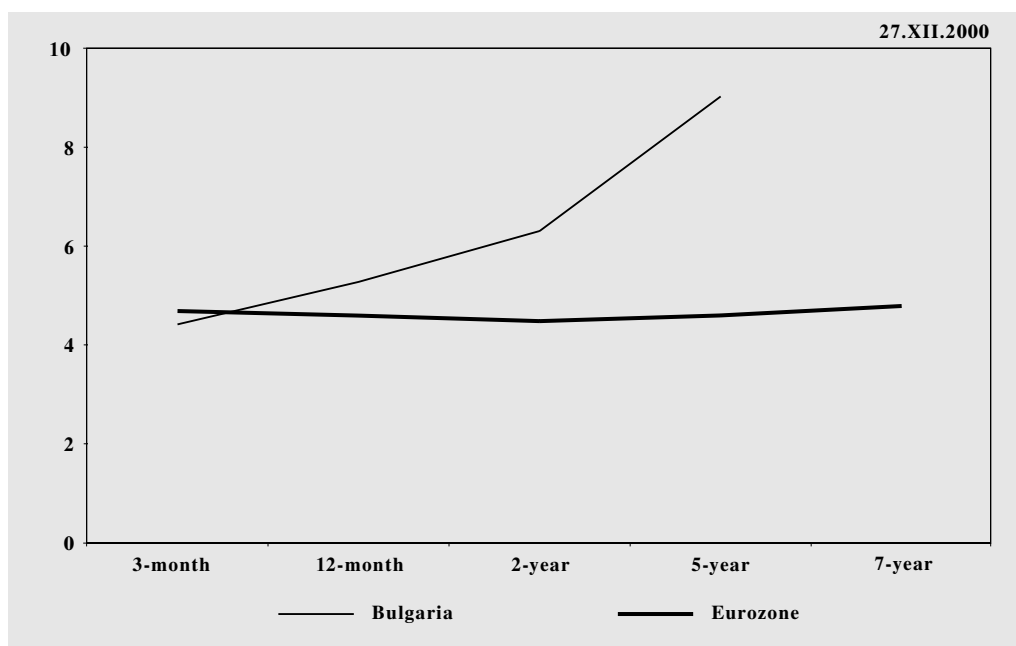
ard & Poors to BB- with a stable outlook; and by Moody's Investors Service to B1 with a positive outlook.

The Secondary Market

Outright transactions in government securities concluded by primary dealers with flow on current accounts at market value increased by 29.2% on a year earlier.

In 2001 the Bulgarian yield curve on government securities diverged from the identical section of the eurozone benchmark curve depending on issue maturity. The Bulgarian three-month securities curve displayed slightly higher yields, while the eurozone curve moved downward. A parallel movement downward occurred in the two-year segment. In the longer-maturity section the Bulgarian curve moved downward, closely approaching the unchanged medium-term section of the eurozone curve.

GOVERNMENT SECURITIES YIELD CURVES IN BULGARIA AND THE EUROZONE



Source: BNB, Reuters.

As a result, there was no match in the two curves' values at the end of 2001, but the lines took on a close shape with a more or less similar margin for different maturities.

On 6 June Reuters adopted the yield curve comprised of quotations of overnight, one-week, and one-month deposits, and three-month, one, two, and five-year government securities as the benchmark curve for Bulgaria. The new seven-year maturity, though quoted ordinarily, was added to the Reuters benchmark curve no sooner than 15 January 2002 after the sale of the first issue from the current year's calendar. The center of movement of the average monthly price of USD-denominated ZUNK bonds gradually moved from USD 70 to USD 80 per USD 100 nominal value.

The new Eurobond issue increased fast and exceeded USD 100 in secondary trading in the bond market. The issue was listed in the *government securities* segment within the *official bond market* on the Bulgarian Stock Exchange.

The Forex Market and Registered Transactions between Residents and Nonresidents

The Forex Market

Overview of the forex market. Forex market trade intensified further in 2001 consistent with the trend started in recent years. The total volume of transactions with two-day payment value date (spot, same and next day) increased by some 25% on 2000 to reach EUR 20,994.6 million. Typically, the increase was higher (some 55%) in the second half of the year. Foreign currency purchases exceeded bank sales significantly (the BNB included) by EUR 747.5 million, and the bulk (95.9%) was in the second half of the year. This reflected a proactive market at year's end due to the coming euro launch on 1 January 2002, and abolition of the national currencies of eurozone member countries. About two-thirds of this excess was effected through BNB till operations with commercial banks and final customers.

Market sectors. The total volume of bank transactions with final customers rose by 15.3% on 2000, but did not preserve its dominant position in the forex market. During the year market operations were more evenly distributed than in 2000: 45.6% of the total volume was effected in the first half of the year and 54.4% in the second half (against 42.4% and 57.5% in 2000). The euro introduction was the main reason for the positive net result posted by banks.

SPOT OPERATIONS WITH CUSTOMERS

	(million EUR)		
	Bought	Sold	Balance
Total	5,072.5	4,790.8	281.7
incl.			
commercial banks	4,834.8	4,747.4	87.4
BNB	237.7	43.4	194.3
January – June	2,263.3	2,229.9	33.4
incl.			
commercial banks	2,183.9	2,209.5	-25.6
BNB	79.4	20.4	59.0
July – December	2,809.2	2,560.9	248.3
incl.			
commercial banks	2,650.9	2,537.9	113.0
BNB	158.3	23.0	135.3

Source: BNB.

The volume of interbank trade in foreign currency rose significantly on 2000, by 34.9%. While BNB participation in the first half-year was comparatively balanced in the second half the BNB participated mostly as a buyer, a role typical of recent years.

THE INTERBANK SPOT MARKET

(million EUR)

	Bought	Sold	Balance
Total	5,465.1	4,993.3	471.7
incl.			
commercial banks*	4,889.6	4,900.2	-10.6
BNB with commercial banks	575.5	93.2	482.3
January – June	2,399.2	2,402.0	-2.9
incl.			
commercial banks*	2,299.6	2,309.7	-10.1
BNB with commercial banks	99.6	92.4	7.2
July – December	3,065.9	2,591.3	474.6
incl.			
commercial banks*	2,590.0	2,590.5	-0.5
BNB with commercial banks	475.9	0.8	475.1

* Some imperfections in reporting lead to a minimal difference between the Bought and Sold columns, which should be equal.

Source: BNB.

During the reporting year BNB participation in the forex market weakened compared with previous years. As a result the BNB share in total volume fell to 4.5% from 7.2% in 2000. Given minimal sales of EUR 14.2 million to the Ministry of Finance for foreign debt service, the sizeable positive balance between BNB forex purchases and sales resulted from transactions in both market sectors, but mainly from interbank market operations.

BNB SPOT TRANSACTIONS

(million EUR)

	Bought	Sold	Balance
Total	813.2	136.6	676.7
BNB with commercial banks	575.5	93.2	482.3
BNB with final customers	237.7	43.4	194.3
incl.			
with companies and budget organizations	72.3	6.2	66.1
with MF for foreign debt service	0.0	14.2	-14.2
cash operations at tills	165.4	23.0	38.6
January – June	179.0	112.8	66.2
BNB with commercial banks	99.6	92.4	7.2
BNB with final customers	79.4	20.4	59.0
incl.			
with companies and budget organizations	43.4	2.4	41.0
with MF for foreign debt service	0.0	0.0	0.0
cash operations at tills	36.0	18.0	18.0
July – December	634.2	23.8	610.4
BNB with commercial banks	475.9	0.8	475.1
BNB with final customers	158.3	23.0	135.3
incl.			
with companies and budget organizations	28.9	3.8	25.1
with MF for foreign debt service	0.0	14.2	-14.2
cash operations at tills	129.4	5.0	124.4

Source: BNB.

Market structure by currency. During 2001 the euro reinforced its dominant position in the forex market, comprising 65% of total turnover against 56% in 2000. The dominance was more pronounced in the interbank market (75% share against 72% in 2000) and transactions with final customers (53%) while the US share fell to some 44% in purchases and 45% in sales.

Market exchange rates. The trend of maintaining lower market exchange rates than the official rate (by less than one stotinka) continued in 2001: the average weighted market exchange rate was BGN 2.1765 per USD 1 against the official rate of BGN 2.1846.

Transactions Registered at BNB between Residents and Nonresidents

Registered transactions between residents and nonresidents in compliance with Bulgarian legislation totaled BGN 1,367.6 million.

Financial credit transactions dominated, accounting for 91%. Of this, financial credits from nonresidents to residents amounted to BGN 1,186.2 million and the reverse flow (financial credits from residents to nonresidents) accounted for just BGN 62.5 million. This reflects residents' efforts to attract foreign investment to boost the economy, combined with the high price of domestic credit.

By origin, European Monetary Union countries had the largest share (44.8%) of financial credits from nonresidents to residents; in terms of currency structure, credits in US dollars dominated, 35.7%.

Registered transactions on residents' collateral established in favor of nonresidents accounted for BGN 106.2 million, the second largest volume of registered transactions at the BNB. These are mainly related to pledges on tobacco industry enterprises and on delivery of goods by nonresidents under lease contracts.

As in the previous year, the number of registered transfers to the accounts of resident physical and legal persons into foreign banks was the largest, amounting to BGN 10.6 million or 0.8% of the total volume of registered transactions.

In 2001 no transactions of resident interest acquisition in foreign companies were registered. This reflects the fact that by law direct investment abroad (acquisition of over 20% of the votes in the General Meeting of a foreign company) is not subject to registration at the BNB.

The Equity and Corporate Debt Securities Markets

Trade Performance

The total turnover of corporate securities transactions registered at the Central Depository AD was BGN 184.8 million, an increase of 28.4% on 2000. The bulk of transactions (86.7%) were through the Bulgarian Stock Exchange (BSE). Turnover on the BSE, including trade in government bonds, rose by 20.3%. The annual over-the-counter market (only shares were traded) turnover was BGN 24.5 million, almost the entire volume effected in the first quarter. This marked an increase of 2.4 times on 2000.

BULGARIAN STOCK EXCHANGE TRANSACTION VOLUME

(million BGN)

Markets	Equity market		Debt securities market			
	Official	Free	Official			Free
	Segments by registered instrument	segments A, B, C	free equity market	government securities	municipal bonds	corporate bonds
Primary instruments, incl.:	22.3	136.0	0.8	-	0.8	0.2
ordinary	2.8	36.7	0.8	-	0.8	0.2
block and other	19.2	95.7	-	-	-	-
privatization	0.3	3.6	-	-	-	-
Derivatives (BDCs), incl.:	-	0.9	-	-	0.1	-
ordinary	-	0.9	-	-	0.1	-

Source: BSE.

Intensive international cooperation in securities trading led to the signing of a memorandum of understanding between BSE – Sofia and the Athens Stock Exchange.

Equity

Following a slight fall in 2000, in 2001 equity trade increased by over 40% and totaled BGN 182.8 million; of this, BGN 158.3 million was produced through the BSE. Bourse trade turnover was more evenly distributed throughout the year with a moderate prevalence in the second half-year. Although the usual upward trend in monthly volumes sustained in the last quarter, free market trade was most intensive from mid-June to mid-July. The highest daily turnover was on 9 July (BGN 10.3 million in block transactions) and 10 July (BGN 14.4 million in regular deals).

In structural terms, as in previous years, block trade prevailed in all types of transactions, and *free equity market* dominated bourse segments. Thus block trade in the *free market* produced the largest volume of equity bourse deals: BGN 95.7 million (60.5%), increasing by 38%. Despite the small volume of regular transactions, they were gradually reviving during the year, partly at the expense of *official market* block deals.

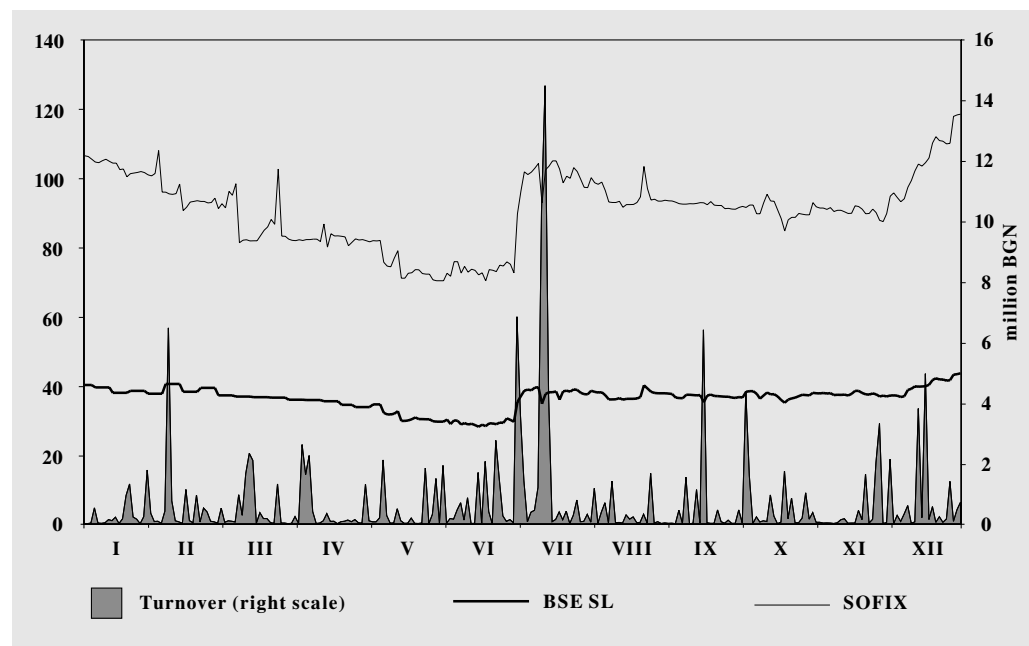
This was attributable in part to efforts by majority shareholders to get full control and subsequently withdraw respective companies from bourse trading. Active purchases through regular block deals and tender purchases (reported as block trade statistics) raised prices, boosting indices of share prices (in the middle and at the turn of the year). As two companies went back to being private, they were no longer in the basket of the SOFIX shares price index. One of the companies was replaced by an analogous company owned by the same majority owner.

The government sold a number of stakes in different shareholding companies (most of them traded in *BSE – Sofia free market* and one in the *official market*) through tenders held in the *privatization market of BSE – Sofia*, usually at the end of each half-year.

Shares prices progressively slid down, the SOFIX share price index bottoming a low of 70.56 points on 23 May and 70.54 points on 16 June. After a rebound in prices (and in turnover) in late June – led by the chemical and petrochemical industries, joined by the tobacco industry – the index went back to the level exceeding 100 points.

On 16 July the methodology for SOFIX computation was modified whereby prices of block deals were excluded from index computation (simultaneously abolishing the price limits on block deals and setting a number of requirements for such transactions). Subsequently the index fluctuated around the 100-point line and since August stayed at 90 to 100 points. The 90-point line proved a steady threshold in October and November and in December the index rose gradually, hitting a high of 118.63 points (on 21 December, the last day of bourse trading). The *BSE Sofia Lazard* share price index (quoted daily instead of weekly) hit a record high of 43.87 points.

TURNOVER AND BOURSE PRICE INDICES IN 2001



Source: BSE.

The last day of trading, 21 December, closed with market capitalization of listed companies in the BSE – Sofia of BGN 1,105.6 million (BGN 105.0 million for

companies listed in the *official market* and BGN 910.6 million for companies listed in the *free market*).

Out of BGN 24.5 million off bourse equity trade registered at the Central Depository AD, turnover in the first quarter accounted for BGN 22.9 million. Transactions in the other quarters totaled BGN 1.6 million and increased slightly at the turn of the year.

Bourse turnover in Bulgarian depository certificates based on shares in the *free market of shares* accounted for BGN 0.9 million, rising tenfold on 2000 (when trade started on 1 November and covered the last two months of the year). Four instruments based on German bonds were traded.

Bonds

Two banks placed nonpublic issues of EUR-denominated mortgage bonds in the second half of the year: a three-year issue with 7.75% annual interest and EUR 3.2 million nominal value and a two-year issue with 7.8% annual interest and EUR 5 million nominal value. Subsequently the issues were registered as public and accepted for trade in the *BSE – Sofia free market*. The two issuers have been assigned international ratings and at the end of 2001 the outlook for rating movement of one of the issuers was upgraded and the other issuer was assigned its first credit rating. In November a bank launched a public subscription for a public issue of BGN-denominated two-year mortgage bonds with 7.5% annual interest and BGN 3 million nominal value.

Secondary trade in corporate bonds registered at the Central Depository AD was effected only on the stock exchange for little less than BGN 1.1 million, a more than threefold fall in bourse trade and a nearly fourfold fall in overall trade on 2000. (If transactions in government securities are included, the turnover of *BSE – Sofia* was slightly over BGN 1.8 million.) After a relatively active trade in the first half-year, the second half-year produced a moderate turnover and intensified at year-end as the new mortgage bonds, including Eurobonds, were accepted for trade.

The *official bond market* produced a turnover of little over BGN 0.8 million in the segment for *corporate bonds* (all securities were BGN-denominated). Together with some BGN 0.8 million turnover in the segment for *government securities* (only EUR-denominated transactions were concluded) the total turnover of the official bond market accounted for BGN 1.6 million (51.2% in corporate BGN-denominated securities and 48.8% in government EUR-denominated securities). Acceptance of the two bank EUR-denominated mortgage bond issues was the driver of the *free bond market* at the end of 2001. Transactions totaled little over BGN 0.2 million.

Bourse trade in Bulgarian depository certificates based on bonds in the *free bond market* totaled little less than BGN 0.1 million. Trade started after the acceptance at the end of July of an issue based on the EUR-denominated Luxembourg structured bond whose value is determined by the movement in the price index of a basket of benchmark European shares. Sporadic transactions were effected.

3. Payment System and Settlement

Payments through BISERA

In 2001 the number of settlements effected through the Banking Integrated System for Electronic tRANSfers (BISERA) was 23,784,570, totaling BGN 64,265 million (or daily average number of 94,383 at BGN 255.02 million). Of this, 72.38% in number and 49.08% in value were for budget payments. Compared with 2000, they increased by 22.64% in number and 15.81% in value of total settlements effected through BISERA.

In the second half of 2001 the number of settlements grew by 21% on the second half of 2000, reaching 11,247,683; in terms of value, they rose by 24%, totaling BGN 30,195 million. Average daily figures for the period were 89,267 in number and BGN 239.64 million in value. In the second half of the year settlements sustained a typically higher trend: 12,537,397 in number (99,503 daily average) and BGN 34,069 million in value (BGN 270.39 million daily average).

At the end of the year the number of direct participants in the system was 737, by 57 more compared with 2000 year-end.

Payments through BORICA

In 2001 transactions through this card payments system numbered 15,422,497, totaling BGN 1,276,735,563. Compared with 2000, they rose by 115% in number and 117% in value. At the end of 2001 there were 642 ATMs located in 107 towns and villages nationwide. The total number of POS terminals was 1,980 (an increase of 82% on 2000) and the number of issued cards was 990,414, an increase of 77% on end-2000).

Payments on Corporate Securities Transactions

Between January and December 2001 124,897 transactions in corporate securities were effected, totaling BGN 192,263,371. Of this, *bourse* transactions numbered 12,302 of BGN 160,279,709, and over-the-counter transactions numbered 112,595 of BGN 31,983,661.

Development of the Payments System

In early 2001 the System for Electronic Budget tRAnsfers (SEBRA) was launched, designed to control compliance with payment limits of budget entities receiving budget credits and included in the Single Account System. Throughout the year the majority of prime-rate budget entities together with secondary budget entities were incorporated within the system. This contributed to the implementation of major objectives: a new quality in budget cash flow management, and a dramatically improved budget discipline.

In 2001 the BNB selected through open tender the US Montran Corporation as the contractor for the BNB Real Time Gross Settlement System (RTGSS). A turnkey agreement was signed for the implementation and maintenance of the system in compliance with the requirements in the Terms of Reference approved by the BNB. In September joint BNB and Montran Corporation work on the project started.

With the commissioning of the RTGSS, envisaged for fall 2002, the Bulgarian payments system will meet the criteria applied in the European Economic and Monetary Union member countries.

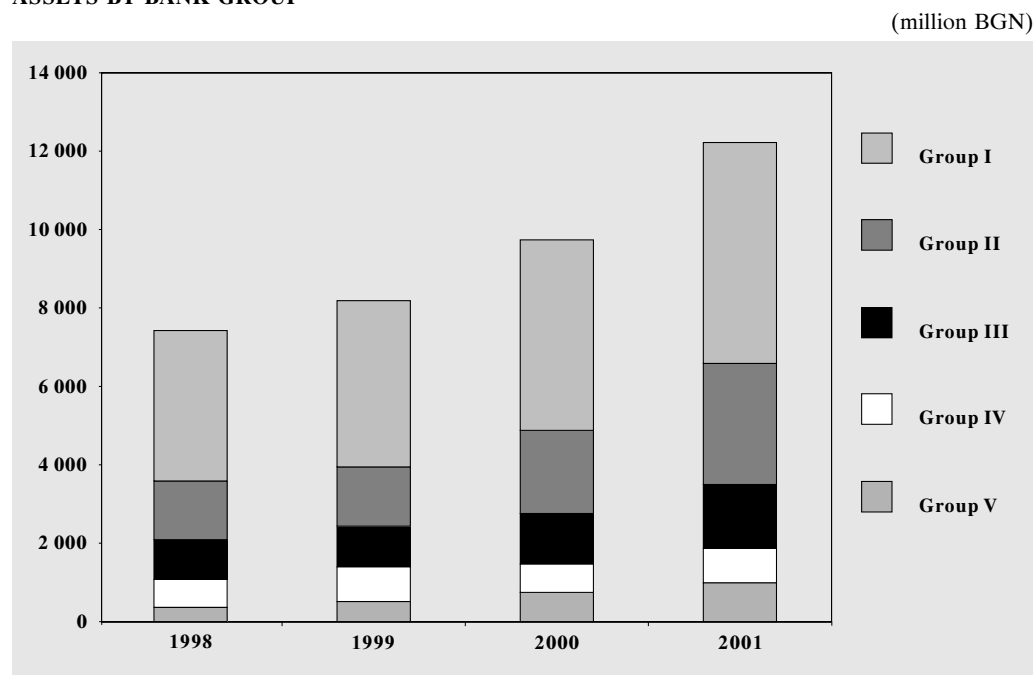
V. The Banking Sector and Banking Supervision

1. Major Trends in the Banking Sector

In 2001 the banking sector operated under relatively stable conditions. The stagnant world economy affected the real sector more than finance. During 2001 credits increased by 40%, the bulk of them extended to private enterprises and the public and a smaller portion to the remaining state-owned enterprises. For the first time since 1997 commercial bank credit portfolios exceeded banks' placements with foreign banks. However, a significant credit potential of financial institutions remained unrealized. Relatively high risk in the economy and the poor and inefficient legal protection of creditors were the major reasons behind prudent commercial bank lending policy.

By 31 December 2001 banking system assets totaled BGN 12,204 million, an increase of 25% on 2000.

ASSETS BY BANK GROUP

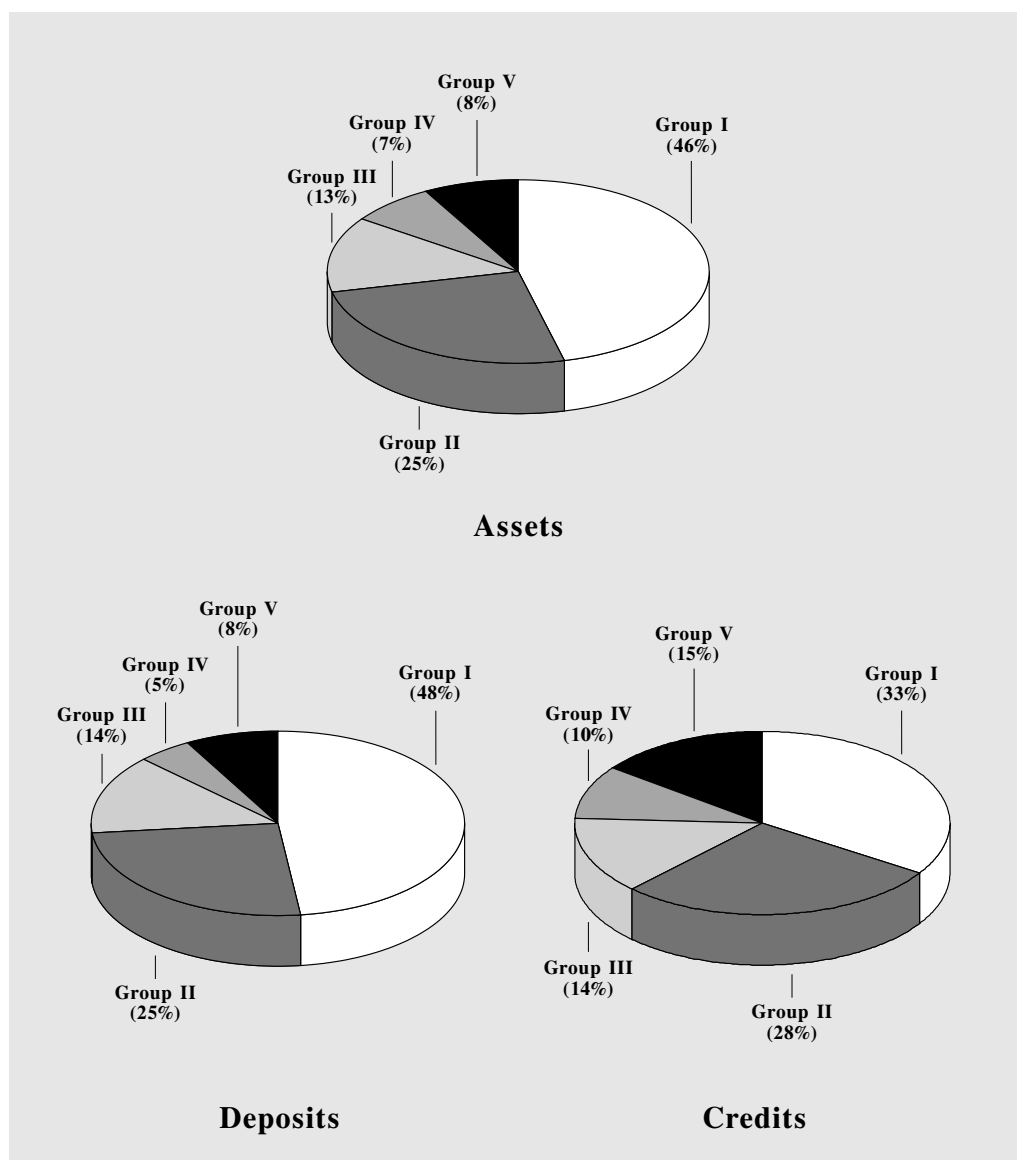


Source: BNB.

Market concentration and dispersion (the Herfindahl-Hirschman index²⁹) in the Bulgarian banking system were relatively low. For assets and deposits the index indicates acceptable concentration (1,166 and 958 respectively) and for credits, a lack of concentration (719).

²⁹ Herfindahl-Hirschman index (HHI) accepts values to 10,000. A value under 1,000 indicates a lack of concentration; values between 1,000 and 1,800 indicate acceptable concentration; and values over 1,800 are considered high concentration. See this index for the Bulgarian banking system in the corresponding appendix.

ASSETS, DEPOSITS AND CREDITS BY BANK GROUP IN 2001



Source: BNB.

Group I including the three largest Bulgarian banks³⁰ (Bulbank, DSK Bank, and the United Bulgarian Bank) decreased its share of total banking sector assets: from 50% at the close of 2000, to 46% a year on. Group I average weighted market share reached 36% from lending, 55% from claims on banks and financial institutions, and 79% from the total banking sector securities in the investment portfolio. The Group's share in placement of trading portfolio securities increased moderately, to 46% against 44% by end-2000. These banks' capital and reserves accounted for 49% of the banking system total and attracted 52% of the deposits from the non-financial sector.

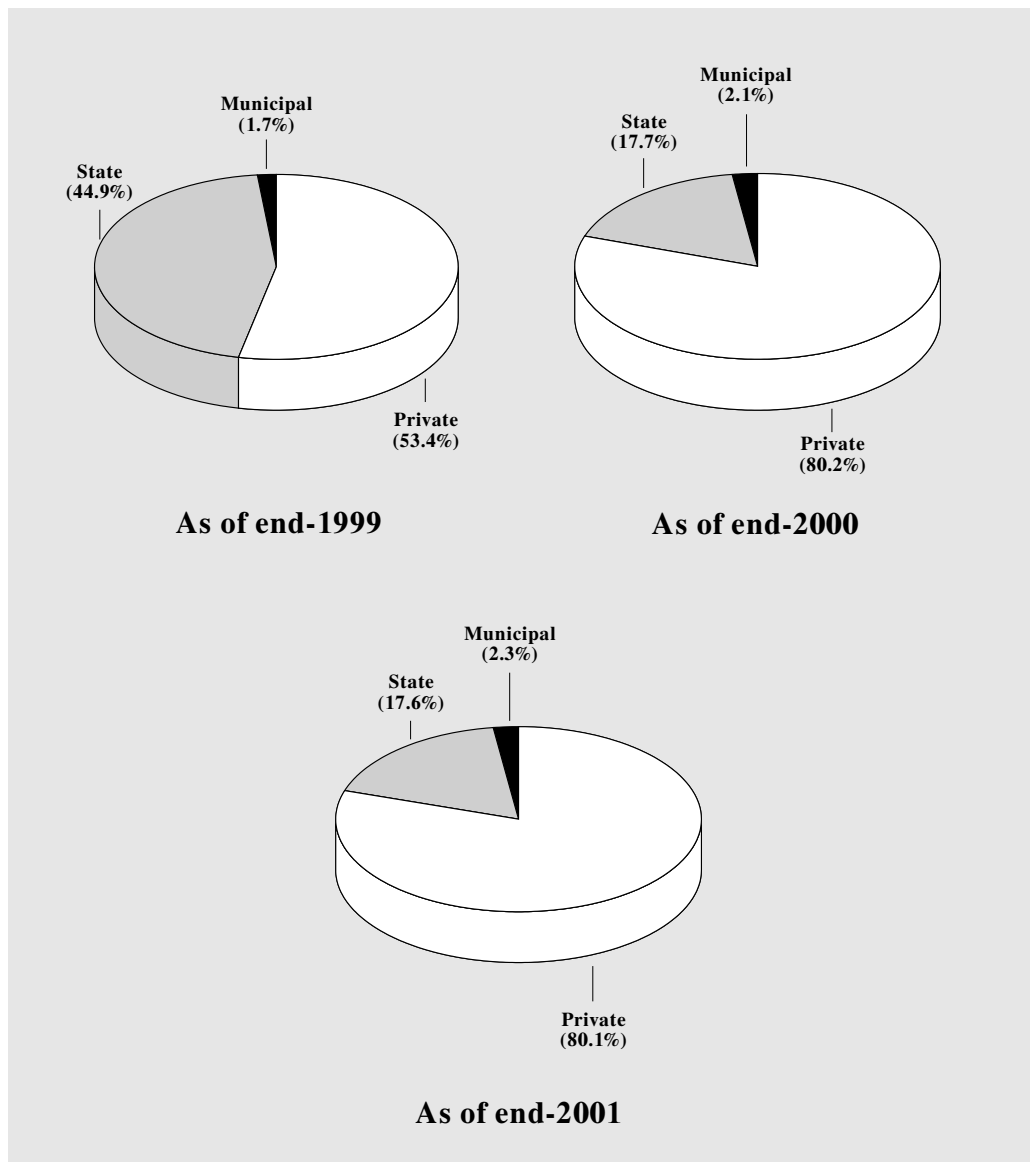
The banks included in **Group II** sustained its 25% share of total banking system assets. Credits extended by Group II banks to nonfinancial institutions and other clients accounted for 29% of total banking system assets (against 25% in 2000). The shares of securities investment and trading portfolios also stayed unchanged at 18% and 24% of the banking system total respectively. Accumulated

³⁰ To ensure precise monitoring of market share surveys, the nature of business profile and comparability in terms of supervisory regulations commercial banks were divided into four classification groups according to balance sheet size: Group I – over BGN 800 million; Group II – from BGN 300 million to BGN 800 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.

deposits from nonfinancial institutions comprised 26% of total commercial bank deposits.

The share of **Group III** stayed at about 13% of total bank assets. Credits to nonfinancial institutions also accounted for 13% of the banking system total, and funds attracted from nonfinancial institutions, for 16%.

ASSETS BY TYPE OF OWNERSHIP



Source: BNB.

The market share of **Group IV**, including banks with assets up to BGN 100 million, stayed at 7% of total bank assets. The share of credits extended by the 13 smaller banks in this Group comprised approximately 9% of total credits extended to nonfinancial institutions. The share of Group IV deposits in total attracted funds by banks was relatively small: some 2%. By the end of 2001 the newly established Procredit Bank was also included in this group. The half of Group IV banks indicated higher asset growth than the average for the banking system.

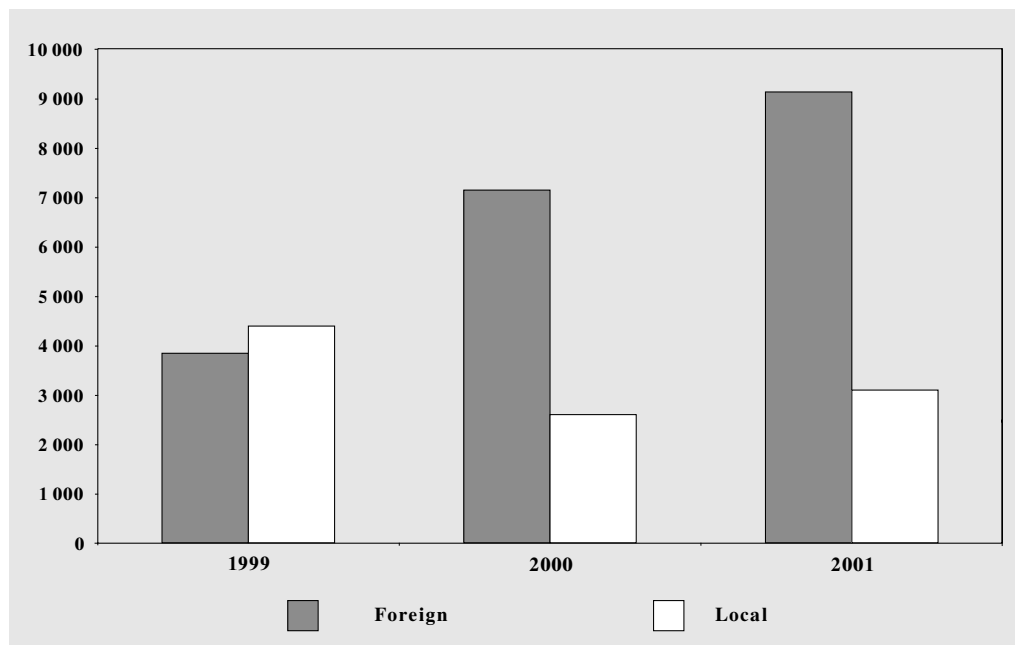
The **Group of foreign banks' branches** kept its share of 8% of total banking system assets. The share of deposits attracted from nonfinancial institutions remained almost unchanged at about 4%. Significant asset growth as well as other growth indicators were reported by the Citibank, Hypovereinsbank, and the National Bank of Greece branches.

During 2001 no significant changes occurred in bank ownership. State ownership of banking system assets approximated its previous year's level of 17.6%, and municipal ownership was 2.3%. The share of private banks in total bank assets stayed almost unchanged at 80.1%.

The share of bank assets owned by foreign banks and investors increased slightly to 75%, reflecting the faster growth reported by bigger banks which are owned by foreign investors.

BANK ASSETS CONTROLLED BY LOCAL AND FOREIGN INVESTORS

(million BGN)



Source: BNB.

Over the review period no mergers between banks or banks and other financial institutions were reported. Most of the ten biggest Bulgarian banks, comprising 55% of total banks' assets, were owned by big international bank and financial groups: Bulbank by UniCredito Italiano, the United Bulgarian Bank by the National Bank of Greece, Expressbank by Societe Generale, Hebros Commercial Bank by First Regent Group Ltd, Post Bank by ALICO/PFIH Ltd, and BNB-Paribas (Bulgaria) and Raiffeisenbank (Bulgaria) by BNP-Paribas and Raiffeisenbank respectively.

Bank Assets and Liabilities

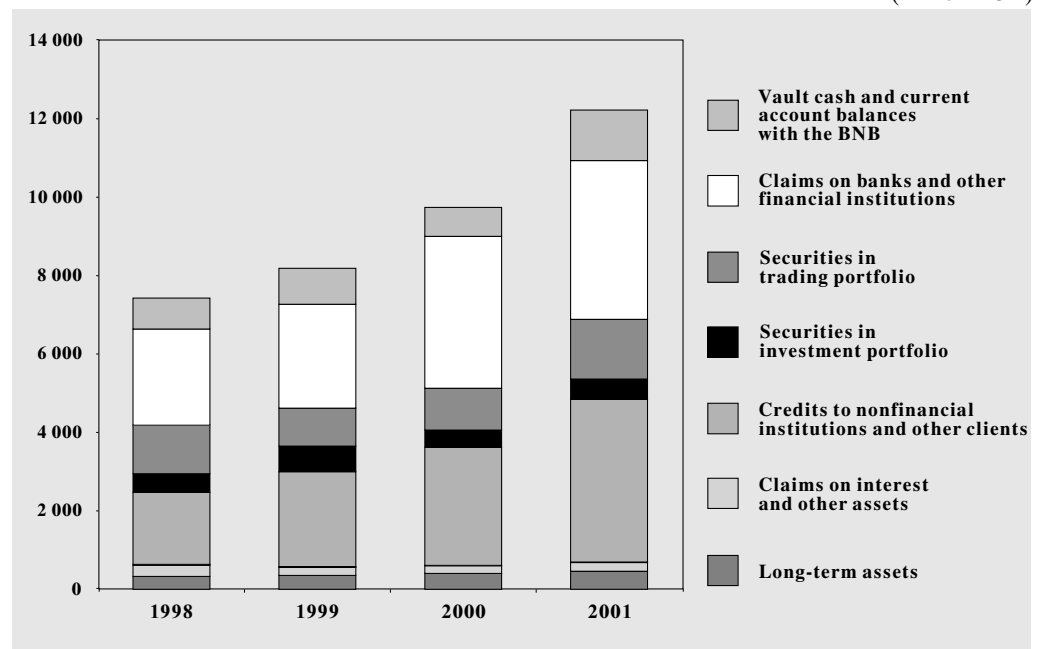
By end-2001 total banking system assets increased by BGN 2,466 million or 25.3% on end-2000.

