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YEARS

Bulgarian National Bank

**ANNUAL
REPORT • 2003**



BANQUE NATIONALE DE BULGARIE

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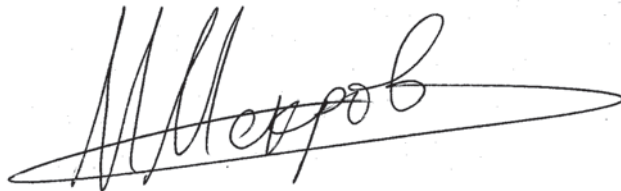


Bulgarian National Bank

**ANNUAL
REPORT • 2003**

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 2003 Annual Report.*

A handwritten signature in black ink, appearing to read 'Ivan Iskrov', written over a horizontal line.

Ivan Iskrov
Governor
of the Bulgarian National Bank





BNB Governing Council

GOVERNING COUNCIL

Ivan Iskrov

Governor

Tsvetan Manchev

Deputy Governor
Issue Department

Emilia Milanova

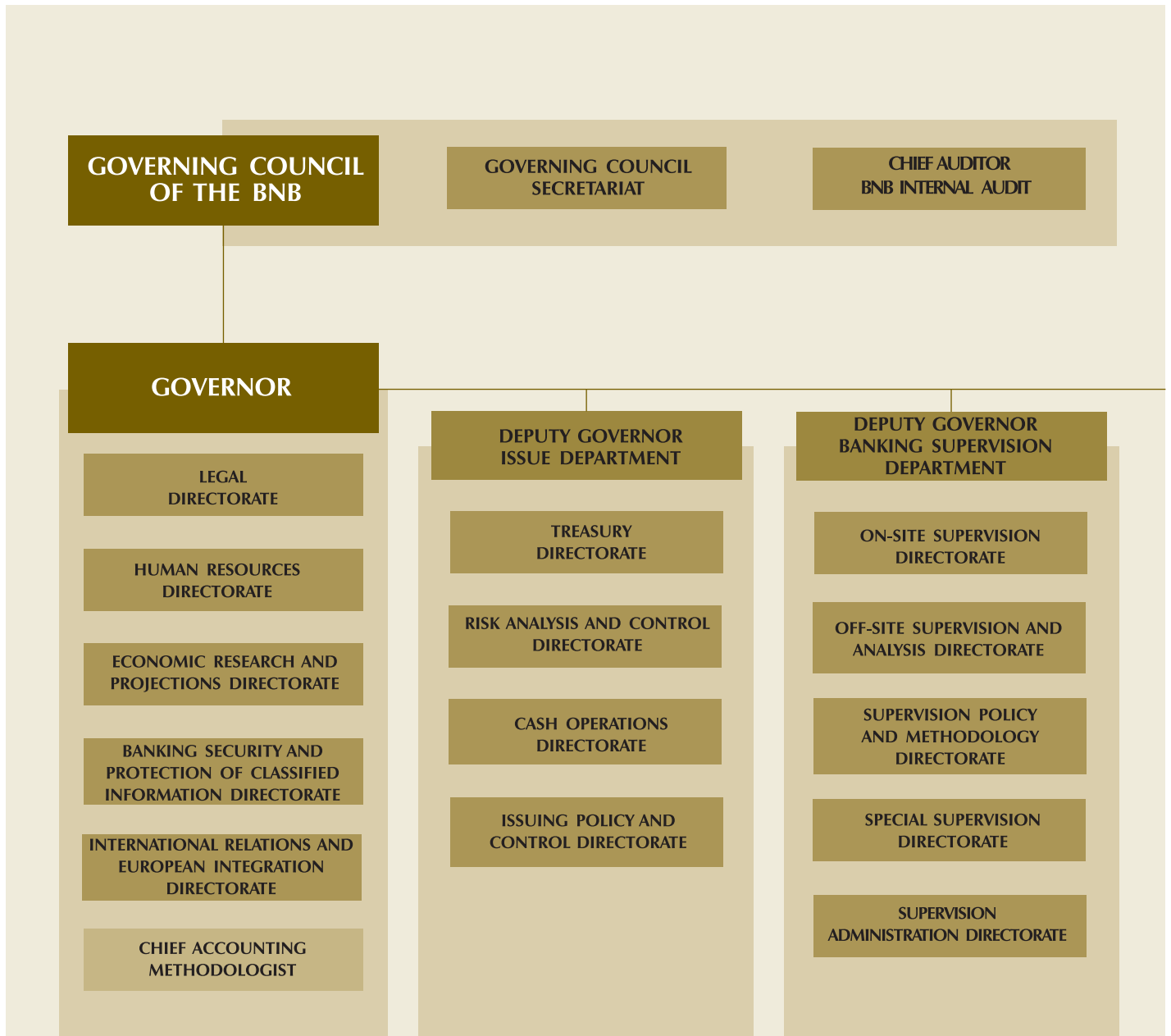
Deputy Governor
Banking Supervision Department

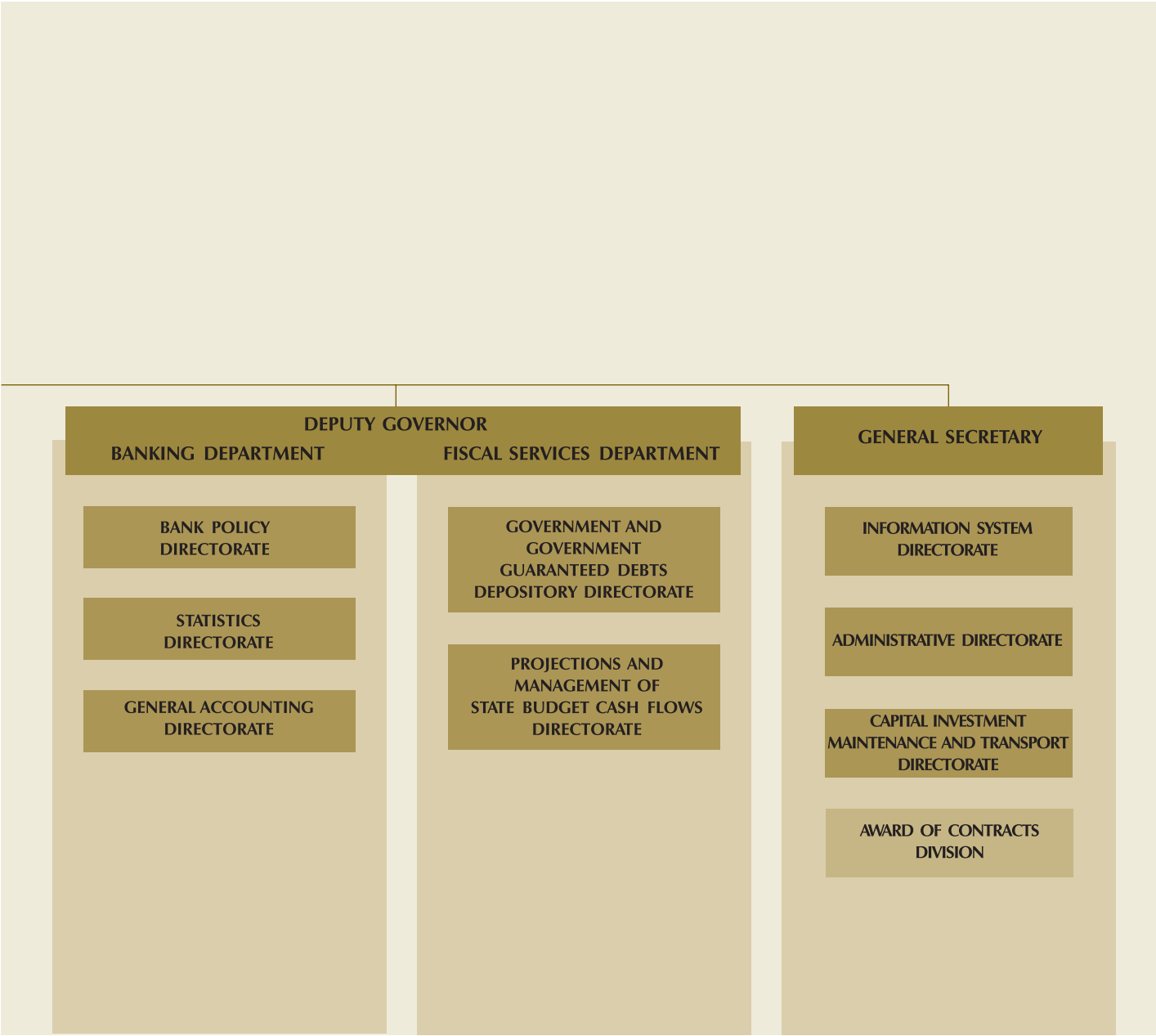
Bojidar Kabaktchiev

Deputy Governor
Banking Department
and Fiscal Services

Organizational Structure of the BNB

(as of 1 February 2004)





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Website: www.bnb.bg

The cover shows an engraving of the BNB building
from the 1938 banknote with a nominal value of 5000 levs.

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Abbreviations

AD	Joint Stock Company
BCC	Bank Consolidation Company
BGL (Lev)	National Currency of the Republic of Bulgaria prior to Redenomination
BGN	National Currency of the Republic of Bulgaria after the Redenomination
BIR	Base interest rate
BIS	Bank for International Settlements, Basle, Switzerland
BISERA	Banking Integrated System for Electronic Transfer
BNB	Bulgarian National Bank
BORICA	Banking Organization for Payments Initiated by Cards
BSE	Bulgarian Stock Exchange
CB	Commercial Banks
CEFTA	Central European Free Trade Association
CIF	Cost, Insurance, Freight
CM	Council of Ministers
CMD	Council of Ministers Decree
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECB	European Central Bank
ECOFIN	Economic and Financial Council
EFTA	European Free Trade Association
EMU	Economic and Monetary Union
EOD	Sole Proprietor Limited Liability Company
ERM II	Exchange Rate Mechanism II
ESCB	European System of Central Banks
EU	European Union
FLIRBs	Front-loaded Interest Reduction Bonds
FOB	Free on Board
FRS	Federal Reserve System
FSAP	Financial Sector Assessment Program
GDDS	General Data Dissemination System
GDP	Gross Domestic Product
GFD	Gross Foreign Debt
IFO	Institute of Economic Research, Germany
IFI	International Financial Institutions
ILO	International Labor Organization
IMF	International Monetary Fund
LBNB	Law on the Bulgarian National Bank
MF	Ministry of Finance
NLO	National Labor Office
NSI	National Statistical Institute
OECD	Organization for Economic Cooperation and Development
OPEC	Organization of Petroleum Exporting Countries
SARS	Severe Acute Respiratory Syndrome
SBL	State Budget Law
SDR	Special Drawing Rights
TFP	Transitional and Final Provisions
VAT	Value Added Tax
WB	World Bank (International Bank for Reconstruction and Development)
ZUNK	Bulgarian Abbreviation of the Law on Settlement of Nonperforming Credits Negotiated prior to 31 December 1990 (LSNC)

Summary

In 2003 the world economy began recovering after a period of geopolitical tension and financial shocks. Consumer expectations switched from deep gloom at the start to rising optimism from mid-year. Uncertain on the timing of possible military action in Iraq, and nervous of the march of SARS in Southeast Asia, markets were wary and volatile in the early months. Low interest rates in summer led to precarious US and eurozone yields. In the second half of the year, higher than expected US growth boosted interest rates.

In an adverse world environment, Bulgaria's economy managed 4.3 per cent growth and low average annual inflation of 2.3 per cent. Registered unemployment fell to 13.5 per cent or 2.8 percentage points on end-2002. Financial services took deeper root, with ratios of domestic credit to nongovernment sector and of broad money to GDP reaching 27.6 and 48.1 per cent. The average annual interest for borrowers fell by 40 basis points to 10.3 per cent. In 2003 Bulgaria's international forex reserves grew by over EUR 700 million, boosting nominal money supply by 20.4 per cent.

Data on the Bulgarian economy in 2003 shows that the Bulgarian National Bank performed its core task of maintaining national monetary stability successfully by implementing monetary and credit policies in line with the Law on the BNB. The chosen monetary policy instrument of a currency board backed by a policy of low budget deficit and structural reform, ensured Bulgaria's macroeconomic stability, and maintained conditions for relatively high growth.

Gross international foreign exchange reserve management in 2003 continued adhering to the Law on the BNB and internal bank regulations. It was abreast of international financial market dynamics and the volatility risk inherent in them. Gross international foreign exchange reserves grew by EUR 728 million in market value¹ to EUR 5.405 billion. This was due to EUR 680 million in net cash inflow and EUR 132 million in international reserve management revenue. International forex reserve management boosted the balance sheet net value of the Issue Department (the Banking Department deposit) by EUR 89.23 million.

On 2 June 2003 the BNB launched the RINGS – Real-time INterbank Gross Settlement System. RINGS instituted a national payment system fit for a developed market economy. As it went live, systemic risk fell and settlement effectiveness, security, and speed grew. Because of multilateral netting banks need 6.6 times less liquidity to effect payments initiated *via* system operators: a good measure of RINGS effectiveness. The new settlement system's first seven months give grounds for confidence that payments in Bulgaria are now efficient and secure, with broad economic benefits. RINGS reassures the parties in the settlement process, making customers confident of prompt payment.

Banking liquidity in 2003 remained high, with average daily excess reserves some 3 per cent higher than the prior year's levels. To facilitate banks' lev liquidity management, in June the BNB Governing Council decided to buy euro with the same day value date. This gave commercial banks significant extra leeway in handling minimum required reserves. The RINGS significantly helped liquidity management.