Despite the overall asset growth, placements with banks and other financial institutions almost matched their previous year's level: the forex component fell by approximately USD 30 million, and the lev component slightly increased (by about BGN 60 million). These insignificant compensating changes resulted in a decrease in the structure in these claims in assets: from 40% in 2000 to 33% in the review year. The decrease in these operations reflects the reduced interest rate levels and lower yield of interbank deposits in foreign banks. The increase in total assets was evenly distributed between the following groups:

- in absolute terms cash rose by 70%, increasing its share from 7.6% to 10.5% in total assets. To a certain extent this reflects the need for higher banking system liquidity by the end of the year, associated with the merging of 12 European currencies into the euro;
- securities in the trading portfolio grew by 43% in absolute terms on 2000. The share of securities in total assets increased by 1.6% to reach 12.5%, a result of the purchased eurobonds issued by the Bulgarian government by the end of 2001;

VOLUME AND STRUCTURE OF ASSETS IN THE BANKING SECTOR

(million BGN)

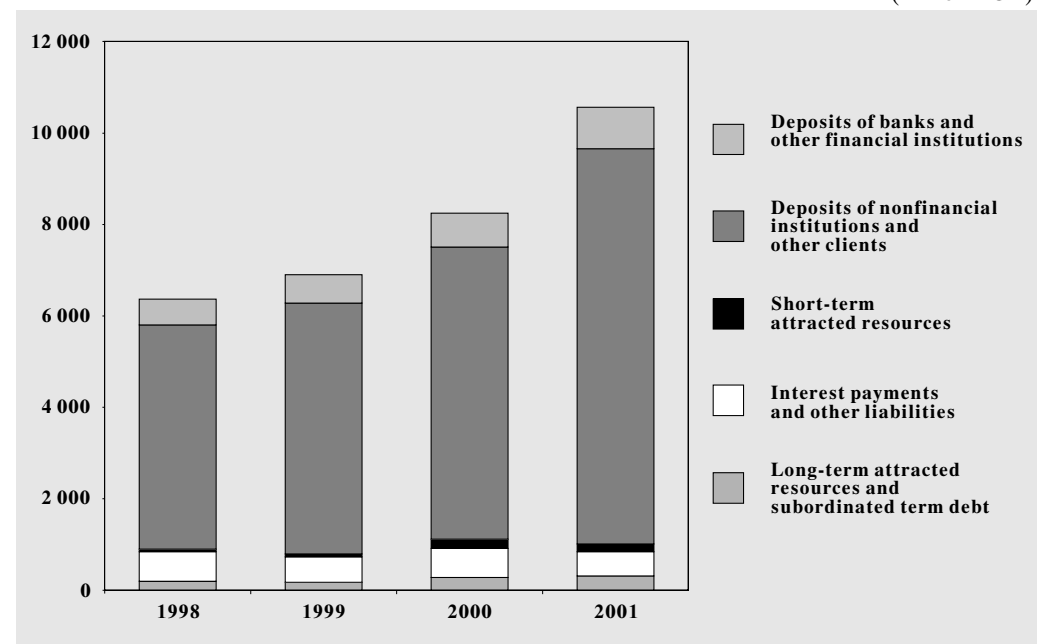


Source: BNB.

- claims on nonfinancial institutions increased by more than BGN 1,100 million in absolute terms (37%). The share of these claims in total banking system assets grew by 3% to reach 34%. The bulk of the credits was disbursed to private enterprises, while credits extended to households and individuals increased more slowly. The manner of assets restructuring clearly indicated that banks intended to increase their revenue without taking additional risks.

VOLUME AND STRUCTURE OF LIABILITIES IN THE BANKING SECTOR

(million BGN)



Source: BNB.

In 2001 banking system liabilities reported a *nominal increase* of BGN 2,320 million (28%) *in borrowed funds*. The growth in deposits from nonfinancial institu-

tions significantly exceeded (by 35%) the growth in borrowed funds from banks (23%). The shares of lev and forex components of borrowed funds followed the same pattern. The proportion between forex and lev components of deposits stayed almost unchanged: 2.9:2.1 (against 2.8:2.2 in 2000). The proportion of the two components in accumulated deposits from nonfinancial institutions was the same. The forex component of deposits attracted from banks increased its share from 2.7 to 3, with the exchange rate contributing insignificantly to this growth. The growth was mostly driven by the merging of 12 European currencies into the euro at the end of 2001.

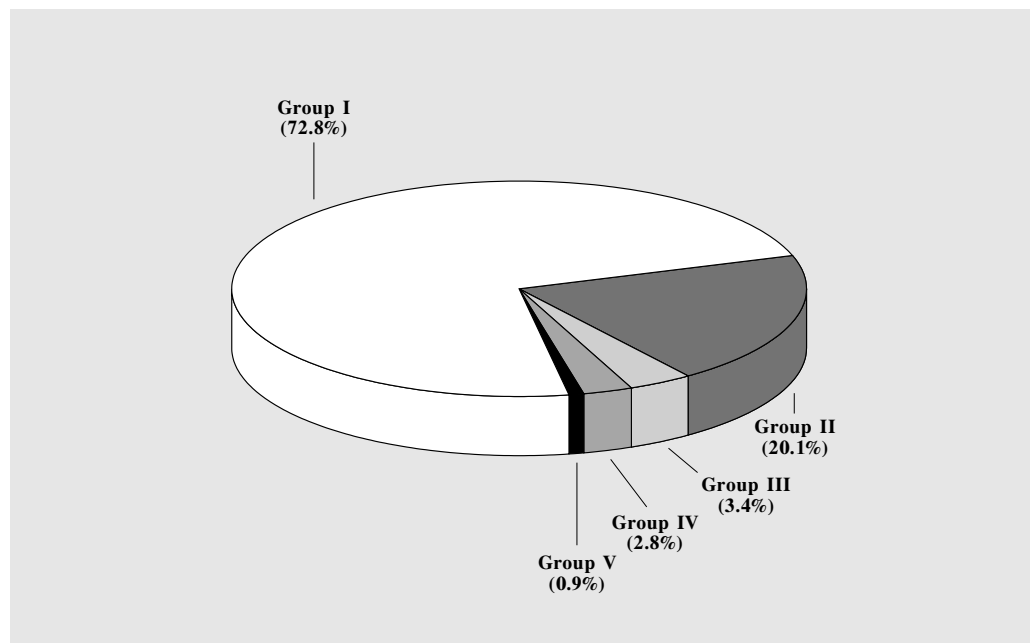
Given the changes in the macroeconomic environment, the banking system was gradually restoring its function of a financial mediator in the economy, albeit cautiously. The *credits*³¹ to GDP ratio reached 14% at end-2001 against 11.4% by the end of 2000. Irrespective of a 3 percentage point increase, comparison of the *credits to GDP* ratio with the same indicator for developed and some central European transition economies indicates a poor level of financial mediation. However, the *deposits to GDP* ratio, another important indicator, should be also taken into account: it rose to approximately 32.26% by the end of 2001 (against 26.6% by 31 December 2000). Obviously, credit mediation expansion was impeded not only by the banks' prudent lending policy, but also by restoring the amount of bank deposits after the 1997 financial crisis. Despite the reported growth, bank deposits remained far behind the amount of deposits in developed economies. Progressively increasing confidence in the banking sector was evidenced by another base ratio: the proportion of *banking system assets to GDP*. By end-2001 this ratio was 41.25% against 36.1% by end-2000.

Interbank payments, another indicator of banks' mediative function, totaled BGN 64 billion, including pure nonbudget payments of BGN 33 billion, and payments to and between budget entities of BGN 17.6 billion.

Revenue, Expenditure and Profit

In 2001 the Bulgarian banking system reported a *net profit of BGN 299.2 million*, an increase of 9.1% on the end of 2000. Group I banks reported the largest profit: 73% of total net profit against 84% in 2000. Of all 35 commercial banks four Group IV banks and two foreign banks' branches reported a loss by the end of the financial year.

PROFIT DISTRIBUTION BY GROUP AS OF END-2001



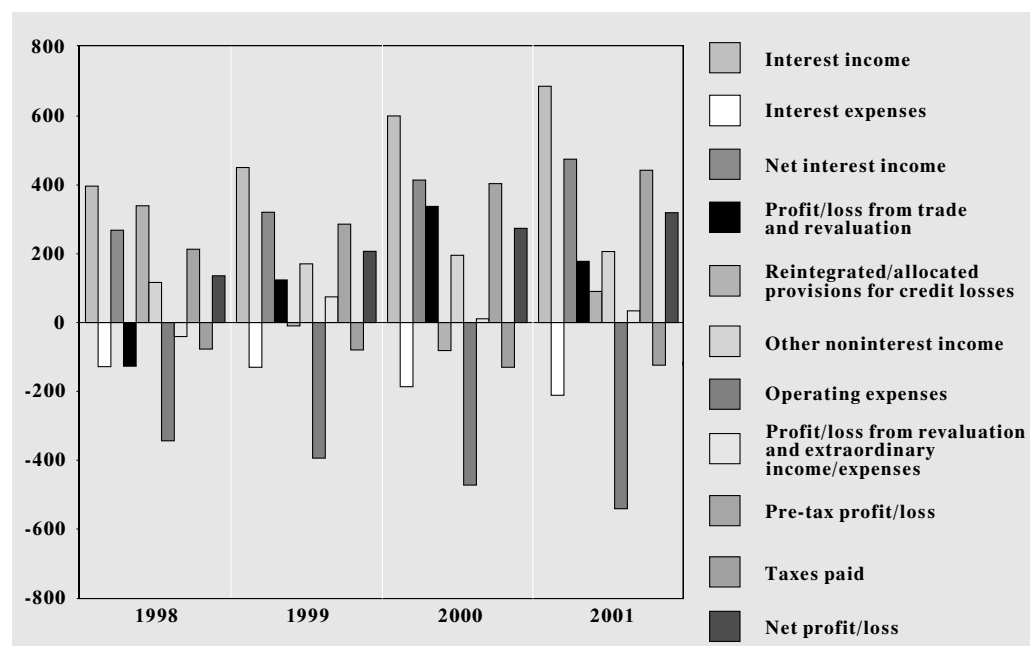
Source: BNB.

³¹ At year-end balance sheet value only for operating banks.

The *operating profit* prior to extraordinary operations and taxes, a direct result of major bank operations and indicator of the efficiency of bank activity, reached BGN 384 million by end-2001. Compared with 2000 when the operating profit was BGN 393 million, a decrease of 3% was reported. This reflects primarily the significantly lower profit realized from commercial operations in 2001. This item of bank revenue and expenditure indicated dramatic fluctuations from 1998. Some Group III and IV banks failed to maintain sustainable profit growth from bank operations, and to provide a permanent source for increasing their capital correspondingly.

REVENUE AND EXPENDITURE OF THE BANKING SYSTEM

(million BGN)



Source: BNB.

Despite the growth of banks' credit portfolios, reported both in 2000 and 2001, the net interest income did not cover banking system operating expenditure.³² The total amount of net interest income grew by BGN 60 million (15%) on 2000. It is of note that the net interest income of Group I banks increased by 9%, while Group II reported a growth of 25% due to intensified lending by these banks.

Other noninterest revenue continued to comprise a significant share in the operating profit: BGN 210 million. However, the downward trend in this revenue from 1999 (46% in 1999, 15% in 2000 and 7% in 2001) is indicative of the fact that banks' opportunities for increasing their guaranteed profits from fees and commissions have been almost exhausted under the existing economic conditions. Lower reintegrated provisions of BGN 75 million reported in 2001 (against BGN 82 million in 2000) were the other factor affecting the banking system financial results in 2001.

Operating expenditure in 2001 reached BGN 552 million. Since 1999 operating expenditure growth was relatively steady: 15% in 1999, 20% in 2000, and 17% in 2001. Operating expenditure growth followed the growth rates of banking system net interest income, and with the exception of 2001 operating expenditure was lower than net interest income. This indicates that in general banks' efforts are directed at planning and maintaining operating expenditure in line with net interest income.

The return of 2.9% reported by the banking sector in 2001 (measured through the return on assets ratio – ROA) almost matched the previous year's level (3%). However, for certain banks this indicator seriously diverged from the banking sector average, consistent with the quality of the credit portfolio, trading and investment portfolio of securities, and the policies pursued by these banks. Return com-

³² The coverage degree of operating expenses by the net interest income for 2001 was 88% and matched that of 2000.

ponents, included in the table below, indicate a slight decrease in banking system return as a whole.

	XII.2001	XII.2000
Ratios as a percent of average assets		
Net result (post-tax ROA)	2.93	3.05
Pre-tax profit/loss (pre-tax ROA)	4.06	4.51
Adjusted operating profit/loss (adjusted pre-tax ROA)	3.75	4.35
Net interest income	4.35	4.47
Other noninterest income	1.89	2.05
Operating expenditure	4.96	5.06
Foreign currency revaluation	0.02	0.19
Profit from trade and revaluation	1.63	3.58
Credit provisions	-0.83	0.70
Extra revenue	0.29	-0.04
Interest rate spread		
Net interest income/average interest-bearing assets	5.53	5.72
Interest income/average interest-bearing assets	8.00	8.29
Interest expenditure/average interest-bearing assets	2.46	2.57
Other profitability ratios		
Return on equity (ROE)	21.85	21.87

Source: BNB.

The rate of monthly values also slid slightly following the fall in interest rate levels and the net interest rate spread. This prompted a decrease in revenue from major bank activity from 4.4% in 2000 to 3.8% in 2001. Revenue from bank operations in some banks did not cover operating expenses.

In order to analyze the trends in the banking system, the impact of casual events in some banks should be disregarded. The most significant event worth noting in 2001 was the reintegration of provisions by Bulbank in the amount of BGN 159 million, which exceeded total accumulated provisions in 24 banks and six foreign banks' branches (BGN 75 million).

Adjusted ROA declined most dramatically as a result of simultaneously increased average assets and lower adjusted operating profit. The other return components also indicated a slight decrease. Provided the Bulbank profit is neutralized, ROA and ROE values would be 1.6% and 11.3%.

Net interest income (based on the average interest-bearing assets) generated by the banking system in 2001 was 5.5%, a decrease on 2000. This pertains to the *lower return on interest-bearing assets*: total interest income accounted for 8.3% of the average interest-bearing assets in 2000 and 8% in 2001. During 2001 the fall in interest rate levels in international markets affected adversely the return on claims of financial institutions which was 5.4% in 2000 and fell to 4.4% in 2001.

During 2001 *the total interest expenditure to average interest-bearing assets ratio* fell to 2.5% against 2.6% in 2000. Analysis of the cost of financing by source indicates that *the average cost of resources from nonfinancial institutions decreased* from 2.3% in 2000 to 2.07% in 2001, and the cost of short-term borrowed resources from 6.8% to 4.5% respectively. In contrast to them *the cost of resources from financial institutions rose* from 4.65% to 4.89%.

Since *post-tax return on assets* was sensitive to the effects of extra revenue and expenditure in individual banks, a clearer picture of income sustainability may be revealed through *core ROA*, including the revenue treated as core according to the individual bank's business profile. Despite different business profiles of banks, a standard substituting ratio was created, which may be aggregated for the whole banking sector: *adjusted ROA*. This ratio establishes the proportion of the adjusted profit (prior to taxation, excluding valuation adjustments, extra revenue and revenue from reintegrated provisions) to the average assets. Adjusted profit for 2001 was BGN 309 million, indicating a decrease on 2000 (BGN 393 million). This significant fall should be interpreted in the context of high income from trade and revaluation in 2000.

Such official assessment is only of an informative nature. Beyond this assessment, banking supervision focused on the fact that revenue from bank operations in some banks was very poor, irrespective of the average adjusted ROA of 2.8% reported for the banking system. On the other hand, the last months of the year are traditionally dominated by transactions directly related to the financial result: provisioning and/or more favorable reclassification of assets, transfer of operating financial results from subsidiary bank to the parent bank, from branches to head office, from a bank to companies controlled by bank shareholders. Such operations are not excluded in the international practice, but they are indicative of nontransparent behavior by top managements of particular institutions.

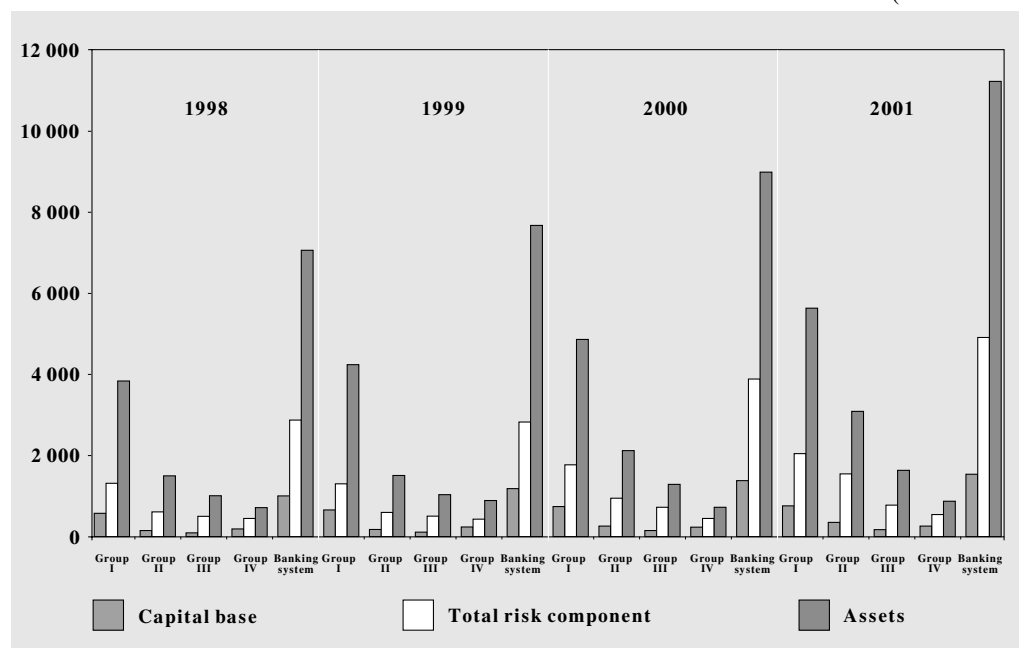
2. Compliance with Prudent Banking Requirements

The bulk of financial institutions adhered to the requirements for prudent banking, and to banking supervision regulations.

The required minimum own funds, capital adequacy ratio, and degree of asset coverage were met in 2001. By the end of 2001 the values of the last two ratios slightly decreased at 31.1% and 13.6%.³³ The capital of most banks is sufficient to support asset growth and to provide adequate coverage of the asset risk component.

RISK ASSETS DYNAMICS AND CAPITAL BASE

(million BGN)



Source: BNB.

The increased amount of credits and correspondingly asset risk, was compensated by the higher profit on banks' own funds. Therefore, the capital adequacy of banks gradually decreased in 2001 to reach 31.1%. Compared on the previous year, this ratio fell by 4.4%, indicating cautious restructuring of bank assets.

The distribution of banks according to the capital adequacy ratio remained unchanged from 2000. Significant values of the coefficient reported by some big banks reflected the small share of credits in their asset structures, while those reported by small banks were due to the limited opportunities of these banks to borrow capital, and correspondingly the greater burden on own funds to finance operations.

³³ In computing capital indicators foreign banks' branches are excluded.

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

(%)

Commercial banks	Total capital adequacy			Primary capital adequacy			Degree of asset coverage		
	1999	2000	2001	1999	2000	2001	1999	2000	2001
Group I	50.0	42.0	37.0	34.9	26.3	23.3	15.5	15.2	13.3
Group II	28.8	27.4	22.6	18.4	19.3	14.9	11.2	12.2	11.3
Group III	22.3	20.5	21.8	17.7	16.5	17.2	10.7	11.4	10.4
Group IV	52.8	51.3	46.7	45.6	44.8	40.2	26.0	31.7	28.8
Total	41.3	35.5	31.1	30.3	24.9	21.6	15.3	15.2	13.6

Source: BNB.

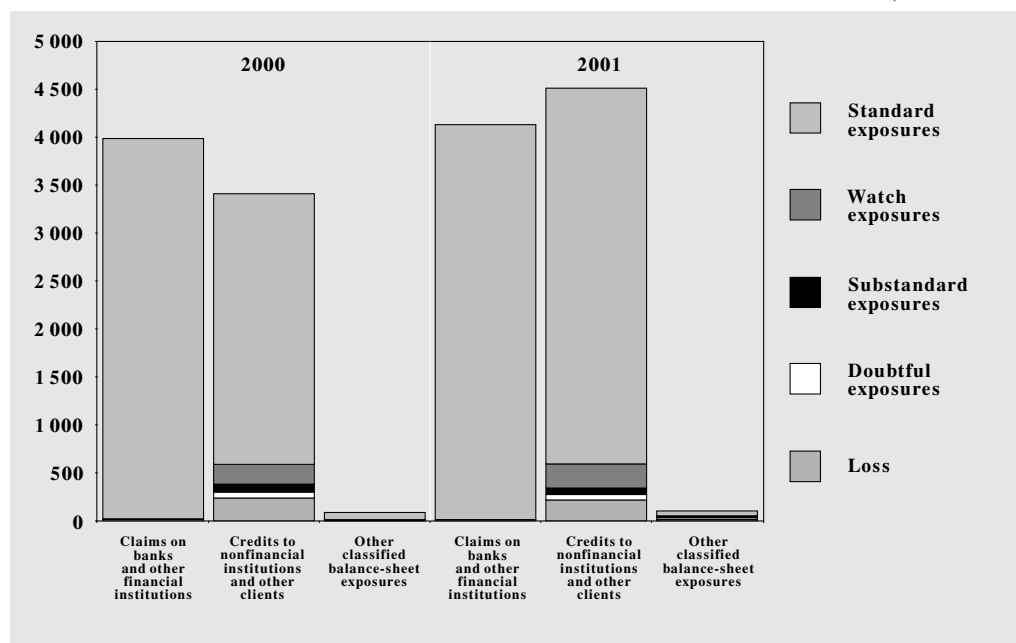
No changes occurred in the sources of banks' capital growth during 2000. Realized profit remained a permanent source for maintaining the level of capital irrespective of the increase in shareholder capital reported by several banks.

In 2001 the Capital item indicated a total increase of BGN 151 million. A portion of this growth resulted from increased shareholder capital (by BGN 49 million). The share of profit in total capital growth accounted for 28%. Reserves increased by BGN 55 million.

High capital adequacy ratios maintained by the banking sector continued to reflect the conservative policy pursued by most banks of systemic significance of placing financial resources in low risk investments.

VOLUME AND STRUCTURE OF RISK EXPOSURES IN THE BANKING SYSTEM

(million BGN)



Source: BNB.

Banks' lending activity was confined to a great extent to clients with known credit histories and stable sources for credit repayment. Therefore, no changes occurred in financial institutions' profile by industry and client. Credit Register data indicates that almost 50% of all credits in the banking system (about BGN 2 billion) were concentrated at some 250 borrowers. Credits extended to clients from the processing industry accounted for the biggest volume: 93 credits of BGN 764 million. These were disbursed primarily to food and tobacco enterprises. Credits extended to enterprises from trade, repair and technical service industries ranked second: 75 credits of approximately BGN 542 million. The volume of credits disbursed to enterprises from the power generation, electricity, gas and water supply industries (to-

taling BGN 47 million) was relatively small. Credit borrowers with exposures of over BGN 20 million to the banking system numbered 15. No excess concentration by branch or client, which may increase the credit risk in the banking system, was reported. However, there were some cases of banking with clients with 'hidden' financial profiles. These mostly include companies with offshore or other foreign domiciles, suspected of relatedness with bank shareholders. Risk exposures were subject to banking supervision both in the course of comprehensive supervision inspections and within the supervision cycle based on off-site supervision methods.

During 2001 there were clear indications of strengthened competition between banks in respect of corporate clients. This prompted a decline in interest rate levels for a portion of these credits. Intensified lending by particular foreign bank branches, which offered longer-term resources at lower cost, also added to this effect.

The insignificant changes in the structure of assets helped *sustain the values of asset quality indicators almost unchanged*. The ratio of *problem assets*³⁴ improved from 25.8% by end-2000 to 25.3% by end-2001, reflecting the decreased share of problem assets and the own capital increased by the profit.

The characteristics of *classified credits* experienced no changes in 2001 and stayed close to the previous year's values. Classified credits³⁵ accounted for 9.2% of total banking system credits. The share of credits classified as **doubtful** and **loss** decreased from 2.3% in 2000 to 1.8% at the end of 2001. The change in the value of this ratio was attributable to the reclassification of credits classified as doubtful into a higher classification group. The ratio indicating *provisions against losses*³⁶ was 3.9%, a decrease against 2000 (5.1%). In general, commercial bank policies in terms of provisioning complied with banking supervision requirements. Banks which allocated greater provisions were able to use accumulated reserves as an emergency cushion, while banks with provisions close to the bottom limit were threatened by capital erosion in case of worsened asset quality.

In 2001 no significant changes occurred in the quality of the Claims on Banks and Other Financial Institutions exposure and the Claims on Nonfinancial Institutions and Other Clients exposure. *Overall for the banking system the profile of classified exposures did not change*. *Group I* standard exposures accounted for 97% and loss was 1.3%; *Group II* standard exposures comprised 91% and 5% loss (all banks within the group reported a fall in this classification group); *Group III* standard exposures made up 86.6% and 3% loss; and *Group IV* standard exposures comprised 84.1% and 4.5% loss. In *Group V* standard exposures accounted for 95.4% and 0.9% loss.

Standard exposures within claims on banks and other financial institutions comprised 99.7% and the loss was just 0.3%. At the same time, 87% of credits to nonfinancial institutions and other clients were standard while non-serviced credits (doubtful and loss) comprised 6% of total exposure. The above figures indicate that the structure of classified claims matched the previous year's structure. Consumer credits were of the highest quality (97% standard and 1% loss), followed by investment credits (81% standard and 8% loss). Trade credits exhibited good quality (86% standard and 5% loss).

Generally *limits on big exposures* were observed. The total share of big exposures stayed low: 69% (against 62.4% and 60.3% in 2000 and 1999 respectively), well below the admissible 800% level. This suggests little threat of banking system capital erosion due to credit risk concentration. The carrying value of the exposures was BGN 5,672 million and exposures subject to regulation accounted for

³⁴ This ratio measures the share of classified exposures and assets for resale to the capital base and provisions less allocated provisions against loss on both sides.

³⁵ Total classified credits extended to nonfinancial institutions at carrying value to the total credits of this type, less provisions allocated on entirely provisioned losses from the numerator and the denominator of the ratio.

³⁶ The amount of allocated provisions on credits extended to nonfinancial institutions to the total credits of this type, less provisions allocated on loss exposure from the numerator and the denominator of the ratio.

BGN 1,055 million. The difference is due to the large volume of placements of short-term deposits with prime-rate banks, and in part to placements in government securities. Each exposure was subject to timely reporting and supervisory monitoring.

In 2001 the *credit risk from related persons* did not cause serious concern. Violations of limits on these claims were few and only by nonsystem banks. However, hidden economic relatedness was a cause for supervisory concern on suspicion of violations in several small institutions. They were subject to on-site inspections that ascertained cases of relatedness hidden by obscure shareholding structures, mainly comprising offshore capital.

Investment in long-term assets comprised 28.3% of the capital base and stayed stable. Insignificant deviations from regulatory requirements for the size of investment in fixed assets were found in a small number of banks.

The banking system was *most sensitive to interest risk*. The drastic and permanent downward trend in interest on placements abroad contracted the average system margin from 4.25% to 3.35% in the last quarter of 2001 alone. Obviously the banks will be forced to restructure their assets making higher-risk placements to preserve existing yield levels.

Currency risk was within the maximum admissible limits. The net open foreign currency position was short and comprised 6.8% of the capital base. It matched the levels in the previous two years: 5.1% in 2000 and 5.4% in 1999. The slight rise reflected two convergent trends of different dynamics: a growth in own funds from BGN 1,379 million in 2000 to BGN 1,530 million at the end of 2001 and an increase in the short open position from BGN 74.6 million to BGN 104 million. None of the banks assumed currency risk that could threaten the capital position. The only exception was a small bank within Group IV, which was subject to continuous supervision.

Liquidity risk was low for most of the banks. This reflected to a great extent the continued practice of holding large high-liquid unprofitable assets rather than efficient liquid asset and liability management. While the Real Time Gross Settlement System to be launched in 2002 will pose new challenges to cashflow management, it will provide bank managers with the opportunity to increase their income. The conservative stance of maintaining stability in bank payments reflected on *primary and secondary liquidity* ratios, which stayed stable: 13.5% and 25.5%. Liquidity sources matched the liability structure and the risk profile of banks. The banks authorized to act as primary dealers maintained primary and secondary liquidity in compliance with MF and BNB requirements.

The liquid asset cover on attracted funds was 25% for the total system. *The liability maturity structure* stayed stable in 2001. Net cumulative cashflows of major system important banks were positive in time horizons of one to six months and only several banks reported negative values in the time horizon of up to one month. Despite the maturity mismatch in some banks, they had sufficient liquid tradable assets to cover ordered payments without loss in case of need. Banks with negative cumulative flows were scrutinized.

In 2001 financial institutions maintained their *minimum required reserves* in compliance with BNB Regulation No. 21. The review of asset and liability structure gives grounds to conclude that the system as a whole and individual banks maintained high liquidity potential. The fact that the bulk of attracted funds were in *core deposits*,³⁷ 89%, against 11% for non-core³⁸ sources of funding is positive. This conclusion refers to all bank groups, despite some small exceptions.

³⁷ Deposits of NFI + long-term attracted funds.

³⁸ Deposits with banks and other financial institutions + short-term attracted funds.

3. Banking Supervision

Licensing and Permits

In 2001 licenses and certificates were granted, *inter alia*, for changes in bank capital, equity interest acquisition, smartcard issue, new branches, and changes in management.

Licenses were granted to the two banks that filed requests for obtaining a license for conducting banking operations under Article 11 of the Law on Banks. Procreditbank was incorporated with major shareholders *Commerzbank AG*, *EBRD*, *IFC*, *Internationale Micro Investitionen AG* and *Deutsche Investitions-und Entwicklungs GmbH*, each holding a 20% interest. The new bank intends to orient initially its operations toward the relatively free niche of lending to small and medium enterprises. The second license was granted to HVB Bank Bulgaria – a subsidiary of *Bank Austria AG*. The new institution plans to acquire the existing branch of Hypovereinsbank – Bulgaria³⁹ (effective 1 April 2002). MTB Evrocapital AD was refused license for conducting banking operations.

28 permits for acquisition of qualified equity interest were issued under Article 19 of the Law on Banks, and 72 certificates of qualification and professional experience were granted under Article 9, para. 2, as well as other permits under the same law (for opening new branches abroad, change of name, smartcard issue, and permits under Regulation No. 8).

Supervision Regulations and Accounting Methodology

In 2001 supervision regulations were amended and further improved in line with the principles of prudent banking and convergence to international standards and the *asquis*.

In **BNB Regulation No. 4** on banks' foreign currency positions the provision on foreign currency positions of foreign banks' branches respectively limits, was repealed. In addition, the method of calculating risk-bearing net open foreign currency positions was changed. Existing limits for open foreign currency positions were reduced.

With a view to easing restrictions for the assessment of credit risk concentration to an individual customer or related persons, **BNB Regulation No. 7** on big exposures of banks was amended. Changes concern short-term interbank big exposures and reporting, respectively regulation of the risk exposure to a guarantor who has assumed an unconditional obligation to pay *in lieu* of the borrower.

BNB Regulation No. 8 on capital adequacy was amended, providing for less stringent restrictions on credit risk assessment by banks. The capital base components were supplemented and changed both in terms of primary capital and investment deductions (reductions) in the own funds. Changes provide for a greater precision in calculating the capital base on an individual and consolidated basis; they introduce some new provisions for reliefs on the reporting of the risk component of balance sheet and off-balance sheet items.

BNB Regulation No. 9 on the evaluation of risk exposures and the allocation of provisions to cover the risk of losses was amended. The amendment obliges banks to have sufficient information on borrower financial status, a more comprehensive description of general requirements for classification groups, and changes in supervisory regulations on the reclassification of risk exposures for restructured credits. The regulation on risk-free collateral accepted for netting risk exposures was supplemented. Insurance policies underwritten at the expense of the government under the Export Insurance Law allow banks to grant credits for the export of goods and services, and the political risk is covered by the State Agency for Export Insurance.

A new **BNB Regulation No. 17** on determining the amount of bank deposits under Article 30 of the Law on Banks (State Gazette, issue 19 of 2 March 2001) was issued. It defines the scope of banks' investment in long-term tangible and financial

³⁹ The restructuring is consistent with the acquisition by HVB Bank AG of 100% of the capital of Bank Austria in 2001.

assets and their accounting and regulation against the capital base to protect bank capital from the risk of excessive investment in low-liquid and unprofitable assets.

In addition, work on updating commercial banks' Rolls of Accounts and publishing a new Bank Accounting Manual continued. Rules and instructions on the accounting of particular bank operations were issued.

Off-site Supervision and Analyses

In 2001 the Off-site Supervision and Analyses Directorate further improved and applied the risk-based approach in preparing analytical reports. Banks' financial indicators were carefully monitored and analyzed and quarterly CAEL ratings were assigned based on the analysis. Work on improving and further optimizing the Early Warning System continued.

The Directorate concentrated its work in the following major directions:

- developing a supervision model of risk analysis to improve risk-oriented supervision; optimization of monthly and quarterly analytical reviews of commercial banks and the system as a whole;
- improving the Directorate's statistical products to ensure a more precise implementation of the requirements for transparency;
- improving coordination with the Inspections Directorate within the supervisory cycle both in terms of on-site inspection preparation and through participation of the Directorate's inspectors in charge in the inspections;
- providing maximum assistance to the IMF and the World Bank in the preparation and implementation of the FSAP project on the assessment of the level of development and stability of the Bulgarian financial sector.

On-site Supervision (Inspections)

In 2001 the Inspections Directorate applied strictly the standardized procedures for on-site inspections. After reviews supervision ratings were assigned based on the CAMELS/AIM composite system for bank assessment. Cooperation with the Off-site Supervision and Analyses Directorate resulted in a greater coordination within the supervisory cycle in compliance with the risk-based approach in evaluating banks under the CAMELS/CAEL system. Together with the Supervision Administration Directorate supervisory measures and recommendations were proposed and enforced on banks for breaches and weaknesses found in inspections.

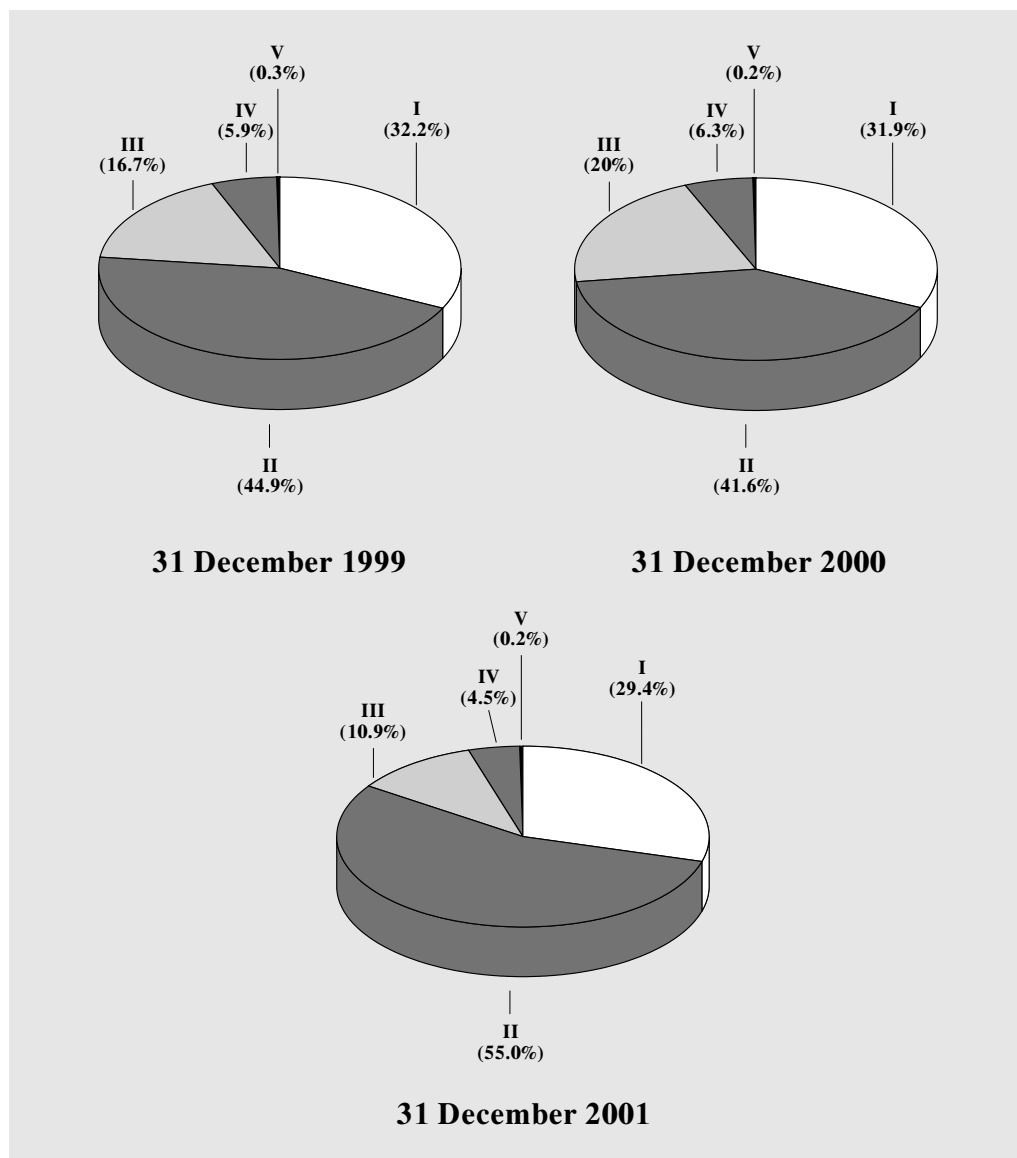
During the year 19 comprehensive inspections were carried out according to the annual schedule, including 15 banks and four foreign banks' branches. As a result, several banks were assigned higher ratings consistent with improved risk management and control, fulfilled supervisory remedial measures prescribed in previous inspections, and compliance with bank laws and internal bank rules.

Although the volume of bank assets increased, the number of findings prescribing risk exposure reclassification into higher-risk groups and additional provisions decreased. This was due to more effective credit risk identification, measurement, management and monitoring by banks. As a result banks' losses decreased.

Findings from inspections in several banks which do not have key significance for the banking system, revealed concentrations of big exposures to one person. In some cases they were inconsistent with the risk profile of the financial institution and breached prudent banking. Also, findings revealed breaches in collecting the necessary financial and other information on borrowers, incomplete review of borrower operations, and related risks that reflected directly on borrower ability to service loans. There were cases of granting credits to companies that used the funds to repay existing credits to the same bank or other banks. In essence, this was a way of circumventing the necessary restructuring and classification of problem claims. In addition, credits with repayment schedules inconsistent with borrower objectives and creditworthiness were granted. A large number of stakes and other assets had not been revalued since acquisition due to the lack of market prices or evaluation methods. This exposed the banks to additional risk of losses. Often the procedures for sale of collateral recognized as risk-free proved awkward and difficult, calling into question the bank's evaluation of the collateral as risk-free and marketable.

In general, the capital base level was consistent with the scope of activity and the risk profile of banks. A weakness in some financial institutions was the combination of small income from core activity, the main internal source of growth, with high overhead expenses and provisions. In particular cases bank performance depended strongly on extraordinary income or there was no comprehensive strategy for capital strengthening against the background of expanding operations, exceeding several fold the pace of capital growth. Some banks may sustain losses on completion of legal suits against them, which will put additional pressure on their capital base.

CAMELS/AIM BANKING SECTOR RATINGS BASED ON ASSETS



Source: BNB.

Obscure shareholder capital owned by companies registered in offshore zones was a cause for concern regarding several financial institutions. The legal framework providing for acquisition of up to 10% of a commercial bank capital without BNB permission makes it possible for several ostensibly unrelated companies with small stakes to control the behavior and operations of the bank. The significance of the problem was a reason to include it in agreements with international financial institutions. To this end, the central bank began work on specific texts in the Law on Banks to improve shareholder capital transparency.