The BNB published the first SOFIBOR (Sofia Interbank Offer Rate Index) of the Bulgarian interbank money market. This fixes the market prices at which deposits are offered in the market on a daily basis. Commercial banks use the index in calculating interest on loans, and the Ministry of Finance uses it as a basis for its floating interest rate bond coupon.

In 2003 banks continued restructuring their assets to augment domestic borrowing. Their nominal nongovernment sector claims grew by 48.9 per cent. This prompted the BNB to take extra measures to maintain banking stability and defend borrowers' interests. The Bank continued imposing, maintaining, and encouraging good banking practice. Banks enjoyed quality assets, net steady revenue from core operations, and a strong capital position sufficient to offset any risk in their assets. Liquidity was high, and the system was effective and competitive.

The BNB has designed and continues to develop systems linked with its function as a fiscal agent and official depository. They include the system of information support of the budget cash performance, the ASROAD automated system for registration and servicing of foreign

¹ The market value of gross international foreign exchange reserves differs from the Issue Department's balance sheet figure since gold reserves are shown at a market value.

debt, the SPA system of organizing auctions for sale and reverse repurchase of government securities, the AIS automated information system for sale and service of trade in savings government securities and the ESROT computerized book-entry system for registration and service of trade in government securities.

In recent years the Bulgarian National Bank broadened and deepened its collaboration with European institutions: the European Commission, the European Central Bank, and the central banks of European Union member and accession states. The Bank is strict about all commitments assumed by Bulgaria in EU accession negotiations. This is alongside active preparations for BNB membership of the European System of Central Banks (ESCB), and administrative capacity improvements.

The BNB compiles data on, *inter alia*, monetary and interest rate statistics, the balance of payments, foreign debt and foreign trade, and disseminates it in Bulgaria and worldwide. In 2003 Bulgaria was incorporated into the Special Data Dissemination Standard (SDDS) developed by the International Monetary Fund (IMF) to promote transparency, promptness and efficiency in compiling and distributing economic and financial statistics.

To assist the discharge of its core functions, the Bank sets aside funds for developing its own research capacity, improving its information infrastructure, developing its internal control systems, and raising staff qualifications.

The 2003 Annual BNB Report also includes a report on the implementation of BNB budget, consolidated financial statements and a report by the independent auditors.

I. Economic Development in 2003

The Bulgarian National Bank's essential function is to maintain national currency stability through monetary and credit policies in line with the Law on the BNB. The chosen monetary policy instrument is a currency board. Backed by a policy of low budget deficits and structural reform, it continues to underpin macroeconomic stability and create conditions for relatively high growth.

In 2003 the Bulgarian National Bank's international forex reserves rose by EUR 733.8 million or 16 per cent (as shown on the Issue Department's balance sheet), providing for a 20.4 per cent nominal increase in money supply. Economic growth by 4.3 per cent and low average annual inflation of 2.3 per cent were attained amid an unstable world environment. Registered unemployment fell by 2.8 percentage points to 13.5 per cent in comparison with 2002. Financial services continued to expand. The ratio of domestic nongovernment sector credit to GDP grew from 19.8 per cent in late 2002 to 27.6 per cent in late 2003. The ratio of broad money to GDP reached 48.1 per cent against 42.9 per cent in 2002. The average annual borrowing interest rate fell by 40 basis points (bp) to 10.3 per cent.

1. The International Environment

Business and consumer expectations rose from deep gloom at the start of 2003 to rapidly rising optimism from mid-year. Uncertainty on the timing of military action in Iraq, and apprehension at the spread of the deadly SARS virus across Southeast Asia caused market tensions and price fluctuations in early 2003. With the end of combat in May, energy markets began returning to normal and consumer confidence began rising. In August and September leading consumer confidence indicators switched from gloom to optimism.

The European Central Bank and the US Federal Reserve System continued their 2002 policies of cutting interest rates. The ECB cut repo rates twice: in early March by 25 bp, and by end-June by another 50 bp to 2 per cent. The US Federal Reserve System cut interest rates by end-June by 25 bp to 1 per cent: the lowest interest rate on Federal funds for 45 years. The interest differential between the European Union and the USA contracted to 1 per cent, remaining static until the close of the year. The expansionist character of the two central banks' monetary policies aimed to counteract the impact of shocks on the real economy and encourage growth.

Basic Macroeconomic Indicators

(%)

	Growth				Inflation				Unemployment			
	2000	2001	2002	2003	2000	2001	2002	2003	2000	2001	2002	2003
USA	3.7	0.5	2.2	3.1	3.4	2.8	1.6	2.3	4.0	4.8	5.8	6.0
EU (15)	3.6	1.7	1.1	0.8	1.9	2.2	2.1	2.0	7.8	7.4	7.7	8.0
Eurozone	3.5	1.6	0.9	0.4	2.1	2.4	2.3	2.1	8.5	8.0	8.4	8.8
Japan	2.8	0.4	-0.4	2.7	-0.7	-0.6	-0.9	-0.3	4.7	5.0	5.4	5.1
Accession States*	4.1	2.5	2.4	3.6	8.5	5.7	2.7	2.1	13.6	14.5	14.8	14.3

* Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Slovakia, Slovenia, Poland and Malta.

Source Eurostat.

In the Balkans, the Turkish, Romanian, Croatian, and Bulgarian economies grew most rapidly. Average growth remained relatively high across the region in 2003.

Major Macroeconomic Indicators for the Balkans

(%)

	Growth				Average annual inflation				Region unemployment			
	2000	2001	2002	2003*	2000	2001	2002	2003	2000	2001	2002	2003
Bulgaria	5.4	4.1	4.8	4.3	10.3	7.4	5.8	2.4	16.4	19.2	17.8	13.6
Bosnia and Herzegovina	5.5	4.4	5.5	3.5	5.0	3.2	0.3	0.1	39.7	40.3	40.9	42.0
Croatia	2.9	3.8	5.2	4.3	6.2	5.0	1.7	1.8	22.3	23.1	21.5	19.1
Serbia	5.7	5.7	3.3	1.0	73.0	91.0	20.3	11.8	26.6	22.5	25.0	-
Macedonia	4.5	-4.5	0.9	3.2	10.6	5.2	1.4	2.4	32.2	30.5	31.9	-
Turkey	7.4	-7.5	7.8	5.8	56.4	53.5	47.2	25.5	6.6	8.5	10.4	10.3
Albania	7.7	6.8	4.7	6.0	0.1	3.1	5.5	2.6	16.8	16.4	15.8	15.2
Romania	2.1	5.7	4.9	4.9	46.2	34.8	22.8	15.3	6.8	6.6	7.5	6.6
Greece	4.4	4.0	3.9	4.2	2.9	3.7	3.9	3.4	11.0	10.4	10.0	9.3
All Balkan countries**	5.7	-1.5	5.8	4.9								
Balkan countries sans Greece**	6.2	-3.9	6.7	5.2								

* Preliminary data.

**BNB estimates. Average growth figures weighted by the 1996 share of GDP in US dollars for each country in overall Balkan GDP.

Sources: Eurostat, Economic Intelligence Unit (EIU) and IMF.

Fluctuations in world crude oil prices and the cheap dollar drove inflation in the developed world. Brent crude oil rose above USD 30 a barrel in the first quarter of 2003, falling sharply in April and returning to USD 30 as it became clear that Iraq deliveries would not resume as quickly as hoped due to terrorism and technical reasons. OPEC members cut production quotas twice during the year to shore up crude prices. Dollar devaluation and growing Chinese demand also pushed up the prices of crude oil and commodities like nonferrous metals and iron.

The complex geopolitical situation in the first half of 2003 affected the financial markets and *bourse* indices approached the record lows of October 2002. An important driver of financial market volatility was US employment; unemployment stayed at 6 per cent, falling to 5.7 per cent only in the closing quarter. Indicator fragility over the year kept interest rate levels at historically low and unstable levels.

2. The Bulgarian Economy

Business Activity and Inflation

The past year was the sixth in a row to see Bulgaria attaining relatively high growth.² The greatest contribution to this came from end user consumer spending by households and investment in equity. Growth in goods and service imports outstripped that of exports, with the balance of payments contributing adversely to GDP growth.

Real Growth by Final Consumption Constituents and Their Contributions to GDP Growth

	2002		2003	
	Growth per cent	Contribution percentage points	Growth per cent	Contribution percentage points
Gross domestic product	4.9	4.9	4.3	4.3
Final consumption	3.6	3.2	6.6	5.
Individuals	3.4	2.6	6.8	5.2
Households	3.6	2.5	6.4	4.4
Government	1.8	0.1	10.1	0.8
Collective	6.0	0.6	4.9	0.5
Gross capital formation		0.9		3.2
Fixed capital	8.5	1.5	13.8	2.5
Change in inventories		-0.6		0.7
Foreign trade balance		0.8		-4.6
Exports of goods and services	7.0	3.9	8.0	4.3
Imports of goods and services	4.9	-3.1	14.8	-8.9

Source NSI.

² Preliminary NSI GDP data published in April 2004.

Increasing employment was an important factor in household income growth and hence consumption. This was due both to economic expansion and to the government's labor market policy. The average number of people in work grew by 3.8 per cent for the year, and that of full-time employees by 4.9 per cent.³ Sectors where private employers dominate contributed most (by 3.3 percentage points) to increased employment.⁴ Proactive government measures on the labor market boosted employment in the Miscellaneous Personal and Public Services sector by 63 per cent over 2002: a 2.1 percentage point contribution to employment growth.⁵ Unemployment fell by 4.3 points to 13.7 per cent in the year's final quarter.⁶ The registered unemployment rate fell to 13.5 per cent or 2.8 percentage points lower than in late 2002.

The employment boost changed the makeup of overall household incomes, with the share of salaries in it growing from 37.4 per cent in 2002 to 40 per cent in 2003, while that of unemployment benefits and other welfare payments fell from 2.4 per cent to 1.8 per cent of overall household income. Average household incomes grew by 5.2 per cent in real terms.⁷

Final household expenditure grew by 5.1 per cent in real terms (according to household budget data). Communications marked the most dynamic growth (19.6 per cent), followed by Home Furnishings and Home Maintenance (19.2 per cent), Leisure, Entertainment, and Education (13.6 per cent). A trend towards more favorable consumer expenditure patterns has emerged over the past few years, indicating gradual lifestyle improvements.

Household Consumer Spending Structure

(%)

	2000	2001	2002	2003
Basic necessities	70.7	70.6	69.4	67.9
Lifestyle improvement	24.8	25.1	26.1	27.4
Alcohol and tobacco	4.5	4.3	4.5	4.7

Sources: NSI, BNB.

Consumer demand growth boosted retail trade, which grew by 4.2 per cent in real terms year on year. Domestic trade revenues were 6.7 per cent up on the prior year in real terms. Dynamic trade boosted budget revenues from indirect taxes, as well as the demand for cash.

Fixed capital investment grew by 14.8 per cent in real terms in 2003. The most buoyant investment sectors were tourism and trade. The NSI investment survey shows that industrial investment was directed at the power generation, water supply and intermediate consumption sectors.

The increase in nongovernment sector lending (by a nominal 80.7 per cent to households and 37.6 per cent to nonfinancial corporations) provided additional money for consumer spending and investment.

The rate of export growth increased in 2003. The contribution of exports to GDP growth matched that of household consumption. Yet the overall effect of the foreign trade balance on growth was negative due to import growth outstripping that of exports. Increased domestic demand did boost local manufacture and supply but imports, especially of investment goods, increased.

Balance of payments data shows goods and service imports in euro growing by 14.1 per cent, with goods accounting for 14.2 per cent of that. Increased domestic demand for feedstocks and investment goods (due to increased industrial output and increased investment in fixed assets) were the main drivers of increased imports. The contribution of investment goods, feedstocks and energy commodities to import growth exceeded that of consumer goods more than four times over.

Goods and service exports in euro grew by 10.7 per cent over the previous year. Goods alone grew by 9.9 per cent. Exports to EU countries continued growing, especially to Germany, Greece, and Belgium, despite their low growth rates. The makeup of exports shows important changes that map the thrust of Bulgarian economic restructuring. Goods with a high degree of processing such as Processed Goods Classified by Material (which contributed 4.5 percentage points), Miscellaneous Manufactures (4.3 points) and Machines, Equipment and Vehicles (1.9 points)⁸ dominate export growth.

Exports were an important driver for the high rates of industrial growth in 2003.

³ NSI workforce survey.

⁴ Trade, processing, estate agency and business services, construction, hotelery, transport, and finance industries.

⁵ See Appendix, 1. General Economic Statistics.

⁶ NSI workforce survey. The Survey applies International Labor Organization definitions of unemployment and unemployment rate.

⁷ NSI 2003 household income data.

⁸ SITC nomenclature.

Gross Value Added Growth and Sectoral Contribution to Growth

	2002		2003	
	Real growth per cent	Contribution percentage points	Real growth per cent	Contribution percentage points
Gross value added	5.0	5.0	4.0	4.0
Agriculture	5.5	0.7	-1.3	-0.2
Industry	4.6	1.4	7.1	2.1
Services	5.1	2.9	3.5	2.1

Source NSI.

The relatively high growth of industrial value added came as no surprise, with the sector increasingly optimistic about work in hand and future orders. In 2003 industrial sales grew by 17.4 per cent in real terms, with export sales growing by 35.8 per cent. Growth involved over 90 per cent of industrial sectors, with food and drink, metals, clothing, engineering, equipment and domestic appliances, and textiles growing fastest. Over 62 per cent of industrial capacity was utilized: among the highest values in recent years. An important change in the makeup of industrial sales over the year was the increase in sales to the home market.