Organizational changes were carried out in some banks with a view to improving efficiency and internal controls. Internal regulations for the introduction of new bank products, market risk assessment, human resource policy, and information service were supplemented and amended. Nevertheless, some activities expanded faster than relevant internal rules. The most essential supervisory recommendations to bank management concerned ineffective systems for bank risk assessment and high administrative costs. Some banks lacked budget and profit plans. Other weaknesses found were unreliable information management systems, breaches of bank legislation and internal rules, and only partial fulfillment of prescribed supervisory measures.

In compliance with on-site supervision requirements procedures for evaluation of hardware and software security in banks and foreign branches were developed and implemented. In addition, a number of supervisory procedures were updated in compliance with changes in the legal and regulatory framework.

Special Supervision

In 2001 target supervisory inspections were carried out in 30 banks and 27 financial houses.

Inspections of *commercial banks* aimed to review compliance with the provisions of the Foreign Exchange Law, the Law on the Measures against Money Laundering, and the Law on Bank Deposit Insurance. The most common breaches were:

- trade in foreign currency futures, options and securities on behalf of the bank and on behalf of clients;
- execution of foreign currency transfers on order by resident and nonresident legal entities and physical persons – some banks did not develop comprehensive internal rules for transfers abroad in accordance with BNB instructions on the implementation of BNB Regulation No. 28 and the information submitted by them for balance of payments statistics was incomplete and incorrect;
- noncompliance with BNB Regulation No. 27 on the registration of financial credits between residents and nonresidents;
- nonobservance of the Law on the Measures against Money Laundering and the regulation for its implementation in the section concerning the declaration of the origin of funds subject to bank transaction;
- incorrect determination of the annual premium contribution to the Bank Deposit Insurance Fund.

Based on inspection findings reports to bank managements were prepared, including recommendations to remove breaches found. Examinations of commercial banks were carried out together with the Ministry of Finance and the Fiscal Services Department on compliance with BNB Regulation No. 5 on banks' operations as primary dealers. Joint statements were issued with proposals regarding government securities registers kept by commercial banks.

Violations of BNB Regulation No. 3 on payments were found in some banks. Recommendations to the managers of violating banks were issued and deadlines set for breach removal.

The work of the assignees in bankruptcy of two banks was examined for compliance with the Law on Commerce on cashing insolvent bank property. Based on findings, statements were issued and forwarded to competent judicial and investigation authorities.

Examinations were carried out in *nonbank financial institutions* for compliance with the Law on Cooperatives and on tip-offs of deposit-taking operations. The Sofia County Prosecutor's Office was notified of breaches found.

Documentary and on-site inspections were carried out in financial houses applying for a permit (license) for conducting foreign currency transactions under Regulation No. 26 on foreign exchange transactions of brokerage financial houses. Financial houses conducting such transactions were examined.

The Special Supervision Directorate carried out joint inspections with other BNB departments, the Ministry of Finance, the Securities State Agency, the Financial Investigation Bureau, and the Bank Deposit Insurance Fund. Information was exchanged with these and other public institutions.

Supervisory Administration

In 2001 26 supervisory measures were enforced on 24 commercial banks. Most common breaches concerned big exposures, investment in long-term tangible and financial assets, and so-called internal credits. The main ground for enforcement of mandatory supervisory measures and prescriptions were breaches found in the course of supervisory inspections. During the reporting period there were no grounds for enforcement of the gravest measures like license revocation or the appointment of a conservator. Administrative penal proceedings initiated against violating banks resulted in property sanctions, written warnings, or less stringent supervisory measures.

Banks issued formal opinions on over 100 claims of clients; based on the opinions claimants were advised of their right to protect their interests. In some cases, as a result of examinations some banks were forced to take measures for breach removal.

Bankrupt Banks in Liquidation

In 2001 the central bank monitored and controlled the process of liquidation of bankrupt banks within its restricted supervision powers. An operating bank acquired one of the closed financial institutions and the assets of two other bankrupt banks were transferred to the State Revenue Agency. Following the adoption of § 46 of the Transitional and Final Provisions of the Law on Banks in 1999 the State Revenue Agency acquired the assets of five banks in total. The assets of one financial institution were sold without preserving its activity, and two banks were acquired by operating commercial banks. Of the total 19 closed banks, the process of bankruptcy and liquidation of ten banks is underway.

The Financial Sector Assessment Program

In 2001 the Bulgarian financial sector was tested under a new program designed by the IMF and the World Bank. The Financial Sector Assessment Program (FSAP) includes a set of questionnaires and criteria for the assessment of the extent of financial sector development, banking supervision effectiveness, presence and level of systemic risk and transparency of supervision measures and policies. In fact, the first assessment of the banking sector was conducted in 1999. The second review in 2001 was based on a new, more sophisticated program encompassing the entire financial sector. Bulgaria is among the first 20 countries in the world undergoing independent assessment by the IMF and the World Bank.

According to the FSAP assessment, in the conditions of ongoing real sector restructuring and competition-driven contracting margins, banks in Bulgaria are expanding their credit portfolios. In line with these trends and related higher risks banking system supervision is assessed as very good and effective. A high degree of compliance with the Major Principles of Effective Banking Supervision and significance of regulators in practice was achieved. Based on the supervision criteria of the Basle Committee on Banking Supervision Bulgaria applies 17 principles comprehensively, seven broadly; one is not applied in essence (country risk). Also, banking supervision policies and measures correspond to the Code of Sound Practices of Transparency in Monetary and Financial Policies: something valued highly by the IMF and the World Bank.

According to the FSAP assessment, banks are highly capitalized, moderately profitable and still slightly prone to risk assumption in their operations. The stress tests revealed that the Bulgarian banking system is extremely resilient to currency and interest risks, and to a lesser extent to credit risk. However, the higher risk component in bank portfolios entails a catching-up policy and measures to improve the legal framework and judicial practices for creditor protection, corporate management and transparency.

Based on the assessment by the IMF and WB Mission some recommendations for changes in supervision requirements were made, focusing on banks' maintenance and submission of comprehensive information on capital and ownership structure and client and borrower relatedness, especially on the origin of funds from offshore zones. Another major recommendation of the Mission related to the increasing possibility of crowding out small banks from the market as a result of enhanced competition in the Bulgarian bank market and forthcoming accession to the European Union. To this end, Bulgaria should amend its legislation on bank bankruptcy to ensure better protection of depositors and other creditors through a better and more efficient management of the insolvency mass.

VI. European Integration and International Activity

1. International Activity

European Integration

Accession to the European Union is one of Bulgaria's major priorities. The Bulgarian government's declared intent to accelerate negotiations in 2001 reflected directly on central bank efforts to adopt banking sector operation and regulation rules harmonized with European standards. Significant analytical work was done during negotiations and a number of documents consistent with the recommendations of the 2000 Regular Report of the European Commission were prepared. BNB efforts focused on enacting the priority measures, included in the Revised National Program for adoption of the *acquis communautaire* in improving banking operations, further liberalizing the free movement of capital, adapting settlement systems and regulations, banking statistics and accounting in accordance with the EU legal framework. Special attention was paid to banking system ability to combat money laundering.

In fulfilling the priority goals for integration into European structures, the BNB has powers of active legal and administrative intervention. The central bank is mandated to issue regulations on the implementation of laws within its competence. The Bank has powers of legislative initiative in relevant areas. The BNB facilitates the process through proper enforcement of legislation in force, establishing the necessary administrative structures, and training highly qualified staff.

During 2001 the BNB continued its work on ECB technical requirements and standards required for membership in the European System of Central Banks.

Two years after the launch of membership negotiations Bulgaria presented the Intergovernment Conference on Bulgarian Accession to the EU its negotiation positions on all 29 chapters. By the end of 2001 27 chapters had been opened, and 14 closed in advance. The BNB was involved in negotiations on three of these chapters: Statistics (closed 20 November 2000), the Free Movement of Capital (27 July 2001), and the Freedom to Provide Services (28 November 2001). Chapter XI, Economic and Monetary Union, is expected to be opened during the Spanish presidency.⁴⁰

Bulgaria intends to finalize negotiations on all chapters by the end of 2004, and to become a full member of the European Union in early 2007.

In the EU Commission's 2001 Regular Report on progress towards accession, harmonization of Bulgarian financial and banking legislation with EU law in the field of freedom to provide services and the free movement of capital was evaluated positively. Improved banking supervision and banking system results were also appreciated. The Report pays special attention to the need to improve financial mediation, and to implement a real time gross settlement system.

The European Commission's positive evaluation is the result of hard work by financial sector institutions, including the central bank. The year 2001 saw intensive negotiations in the finance area. On 27 July 2001 Bulgaria and the European Union closed Chapter IV, the Free Movement of Capital. BNB experts took part in the negotiations. The Republic of Bulgaria fulfilled its commitments in the field of the free movement of capital pursuant to Section V, Chapter I of the European Agreement for Association between the European Communities and their Member Countries for the one part and the Republic of Bulgaria for the other part. With the enforce-

⁴⁰ Negotiations on Chapter XI, Economic and Monetary Union, were launched at the Intergovernment Conference on 21 March 2002.

ment of the Foreign Exchange Law on 1 January 2000 further progress was made in liberalizing transactions on the balance of payments capital account, including those associated with investment by Bulgarian companies and individuals abroad. Movement of capital is free in all its forms with the exception of nonresidents' right to acquire land. A working group was convened at the close of 2001 to bring the Foreign Exchange Law completely into line with *acquis*. A special accent was laid on establishing and the function of an efficient statistical reporting system of capital flows necessary for balance of payments statistical purposes. The Republic of Bulgaria and the EU announced a joint position that by the date of Bulgaria's accession to the EU, Bulgaria shall liberalize completely the movement of capital in its foreign exchange and payments regimes, and meet the requirements for measures against money laundering.

The central bank plays a specific role in implementing and maintaining reliable payment mechanisms and payment instruments. The stability and security of the payments system reflect on the stability of financial and bank markets. In 2001 the BNB continued work on adopting European requirements in payment and settlement systems and cross-border payments. In April BNB experts visited the European Commission. A discussion on adopting Directives on payment and settlement systems into Bulgarian law was held with representatives of the Domestic Markets General Directorate.

A Regulation on the requirements to banks in making cross-border transfers (Directive 97/5/EU) was drafted. It is expected to be adopted in 2002. A real time gross settlement system project is being developed in compliance with the Basle principles of operation of systemically important payments systems, and with the principles adopted by the European Central Bank for the eurozone. Along with progress in implementing the system, work on its legal framework is under way, consistent with the European Directives on settlement finality in noncash payments.

A reliable banking sector underpinned by macroeconomic stability creates conditions for economic growth and improved competitiveness in the Bulgarian economy, in line with Bulgaria's accession to the single European market. The design of a legal framework in compliance with international principles for efficient banking supervision and EU banking directives is a condition for accession to the European Union. The high degree of compliance of Bulgarian banking legislation with European law is noted in the 2000 EU Commission's Regular Progress Report. The terms and procedures for issuing bank licenses in Bulgaria apply without any constraints or discrimination both to Bulgarian banks and foreign bank subsidiaries or branches operating in Bulgaria. The principles of prudent banking supervision in respect of own funds, solvency and big exposures, as well as supervision on a consolidated basis, are applied in Bulgarian legislation through the Law on Banks and regulations on its implementation. Legislative improvement and efficient implementation are highlighted as issues of special importance for the central bank, associated with the opening of Chapter III, the Freedom to Provide Services.

The central bank plays a key role in introducing and enacting legislation on the Economic and Monetary Union Chapter and in formulating Bulgarian monetary and forex policies. A challenging task for the BNB is the development of reliable mechanisms for a smooth transition from the currency board (introduced in 1997) to full membership of the European System of Central Banks and the adoption of the euro within the eurozone. The maintenance of a currency board system is an important factor for providing macroeconomic and financial stability in Bulgaria and confidence in the banking sector and the central bank. A stable national currency contributes to price stability, a major goal of ECB monetary policy. In this sense, Bulgaria announced its intention, with regard to the Economic and Monetary Union Chapter, to sustain the currency board until full EU and eurozone membership. Maintenance of a currency board after EU accession within ERM II is considered an unilateral BNB commitment to keep the lev fixed to the euro.

In addition to negotiations the BNB is involved in ECB initiatives on preparing candidate countries' central banks for membership in the European System of Central Banks. The methodology of data collection and processing for the purposes

of balance of payments statistics, general macroeconomic statistics, and financial and banking statistics is a crucial issue in the negotiations. Bulgaria needs to adopt and apply 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 negotiations. In 2001 BNB experts took part in the regular meetings of Eurostat and the European Central Bank on statistics issues. Bank experts took part in the ECB project on preparing a description of candidate countries' methodology on balance of payments statistics. The report is published on the ECB website.

The BNB is directly involved in preparing Position Papers for launching negotiations on chapters within its competence, and in drafting papers and comments for the EU Commission's Regular Progress Report and the National Program for the Adoption of the *acquis*.

2. Relationships with International Financial Institutions

Financial Sector Assessment Program

In 2001 Bulgaria was included in the Financial Sector Assessment Program (FSAP) of the IMF and the World Bank. This Program is part of complex measures by international financial institutions to strengthen financial stability internationally, as well as the financial stability of candidate countries in the context of enhanced cooperation in avoiding financial crises. A profound analysis of banking and insurance sectors, capital markets, central bank functioning as lender of last resort development of settlement systems, bank deposit insurance, and interbank market operation was carried out. An assessment of financial system resistance to external and internal shocks was made, as well as of the financial sector's contribution to economic growth.

The Program also includes an assessment of compliance with Observance of Standards and Codes in banking, insurance, securities market, payment systems, and monetary and fiscal policies' transparency.

The preliminary report was prepared in November. The report contains a positive evaluation of banking sector resistance to foreign exchange, interest rate and credit risks, as well as of the improved banking supervision. The assessment of monetary and financial policy transparency, dissemination of statistical information and compliance of the Bulgarian banking supervision practices with Basle principles represents a revised variant of the Report on Bulgaria for 2000.

The International Monetary Fund

Bulgaria's relationship with the International Monetary Fund as Fund member are based on Article IV of the IMF Articles of Agreement on economic consultations, and the three-year Extended Financial Facility. In 2001 Bulgaria was visited by several regular and technical IMF missions. Consultations of Fund experts with BNB experts addressed banking supervision, introduction of the single account, development of the payment system.

In June 2001 the three-year Extended Financial Facility between the Republic of Bulgaria and International Monetary Fund expired. Under this Facility twelve tranches totaling SDR 627,620,000 were extended. In the autumn of 2001 consultations on the possibility of concluding a new financial support facility were held.

Technical Assistance and Cooperation

In December 2001 a Financial Memorandum between the Republic of Bulgaria and the EU Commission under PHARE 2001 was concluded. The BNB participates in the Program with the Strengthening of Institutional Capacity of the Central Bank project with a term of two years. The project will be realized as twinning in cooperation with the Central Banks of France and the Netherlands. The selection of a partner was held in Sofia in September 2001. At the meeting the consortium of the Banks of France and the Netherlands (the Bank of France was a leading party in the consortium) presented its proposal which was approved by the BNB. In De-

ember 2001 a Management Committee for the BNB Project was established. The task of the Committee involves guidelines and control project implementation. On the Bulgarian part, the twinning project is coordinated by the International Relations and European Integration Directorate.

The total value of the project amounts to EUR 1,400,000. Of this, EUR 300,000 will be used for equipment and software. The project's major goals include:

- complete harmonization of Bulgarian legislation with EU law in the field of banking supervision, accounting and payment systems;
- meeting the standards and codes of the ECB and Eurostat in respect of monetary statistics, balance of payments statistics, internal control, and risk management;
- smooth accession of the BNB and the banking sector to the EU, and integration of the Bulgarian banking system into the EU financial system;
- improvement of BNB organization and operation;
- improvement of BNB staff expertise.

The main forms of cooperation within the Twinning Agreement involve expert meetings, expert assessments, and the design of manuals. Seminars at the Central Banks of France, the Netherlands and Bulgaria will be organized with a view to acquainting BNB staff with EU central bank practices. In the short and medium run the twinning project will facilitate realization of National Program priorities associated with strengthening banking supervision, improving the system for reporting capital flows, and the payment system. This project will support the design and implementation of a medium-term strategy for BNB institutional building with a view to Bank membership in the European System of Central Banks. The Twinning Agreement is expected to be concluded and launched by September 2002.

3. Relations with Central Banks

A priority in BNB relationships with central banks was cooperation with the central banks of EU member countries and the central banks of EU accession countries. BNB representatives took part in a number of seminars and meetings organized by the central banks of EU member countries. Various issues of the accession process to the EU were discussed at bilateral or multilateral meetings. Based on seminars, conferences and bilateral meetings held in 2001, the BNB strengthened its relations with the central banks of EU accession countries, the European Central Bank and the central banks of EU member countries.

BNB representatives jointly with the Bank of England Centre for Central Banking Studies and the Central Bank of Poland took part in the seminar held in March 2001 on monetary policy problems in central and eastern European countries. The main topics discussed at the seminar were: monetary policy instruments, forecasting and reaction in respect of banking system liquidity, the development of secondary markets.

Between September and November 2001 a BNB representative took part in a research project organized by the Bank of England Centre for Central Banking Studies. The project includes a research work on the problems of exchange rates. The Bulgarian party participated with a study on assessment of equilibrium exchange rate for countries with currency boards.

In October BNB experts took part in a seminar on Operations in a Modern Controlling Department organized by the National Bank of the Netherlands. The major topics discussed on the seminar were: procedures for introducing the single European currency and measures initiated by the National Bank of the Netherlands prior to its introduction, as well as procedures for withdrawing national currencies. The new automated control system, TOP-TARGET (the new Dutch payment system), and front and back office operation and control were also presented at the seminar.

Given the pending implementation of a real time gross settlement system, in the first half of 2001 BNB experts visited central banks which have successfully implemented such systems. These working visits were aimed at exchanging information and experience.

In November 2001 a seminar on Payment Systems and Financial Markets was held at the *Banca d'Italia*. Representatives of 22 countries took part. The bulk of lectures was delivered by experts of *Banca d'Italia*. Presentations were also made by representatives of the central banks of Turkey, Hungary, Croatia, the World Bank and the Bank for International Settlements, Basle.

In November 2001 the BNB Issue Department hosted a regional seminar, *Central Banks: Assets Management*. The seminar was organized jointly with the Bank for International Settlements, Basle. Representatives of 14 countries participated. The major topics addressed acceleration of convergence between methods and manner of assets management in the central and eastern European countries and the developed countries, and motivating central banks to exchange ideas on the issues of assets management regularly.

BNB experts took part in seminars organized by the IMF, EU Commission, the Bank for International Settlements, and the central banks of EU member countries. In addition the BNB continued its cooperation with the IMF Joint Vienna Institute and the National Bank of Austria. The wide range of topics involves: training courses on EMU accession, banking supervision, and financial markets. The traditional cooperation with the Central Bank of France included training on banking supervision organization and methodology, and legal aspects of central banking.

VII. BNB Financial Statements

1. Annual Financial Statements

Report of the Independent Auditor to the Managing Board of the Bulgarian National Bank

We have audited the accompanying balance sheet of the Bulgarian National Bank as of 31 December 2001 and the related statements of income and cash flows for the year then ended. These financial statements are the responsibility of the directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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.

In our opinion, the financial statements give a true and fair view of the financial position of the Bulgarian National Bank as of 31 December 2001, and of the results of its operations and its cash flows for the year then ended in accordance with International Accounting Standards adopted by the International Accounting Standards Board.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
London
19 April 2002

KPMG България

KPMG Bulgaria OOD
Chartered Accountants
Sofia
19 April 2002

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 for each reporting period 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 2001**

	Note	2001	2000
		BGN '000	BGN '000
			Restated
ASSETS			
Cash deposits in foreign currencies	9	1,679,746	1,955,778
Gold and other precious metals	10	882,346	824,522
Debt securities	11	5,540,093	4,759,284
Equity investments and quota in IMF	13	1,786,689	1,756,047
Receivables from the Republic of Bulgaria	12	2,314,570	2,560,928
Property and equipment	14	111,977	141,395
Other assets	15	27,289	28,494
Total assets		<u>12,342,710</u>	<u>12,026,448</u>
LIABILITIES			
Notes and coins in circulation	20	3,262,881	2,504,693
Due to banks and other financial institutions	16	780,744	515,938
Liabilities to government institutions and other borrowings	17	2,764,935	3,293,839
Borrowings against Republic of Bulgaria's IMF participation	18	1,692,597	1,659,202
Borrowings from general resources of IMF	19	2,461,240	2,780,702
Accruals and other liabilities	21	6,668	7,938
Total liabilities		<u>10,969,065</u>	<u>10,762,312</u>
EQUITY			
Capital	22	20,000	20,000
Reserves	23	1,353,645	1,244,136
Total equity		<u>1,373,645</u>	<u>1,264,136</u>
Total liabilities and equity		<u>12,342,710</u>	<u>12,026,448</u>

The accompanying notes on pages 112 to 127 form an integral part of these financial statements.

The Managing Board approved the financial statements on 18 April 2002.


Svetoslav Gavriiski
 Governor of the BNB

Income Statement

	Note	2001	2000
		BGN '000	BGN '000
			Restated
Interest and similar income	5	267,929	226,734
Interest expense and similar charges	5	(47,403)	(25,800)
Net interest income		220,526	200,934
Fee and commission income		1,769	1,859
Fee and commission expense		(1,650)	(724)
Net fee and commission expense		119	1,135
Net trading income	6	121,793	79,058
Other operating income	7	16,466	54,489
Total income from banking operations		358,904	335,616
General administrative expenses	8	(43,511)	(42,038)
Net income from banking operations		315,393	293,578
Transfer to special reserves		(81,883)	(52,822)
Net income after special reserve transfer		233,510	240,756
Appropriations and transfers (to)/from reserves			
Proposed contribution to the budget of Republic of Bulgaria		(172,798)	(178,159)
Transfer to other reserves		(60,712)	(62,597)

The income statement is to be read in conjunction with the notes forming an integral part of the financial statements set out on pages 112 to 127.

Statement of Recognized Gains and Losses

	Note	2001	2000
		BGN '000	BGN '000
Impairment loss recognized against revaluation reserve	14, 23	(27,374)	-
Net gain/(loss) not recognized in the income statement		(27,374)	-
Transfer to other reserves	23	60,712	62,597
Total recognized gains and losses		33,338	62,597

The accompanying pages 112 to 127 form an integral part of these financial statements.

Statement of Cash Flows

	Note	2001	2000
		BGN '000	BGN '000
			Restated
Net cash flow from operating activities			
Net income from banking operations		315,393	293,578
Adjustment for noncash and nonoperating items:			
Depreciation	8,14	10,982	11,120
(Profit) on disposal of noncurrent assets		(216)	(12,161)
Adjustments resulting from changes in accounting policy		-	(8,148)
Other noncash items and (income) from nonoperating activities		(4,055)	(3,415)
Exchange (gains) on working capital		(30,720)	(58,133)
Net cash flow from operating activities before changes in operating assets and liabilities		291,384	222,841
Change in operating assets			
(Increase)/decrease in gold and other precious metals		(822)	(4,035)
(Increase)/decrease in securities		(771,997)	(318,365)
(Increase)/decrease in receivable from government		245,729	(366,955)
(Increase)/decrease in other assets		1,205	(20,544)
Change in operating liabilities			
Increase/(decrease) in due to banks and other financial institutions		264,806	(118,899)
Increase/(decrease) in government deposits and current accounts		(561,245)	615,410
Increase/(decrease) in borrowings from IMF		(318,833)	359,058
Increase in currency in circulation		758,188	421,775
Increase/(decrease) in accruals and other liabilities		(1,270)	37,467
Net cash flow from operating activities		(92,855)	827,753
Cash flow from investing activities			
Purchase of noncurrent assets		(9,506)	(4,373)
Dividends received		3,704	3,415
Proceeds from sale of noncurrent assets		784	12,306
Net cash flow from investing activities		(5,018)	11,348
Cash flow from financing activities			
Payment to government		(178,159)	(136,669)
Other payment (from)/to reserves		-	347
Net cash flow from financing activities		(178,159)	(136,322)
Net (decrease)/increase in cash and cash equivalents		(276,032)	702,779
Cash and cash equivalents at beginning of period		1,955,778	1,252,999
Cash and cash equivalents at end of period	9	1,679,746	1,955,778

The accompanying notes on pages 112 to 127 form an integral part of these financial statements.

Notes to the Financial Statements

1. Statute and principal activities

The Bulgarian National Bank (the 'Bank') is 100% owned by the Republic of Bulgaria.

The Bank is the central bank of the Republic 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 not provide credit to the state or to state-owned institutions other than credit for purchase of special drawing rights from the International Monetary Fund in accordance with terms set by law;
- the Bank may not lend to commercial banks except in the case of liquidity risk threatening to affect the stability of the banking system;
- 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 Board (IASB), and interpretations issued by the Standing Interpretations Committee of the IASB.

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 have been consistently applied by the Bank and except for the changes in accounting policy (refer note 4 (c), 4 (i) and 24), are consistent with those used in the previous year.

4. Summary of significant accounting policies

(a) Income recognition

Interest income and expense is recognized in the income statement as it accrues, taking into account the effective yield of the asset or an applicable floating rate. Interest income and expense includes the amortization of any discount or premium or other differences between the initial carrying amount of an interest bearing instrument and its amount at maturity calculated on an effective interest rate basis.

Fee and commission income arises on financial services provided by the Bank and is recognized when the corresponding service is provided.

Net trading income includes gains and losses arising from disposals and changes in the fair value of financial assets and liabilities held for trading.

(b) Financial instruments

(i) Classification

For the purposes of measuring the financial instruments subsequent to initial recognition, the Bank classifies the financial instruments into four categories:

Trading instruments are those that the Bank principally holds for the purpose of short-term profit taking. These include investments that are not designated and effective hedging instruments, and liabilities from short sales of financial instruments. Trading deriva-

tives in a net receivable position (positive fair value), as well as options purchased, if any, are reported as trading assets. All trading derivatives in a net payable position (negative fair value), as well as options written, if any, are reported as trading liabilities.

Originated loans and receivables are loans and receivables created by the Bank providing money to a debtor other than those created with the intention of short-term profit taking.

Held-to-maturity assets are financial assets with fixed or determinable payments and fixed maturity that the Bank has the intent and ability to hold to maturity.

Available-for-sale assets are financial assets that are not held for trading purposes, originated by the Bank, or held to maturity.

(ii) Recognition

The Bank recognizes financial assets held for trading and available-for-sale assets on settlement date. From the date it commits to purchase the assets any gains and losses arising from changes in fair value of the assets are recognized.

(iii) Measurement

Financial instruments are measured initially at cost, including transaction costs.

Subsequent to initial recognition all trading instruments and all available-for-sale assets are measured at fair value, except that any instrument that does not have a quoted market price in an active market and whose fair value cannot be reliably measured is stated at cost, including transaction costs, less impairment losses.

All nontrading financial liabilities, originated loans and receivables and held-to-maturity assets are measured at amortized cost less impairment losses. Amortized cost is calculated on the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortized based on the effective interest rate of the instrument.

(iv) Fair value measurement principles

The fair value of financial instruments is based on their quoted market price at the balance sheet date without any deduction for transaction costs. If a quoted market price is not available, the fair value of the instrument is estimated using pricing models or discounted cash flow techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate at the balance sheet date for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market related measures at the balance sheet date.

The fair value of derivatives, if any, that are not exchange-traded is estimated at the amount that the Bank would receive or pay to terminate the contract at the balance sheet date taking into account current market conditions and the current creditworthiness of the counterparties.

(v) Gains and losses on subsequent measurement

Gains and losses arising from a change in the fair value of trading instruments and those available for sale are recognized in the income statement and then transferred to a special reserve account as required by the Law on BNB.

(vi) Derecognition

A financial asset is derecognized on the value date after the Bank loses control over the contractual rights that comprise that asset. This occurs when the rights are realized, expire or are surrendered. A financial liability is derecognized when it is extinguished.

Available-for-sale assets and assets held for trading that are sold are derecognized and corresponding receivables from the buyer for the payment are recognized as of the date the Bank commits to sell the assets. The Bank uses the specific identification method to determine the gain or loss on derecognition.

(vii) Impairment

Financial assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such indication exists, the asset's recoverable amount is estimated.

(c) Gold and other precious metals

Gold and other precious metals are valued at market value based on the official London Bullion Market price at the balance sheet date (refer note 24).

(d) Equity investments

For the purposes of measuring the equity investments subsequent to initial recognition, they are classified as available-for-sale financial assets. The fair value of these investments is not reliably measurable. Therefore they are stated at cost.

The subsidiaries controlled by the Bank included in the financial statements are not consolidated, as the effect of non-consolidation of these subsidiaries is not material in the context of the financial statements taken as a whole.

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.

Details of investments held are set out in note 13.

(e) Property and equipment

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

(i) 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.

(ii) 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. Land is not depreciated. The depreciation rates used are as follows:

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

Assets in progress are not depreciated until completed or ready for use.

(iii) 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.

(iv) 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, had no impairment loss been recognized.

(f) 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 (ref. note 4 (i) below). For-

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 2001 and 31 December 2000 were:

Currency	31.XII.2001	31.XII.2000
US dollar (USD)	1 : BGN 2.21926	1 : BGN 2.10191
Deutschmark (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 2.78655	1 : BGN 2.73860

(g) Taxation

The Bank is not subject to income tax on income from its main activities.

(h) 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(i).

(i) Capital and reserves

Capital represents non-distributable 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 upon 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. In accordance with IAS 10 "Events after the balance sheet date" this contribution is treated as a dividend payment to the State and held in a reserve account until paid (ref. note 24).

(j) Cash and deposits in foreign currency

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

(k) Comparative information

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

5. Interest income and expense

	2001	2000
		Restated
Interest and similar income		
- in BGN	10	44
- in foreign currencies	267,919	226,690
	<u>267,929</u>	<u>226,734</u>
Interest and similar expense		
- in BGN	27,636	5,809
- in foreign currencies	19,767	19,991
	<u>47,403</u>	<u>25,800</u>

6. Net trading income

	2001	2000
		Restated
Net gains from trading in securities	34,609	38,261
Net gains from trading in foreign currency	9,172	8,086
Net revaluation of securities	8,812	(8,115)
Net revaluation of gold and precious metals	57,002	13,518
Net revaluation of foreign currency assets and liabilities	12,198	27,308
	<u>121,793</u>	<u>79,058</u>

7. Other operating income

(BGN '000)

	2001	2000
		Restated
Disposal of noncurrent assets	862	12,507
Printing Works income	5,990	8,496
Sale of coins	410	2,523
Income from withdrawal of banknotes not legal tender	-	2,137
Revaluation of commemorative coins for sale	-	17,974
Dividend income	3,704	3,415
Other income	5,500	7,437
	<u>16,466</u>	<u>54,489</u>

8. General administrative expenses

(BGN '000)

	2001	2000
		Restated
Personnel costs	13,883	14,216
Administration	12,179	8,994
Depreciation	10,981	11,120
Currency in circulation expenditure	5,569	6,178
Other expenses	899	1,530
	<u>43,511</u>	<u>42,038</u>

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

9. Cash and deposits in foreign currencies

(BGN '000)

	2001	2000
		Restated
Foreign currency cash	157,867	38,802
Current accounts with other banks	187,705	325,333
Deposits in foreign currency	<u>1,334,174</u>	<u>1,591,643</u>
	<u>1,679,746</u>	<u>1,955,778</u>

10. Gold and other precious metals

	2001 troyounces '000	2001 BGN '000	2000 troyounces '000	2000 BGN '000
				Restated
Gold bullion in standard form	1,031	634,294	1,031	590,535
Gold deposits in standard form	252	156,227	252	144,489
Gold in other form	-	71,509	-	66,575
Other precious metals	-	20,316	-	22,923
		<u>882,346</u>		<u>824,522</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. Debt securities

(BGN '000)

	<u>2001</u>	<u>2000</u>
		Restated
Securities held-for-trading		
Foreign treasury bills, notes and bonds	5,440,329	4,591,589
Securities available-for-sale		
Foreign treasury bills	99,764	167,695
	<u>5,540,093</u>	<u>4,759,284</u>

Debt securities comprise both EURO and USD-denominated coupon and discount securities. The EURO-denominated securities earn interest between 2.97% and 6.5% and securities in USD earn between 2.01% and 6.75%.

Securities available-for-sale are US Treasury bills and notes held with the Federal Reserve Bank of New York. The US Treasury bills and notes are interest-bearing securities and have remaining term to maturity within one month.

12. Receivable from the Republic of Bulgaria

The value of the receivable from the Government of the Republic of Bulgaria at 31 December 2001 is SDR 831 million (2000: SDR 835 million).

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

(BGN '000)

Year	
2002	441,378
2003	170,177
2004	197,015
2005	267,189
2006	291,483
2007	291,483
2008	291,483
2009	218,614
2010	121,455
2011	24,293
	<u>2,314,570</u>

13. Equity investments and quota in IMF

(BGN '000)

	<u>2001</u>	<u>2000</u>
		Restated
Republic of Bulgaria's quota in IMF	1,783,564	1,752,922
Equity investments in international financial institutions	832	832
Equity investments in Bulgarian institutions	2,293	2,293
	<u>1,786,689</u>	<u>1,756,047</u>

BGN 91,339 thousand of the Republic of Bulgaria's quota in IMF represents the Reserve tranche held with the IMF. The IMF pays remuneration (interest) to those members who have a remunerated reserve tranche position at 2.52% – 4.83% annual floating rate paid quarterly.

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
Bank for Agricultural Credit AD	52	Banking institution in process of liquidation
Agrobusinessbank AD	85	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

For valuation purposes, the equity investments are classified as assets available-for-sale.

14. Property and equipment

(BGN '000)

	Land and buildings	Equipment	Motor vehicles	Fixtures and fittings	Assets in progress	Other	Total
Cost or valuation							
At 1 January 2001	61,337	93,378	2,345	4,114	2,087	2,316	165,577
Additions	4	17	-	1	9,484	-	9,506
Disposals	(474)	(458)	-	(27)	(64)	(1)	(1,024)
Transfers	2,376	3,347	1,369	692	(8,278)	494	-
At 31 December 2001	63,243	96,284	3,714	4,780	3,229	2,809	174,059
Depreciation and impairment							
At 1 January 2001	(2,861)	(17,767)	(1,445)	(1,267)	-	(842)	(24,182)
Charge for the period	(2,249)	(7,525)	(364)	(566)	-	(278)	(10,982)
On disposals	39	401	-	15	-	1	456
Impairment losses	(10,125)	(17,178)	(19)	(52)	-	-	(27,374)
At 31 December 2001	15,196	42,069	1,828	1,870	-	1,119	62,082
Net book value at 31 December 2001	48,047	54,215	1,886	2,910	3,229	1,690	111,977
Net book value at 31 December 2000	58,476	75,611	900	2,847	2,087	1,474	141,395

Impairment losses recognized in the financial statements during the period relate to BNB's printing department. The recoverable amount of the Printing Works identified, as a cash-generating unit has been determined based on its value in use. In estimating the recoverable amount a discount factor of 7% has been used together with management's best estimates of future cash flows expected to be derived from the continuing use of the asset.

The impairment losses of BGN 27,374 have been recognized directly in equity against the revaluation surplus of the assets of the cash-generating unit.

The net book value of property, plant and equipment of the Printing Works of the Bank is BGN 65,668 thousand after impairment loss recognition.

15. Other assets

(BGN '000)

	2001	2000
		Restated
Balances with local banks	13	17
Precious metal commemorative coins for sale	18,178	17,974
Inventories	4,326	4,962
Spare parts for printing equipment	2,104	1,950
Accounts receivable	1,170	1,926
Prepaid expenses	795	907
Other	703	758
	<u>27,289</u>	<u>28,494</u>

16. Due to banks and other financial institutions

(BGN '000)

	<u>2001</u>	<u>2000</u>
		Restated
Demand deposits from banks and other financial institutions		
- in BGN	429,529	361,287
- in foreign currency	351,215	154,651
	<u>780,744</u>	<u>515,938</u>

The Bank does not pay interest on demand deposits from banks and other financial institutions. Included in demand deposits is BGN 324 million representing the obligatory reserves, which all local banks are required to maintain with the Bank as part of their current accounts.

17. Liabilities to government institutions and other borrowings

(BGN '000)

	<u>2001</u>	<u>2000</u>
		Restated
Current accounts		
- in BGN	833,579	1,142,574
- in foreign currency	268,783	266,275
Deposit accounts		
- in BGN	601,641	202,852
- in foreign currency	1,060,932	1,682,138
	<u>2,764,935</u>	<u>3,293,839</u>

Deposits and current accounts of government institutions with the Bank comprise funds held on behalf of the Government of the Republic of Bulgaria and state budget organizations. No interest is payable on the current accounts. Government deposit accounts earn interest between 0.4% and 3%.

18. Borrowings against the Republic of Bulgaria's IMF participation

The borrowings against Bulgaria's IMF participation as at 31 December 2001 amount to SDR 605,821 thousand (31 December 2000: SDR 605,857).

19. Borrowings from general resources of IMF

(BGN '000)

	<u>2001</u>	<u>2000</u>
		Restated
Compensatory and contingency financing	44,597	131,550
Standby facilities	532,249	1,029,996
Extended fund facility	1,749,410	1,433,348
Systematic transformation facility	134,984	185,808
Total	<u>2,461,240</u>	<u>2,780,702</u>

Borrowings from the IMF are denominated in SDRs. 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 on a weekly basis and are repayable according to the repayment schedules of the agreements. The interest rate amounts to 4.48% as at 31 December 2001.

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 2001 were BGN 4,438 million (BGN 4,602 million at 31 December 2000), ref. note 28.

20. Notes and coins in circulation

2001			2000		
			Restated		
Notes in circulation					
Face value	Quantity	Amount BGN '000	Face value	Quantity	Amount BGN '000
50 BGN	35,299,669	1,764,984	50 BGN	23,529,703	1,176,485
20 BGN	40,951,871	819,037	20 BGN	33,641,447	672,829
10 BGN	46,016,656	460,166	10 BGN	39,169,005	391,690
5 BGN	17,566,280	87,831	5 BGN	26,907,069	134,535
2 BGN	22,958,914	45,918	2 BGN	24,338,193	48,676
1 BGN	35,006,597	35,007	1 BGN	34,146,640	34,147
Total notes in circulation		<u>3,212,943</u>			<u>2,458,362</u>
Coins in circulation					
0.50 BGN	20,867,029	10,434	0.50 BGN	18,200	9,100
0.20 BGN	42,238,847	8,448	0.20 BGN	37,748	7,550
0.10 BGN	63,713,496	6,371	0.10 BGN	48,898	4,890
0.05 BGN	49,661,626	2,483	0.05 BGN	37,737	1,886
0.02 BGN	69,508,375	1,390	0.02 BGN	45,192	904
0.01 BGN	83,724,666	837	0.01 BGN	56,770	568
Commemorative coins		<u>1,044</u>			<u>756</u>
Total coins in circulation		<u>31,007</u>			<u>25,654</u>
Old banknotes		15,228			16,958
Old coins		<u>3,703</u>			<u>3,719</u>
Total coins and notes in circulation		<u>3,262,881</u>			<u>2,504,693</u>

Following the redenomination of the Bulgarian currency on 3 July 1999, when one thousand old leva were converted into one new lev, BNB started the withdrawal of all notes and coins issued before that date. From 1 January 2000 the old notes and coins are not a legal tender. However, BNB has the obligation to exchange them for new notes and coins. No deadline for the exchange has been determined. Old bank notes and coins presented above comprise those coins and notes that are still held by other parties or lost/destroyed and have not yet been exchanged for new leva.