Industrial Sales Dynamics

	2002		2003	
	Rate %	Contribution percentage points	Rate %	Contribution percentage points
Industrial sales	1.3		17.4	
Export sales	4.6	1.7	35.8	13.6
Home market sales	-0.7	-0.4	6.2	3.8

Sources: NSI, BNB.

An important factor boosting industrial sales was post-privatization restructuring which improved sectoral efficiency. Industrial productivity continued rising which, combined with moderate pay rises, kept down the cost per unit of labor and hence favored sectoral competitiveness in export markets.

The fall in expenditure per unit of industrial production helped keep inflation down. Since 1997, when the currency board was launched, inflation has been determined largely by two factors: administrative changes in government-controlled prices and indirect taxes, and the international prices of crude oil, metals, chemicals, and agricultural produce. Major inflationary moves in 2003 included the raising of power and heating prices as part of aligning them with production costs, and the raising of alcohol and fuel excise duty.

Contribution to 2003 Inflation

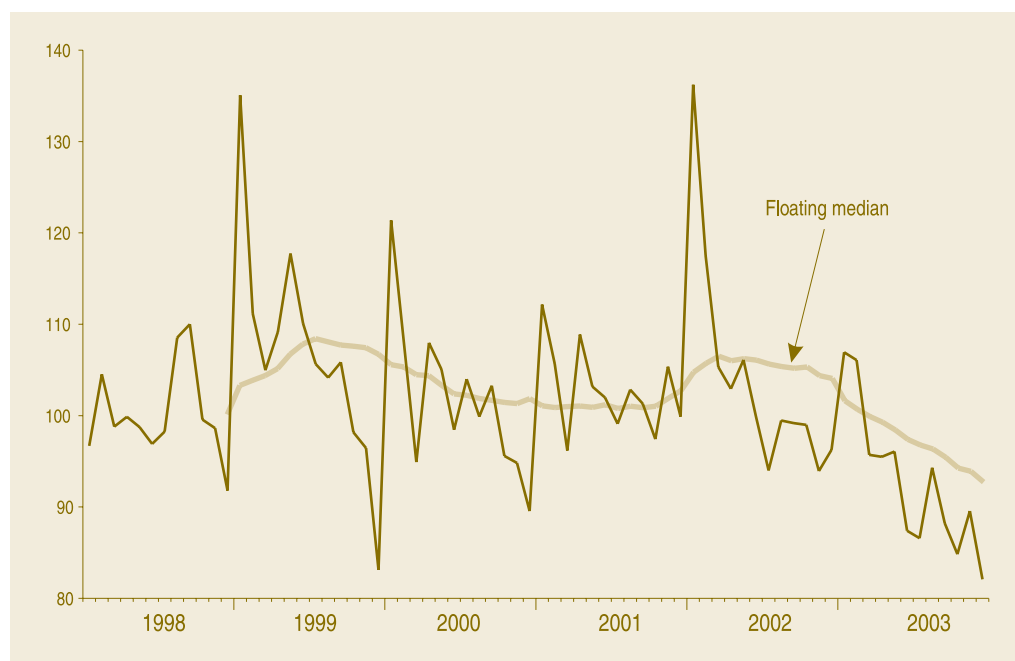
(Percentage points)

	January to December
Food	3.4
including bread and flour	2.3
Nonfoods	-0.1
Public catering	0.2
Services	2.2
Controlled-price goods and services	2.2
INFLATION (%)	5.6

Sources: NSI, BNB.

At the year's close, inflation rose due to the Bulgarian and European poor grain harvest, with the price of bread rising rapidly. Fluctuations in the price of crude oil impacted monthly inflation figures but did not contribute to overall annual inflation.

Labor Input per Production Unit in the Processing Industries (1998 = 100)



Note: January troughs are due to seasonal holidays.

Sources: NSI, BNB.

Balance of Payments

In 2003 the current account deficit reached EUR 1498.3 million (8.5 per cent of GDP⁹), with the trade balance deficit at EUR 2196.2 million (12.5 per cent of GDP).¹⁰ The financial account was positive to the tune of EUR 1594.4 million, due to an extent to increased direct foreign investment of EUR 1253.9 million (7.1 per cent of GDP); it covers 83.7 per cent of the current account deficit.

Nongovernment sector lending, up by 13 per cent on late 2002, helped the financial account balance. Bulgarian banks continued cutting their deposits in foreign financial institutions and increasing their domestic assets in the form of Bulgarian government bonds and claims on the nongovernment sector. The higher profitability of domestic compared to foreign assets stimulated this restructuring.

The overall balance was positive to the tune of EUR 630.3 million. BNB forex reserves grew to EUR 816.7 million¹¹ over the year, financed by the overall balance surplus, the take up of IMF loans to a net value of EUR 35.3 million, and EUR 151.2 million of exceptional financing under the World Bank PAL facility.

At the close of December 2003, the value of Issue Department assets came to EUR 5308.6 million or 30.2 per cent of GDP. BNB forex reserves now cover 5.2 months' worth of imports of goods and nonfactor services¹² against five months for the prior year, with the improvement due entirely to the significant rise in the value of forex reserves.

Gross foreign debt measured in euro fell by 4 per cent *vis-a-vis* 2002, with the 7.5 per cent reduction in government debt contributing to this. In US dollar terms, gross foreign debt rose by 15.9 per cent due to the US dollar's devaluation against the euro and the change in the debt's currency makeup. In December 2002, EUR-denominated debt comprised 38.1 per cent of the total, with 48.6 per cent accounted for by the USD-denominated portion. A year later, this had changed to 47.6 per cent and 39.4 per cent respectively. The absolute value of USD-denominated debt fell by USD 330.3 million or 6 per cent, while that in euro and other currencies grew by USD 2117.7 million or 36.6 per cent, with two-thirds of this rise due to the US dollar's devaluation.

⁹ Preliminary NSI data put 2003 gross domestic product at BGN 34,410.2 million or EUR 17,593.7 million.

¹⁰ See Appendix, 2. Balance of Payments, Foreign Trade, Foreign Debt.

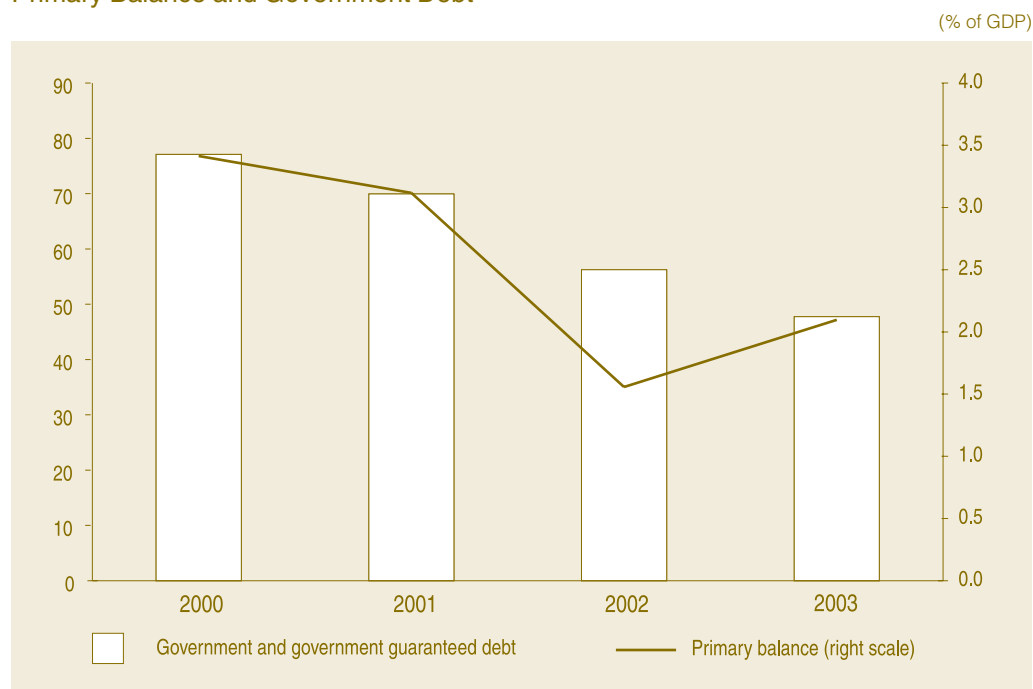
¹¹ Without taking into account changes due to valuation adjustments. With them into account, the rise is EUR 733.8 million.

¹² Calculated using average monthly euro values for relevant indicators.

Public Finances

In 2003 the consolidated state budget primary surplus grew by half a percentage point on 2002, reaching 2.1 per cent of GDP. Because of significant extra revenues and interest savings against State Budget Law projection, the state budget closed the year with a small surplus.¹³

Primary Balance and Government Debt



Source BNB.

Revenue and expenditure came to 40.9 per cent of GDP, rising by 2.1 and 1.5 percentage points on 2002. Indirect taxes and social insurance premiums contributed most to the 12.3 per cent revenue increase. Significant goods export increases led to a 22.8 per cent increase in customs duty revenues. VAT and excise duty accounted for 5.1 percentage points of the increase in all revenues and welfare payments, in line with the greater share of consumer expenditure in GDP, the smaller proportion of untaxed consumption, and early-2003 increases in alcohol and fuel excise duty.

Overall spending rose by a nominal 10.5 per cent for the year. The greatest contribution to this was the 9.4 percentage point increase of noninterest spending. Capital expenditure kept its share at 3.5 per cent of GDP, with interest expenditure falling to 2.1 per cent of GDP: a fifteen-year trough.

The current expenditure rise spread relatively evenly across the board. Social and health insurance spending contributed 3.4 percentage points to the overall rise, salary and insurance premiums contributed 2.9 percentage points, operating costs contributed 1.1 percentage points, and subsidies for nonfinancial corporations contributed 1 percentage point.

Foreign financing remained positive¹⁴ in 2003, coming to BGN 107 million. Domestic financing came to BGN -508 million, and privatization revenues came to BGN 400 million:¹⁵ below the target BGN 550 million, but rather more than in the two prior years. Net government securities operations were positive to the value of BGN 197 million, and the rise in deposits and money on account came to BGN 497 million.

Government and government guaranteed debt fell by 8.3 percentage points to 48 per cent of GDP by the year's close. This was due most of all to the US dollar's devaluation against the euro, and to the nominal rise in GDP. Domestic debt increased its share of overall debt by 2 percentage points but retained its 6.5 per cent proportion of GDP. Fiscal reserves grew by BGN 513 million, reaching 11.2 per cent of GDP at the year's close.

¹³ See Appendix, 3. Public Finances.

¹⁴ Including on the IMF account.

¹⁵ DSK Bank was privatized in 2003, but proceeds come under the Bank Consolidation Company (BCC) account.

The Financial Sector

Monetary and credit aggregates. In 2003, increased demand for transaction cash, increased banking system deposits, and a continuing credit expansion boosted the nominal rate of increase in monetary aggregates.

The 11.7 per cent growth of monetary aggregate M3 at the year's start rose to 18.4 per cent in June, coming to rest at some 20 per cent. Monetary aggregate M3 grew by BGN 2709.1 million or 19.6 per cent over the year.¹⁶

M1 aggregate, which includes currency outside banks and overnight deposits, grew by BGN 1333.7 million or 19.9 per cent by the close of the year, of which BGN 539.2 million or 16.2 per cent was currency outside banks, BGN 719.5 million or 32.6 per cent was lev overnight deposits, and BGN 75 million or 6.5 per cent was forex overnight deposits. Although the growth of high-liquid money steadied in the second half of the year, it continued rising at relatively high rates in line with increased demand for transaction cash and the relatively favorable economic situation.

Quasi-money, including deposits with maturities of up to two years and deposits redeemable at notice of up to three months, grew by BGN 1276.7 million or 17.8 per cent. Despite low interest rates, deposits continued growing steadily in line with rising incomes and increasing confidence in the banking system. In 2003 bank deposits with up to two years' maturity grew by BGN 503.8 million or 10.2 per cent, and those redeemable at notice of up to three months grew by BGN 243.9 million or 17.7 per cent. US dollar devaluation affected the lev equivalent value of forex deposits but failed to alter depositors' currency preferences.

Monetary Aggregates (annual change)



Source BNB.

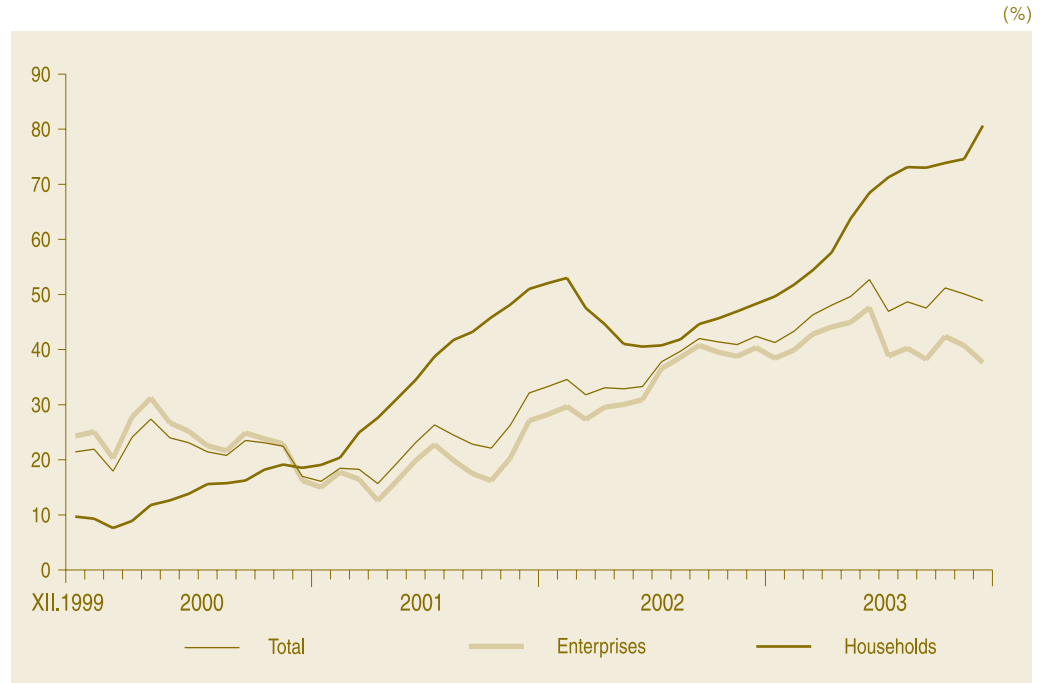
Amid sustained low international interest rates, commercial banks continued restructuring their assets to boost lending at home in 2003. Their claims on nongovernment sector rose by BGN 3089.2 million (48.9 per cent), including BGN 1821.1 million (37.6 per cent) on nonfinancial corporations and BGN 1117 million (80.7 per cent) on households.

The credit expansion was funded by a BGN 800.4 million cutback in banks' foreign investment, increased debt to foreign banks (by BGN 604 million), and increased household and company deposits (by BGN 1686.2 million, including the growth of BGN 592.6 million from non-residents, and the BGN 238.2 million net fall in claims on the government sector due to a BGN 331.2 million rise in government deposits¹⁷). Credit demand by the real sector and greater competition among banks also contributed to the boost.

¹⁶ See Appendix, 4. Monetary and Interest Rate Statistics, and 5. Loans (Central Credit Register Data).

¹⁷ In mid-2003 the Ministry of Finance placed BGN 185 million of its BNB deposit with commercial banks. Though this increased disposable bank funds by this amount, it did not contribute significantly to the credit expansion as its share of total bank resources was under 6 per cent.

Claims on Nongovernment Sector (annual change)



Source BNB.

The rapid rise in lending to the nongovernment sector accompanied a lengthening of the maturity of new loans. This reflected both banks' interest in extending longer term loans, and the real sector's need for longer term finance. Newly disbursed long-term loans¹⁸ were significantly larger (by 77.5 per cent) than in the previous year, and their share in total new loans continued increasing to reach 55.4 per cent against 43.1 per cent in 2002. By the close of 2003 long-term loans accounted for 72.6 per cent of total credit to the nongovernment sector against 65 per cent by end-2002.

The financial markets. Commercial banks manage short-term liquidity largely through interbank market operations. In terms of market maturity structure in 2003 overnight transactions ranked first with a share of 71.3 per cent, followed by two to three day transactions with 18.3 per cent.¹⁹

The average interbank interest rate reflected cyclic cash flows between the government and the banks over the year and in individual months. Against an average interest rate of 2 per cent in 2003 the lowest rates were reported in January (0.72 per cent), reflecting seasonally higher liquidity early in the year. Rates hit a high in April (4.64 per cent) when tax payments tensed the market for some time, with record highs of over 20 per cent on two days. In this connection the Ministry of Finance held two one-day repo auctions on two consecutive days in mid-April, purchasing government securities from primary dealers with an agreement for sale on the next day. (The first, for securities worth BGN 25 million, closed with an average annual interest rate of 11.6 per cent; the second, for securities worth BGN 18.65 million, closed with an average annual interest rate of 2.6 per cent.)

Compared with the previous year, interest rate volatility in the interbank money market was less marked irrespective of the high interest rates in April. The BNB also facilitated banks' liquidity management by commissioning the Real-time INterbank Gross Settlement System, and by deciding in June to purchase euro from commercial banks with a value date the same day.

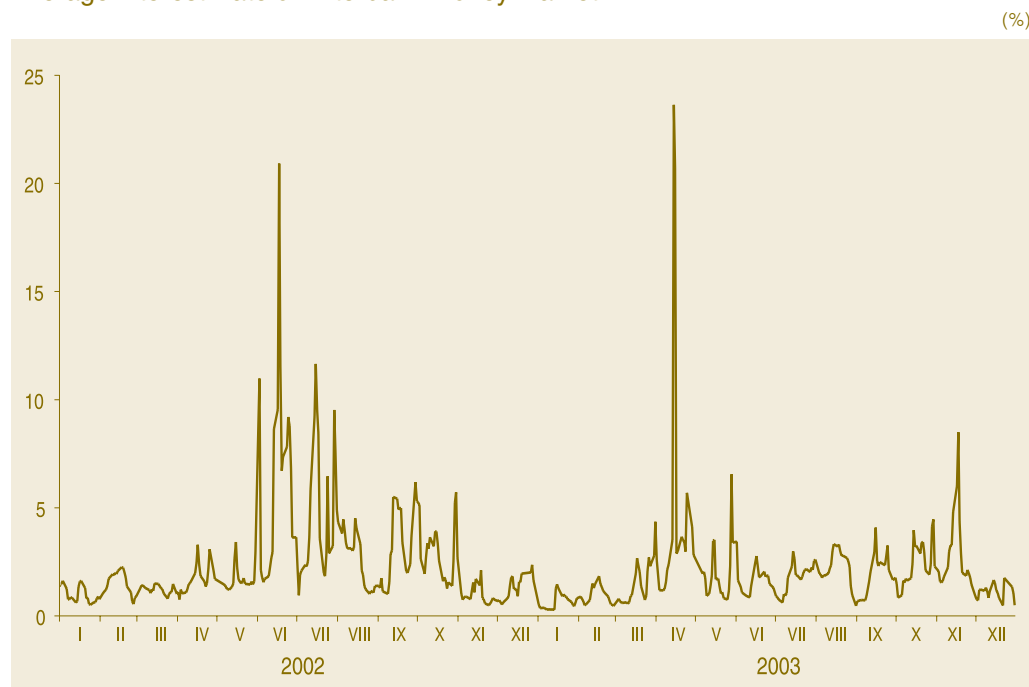
On 17 February 2003 Bulgaria had its first SOFIBOR (Sofia Interbank Offered Rate) fixing²⁰ of the price at which deposits are offered in the interbank market based on quotations provided by 12 (13 in November 2003) voluntary participants who post some two-thirds of the interbank market volume. The index was posted at the initiative of commercial banks with BNB methodological assistance.

¹⁸ Loans with a maturity of over a year.

¹⁹ See Appendix, 6. Financial Markets.

²⁰ See the BNB website's Financial Markets Section for the definition, rules and values of indices.

Average Interest Rate on Interbank Money Market



Source BNB.

The forex market is also an important liquidity management tool. In 2003 the forex market turned over EUR 21,892.7 million.²¹ Forex trading between banks lost its leading position, ranking second after the trade with final customers whose share in the total volume climbed to 55.7 per cent against 45.5 per cent in 2002.²² A substantial portion of forex sales to final customers (about 63 per cent) was associated with Bulgaria's foreign debt service.

In 2003 the BNB was a net forex buyer, accounting for about 5.3 per cent of turnover. In June the Bank started buying euro from commercial banks with a value date the same day. BNB foreign currency purchases from commercial banks with a value date the same day indicated a four-fold increase on 2002 accounting for 63.2 per cent of BNB participation in the interbank spot market and 7.7 per cent of total interbank spot market purchases (against 1.5 per cent in 2002).

In 2003 the Ministry of Finance changed its issuing schedule, with most of the issued volume concentrated in the first month of each quarter, and the auctions of three-month government securities moved to the end of each month. Other changes concerned the amount and frequency of issues within the whole maturity range, consistent with the policy of cutting the number of auctions and increasing the volume of issues. A domestic EUR-denominated seven-year-and-three-month bond issue was launched in February, followed in November by an EUR-denominated 14-year-and-11-month issue.²³

Average annual yield at issue was below that for the corresponding period of 2002 for all maturity terms. The base interest rate attained at primary auctions of three-month treasury bills ranged between 2.5 and 2.6 per cent in most months.

Outright commercial bank transactions in Bulgarian government securities (including transactions by investment intermediaries approved as primary dealers) totaled BGN 1182.5 million, an increase of 29.7 per cent on 2002.²⁴ The volume of lev-denominated bonds (comprising the bulk of the market) went up by 25 per cent to BGN 1111.8 million.

Over the review period the yield curve of Bulgarian government securities moved down, while the eurozone yield curve moved up at its short end. Both curves stretched out and by year-end became parallel and convergent.

²¹ Turnover includes commercial bank transactions in foreign currency against levs with a spot value date, value date the same day, and value date next business day.

²² See Appendix, 6. Financial Markets.

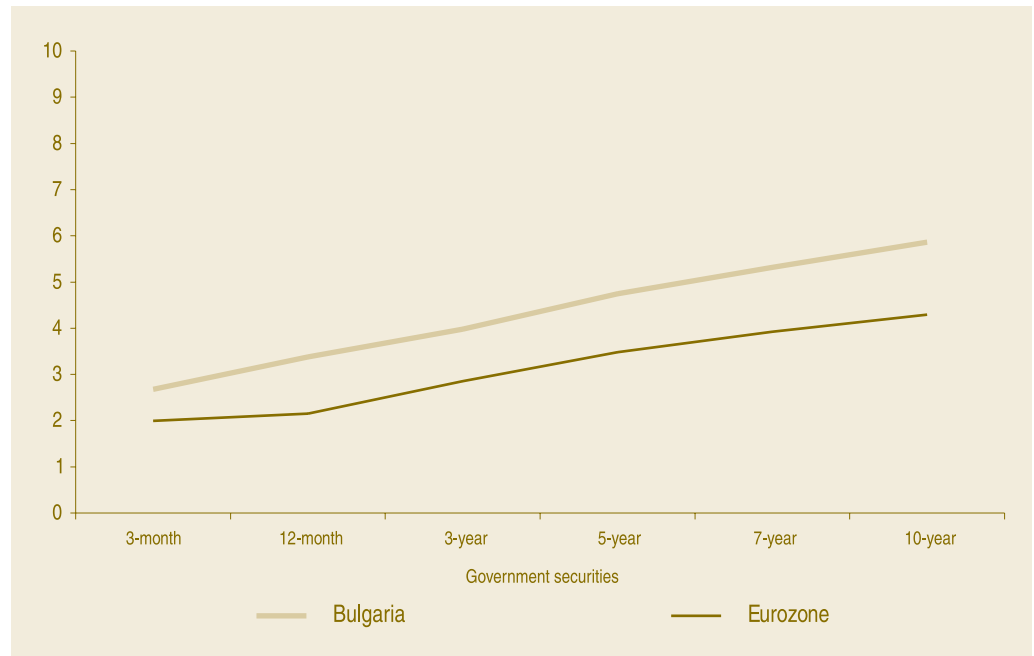
²³ See Appendix, 6. Financial Markets.

²⁴ At a market value based on statistics of operations with a flow on settlement accounts with the BNB.

Bulgarian Brady bonds and global bonds prices moved mostly upward, underpinned by Bulgaria's upgraded credit rating in May (Standard & Poor's Ratings Services) and in June (Moody's Investors' Service).²⁵

Yield Curve of Government Securities in Bulgaria and Eurozone as of 31 December 2003

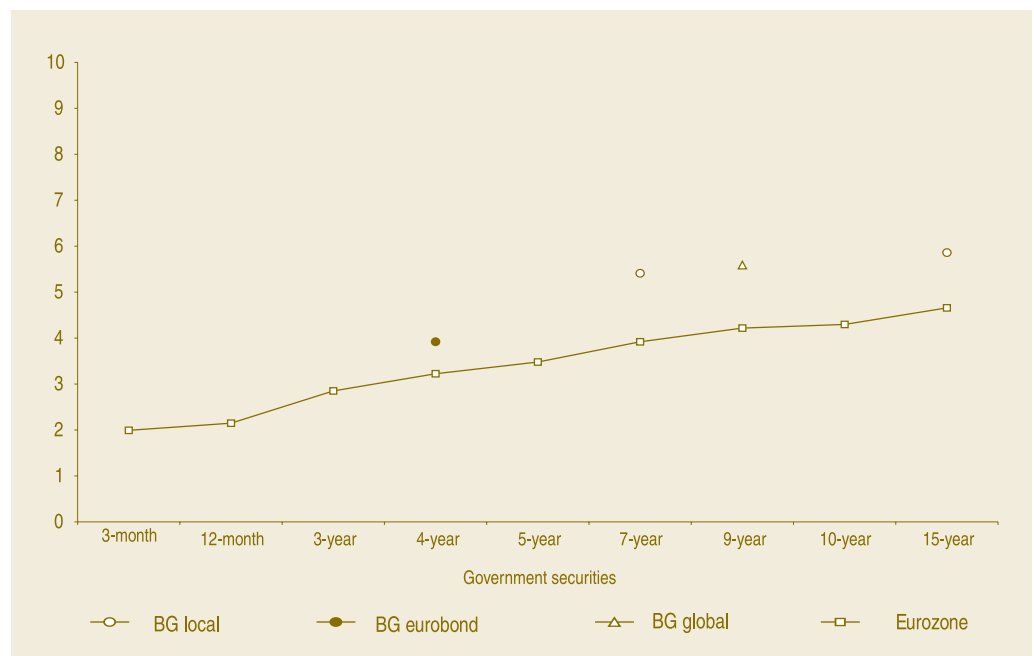
(annual yield, %)



Source BNB.