21. Accruals and other liabilities

(BGN '000)

	2001	2000
		Restated
Salaries and social security payable	277	841
Deferred income	132	138
Other payables	<u>6,259</u>	<u>6,959</u>
	<u>6,668</u>	<u>7,938</u>

22. Capital

The capital of the Bank is determined in the Law on BNB and amounts to BGN 20 million.

23. Reserves

Table of movement in reserves for the year ended 31 December 2001

(BGN '000)

	Noncurrent asset revaluation reserve	Monetary asset revaluation reserve	Commemorative coin revaluation reserve	Other reserves	Total
Balance at 1 January (restated)	44,057	693,720	17,974	488,385	1,244,136
Impairment of assets	(27,374)	-	-	-	(27,374)
Transfer of unrealized gold revaluation gain	-	57,002	-	-	57,002
Transfer of net foreign exchange gain	-	12,198	-	-	12,198
Transfer of net revaluation of securities	-	8,812	-	-	8,812
Other transfers	(553)	-	-	3,868	3,315
Revaluation of commemorative coins	-	-	205	-	205
Payment of the prior year contribution to the Budget of Republic of Bulgaria	-	-	-	(178,159)	(178,159)
Current year contribution to the Budget of Republic of Bulgaria	-	-	-	172,798	172,798
Profit for the year after the contribution to the Budget of Republic of Bulgaria	-	-	-	60,712	60,712
Balance at 31 December 2001	16,130	771,732	18,179	547,604	1,353,645

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

(BGN '000)

	Noncurrent asset revaluation reserve	Monetary asset revaluation reserve	Commemorative coin revaluation reserve	Other reserves	Total
Balance at 1 January	44,492	677,648	-	143,398	865,538
Change of accounting policy regarding market valuation of monetary gold (ref. note 24 (i))	-	85,108	-	-	85,108
Balance at 1 January (restated)	44,492	762,756	-	143,398	950,646
Transfer of unrealized gold revaluation gain	-	13,518	-	-	13,518
Transfer of net foreign exchange gain	-	27,308	-	-	27,308
Transfer of net revaluation of securities	-	(8,115)	-	-	(8,115)
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	-
Change of accounting policy regarding current year contribution to the Budget of Republic of Bulgaria treated as dividend (ref. note 24 (ii))	-	-	-	178,159	178,159
Profit for the year after the contribution to the Budget of Republic of Bulgaria	-	-	-	62,597	62,597
Balance at 31 December 2000 (restated)	44,057	693,720	17,974	488,385	1,244,136

24. Changes in accounting policy

(i) In order to fully comply with IAS, during the year the Bank changed its accounting policy on valuation of monetary gold. Previously the Bank valued its monetary gold in the financial statements in accordance with the clause of the Law on the Bulgarian National Bank applicable to the calculation of foreign currency reserves, at the lower of either market value or DEM 500 per troy ounce. In 2001 as a result of the change in the accounting policy, gold in the financial statements is carried at market value based on the official London Bullion Market price at the balance sheet date. This change has been accounted for by restating comparatives and adjusting the opening balance of equity (reserves) at 1 January 2000.

(ii) During the year the Bank adopted the changes in IAS 10 "Events after the balance sheet date". According to the standard the proposed contribution to the Government is regarded as a dividend and included in capital and reserves. This was revised with effect from 1 January 2000. Contributions declared after the balance sheet date are not recognized as a liability until formally approved by the Managing Board. This change in accounting policy has been accounted for by restating comparatives:

Impact of changes in accounting policy

The changes in accounting policy, when applied consistently to 2001 and 2000, had the following impact:

Opening balance of reserves

(BGN '000)

	<u>2001</u>	<u>2000</u>
Balance at 1 January 2001 as previously reported	972,721	865,538
Impact of changes in accounting policy regarding the mark to market valuation of monetary gold	93,256	85,108
Impact of changes in accounting policy regarding the contribution to the Budget of Republic of Bulgaria	<u>178,159</u>	<u>-</u>
Balance at 1 January 2001 as restated	<u>1,244,136</u>	<u>950,646</u>

For the year ended 31 December 2001 the net income from banking activities and transfers to special reserves increased by BGN 54,659 thousand (2000: BGN 8,148 thousand) as a result of the changes in accounting policy on the market valuation of monetary gold.

25. Monetary liabilities and gross international foreign exchange reserves

(BGN '000)

	<u>2001</u>	<u>2000</u>
Gross International Foreign Exchange Reserves		
Cash and deposits in foreign currencies	1,678,235	1,950,677
Gold and other precious metals*	642,607	641,768
Debt securities	5,463,904	4,535,234
Equity investments and quota in IMF	91,339	89,667
Interest receivable	<u>77,700</u>	<u>61,456</u>
	7,953,785	7,278,802
Monetary Liabilities		
Notes and coins in circulation	3,262,881	2,504,693
Due to banks and other financial institutions	780,744	515,938
Liabilities to government institutions	2,571,261	2,608,517
Other borrowings	190,538	675,213
Accruals and other liabilities	<u>2,909</u>	<u>5,024</u>
	6,808,333	6,309,385
Surplus of Gross International Foreign Exchange Reserves over Monetary Liabilities	<u>1,145,452</u>	<u>969,417</u>

*For disclosure purposes of the monetary liabilities and gross international foreign exchange reserves in accordance with the Law on the Bulgarian National Bank, the monetary gold is valued at the lower of DEM 500 per troy ounce or market value based on the official London Bullion Market price at the balance sheet date.

26. Related party transactions

Bulgarian Government

International Monetary Fund

The Bank and the Government of the Republic 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 for the Bank to eliminate foreign exchange risk, 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.

The IMF quota is supported by promissory notes jointly signed by the Bank and the Government (see note 19).

Government bank accounts

Government budget organizations and other government organizations have current accounts and term deposits with the Bank (see note 17).

27. Risk management disclosures

The Bank maintains active trading positions in non-derivative financial instruments. For the purpose of its activities the Bank carries an inventory of capital market instruments and maintains access to market liquidity by trading with other market makers. As trading strategies depend on its specific function of a central bank its positions are managed in concert to maximize net trading income by defining acceptable risk levels and maximizing income at these levels.

The Bank manages its trading activities by type of risk involved and on the basis of the categories of trading instruments held.

Below is a discussion of the various risks the Bank is exposed to as a result of its trading and nontrading activities and the approach taken to manage those risks. Further details of the steps taken to measure and control risk are set out in the Risk measurement and control section.

(a) Credit risk

The Bank is subject to credit risk through its trading, lending, and investing activities and in cases where it acts as an intermediary on behalf of customers or other third parties or issues guarantees.

Credit risk associated with trading and investing activities is managed through the Bank's market risk management process.

The risk that counterparties to both derivative and other instruments might default on their obligations is monitored on an ongoing basis. To manage the level of credit risk, the Bank deals with counterparties of good credit standing.

Concentrations of credit risk (whether on or off balance sheet) that arise from financial instruments exist for Banks of counterparties when they have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

The risk that counterparties to trading instruments might default on their obligations is monitored on an ongoing basis. In monitoring credit risk exposure, consideration is given to trading instruments with a positive fair value and to the volatility of the fair value of trading instruments. To manage the level of credit risk, the Bank deals with counterparties of good credit standing. The credit risk on debt instruments is evaluated at one of the two highest quotations of two internationally acknowledged credit rating agencies.

(b) Liquidity risk

Liquidity risk arises in the general funding of the Bank's activities and in the management of positions. It includes both the risk of being unable to fund assets at appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame.

The Bank usually has access to a diverse funding base. Funds are raised using a range of instruments including deposits, other liabilities regulated by law and other credit facilities. This enhances funding flexibility, limits dependence on any one source of funds and generally lowers the cost of funds. The Bank strives to maintain a balance between continuity of funding and flexibility through the use of liabilities with a range of maturities. The Bank continually assesses liquidity risk by identifying and monitoring changes in funding required to meet its goals and targets set in terms of the overall Bank strategy. In addition the Bank holds a portfolio of liquid assets as part of its liquidity risk management strategy.

The following table provides an analysis of the financial assets and liabilities of the Bank into relevant maturity groupings based on the remaining periods to repayment.

(BGN '000)

As at 31 December 2001	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 deposits in foreign currencies	1,679,746	-	-	-	-	1,679,746
Gold and other precious metals	156,228	-	-	-	726,118	882,346
Debt securities	1,758,594	432,409	1,382,811	1,932,691	33,588	5,540,093
Equity investments and quota in IMF	91,339	-	-	-	1,695,350	1,786,689
Receivable from the Republic of Bulgaria	57,124	64,997	319,257	925,862	947,330	2,314,570
Property and equipment	-	-	-	-	111,977	111,977
Other assets	-	-	27,289	-	-	27,289
Total assets	3,743,031	497,406	1,729,357	2,858,553	3,514,363	12,342,710
Liabilities						
Notes and coins in circulation	-	-	-	-	3,262,881	3,262,881
Due to banks and other financial institutions	780,744	-	-	-	-	780,744
Liabilities to government institutions and other borrowings	2,764,935	-	-	-	-	2,764,935
Borrowings against Republic of Bulgaria's IMF participation	-	-	-	-	1,692,597	1,692,597
Borrowings from general resources of IMF	65,929	86,627	392,230	969,124	947,330	2,461,240
Accruals and other liabilities	6,668	-	-	-	-	6,668
Total liabilities	3,618,276	86,627	392,230	969,124	5,902,808	10,969,065
Maturity surplus / (shortfall)	124,755	410,779	1,337,127	1,889,429	(2,388,445)	1,373,645

(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	1,955,778	-	-	-	-	1,955,778
Gold and other precious metals	144,489	-	-	-	680,033	824,522
Securities	4,591,589	167,695	-	-	-	4,759,284
Equity investments and quota in IMF	89,667	-	-	-	1,666,380	1,756,047
Receivable from government	83,527	42,585	446,586	1,033,371	954,859	2,560,928
Property, plant and equipment	-	-	-	-	141,395	141,395
Other assets	17	-	28,477	-	-	28,494
Total assets	6,865,067	210,280	475,063	1,033,371	3,442,667	12,026,448
Liabilities						
Notes and coins in circulation	-	-	-	-	2,504,693	2,504,693
Due to banks and other financial institutions	515,938	-	-	-	-	515,938
Liabilities to government institutions and other borrowings	3,012,746	-	281,093	-	-	3,293,839
Borrowings against Republic of Bulgaria's IMF participation	-	-	-	-	1,659,202	1,659,202
Borrowings from general resources of IMF	93,525	42,585	512,929	1,176,805	954,858	2,780,702
Accruals and other liabilities	7,938	-	-	-	-	7,938
Total liabilities	3,630,147	42,585	794,022	1,176,805	5,118,753	10,762,312
Maturity surplus / (shortfall)	3,234,920	167,695	(318,959)	(143,434)	(1,676,086)	1,264,136

(c) Market risk

Market risk

All trading instruments are subject to market risk, the risk that future changes in market conditions may make an instrument less valuable or more onerous. The instruments are recognized at fair value, and all changes in market conditions directly affect net trading income.

The Bank manages its use of trading instruments in response to changing market conditions. Exposure to market risk is formally managed in accordance with risk limits set by senior management by buying or selling instruments or entering into offsetting positions.

Interest rate risk

The Bank's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets (including investments) and interest-bearing liabilities mature or reprice at different times or in differing amounts. In the case of floating rate assets and liabilities the Bank is also exposed to basis risk, which is the difference in repricing characteristics of the various floating rate indices, such as the savings rate and six months LIBOR and different types of interest. Risk management activities are aimed at optimizing net interest income, given market interest rate levels consistent with the Bank's strategies.

Asset-liability risk management activities are conducted in the context of the Bank's sensitivity to interest rate changes. The actual effect will depend on a number of factors, including the extent to which repayments are made earlier or later than the contracted dates and variations in interest rate sensitivity within repricing periods and among currencies.

The following table indicates the periods in which financial assets and liabilities reprice. The maximum repricing period for the assets and liabilities is one year.

(BGN '000)

As at 31 December 2001	Total	Floating rate instruments	Fixed rate instruments		
			Less than 1 month	Between 1 month and 3 months	Between 3 months and 1 year
Assets					
Cash and deposits in foreign currencies	1,521,879	187,631	1,334,248	-	-
Gold and other precious metals	156,227	540	155,687	-	-
Debt securities	5,540,093	109,684	1,758,595	432,409	3,239,405
Equity investments and quota in IMF	91,339	91,339	-	-	-
Receivable from the Republic of Bulgaria	2,314,570	2,314,570	-	-	-
Noninterest-bearing assets	2,718,602	-	-	-	-
Total	12,342,710	2,703,764	3,248,530	432,409	3,239,405
Liabilities					
Notes and coins in circulation	-	-	-	-	-
Due to banks and other financial institutions	780,744	-	780,744	-	-
Liabilities to government institutions and other borrowings	1,060,951	-	1,060,951	-	-
Borrowings from general resources of IMF	2,780,702	2,780,702	-	-	-
Noninterest-bearing liabilities	6,346,668	-	-	-	-
Total	10,969,065	2,780,702	1,841,695	-	-
Asset-liability gap	1,373,645	(76,938)	1,406,835	432,409	3,239,405

(BGN '000)

As at 31 December 2000	Total	Floating rate instruments	Fixed rate instruments		
			Less than 1 month	Between 1 month and 3 months	Between 3 months and 1 year
Assets					
Cash and deposits in foreign currencies	1,916,644	319,265	1,597,379	-	-
Gold and other precious metals	144,489	-	144,489	-	-
Debt securities	4,591,589	-	4,591,589	-	-
Equity investments and quota in IMF	87,251	87,251	-	-	-
Receivable from the Republic of Bulgaria	2,560,928	2,560,928	-	-	-
Noninterest-bearing assets	2,725,547	-	-	-	-
Total	12,026,448	2,967,444	6,333,457	-	-
Liabilities					
Notes and coins in circulation	-	-	-	-	-
Due to banks and other financial institutions	-	-	-	-	-
Liabilities to government institutions and other borrowings	1,884,990	-	1,603,897	-	281,093
Borrowings from general resources of IMF	2,780,702	2,780,702	-	-	-
Noninterest-bearing liabilities	6,096,620	-	-	-	-
Total	10,762,312	2,780,702	1,603,897	-	281,093
Asset-liability gap	1,264,136	186,742	4,729,560	-	(281,093)

(d) Currency risk

The Bank is exposed to currency risk through transactions in foreign currencies. It does not make investments in foreign operations.

As a result of the currency board in place in Bulgaria, the Bulgarian currency is fixed to the euro. As the currency in which the Bank presents its financial statements is the Bulgarian lev, the Bank's financial statements are effected by movements in the exchange rates between the currencies outside the euroarea and the lev.

The Bank's transactional exposures give rise to foreign currency gains and losses that are recognized in the income statement and then transferred to special reserves. These exposures comprise the monetary assets and monetary liabilities of the Bank that are not denominated in the measurement currency of the Bank.

The foreign currency exposures are as follows:

(BGN '000)

	2001	2000
Assets		
Bulgarian lev and euroarea currencies	6,844,188	5,889,523
US dollar	491,819	767,808
Japanese yen	144	21,395
Pound sterling	433	1,324
SDR	4,103,398	4,457,281
Gold	882,346	824,522
Other	20,382	64,595
	12,342,710	12,026,448
Liabilities and equity		
Bulgarian lev and euroarea currencies	7,829,908	6,985,887
US dollar	343,759	356,393
Japanese yen	11	21,400
Pound sterling	9	8
SDR	4,151,012	4,598,341
Gold	-	-
Other	18,011	64,419
	12,342,710	12,026,448
Net position		
Bulgarian lev and euroarea currencies	(985,720)	(1,096,364)
US dollar	148,060	411,415
Japanese yen	133	(5)
Pound sterling	424	1,316
SDR	(47,614)	(141,060)
Gold	882,346	824,522
Other	2,371	176

(e) Risk measurement and control

All risks are actively managed by an independent risk control division to ensure compliance with the Bank's risk limits. The Bank's risk limits are assessed regularly to ensure their appropriateness given the Bank's objectives and strategies and current market conditions. A variety of techniques are used by the Bank in measuring the risks inherent in its trading and nontrading positions, including both derivative and nonderivative instruments.

(i) Interest rate sensitivity

The Bank uses duration analysis to estimate the degree of sensitivity to interest rate changes in its nontrading positions. Modified duration of a bond is the life, in years, of a notional zero coupon bond whose fair value would change by the same amount as the real bond or portfolio in response to a change in market interest rates.

28. Commitments and contingencies

The Bank holds 8,000 shares of 2,500 gold francs each in the capital of the Bank of International Settlements, of which 25% paid up.

The IMF quota and borrowings are supported by promissory notes jointly signed by the Bank and the Government of the Republic of Bulgaria amounting to BGN 4,438 million (2000: BGN 4,602 million).

As at 31 December 2001, the Bank has committed to BGN 4 million to purchase noncurrent assets.

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

29. Events subsequent to the balance sheet date

Following a Decision of the Managing Board of the BNB dated 8 November 2001, BNB's Printing Works has been transformed into a separate legal entity named Printing Works of the Bulgarian National Bank EAD. The fair value of the noncurrent assets and inventory of BGN 67.7 million used in the Printing Works operations shown on BNB's balance sheet at 31 December 2001 represents the consideration for the Bank's share of net assets paid in as an instalment in kind. The newly established entity is 100% owned by the BNB.

There are no other events subsequent to the balance sheet date of such a nature that they would require additional disclosures or adjustments to the financial statements.

2. Report on the Execution of the BNB Budget

The BNB budget was approved by the Managing Board of the Bank at a meeting on 26 October 2000 and adopted by the 38th National Assembly on 24 January 2001 pursuant to Article 48, para. 1 of the Law on the BNB.

BNB Operating Expenses

Under **Section I. Projected BNB operating expenses** totaled BGN 55,970,000. Reported expenses accounted for BGN 43,467,000, or 77.7%. Economized funds reflect less-than-projected spending on currency in circulation, depreciation and hired services.

Costs on currency circulation service totaled BGN 5,569,000 against the projected BGN 8,298,000, or 67.1%. Costs on banknote printing amounted to BGN 2,270,000, and coin minting cost BGN 2,909,000. The less-than-projected costs of banknote printing and coin minting were the main reason for the difference between total projected and reported funds. Reported costs ensured the normal service of the currency in circulation.

Budgeted funds on materials, services and depreciation totaled BGN 31,750,000; of this, BGN 23,160,000 was spent or 72.9%. The difference between budgeted and incurred costs was due to substantially lower costs for securities printing and depreciation.

The Bank continued to implement a policy of cutting operating expenses. Funds on heating, telecommunications, electricity, office materials, fuel and hire cars were economized. Of the BGN 1,056,000 budgeted funds for subscription maintenance, 43.3% was utilized; 91.5% was spent on overhaul of the BNB building against the budgeted BGN 1,061,000 for overhaul of main buildings. Costs on telecommunications totaled BGN 965,000 or 94.4% of budgeted funds. Expenses on software fees came to BGN 910,000 or 80% against the budgeted BGN 1,137,000.

Projected depreciation expenses amounted to BGN 13,600,000 and reported expenses accounted for BGN 10,981,000 or 80.7%. The difference was due to revaluation of the Printing Works' assets consistent with its incorporation as a separate company in early 2002.

Expenses on salaries, social security and benefits totaled BGN 12,006,000 comprising 27.6% of total BNB operating expenditure. These included funds for compensating holiday leaves for the previous year recognized in accordance with IAS 19 *Income of Employees*.

Of the projected funds on social activity, 99.6% was utilized.

Other administrative costs include expenses on travel, training and security and 77.2% was utilized.

Investment Program

Budgeted funds under **Section II. Investment program** amounted to BGN 14,537,000. Of this, BGN 9,484,000 was spent in 2001 or 65.2%.

Expenses on reconstruction and modernization totaled BGN 3,072,000, associated with the refurbishment of BNB rest homes.

BGN 1,277,000, or 53.2% of budget was spent on the purchase of equipment for the BNB Printing Works.

Three special vehicles were bought for transportation of BNB valuable parcels.

Expenses on the rollover of security technical equipment were made, accounting for 14.8% of budgeted funds, mainly to upgrade existing technical equipment.

Funds spent for computerization amounted to BGN 3,206,000 or 89.1% of projected funds. In 2001 expenses on a phase of the development of the RTGSS were made. Payments on software and licenses totaled BGN 644,000. Replacement of computers, servers and printers continued in 2001 and accounted for BGN 917,000.

EXECUTION OF BNB BUDGET IN 2001

Indicators	Reporting 2001 (BGN '000)	Budget 2001 (BGN '000)	Execution (%)
Section I. BNB operating expenses	43,467	55,970	77.7
Currency circulation expenses	5,569	8,298	67.1
Materials, services and depreciation expenses	23,160	31,750	72.9
Salaries and employee benefits	12,006	12,929	92.9
Social activity expenses	1,877	1,885	99.6
Other administrative expenses	855	1,108	77.2
Section II. Investment program	9,484	14,537	65.2
Expenses on construction, reconstruction and modernization	3,072	5,000	61.4
Expenses on currency in circulation equipment	4	123	3.3
Expenses on BNB Printing Works	1,277	2,400	53.2
Expenses on BNB security equipment	189	1,274	14.8
Expenses on special automobiles and other vehicles	1,369	1,640	83.5
Expenses on BNB computerization	3,206	3,600	89.1
Office furniture and equipment	367	500	73.4

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The methodology and scope of the respective indicators are comprehensively presented in 2001 BNB Monthly Bulletin issues.

GROSS DOMESTIC PRODUCT

Indicators	1999	2000 ¹	2001 ¹	Physical volume index 2000 = 100	Implicit deflators, %
	at current prices, million BGN				
Gross value added					
by economic sector ²	21205.3	23696.7	26204.0	103.7	106.6
Agriculture and forestry	3457.8	3301.1	3578.6	100.5	107.9
Industry	5972.2	6901.8	7457.6	104.2	103.7
Services	11775.2	13493.7	15167.8	104.2	107.9
By type of ownership					
Private	13574.4	16481.1	18781.1	107.3	106.2
Public	7630.9	7215.5	7422.9	95.5	107.7
Adjustments ³	2585.2	3056.2	3414.1	106.7	104.7
GDP by component of final demand	23790.4	26752.8	29618.1	104.0	106.5
Final consumption	20901.0	23291.5	25825.2	104.5	106.1
Individual	18791.2	20687.8	22920.1	104.5	106.0
Collective	2109.8	2603.6	2905.1	104.7	106.6
Gross capital formation	4262.5	4893.6	6034.7	-	-
Gross capital formation of fixed capital	3600.5	4206.0	5259.4	119.9	104.3
Reserve change	662.0	687.6	775.3	-	-
Balance (exports – imports)	-1373.0	-1432.3	-2218.2	-	-
Exports of goods and services	10600.5	14902.0	16494.2	108.5	102.0
Imports of goods and services	11973.5	16334.3	18712.3	113.0	101.4
Statistical discrepancy	0	0	-23.6	-	-

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.

Source: NSI.

EMPLOYMENT IN 2000 AND 2001*

Employed under labor contracts

Sectors	Year average, persons										Employment rate, %			
	2000 – final data			2001 – preliminary data			2000 – final data			2001 – preliminary data				
	Total	Public sector	Private sector	Total	Public sector	Private sector	Total	Public sector	Private sector	Total	Public sector	Private sector		
Total	1900940	858126	1042814	1863706	772714	1090992	100.0	100.0	100.0	100.0	100.0	100.0		
Agriculture, forestry and fishery	89650	18802	70848	80038	11630	68408	4.7	2.2	6.8	4.3	1.5	6.3		
Extracting industry	40383	26771	13612	35261	21582	13679	2.1	3.1	1.3	1.9	2.8	1.3		
Processing industry	562331	79355	482976	538690	52495	486195	29.6	9.2	46.3	28.9	6.8	44.6		
Electrical energy, gas and water	59285	57925	1360	58292	55340	2952	3.1	6.8	0.1	3.1	7.2	0.3		
Construction	98053	27220	70833	97989	20041	77948	5.2	3.2	6.8	5.3	2.6	7.1		
Trade and repair	210678	8937	201741	215578	6920	208658	11.1	1.0	19.3	11.6	0.9	19.1		
Hotels and catering	49904	7083	42821	59411	6460	52951	2.6	0.8	4.1	3.2	0.8	4.9		
Transport and communications	164248	115667	48581	158694	109339	49355	8.6	13.5	4.7	8.5	14.1	4.5		
Finance, credit and insurance	27891	14470	13421	27239	11048	16191	1.5	1.7	1.3	1.5	1.4	1.5		
Operations in real estate and business services	89263	31674	57589	101929	31482	70447	4.7	3.7	5.5	5.5	4.1	6.5		
Government administration	89791	89791	X	94966	94966	X	4.7	10.5	-	5.1	12.3	-		
Education	215412	211446	3966	201931	197354	4577	11.3	24.6	0.4	10.8	25.5	0.4		
Healthcare	140672	133472	7200	130986	121113	9873	7.4	15.6	0.7	7.0	15.7	0.9		
Other services	63379	35513	27866	62702	32944	29758	3.3	4.1	2.7	3.4	4.3	2.7		
Budget organizations and government-managed funds	470575	470575	X	385976	385976	X	24.8	54.8	-	20.7	50.0	-		
Commercial companies, enterprises and organizations generating business revenues	1417617	387521	1030096	1455106	379625	1075481	74.6	45.2	98.8	78.1	49.1	98.6		
Employed														
Total	2980108	869706	2110402	2940285	782525	2157760	100.0	100.0	100.0	100.0	100.0	100.0		
Agriculture, forestry and fishery	781566	18992	762574	774080	11834	762246	26.2	2.2	36.1	26.3	1.5	35.3		
Extracting industry	40684	26854	13830	35520	21645	13875	1.4	3.1	0.7	1.2	2.8	0.6		
Processing industry	615691	79826	535865	591838	52796	539042	20.7	9.2	25.4	20.1	6.7	25.0		
Electrical energy, gas and water	59710	58255	1455	58632	55579	3053	2.0	6.7	0.1	2.0	7.1	0.1		
Construction	127554	27637	99917	126967	20336	106631	4.3	3.2	4.7	4.3	2.6	4.9		
Trade and repair	352383	9097	343286	355190	7097	348093	11.8	1.0	16.3	12.1	0.9	16.1		
Hotels and catering	85059	7325	77734	94484	6535	87949	2.9	0.8	3.7	3.2	0.8	4.1		
Transport and communications	219453	116596	102857	214194	110568	103626	7.4	13.4	4.9	7.3	14.1	4.8		
Finance, credit and insurance	32791	16957	15834	34344	13543	20801	1.1	1.9	0.8	1.2	1.7	1.0		
Operations in real estate and business services	121035	33238	87797	131824	32514	99310	4.1	3.8	4.2	4.5	4.2	4.6		
Government administration	91700	91700	X	96869	96869	X	3.1	10.5	-	3.3	12.4	-		
Education	218302	213025	5277	203972	197861	6111	7.3	24.5	0.3	6.9	25.3	0.3		
Healthcare	148250	133775	14475	138325	121499	16826	5.0	15.4	0.7	4.7	15.5	0.8		
Other services	85930	36429	49501	84046	33849	50197	2.9	4.2	2.3	2.9	4.3	2.3		

* The number of employed in the economy includes persons employed under labor, civil and management contract. Servicemen excluded.

Source: NSI.

AVERAGE ANNUAL PAY OF EMPLOYED UNDER LABOR CONTRACT BY ECONOMIC SECTOR

(BGN)

Sectors	1999 – final data			2000 – final data			2001 – preliminary data		
	Total	Public sector	Private sector	Total	Public sector	Private sector	Total	Public sector	Private sector
Total									
Agriculture, forestry and fishery	201	229	168	225	263	193	248	289	219
Extracting industry	164	167	164	181	194	177	197	210	195
Processing industry	304	309	258	368	378	348	392	408	366
Electrical energy, gas and water	202	266	176	218	280	208	234	330	223
Construction	406	406	186	412	414	293	442	445	391
Trade and repair	203	248	178	204	239	191	213	255	202
Hotelry and catering	151	286	138	158	330	150	191	350	185
Transport and communications	147	190	131	140	185	132	210	215	209
Finance, credit and insurance	249	271	175	271	302	198	292	329	210
Operations in real estate and business services	361	381	336	442	462	419	494	466	514
Government administration	180	219	152	213	260	186	257	276	248
Education	243	243	X	305	305	X	332	332	X
Healthcare	171	171	218	213	212	265	232	230	314
Other services	156	156	126	190	194	104	218	224	146
Budget organizations and government-managed funds	146	146	147	187	190	182	206	215	196
Commercial companies, enterprises and organizations generating business revenues	177	177	X	224	224	X	252	252	X
Source: NSI.	217	282	175	225	311	192	247	324	220

GROWTH IN CONSUMER PRICES BY COMPONENT

(%)

2001	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	0.6	0.7	0.0	1.2	8.7	5.9	7.4	3.5	6.0
February	0.3	-0.3	0.8	0.9	8.5	6.3	7.1	4.4	6.9
March	0.1	-0.2	0.1	0.5	9.1	6.3	6.9	4.4	7.46
April	-0.2	-0.8	0.9	-0.3	9.9	6.1	6.0	5.4	7.1
May	0.1	-0.5	0.4	0.7	9.7	6.2	5.5	5.8	7.8
June	-0.1	-0.3	-0.2	0.5	9.5	6.1	5.1	5.6	8.3
July	-0.2	-1.1	0.9	0.1	8.7	5.9	4.0	6.5	8.4
August	0.3	-0.7	2.0	0.2	5.8	6.2	3.3	8.7	8.7
September	1.3	2.2	1.0	0.1	4.7	7.6	5.5	9.8	8.8
October	1.7	0.8	-0.4	5.8	5.2	9.4	6.4	9.4	5.1
November	0.2	0.4	-0.1	0.2	5.6	9.7	6.8	9.3	15.3
December	0.6	2.5	0.0	-1.8	4.8	10.4	9.5	9.3	13.3

Source: NSI.

EXPORTS BY COMMODITY GROUP

Commodity groups*	January – December				Change on same period of previous year	
	2000		2001		million USD	%
	million USD	share, %	million USD	share, %		
Textile, leather materials, clothing, footwear and other consumer goods, including:	1123.0	23.3	1407.7	27.6	284.7	25.4
Chapter 62. Clothing and accessories to clothing other than knitwear	410.5	8.5	545.6	10.7	135.1	32.9
Chapter 61. Clothing and accessories to clothing from knitwear	289.5	6.0	362.4	7.1	72.9	25.2
Chapter 64. Shoes, gaiters and similar articles; their components	118.0	2.4	159.9	3.1	41.9	35.5
Chapter 94. Furniture; medical furniture; sleeping accessories and similar articles	67.4	1.4	72.9	1.4	5.5	8.2
Base metals and their products, including:	1000.2	20.7	915.0	17.9	-85.2	-8.5
Chapter 72. Cast-iron, iron and steel	387.7	8.0	352.4	6.9	-35.4	-9.1
Chapter 74. Copper and its products	354.3	7.3	299.7	5.9	-54.6	-15.4
Chapter 73. Cast-iron, iron and steel products	70.4	1.5	77.0	1.5	6.6	9.3
Chapter 79. Zink and its products	81.1	1.7	70.3	1.4	-10.8	-13.3
Chapter 76. Aluminium and its products	47.0	1.0	56.7	1.1	9.6	20.4
Mineral products and fuels, including:	814.8	16.9	777.6	15.2	-37.2	-4.6
Chapter 27. Mineral fuels, mineral oils and distilled products	711.0	14.7	690.2	13.5	-20.8	-2.9
Machines, transport facilities, appliances, tools and weapons, including:	536.7	11.1	635.8	12.5	99.1	18.5
Chapter 84. Nuclear reactors, boilers, machines, appliances and machinery; spare parts	274.2	5.7	319.3	6.3	45.1	16.4
Chapter 85. Electrical machines and appliances	156.6	3.2	196.3	3.8	39.7	25.3
Chemical products, plastics and rubber, including:	628.6	13.0	629.5	12.3	0.9	0.1
Chapter 28. Inorganic chemical products	95.5	2.0	119.4	2.3	23.8	25.0
Chapter 39. Plastics and plastic products	93.9	1.9	95.1	1.9	1.2	1.3
Chapter 29. Organic chemical products	115.9	2.4	91.3	1.8	-24.6	-21.2
Chapter 31. Fertilizers	94.7	2.0	86.5	1.7	-8.1	-8.6
Chapter 33. Essential oils, perfumes and toiletries	84.0	1.7	76.0	1.5	-7.9	-9.5
Chapter 30. Pharmaceuticals	67.9	1.4	73.4	1.4	5.5	8.1
Animal and vegetable products, food, drink and tobacco, including:	491.6	10.2	506.3	9.9	14.7	3.0
Chapter 22. Soft and alcoholic drinks and vinegars	76.2	1.6	69.5	1.4	-6.7	-8.8
Chapter 10. Cereals	79.4	1.6	68.3	1.3	-11.1	-14.0
Chapter 24. Tobacco and processed substitutes	77.5	1.6	58.3	1.1	-19.3	-24.8
Wood, paper, earthenware and glass products, including:	229.8	4.8	234.7	4.6	4.9	2.1
Chapter 44. Wood and wood products; wood coal	93.5	1.9	86.5	1.7	-7.0	-7.5
EXPORTS, TOTAL (FOB)	4824.6	100.0	5106.5	100.0	281.9	5.8

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

Note: Final data for 2000; for 2001 – preliminary data as of 20 March 2002.

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	
	2000		2001		million USD	%
	million USD	share, %	million USD	share, %		
Machines, transport facilities, appliances, tools and weapons, including:	1799.3	27.7	2129.9	29.4	330.7	18.4
Chapter 84. Nuclear reactors, boilers, machines, appliances and machinery; spare parts	734.3	11.3	756.7	10.5	22.4	3.0
Chapter 87. Automobile transport	454.5	7.0	580.7	8.0	126.2	27.8
Chapter 85. Electrical machines and appliances	365.9	5.6	568.7	7.9	202.8	55.4
Chapter 90. Optical instruments and appliances	98.8	1.5	132.3	1.8	33.4	33.8
Mineral products and fuels, including:	2044.5	31.4	1926.8	26.6	-117.7	-5.8
Chapter 27. Mineral fuels, mineral oils and distilled products	1741.2	26.8	1604.6	22.2	-136.6	-7.8
Chapter 26. Ores, slags and ashes	216.0	3.3	247.7	3.4	31.6	14.6
Textile, leather materials, clothing, footwear and other consumer goods, including:	922.6	14.2	1165.5	16.1	242.9	26.3
Chapter 61. Clothing and accessories to clothing from knitwear	130.3	2.0	185.3	2.6	55.0	42.2
Chapter 52. Cotton	113.5	1.7	161.4	2.2	47.9	42.2
Chapter 55. Staple synthetic and artificial fibres	122.2	1.9	135.2	1.9	13.0	10.6
Chapter 54. Synthetic or artificial fibres	83.7	1.3	103.4	1.4	19.7	23.6
Chapter 51. Wool, sheer and coarse filaments; yarns and fabrics from manes and tails	70.5	1.1	89.8	1.2	19.3	27.4
Chapter 41. Hides (other than leather)	55.1	0.8	78.4	1.1	23.3	42.4
Chemical products, plastics and rubber, including:	731.6	11.2	878.6	12.1	146.9	20.1
Chapter 39. Plastics and plastic products	195.6	3.0	230.5	3.2	34.9	17.9
Chapter 30. Pharmaceuticals	118.3	1.8	177.9	2.5	59.6	50.4
Chapter 38. Miscellaneous products of chemical industry	78.4	1.2	85.6	1.2	7.3	9.3
Chapter 29. Organic chemical products	71.9	1.1	78.2	1.1	6.3	8.7
Chapter 33. Essential oils, perfumes and toiletries	69.6	1.1	77.1	1.1	7.5	10.8
Chapter 40. Rubber and rubber products	55.2	0.8	64.7	0.9	9.5	17.1
Base metals and their products, including:	391.7	6.0	426.6	5.9	34.9	8.9
Chapter 72. Cast-iron, iron and steel	131.7	2.0	147.3	2.0	15.5	11.8
Chapter 73. Cast-iron, iron and steel products	97.6	1.5	93.0	1.3	-4.6	-4.7
Chapter 76. Aluminium and its products	80.9	1.2	90.8	1.3	9.9	12.2
Animal and vegetable products, food, drink and tobacco, including:	352.3	5.4	404.6	5.6	52.3	14.8
Chapter 17. Sugar and sugar products	54.1	0.8	54.5	0.8	0.4	0.7
Wood, paper, earthenware and glass products, including:	265.0	4.1	308.1	4.3	43.1	16.3
Chapter 48. Paper and cardboard; products of cellulose, paper and cardboard	145.5	2.2	166.3	2.3	20.8	14.3
IMPORTS, TOTAL (CIF)	6507.1	100.0	7240.1	100.0	733.0	11.3
(-) Freight expenditure	506.9		565.7			
IMPORTS, TOTAL (FOB)	6000.2		6674.4		674.2	11.2

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

Note: Final data for 2000; for 2001 – preliminary data as of 20 March 2002.

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	
	2000		2001		million USD	%
	million USD	share, %	million USD	share, %		
Consumer goods	1438.7	29.8	1713.8	33.6	275.1	19.1
Food	156.9	3.3	196.1	3.8	39.3	25.0
Cigarettes	32.3	0.7	18.6	0.4	-13.8	-42.6
Drink	76.0	1.6	69.1	1.4	-6.9	-9.1
Clothing and footwear	789.8	16.4	1019.4	20.0	229.6	29.1
Medical goods and cosmetics	164.4	3.4	160.3	3.1	-4.1	-2.5
Housing and home furniture	104.7	2.2	131.9	2.6	27.2	26.0
Other	114.7	2.4	118.5	2.3	3.9	3.4
Raw material feedstocks	2134.4	44.2	2079.5	40.7	-54.8	-2.6
Cast-iron, iron and steel	387.7	8.0	352.4	6.9	-35.4	-9.1
Nonferrous metals	493.3	10.2	423.8	8.3	-69.5	-14.1
Chemical products	198.9	4.1	201.4	3.9	2.6	1.3
Plastics, rubber	126.0	2.6	129.1	2.5	3.1	2.4
Fertilizers	94.7	2.0	86.5	1.7	-8.1	-8.6
Textile materials	144.1	3.0	183.6	3.6	39.5	27.4
Food feedstocks	132.8	2.8	152.2	3.0	19.4	14.6
Wood and paper, cardboard	135.1	2.8	127.3	2.5	-7.8	-5.8
Cement	33.3	0.7	29.9	0.6	-3.4	-10.1
Tobacco	45.2	0.9	39.7	0.8	-5.5	-12.1
Other	343.2	7.1	353.5	6.9	10.3	3.0
Investment goods	552.3	11.4	624.4	12.2	72.1	13.1
Machines, tools and appliances	215.4	4.5	234.9	4.6	19.5	9.0
Electrical machines	62.0	1.3	72.9	1.4	10.9	17.6
Transport facilities	22.7	0.5	32.1	0.6	9.4	41.4
Spare parts and equipment	109.6	2.3	139.1	2.7	29.5	26.9
Other	142.7	3.0	145.4	2.8	2.8	1.9
Nonenergy commodities, total	4125.4	85.5	4417.8	86.5	292.4	7.1
Energy commodities	699.2	14.5	688.8	13.5	-10.4	-1.5
Petroleum products	536.9	11.1	453.9	8.9	-83.1	-15.5
Other	162.3	3.4	234.9	4.6	72.6	44.8
EXPORTS, TOTAL (FOB)	4824.6	100.0	5106.5	100.0	281.9	5.8

Note: Final data for 2000; for 2001 – preliminary data as of 20 March 2002.