Yield Curve of EUR-denominated Government Securities in Bulgaria and Eurozone as of 31 December 2003

(annual yield, %)



Source BNB.

²⁵ On 22 May Standard & Poor's Ratings Services upgraded Bulgaria's long-term foreign currency credit rating from BB to BB+, one grade below the investment rating. The short-term foreign currency credit rating stayed at B. The long-term national currency credit rating was raised from BB+ to BBB-, the lowest investment rate for long-term credit. The short-term national currency credit rating was raised from B to A3, the lowest investment rate for short-term credit. The rating outlook was defined as stable. On 5 June Moody's Investors' Service raised the ceilings on Bulgaria's foreign currency denominated bonds from B1 to Ba2, two grades below the investment rating (equal to Fitch's BB and one grade below Standard & Poor's BB+), and for foreign currency bank deposits from B2 to Ba3. Government rating for bonds in foreign and national currency rose to Ba2. The rating outlook was defined as stable.

The volume of *bourse* transactions, including transactions in compensative instruments, grew by 26.2 per cent on 2002 with a significant portion of sizable transactions directed from block to regular trade.²⁶

SOFIX, the official Bulgarian Stock Exchange index, started at 181.52 points at the year's start, finishing at 454.34 points: a 2.5 times increase. The market capitalizations of companies listed on the Bulgarian Stock Exchange doubled to BGN 2722 million (7.9 per cent of GDP) by the end of 2003.

Over 2003 the volume of the compensative instrument market reached BGN 146.8 million. Compensative instruments were the major payment instrument in the privatization market. Equity worth BGN 83.3 million was sold on the privatization market, with the bulk (BGN 66.8 million) swapped for compensative instruments.

Bond market transactions grew significantly compared with 2002. Registration of corporate bonds issued by the close of 2002 and in 2003 on the stock exchange boosted trade, and the volume of transactions rapidly grew by approximately 3.5 times to reach BGN 68.6 million.

²⁶ See Appendix, 6. Financial Markets.

II. Gross International Foreign Exchange Reserves

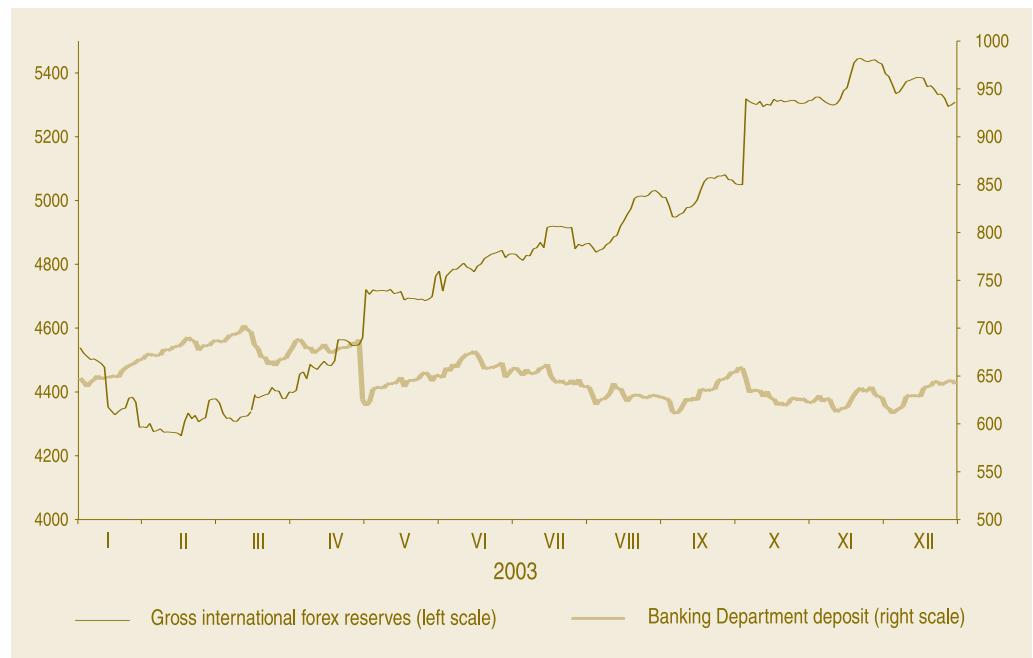
The management of gross international foreign exchange reserves stayed in line with the Law on the BNB and statutory instruments²⁷ throughout 2003. It stayed abreast of international financial market developments and risks posed by market fluctuations. Strategic asset structuring predetermined investment objectives, types of instrument, investment constraints, and individual portfolio benchmarks.²⁸ The six portfolios into which gross international foreign exchange reserves are placed differ by currency and investment objective.²⁹ The practice of placing a portion of forex with external managers continued with a view to diversifying management styles and exchanging investment expertise.

1. The Amount and Structure of International Foreign Exchange Reserves

By end-2003 gross international foreign exchange reserves in the Issue Department's balance sheet exceeded EUR 5 billion. Average foreign exchange reserves increased by EUR 744 million or 18 per cent compared with 2002.

Gross International Foreign Exchange Reserves and Banking Department Deposit

(million EUR)



Source BNB.

By the close of 2003 the market value³⁰ of gross international foreign exchange reserves was EUR 5.405 billion, an increase of EUR 728 million on 2002. This reflected a net forex reserve inflow of EUR 680 million and approximately EUR 132 million yielded from its management. At the same time, the market value fell by EUR 84 million due to revaluations of foreign currency and monetary gold in the Issue Department balance sheet.

²⁷ Gross international foreign exchange reserves are defined in Article 28, para. 3 of the Law on the Bulgarian National Bank.

²⁸ The benchmark is a portfolio which expresses BNB preferences on the income to risk ratio. The benchmark consists of market indices covering particular maturity sectors of the government bond market. These benchmark sectors are weighted to maximize the expected income given certain investment constraints for asset classes, and the additional risk constraint of ensuring a 95 per cent probability that benchmark annual profitability would not be negative.

²⁹ Presented in the Risk and Profitability of Portfolios table.

³⁰ The gross international foreign exchange reserves market value differs from the Issue Department balance sheet figure because gold is shown at market price.

Major Reasons for Significant Changes in Gross International Foreign Exchange Reserves

A) Reserve currency (euro) purchases and sales:		
Net purchases from commercial banks		EUR 402 million
Revenue from net purchases in cash		EUR 157 million
Bulgarian banknotes exported and sold against euro to foreign banks		EUR 16 million
B) Changes caused by flows on commercial bank and official accounts:		
➤ To increasing foreign exchange reserves		
Net revenue on commercial bank accounts with the BNB for maintaining minimum required reserves		CHF 55 million USD 5 million
Funds from the sale of DSK Bank		EUR 280 million
New loans		
from the World Bank		EUR 163 million
from the IMF		SDR 104 million
Revenue from EUR-denominated government securities		EUR 140 million
Repayments of Russian debt to Bulgaria		EUR 32 million
➤ To decreasing foreign exchange reserves		
Government foreign and domestic debt service		USD 327 million EUR 234 million SDR 79 million JPY 4.3 billion
Payments on the BNB debt to the IMF		SDR 16 million

The Banking Department deposit in the Issue Department balance sheet decreased by EUR 6.9 million by the close of 2003. In 2003 the reduced net value of the Issue Department balance sheet (**the Banking Department deposit**) was attributable mainly to the BNB contribution to the state budget (BGN 132 million) and to payments on the BNB debt to the IMF (SDR 16 million). Revenue from forex asset management boosted the net value by EUR 89.23 million.

The structure of gross international foreign exchange reserves changed insignificantly in the review period. The relative share of US dollars fell due to foreign debt payments in July. The decrease in the relative share of assets in gold entirely reflected the absolute increase in the Issue Department balance sheet assets. In 2003 some 90 per cent of the BNB's monetary liabilities were BGN and EUR-denominated, which predetermined the asset structure in compliance with the Law on the BNB.

Currency Structure of BNB Gross International Foreign Exchange Reserves and Monetary Liabilities

(%)

Currency	Assets		Liabilities	
	2002	2003	2002	2003
Bulgarian lev	0.00	0.00	74.30	73.27
Euro	80.13	82.25	17.47	17.07
US dollar	6.96	6.17	7.08	7.24
Gold	10.17	8.43	0.00	0.00
Special Drawing Rights	1.96	1.77	0.85	1.63
Swiss franc	0.74	1.37	0.27	0.80
Great Britain pound	0.01	0.00	0.03	0.00
Japanese yen	0.04	0.01	0.00	0.00

Note: average for the period.
Source BNB.

During the review period no significant changes occurred in the structure of gross international foreign exchange reserves by financial instrument, with the largest share invested in securities. The relative share of instruments with residual terms to maturity of up to one year (current accounts, short-term deposits in foreign currency and gold, and short-term securities) fell by over 6 per cent but retained a comparatively large share in asset maturity structure. The relative share of assets with residual terms to maturity of over three years rose owing to increased funds in euro investment portfolios invested in longer term assets.

Structure of Gross International Foreign Exchange Reserves by Financial Instrument

(%)

Instruments	2002	2003
Vault cash*	4.75	5.82
Deposits**	17.32	13.18
Securities**	72.54	77.62
Gold in the treasury	5.39	3.38

Note: average for the period.

* Financial instruments with a maturity of up to three days.

** Including instruments in foreign currency and gold.

Source BNB.

Structure of Gross International Foreign Exchange Reserves by Residual Term to Maturity

(%)

Sectors	2002	2003
Up to 1 year	49.56	41.35
From 1 to 3 years	17.18	20.55
From 3 to 5 years	15.73	18.52
From 5 to 10 years	17.54	19.59

Note: average for the period.

Source BNB.

2. Risk and Income

In 2003 movements in international financial markets indicated dramatic fluctuations. Geopolitical tension and the volatile business and employment environment in developed countries, coupled with low inflation, depressed international short and long-term interest rates in the first half of the year. Low interest rates in the summer prompted yield curve variations in the USA and the eurozone.³¹

Yield Curve Dynamics of Government Securities in Euro

(%)



Source BNB.

³¹ See also the international conditions analysis in 2003 Economic Development.

Yield Curve Dynamics of Government Securities in US Dollars



Source BNB.

In the second half of 2003 higher-than-expected US growth boosted yields and the yield curve slope of US government securities. Favorable business conditions in the USA accelerated eurozone recovery; however, it remained well below the sustainable long-term level. This prompted a yield increase of European government securities in the curve sector of up to two years but its slope remained almost unchanged until the year's end.

US Dollar Price in Euro



Source BNB.

In 2003 the appreciation of the euro against the US dollar continued with dramatic fluctuations. The main reasons behind US dollar depreciation were the US trade balance and federal budget deficits, as well as the interest rate differential in favor of the euro.

One Troy Ounce Gold Price in Euro



Source BNB.

International interest rates and exchange rates dynamics in 2003 increased interest rate and currency risk in BNB gross forex reserve management. Yield curve movements resulted in a negative revaluation of investment in fixed yield securities which comprise a substantial part of the BNB portfolio. These negative effects were most pronounced in July and October 2003. Interest rate risk in individual portfolios measured by the standard deviation ranged between 0.17 and 3.29 per cent.

Risk and Profitability of Portfolios

Portfolio	Portfolio base currency	Profitability			Risk			Information coefficient***
		Portfolio (%)	Benchmark (%)	Relative profitability (basis points)*	Portfolio (%)	Benchmark (%)	Relative risk (basis points)**	
Investment	EUR	3.72	3.79	-6	3.29	3.31	68	-0.12
Liquidity	EUR	2.51	2.41	9	0.17	0.15	8	1.65
Liquidity	USD	1.30	1.15	15	0.23	0.13	18	1.07
In gold	XAU	0.56	0.00	56	0.52	0.00	52	1.08
External Manager A	EUR	3.54	3.51	3	1.89	1.86	39	0.08
External Manager B	EUR	3.52	3.52	0	2.06	1.85	77	0.01

* The positive relative profitability of an individual portfolio is profit compared with benchmark profitability. If the profitability were negative, it would be shown as a loss of profit in portfolio management.

** The relative risk to the benchmark is an indicator of the deviation degree of risk characteristics compared with those of the benchmark resulting from active portfolio management.

*** The information coefficient compares the expected profitability of an individual portfolio to that of its benchmark reporting the risk level. A rule of thumb is that values over 0.5 indicate efficient portfolio management.

Short open foreign currency positions were maintained in 2003 in compliance with the Law on the BNB.³² Currency risk measured by open positions in currencies other than euro compared with the net value in the Issue Department balance sheet showed that the presence of gold in international foreign exchange reserves poses the main risk for the Bank. Annual average open currency position in gold amounted to 56.16 per cent.

³² An open foreign currency position of a particular currency is the difference between the value of assets and liabilities in this currency.

Open Foreign Exchange Positions by Currency

Foreign currency imbalance	CHF	GBP	JPY	SDR	USD	Gold
as a percentage of net value	-0.18	0.01	0.00	7.35	0.07	56.16
million EUR	-1.35	0.09	0.02	53.94	0.54	412.01

Credit risk was managed by the BNB by setting minimum credit ratings and exposure limits to the asset classes used. Pursuant to the Law on the BNB, in 2003 international foreign exchange reserves continued to be invested in debt instruments with at least an AA- or higher rating assigned by at least two of the three internationally recognized agencies: Moody's, Standard & Poor's, and Fitch Ratings. The Bank followed the same rule with respect of its counterparts on forex operations. Funds invested in assets with the highest credit rating (AAA) averaged 67 per cent. BNB exposure to commercial banks with the corresponding high credit rating comprised an annual average of 23.4 per cent of total assets.