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	
	2000		2001		million USD	%
	million USD	share, %	million USD	share, %		
Consumer goods	994.5	15.3	1281.6	17.7	287.1	28.9
Food, drink and cigarettes	174.9	2.7	197.8	2.7	22.9	13.1
Housing and home furniture	148.5	2.3	187.7	2.6	39.2	26.4
Medical goods and cosmetics	190.2	2.9	257.4	3.6	67.2	35.3
Clothing and footwear	190.8	2.9	267.5	3.7	76.7	40.2
Automobiles	145.3	2.2	190.9	2.6	45.6	31.4
Other	144.7	2.2	180.2	2.5	35.5	24.5
Raw material feedstocks	2145.6	33.0	2529.3	34.9	383.7	17.9
Ores	216.0	3.3	247.7	3.4	31.6	14.6
Cast-iron, iron and steel	131.7	2.0	147.3	2.0	15.5	11.8
Nonferrous metals	63.4	1.0	80.9	1.1	17.5	27.6
Textile materials	588.7	9.0	722.7	10.0	134.0	22.8
Wood and paper, cardboard	155.6	2.4	169.1	2.3	13.5	8.7
Chemical products	170.9	2.6	183.2	2.5	12.3	7.2
Plastics, rubber	242.8	3.7	285.0	3.9	42.2	17.4
Food feedstocks	122.2	1.9	141.2	2.0	19.0	15.6
Leather and furs	55.1	0.8	78.4	1.1	23.3	42.4
Tobacco	27.3	0.4	25.2	0.3	-2.1	-7.9
Other	371.9	5.7	448.6	6.2	76.7	20.6
Investment goods	1591.6	24.5	1803.7	24.9	212.1	13.3
Machines, tools and appliances	610.3	9.4	614.8	8.5	4.5	0.7
Electrical machines	189.5	2.9	317.3	4.4	127.8	67.4
Transport facilities	323.6	5.0	404.9	5.6	81.4	25.1
Spare parts and equipment	206.5	3.2	243.9	3.4	37.5	18.1
Other	261.7	4.0	222.8	3.1	-38.9	-14.9
Nonenergy commodities, total	4731.6	72.7	5614.5	77.5	882.9	18.7
Energy commodities	1775.5	27.3	1625.6	22.5	-149.9	-8.4
Fuels	1626.3	25.0	1440.5	19.9	-185.8	-11.4
Crude oil and natural gas	1440.7	22.1	1244.4	17.2	-196.2	-13.6
Coal	130.9	2.0	150.1	2.1	19.2	14.7
Other fuels	54.8	0.8	46.0	0.6	-8.8	-16.0
Other	149.2	2.3	185.1	2.6	35.9	24.0
Oils	149.2	2.3	185.1	2.6	35.9	24.0
IMPORTS, TOTAL (CIF)	6507.1	100.0	7240.1	100.0	733.0	11.3

Note: Final data for 2000; for 2001 – preliminary data as of 20 March 2002.

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	
	2000		2001		million USD	%
	million USD	share, %	million USD	share, %		
European Union, incl.:	2473.8	51.3	2796.4	54.8	322.6	13.0
Italy	687.7	14.3	766.0	15.0	78.3	11.4
Germany	437.0	9.1	487.4	9.5	50.3	11.5
Greece	377.0	7.8	448.2	8.8	71.3	18.9
France	231.2	4.8	286.3	5.6	55.1	23.8
Belgium	301.7	6.3	249.5	4.9	-52.3	-17.3
Spain	101.3	2.1	167.5	3.3	66.2	65.3
United Kingdom	114.4	2.4	134.8	2.6	20.4	17.8
Austria	68.3	1.4	85.1	1.7	16.8	24.6
Netherlands	86.1	1.8	79.4	1.6	-6.7	-7.8
EFTA, incl.:	54.5	1.1	64.8	1.3	10.3	18.9
Switzerland	47.2	1.0	58.0	1.1	10.9	23.0
Other OECD countries, incl.: ¹	734.9	15.2	732.5	14.3	-2.4	-0.3
Turkey	492.8	10.2	412.5	8.1	-80.3	-16.3
USA	189.5	3.9	284.3	5.6	94.8	50.0
Japan	17.6	0.4	12.9	0.3	-4.8	-27.0
Balkan countries, incl.: ²	523.0	10.8	368.2	7.2	-154.8	-29.6
Yugoslavia	374.7	7.8	212.7	4.2	-162.1	-43.3
Macedonia	110.3	2.3	112.4	2.2	2.1	1.9
CEFTA, incl.:	192.8	4.0	247.1	4.8	54.4	28.2
Romania	86.7	1.8	129.0	2.5	42.3	48.8
Poland	27.6	0.6	34.7	0.7	7.1	25.7
Hungary	28.7	0.6	33.3	0.7	4.6	15.9
Czech Republic	16.8	0.3	21.9	0.4	5.1	30.1
Slovenia	27.3	0.6	19.4	0.4	-7.9	-29.0
Slovakia	5.6	0.1	8.9	0.2	3.3	58.5
CIS and Baltic countries, incl.:	293.3	6.1	298.6	5.8	5.3	1.8
Russia	118.7	2.5	119.3	2.3	0.5	0.4
Ukraine	59.6	1.2	61.8	1.2	2.2	3.7
Georgia	58.1	1.2	53.6	1.0	-4.6	-7.8
Other countries, incl.:	552.4	11.4	599.0	11.7	46.6	8.4
Southeast Asian countries ³	20.4	0.4	13.5	0.3	-6.9	-33.8
EXPORTS, TOTAL (FOB)	4824.6	100.0	5106.5	100.0	281.9	5.8

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 2000; for 2001 – preliminary data as of 20 March 2002.

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 MAJOR TRADING PARTNER AND REGION

Countries	January – December				Change on same period of previous year	
	2000		2001		million USD	%
	million USD	share, %	million USD	share, %		
European Union, incl.:	2865.2	44.0	3577.6	49.4	712.4	24.9
Germany	902.6	13.9	1108.1	15.3	205.4	22.8
Italy	549.6	8.4	695.4	9.6	145.8	26.5
France	316.4	4.9	437.7	6.0	121.4	38.4
Greece	317.9	4.9	411.2	5.7	93.3	29.4
United Kingdom	138.6	2.1	178.8	2.5	40.2	29.0
Austria	145.2	2.2	144.4	2.0	-0.8	-0.5
Netherlands	109.4	1.7	132.3	1.8	22.9	21.0
Spain	98.1	1.5	120.2	1.7	22.1	22.5
Belgium	85.7	1.3	106.9	1.5	21.2	24.7
EFTA	89.2	1.4	90.3	1.2	1.1	1.2
Switzerland	82.4	1.3	84.5	1.2	2.1	2.5
Other OECD countries, incl.: ¹	489.0	7.5	569.6	7.9	80.6	16.5
Turkey	214.4	3.3	273.0	3.8	58.6	27.3
USA	190.7	2.9	190.7	2.6	0.0	0.0
Japan	62.6	1.0	76.7	1.1	14.1	22.5
Balkan countries, incl.: ²	53.1	0.8	42.9	0.6	-10.1	-19.1
Yugoslavia	23.0	0.4	20.5	0.3	-2.5	-10.8
Macedonia	26.0	0.4	19.5	0.3	-6.5	-24.9
CEFTA, incl.:	568.4	8.7	550.5	7.6	-17.9	-3.1
Romania	230.8	3.5	172.2	2.4	-58.6	-25.4
Czech Republic	118.2	1.8	116.2	1.6	-2.0	-1.7
Poland	89.5	1.4	106.7	1.5	17.3	19.3
Hungary	61.9	1.0	80.5	1.1	18.6	30.1
Slovakia	40.8	0.6	37.8	0.5	-2.9	-7.1
Slovenia	27.2	0.4	36.9	0.5	9.7	35.7
CIS and Baltic countries, incl.:	1807.3	27.8	1716.8	23.7	-90.5	-5.0
Russia	1582.4	24.3	1441.4	19.9	-141.0	-8.9
Ukraine	182.4	2.8	234.6	3.2	52.1	28.6
Other countries, incl.:	634.9	9.8	692.4	9.6	57.5	9.1
Southeast Asian countries ³	75.8	1.2	161.3	2.2	85.5	112.8
IMPORTS, TOTAL (CIF)	6507.1	100.0	7240.1	100.0	733.0	11.3

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 2000; for 2001 – preliminary data as of 20 March 2002.

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.

BALANCE OF PAYMENTS*

	(million USD)																	
	2000 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	-701.6	-138.7	-41.0	-51.7	-231.5	-82.1	-94.0	-10.3	-186.4	-80.7	79.5	-50.4	-51.5	-117.5	-157.9	-142.7	-418.2	-887.5
Goods: credit (FOB)	4824.6	397.1	429.0	455.5	1281.7	412.4	391.6	428.6	1232.6	453.9	447.8	424.3	1325.9	454.0	448.9	363.5	1266.4	5106.5
Goods: debit (FOB)	-6000.2	-477.0	-474.6	-554.2	-1505.8	-531.1	-555.7	-598.6	-1685.3	-658.0	-549.7	-506.2	-1713.9	-631.4	-610.8	-527.2	-1769.4	-6674.4
<i>Trade balance²</i>	<i>-1175.5</i>	<i>-79.8</i>	<i>-45.6</i>	<i>-98.7</i>	<i>-224.1</i>	<i>-118.7</i>	<i>-164.0</i>	<i>-170.1</i>	<i>-452.7</i>	<i>-204.1</i>	<i>-101.9</i>	<i>-81.9</i>	<i>-388.0</i>	<i>-177.4</i>	<i>-161.9</i>	<i>-163.7</i>	<i>-503.0</i>	<i>-1567.8</i>
Services: credit	2175.2	153.7	136.6	144.2	434.5	130.9	180.1	281.7	592.8	380.7	356.2	241.9	978.8	156.5	138.4	124.7	419.6	2425.7
Transportation ³	631.9	44.8	45.8	48.4	138.9	42.9	53.8	72.7	169.3	92.6	90.8	67.9	251.4	49.3	46.5	42.1	137.8	697.4
Travel ⁴	1074.2	49.5	51.1	55.7	156.3	50.2	94.7	158.8	303.8	227.9	221.7	140.2	589.8	58.3	48.0	44.8	151.1	1201.0
Other services	469.1	59.5	39.7	40.0	139.2	37.8	31.6	50.2	119.7	60.2	43.6	33.8	137.6	49.0	43.9	37.9	130.8	527.3
Services: debit	-1669.6	-128.0	-138.5	-132.9	-399.3	-134.7	-142.0	-173.5	-450.2	-204.1	-191.9	-183.1	-579.1	-159.2	-148.5	-144.2	-451.8	-1880.5
Transportation ³	-732.9	-54.8	-52.2	-61.6	-168.5	-60.9	-65.9	-74.0	-200.8	-83.6	-75.6	-72.2	-231.4	-74.5	-69.2	-60.3	-203.9	-804.6
Travel ⁴	-538.0	-35.6	-29.5	-34.8	-99.9	-38.1	-44.3	-54.9	-137.2	-65.1	-68.6	-69.9	-203.5	-49.5	-41.2	-37.4	-128.1	-568.8
Other services	-398.8	-37.6	-56.9	-36.5	-130.9	-35.7	-31.9	-44.6	-112.2	-55.4	-47.7	-41.0	-144.2	-35.2	-38.0	-46.5	-119.8	-507.1
<i>Services, net</i>	<i>505.5</i>	<i>25.7</i>	<i>-1.9</i>	<i>11.3</i>	<i>35.1</i>	<i>-3.8</i>	<i>38.1</i>	<i>108.2</i>	<i>142.6</i>	<i>176.7</i>	<i>164.2</i>	<i>58.8</i>	<i>399.7</i>	<i>-2.6</i>	<i>-10.1</i>	<i>-19.5</i>	<i>-32.2</i>	<i>545.3</i>
<i>Goods and nonfactor services, net</i>	<i>-670.0</i>	<i>-54.1</i>	<i>-47.5</i>	<i>-87.4</i>	<i>-188.9</i>	<i>-122.4</i>	<i>-125.9</i>	<i>-61.8</i>	<i>-310.1</i>	<i>-27.5</i>	<i>62.3</i>	<i>-23.1</i>	<i>11.7</i>	<i>-180.0</i>	<i>-172.0</i>	<i>-183.2</i>	<i>-535.2</i>	<i>-1022.6</i>
Income: credit	323.0	56.9	35.0	30.5	122.4	21.2	21.3	24.4	66.8	38.5	26.7	20.1	85.3	22.4	21.3	33.8	77.5	352.0
Employee compensation	58.2	5.7	5.6	6.6	17.9	5.0	6.3	5.6	16.9	5.4	5.9	4.6	15.9	6.8	6.3	6.7	19.8	70.5
Investment income	264.8	51.2	29.4	23.9	104.5	16.1	15.0	18.8	49.9	33.1	20.8	15.5	69.4	15.7	15.0	27.0	57.7	281.5
Direct investments	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.6
Portfolio investments	48.9	11.4	3.5	6.5	21.4	3.7	3.5	7.1	14.3	2.7	3.6	3.5	9.9	3.6	3.0	12.6	19.1	64.7
Other investments	215.9	39.8	25.8	17.5	83.1	12.4	11.3	11.5	35.2	30.4	17.2	12.0	59.5	12.1	12.0	14.2	38.3	216.2
Income: debit	-644.2	-178.8	-43.5	-36.0	-258.2	-14.5	-34.8	-36.1	-85.5	-144.2	-36.6	-73.1	-254.0	-11.2	-35.6	-58.6	-105.3	-703.1
Employee compensation	-26.0	-4.0	-4.3	-1.9	-10.2	-2.6	-1.7	-1.1	-5.4	-1.4	-1.3	-2.0	-4.7	-2.3	-1.1	-3.3	-6.7	-27.0
Investment income	-618.3	-174.8	-39.2	-34.0	-248.1	-11.8	-33.1	-35.1	-80.0	-142.9	-35.4	-71.1	-249.4	-8.9	-34.5	-55.3	-98.6	-676.1
Direct investments	-107.1	-3.7	-4.7	-6.3	-14.7	-4.9	-15.4	-6.8	-27.1	-2.6	-5.8	-54.7	-63.1	-3.7	-20.1	-28.1	-51.8	-156.8
Portfolio investments	-293.9	-161.5	-0.4	-1.6	-163.5	-0.3	-0.3	-2.8	-3.4	-134.0	-0.3	-0.2	-134.5	-0.2	-0.1	-0.1	-0.4	-301.7
Other investments	-217.3	-9.7	-34.1	-26.1	-69.9	-6.6	-17.4	-25.5	-49.5	-6.2	-29.3	-16.3	-51.7	-5.1	-14.2	-27.1	-46.4	-217.5
<i>Income, net</i>	<i>-321.2</i>	<i>-121.9</i>	<i>-8.5</i>	<i>-5.5</i>	<i>-135.9</i>	<i>6.7</i>	<i>-13.5</i>	<i>-11.7</i>	<i>-18.6</i>	<i>-105.7</i>	<i>-9.9</i>	<i>-53.1</i>	<i>-168.7</i>	<i>11.3</i>	<i>-14.3</i>	<i>-24.8</i>	<i>-27.8</i>	<i>-351.0</i>
<i>Goods, nonfactor services and income, net</i>	<i>-991.2</i>	<i>-176.0</i>	<i>-56.0</i>	<i>-92.8</i>	<i>-324.8</i>	<i>-115.7</i>	<i>-139.4</i>	<i>-73.6</i>	<i>-328.7</i>	<i>-133.2</i>	<i>52.4</i>	<i>-76.2</i>	<i>-157.0</i>	<i>-168.8</i>	<i>-186.2</i>	<i>-208.0</i>	<i>-563.0</i>	<i>-1373.6</i>

(continued)

(continued)

(million USD)

	2000 Total	2001												Total				
		I	II	III	I quarter	IV	V	VI	II quarter	VII	VIII	IX	III quarter		X	XI	XII	IV quarter
<i>Current transfers, net</i> ⁵	289.7	37.3	15.0	41.1	93.4	33.7	45.4	63.2	142.3	52.6	27.1	25.8	105.5	51.2	28.3	65.4	144.9	486.1
Current transfers, credit	354.0	45.0	24.1	47.9	117.0	43.0	58.0	75.0	176.1	59.2	35.1	32.5	126.8	60.8	34.7	70.9	166.4	586.2
Current transfers, debit	-64.3	-7.8	-9.1	-6.7	-23.6	-9.4	-12.6	-11.8	-33.8	-6.6	-8.0	-6.7	-21.3	-9.6	-6.4	-5.6	-21.5	-100.2
B. Capital account ^{1,6}	24.9	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	-0.1	-0.1
Capital transfers, net	24.9	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	-0.1	-0.1
<i>Groups A and B, total</i>	-676.6	-138.7	-41.0	-51.7	-231.5	-82.1	-94.0	-10.4	-186.5	-80.7	79.5	-50.4	-51.5	-117.6	-158.0	-142.7	-418.2	-887.7
C. Financial account ^{1,6}	883.2	34.6	42.4	-71.4	5.6	178.6	10.6	23.6	212.9	39.8	32.6	86.3	158.8	108.4	520.4	44.6	673.4	1050.6
Direct investment abroad ⁷	1.8	0.0	-0.4	0.1	-0.3	-0.1	-1.2	-1.6	-3.0	-0.1	-2.1	-3.6	-5.9	-0.4	-0.1	-0.1	-0.6	-9.7
Capital participation	4.0	0.0	-0.4	0.1	-0.2	-0.1	-1.2	-1.6	-2.9	-0.1	-0.1	-2.4	-2.7	-0.3	0.0	0.0	-0.4	-6.2
Other capital	-2.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-2.0	-1.2	-3.2	-0.1	-0.1	0.0	-0.2	-3.4
Reinvested profit	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	0.0
Direct investment in Bulgaria ⁸	1001.5	175.1	53.4	51.0	279.5	37.2	-0.6	63.7	100.3	63.8	22.9	27.7	114.4	-0.4	83.8	110.9	194.4	688.5
Capital participation	754.8	163.8	15.5	23.9	203.3	30.4	11.7	18.5	60.7	50.5	8.1	11.0	69.6	34.5	52.2	56.2	143.0	476.5
Other capital ⁹	188.5	8.6	35.3	24.5	68.3	4.8	-14.4	43.1	33.4	12.1	13.6	15.6	41.3	-36.6	29.9	53.0	46.2	189.3
Reinvested profit	58.3	2.6	2.6	2.6	7.9	2.1	2.1	2.1	6.2	1.2	1.2	1.2	3.5	1.7	1.7	1.7	5.2	22.7
Portfolio investment – assets	-63.9	-50.5	-50.6	-3.0	-104.1	-13.1	17.7	42.3	46.9	-8.9	-60.7	-20.3	-89.8	30.4	76.4	17.3	124.2	-22.9
Shares	-8.2	1.1	-7.5	1.3	-5.1	-1.4	0.7	1.1	0.4	-0.2	-31.1	0.4	-30.9	0.1	0.4	1.6	2.1	-33.5
Bonds	-55.8	-51.7	-43.1	-4.3	-99.0	-11.7	17.0	41.2	46.5	-8.7	-29.6	-20.6	-58.9	30.3	76.0	15.7	122.1	10.7
Portfolio investment – liabilities	-114.7	-9.0	-2.0	-10.6	-21.6	-0.5	-4.9	4.0	-1.4	-27.1	3.2	-16.2	-40.0	-4.8	175.1	-2.2	168.1	105.1
Shares	4.9	0.0	-1.2	1.3	0.1	-0.1	1.0	0.0	0.9	-6.0	1.0	-4.8	-9.8	0.4	0.0	-0.2	0.1	-8.6
Bonds	-119.6	-9.0	-0.8	-11.9	-21.8	-0.4	-6.0	4.1	-2.3	-21.1	2.3	-11.4	-30.2	-5.1	175.1	-2.0	168.0	113.7
Other investment – assets	-136.7	-72.5	63.5	-130.2	-139.2	157.7	-47.8	-103.7	6.1	23.2	87.8	86.8	197.8	111.2	134.1	-16.0	229.3	294.1
Trade credits, net	120.8	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
Loans	-7.4	0.6	2.2	1.9	4.7	-0.3	0.1	-0.2	-0.3	0.7	0.4	-0.1	1.0	0.0	9.0	1.8	10.8	16.2
CB	-7.5	0.0	0.0	-0.1	-0.1	-0.3	-0.1	-0.2	-0.6	0.1	0.7	0.0	0.8	0.0	0.0	0.0	0.0	0.1
Other sectors	0.0	0.5	2.2	2.1	4.9	0.0	0.2	0.0	0.2	0.6	-0.3	-0.1	0.3	0.0	9.0	1.8	10.8	16.2
Currency and deposits	-435.5	-82.9	25.7	-139.6	-196.8	134.0	-71.7	-132.5	-70.2	-2.9	31.1	61.7	89.9	77.2	89.4	-151.2	15.4	-161.7
CB	-486.7	-82.9	25.7	-147.6	-204.8	169.0	-71.7	-132.5	-35.2	-2.8	31.4	61.6	90.1	80.2	88.5	-147.5	21.2	-128.7
Other sectors ¹⁰	51.1	0.0	0.0	8.0	8.0	-35.0	0.0	0.0	-35.0	-0.1	-0.3	0.2	-0.2	-3.0	0.9	-3.6	-5.7	-32.9
Other currency and deposits ¹¹	195.3	28.7	17.0	15.8	61.6	21.5	23.8	27.0	72.3	39.2	57.0	25.3	121.5	32.8	34.1	141.3	208.2	463.5
Other assets	-9.9	-18.9	18.6	-8.4	-8.7	2.5	0.0	2.0	4.5	-13.8	-0.7	-0.2	-14.7	1.3	1.6	-8.0	-5.1	-24.0

(continued)

(million USD)

	2001												Total					
	2000 Total	I	II	III	I quarter	IV	V	VI	II quarter	VII	VIII	IX		III quarter	X	XI	XII	IV quarter
Other investment – liabilities	195.3	-8.5	-21.6	21.3	-8.7	-2.6	47.5	19.0	63.9	-11.1	-18.6	11.8	-17.8	-27.8	51.2	-65.4	-42.0	-4.6
Trade credits, net ²	29.4	-0.2	6.9	-6.9	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.2
Loans	58.4	-0.2	-28.9	-75.6	-104.7	68.7	27.9	18.8	115.4	-1.4	-17.6	-65.1	-84.1	-18.3	26.2	-122.4	-114.4	-187.9
General government	-216.2	0.0	-30.7	-86.8	-117.5	-2.6	-12.7	-2.6	-17.8	0.0	-30.3	-65.7	-96.0	-10.8	0.0	-65.8	-76.6	-307.9
CB	37.6	-1.5	3.7	-0.7	1.5	2.5	0.6	1.7	4.7	-0.8	1.9	0.6	1.7	2.0	-0.3	-1.0	0.7	8.6
Other sectors ⁹	237.1	1.3	-1.9	11.8	11.2	68.7	40.0	19.7	128.5	-0.5	10.7	0.1	10.2	-9.5	26.6	-55.6	-38.5	111.4
Nonresidents' deposits	73.1	-4.7	1.2	91.6	88.0	-86.1	-4.5	4.3	-86.3	-14.4	-15.5	30.6	0.7	15.7	5.9	20.7	42.3	44.7
Other liabilities	34.4	-3.3	-0.8	12.3	8.1	14.9	24.1	-4.1	34.9	4.7	14.6	46.3	65.6	-25.2	19.1	36.3	30.2	138.8
<i>Groups A, B and C, total</i>	<i>206.6</i>	<i>-104.1</i>	<i>1.4</i>	<i>-123.1</i>	<i>-225.9</i>	<i>96.5</i>	<i>-83.4</i>	<i>13.2</i>	<i>26.4</i>	<i>-40.8</i>	<i>112.1</i>	<i>35.9</i>	<i>107.3</i>	<i>-9.2</i>	<i>362.4</i>	<i>-98.1</i>	<i>255.1</i>	<i>162.9</i>
D. Errors and omissions	-69.3	-36.0	-25.4	50.1	-11.3	-14.6	104.0	-37.0	52.4	0.4	-126.1	-29.8	-155.5	164.0	-11.2	196.3	349.1	234.6
OVERALL BALANCE (Groups A, B, C and D)	137.3	-140.2	-24.0	-73.0	-237.2	81.9	20.6	-23.8	78.8	-40.5	-14.0	6.2	-48.3	154.9	351.2	98.1	604.2	397.6
E. Reserves and other financing	-137.3	140.2	24.0	73.0	237.2	-81.9	-20.6	23.8	-78.8	40.5	14.0	-6.2	48.3	-154.9	-351.2	-98.1	-604.2	-397.6
BNB forex reserves ¹³	-409.2	183.7	34.1	16.0	233.7	-27.3	-10.8	-31.9	-70.0	82.3	43.7	3.8	129.8	-163.1	-321.7	-108.3	-593.1	-299.6
Use of Fund credits, net	135.9	-43.5	-10.1	57.0	3.4	-54.6	-9.8	55.7	-8.7	-41.8	-29.7	-10.0	-81.5	-42.3	-29.6	-9.8	-81.7	-168.5
Exceptional financing, net ¹⁴	136.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	50.5	0.0	20.0	70.5	70.5
* Analytical reporting of the balance of payments in accordance with IMF 5th edition of the Balance of Payments Manual.																		
¹ Preliminary data for 2001.																		
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 2001; for 2001 – preliminary data as of 20 March 2002.																		
³ BNB estimates.																		
⁴ Data of the Ministry of Internal Affairs on the number and composition of tourists by purpose 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 2000 and 2001 will be revised by the results of surveys to be held in 2001 and 2002.																		
⁸ Data provided by the companies with foreign interest, Privatization Agency, specialized ministries, NSI, Central Depository and CB. The <i>Capital participation</i> 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 the January – June period of 2001. For the 2001 July – December period BNB data is used and it will be revised.																		
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 Country's foreign liabilities on trade credits (received advances and obligations to suppliers on which information is currently processed at the BNB) will be included in this item.																		
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:	238.6	186.8	48.6	145.2	380.5	-86.2	157.3	-31.0	40.1	-5.4	-86.4	11.3	-80.5	-109.7	-273.8	-75.4	-458.9	-118.9
Source: BNB.																		

GROSS FOREIGN DEBT

(million USD)

By debtor	XII.1996	XII.1997	XII.1998	XII.1999	XII.2000	XII.2001
Gross foreign debt (A + B)¹	9601.6	9760.2	10274.3	10204.4	10364.3	9903.5
A. Public sector (I + II + III + IV)	9396.8	9526.8	9946.4	9402.9	9246.7	8603.6
<i>I. Government (1+2)²</i>	8796.9	8705.1	8964.4	8369.6	8234.3	7734.0
1. Loans	3665.7	3647.0	3952.2	3392.2	3258.2	2754.7
2. Bonds	5131.2	5058.2	5012.1	4977.4	4976.1	4979.3
<i>II. Government guaranteed debt^{2,3}</i>	258.5	384.3	504.9	581.6	632.4	725.0
1. Loans	258.5	384.3	504.9	581.6	632.4	725.0
<i>III. BNB²</i>	0.0	31.1	120.0	116.9	103.6	65.8
<i>IV. Other debtors</i>	341.5	406.3	357.1	334.8	276.4	78.8
Municipalities	0.0	0.0	0.0	27.1	26.2	20.4
1. Bonds	0.0	0.0	0.0	27.1	26.2	20.4
Commercial banks (1+2) ⁴	326.1	264.9	309.6	200.7	107.3	8.6
1. Other loans	326.1	264.9	281.4	169.6	100.2	2.8
2. Nonresidents' deposits	0.0	0.0	28.2	31.1	7.1	5.8
Companies (1+2) ⁵	0.0	0.0	0.0	28.3	51.4	47.6
1. Intracompany loans	0.0	0.0	0.0	0.1	0.2	0.1
2. Other loans	0.0	0.0	0.0	28.1	51.2	47.5
Other ⁶	15.4	141.4	47.5	78.7	91.5	2.1
B. Private sector (I + II)	204.8	233.4	327.9	801.4	1117.6	1299.9
<i>I. Commercial banks (1+2+3)⁴</i>	97.2	90.3	88.0	147.7	269.2	306.0
1. Intracompany loans	5.9	1.4	13.7	45.7	59.4	60.0
2. Other loans	8.5	3.6	3.2	3.4	42.5	47.2
3. Nonresidents' deposits	82.8	85.3	71.1	98.6	167.3	198.8
<i>II. Companies (1+2)⁵</i>	107.6	143.0	240.0	653.7	848.4	993.9
1. Intracompany loans	0.0	0.0	120.4	331.9	369.0	528.0
2. Other loans	107.6	143.0	119.6	321.8	479.5	465.9

¹ The USD equivalent is calculated at end of month exchange rates of respective currencies. Bulgaria's obligations on trade credits on which information is currently processed at the BNB. Preliminary data for 2001.

² Preliminary data for 2001 of the MF as of 25 February 2002 – *Debt Registration, Service and Management System* of the MF and the BNB.

³ In accordance with the international statistical methodology of the foreign debt, the BNB has included government guaranteed loans of budget and nonbudget enterprises in government guaranteed debt amount.

⁴ Commercial bank data.

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

⁶ Including government securities (denominated in levs and foreign currency) held by nonresidents, less Brady bonds and eurobonds held by residents.

(million USD)

By creditor	XII.1996	XII.1997	XII.1998	XII.1999	XII.2000	XII.2001
GROSS FOREIGN DEBT (A + B)¹	9601.6	9760.2	10274.3	10204.4	10364.3	9903.5
A. Long-term debt	8570.1	8557.4	9275.6	9609.2	9717.9	9349.8
<i>I. Official creditors</i>	3188.4	3271.6	4043.9	4044.8	3941.2	3421.4
1. International financial institutions	1983.8	2241.5	2774.4	2891.3	3011.6	2750.9
IMF	584.6	936.3	1114.5	1248.6	1322.0	1109.7
World Bank	455.8	540.4	711.6	896.6	917.8	950.0
European Union	495.5	286.4	421.8	401.8	428.0	343.7
Other international financial institutions	448.0	478.5	526.4	344.3	343.8	347.6
2. Bilateral credits	1204.5	1030.1	1269.6	1153.5	929.6	670.5
Paris Club and nonrescheduled debt	1034.5	877.9	1044.6	814.8	600.4	382.0
Other bilateral credits	170.0	152.2	225.0	338.7	329.2	288.4
<i>II. Private creditors</i>	5381.7	5285.8	5231.7	5564.4	5776.7	5928.4
1. Brady bonds	4984.0	4977.4	4977.4	4977.4	4976.1	4759.0
2. Eurobonds	0.0	0.0	0.0	0.0	0.0	220.3
3. Other bonds	147.2	80.8	34.7	27.1	26.2	20.4
4. Other government securities ²	15.4	141.4	47.5	78.7	91.5	2.1
5. Commercial banks	155.9	1.4	13.7	46.3	93.3	99.3
6. Other sectors	79.3	84.8	158.4	434.9	589.7	827.3
B. Short-term debt¹	1031.5	1202.8	998.7	595.2	646.4	553.7
<i>I. Official creditors</i>	735.8	767.7	500.0	0.0	0.0	0.0
<i>II. Private creditors</i>	295.7	435.1	498.7	595.2	646.4	553.7
1. Commercial banks	267.4	353.7	383.9	302.1	283.3	215.4
2. Other sectors	28.3	81.3	114.8	293.1	363.1	338.3
3. Government securities	0.0	0.0	0.0	0.0	0.0	0.0

¹ Excluding Bulgaria's foreign obligations on trade credits on which information is currently processed at the BNB. Preliminary data for 2001.

² Including government securities (denominated in levs and foreign currency) held by nonresidents, less Brady bonds and eurobonds held by residents.

Source: BNB.

GROSS FOREIGN DEBT SERVICE, 2001

(million USD)

By debtor ¹	I quarter			II quarter			III quarter			IV quarter			2001		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
Total (A + B)²	251.7	233.4	485.1	230.1	52.4	282.5	283.7	189.5	473.2	228.8	51.6	280.3	994.3	526.9	1521.2
A. Public sector (I + II + III + IV)	211.5	226.4	437.9	106.9	46.2	153.1	216.8	182.4	399.2	189.6	38.5	228.1	724.8	493.4	1218.3
<i>I. Government (1+2)³</i>	177.2	209.4	386.5	88.3	35.2	123.6	180.1	168.3	348.5	144.7	30.2	174.9	590.3	443.2	1033.5
1. Loans	177.2	48.7	225.9	88.3	35.2	123.6	164.0	34.9	198.9	144.7	30.2	174.9	574.2	149.0	723.2
2. Bonds	0.0	160.7	160.7	0.0	0.0	0.0	16.1	133.5	149.6	0.0	0.0	0.0	16.1	294.2	310.3
<i>II. Government guaranteed debt^{3,4}</i>	21.7	11.8	33.5	7.5	5.9	13.4	20.4	10.8	31.2	8.1	6.0	14.0	57.6	34.4	92.0
<i>III. BNB³</i>	3.8	1.4	5.2	3.7	1.1	4.7	13.5	1.0	14.5	13.6	0.8	14.3	34.5	4.2	38.8
<i>IV. Other debtors</i>	8.9	3.8	12.7	7.5	4.0	11.5	2.7	2.3	5.0	23.3	1.6	24.8	42.4	11.6	54.0
Municipalities	0.0	0.0	0.0	0.0	2.0	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.0	2.0
1. Bonds ⁵	0.0	0.0	0.0	0.0	2.0	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.0	2.0
Commercial banks (1+2) ⁶	1.1	0.0	1.1	2.0	0.0	2.0	0.9	0.1	0.9	17.1	0.0	17.1	21.0	0.1	21.1
1. Other loans	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.1	0.5	0.0	0.0	0.0	0.5	0.1	0.6
2. Nonresidents' deposits	1.1	0.0	1.1	2.0	0.0	2.0	0.4	0.0	0.4	17.1	0.0	17.1	20.6	0.0	20.6
Companies (1+2) ⁷	2.5	0.4	2.9	5.5	2.0	7.5	1.7	0.3	2.0	6.2	1.5	7.7	15.8	4.2	20.0
1. Intracompany 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	2.5	0.4	2.9	5.5	2.0	7.5	1.7	0.3	2.0	6.2	1.5	7.7	15.8	4.2	20.0
Other ⁸	5.3	3.4	8.7	0.0	0.0	0.0	0.2	1.9	2.1	0.0	0.0	0.0	5.5	5.3	10.8
B. Private sector (I + II)	40.2	7.0	47.2	123.2	6.2	129.4	67.0	7.1	74.1	39.2	13.1	52.3	269.5	33.4	302.9
<i>I. Commercial banks (1+2+3)⁶</i>	9.6	1.1	10.7	95.5	1.7	97.3	38.5	2.3	40.8	6.9	3.3	10.1	150.5	8.4	158.9
1. Intracompany loans	0.6	1.0	1.6	6.4	0.8	7.2	7.3	1.7	9.1	1.2	2.0	3.2	15.5	5.5	21.0
2. Other loans	0.3	0.1	0.4	0.3	1.0	1.2	0.3	0.6	0.8	4.3	1.3	5.6	5.1	2.9	8.0
3. Nonresidents' deposits	8.8	0.0	8.8	88.8	0.0	88.8	30.9	0.0	30.9	1.4	0.0	1.4	129.9	0.0	129.9
<i>II. Companies (1+2)⁷</i>	30.6	5.9	36.5	27.6	4.5	32.1	28.5	4.8	33.3	32.3	9.8	42.1	119.0	25.0	144.0
1. Intracompany loans	18.1	1.4	19.5	15.2	1.1	16.3	19.2	1.4	20.7	14.5	4.8	19.3	67.0	8.8	75.8
2. Other loans	12.5	4.5	17.0	12.5	3.3	15.8	9.3	3.4	12.6	17.8	5.1	22.8	52.0	16.2	68.2

¹ Including payments on credits extended in support of BOP.

² Actual payments. Preliminary data. The equivalent in US dollars is calculated at average monthly exchange rates of respective currencies.

³ Source: *Debt Registration, Service and Management System* of the MF and the BNB; preliminary data as of 25 February 2002.

⁴ In accordance with the international statistical methodology of the foreign debt, the BNB has included government guaranteed loans of budget and nonbudget enterprises in government guaranteed debt amount.

⁵ Including only principal and interest payments on municipal bonds held by nonresidents.

⁶ Commercial bank data.

⁷ Including only principal and interest payments on credits (excluding revolving) registered with the BNB and on which information is available.

⁸ Including principal and interest payments on ZUNK and government securities (denominated in levs and in foreign currency) bought by nonresidents.

(continued)

(million USD)

By creditor	I quarter			II quarter			III quarter			IV quarter			2001		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
GROSS FOREIGN DEBT (A + B)	251.7	233.4	485.1	230.1	52.4	282.5	283.7	189.5	473.2	228.8	51.6	280.3	994.3	526.9	1521.2
A. Long-term debt	230.3	232.0	462.3	126.5	52.1	178.6	231.8	188.7	420.4	198.9	48.3	247.3	787.5	521.1	1308.6
<i>I. Official creditors</i>	<i>204.0</i>	<i>63.1</i>	<i>267.0</i>	<i>98.2</i>	<i>43.3</i>	<i>141.5</i>	<i>198.5</i>	<i>48.5</i>	<i>246.9</i>	<i>166.9</i>	<i>36.7</i>	<i>203.6</i>	<i>667.5</i>	<i>191.6</i>	<i>859.1</i>
1. International financial institutions	95.3	40.7	136.0	83.0	38.7	121.7	111.6	35.7	147.3	156.1	32.4	188.5	446.0	147.5	593.5
IMF	63.5	17.8	81.3	74.2	13.7	87.9	81.5	13.9	95.4	81.7	11.3	93.0	300.9	56.7	357.6
World Bank	15.3	8.0	23.4	4.3	15.8	20.1	14.6	7.9	22.5	5.5	13.6	19.1	39.6	45.4	85.0
European Union	0.0	5.1	5.1	0.0	4.9	4.9	0.0	4.6	4.6	62.5	4.5	67.0	62.5	19.1	81.6
Other international financial institutions	16.5	9.7	26.2	4.5	4.3	8.8	15.5	9.3	24.8	6.4	3.0	9.5	43.0	26.3	69.3
2. Bilateral credits	108.6	22.4	131.0	15.2	4.6	19.8	86.9	12.8	99.7	10.8	4.3	15.1	221.5	44.1	265.6
Paris Club and nonrescheduled debt	90.7	20.9	111.5	2.6	1.3	3.9	83.0	11.7	94.7	10.8	1.4	12.2	187.0	35.2	222.2
Other bilateral credits	18.0	1.5	19.5	12.7	3.3	16.0	3.9	1.1	5.0	0.0	2.9	2.9	34.6	8.8	43.4
<i>II. Private creditors</i>	<i>26.4</i>	<i>168.9</i>	<i>195.3</i>	<i>28.3</i>	<i>8.8</i>	<i>37.1</i>	<i>33.3</i>	<i>140.2</i>	<i>173.5</i>	<i>32.1</i>	<i>11.6</i>	<i>43.7</i>	<i>120.0</i>	<i>329.5</i>	<i>449.6</i>
Brady bonds	0.0	160.7	160.7	0.0	0.0	0.0	16.1	133.5	149.6	0.0	0.0	0.0	16.1	294.2	310.3
Other bonds	5.3	3.4	8.6	0.0	2.0	2.0	0.2	1.9	2.1	0.0	0.0	0.0	5.5	7.3	12.8
Commercial banks	0.8	1.1	1.9	6.7	1.7	8.4	7.6	2.0	9.6	5.5	3.0	8.5	20.6	7.8	28.4
Other private creditors	20.3	3.8	24.0	21.6	5.1	26.7	9.4	2.8	12.3	26.6	8.6	35.2	77.9	20.3	98.1
B. Short-term debt	21.4	1.4	22.8	103.6	0.3	103.9	52.0	0.8	52.8	29.8	3.3	33.1	206.8	5.8	212.6
C. Payments on revolving credits extended to Bulgarian companies by nonresidents	177.8	2.0	179.8	199.0	2.2	201.2	211.4	1.0	212.4	280.4	1.9	282.3	868.6	7.1	875.7
Total (A + B + C)	429.5	235.4	664.9	429.1	54.6	483.7	495.2	190.5	685.6	509.1	53.5	562.6	1862.9	533.9	2396.8

Source: BNB.

GROSS FOREIGN DEBT PAYMENTS

(million USD)

	I quarter	II quarter	III quarter	IV quarter	2001 total
Principal	251.7	230.1	283.7	228.8	994.3
Interest	233.4	52.4	189.5	51.6	526.9
Total	485.1	282.5	473.2	280.3	1521.2

Source: BNB.

DEBT INDICATORS

(%)

	XII.1996	XII.1997	XII.1998	XII.1999	XII.2000	XII.2001
Gross foreign debt/GDP	97.0	94.2	80.7	78.8	82.3	73.1
Gross foreign debt/exports of goods and nonfactor services	145.3	139.2	171.8	176.1	148.1	131.6
Short-term debt/gross foreign debt	10.7	12.3	9.7	5.8	6.2	5.6
Short-term debt/GDP	10.4	11.6	7.8	4.6	5.1	4.1
Short-term debt/BNB forex reserves	130.1	48.6	32.7	18.5	18.7	15.5
Gross foreign debt service/GDP	10.9	8.7	9.4	8.1	9.3	11.2
Gross foreign debt service/exports of goods and nonfactor services	16.3	12.8	20.0	18.0	16.7	20.2

Note: GDP preliminary data for 2001.

Source: BNB.

NEW CREDITS AND DEPOSITS RECEIVED

(million USD)

By debtor ¹	I quarter	II quarter	III quarter	IV quarter	2001, total
Total (A + B) ²	314.1	212.7	124.3	500.7	1151.7
A. Public sector (I + II + III + IV)	106.7	132.0	21.6	368.2	628.4
<i>I. Government (1+2) ³</i>	<i>66.9</i>	<i>65.4</i>	<i>0.0</i>	<i>292.6</i>	<i>425.0</i>
1. Loans	66.9	65.4	0.0	70.5	202.9
2. Bonds	0.0	0.0	0.0	222.1	222.1
<i>II. Government guaranteed debt ^{3,7}</i>	<i>31.4</i>	<i>60.5</i>	<i>18.8</i>	<i>57.1</i>	<i>167.8</i>
1. Loans	31.4	60.5	18.8	57.1	167.8
<i>III. BNB ³</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
<i>IV. Other debtors</i>	<i>8.3</i>	<i>6.1</i>	<i>2.8</i>	<i>18.4</i>	<i>35.6</i>
Municipalities	0.0	0.0	0.0	0.0	0.0
1. Bonds	0.0	0.0	0.0	0.0	0.0
Commercial banks (1+2) ⁴	1.5	0.4	2.8	18.1	22.8
1. Other loans	0.8	0.0	1.8	0.0	2.6
2. Nonresidents' deposits ⁵	0.7	0.4	1.0	18.1	20.2
Trade companies (1+2) ⁶	6.8	5.7	0.0	0.0	12.5
1. Intracompany loans	0.0	0.0	0.0	0.0	0.0
2. Other loans	6.8	5.7	0.0	0.0	12.5
Other ⁸	0.0	0.0	0.0	0.3	0.3
B. Private sector (I + II)	207.5	80.7	102.7	132.5	523.3
<i>I. Commercial banks (1+2+3) ⁴</i>	<i>100.2</i>	<i>12.4</i>	<i>34.8</i>	<i>57.4</i>	<i>204.8</i>
1. Intracompany loans	0.0	5.8	1.3	10.1	17.2
2. Other loans	2.0	2.4	2.5	4.7	11.7
3. Nonresidents' deposits ⁵	98.1	4.1	31.0	42.6	175.9
<i>II. Companies (1+2) ⁶</i>	<i>107.3</i>	<i>68.3</i>	<i>67.9</i>	<i>75.1</i>	<i>318.6</i>
1. Intracompany loans	70.1	35.4	41.1	31.3	177.8
2. Other loans	37.2	32.9	26.8	43.8	140.8

¹ Preliminary data. US dollar equivalent is based on average monthly exchange rates of respective currencies.

² Including credits extended in support of BOP.

³ Source: *Debt Registration, Service and Management System* of the Ministry of Finance and Bulgarian National Bank. Preliminary data as of 25 February 2002.

⁴ Commercial bank data.

⁵ Nonresidents' deposits with local commercial banks.

⁶ Including credits (revolving excluded) registered with the BNB and those on which information is available.

⁷ In accordance with the international statistical methodology of the foreign debt, the BNB has included government guaranteed loans of budget and nonbudget enterprises in government guaranteed debt.

Source: BNB.

(million USD)

By creditor	I quarter	II quarter	III quarter	IV quarter	2001, total
GROSS FOREIGN DEBT (A + B)	314.1	212.7	124.3	500.7	1151.7
A. Long-term debt	185.5	187.7	62.5	412.1	847.7
<i>I. Official creditors</i>	<i>105.3</i>	<i>87.2</i>	<i>21.5</i>	<i>106.1</i>	<i>320.1</i>
1. International financial institutions	105.3	87.2	21.5	86.1	300.1
IMF	66.9	65.4	0.0	0.0	132.4
World Bank	14.4	8.0	5.2	60.5	88.2
Other international financial institutions	23.9	13.7	16.4	25.6	79.6
2. Bilateral credits	0.0	0.0	0.0	20.0	20.0
<i>II. Private creditors</i>	<i>80.2</i>	<i>100.5</i>	<i>40.9</i>	<i>306.0</i>	<i>527.6</i>
Eurobonds	0.0	0.0	0.0	222.1	222.1
Other bonds	0.0	0.0	0.0	0.3	0.3
Commercial banks	2.3	8.3	4.2	14.4	29.2
Other private creditors	77.8	92.2	36.7	69.3	276.0
B. Short-term debt	128.7	25.0	61.8	88.6	304.0
C. Extended revolving credits	156.9	240.6	234.8	176.2	808.5
TOTAL (A+B+C)	471.0	453.3	359.0	676.8	1960.2

Source: BNB.

CONSOLIDATED STATE BUDGET FOR 2001*

(BGN'000)

	Consolidated fiscal program	Republican budget	Central republican budget	Ministries and agencies			National Audit Chamber	Social Security				Legal institutions	Municipalities	Public universities	Bulgarian Academy of Sciences	Bulgarian National TV	Extra-budgetary funds and Fiscal Reserves	Municipalities' extra-budgetary funds and accounts		
				Total	Ministries and agencies	Special agencies		Total	Public Insurance	National Health Insurance Fund	Teachers Pension Fund								PKB Fund**	
I. REVENUE AND GRANTS	11 837 430.8	6 525 257.1	5 429 604.7	1 095 650.2	936 788.8	158 861.4	2.2	3 162 654.1	2 318 205.6	613 739.0	19 116.3	211 593.1	38 746.4	1 319 089.6	119 494.2	9 266.0	1 149.5	26 915.2	589 119.5	45 739.3
Total revenue	11 474 196.8	6 519 489.1	5 429 441.1	1 090 045.8	935 137.6	154 908.1	2.2	3 162 653.5	2 318 205.6	613 738.4	19 116.3	211 593.1	38 746.4	1 318 790.5	117 625.7	9 240.5	1 039.4	26 915.2	241 166.1	38 530.5
Current revenues	11 474 196.8	6 519 489.1	5 429 441.1	1 090 045.8	935 137.6	154 908.1	2.2	3 162 653.5	2 318 205.6	613 738.4	19 116.3	211 593.1	38 746.4	1 318 790.5	117 625.7	9 240.5	1 039.4	26 915.2	241 166.1	38 530.5
Tax revenue	9 190 468.4	5 132 000.4	4 736 832.3	395 168.1	395 168.1			2 984 888.1	2 182 885.9	585 483.5	15 165.2	201 353.5		1 020 316.2					53 259.5	4.2
Corporate taxes	1 129 561.7	736 323.7	728 978.4	7 345.3	7 345.3									393 238.0						
Corporate tax	685 596.7	676 344.9	671 740.3	4 604.6	4 604.6									9 251.8						
Municipal tax	384 760.8	2 217.4	2 217.4	2 217.4	2 217.4									382 543.4						
Dividend and income tax	59 204.2	57 761.4	57 238.1	523.3	523.3									1 442.8						
Individual income tax	1 062 839.7	540 724.9	539 887.4	837.5	837.5									522 114.8						
Insurance and reinsurance tax	20 728.2	20 276.2	20 276.2											100.2						351.8
Value added tax	2 454 435.2	2 454 435.2	2 438 170.3	16 265.0	16 265.0															
Excises and liquid fuel charges	1 106 756.4	1 053 815.4	688 060.9	365 754.5	365 754.5									33.1						52 907.8
Customs duties and fees	195 408.4	195 408.4	194 980.5	427.9	427.9															
Social security revenues	2 984 888.2	0.0	0.0	0.0	0.0			2 984 888.1	2 182 885.9	585 483.5	15 165.2	201 353.5		104 830.1						4.2
Other taxes	235 850.7	131 016.4	126 478.5	4 537.9	4 537.9															
Nontax revenues	2 283 728.4	1 387 488.7	692 608.8	694 877.7	539 969.5	154 908.1	2.2	177 765.3	135 319.7	28 254.9	3 951.1	10 239.6	38 746.4	298 474.3	117 625.7	9 240.5	1 039.4	26 915.2	187 906.6	38 526.3
Property revenue and income	1 206 221.5	807 187.3	524 836.1	282 350.6	191 442.0	90 908.5	0.6	22 996.5	1 859.0	17 178.7	3 935.2	23.5	191.3	64 851.0	115 676.4	9 015.5	1 062.9	27 489.8	153 306.2	4 444.6
State, municipal and court charges	617 393.7	389 127.1	71 911.7	317 215.4	256 249.3	60 966.1		303.5					38 202.9	165 896.5					8 873.4	14 990.4
Fines and administrative penalties	296 018.5	108 967.5	94 256.0	14 711.4	14 090.4	621.0		148 101.3	127 383.1	10 871.6	15.2	9 831.4		23 815.5	32.7	0.3		3.5	14 275.5	822.2
Revenue from foreign pension institutes under international programs	3 915.0							3 915.0	3 915.0											
Other nontax revenues	26 947.2	3 258.9	-9 740.3	12 997.6	12 118.1	879.5	1.6	2 448.8	2 162.5	204.6	0.7	81.0	291.6	6 539.9	2 243.1	0.8	18.7	-227.7	6 562.3	5 810.8
VAT and other sales taxes paid	14 980.8	15 383.9		15 383.9	14 935.1	448.9								-684.1	-439.7	101.3	-42.1	-393.5	327.1	728.1
Revenues from sale of government and municipal property	102 777.1	52 262.4	66.7	52 195.7	51 111.5	1 084.2		0.2					60.5	36 946.7	113.1	122.6		43.1	1 595.1	11 633.3
Concession revenues	15 451.4	11 278.6	11 278.6											1 108.9					2 967.0	97.0
License revenues	23.1	23.1		23.1	23.1															
Grants	363 233.9	5 767.9	163.5	5 604.4	1 651.2	3 953.2		0.7		0.7				299.1	1 868.5	25.4	110.1		347 953.4	7 208.7
TOTAL EXPENDITURE (EXPENDITURES+TRANSFERS)	12 092 618.1	7 185 548.8	6 012 729.0	1 172 817.6	1 014 004.2	158 813.3	2.2	2 944 842.3	2 319 579.7	428 181.7	1 623.8	195 457.1	38 756.1	1 242 046.4	122 975.6	9 334.0	1 291.5	35 298.0	424 710.8	87 914.6
II. EXPENDITURE	12 092 618.1	5 210 986.6	4 167 665.7	3 587 160.0	2 216 226.9	1 370 933.1	6 160.9	3 901 221.5	3 174 214.2	428 181.7	1 623.8	297 201.8	108 355.4	1 871 904.1	279 276.0	50 547.9	29 446.5	65 824.0	476 342.5	98 613.6
Current expenditures	10 793 612.2	4 365 654.0	1 494 152.7	2 865 618.0	1 605 120.9	1 260 497.1	5 883.3	3 883 590.1	3 161 908.5	423 925.1	1 623.8	296 132.7	94 432.6	1 750 622.6	263 386.6	48 891.4	27 976.3	61 695.8	260 822.6	36 540.2
Salaries	1 158 728.6	442 841.2	26 492.8	412 858.9	401 355.1	11 503.8	3 489.5	38 725.4	16 698.7	8 220.3		13 800.3	53 341.3	479 417.8	98 893.4	23 945.7	7 019.1	11 146.1	2 691.7	706.8

(continued)

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(BGN '000)

	Consolidated fiscal program	Republican budget	Central republican budget	Ministries and agencies			National Audit Chamber	Social Security				Legal institutions	Municipalities	Public universities	Bulgarian Academy of Sciences	Bulgarian National Radio	Bulgarian National TV	Extra-budgetary funds and accounts	Municipalities' extra-budgetary funds and accounts	
				Total	Ministries and agencies	Special agencies		Total	Public Insurance	National Health Insurance Fund	Teachers Pension Fund									PKB Fund**
Other remuneration	136 684.4	62 544.7	835.9	61 650.5	60 675.1	975.4	58.3	2 378.2	573.9	602.1	1 202.2	5 460.5	30 426.9	18 559.1	2 552.5	691.6	5 565.5	6 982.3	1 523.1	
Social security payments	441 445.4	169 286.7	9 381.1	158 744.2	154 285.4	4 458.8	1 161.5	13 939.4	5 880.6	2 921.8	5 137.0	17 566.9	187 240.3	36 434.5	8 594.0	2 533.1	4 207.2	1 285.4	357.9	
Additional compulsory and voluntary insurance payments	777.7	199.7		199.7	170.4	29.2		439.1					8.6	12.0	80.0	18.4		0.8	19.1	
Scholarships	37 186.5	10 263.5	12.4	10 251.1	10 251.1								8 626.7	16 407.3	1 038.5			850.0	0.5	
Administrative costs	1 721 571.1	771 543.6	148 546.6	621 853.4	603 311.5	18 543.9	1 141.6	32 535.7	15 023.8	7 333.2	10 178.6	17 850.9	570 052.2	77 827.7	11 813.7	17 271.7	39 182.2	150 434.5	33 068.9	
Defence and security	1 189 263.1	1 169 835.8	176.7	1 169 659.1	2 720.7	1 166 938.4							18 288.1					1 118.0	21.1	
Subsidies, total	722 123.1	517 906.6	193 061.2	324 845.5	324 845.5								159 280.4	1 620.0				43 070.3	245.8	
Subsidies to nonfinancial enterprises	700 786.6	513 998.2	190 135.0	323 863.2	323 863.2								144 672.2	1 620.0				40 250.9	245.3	
Subsidies to nonprofit organizations	21 336.4	3 908.5	2 926.2	982.3	982.3								14 608.1					2 819.4	0.5	
Subsidies to financial institutions																				
Membership fees	51 467.5	12 809.0		12 806.6	12 806.0	0.6	2.3	64.3		64.3			393.9	43.0	118.0	41.9	32.1	37 964.6	0.7	
Interest, total	1 105 755.0	1 093 671.6	1 071 246.7	22 425.0	22 425.0			1 605.6	1 605.6	1 605.6			10 143.9	0.7				319.9	13.2	
Interest on external loans	852 626.4	850 700.9	828 319.5	22 381.4	22 381.4			1 605.6	1 605.6	1 605.6								319.9		
London Club	608 977.6	608 977.6	608 977.6																	
World Bank	93 497.5	91 892.0	89 054.8	2 837.1	2 837.1															
G-24	4 342.0	4 342.0	4 342.0																	
EU	43 069.5	43 069.5	41 952.0	1 117.5	1 117.5															
Paris Club	76 020.8	76 020.8	76 020.8																	
Other	26 719.0	26 399.1	7 972.3	18 426.8	18 426.8															
Interest on internal loans	253 113.0	242 955.8	242 927.1	28.6	28.6								10 143.9					319.9	13.2	
bonds (long-term and medium-term securities)	75 845.3	75 817.6	75 817.6										27.7							
treasury bills (short-term securities)																				
debt to the BNB	113 329.1	113 320.4	113 320.4																	
other banks	11 936.9	1 816.1	1 787.5	28.6	28.6															
on government securities issued																				
for structural reform	49 909.1	49 909.1	49 909.1																	
on guaranty government securities	2 092.5	2 092.5	2 092.5																	
Other interests expenses	15.7	14.9		14.9	14.9															
Social and health security	4 189 143.8	92 086.8	34 892.5	57 194.3	-726.9	57 921.1		3 792 703.4	3 121 847.8	404 104.0	1 617.9	265 133.7	279 003.3	9 922.0	24.0			15 151.3	252.9	
Taxes, customs duties and fees	21 595.8	6 733.9	6 726.3	6 694.3	6 694.3	31.9	9.6	548.6	83.7	347.6	117.2	25.3	7 398.6	3 434.5	686.3	387.7	1 391.5	661.1	326.2	
Banking and financial services expenses	17 870.2	15 928.8	9 506.9	6 401.5	6 307.5	94.0	20.5	650.4	1 300	396.0	5.9	118.5	342.0	232.3	38.8	12.8	171.2	292.4	13.8	
Capital expenditures	1 183 521.0	748 212.3	86 234.1	661 700.6	551 264.6	110 435.9	277.6	17 731.3	12 305.7	4 256.6	1 169.0	13 822.8	120 740.3	15 889.3	1 656.5	1 470.2	4 128.2	177 671.9	82 198.1	
State reserve growth and farm produce procurement	40 170.7	40 170.7		40 170.7	40 170.7															
Acquisition of interest, shares and other financial assets (net)	25 150.5	46 311.4	41 423.7	4 887.7	4 887.7								267.4						-21 428.2	
Required financing (net)	50 163.6	10 638.2	-4 144.8	14 783.0	14 783.0			-99.9					273.8					37 848.0	1 503.5	

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(continued)

(BGN '000)

	Consolidated fiscal program	Republican budget	Central republican budget	Ministries and agencies			National Audit Chamber	Social Security				Municipalities	Public universities	Bulgarian Academy of Sciences	Bulgarian National Radio	Bulgarian National TV	Extra-budgetary funds and accounts Fiscal Reserves	Municipalities' extra-budgetary funds and accounts
				Total	Ministries and agencies	Special agencies		Total	Public Insurance	National Health Insurance Fund	Teachers Pension Fund							
III. TRANSFERS (SUBSIDIES, CONTRIBUTIONS)																		
FROM/TO REPUBLICAN BUDGET, BUDGET ACCOUNTS AND EXTRABUDGETARY FUNDS/ACCOUNTS (NET)																		
	0.0	-381 419.7	-98 946.5	-282 473.2	-282 515.5	42.3	-8 676.9	-7 706.0	-970.8	-1 698.6	129 326.8	156 477.2	41 213.9				54 068.9	10 708.4
IV. TEMPORARY NONINTEREST-BEARING LOANS FROM/TO CENTRAL REPUBLICAN BUDGET, BUDGETARY AND EXTRABUDGETARY FUNDS AND ACCOUNTS (NET)																		
	0.0	-12 346.4	-12 539.0	192.6	192.6						14 493.0						-2 437.2	290.6
V. TRANSFERS (SUBSIDIES, CONTRIBUTIONS)																		
FROM/TO CENTRAL REPUBLICAN BUDGET TO OTHER BUDGETS. (NET)																		
	0.0	-1 580 796.0	-4 283 577.8	2 696 623.1	1 484 545.7	1 212 077.4	6 158.7	965 056.0	862 340.5	102 715.5	71 197.9	486 038.0	-176.8	28 155.0	30 526.0			
VI. DEFICIT (-)/SURPLUS (+)																		
	-255 187.4	-660 291.7	-583 124.3	-77 167.4	-77 215.4	48.0	217 811.8	-1 374.1	185 557.3	17 492.5	17 492.5	16 136.0	-9.8	-68.0	-142.0	-8 382.8	164 408.7	-42 075.3
VII. FINANCING																		
	255 187.4	660 291.7	583 124.3	77 167.4	77 215.4	-48.0	-217 811.8	1 374.1	-185 557.3	-17 492.5	-17 492.5	-16 136.0	9.8	68.0	142.0	8 382.8	-164 408.7	42 075.3
Foreign financing, net	-99 762.9	-80 361.6	-127 962.1	47 600.5	47 600.5		12 521.8	12 025.5	496.3								38 070.3	
Internal financing, net	174 101.9	604 489.2	574 922.4	29 566.8	29 614.9	-48.0	-230 333.6	-10 651.4	-186 053.7	-17 492.5	-17 492.5	-16 136.0	9.8	68.0	142.0	8 382.8	-210 124.7	5 036.6
Privatization	180 848.3	136 164.1	136 164.1														7 645.6	37 038.7

* Preliminary data.

** Qualification and Unemployment Fund.

Source: MF.

DOMESTIC GOVERNMENT DEBT

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

Structure	Amount as of 31 December 2000	Change in 2001		Amount as of 31 December 2001
		increase	decrease	
I. DEBT ON GOVERNMENT SECURITIES ISSUED FOR BUDGET DEFICIT FINANCING				
1. Government securities issued in 1996	845.8		845.8	-
5-year	845.8		845.8	-
2. Government securities issued in 1997	20 000.0			20 000.0
5-year	20 000.0			20 000.0
3. Government securities issued in 1998	7 468.5		3 377.6	4 090.9
3-year	3 377.6		3 377.6	-
5-year	4 090.9			4 090.9
4. Government securities issued in 1999	304 542.3		301 882.6	2 659.7
2-year	301 882.6		301 882.6	-
5-year	2 659.7			2 659.7
5. Government securities issued in 2000	613 212.9		180 884.9	432 328.0
5.1. Short-term	178 275.5		178 275.5	-
3-month	64 286.4		64 286.4	-
12-month	113 989.1		113 989.1	-
5.2. Medium-term	434 937.4		2 609.4	432 328.0
2-year	255 217.9		2 609.4	252 608.6
3-year	139 929.7			139 929.7
5-year	39 789.7			39 789.7
6. Government securities issued in 2001		797 294.3	179 126.4	618 167.9
6.1. Short-term		313 459.0	178 004.8	135 454.2
3-month		237 303.4	178 004.8	59 298.5
12-month		76 155.7		76 155.7
6.2. Medium-term		483 835.2	1 121.5	482 713.7
2-year		214 940.7	1 121.5	213 819.2
5-year		239 956.9		239 956.9
7-year		28 937.6		28 937.6
TOTAL (I)	946 069.5	797 294.3	666 117.2	1 077 246.6
II. DEBT ON GOVERNMENT SECURITIES ISSUED FOR STRUCTURAL REFORM				
A1. Long-term government bonds issued pursuant to CM Decree No. 244 of 1991	3 026.9		275.2	2 751.7
A2. Long-term government bonds issued pursuant to CM Decree No. 234 of 1992	2 174.0		139.1	2 034.9
A3. Long-term government bonds issued pursuant to Articles 4 and 5 of ZUNK of 1993				
in BGN	7 799.4		463.5	7 335.9
denominated in USD	331 260.7		54 136.9	277 123.8
lev equivalent	696 280.3			615 009.9
denominated in EUR	24 412.6	37 478.5	1 284.9	60 606.3
lev equivalent	47 746.9			118 535.6
A4. Long-term government bonds issued pursuant to CM Decree No. 3 of 1994	831.7		46.2	785.5
A5. Government bonds issued pursuant to Articles 2 of CM Decree No. 89 of 1995	4 660.1		3 106.8	1 553.4
TOTAL (A)	762 519.3			748 006.8

(continued)

(continued)

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

Structure	Amount as of 31 December 2000	Change in 2001		Amount as of 31 December 2001
		increase	decrease	
B1. Government securities issued in BGN pursuant to				
Articles 8 and 9 of LSPDACB of 1996	38 750.5			28 593.9
Government securities in 1996	5 627.9		1 876.0	3 751.9
Government securities in 1997	33 122.6		8 280.7	24 842.0
B2. Government securities issued in USD pursuant to				
Articles 8 and 9 of LSPDACB of 1996	4 705.7		4 705.7	-
lev equivalent	9 891.0		7 823.2	-
TOTAL (B)	48 641.5			28 593.9
TOTAL (II)	811 160.8			776 600.7
GOVERNMENT DEBT, TOTAL	1 757 230.3			1 853 847.3
III. INTERNAL GOVERNMENT GUARANTEES	9 984.1			6 653.3
INTERNAL DEBT, TOTAL	1 767 214.4			1 860 500.6

Note: 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 2000: 1 USD/BGN 2.10191, 1 EUR/BGN 1.95583
- 28 December 2001: 1 USD/BGN 2.21926, 1 EUR/BGN 1.95583

The debt to the BNB is excluded from internal debt structure.

Source: MF.

BALANCE SHEET OF THE BNB

ISSUE DEPARTMENT	29.XII.2000	31.I.2001	28.II.2001	30.III.2001	28.IV.2001	31.V.2001	29.VI.2001	31.VII.2001	31.VIII.2001	29.IX.2001	31.X.2001	30.XI.2001	29.XII.2001
ASSETS	7273154	6894487	6820282	6820043	6862639	6939239	7010737	6802700	6687786	6683432	6986465	7701385	7942985
1. Cash and nostro accounts in foreign currency	1944085	1542835	1777872	2005500	1863065	929571	1241756	1563058	1342316	1406448	1833670	1879644	1653209
2. Monetary gold	641768	641974	641999	642059	642139	642272	642506	642515	642642	642676	642669	642592	642607
3. Foreign securities	4623328	4639007	4341229	4108233	4284447	5290757	5055011	4527327	4633660	4571965	4447036	5122785	5591451
4. Accrued interest receivable	61973	65671	59182	64251	72988	76639	71464	69800	69168	62343	63090	56364	55718
LIABILITIES	7273154	6894487	6820282	6820043	6862639	6939239	7010737	6802700	6687786	6683432	6986465	7701385	7942985
1. Currency in circulation	2504693	2323591	2338613	2348084	2427863	2476263	2552589	2667538	2687828	2746471	2713178	2785250	3262881
2. Bank deposits and current accounts	515938	511843	534020	579921	616943	625709	532639	570636	548193	620332	595377	643753	769647
3. Government deposits and accounts	2608609	2388882	2260390	2329136	2878873	2863918	2925294	2418550	2304307	2129431	2440353	2913236	2571177
4. Other depositors' accounts	675213	678591	679932	513210	72031	70013	70093	202127	211176	216661	200295	212362	190538
5. Accrued interest payable	4949	2918	4516	3261	983	1331	4298	8050	11777	15403	19170	420	2184
6. Banking Department deposit	963752	983662	1002811	1046431	865946	902005	925824	935799	924505	955134	1018092	1146364	1146558
BANKING DEPARTMENT	29.XII.2000	31.I.2001	28.II.2001	30.III.2001	28.IV.2001	31.V.2001	29.VI.2001	31.VII.2001	31.VIII.2001	29.IX.2001	31.X.2001	30.XI.2001	29.XII.2001
ASSETS	5642335	5565217	5574627	5839660	5470394	5705013	5825967	5638705	5482654	5511267	5455855	5427939	5389248
1. Nonmonetary gold and other precious metals	89498	88152	88356	89342	89713	96110	95658	88848	86491	90605	88762	89112	91824
2. Investments in securities	167695	168764	176048	184481	180778	192169	190732	184516	176180	176492	136765	0	0
3. Loans and advances to banks, net of provisions	17	17	17	20	19	19	19	17	15	15	15	15	13
4. Receivables from government	2560928	2470860	2451471	2628012	2485809	2584428	2694724	2551743	2453825	2441108	2360779	2332421	2314570
5. Bulgaria's IMF quota and holdings in other international financial institutions	1664086	1659703	1660951	1696268	1676072	1757553	1745554	1708570	1671631	1677579	1679719	1690298	1693056
6. Accrued interest receivable	1	0	862	1854	2740	3919	3919	0	930	1835	2794	2062	2611
7. Equity investments in domestic entities	2294	2294	2294	2294	2294	2294	2294	2294	2294	2294	2294	2294	2294
8. Fixed assets	141382	140335	139619	139347	139203	138764	138582	138209	137359	136562	137340	136769	110271
9. Other assets	52682	51430	52198	51611	27820	27752	28661	28709	29424	29643	29295	28604	28051
10. Banking Department deposit	963752	983662	1002811	1046431	865946	902005	925824	935799	924505	955134	1018092	1146364	1146558
LIABILITIES	5642335	5565217	5574627	5839660	5470394	5705013	5825967	5638705	5482654	5511267	5455855	5427939	5389248
1. Borrowings from IMF	2778646	2680083	2660852	2841855	2689100	2797624	2906462	2750831	2627254	2615155	2527033	2478128	2460516
2. Liabilities to other financial institutions	1664287	1659882	1661130	1696421	1676213	1757479	1745839	1708882	1672026	1677969	1680071	1690443	1693549
3. Accrued interest payable	1995	2932	810	1702	2489	810	1551	2262	662	1205	1661	381	725
4. Other liabilities	6798	8988	11570	11310	10241	8456	9124	9409	9534	6837	7026	7439	4644
Liabilities, total	4451726	4351885	4334299	4551288	4378043	4564369	4662976	4471384	4309476	4301166	4215791	4176391	4159434
5. Capital	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000
6. Reserves	940374	940945	936139	959920	985735	1012114	1020541	1005282	995515	1014122	1025328	1025999	988727
7. Retained profit	230235	252387	284189	308452	86616	108530	122450	142039	159663	175979	194736	205549	221087
Equity, total	1190609	1213332	1240328	1288372	1092351	1140644	1162991	1167321	1173178	1210101	1240064	1251548	1229814

Source: BNB.

MONETARY SURVEY

(BGN '000)

	XII.2000		I.2001		II.2001		III.2001		IV.2001		V.2001		VI.2001	
	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	2.1019	2.1019	2.1046	2.1046	2.1149	2.1149	2.2145	2.2145	2.1676	2.1676	2.3064	2.3064	2.3064	2.3064
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)	7861895	-144871	7875748	-145023	7877923	-146592	8090374	45019	8020600	42971	8197184	44666	8361877	45425
Foreign assets	11614320	63417	11495234	63572	11479788	63633	11905910	46311	11468437	44244	11818490	45953	12089772	46712
BNB international reserves	7273153	0	6889487	0	6820282	0	6820044	0	6862638	0	6939238	0	7010737	0
Other foreign assets	4341167	63417	4605747	63572	4659506	63633	5085866	46311	4605799	44244	4879252	45953	5079035	46712
Less: foreign liabilities	3752425	208288	3619486	208595	3601865	210225	3815536	1292	3447837	1273	3621306	1287	3727895	1287
NET DOMESTIC ASSETS	1428850	226680	1449062	226945	1552059	229318	1391333	6210	1122538	7842	1234019	6501	1316888	5713
DOMESTIC CREDIT	4654409	505635	4658070	503678	4809197	510455	4865179	376841	4263848	376566	4469505	372502	4514403	371153
BGN	1610436	91249	1636567	88021	1630809	87912	1624694	21288	1495787	37925	1479561	25714	1569604	24033
Foreign currencies	3043973	414386	3021503	415657	3178388	422543	3240485	355553	2768061	338641	2989944	346788	2944799	347120
CLAIMS ON GOVERNMENT														
SECTOR (net)	487748	-279879	476321	-280180	611694	-281039	723696	-241179	20468	-237313	123994	-245618	96172	-245777
BGN	-719052	-53412	-726733	-53412	-732651	-53431	-745029	-53454	-995166	-53454	-1027215	-53453	-992120	-53452
Foreign currencies	1206800	-226467	1203054	-226768	1344345	-227608	1468725	-187725	1015634	-183859	1151209	-192165	1088292	-192325
CLAIMS ON CENTRAL														
GOVERNMENT (net)	547261	-279144	558275	-279444	699491	-280302	853262	-240413	153162	-236555	244390	-244837	227109	-244996
BGN	-637035	-53057	-629888	-53057	-636422	-53076	-605852	-53100	-842372	-53100	-889598	-53099	-840656	-53098
Foreign currencies	1184296	-226087	1188163	-226387	1335913	-227226	1459114	-187313	995534	-183455	1133988	-191738	1067765	-191898
CLAIMS ON STATE														
BUDGET (net)	686354	-275352	741787	-275647	829387	-276489	1014404	-236440	280758	-232658	361599	-240718	379906	-240877
BGN	-625837	-52891	-613831	-52891	-619451	-52910	-588725	-52934	-824100	-52934	-876834	-52933	-827896	-52932
Foreign currencies	1312191	-222461	1355618	-222756	1448838	-223579	1603129	-183506	1104858	-179724	1238433	-187785	1207802	-187945
Claims	3669745	1589	3546140	1520	3507724	1502	3742494	1388	3579952	1388	3699080	1389	3820824	1389
BGN	826988	312	802195	312	786794	293	810876	272	810115	272	803573	273	830281	273
Foreign currencies	2842757	1277	2743945	1208	2720930	1209	2931618	1116	2769837	1116	2895507	1116	2990543	1116
Government securities	1068086	1560	1047047	1491	1023998	1473	1078708	1380	1072788	1380	1089230	1380	1097659	1380
Short-term (up to 12 months)	149444	0	116731	0	115130	0	112645	0	113918	0	126048	0	122681	0
BGN	149339	0	116735	0	115130	0	112643	0	113943	0	126048	0	122681	0
Foreign currencies	105	0	-4	0	0	0	2	0	-25	0	0	0	0	0
Medium-term (up to 5 years)	598000	0	614246	0	578434	0	594620	0	600463	0	581295	0	613863	0
BGN	578545	0	595858	0	566622	0	582891	0	599795	0	581295	0	613863	0
Foreign currencies	19455	0	18388	0	11812	0	11729	0	668	0	0	0	0	0
Long-term (over 5 years)	320642	1560	316070	1491	330434	1473	371443	1380	358407	1380	381887	1380	361115	1380
BGN	73924	283	75379	283	87009	264	94338	264	77323	264	74016	264	68837	264
Foreign currencies	246718	1277	240691	1208	243425	1209	277105	1116	281084	1116	307871	1116	292278	1116
Credits	2560928	0	2470860	0	2451471	0	2628012	0	2485809	0	2584428	0	2694724	0
Foreign currencies	2560928	0	2470860	0	2451471	0	2628012	0	2485809	0	2584428	0	2694724	0
Other claims	40731	29	28233	29	32255	29	35774	8	21355	8	25422	9	28441	9
BGN	25180	29	14223	29	18033	29	21004	8	19054	8	22214	9	24900	9
Foreign currencies	15551	0	14010	0	14222	0	14770	0	2301	0	3208	0	3541	0
Less: deposits	-2983391	-276941	-2804353	-277167	-2678337	-277991	-2728090	-237828	-3299194	-234046	-3337481	-242107	-3440918	-242266
BGN	-1452825	-53203	-1416026	-53203	-1406245	-53203	-1399601	-53206	-1634215	-53206	-1680407	-53206	-1658177	-53205
Foreign currencies	-1530566	-223738	-1388327	-223964	-1272092	-224788	-1328489	-184622	-1664979	-180840	-1657074	-188901	-1782741	-189061
CLAIMS ON STATE FUNDS AND EXTRABUDGETARY ACCOUNTS (net)	-139093	-3792	-183512	-3797	-129896	-3813	-161142	-3973	-127596	-3897	-117209	-4119	-152797	-4119
BGN	-11198	-166	-16057	-166	-16971	-166	-17127	-166	-18272	-166	-12764	-166	-12760	-166
Foreign currencies	-127895	-3626	-167455	-3631	-112925	-3647	-144015	-3807	-109324	-3731	-104445	-3953	-140037	-3953

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(BGN '000)