Special attention was paid to **operational risk**. It was governed by operations and control rules and procedures for foreign currency operations. In 2003 the BNB continued to improve these internal rules and procedures for international foreign exchange reserves management in compliance with prescribed international practices.

Profitability of Net Value

	Assets by portfolio						(1) Assets income (total)	(2) Income from currency imbalance between assets and liabilities	(3) Expendi- ture (interest) on liabilities	(1)+(2)+(3) Profit (loss)	Profitability of net value
	Investment	Liquidity	External Manager A	External Manager B	Liquidity	In gold					
Base currency	EUR	EUR	EUR	EUR	USD	XAU					
Average weight*	54%	17%	7%	5%	6%	8%					
Average amount (million EUR)	2,626	851	325	243	299	412					
Income (million EUR)	86.48	21.17	10.96	8.35	3.54	1.43	131.93	-11.59	-31.11	89.23	12.16
Contribution (%)**	1.77	0.43	0.22	0.17	0.07	0.03	2.70	-0.24	-0.64	1.83	

* Average weight percentage is completed to 100 per cent by assets in other currencies (mostly CHF and SDR) which do not contribute significantly to net profitability.

** A contribution to the particular portfolio to profitability at balance sheet level.

In 2003 BNB international foreign exchange reserves profit amounted to some EUR 132 million, or 2.7 per cent profitability. Its distribution is presented in the consolidated financial statement.³³ Interest income totaled EUR 153.8 million. Market revaluation of securities amounted to EUR -22.8 million including EUR 24.9 million net income from securities operations and a EUR -47.8 million net income/loss from securities revaluation. The impact of imbalance between the forex structure of assets and liabilities on net value comprised EUR -11.59 million. This was equally attributable to the long open position in gold (an average of 8.38 per cent of all assets) owing to a 1.4 per cent decrease in gold price, and the 20 per cent depreciation of the US dollar reported through its component weight in the SDR open position (an average of 1.1 per cent). In 2003 interest paid on Issue Department balance sheet liabilities amounted to EUR 31.11 million.

³³ See 6. Interest and Similar Income item, and 7. Net Gains from Operations in Securities and Net Revaluation Gains/Losses of Securities items.

III. The National Payment System

The Bulgarian National Bank supports effective payment mechanisms. To facilitate non-cash payments, the Bank has powers to institute and operate payments and clearing systems, and to regulate their operation.

1. Development of the National Payment System: Launch of the Real-time INterbank Gross Settlement System

The Real-time INterbank Gross Settlement System went live on 2 June 2003, completing a radical payment system overhaul. The project's major goals involved reducing systemic risk, improving banking efficiency, and introducing Bank for International Settlements principles on systemically important payment system. RINGS is compatible with the TARGET (Trans-European Automated Real-time Gross Settlement Express Transfer System) and ensures the future processing of international payments and payments in euro.

RINGS development and implementation involved substantial changes in payments legislation, as well as in infrastructure and operating systems. International assessments found the legal framework and organization of payments in compliance with European Directives and EU central bank practice.

RINGS benefits include more efficient management of commercial bank liquidity, improved payment system reliability, and reduced systemic and credit risk. The new payment system is a basis for development in all financial sectors, improving the prospects for capital market development.

The system's major benefit is to enable banks through a web-based station to monitor in real time the status of their settlement account and of each transmitted payment, and to manage queuing payments. Mechanisms for monitoring balances and statistical indicators enable prompt analysis and reaction, cutting liquidity risks.

The constant monitoring of payment flows, the clear rules of RINGS, and the opportunity for ongoing BNB supervision all boost the efficiency of the payment system.

2. Participants in the National Payment System

Legislation carried in 2002 lists these participants in the national payment system:

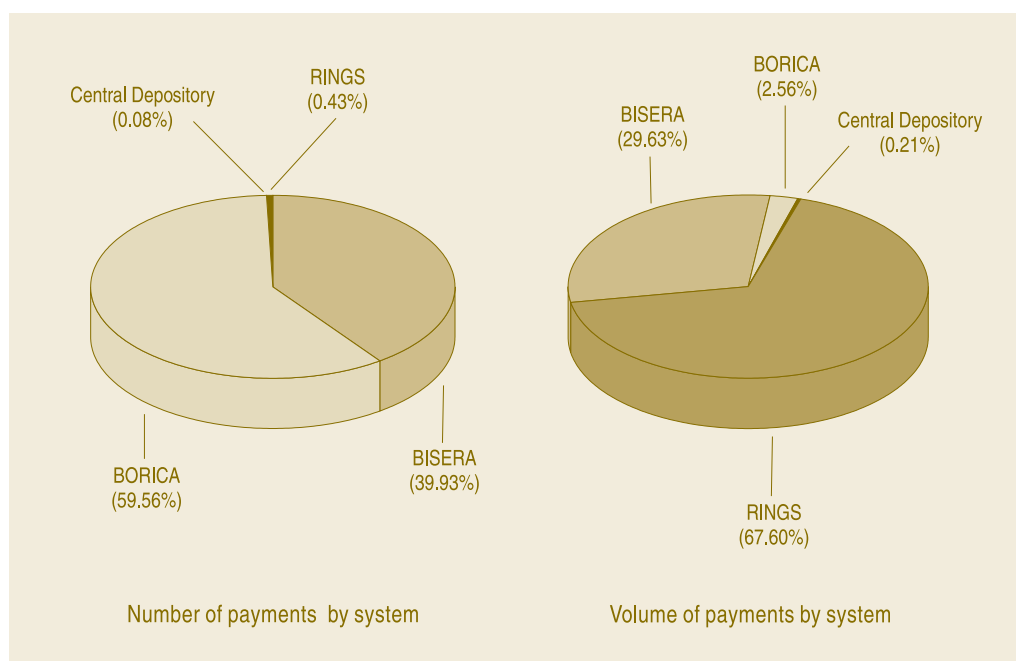
- the Bulgarian National Bank and all commercial banks
- the BISERA (Banking Integrated System for Electronic tRANSfers) operated by Bankservice AD
- the BORICA (Banking Organization for Payments Initiated by Cards) managed by BORICA EOOD. BORICA is also a Member Service Provider of MasterCard Europe and a Processor Company of Visa International
- the System of Servicing Payments on Transactions in Book-entry Government Securities operated by the Central Depository AD
- the System of Servicing Payments on Government Securities Transactions operated by the BNB
- the RINGS (Real-time INterbank Gross Settlement System) operated by the BNB.

The new national payment system architecture and the RINGS launch required new interfaces between RINGS and all other payment systems, and an all-new version of BISERA.

BISERA and BORICA process the bulk of payments. RINGS operates over 60 per cent of noncash payments in Bulgaria, thus reducing systemic risk.³⁴

³⁴ See Appendix, Section 7. The National Payment System.

Payments Structure by Participant



Source BNB.

3. RINGS Payments and Liquidity

The RINGS Real-time Gross Settlement System maintains the BNB settlement accounts, as well as those of the 35 commercial banks and three nonbank financial institutions which are primary dealers in government securities. All payments between commercial banks, between them and the BNB, and payments of over BGN 100,000 go *via* RINGS. State budget centralization is also effected through the system.

RINGS processes only credit transfers without limit to the amount, providing final settlement of noncash lev payments in Bulgaria. The system uses the SWIFT medium and the SWIFT FIN-Y Copy service to transmit payment messages. The choice of this reliable medium for payment instruction transmission ensures compliance with international information standards and compatibility with TARGET.

Commercial banks can conclude transactions in the lev markets during the whole system day. They can transact government securities and sell euro to the BNB with the same value date to provide the required liquidity. RINGS has no mechanisms for extending daily credits owing to Law on the BNB restrictions. RINGS settlement is effected only where there are sufficient funds in the settlement account concerned. Where there are insufficient funds, payments queue until required funds come in. Payments not executed by the end of the system day queue for the next business day. Between June and December 2003 no payments were rejected by the close of a business day due to insufficient funds.

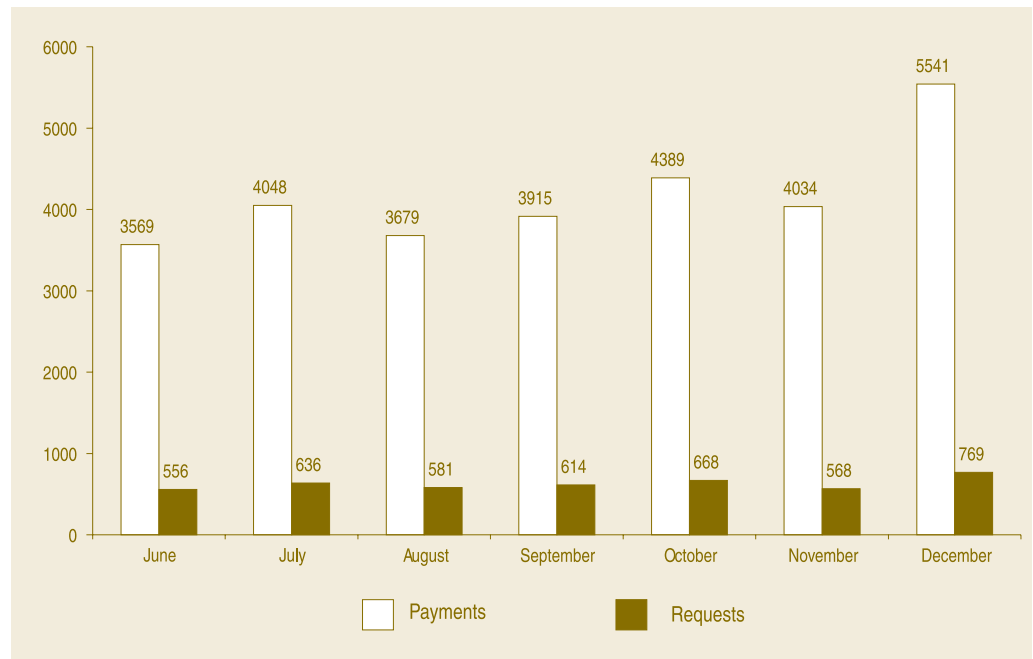
A Reserve Collateral Pool was established to provide better conditions for system risk reduction. This interbank insurance mechanism guarantees settlement of system operators' orders. It is headed by a managing board from the BNB and commercial banks and is governed by the BNB. There has been no recourse to Reserve Collateral Pool mechanisms, indicative of high liquidity in the payment system.

The fact that because of multiple netting banks need about 6.6 times less liquidity for their payments *via* RINGS demonstrates how efficient the system is.

From RINGS launch until the end of 2003, 198,757 payments were processed to the value of BGN 62,568.9 million, with numbers and value rising each month. In the review period the daily average number of processed payments grew to an average of 2098 in December.

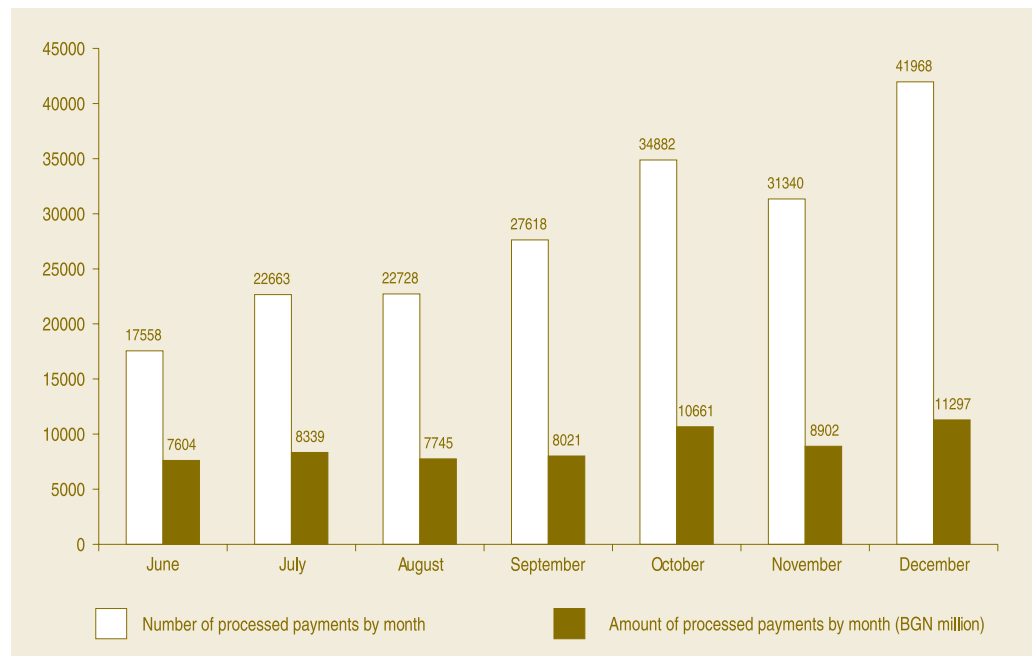
Amount of Payments Initiated to System Operators and Requests to RINGS in 2003

(million BGN)



Source BNB.

Number and Amount of Processed and Customer Payments in 2003



Source BNB.

In setting tariffs for RINGS services the BNB adheres to the rule of complete recovery of investment expenses and system maintenance expenses.³⁵ The introduction of time slot tariffs aimed to encourage banks and their customers to initiate system payments earlier in the system day.

In 2003 RINGS had 99.15 per cent availability.³⁶ The few problems encountered were handled in accordance with the adopted rules and procedures for contingency arrangements.

³⁵ See the BNB website for the tariff scale.

³⁶ The amount of time during which the system worked against the total amount of time.

A reliable and efficient payment system is especially important for the proper function of the financial system and the economy. Data on the new national payment system's first seven months gives grounds for confidence that the Bulgarian payment system is a stable basis for economic development. Successful RINGS function strengthened the confidence of participants in the payment process, and customers' confidence that each initiated payment would go through in good time.

4. Supervising Payment Systems

Limiting system risk and improving the reliability and efficiency of Bulgarian payment systems were the major goals of payment systems supervisors. They monitored observance of standards and recommendations by the Bank for International Settlements, the International Organization of Securities Commissions, the European Central Bank, and the European System of Central Banks.

In 2003 a specialized payment systems supervision unit was established at the BNB. It aimed to develop a methodology for assessing payment and government securities settlement systems to international practice and undertook inspections of the BISERA system for time-sensitive customer payments, and of the BORICA system for bank card operations. The inspections showed a high degree of compliance with international standards and practice. Follow-up actions to improve operation and strengthen customer relations are planned.

The Central Depository and the Government Securities Depository were assessed under the European System of Central Banks' Standards for the Use of EU Securities Settlement Systems in Credit Operations. The assessments were part of the European Central Bank's Assessment of Accession Countries' Securities Settlement Systems published on 28 January 2004. According to this report, the Central Depository and the Government Securities Depository have achieved a high degree of compliance with the standards. Action to complete convergence includes comprehensive adoption of Directive 98/26/EC on settlement finality in payment and securities settlement systems into Bulgarian legislation and adapting the two depositories to TARGET.

IV. Commercial Bank Reserves with the BNB

To manage banking liquidity the BNB stipulates what minimum reserves commercial banks must maintain. In 2003 they remained unchanged at 8 per cent of the commercial bank deposit base.

During the year the deposit base for reporting minimum required reserves rose by 6.6 per cent on average compared with 2002. The increase reflects changes in the deposit base makeup.³⁷ Deposits in national currency grew by 30.7 per cent on average and the lev equivalent of deposits in foreign currency grew by 11.2 per cent. The annual average growth of cash balances was 66.85 per cent. This significant increase reflects a BNB Governing Council resolution of July 2002 which recognizes 100 per cent cash balances as reserve assets. The lev equivalent of foreign exchange liabilities grew by 16 per cent over the review period, or by 17 per cent in US dollars.

Forex kept by banks as reserve assets fluctuated greatly, from 17.7 per cent of total borrowed funds in January to 58.7 per cent in August.³⁸ The significant fluctuations in both months were attributable to the different amounts and directions of cash flows between banks and the Ministry of Finance. In early 2003 payments in national currency of a portion of the principal on foreign currency-denominated ZUNK bonds allowed banks to accept levs as reserve assets.

In 2003 banking system liquidity remained high, with average daily excess reserves exceeding the previous year's levels by about 3 per cent. Two-thirds of banking system excess reserves in the period were reported by three banks, while the remaining free funds were evenly distributed between the rest. This predetermined the relatively stable and high volume of interbank transactions providing daily liquidity.

During the first quarter of 2003 and at the year's close funds in banks' settlement accounts ensured normal payments with no instances of shortage of funds to maintain minimum required reserves. In mid-April an extremely large cash outflow from the banks to the MF dramatically cut funds and banks were unable to effect payments. The lack of free funds caused a spike in interbank deposit rates over several consecutive days.

To help banks manage their lev liquidity, from November 2001 the BNB has purchased reserve currency against levs with same day value date, provided that it is available in banks' BNB accounts. In June 2003 the Bank dropped the required two-day notice for banks crediting reserve accounts in euro. The decision taken in June 2003 speeded forex purchases from banks, helped avoid temporary liquidity shortfalls, and made minimum required reserve management more flexible.

The June launch of RINGS eased liquidity management significantly.

In 2003 some banks faced difficulties in maintaining minimum required reserves, on several occasions utilizing more than half of their reserve assets despite high banking system liquidity. Fourteen banks were sanctioned under BNB Regulation No. 21.

In the second half of 2003 Temporary Instructions No 03-13003 of the BNB and the Ministry of Finance on opening and keeping budget accounts and effecting budget payments came into force. Where a bank fails to transfer the full amount subject to centralization by the close of the RINGS day, the BNB may sanction it, and thus affect minimum required reserves.

³⁷ The deposit base is levs and forex funds attracted by banks, less domestic banks' funds (BNB Regulation No. 21, Article 2). Excluded from the deposit base are borrowed funds in the form of deposits with agreed maturities of over two years; deposits redeemable at over two years' notice; repo agreements; debt instruments issued by banks, and debt capital hybrid instruments and subordinated term debt with maturities of over two years (BNB Governing Council Resolution No. 2 of 2001). Cash balances, including ATM money, are deemed as reserve assets against minimum required reserves to be maintained at the BNB.

³⁸ The US dollar was the preferred forex reserve account currency, followed by the Swiss franc. The ability to sell euro with a same day value date made this reserve asset a current liquidity management tool.

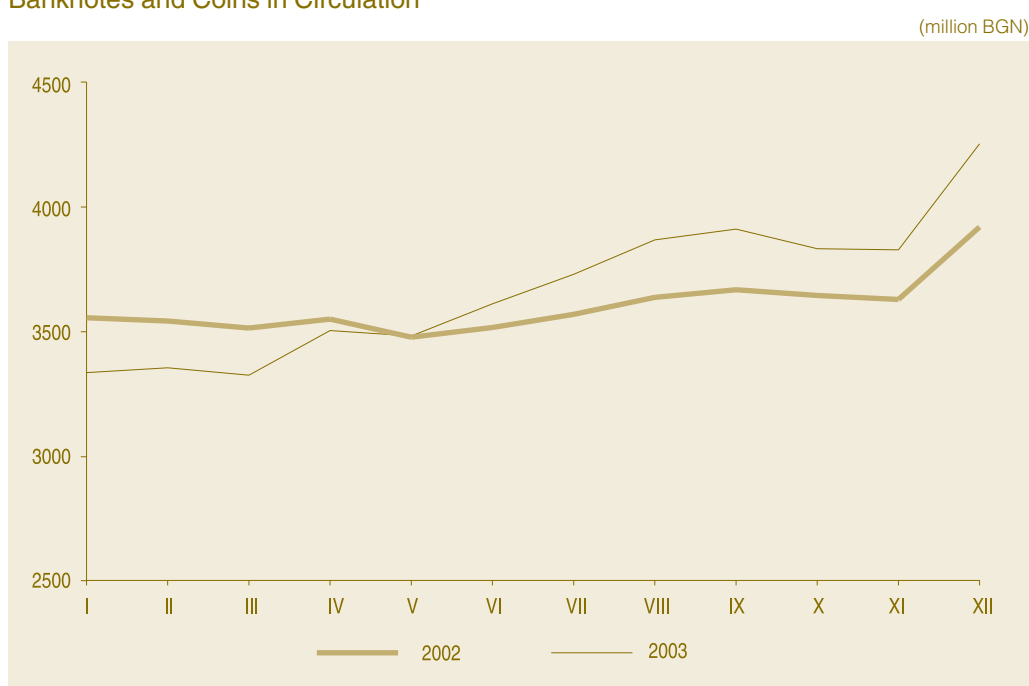
V. Issuing Policy

The Bulgarian National Bank has the exclusive right to circulate banknotes and coins. Banknotes and coins issued by the Bank are legal tender and are mandatorily acceptable as payment at full face value without restriction. The BNB prints banknotes and mints coins, and safeguards withdrawn banknotes and coins.

Banknotes and Coins in Circulation (Outside BNB Vaults)

By 31 December 2003 banknotes and coins in circulation came to BGN 4264.2 million, an increase of BGN 636.3 million or 17.5 per cent on end-2002. Cash dynamics in 2003 followed the monthly seasonal pattern known from previous years and reflecting, *inter alia*, the summer tourist season and Christmas bonuses.

Banknotes and Coins in Circulation



Source BNB.

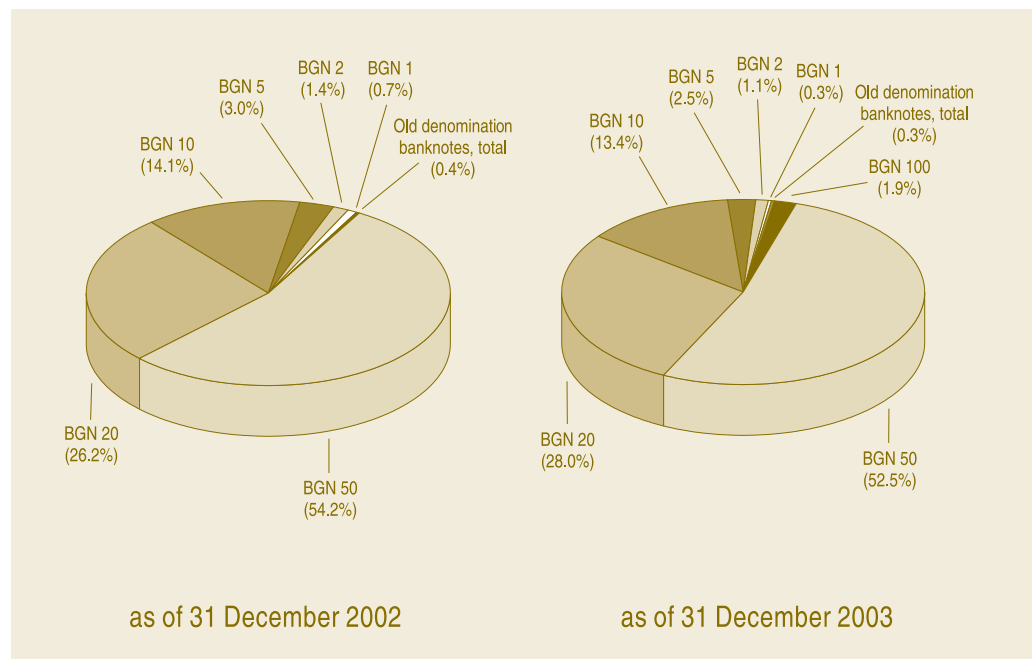
The flow and denomination of cash in circulation were affected by the bank card market.³⁹ Improvements to the noncash payments infrastructure and extensions to its territorial range combined with the development of new noncash payment products prompted a reduction in the cash/noncash payments ratio. At the same time, demand for banknotes and coins stayed high, with over 90 per cent of ATM transactions being cash withdrawals.

At the end of 2003 the number of banknotes in circulation was 215.6 million or BGN 4182.2 million.⁴⁰ Compared with the corresponding period of 2002 they increased by 8.6 million or BGN 617.1 million (17.3 per cent). The average banknote in circulation on 31 December 2003 was worth 19.40 leva against 17.20 leva at the end of 2002. The established upward trend in the average banknote in circulation results from greater demand for higher denomination banknotes. On 8 December 2003 the BNB put into circulation banknotes with a nominal value of BGN 100. Their number reached 729,000 or BGN 72.9 million.

³⁹ See Appendix, 7. The National Payment System.

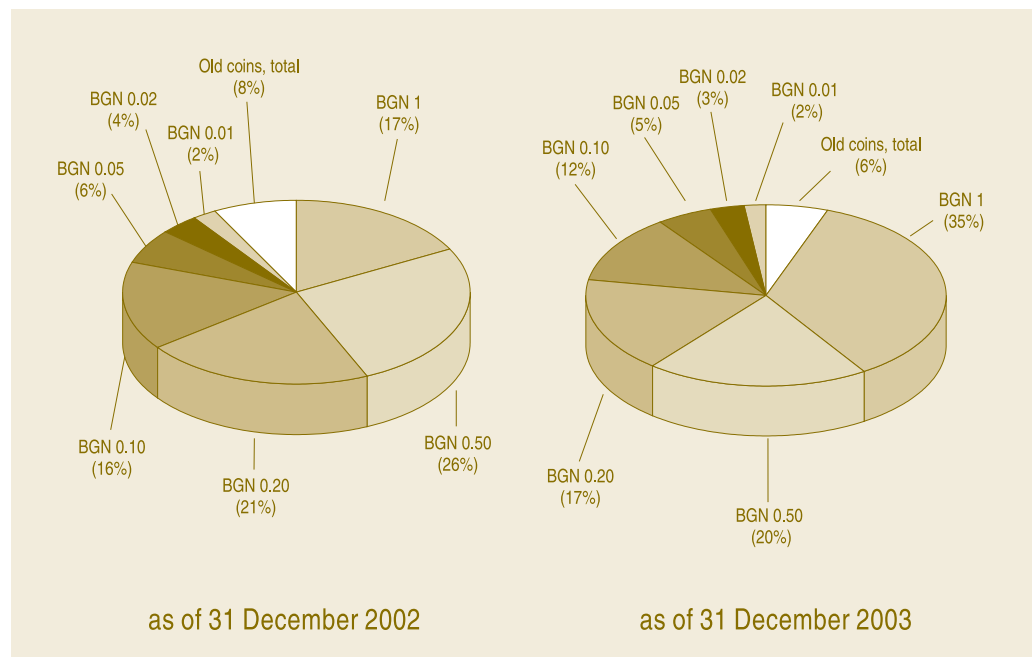
⁴⁰ Issues 1999 and 2003.

Denomination Composition of Circulating Banknotes (by Value)



Source BNB.

Denomination Composition of Circulating Coins (by Value)



Source BNB.