	XII.2000		I.2001		II.2001		III.2001		IV.2001		V.2001		VI.2001	
	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	9	0	4	0	6	0	7	0	8	0	5	0	7	0
BGN	9	0	4	0	6	0	7	0	8	0	5	0	7	0
Less: deposits	-139102	-3792	-183516	-3797	-129902	-3813	-161149	-3973	-127604	-3897	-117214	-4119	-152804	-4119
BGN	-11207	-166	-16061	-166	-16977	-166	-17134	-166	-18280	-166	-12769	-166	-12767	-166
Foreign currencies	-127895	-3626	-167455	-3631	-112925	-3647	-144015	-3807	-109324	-3731	-104445	-3953	-140037	-3953
CLAIMS ON LOCAL														
BUDGETS (net)	-59513	-735	-81954	-736	-87797	-737	-129566	-766	-132694	-758	-120396	-781	-130937	-781
BGN	-82017	-355	-96845	-355	-96229	-355	-139177	-354	-152794	-354	-137617	-354	-151464	-354
Foreign currencies	22504	-380	14891	-381	8432	-382	9611	-412	20100	-404	17221	-427	20527	-427
Claims	31791	0	31880	0	33786	0	33853	0	35345	0	32722	0	34255	0
BGN	930	0	821	0	699	0	726	0	320	0	187	0	98	0
Foreign currencies	30861	0	31059	0	33087	0	33127	0	35025	0	32535	0	34157	0
Securities	29828	0	29861	0	31653	0	31748	0	32968	0	30438	0	33956	0
BGN	101	0	101	0	99	0	97	0	0	0	0	0	0	0
Foreign currencies	29727	0	29760	0	31554	0	31651	0	32968	0	30438	0	33956	0
Credits	778	0	668	0	556	0	628	0	316	0	184	0	98	0
BGN	778	0	668	0	556	0	628	0	316	0	184	0	98	0
Other claims	1185	0	1351	0	1577	0	1477	0	2061	0	2100	0	201	0
BGN	51	0	52	0	44	0	1	0	4	0	3	0	0	0
Foreign currencies	1134	0	1299	0	1533	0	1476	0	2057	0	2097	0	201	0
Less: deposits	-91304	-735	-113834	-736	-121583	-737	-163419	-766	-168039	-758	-153118	-781	-165192	-781
BGN	-82947	-355	-97666	-355	-96928	-355	-139903	-354	-153114	-354	-137804	-354	-151562	-354
Foreign currencies	-8357	-380	-16168	-381	-24655	-382	-23516	-412	-14925	-404	-15314	-427	-13630	-427
CLAIMS ON NONGOVERNMENT														
SECTOR	4166661	785514	4181749	783858	4197503	791494	4141483	618020	4243380	613879	4345511	618120	4418231	616930
BGN	2329488	144661	2363300	141433	2363460	141343	2369723	74742	2490953	91379	2506776	79167	2561724	77485
Foreign currencies	1837173	640853	1818449	642425	1834043	650151	1771760	543278	1752427	522500	1838735	538953	1856507	539445
CLAIMS ON NONFINANCIAL														
STATE-OWNED ENTERPRISES	421914	235312	415014	235582	430536	236473	342120	141944	337962	139096	348779	146854	356113	146926
BGN	143824	53072	147105	53047	161443	53021	121659	6404	127452	6426	129988	6445	141474	6453
Foreign currencies	278090	182240	267909	182535	269093	183452	220461	135540	210510	132670	218791	140409	214639	140473
CLAIMS ON PRIVATE														
ENTERPRISES	3116426	540944	3144446	539016	3137125	545744	3131474	466696	3201417	465474	3256019	461918	3286364	460627
BGN	1590973	90781	1627769	87579	1606625	87515	1616815	67556	1697959	84175	1677166	71945	1688509	70257
Foreign currencies	1525453	450163	1516677	451437	1530500	458229	1514659	399140	1503458	381299	1578853	389973	1597855	390370
CLAIMS ON THE PUBLIC														
BGN	604007	3601	600467	3602	607085	3617	645465	3696	680521	3640	715336	3657	746256	3660
BGN	585480	147	581686	146	587748	146	624137	130	657932	126	690541	125	720140	123
Foreign currencies	18527	3454	18781	3456	19337	3471	21328	3566	22589	3514	24795	3532	26116	3537
CLAIMS ON NONBANK														
FINANCIAL INSTITUTIONS	24314	5657	21822	5658	22757	5660	22424	5684	23480	5669	25377	5691	29498	5717
BGN	9211	661	6740	661	7644	661	7112	652	7610	652	9081	652	11601	652
Foreign currencies	15103	4996	15082	4997	15113	4999	15312	5032	15870	5017	16296	5039	17897	5065
OTHER ITEMS (net)														
BGN	-3225559	-278955	-3209008	-276733	-3257138	-281137	-3473846	-370631	-3141310	-368724	-3235486	-366001	-3197515	-365440
BGN	-3462660	-349796	-3452043	-343794	-3500533	-347995	-3705851	-454748	-3428187	-451153	-3497105	-453421	-3479045	-453027
Foreign currencies	237101	70841	243035	67061	243395	66858	232005	84117	286877	82429	261619	87420	281530	87587
Own funds	-2250015	433699	-2288804	433103	-2335451	429646	-2793652	134234	-2624544	137150	-2477774	128498	-2504253	129734
Capital and reserves	-2292525	-129383	-2293142	-129374	-2289506	-129352	-2300842	-109425	-2333213	-109289	-2369642	-109062	-2385652	-109060
Financial result	42510	563082	4338	562477	-45945	558998	-492810	243659	-291331	246439	-108132	237560	-118601	238794
Other assets and liabilities (net)	-975544	-712654	-920204	-709836	-921687	-710783	-680194	-504865	-516766	-505874	-757712	-494499	-693262	-495174

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(BGN '000)

	XII.2000		I.2001		II.2001		III.2001		IV.2001		V.2001		VI.2001	
	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
BROAD MONEY M3	9290746	81798	9324813	81923	9429988	82715	9481693	51231	9143133	50797	9431168	51152	9678726	51119
BGN	5174416	14569	5096117	14557	5155614	14566	5183804	14298	5301812	14272	5379996	14271	5502445	14272
Foreign currencies	4116330	67229	4228696	67366	4274374	68149	4297889	36933	3841321	36525	4051172	36881	4176281	36847
MONEY M1	3632240	0	3522256	0	3556637	0	3554952	0	3645697	0	3746270	0	3834005	0
Money outside banks	2373610	0	2203753	0	2214686	0	2225244	0	2307033	0	2343716	0	2427154	0
Demand deposits (in BGN)	1258630	0	1318503	0	1341951	0	1329708	0	1338664	0	1402554	0	1406851	0
State-owned enterprises	323050	0	362244	0	404626	0	387035	0	369748	0	382914	0	341184	0
Private enterprises	741345	0	758703	0	735290	0	742103	0	749562	0	799281	0	826261	0
Public	170221	0	170865	0	176812	0	181761	0	196417	0	199204	0	216447	0
Nonbank financial institutions	24014	0	26691	0	25223	0	18809	0	22937	0	21155	0	22959	0
Savings deposits (in BGN)	8905935	0	9026643	0	9123605	0	9203900	0	8864331	0	9129087	0	9371824	0
Quasi-money	5273695	0	5504387	0	5566968	0	5648948	0	5218634	0	5382817	0	5537819	0
Time deposits (in BGN)	960971	0	1016048	0	1031339	0	1054933	0	1070703	0	1037436	0	1056766	0
State-owned enterprises	104766	0	141248	0	147048	0	176825	0	178520	0	140154	0	135998	0
Private enterprises	89691	0	82542	0	90961	0	92217	0	98156	0	103755	0	116555	0
Public	703554	0	718136	0	723261	0	724816	0	725354	0	728045	0	733726	0
Nonbank financial institutions	62960	0	74122	0	70069	0	61075	0	68673	0	65482	0	70487	0
Foreign currency deposits	452241	0	461007	0	467312	0	472369	0	478520	0	482706	0	489452	0
State-owned enterprises	3860483	0	4027332	0	4068317	0	4121646	0	3669411	0	3862675	0	3991601	0
Private enterprises	995179	0	1016966	0	1033665	0	912515	0	450902	0	460848	0	494503	0
Public	565750	0	637753	0	616142	0	646106	0	638439	0	651901	0	686045	0
Nonbank financial institutions	2250529	0	2314755	0	2360832	0	2485763	0	2491358	0	2675476	0	2738121	0
Nonbank financial institutions	49025	0	57858	0	57678	0	77262	0	88712	0	74450	0	72932	0
MONEY M3 (M2 + money market instruments, restricted deposits and deposits in nonoperating banks)	9290746	81798	9324813	81923	9429988	82715	9481693	51231	9143133	50797	9431168	51152	9678726	51119
Money market instruments	65679	0	8160	0	6458	0	3359	0	9275	0	18553	0	16869	0
BGN	20266	0	3911	0	5049	0	1971	0	7913	0	17378	0	16514	0
Foreign currencies	45413	0	4249	0	1409	0	1388	0	1362	0	1175	0	355	0
Import and restricted deposits	237334	0	208087	0	217210	0	223203	0	218730	0	232376	0	238914	0
BGN	94129	0	78338	0	80711	0	85281	0	84707	0	81935	0	91436	0
Foreign currencies	143205	0	129749	0	136499	0	137922	0	134023	0	150441	0	147478	0
Deposits in nonoperating banks	81798	81798	81923	81923	82715	82715	51231	51231	50797	50797	51152	51152	51119	51119
BGN	14569	14569	14557	14557	14566	14566	14298	14298	14272	14272	14271	14271	14272	14272
Foreign currencies	67229	67229	67366	67366	68149	68149	36933	36933	36525	36525	36881	36881	36847	36847
State-owned enterprises	33614	33614	33724	33724	33948	33948	22366	22366	22197	22197	22295	22295	22292	22292
BGN	6675	6675	6672	6672	6672	6672	6522	6522	6503	6503	6506	6506	6508	6508
Foreign currencies	26939	26939	27052	27052	27276	27276	15844	15844	15694	15694	15789	15789	15784	15784
Private enterprises	29421	29421	29280	29280	29615	29615	24670	24670	24415	24415	24677	24677	24646	24646
BGN	4413	4413	4412	4412	4415	4415	4387	4387	4382	4382	4384	4384	4382	4382
Foreign currencies	25008	25008	24868	24868	25200	25200	20283	20283	20033	20033	20293	20293	20264	20264
Public	3480	3480	3476	3476	3479	3479	3327	3327	3319	3319	3314	3314	3314	3314
BGN	2928	2928	2926	2926	2926	2926	2928	2928	2924	2924	2919	2919	2919	2919
Foreign currencies	552	552	550	550	553	553	399	399	395	395	395	395	395	395
Nonbank financial institutions	15283	15283	15443	15443	15673	15673	868	868	866	866	866	866	867	867
BGN	553	553	547	547	553	553	461	461	463	463	462	462	463	463
Foreign currencies	14730	14730	14896	14896	15120	15120	407	407	403	403	404	404	404	404

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	VII.2001		VIII.2001		IX.2001		X.2001		XI.2001		XII.2001	
	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	2.2340	2.2340	2.1357	2.1357	2.1420	2.1420	2.1631	2.1631	2.1981	2.1981	2.2193	2.2193
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)	8304220	44176	8288251	42476	8086253	42437	8268786	42873	8751709	43586	9245244	43973
Foreign assets	11790944	45456	11634394	43745	11550300	43708	11621391	44147	12085724	44863	12698483	45253
BNB international reserves	6802700	0	6687785	0	6683432	0	6986463	0	7701382	0	7942987	0
Other foreign assets	4988244	45456	4946609	43745	4866868	43708	4634928	44147	4384342	44863	4755496	45253
Less: foreign liabilities	3486724	1280	3346143	1269	3464047	1271	3352605	1274	3334015	1277	3453239	1280
NET DOMESTIC ASSETS	1691183	6825	1817678	8288	2216282	8288	2083313	7910	1873248	7124	2348899	6703
DOMESTIC CREDIT	4908992	368291	4914977	316379	5307854	316915	5157801	318490	4982291	321238	5471107	322731
BGN	1611409	24019	1694589	19781	1873474	20102	1750288	20148	1855731	21062	2166721	20955
Foreign currencies	3297583	344272	3220388	296598	3434380	296813	3407513	298342	3126560	300176	3304386	301776
CLAIMS ON GOVERNMENT SECTOR (net)	415048	-241362	431796	-235364	717396	-235448	446014	-236735	99756	-238004	442269	-239227
BGN	-1078394	-53453	-1065740	-53453	-948330	-53153	-1113037	-53153	-1066815	-52287	-789550	-52290
Foreign currencies	1493442	-187909	1497536	-181911	1665726	-182295	1559051	-183582	1166571	-185717	1231819	-186937
CLAIMS ON CENTRAL GOVERNMENT (net)	547460	-240593	562492	-234612	832431	-234695	546825	-235978	195101	-237241	500090	-238460
BGN	-922308	-53099	-919051	-53099	-801486	-52799	-977025	-52799	-935979	-51933	-696384	-51936
Foreign currencies	1469768	-187494	1481543	-181513	1633917	-181896	1523850	-183179	1131080	-185308	1196474	-186524
CLAIMS ON STATE BUDGET (net)	662870	-236589	680574	-230765	927501	-230838	657374	-232088	311744	-233296	590206	-234477
BGN	-907782	-52933	-904453	-52933	-786117	-52633	-961584	-52633	-919273	-51767	-679174	-51770
Foreign currencies	1570652	-183656	1585027	-177832	1713618	-178205	1618958	-179455	1231017	-181529	1269380	-182707
Claims	3684852	1389	3565890	1389	3687806	1389	3679315	1389	3765162	1389	3682213	1387
BGN	839200	273	838716	273	864300	273	873015	273	887559	273	932352	271
Foreign currencies	2845652	1116	2727174	1116	2823506	1116	2806300	1116	2877603	1116	2749861	1116
Government securities	1115478	1380	1092839	1380	1135746	1380	1156417	1380	1262894	1380	1337817	1380
Short-term (up to 12 months)	115390	0	110293	0	116471	0	116575	0	122136	0	116148	0
BGN	115383	0	110293	0	116471	0	116575	0	122136	0	116148	0
Foreign currencies	7	0	0	0	0	0	0	0	0	0	0	0
Medium-term (up to 5 years)	638426	0	669007	0	687376	0	695393	0	698916	0	742940	0
BGN	638426	0	669007	0	687376	0	695393	0	698916	0	742940	0
Foreign currencies	0	0	0	0	0	0	0	0	0	0	0	0
Long-term (over 5 years)	361662	1380	313539	1380	331899	1380	344449	1380	441842	1380	478729	1380
BGN	68809	264	41368	264	39813	264	44452	264	44857	264	47907	264
Foreign currencies	292853	1116	272171	1116	292086	1116	299997	1116	396985	1116	430822	1116
Credits	2551743	0	2453825	0	2441108	0	2360779	0	2332421	0	2314570	0
Foreign currencies	2551743	0	2453825	0	2441108	0	2360779	0	2332421	0	2314570	0
Other claims	17631	9	19226	9	110952	9	162119	9	169847	9	29826	7
BGN	16582	9	18048	9	20640	9	16595	9	21650	9	25357	7
Foreign currencies	1049	0	1178	0	90312	0	145524	0	148197	0	4469	0
Less: deposits	-3021982	-237978	-2885316	-232154	-2760305	-232227	-3021941	-233477	-3453418	-234685	-3092007	-235864
BGN	-1746982	-53206	-1743169	-53206	-1650417	-52906	-1834599	-52906	-1806832	-52040	-1611526	-52041
Foreign currencies	-1275000	-184772	-1142147	-178948	-1109888	-179321	-1187342	-180571	-1646586	-182645	-1480481	-183823
CLAIMS ON STATE FUNDS AND EXTRABUDGETARY ACCOUNTS (net)	-115410	-4004	-118082	-3847	-95070	-3857	-110549	-3890	-116643	-3945	-90116	-3983
BGN	-14526	-166	-14598	-166	-15369	-166	-15441	-166	-16706	-166	-17210	-166
Foreign currencies	-100884	-3838	-103484	-3681	-79701	-3691	-95108	-3724	-99937	-3779	-72906	-3817

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	VII.2001		VIII.2001		IX.2001		X.2001		XI.2001		XII.2001	
	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	3	0	0	0	0	0	0	0
BGN	6	0	6	0	3	0	0	0	0	0	0	0
Less: deposits	-115416	-4004	-118088	-3847	-95073	-3857	-110549	-3890	-116643	-3945	-90116	-3983
BGN	-14532	-166	-14604	-166	-15372	-166	-15441	-166	-16706	-166	-17210	-166
Foreign currencies	-100884	-3838	-103484	-3681	-79701	-3691	-95108	-3724	-99937	-3779	-72906	-3817
CLAIMS ON LOCAL BUDGETS (net)	-132412	-769	-130696	-752	-115035	-753	-100811	-757	-95345	-763	-57821	-767
BGN	-156086	-354	-146689	-354	-146844	-354	-136012	-354	-130836	-354	-93166	-354
Foreign currencies	23674	-415	15993	-398	31809	-399	35201	-403	35491	-409	35345	-413
Claims	35116	0	35110	0	34236	0	37327	0	37625	0	40883	0
BGN	161	0	500	0	356	0	195	0	560	0	3787	0
Foreign currencies	34955	0	34610	0	33880	0	37132	0	37065	0	37096	0
Securities	34565	0	34004	0	33062	0	36111	0	35831	0	35772	0
BGN	0	0	0	0	0	0	0	0	0	0	0	0
Foreign currencies	34565	0	34004	0	33062	0	36111	0	35831	0	35772	0
Credits	161	0	500	0	356	0	195	0	560	0	3787	0
BGN	161	0	500	0	356	0	195	0	560	0	3787	0
Other claims	390	0	606	0	818	0	1021	0	1234	0	1324	0
BGN	0	0	0	0	0	0	0	0	0	0	0	0
Foreign currencies	390	0	606	0	818	0	1021	0	1234	0	1324	0
Less: deposits	-167528	-769	-165806	-752	-149271	-753	-138138	-757	-132970	-763	-98704	-767
BGN	-156247	-354	-147189	-354	-147200	-354	-136207	-354	-131396	-354	-96953	-354
Foreign currencies	-11281	-415	-18617	-398	-2071	-399	-1931	-403	-1574	-409	-1751	-413
CLAIMS ON NONGOVERNMENT SECTOR	4493944	609653	4483181	551743	4590458	552363	4711787	555225	4882535	559242	5028838	561958
BGN	2689803	77472	2760329	73234	2821804	73255	2863325	73301	2922546	73349	2956271	73245
Foreign currencies	1804141	532181	1722852	478509	1768654	479108	1848462	481924	1959989	485893	2072567	488713
CLAIMS ON NONFINANCIAL STATE-OWNED ENTERPRISES	363217	144002	340096	137534	333519	137884	314645	136634	317313	138618	342319	139759
BGN	155901	6451	143654	6476	138293	6476	136995	6497	134441	6517	129288	6417
Foreign currencies	207316	137551	196442	131058	195226	131408	177650	130137	182872	132101	213031	133342
CLAIMS ON PRIVATE ENTERPRISES	3325881	456314	3314796	405522	3404907	405788	3527996	409910	3663125	411925	3774553	413491
BGN	1774112	70248	1833743	66015	1878079	66035	1906130	66061	1941899	66089	1969080	66086
Foreign currencies	1551769	386066	1481053	339507	1526828	339753	1621866	343849	1721226	345836	1805473	347405
CLAIMS ON THE PUBLIC	775050	3644	799161	3025	818788	3027	841647	3009	863137	3014	876513	3016
BGN	747435	121	770660	91	789022	92	809930	91	830498	91	841745	90
Foreign currencies	27615	3523	28501	2934	29766	2935	31717	2918	32639	2923	34768	2926
CLAIMS ON NONBANK FINANCIAL INSTITUTIONS	29796	5693	29128	5662	33244	5664	27499	5672	38960	5685	35453	5692
BGN	12355	652	12272	652	16410	652	10270	652	15708	652	16158	652
Foreign currencies	17441	5041	16856	5010	16834	5012	17229	5020	23252	5033	19295	5040
OTHER ITEMS (net)	-3217809	-361466	-3097299	-308091	-3091572	-308627	-3074488	-310580	-3109043	-314114	-3122208	-316028
BGN	-3467322	-440827	-3424983	-425703	-3402503	-426317	-3419878	-430693	-3478127	-434339	-3494870	-437415
Foreign currencies	249513	79361	327684	117612	310931	117690	345390	120113	369084	120225	372662	121387
Own funds	-2538870	138651	-2562604	148651	-2606062	148710	-2665342	144752	-2696880	141206	-2727034	140130
Capital and reserves	-2388557	-96321	-2377458	-95935	-2381616	-95905	-2403968	-95476	-2404524	-95376	-2402932	-95178
Financial result	-150313	234972	-185146	244586	-224446	244615	-261374	240228	-292356	236582	-324102	235308
Other assets and liabilities (net)	-678939	-500117	-534695	-456742	-485510	-457337	-409146	-455332	-412163	-455320	-395174	-456158

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	VII.2001		VIII.2001		IX.2001		X.2001		XI.2001		XII.2001	
	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	9995425	50999	10105907	50744	10302570	50707	10352075	50772	10624943	50710	11594108	50655
BGN	5631597	14280	5711784	14279	5821541	14267	5805548	14270	5952231	14271	6629941	14268
Foreign currencies	4363828	36719	4394123	36465	4481029	36440	4546527	36502	4672712	36439	4964167	36387
MONEY M1	3932102	0	3966228	0	4029943	0	3988060	0	4103795	0	4664704	0
Money outside banks	2521576	0	2542024	0	2601346	0	2570089	0	2641471	0	3080620	0
Demand deposits (in BGN)	1410526	0	1424204	0	1428597	0	1417971	0	1462324	0	1584084	0
State-owned enterprises	267509	0	283073	0	262748	0	255459	0	270420	0	303431	0
Private enterprises	892267	0	881275	0	897028	0	892442	0	902711	0	957391	0
Public	227788	0	235106	0	245166	0	247943	0	266800	0	300228	0
Nonbank financial institutions	22962	0	24750	0	23655	0	22127	0	22393	0	23034	0
MONEY M2 (M1 + quasi-money)	9686602	0	9815640	0	10003154	0	10056497	0	10273815	0	11226078	0
Quasi-money	5754500	0	5849412	0	5973211	0	6068437	0	6170020	0	6561374	0
Time deposits (in BGN)	1076629	0	1128597	0	1171444	0	1193934	0	1192737	0	1268002	0
State-owned enterprises	120610	0	109840	0	124584	0	111015	0	113898	0	103813	0
Private enterprises	144021	0	196787	0	220014	0	252115	0	222175	0	267461	0
Public	742482	0	745909	0	748816	0	758039	0	778153	0	805055	0
Nonbank financial institutions	69516	0	76061	0	78030	0	72765	0	78511	0	91673	0
Savings deposits (in BGN)	498756	0	504892	0	510852	0	512450	0	520209	0	548540	0
Foreign currency deposits	4179115	0	4215923	0	4290915	0	4362053	0	4457074	0	4744832	0
State-owned enterprises	598665	0	570299	0	605770	0	548862	0	563695	0	500428	0
Private enterprises	740732	0	779294	0	774333	0	810023	0	776129	0	799611	0
Public	2757267	0	2782662	0	2843728	0	2936969	0	3049424	0	3374985	0
Nonbank financial institutions	82451	0	83668	0	67084	0	66199	0	67826	0	69808	0
MONEY M3 (M2 + money market instruments, restricted deposits and deposits in nonoperating banks)	9995425	50999	10105907	50744	10302570	50707	10352075	50772	10624943	50710	11594108	50655
Money market instruments	17062	0	23444	0	22929	0	21221	0	19268	0	60892	0
BGN	16710	0	16755	0	14073	0	13828	0	11833	0	27151	0
Foreign currencies	352	0	6689	0	8856	0	7393	0	7435	0	33741	0
Import and restricted deposits	240762	0	216079	0	225780	0	223585	0	281150	0	256483	0
BGN	93120	0	81033	0	80962	0	83006	0	109386	0	107276	0
Foreign currencies	147642	0	135046	0	144818	0	140579	0	171764	0	149207	0
Deposits in nonoperating banks	50999	50999	50744	50744	50707	50707	50772	50772	50710	50710	50655	50655
BGN	14280	14280	14279	14279	14267	14267	14270	14270	14271	14271	14268	14268
Foreign currencies	36719	36719	36465	36465	36440	36440	36502	36502	36439	36439	36387	36387
State-owned enterprises	22257	22257	22192	22192	22196	22196	22195	22195	22221	22221	22302	22302
BGN	6515	6515	6516	6516	6503	6503	6505	6505	6503	6503	6500	6500
Foreign currencies	15742	15742	15676	15676	15693	15693	15690	15690	15718	15718	15802	15802
Private enterprises	24562	24562	24375	24375	24333	24333	24398	24398	24311	24311	24227	24227
BGN	4384	4384	4384	4384	4384	4384	4384	4384	4388	4388	4386	4386
Foreign currencies	20178	20178	19991	19991	19949	19949	20014	20014	19923	19923	19841	19841
Public	3313	3313	3310	3310	3311	3311	3311	3311	3310	3310	3256	3256
BGN	2918	2918	2915	2915	2916	2916	2916	2916	2915	2915	2916	2916
Foreign currencies	395	395	395	395	395	395	395	395	395	395	340	340
Nonbank financial institutions	867	867	867	867	867	867	868	868	868	868	870	870
BGN	463	463	464	464	464	464	465	465	465	465	466	466
Foreign currencies	404	404	403	403	403	403	403	403	403	403	404	404

Source: BNB.

ANALYTICAL REPORTING OF THE BNB

(BGN '000)

	XII.2000	I.2001	II.2001	III.2001	IV.2001	V.2001	VI.2001	VII.2001	VIII.2001	IX.2001	X.2001	XI.2001	XII.2001
FOREIGN ASSETS													
International reserves	7445733	7063133	7002075	7011287	7051050	7140278	7210332	6992132	6869785	6866654	7130918	7708348	7950504
Monetary gold	7273153	6889487	6820282	6820044	6862638	6939238	7010737	6802700	6687785	6683432	6986463	7701382	7942987
Other foreign assets	172580	515611	515611	515611	515611	515611	515611	515611	515611	515611	515611	515611	515611
		173646	181793	191243	188412	201040	199595	189432	182000	183222	144455	6966	7517
	2560928	2470860	2451471	2628012	2485809	2584428	2694725	2551743	2453825	2441108	2360779	2332421	2314570
CLAIMS ON STATE BUDGET													
Foreign currencies	2560928	2470860	2451471	2628012	2485809	2584428	2694725	2551743	2453825	2441108	2360779	2332421	2314570
Credits	2560928	2470860	2451471	2628012	2485809	2584428	2694725	2551743	2453825	2441108	2360779	2332421	2314570
CLAIMS ON NONFINANCIAL STATE-OWNED ENTERPRISES													
BGN	2294	2294	2294	2294	2294	2294	2294	2294	2294	2294	2294	2294	2294
	2294	2294	2294	2294	2294	2294	2294	2294	2294	2294	2294	2294	2294
CLAIMS ON COMMERCIAL BANKS													
BGN	124932	125003	124785	124788	124787	99286	99286	99149	100472	99048	99048	99048	70795
Credits	67447	67518	67300	67300	67300	62778	62778	62643	63968	62544	62544	62544	50576
Overdue credits	23758	23758	23758	23758	23758	22054	22054	21919	21919	21820	21820	21820	17955
Other claims	23758	23758	23758	23758	23758	22054	22054	21919	21919	21820	21820	21820	17955
Foreign currencies	43689	43760	43542	43542	43542	40724	40724	40724	42049	40724	40724	40724	32621
Deposits	57485	57485	57485	57488	57487	36508	36508	36506	36504	36504	36504	36504	20219
Credits	17	17	17	20	19	19	19	17	15	15	15	15	13
Overdue credits	49361	49361	49361	49361	49361	31596	31596	31596	31596	31596	31596	31596	18159
Other claims	49361	49361	49361	49361	49361	31596	31596	31596	31596	31596	31596	31596	18159
	8107	8107	8107	8107	8107	4893	4893	4893	4893	4893	4893	4893	2047
OTHER ITEMS (net)													
BGN	151310	145498	143381	143706	121237	154415	153674	146389	143715	150049	148482	147355	153711
Foreign currencies	63304	58835	56515	55887	33028	59882	59582	58532	58263	60606	60884	59402	62892
	88006	86663	86866	87819	88209	94533	94092	87857	85452	89443	87598	87953	90819
RESERVE MONEY													
Currency outside banks	3020646	2835519	2873983	2928071	3044845	3102056	3085239	3238815	3237638	3366823	3308606	3429177	4032552
Bank reserves	2373610	2203753	2214686	2225244	2307033	2343716	2427154	2521576	2542024	2601346	2570089	2641471	3080620
BGN	647021	631753	657948	702762	737773	758255	658074	716598	695324	765458	738468	787533	951911
Minimum required reserves	492370	581553	540877	511135	489134	479315	440089	428900	551783	518057	447287	516273	639381
Excess reserves	341236	444340	388043	348444	263682	255720	345224	287836	420550	341320	315121	332582	284180
Commercial bank cash	20050	17373	28907	39851	104621	91049	-30571	-4898	-14572	31611	-10924	39912	172939
	131084	119840	123927	122840	120831	132546	125436	145962	145805	145126	143090	143779	182262

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	(BGN '000)												
	XII.2000	I.2001	II.2001	III.2001	IV.2001	V.2001	VI.2001	VII.2001	VIII.2001	IX.2001	X.2001	XI.2001	XII.2001
Foreign currencies	154651	50200	117071	191627	248639	278940	217985	287698	143541	247401	291181	271260	312530
Minimum required reserves	154651	50200	117071	191627	248639	278940	217985	287698	143541	247401	291181	271260	312530
Other deposits of nonbank institutions and public in BGN	15	13	1349	65	39	85	11	641	290	19	49	173	21
TIME, SAVINGS AND FOREIGN CURRENCY DEPOSITS	678100	679341	680397	513078	69755	69802	69839	201417	210815	203935	196258	212262	190515
MONEY MARKET INSTRUMENTS AND RESTRICTED DEPOSITS	97	29	32	114	2245	130	249	72	76	12713	3992	27	24
FOREIGN LIABILITIES	2785186	2687560	2666207	2848102	2696134	2802825	2912404	2757484	2632307	2620751	2533085	2482900	2465632
DEPOSITS OF THE STATE BUDGET	2527642	2310463	2183309	2268012	2808043	2792465	2861373	2365834	2262259	2094710	2406224	2865772	2547077
BGN	1308857	1232915	1209899	1199579	1424821	1469903	1454549	1526939	1517286	1430410	1613428	1587237	1435157
Foreign currencies	1218785	1077548	973410	1068433	1383222	1322562	1406824	838895	744973	664300	792796	1278535	1111920
DEPOSITS OF STATE FUNDS AND EXTRABUDGETARY ACCOUNTS	82916	80544	79750	64340	71806	72779	68213	60763	53822	50117	53293	47784	26262
BGN	0	0	0	0	0	0	0	0	0	0	0	0	0
Foreign currencies	82916	80544	79750	64340	71806	72779	68213	60763	53822	50117	53293	47784	26262
OWN FUNDS	1190609	1213332	1240325	1288373	1092353	1140645	1162991	1167325	1173178	1210103	1240065	1251550	1229816

Source: BNB.

ANALYTICAL REPORTING OF COMMERCIAL BANKS

(BGN '000)

	XII.2000		I.2001		II.2001		III.2001		IV.2001		V.2001		VI.2001	
	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	601722	603	595530	609	600391	392	610313	312	667989	772	697465	493	593426	420
FOREIGN ASSETS	4168587	63417	4432101	63572	4477713	63633	4894623	46311	4417387	44244	4678212	45953	4879440	46712
CLAIMS ON STATE BUDGET	1108817	1589	1075280	1520	1056253	1502	1114482	1388	1094143	1388	1114652	1389	1126099	1389
BGN	826988	312	802195	312	786794	293	810876	272	810115	272	803573	273	830281	273
Foreign currencies	281829	1277	273085	1208	269459	1209	303606	1116	284028	1116	311079	1116	295818	1116
CLAIMS ON STATE FUNDS AND EXTRABUDGETARY ACCOUNTS	9	0	4	0	6	0	7	0	8	0	5	0	7	0
BGN	9	0	4	0	6	0	7	0	8	0	5	0	7	0
CLAIMS ON LOCAL BUDGETS	31791	0	31880	0	33786	0	33853	0	35345	0	32722	0	34255	0
BGN	930	0	821	0	699	0	726	0	320	0	187	0	98	0
Foreign currencies	30861	0	31059	0	33087	0	33127	0	35025	0	32535	0	34157	0
CLAIMS ON NONFINANCIAL STATE-OWNED ENTERPRISES	419620	235312	412720	235582	428242	236473	339826	141944	335668	139096	346485	146854	353819	146926
BGN	141530	53072	144811	53047	159149	53021	119365	6404	125158	6426	127694	6445	139180	6453
Foreign currencies	278090	182240	267909	182535	269093	183452	220461	135540	210510	132670	218791	140409	214639	140473
CLAIMS ON PRIVATE ENTERPRISES	3116426	540944	3144446	539016	3137125	545744	3131474	466696	3201417	465474	3256019	461918	3286364	460627
BGN	1590973	90781	1627769	87579	1606625	87515	1616815	67556	1697959	84175	1677166	71945	1688509	70257
Foreign currencies	1525453	450163	1516677	451437	1530500	458229	1514659	399140	1503458	381299	1578853	389973	1597855	390370
CLAIMS ON THE PUBLIC	604007	3601	600467	3602	607085	3617	645465	3696	680521	3640	715336	3657	746256	3660
BGN	585480	147	581686	146	587748	146	624137	130	657932	126	690541	125	720140	123
Foreign currencies	18527	3454	18781	3456	19337	3471	21328	3566	22589	3514	24795	3532	26116	3537
CLAIMS ON NONBANK FINANCIAL INSTITUTIONS	24314	5657	21822	5658	22757	5660	22424	5684	23480	5669	25377	5691	29498	5717
BGN	9211	661	6740	661	7644	661	7112	652	7610	652	9081	652	11601	652
Foreign currencies	15103	4996	15082	4997	15113	4999	15312	5032	15870	5017	16296	5039	17897	5065
OTHER ASSETS	-1206487	-713257	-1154482	-710445	-1132296	-711175	-856239	-505177	-693006	-506646	-950623	-494992	-881574	-495594
BGN	-1296578	-784098	-1250789	-777506	-1229661	-778033	-940790	-589294	-826517	-589075	-1078786	-582412	-1029849	-583181
Foreign currencies	90091	70841	96307	67061	97365	66858	84551	84117	133511	82429	128163	87420	148275	87587
DEMAND DEPOSITS (in BGN)	1258615	0	1318490	0	1340602	0	1329643	0	1338625	0	1402469	0	1406840	0
State-owned enterprises	323050	0	362244	0	404626	0	387035	0	369748	0	382914	0	341184	0
Private enterprises	741345	0	758703	0	735290	0	742103	0	749562	0	799281	0	826261	0
Public	170221	0	170865	0	176812	0	181761	0	196417	0	199204	0	216447	0
Nonbank financial institutions	23999	0	26678	0	23874	0	18744	0	22898	0	21070	0	22948	0
TIME, SAVINGS AND FOREIGN CURRENCY DEPOSITS	4595595	0	4825046	0	4886571	0	5135870	0	5148879	0	5313015	0	5467980	0
TIME DEPOSITS (in BGN)	960971	0	1016048	0	1031339	0	1054933	0	1070703	0	1037436	0	1056766	0
State-owned enterprises	104766	0	141248	0	147048	0	176825	0	178520	0	140154	0	135998	0
Private enterprises	89691	0	82542	0	90961	0	92217	0	98156	0	103755	0	116555	0
Public	703554	0	718136	0	723261	0	724816	0	725354	0	728045	0	733726	0
Nonbank financial institutions	62960	0	74122	0	70069	0	61075	0	68673	0	65482	0	70487	0
SAVINGS DEPOSITS (in BGN)	452241	0	461007	0	467312	0	472369	0	478520	0	482706	0	489452	0
FOREIGN CURRENCY DEPOSITS	3182383	0	3347991	0	3387920	0	3608568	0	3599656	0	3792873	0	3921762	0
State-owned enterprises	317079	0	337625	0	353268	0	399437	0	381147	0	391046	0	424664	0
Private enterprises	565750	0	637753	0	616142	0	646106	0	638439	0	651901	0	686045	0
Public	2250529	0	2314755	0	2360832	0	2485763	0	2491358	0	2675476	0	2738121	0
Nonbank financial institutions	49025	0	57858	0	57678	0	77262	0	88712	0	74450	0	72932	0
MONEY MARKET INSTRUMENTS, RESTRICTED DEPOSITS AND DEPOSITS IN NONOPERATING BANKS	384714	81798	298141	81923	306351	82715	277719	51231	276557	50797	301951	51152	306653	51119

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	XII.2000		I.2001		II.2001		III.2001		IV.2001		V.2001		VI.2001	
	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	65679	0	8160	0	6458	0	3359	0	9275	0	18553	0	16869	0
BGN	20266	0	3911	0	5049	0	1971	0	7913	0	17378	0	16514	0
State-owned enterprises	4149	0	3327	0	3321	0	1600	0	4881	0	10976	0	10101	0
Private enterprises	15774	0	246	0	1393	0	42	0	2707	0	6042	0	6057	0
Public	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Nonbank financial institutions	343	0	338	0	335	0	329	0	325	0	360	0	356	0
Foreign currencies	45413	0	4249	0	1409	0	1388	0	1362	0	1175	0	355	0
State-owned enterprises	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Private enterprises	45381	0	4217	0	1377	0	1356	0	1330	0	1143	0	323	0
Public	32	0	32	0	32	0	32	0	32	0	32	0	32	0
Nonbank financial institutions	0	0	0	0	0	0	0	0	0	0	0	0	0	0
IMPORT AND RESTRICTED DEPOSITS	237237	0	208058	0	217178	0	223129	0	216485	0	232246	0	238665	0
BGN	94032	0	78309	0	80679	0	85207	0	82462	0	81805	0	91187	0
State-owned enterprises	37971	0	26439	0	23193	0	24612	0	24446	0	25515	0	30709	0
Private enterprises	45962	0	40647	0	46073	0	49342	0	42798	0	43130	0	43333	0
Public	5098	0	5225	0	5667	0	5712	0	9219	0	5824	0	5445	0
Nonbank financial institutions	5001	0	5998	0	5746	0	5541	0	5999	0	7336	0	11700	0
Foreign currencies	143205	0	129749	0	136499	0	137922	0	134023	0	150441	0	147478	0
State-owned enterprises	83451	0	71590	0	67417	0	65017	0	64561	0	67642	0	65434	0
Private enterprises	51106	0	49948	0	60752	0	64222	0	60756	0	68846	0	72098	0
Public	7884	0	7805	0	7922	0	8254	0	8280	0	9304	0	9172	0
Nonbank financial institutions	764	0	406	0	408	0	429	0	426	0	4649	0	774	0
DEPOSITS IN NONOPERATING BANKS	81798	81798	81923	81923	82715	82715	51231	51231	50797	50797	51152	51152	51119	51119
BGN	14569	14569	14557	14557	14566	14566	14298	14298	14272	14272	14271	14271	14272	14272
State-owned enterprises	6675	6675	6672	6672	6672	6672	6522	6522	6503	6503	6506	6506	6508	6508
Private enterprises	4413	4413	4412	4412	4415	4415	4387	4387	4382	4382	4384	4384	4382	4382
Public	2928	2928	2926	2926	2926	2926	2928	2928	2924	2924	2919	2919	2919	2919
Nonbank financial institutions	553	553	547	547	553	553	461	461	463	463	462	462	463	463
Foreign currencies	67229	67229	67366	67366	68149	68149	36933	36933	36525	36525	36881	36881	36847	36847
State-owned enterprises	26939	26939	27052	27052	27276	27276	15844	15844	15694	15694	15789	15789	15784	15784
Private enterprises	25008	25008	24868	24868	25200	25200	20283	20283	20033	20033	20293	20293	20264	20264
Public	552	552	550	550	553	553	399	399	395	395	395	395	395	395
Nonbank financial institutions	14730	14730	14896	14896	15120	15120	407	407	403	403	404	404	404	404
FOREIGN LIABILITIES	967239	208288	931926	208595	935658	210225	967434	1292	751703	1273	818481	1287	815491	1287
BGN	77819	148	82290	148	79109	148	109578	147	106375	147	102217	147	103287	147
Foreign currencies	889420	208140	849636	208447	856549	210077	857856	1145	645328	1126	716264	1140	712204	1140
DEPOSITS OF THE STATE BUDGET	455749	276941	493890	277167	495028	277991	460078	237828	491151	234046	545016	242107	579545	242266
BGN	143968	53203	183111	53203	196346	53203	200022	53206	209394	53206	210504	53206	203628	53205
Foreign currencies	311781	223738	310779	223964	298682	224788	260056	184622	281757	180840	334512	188901	375917	189061
DEPOSITS OF STATE FUNDS AND EXTRABUDGETARY ACCOUNTS	56186	3792	102972	3797	50152	3813	96809	3973	55798	3897	44435	4119	84591	4119
BGN	11207	166	16061	166	16977	166	17134	166	18280	166	12769	166	12767	166
Foreign currencies	44979	3626	86911	3631	33175	3647	79675	3807	37518	3731	31666	3953	71824	3953
DEPOSITS OF LOCAL BUDGETS	91304	735	113834	736	121583	737	163419	766	168039	758	153118	781	165192	781
BGN	82947	355	97666	355	96928	355	139903	354	153114	354	137804	354	151562	354
Foreign currencies	8357	380	16168	381	24655	382	23516	412	14925	404	15314	427	13630	427
OWN FUNDS	1059406	-433699	1075472	-433103	1095126	-429646	1505279	-134234	1532191	-137150	1337129	-128498	1341262	-129734
Capital and reserves	1332151	129383	1332197	129374	1333368	129352	1320922	109425	1327478	109289	1337528	109062	1345111	109060
Financial result	-272745	-563082	-256725	-562477	-238242	-558998	184357	-243659	204713	-246439	-399	-237560	-3849	-238794

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	VII.2001		VIII.2001		IX.2001		X.2001		XI.2001		XII.2001	
	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	668245	556	648837	551	701441	518	664210	525	718059	489	864904	463
FOREIGN ASSETS	4798812	45456	4764609	43745	4683646	43708	4490473	44147	4377376	44863	4747979	45253
CLAIMS ON STATE BUDGET	1133109	1389	1112065	1389	1246698	1389	1318536	1389	1432741	1389	1367643	1387
BGN	839200	273	838716	273	952714	273	1015408	273	1032257	273	932352	271
Foreign currencies	293909	1116	273349	1116	293984	1116	303128	1116	400484	1116	435291	1116
CLAIMS ON STATE FUNDS AND EXTRABUDGETARY ACCOUNTS	6	0	6	0	3	0	0	0	0	0	0	0
BGN	6	0	6	0	3	0	0	0	0	0	0	0
CLAIMS ON LOCAL BUDGETS	35116	0	35110	0	34236	0	37327	0	37625	0	40883	0
BGN	161	0	500	0	356	0	195	0	560	0	3787	0
Foreign currencies	34955	0	34610	0	33880	0	37132	0	37065	0	37096	0
CLAIMS ON NONFINANCIAL STATE-OWNED ENTERPRISES	360923	144002	337802	137534	331225	137884	312351	136634	315019	138618	340025	139759
BGN	153607	6451	141360	6476	135999	6476	134701	6497	132147	6517	126994	6417
Foreign currencies	207316	137551	196442	131058	195226	131408	177650	130137	182872	132101	213031	133342
CLAIMS ON PRIVATE ENTERPRISES	3325881	456314	3314796	405522	3404907	405788	3527996	409910	3663125	411925	3774553	413491
BGN	1774112	70248	1833743	66015	1878079	66035	1906130	66061	1941899	66089	1969080	66086
Foreign currencies	1551769	386066	1481053	339507	1526828	339753	1621866	343849	1721226	345836	1805473	347405
CLAIMS ON THE PUBLIC	775050	3644	799161	3025	818788	3027	841647	3009	863137	3014	876513	3016
BGN	747435	121	770660	91	789022	92	809930	91	830498	91	841745	90
Foreign currencies	27615	3523	28501	2934	29766	2935	31717	2918	32639	2923	34768	2926
CLAIMS ON NONBANK FINANCIAL INSTITUTIONS	29796	5693	29128	5662	33244	5664	27499	5672	38960	5685	35453	5692
BGN	12355	652	12272	652	16410	652	10270	652	15708	652	16158	652
Foreign currencies	17441	5041	16856	5010	16834	5012	17229	5020	23252	5033	19295	5040
OTHER ASSETS	-876124	-500673	-732395	-457293	-670590	-457855	-582418	-455857	-589092	-455809	-532673	-456621
BGN	-1001250	-580034	-938121	-574905	-855574	-575545	-803710	-575970	-831523	-576034	-783200	-578008
Foreign currencies	125126	79361	205726	117612	184984	117690	221292	120113	242431	120225	250527	121387
DEMAND DEPOSITS (in BGN)	1409885	0	1423914	0	1428578	0	1417922	0	1462151	0	1584063	0
State-owned enterprises	267509	0	283073	0	262748	0	255459	0	270420	0	303431	0
Private enterprises	892267	0	881275	0	897028	0	892442	0	902711	0	957391	0
Public	227788	0	235106	0	245166	0	247943	0	266800	0	300228	0
Nonbank financial institutions	22321	0	24460	0	23636	0	22078	0	22220	0	23013	0
TIME, SAVINGS AND FOREIGN CURRENCY DEPOSITS	5553083	0	5638597	0	5769276	0	5872179	0	5957758	0	6370859	0
TIME DEPOSITS (in BGN)	1076629	0	1128597	0	1171444	0	1193904	0	1192737	0	1268002	0
State-owned enterprises	120610	0	109840	0	124584	0	111015	0	113898	0	103813	0
Private enterprises	144021	0	196787	0	220014	0	252085	0	222175	0	267461	0
Public	742482	0	745909	0	748816	0	758039	0	778153	0	805055	0
Nonbank financial institutions	69516	0	76061	0	78030	0	72765	0	78511	0	91673	0
SAVINGS DEPOSITS (in BGN)	498756	0	504892	0	510852	0	512450	0	520209	0	548540	0
FOREIGN CURRENCY DEPOSITS	3977698	0	4005108	0	4086980	0	4165825	0	4244812	0	4554317	0
State-owned enterprises	397248	0	359484	0	401835	0	352634	0	351433	0	309913	0
Private enterprises	740732	0	779294	0	774333	0	810023	0	776129	0	799611	0
Public	2757267	0	2782662	0	2843728	0	2936969	0	3049424	0	3374985	0
Nonbank financial institutions	82451	0	83668	0	67084	0	66199	0	67826	0	69808	0
MONEY MARKET INSTRUMENTS, RESTRICTED DEPOSITS AND DEPOSITS IN NONOPERATING BANKS	308751	50999	290191	50744	286703	50707	291586	50772	351101	50710	368006	50655

(continued)

(continued)

(BGN '000)

	VII.2001		VIII.2001		IX.2001		X.2001		XI.2001		XII.2001	
	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	17062	0	23444	0	22929	0	21221	0	19268	0	60892	0
BGN	16710	0	16755	0	14073	0	13828	0	11833	0	27151	0
State-owned enterprises	10308	0	10288	0	10282	0	10031	0	6531	0	8175	0
Private enterprises	6051	0	6120	0	3448	0	3459	0	4974	0	18438	0
Public	0	0	0	0	0	0	0	0	0	0	0	0
Nonbank financial institutions	351	0	347	0	343	0	338	0	328	0	538	0
Foreign currencies	352	0	6689	0	8856	0	7393	0	7435	0	33741	0
State-owned enterprises	0	0	0	0	0	0	0	0	0	0	0	0
Private enterprises	320	0	512	0	2601	0	1097	0	1100	0	27108	0
Public	32	0	32	0	32	0	32	0	32	0	32	0
Nonbank financial institutions	0	0	6145	0	6223	0	6264	0	6303	0	6601	0
IMPORT AND RESTRICTED DEPOSITS	240690	0	216003	0	213067	0	219593	0	281123	0	256459	0
BGN	93048	0	80957	0	80877	0	82926	0	109359	0	107252	0
State-owned enterprises	28922	0	27423	0	26262	0	29321	0	31206	0	24119	0
Private enterprises	41099	0	33986	0	34387	0	35103	0	58405	0	62800	0
Public	5150	0	5327	0	5339	0	5045	0	4833	0	6316	0
Nonbank financial institutions	17877	0	14221	0	14889	0	13457	0	14915	0	14017	0
Foreign currencies	147642	0	135046	0	132190	0	136667	0	171764	0	149207	0
State-owned enterprises	62392	0	54694	0	52545	0	51244	0	55429	0	53858	0
Private enterprises	75162	0	66151	0	65646	0	70887	0	102430	0	81936	0
Public	9137	0	8770	0	9053	0	9303	0	8863	0	8891	0
Nonbank financial institutions	951	0	5431	0	4946	0	5233	0	5042	0	4522	0
DEPOSITS IN NONOPERATING BANKS	50999	50999	50744	50744	50707	50707	50772	50772	50710	50710	50655	50655
BGN	14280	14280	14279	14279	14267	14267	14270	14270	14271	14271	14268	14268
State-owned enterprises	6515	6515	6516	6516	6503	6503	6505	6505	6503	6503	6500	6500
Private enterprises	4384	4384	4384	4384	4384	4384	4384	4384	4388	4388	4386	4386
Public	2918	2918	2915	2915	2916	2916	2916	2916	2915	2915	2916	2916
Nonbank financial institutions	463	463	464	464	464	464	465	465	465	465	466	466
Foreign currencies	36719	36719	36465	36465	36440	36440	36502	36502	36439	36439	36387	36387
State-owned enterprises	15742	15742	15676	15676	15693	15693	15690	15690	15718	15718	15802	15802
Private enterprises	20178	20178	19991	19991	19949	19949	20014	20014	19923	19923	19841	19841
Public	395	395	395	395	395	395	395	395	395	395	340	340
Nonbank financial institutions	404	404	403	403	403	403	403	403	403	403	404	404
FOREIGN LIABILITIES	729240	1280	713836	1269	843296	1271	819520	1274	851115	1277	987607	1280
BGN	79527	147	77387	147	78667	147	75558	147	77379	147	79405	147
Foreign currencies	649713	1133	636449	1122	764629	1124	743962	1127	773736	1130	908202	1133
DEPOSITS OF THE STATE BUDGET	656148	237978	623057	232154	665595	232227	615717	233477	587646	234685	544930	235864
BGN	220043	53206	225883	53206	220007	52906	221171	52906	219595	52040	176369	52041
Foreign currencies	436105	184772	397174	178948	445588	179321	394546	180571	368051	182645	368561	183823
DEPOSITS OF STATE FUNDS AND EXTRABUDGETARY ACCOUNTS	54653	4004	64266	3847	44956	3857	57256	3890	68859	3945	63854	3983
BGN	14532	166	14604	166	15372	166	15441	166	16706	166	17210	166
Foreign currencies	40121	3838	49662	3681	29584	3691	41815	3724	52153	3779	46644	3817
DEPOSITS OF LOCAL BUDGETS	167528	769	165806	752	149271	753	138138	757	132970	763	98704	767
BGN	156247	354	147189	354	147200	354	136207	354	131396	354	96953	354
Foreign currencies	11281	415	18617	398	2071	399	1931	403	1574	409	1751	413
OWN FUNDS	1371545	-138651	1389426	-148651	1395959	-148710	1425277	-144752	1445330	-141206	1497218	-140130
Capital and reserves	1363274	96321	1363944	95935	1347494	95905	1358640	95476	1358526	95376	1394205	95178
Financial result	8271	-234972	25482	-244586	48465	-244615	66637	-240228	86804	-236582	103013	-235308

Source: BNB.

COMMERCIAL BANK CLAIMS BY SECTOR

(BGN '000)

Sectors	30 June 2001		31 December 2001	
	Balance-sheet exposure	Off-balance sheet exposure	Balance-sheet exposure	Off-balance sheet exposure
Physical persons	80 671	12 164	113 466	8 858
Agriculture and forestry, hunting and fishery	129 076	46 327	139 641	19 073
Extracting industry	131 138	40 689	138 736	75 448
Processing industry	1 084 522	347 449	1 176 705	253 629
Electrical energy, oil, gas and water	59 366	57 310	58 065	62 356
Construction	68 617	106 604	71 784	47 135
Trade and repair of household appliances	965 289	358 322	1 144 483	317 780
Hotelry, hostelry and catering	216 991	34 563	278 831	15 158
Transport and communications	164 965	115 816	204 699	83 991
Financial mediation	2 335 052	65 531	2 002 269	460 544
Real estate transactions	39 289	9 284	41 770	2 497
Government administration and defense	6 967	21 646	12 780	6 229
Education	313	22	301	159
Healthcare and social activities	11 525	1 407	19 248	11 837
Other public services	794 172	109 241	998 159	78 751
Extraterritorial organizations and institutions	6 598	976	10 690	9 815
Total	6 094 551	1 327 351	6 411 627	1 453 260

Source: BNB.

COMMERCIAL BANK CLAIMS BY CURRENCY

(BGN'000)

Currency	30 June 2001		31 December 2001	
	Balance-sheet exposure	Off-balance sheet exposure	Balance-sheet exposure	Off-balance sheet exposure
Austrian schilling	270	0	0	0
Belgian frank	3	0	0	0
Bulgarian lev	2 434 854	560 352	2 897 260	607 625
Swiss franc	4 345	3 318	3 787	3 780
Cypris lira	0	680	0	365
Euro	182 091	65 642	45 315	17 382
French franc	1 421 830	229 457	1 709 619	528 035
British pound	0	5 756	0	0
Greek drachma	5 827	1 728	17 791	3 030
Italian lira	1 492	0	0	0
Dutch guilder	0	2 318	0	2 353
US dollar	2 043 839	458 099	1 737 855	290 690
TOTAL	6 094 551	1 327 350	6 411 627	1 453 260

Source: BNB.

CLAIMS EXCEEDING BGN 10,000 BY CREDIT AGREEMENT TERM

(BGN'000)

Term	30 June 2001		31 December 2001	
	Balance-sheet exposure	Off-balance sheet exposure	Balance-sheet exposure	Off-balance sheet exposure
Up to one year	3 143 668	640 750	3 196 539	654 661
From one to three years	1 105 523	421 389	1 247 854	342 015
Over three years	1 057 615	254 013	1 199 259	433 308
TOTAL	5 306 806	1 316 152	5 643 652	1 429 984

Source: BNB.

INTEREST RATES AND GOVERNMENT SECURITIES YIELD IN 2001
(annual effective)

Indicators	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
BASE INTEREST RATE												
(end period)	4.35	4.28	4.22	4.43	4.55	4.55	4.63	4.84	4.85	4.71	4.88	4.73
SHORT-TERM INTEREST RATES												
(average-weighted)												
Interest rates on deposits extended												
in the interbank market	0.83	1.97	3.36	4.11	3.7	3.82	4.48	5.7	3.67	4.78	3.78	5.51
up to one day	0.68	1.92	3.18	3.85	3.66	3.74	4.35	5.79	3.58	4.91	3.66	5.07
from one to three days	0.69	1.66	3.54	5.85	3.42	3.52	4.48	5.23	3.12	3.71	3.21	3.07
from three days to one week	1.39	2.01	3.93	3.97	3.86	4.71	4.97	5.69	4.69	5.56	5.56	9.25
from one week to one month	2.71	3.64	4.35	4.34	4.43	4.82	5.1	5.69	5.18	5.32	5.71	6.68
over one month	3.98	5.48	4.55	5.06	4.55	5.24	5.46	6.33	5.62	5.1	5.34	6.28
Interest rates on time deposits												
BGN	3.13	3.21	3.11	3.18	3.12	3.28	3.42	3.8	3.01	2.93	2.54	3.41
EUR*	3.47	3.43	3.31	3.09	2.92	2.62	2.89	3.04	2.59	2.71	2.34	2.22
USD	4.23	4.08	3.99	3.62	3.34	3.13	2.91	2.8	2.31	2.09	1.81	1.72
Interest rates on demand deposits												
BGN	0.26	0.29	0.28	0.27	0.32	0.29	0.33	0.32	0.31	0.32	0.31	0.31
EUR*	0.47	0.59	0.66	0.61	0.63	0.65	0.62	0.58	0.52	0.49	0.48	0.56
USD	1.61	1.6	1.63	1.34	1.3	1.27	1.19	1.17	0.91	0.78	0.8	0.66
Interest rates on credits												
BGN	14.22	12.51	10.61	9.68	10.69	12.22	11.73	12.06	11.76	9.83	11.9	13.21
EUR*	12.14	12.54	9.74	9.71	11.56	13.53	13.23	12.25	9.92	8.04	9.11	8.01
USD	10.18	12.76	14.86	7.4	12.6	10.45	12.42	11.39	10.04	13.06	10.48	8
Yield on government securities issues	4.48	4.55	4.22	4.37	4.73	4.55	4.59	4.94	4.81	4.71	5	4.73
LONG-TERM INTEREST RATES												
(average-weighted)												
Interest rates on credits												
BGN	16.44	14.43	15.74	14.56	15.5	15.94	13.95	14.13	14.75	15.25	15.53	14.49
EUR*	17.43	13.23	14.85	11.65	15.26	12.71	11.27	12.45	11.79	12.01	10.91	10.72
USD	19.04	12.68	14.17	19.29	18.23	17.3	14.09	14.6	14.49	11.86	16.24	11.39
Yield on government securities issues	7.3	8.02	6.66	6.32	7.04	6.27	6.2	7.1	6.33	6.99	7.03	6.65

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

Source: BNB.

NOMINAL INTEREST RATES ON SHORT-TERM LEV CREDITS IN 2001

Months	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
January	1.11											
February	2.11	0.99										
March	2.97	1.84	0.84									
April	3.76	2.62	1.62	0.77								
May	4.64	3.49	2.48	1.63	0.85							
June	5.66	4.50	3.47	2.61	1.83	0.97						
July	6.64	5.47	4.44	3.57	2.78	1.91	0.93					
August	7.65	6.47	5.43	4.55	3.75	2.88	1.89	0.95				
September	8.66	7.46	6.41	5.52	4.72	3.83	2.84	1.89	0.93			
October	9.50	8.30	7.24	6.35	5.53	4.64	3.64	2.68	1.72	0.78		
November	10.53	9.32	8.25	7.35	6.53	5.63	4.61	3.65	2.67	1.73	0.94	
December	11.68	10.46	9.37	8.46	7.63	6.73	5.70	4.73	3.74	2.79	1.99	1.04

Source: BNB.

REAL INTEREST RATES ON SHORT-TERM LEV CREDITS IN 2001*

Months	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
January	0.48											
February	1.14	0.66										
March	1.94	1.45	0.79									
April	2.91	2.42	1.75	0.95								
May	3.72	3.23	2.55	1.75	0.79							
June	4.81	4.31	3.63	2.82	1.85	1.05						
July	5.99	5.48	4.79	3.97	2.99	2.18	1.12					
August	6.66	6.16	5.46	4.64	3.65	2.84	1.77	0.64				
September	6.30	5.80	5.11	4.28	3.30	2.49	1.43	0.30	-0.34			
October	5.32	4.82	4.14	3.32	2.35	1.54	0.49	-0.63	-1.26	-0.92		
November	6.08	5.57	4.88	4.06	3.08	2.27	1.21	0.09	-0.55	-0.21	0.72	
December	6.52	6.01	5.32	4.50	3.51	2.70	1.63	0.50	-0.13	0.20	1.14	0.42

* 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 2001

Months	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
January	0.24											
February	0.49	0.25										
March	0.74	0.50	0.25									
April	1.00	0.76	0.51	0.26								
May	1.26	1.01	0.76	0.51	0.25							
June	1.52	1.28	1.02	0.77	0.51	0.26						
July	1.79	1.55	1.30	1.04	0.78	0.53	0.27					
August	2.11	1.86	1.61	1.36	1.09	0.84	0.58	0.31				
September	2.35	2.11	1.85	1.60	1.34	1.08	0.82	0.55	0.24			
October	2.59	2.34	2.09	1.83	1.57	1.32	1.05	0.78	0.47	0.23		
November	2.79	2.55	2.29	2.04	1.77	1.52	1.26	0.98	0.67	0.43	0.20	
December	3.06	2.82	2.56	2.30	2.04	1.78	1.52	1.25	0.93	0.69	0.46	0.26

Source: BNB.

REAL INTEREST RATES ON ONE-MONTH LEV DEPOSITS IN 2001*

Months	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
January	-0.39											
February	-0.47	-0.08										
March	-0.27	0.12	0.20									
April	0.17	0.56	0.64	0.44								
May	0.36	0.75	0.83	0.63	0.19							
June	0.70	1.10	1.18	0.97	0.53	0.34						
July	1.17	1.56	1.64	1.44	0.99	0.80	0.46					
August	1.17	1.56	1.64	1.44	0.99	0.80	0.46	0.00				
September	0.14	0.53	0.61	0.41	-0.03	-0.22	-0.56	-1.02	-1.02			
October	-1.33	-0.94	-0.87	-1.06	-1.50	-1.68	-2.02	-2.47	-2.47	-1.46		
November	-1.35	-0.96	-0.89	-1.08	-1.52	-1.70	-2.04	-2.49	-2.49	-1.48	-0.02	
December	-1.70	-1.32	-1.24	-1.44	-1.87	-2.06	-2.39	-2.84	-2.84	-1.84	-0.38	-0.36

* 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 2000	30 June 2001	31 December 2001
Notes, total	5 498 037 317	4 598 735 814	4 378 016 467
Notes – new denominations, total	3 100 459 290	3 372 749 097	4 049 727 651
50 levs	1 348 686 900	1 582 626 450	2 050 928 850
20 levs	818 035 800	835 780 000	1 047 218 440
10 levs	577 948 745	596 886 345	643 287 695
5 levs	210 919 328	202 435 218	154 910 912
2 levs	87 982 923	91 988 943	87 075 273
1 lev	56 885 594	63 032 141	66 306 481
Notes – old denominations, total	2 397 578 027	1 225 986 717	328 288 816
50 000 levs = 50 new levs	1 981 175 250	881 404 700	123 003 750
10 000 levs = 10 new levs	275 276 845	227 376 845	163 112 895
5000 levs = 5 new levs	93 268 582	87 368 583	27 989 598
2000 levs = 2 new levs	12 670 882	8 523 158	5 651 406
1000 levs = 1 new lev	5 737 238	4 838 291	4 319 537
500 levs = 0.50 new lev	19 978 643	8 166 606	1 798 182
200 levs = 0.20 new lev	7 914 308	7 059 674	1 383 364
100 levs = 0.10 new lev	1 556 279	1 248 860	1 030 084
Coins, total	35 918 357	37 334 477	39 209 852
Coins – new denominations, total	30 523 130	31 716 150	33 566 525
50 stotinkas	12 217 000	12 317 000	12 762 000
20 stotinkas	9 146 700	9 146 700	9 146 700
10 stotinkas	5 526 400	5 940 400	6 696 400
5 stotinkas	2 107 650	2 337 150	2 645 525
2 stotinkas	911 100	1 218 600	1 447 700
1 stotinka	614 280	756 300	868 200
Coins – old denominations, total	4 008 707	4 008 707	4 008 707
50 levs = 0.05 new lev	1 562 350	1 562 350	1 562 350
20 levs = 0.02 new lev	1 070 523	1 070 523	1 070 523
10 levs = 0.01 new lev	860 629	860 629	860 629
5 levs = 0.005 new lev	260 646	260 646	260 646
2 levs = 0.002 new lev	130 968	130 968	130 968
1 lev = 0.001 new lev	110 819	110 819	110 819
0.50 lev = 0.0005 new lev	7 479	7 479	7 479
0.20 lev = 0.0002 new lev	2 513	2 513	2 513
0.10 lev = 0.0001 new lev	2 780	2 780	2 780
Commemorative	1 386 520	1 609 620	1 634 620
Notes and coins, total	5 533 955 674	4 636 070 291	4 417 226 319

Source: BNB.

BANKING SYSTEM BALANCE SHEET
(annual closing of accounts, 2001)

(BGN '000)

	Total	Including	
		BGN	Foreign currency
ASSETS			
VAULT CASH AND CURRENT ACCOUNTS WITH THE BNB	1 286 314	551 248	735 066
Claims on banks and other financial institutions	4 065 514	240 934	3 824 580
Securities in trading portfolio	1 520 406	819 476	700 930
Securities in investment portfolio	518 427	153 822	364 605
Credits to the budget	5 772	5 772	0
Credits to public enterprises	153 522	82 700	70 822
Credits to private enterprises	3 141 682	1 724 485	1 417 197
Credits to individuals and households	832 383	802 855	29 528
Credits to nonfinancial institutions and other clients	4 133 359	2 615 812	1 517 547
EARNING ASSETS	10 237 706	3 830 044	6 407 662
Assets for resale	14 664	14 664	0
Claims on interest and other assets	202 379	125 202	77 177
Fixed assets	462 700	462 700	0
ASSETS, TOTAL	12 203 763	4 983 858	7 219 905
Including assets in pawn	676 953	362 325	314 628
LIABILITIES AND CAPITAL			
Deposits by banks	699 854	273 107	426 747
Deposits by other financial institutions	211 677	127 812	83 865
Deposits by nonfinancial institutions and other clients	8 647 101	3 612 253	5 034 848
DEPOSITS, TOTAL	9 558 632	4 013 172	5 545 460
Short-term attracted resources	160 954	69 074	91 880
Interest payments and other liabilities	538 618	304 480	234 138
Long-term attracted resources	309 452	26 361	283 091
Subordinated term debt	1 171	0	1 171
LIABILITIES, TOTAL	10 568 827	4 413 087	6 155 740
Capital	1 186 471	1 186 471	0
Reserves	448 465	448 465	0
CAPITAL AND RESERVES	1 634 936	1 634 936	0
LIABILITIES AND OWN FUNDS, TOTAL	12 203 763	6 048 023	6 155 740
Credit substitutes	1 079 454	484 529	594 925
Derivatives	364 373	111 062	253 311
OFF-BALANCE SHEET LIABILITIES	1 443 827	595 591	848 236

Source: BNB.

BANKING SYSTEM CONSOLIDATED INCOME STATEMENT
(annual closing of accounts, 2001)

(BGN '000)

	Total	Including	
		BGN	Foreign currency
Interest revenue from claims on banks and other financial institutions	187 119	12 451	174 668
Interest revenue on credits to nonfinancial institutions and other clients	463 717	321 307	142 410
Revenue from investment portfolio securities	35 063	22 438	12 625
INTEREST REVENUE	685 899	356 196	329 703
Interest expenditure on deposits of banks and other financial institutions	35 725	16 372	19 353
Interest expenditure on deposits of nonfinancial institutions and other clients	152 967	54 188	98 779
Interest expenditure on attracted resources	22 972	2 876	20 096
INTEREST EXPENDITURE	211 664	73 436	138 228
NET INTEREST INCOME	474 235	282 760	191 475
Profit/loss from trade and revaluation (net of provisions on losses from credits)	176 026		
	-74 550		
NET INTEREST INCOME AND NET INCOME FROM TRADE AND REVALUATION	724 811		
Other noninterest revenue	210 401		
Operating result prior to operating expenditure	935 212		
Operating expenditure	551 551		
PRE-TAX OPERATING PROFIT/LOSS AND EXTRA OPERATIONS	383 661		
Profit/loss from revaluation and extra revenue/expenditure	32 416		
Pre-tax profit/loss	416 077		
Post-tax profit/loss, net	299 240		
CURRENT PROFIT/LOSS	299 240		

Source: BNB.

BALANCE SHEET OF COMMERCIAL BANKS BY GROUP
(annual closing of accounts, 2001)

	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	597 982	335 704	214 328	70 291	68 009	1 286 314
Securities in trading portfolio	2 258 620	918 035	408 776	226 867	253 216	4 065 514
Securities in investment portfolio	691 167	369 133	335 521	86 036	38 549	1 520 406
Credits to the budget	396 866	101 694	3 437	9 521	6 909	518 427
Credits to public enterprises	3 995	225	1 552	0	0	5 772
Credits to private enterprises	35 678	26 197	32 007	1 933	57 707	153 522
Credits to individuals and households	712 969	1 003 784	509 132	373 784	542 013	3 141 682
Credits to nonfinancial institutions and other clients	657 065	131 765	15 351	25 065	3 137	832 383
EARNING ASSETS	1 409 707	1 161 971	558 042	400 782	602 857	4 133 359
Assets for resale	4 756 360	2 550 833	1 305 776	723 206	901 531	10 237 706
Claims on interest and other assets	357	3 657	6 947	3 703	0	14 664
Fixed assets	68 023	58 169	40 333	25 193	10 661	202 379
ASSETS, TOTAL	201 980	131 650	65 627	49 965	13 478	462 700
Including assets in pawn	5 624 702	3 080 013	1 633 011	872 358	993 679	12 203 763
LIABILITIES AND CAPITAL	341 691	162 610	122 607	30 826	19 219	676 953
Deposits by banks	67 513	78 238	228 277	45 104	280 722	699 854
Deposits by other financial institutions	24 621	46 639	87 507	21 540	31 370	211 677
Deposits by nonfinancial institutions and other clients	4 506 123	2 283 702	1 013 080	397 422	446 774	8 647 101
DEPOSITS, TOTAL	4 598 257	2 408 579	1 328 864	464 066	758 866	9 558 632
Short-term attracted resources	714	74 181	7 276	13 850	64 933	160 954
Interest payments and other liabilities	221 499	141 991	95 332	34 459	45 337	538 618
Long-term attracted resources	0	60 212	33 600	118 452	97 188	309 452
Subordinated term debt	0	0	0	1 171	0	1 171
LIABILITIES, TOTAL	4 820 470	2 684 963	1 465 072	631 998	966 324	10 568 827
Capital	537 676	271 201	131 740	219 217	26 637	1 186 471
Reserves	266 556	123 849	36 199	21 143	718	448 465
CAPITAL AND RESERVES	804 232	395 050	167 939	240 360	27 355	1 634 936
LIABILITIES AND OWN FUNDS, TOTAL	5 624 702	3 080 013	1 633 011	872 358	993 679	12 203 763
Credit substitutes	256 293	264 030	161 526	123 078	274 527	1 079 454
Derivatives	61 715	73 873	140 823	10 970	76 992	364 373
OFF-BALANCE SHEET LIABILITIES	318 008	337 903	302 349	134 048	351 519	1 443 827

Source: BNB.

CONSOLIDATED INCOME STATEMENT OF COMMERCIAL BANKS BY GROUP

(annual closing of accounts, 2001)

	Group I	Group II	Group III	Group IV	Group V	Total
Interest revenue from claims on banks and other financial institutions	106 419	41 632	21 297	7 250	10 521	187 119
Interest revenue on credits to nonfinancial institutions and other clients	188 869	124 389	57 740	49 571	43 148	463 717
Revenue from investment portfolio securities	21 197	10 887	2 132	576	271	35 063
INTEREST REVENUE	316 485	176 908	81 169	57 397	53 940	685 899
Interest expenditure on deposits of banks and other financial institutions	2 411	5 934	12 367	3 764	11 249	35 725
Interest expenditure on deposits of nonfinancial institutions and other clients	78 356	36 897	17 740	8 808	11 166	152 967
Interest expenditure on attracted resources	198	8 040	3 269	7 861	3 604	22 972
INTEREST EXPENDITURE	80 965	50 871	33 376	20 433	26 019	211 664
NET INTEREST INCOME	235 520	126 037	47 793	36 964	27 921	474 235
Profit/loss from trade and revaluation	54 647	68 071	29 640	15 144	8 524	176 026
(net of provisions on losses from credits)	-143 578	15 429	34 425	10 871	8 303	-74 550
NET INTEREST INCOME AND NET INCOME FROM TRADE AND REVALUATION	433 745	178 679	43 008	41 237	28 142	724 811
Other noninterest revenue	82 158	68 775	27 743	20 873	10 852	210 401
Operating result prior to operating expenditure	515 903	247 454	70 751	62 110	38 994	935 212
Operating expenditure	208 800	172 216	85 318	52 065	33 152	551 551
PRE-TAX OPERATING PROFIT/LOSS AND EXTRA OPERATIONS	307 103	75 238	-14 567	10 045	5 842	383 661
Profit/loss from revaluation and extra revenue/expenditure	6 182	2 183	26 052	756	-2 757	32 416
Pre-tax profit/loss	313 285	77 421	11 485	10 801	3 085	416 077
Post-tax profit/loss, net	225 315	55 799	8 567	7 158	2 401	299 240
CURRENT PROFIT/LOSS	225 315	55 799	8 567	7 158	2 401	299 240

Source: BNB.

BANK GROUPS AS OF 1 FEBRUARY 2001

Code	Bank
Group I	
200	United Bulgarian Bank
300	DSK Bank
621	Bulbank
Group II	
150	First Investment Bank
400	SG Expressbank
440	BNP Paribas, Bulgaria
660	Biochim Commercial Bank
800	Hebros Commercial Bank
920	Bulgarian Post Bank
Group III	
130	Municipal Bank
155	Raiffeisenbank, Bulgaria
320	Roseximbank
561	Bulgaria-Invest Commercial Bank
790	Central Cooperative Bank
888	Economic and Investment Bank
Group IV	
120	Neftinvestbank
160	Bulgarian-American Credit Bank
170	Evrobank
195	Unionbank
220	Corporate Commercial Bank
230	Procredit Bank*
240	Demirbank, Bulgaria
260	Tokuda Credit Express Bank
470	First East International Bank
480	Commercial Bank of Greece (Bulgaria)
545	Texim Private Entrepreneurial Bank
620	Encouragement Bank
890	International Bank for Trade and Development
Group V	
140	Hypovereinsbank, Bulgaria, Sofia Branch
145	ING Bank N. V., Sofia Branch
190	Piraeus Bank, Sofia Branch
199	National Bank of Greece, Sofia Branch
250	Citibank N. A., Sofia Branch
350	T.C. Ziraat Bank, Sofia Branch
898	Alpha Bank, Sofia Branch

* Operating as of 1 October 2001.

Note: *Group I* over BGN 800 million assets;
Group II from BGN 300 million to BGN 800 million assets;
Group III from BGN 100 million to BGN 300 million assets;
Group IV up to BGN 100 million assets;
Group V foreign banks' branches.

Banks' classification into groups depending on balance-sheet figure was made for statistical purposes and does not reflect commercial bank rating.

Source: BNB.

CAPITAL ADEQUACY OF COMMERCIAL BANKS AS OF 31 DECEMBER 2001
(under Regulation No. 8 of the BNB)

Bank groups	Capital base [BGN '000]	Primary capital [BGN '000]	Total risk component [BGN '000]	Total capital adequacy [%]	Primary capital adequacy [%]	Degree of asset coverage [%]
Group I	751 649	473 514	2 030 075	37.03	23.32	13.29
Group II	351 877	231 520	1 554 849	22.63	14.89	11.31
Group III	170 274	133 988	780 096	21.83	17.18	10.43
Group IV	256 134	220 857	548 826	46.67	40.24	28.84
Banking system, total*	1 529 934	1 059 879	4 913 846	31.14	21.57	13.56

* Excluding Group V banks.

Source: BNB.

LIQUIDITY OF COMMERCIAL BANKS AS OF 31 DECEMBER 2001
(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	1 089 263	488 029	664 530	506 810	377 957	45 441	530 076
Group II	863 717	-237 651	-318 266	-377 997	-331 183	-320 625	57 723
Group III	426 164	36 825	-10 316	-55 380	-104 435	-102 923	6 577
Group IV	208 659	80 465	72 188	60 010	32 827	23 718	104 750
Group V	92 920	-237 371	-266 509	-333 009	-338 932	-277 489	-239 608
Banking system, total	2 680 723	130 297	141 627	-199 566	-363 766	-631 878	459 518

Source: BNB.

SHORT-TERM LIQUIDITY RATIOS AS OF 31 DECEMBER 2001
(percentage share of deposits)

Commercial bank groups	Ratio	%
Group I	Primary liquidity	13.00
	Secondary liquidity	21.32
Group II	Primary liquidity	13.95
	Secondary liquidity	33.61
Group III	Primary liquidity	16.12
	Secondary liquidity	31.49
Group IV	Primary liquidity	15.28
	Secondary liquidity	32.92
Group V	Primary liquidity	9.01
	Secondary liquidity	9.92
Banking system, total	Primary liquidity	13.47
	Secondary liquidity	25.47

Source: BNB.

OPEN FOREIGN CURRENCY POSITIONS OF COMMERCIAL BANKS AS OF 31 DECEMBER 2001
(under Regulation No. 4 of the BNB)

Bank groups	Open positions to capital base (%)
Group I	-9.57
Group II	-4.66
Group III	-2.55
Group IV	-4.37
Banking system, total*	-6.79

* Excluding Group V banks.

Source: BNB.

CREDIT PORTFOLIO AND OTHER COMMERCIAL BANK EXPOSURES AS OF 31 DECEMBER 2001
(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	2 311 837	1 391 974	11 050	3 714 861	96.8
	Watch exposures	0	39 774	0	39 774	1.0
	Substandard exposures	0	21 689	0	21 689	0.6
	Doubtful exposures	0	7 356	0	7 356	0.2
	Loss	276	50 718	2 509	53 503	1.4
	Provisions	53 492	101 802	381	155 675	4.1
Group I, total		2 312 113	1 511 511	13 559	3 837 183	
Group II	Standard exposures	925 917	1 081 629	22 386	2 029 932	90.9
	Watch exposures	0	74 630	337	74 967	3.4
	Substandard exposures	0	29 995	0	29 995	1.3
	Doubtful exposures	0	9 024	0	9 024	0.4
	Loss	397	84 438	5 183	90 018	4.0
	Provisions	8 279	117 745	2 552	128 576	5.8
Group II, total		926 314	1 279 716	27 906	2 233 936	
Group III	Standard exposures	412 038	461 771	17 376	891 185	84.2
	Watch exposures	0	86 172	1 000	87 172	8.2
	Substandard exposures	0	19 197	0	19 197	1.8
	Doubtful exposures	0	13 498	13 471	26 969	2.5
	Loss	343	30 014	3 492	33 849	3.2
	Provisions	3 605	52 613	836	57 054	5.4
Group III, total		412 381	610 652	35 339	1 058 372	
Group IV	Standard exposures	229 046	329 288	9 288	567 622	81.5
	Watch exposures	0	63 604	0	63 604	9.1
	Substandard exposures	0	18 597	0	18 597	2.7
	Doubtful exposures	0	9 528	3 722	13 250	1.9
	Loss	1 050	29 830	2 332	33 212	4.8
	Provisions	3 229	50 074	858	54 161	7.8
Group IV, total		230 096	450 847	15 342	696 285	
Group V	Standard exposures	253 481	591 994	4 022	849 497	94.8
	Watch exposures	0	13 721	0	13 721	1.5
	Substandard exposures	0	5 011	0	5 011	0.6
	Doubtful exposures	0	19 387	0	19 387	2.2
	Loss	0	8 421	316	8 737	1.0
	Provisions	265	35 677	62	36 004	4.0
Group V, total		253 481	638 534	4 338	896 353	
	Standard exposures	4 132 319	3 856 656	64 122	8 053 097	92.3
	Watch exposures	0	277 901	1 337	279 238	3.2
	Substandard exposures	0	94 489	0	94 489	1.1
	Doubtful exposures	0	58 793	17 193	75 986	0.9
	Loss	2 066	203 421	13 832	219 319	2.5
	Provisions	68 870	357 911	4 689	431 470	4.9
TOTAL FOR THE SYSTEM		4 134 385	4 491 260	96 484	8 722 129	

Source: BNB.

Major Resolutions of the BNB Managing Board in 2001

- 15 February** Regulation No. 17 of the BNB on Establishing the Amount of Bank Investment under Article 30 of the Law on Banks was adopted.
- 5 April** Amendments to Regulation No. 7 of 1999 on the big exposures of banks were adopted.
- 19 April** The BNB Managing Board adopted the 2000 BNB annual report, the annual financial statements, the auditor's report and the report on the execution of the 2000 BNB budget.
- 17 May** As of 22 May 2001 the Bulgarian National Bank put into circulation a silver commemorative coin 'Bulgarian Higher Education' under the EURO program, with a nominal value of BGN 10, issue 2001.
- 21 June** Amendments to Regulation No. 9 of the BNB on the evaluation of risk exposures of banks and the allocation of provisions to cover the risk related thereto were adopted.
- 4 October** The semiannual report of the Bulgarian National Bank for the January – June 2001 period was adopted.
- 31 October** Amendments to BNB Regulation No. 3 on payments were adopted.
- Amendments to BNB Regulation No. 16 on the payments initiated by bank cards were adopted.
- 20 December** Amendments to BNB Regulation No. 4 on foreign currency positions of banks were adopted.

Abbreviations

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