By the end of 2003 the number of coins in circulation outside BNB vaults was 478 million, or BGN 62.3 million.⁴¹ Compared with 2002 they increased by 74.3 million or BGN 18.9 million (43.4 per cent). On 31 December 2003 coins in circulation (issues 1999 and 2000) comprised 1.47 per cent of cash outside BNB vaults against 1.20 per cent at the end of 2002. The average coin in circulation was worth 0.13 levs against 0.11 levs at the end of 2002. In 2003 the 1 lev coin almost entirely replaced the corresponding banknote.

⁴¹ Issues 1999 and 2000.

Changes in denomination composition and rising average values of banknotes and coins in circulation in 2003 reflect economic agents' behavior and trends in their nominal and real income.

In 2003, 62.8 million banknotes were printed, worth BGN 1192.6 million nominal value, and 92.7 million coins were minted, worth BGN 35.7 million nominal value (including 20.3 million of 0.05 levs ordered for minting in 2002).

In the review period the BNB put into circulation four commemorative coins:

- on 7 March, The 60th Anniversary of the Rescue of Jewish People in Bulgaria: a silver coin with a nominal value of BGN 10, standard 925, and a mintage of 2000
- on 23 May, My Wonderful Sunny Childhood: a CuNi coin with a nominal value of BGN 5 and a mintage of 10,000. Mintage was completed by the end of 2003
- on 3 September, The World Football Cup, Germany, 2006: a silver coin with a nominal value of BGN 5, standard 925 and a mintage of 50,000
- on 1 December, The Virgin Mary: a gold coin with a nominal value of BGN 20, standard 999 and a mintage of 20,000.

The year saw 81.6 million banknotes (issued in 1999 and worth BGN 554.3 million) destroyed along with 2.6 million banknotes issued before 1999 and worth BGN 10.1 million.

Counterfeit Banknotes and Circulating Coins⁴²

Counterfeit banknotes reported and withdrawn from circulation by the BNB in 2003 numbered 1444 or 424 more than in 2002. This is how they were distributed by denomination:

Counterfeit Banknotes by Denomination

Denomination	BGN 1	BGN 2	BGN 5	BGN 10	BGN 20	BGN 50
Number of counterfeits	5	50	9	147	747	486
as a percentage of all counterfeits	0.3	3.5	0.6	10.2	51.7	33.7

At the end of the period under review the number of counterfeits compared to genuine banknotes was 0.00067 per cent. By this indicator, Bulgaria ranked among the countries with least-counterfeited banknotes. False coins reported to the BNB over the year numbered 2872 with a nominal value of 0.50 levs each.

Changes in Regulation and Organization

In 2003 new general terms for till service of BNB customers with banknotes and coins in the form of valuable packages, as well as new till service fees came into force. The changes resulted from the definition and adoption of requirements for a standard valuable package and a standard package of banknotes and coins.

The changes remove differences in the standard packages service which commercial banks receive from BNB regional centers. Following termination of agreements with individual banks, the uniform general terms create equality in wholesale cash service.

The launch of RINGS centralized commercial bank cash withdrawal and deposit orders. Orders to the BNB are standardized and contain information on the value date of all cash withdrawals and deposits in all branches of the corresponding commercial bank.

⁴² Established by the BNB, commercial banks and the Ministry of the Interior.

VI. Maintaining Banking System Stability

The Bulgarian National Bank regulates and controls Bulgaria's banks with a view to maintaining a stable banking system and protecting depositors' interests.

1. State of the Banking System

By the end of 2003 the **total amount of commercial bank assets** reached BGN 17,322,517,000 or 18.35 per cent more than at the close of 2002. Lending increased by 44.39 per cent (under new International Accounting Standard rules), showing the most dynamic development.⁴³ Deposits grew by 20.63 per cent and the capital base, by 24.15 per cent. By the close of 2003 **profit** was BGN 319,133,000.

Credit risk played a key role in banking system **risk profile**. Despite accelerated credit growth in 2003 the quality of credit was maintained. Though both consumer and corporate customers were sought, corporate lending was particularly aggressive, featuring a trend to project financing and risk sharing among banks.

Currency risk was low and EUR-denominated positions prevailed. The position is long in euro and short in US dollars, with the value of the net open position to own funds accounting for -4.65 per cent: far below the regulatory maximum.

Sensitivity to changes in securities' prices and interest rates was low. Investment was mainly in low-risk Bulgarian government securities and securities from issuers in countries listed in Appendices 1 and 2 of BNB Regulation No. 8 on the Capital Adequacy of Banks. This predetermined a lack of dramatic fluctuations in portfolio prices. Interest rate sensitivity was low to moderate, with lengthening asset maturity and fewer interest-sensitive assets. Liquid assets matched the makeup and maturity of borrowed funds, cutting liquidity risk.

The **quality of assets** in 2003 remained good. Classified assets grew by 9.16 per cent over the year: half the general asset growth of 18.35 per cent. This is an indication of adequate credit solutions which largely remove the typical lag between a credit expansion and the appearance of signs of claims depreciation. 'A zone of heightened credit risk' emerged in 2003 at several banks with credit risk levels exceeding the system average. This reflects weaknesses in lending management, ineffective control over market risk, and lending to economically related persons. The market share of these banks is insignificant but their behavior deviates from good bank practice. Supervisory strategies to improve their indicators were designed and applied at each of them.

Commercial bank **revenue** was good. Net core operation revenue was steady, with high net interest income and a minimal income from extra operations. Given the good asset quality, there was no need for significant provisioning against impairment losses. Only noninterest expenditure diverged from trends in other profit and cost centers. This reflects increases in operating and innovation expenditure. As a result, **return on average assets (ROA)** reached 2.04 per cent,⁴⁴ and **return on equity (ROE)** was 18.73 per cent. The trend toward sustainable revenue growth from core operations (core ROA) continued in most banks and the system in general. Based on revenue from core transactions, return on assets was 2.77 per cent. However, one bank group still had problem revenues and its profitability was very fragile. Despite the reported improvement over the review period, banks in the group had yet to create conditions for high and stable revenues. Although these banks do not set trends in banking system profitability, they were monitored by banking supervisors.

Banks' **capital position** was sound and adequate for the level of asset risk. Most banks' capital exceeds regulatory levels significantly. Higher capital risk affects banks with prerequisites for capital erosion, and banks whose capital adequacy is close to regulatory values. Overall, there is a surplus of risk-weighted capital in the system. While this might arguably fund a further significant rise in the total risk component of assets, this does not apply to all banks (approximately half the surplus is in the three largest banks). Thus, any further risk assumption by the banking system has to be approached most prudently.

⁴³ This data diverges methodologically from credit data reported in the monetary survey and in analytical reporting of commercial banks, and cannot be used for comparison. See Banking Supervision on the BNB website.

⁴⁴ ROA was 1.84 per cent of the amount of assets at the end of 2003.

Banking system **liquidity** was high irrespective of the reduced share of high-liquid assets through expanded lending. In 2003 banks had no serious liquidity shortfalls. The share of tradable assets in gross assets remained high and was adequate to banks' balance sheet risk. The **credits to deposits** ratio continued rising to reach 68.96 per cent. This may be considered a limiting level. Any higher would require wholesale change in liquidity management and operations financing. Such a change would be associated with strengthening the role of long-term borrowed funds and attaining a more acceptable maturity imbalance between banks' assets and liabilities.

Banking **efficiency**, measured as the dependence between balance sheet aggregate growth and the structure of return on assets, points to a more effective and competitive banking system. The profit growth rate of 22.01 per cent was comparable with the increase in assets and the capital base. Bank-by-bank analysis proves the trend toward higher efficiency at big banks.

2. Compliance with Prudent Banking Requirements

Major supervisory requirements subject to monitoring in 2003 were:

- **as regards capital:** BGN 10 million minimum required own funds at all times, 12 per cent overall capital adequacy, 6 per cent primary capital adequacy, and 6 per cent asset coverage
- **as regards maximum admissible single large exposure and overall exposure:** 25 per cent of the capital base, and eight times the capital base
- **as regards Article 47 of the Law on Banks:** the maximum single loan to a bank administrator may not exceed his/her annual remuneration; loans to persons related to the bank in terms of capital may not exceed one per cent of the bank's own funds; unsecured loans to bank employees may not exceed two years' worth of their gross pay; loans to related persons may not exceed ten per cent of the bank's capital base, and loans to employees may not exceed three per cent of the bank's capital base.
- **as regards currency risk:** under BNB Regulation No. 4, the largest net open forex position may not exceed 30 per cent of the capital base or 15 per cent for a single exposure in forex other than euro
- **as regards investment in fixed assets:** under Article 30 of the Law on Banks, investment in fixed assets may not exceed 50 per cent of own funds, or 100 per cent jointly with equity in companies other than banks.

General Conclusions

Though banks operated to supervisory requirements, there were several departures from regulations, giving rise to corrective supervisory measures. These aimed to prevent future deviations and to ensure compliance with the Banking Supervision Department policy on imposing, maintaining and encouraging good bank practice.

Capital Adequacy

Capital indicators declined with expanded lending in 2003. The total capital adequacy ratio went down from 25.16 per cent in 2002 to 22.20 per cent in 2003, reflecting the increased asset risk component in its highest risk part (assets with 100 per cent risk weight). The downward trend in capital indicators is also shown by the primary capital adequacy ratio (14.47 per cent in 2003 against 17.04 per cent in 2002) and the degree of asset coverage (13.26 per cent in 2003 against 12.64 per cent in 2002).

No violations of capital regulator minima were established in 2003. Despite banks' good capitalization, the Banking Supervision Department acted preventively, requiring some banks to implement capital growth programs. These banks did not violate regulatory requirements but their indicators approached floor values. Supervisory action intended to give a clear sign to all market participants that bank operations would not be allowed to court high capital risk.

Large Loans

Irrespective of intense competition for corporate customers and the rise of total large exposures in banking system capital, this regulator stayed relatively stable at 94.22 per cent in 2003 against 94.59 per cent in 2002. The indicator also remained stable in most banks.

The risk of large concentrations was efficiently controlled by banks, though there were some minor deviations from regulatory requirements established in 2003. Corrective supervisory measures intended to minimize the risk of single exposures were initiated at individual banks. As a whole no violations of the limits for total large exposures in banks' capital were established in these cases. This shows banks' efforts to diversify their assets and to resist the temptation of extending only large loans (in the sense of the Law on Banks).

Internal Credits

Over 2003 no regulatory violations were found but the Banking Supervision Department established a handful of skilled legal evasion and lending to individuals or legal entities in close economic relatedness. This led to a proposal for changes in supervisory regulations intended to clarify the circumstances when economic relatedness may threaten a bank directly.

State of Foreign Currency Exposures

Currency risk remained low and forex positions in euro dominated. The value of the net open position as a share of banks' own funds by the close of 2003 was short: 4.65 per cent against 3.75 per cent in 2002, far below the regulatory maximum.

Banks continued to seek minimum exposure to currency risk. The euro's domination in banks' liabilities and assets provided the low risk levels and compliance with supervisory regulations.

Investment in Fixed Assets

Measured against capital, the share of investment in fixed assets in late 2003 was 28.50 per cent against 29.74 per cent for the prior year. The lower regulator values were due to higher rates of capital base growth in the review period compared with the growth in investment in fixed assets.

Though banks as a whole had no problems staying within the limits of permissible investment in fixed assets, the year saw several regulation breaches. As a rule, they concerned tangible assets acquired as security, which could not be disposed of within the term provided for in the Law on Banks. The implementation of International Financial Reporting Standards at the year's outset created conditions for slightly different accounting of fixed assets and for their removal from the scope of regulations.

3. Banking Supervision throughout 2003

Supervisory Policy, Regulations, and Accounting Methodology

The EU Financial Services Action Plan (a package of some 40 measures intended for implementation by 2005 in a single European financial services market), the rapid appearance of new products and structures in the financial market, and the continuing globalization of banking, as well as technological advance, are hastening change in the EU regulatory framework. Bulgarian banking supervision reflects these circumstances and its major priority is to concentrate on challenges created by these conditions as Bulgaria converges with the EU. Its advances raise further demands on supervisory capacity as regards capital adequacy requirements concerning market risk, the new Basle Capital Accord II (Basle II), and keeping abreast of developments in corporate management and transparency. As regards regulation, the Banking Supervision Department puts the emphasis on prudence by updating the regulatory base in line with financial market development and the degree of bank risk.

The launch of the new Basle Capital Accord II was accompanied by an international test and survey of 365 banks to determine what effect this new methodology for calculating risk-weighted assets and operational risk had on bank capital adequacy. The Banking Supervision Department brought eight Bulgarian banks (with 64 per cent of Bulgarian banks' assets) into the survey. The major conclusion was that provided current own funds levels are maintained under Basle II, most large Bulgarian banks will fulfill capital adequacy requirements. Due to the stricter rules for assessing risk-weighted assets when applying the standard approach of foreign rating methodologies, the results show a rise in risk weights, largely in exposures to states and banks. The inclusion of operational risk will commit an additional part of banks' capital bases.

Jointly with the French and Dutch central banks, the BNB held training sessions for Banking Supervision Department specialists in supervisory treatment of market risk, applying the EU capital adequacy directive, the use of banks' VAR models, reporting financial instruments exposures in the trading portfolio, and supervisory assessments of trading in financial instruments.

New packages of forms for reporting finances and basic banking risks introduced in early 2003 were incrementally improved with experience.

A new regulation on internal bank control was adopted. It is in line with the principles of the Basle Committee on Banking Supervision on internal control in credit institutions. The scope of this regulation broadened with requirements on risk control, management control, information systems, and specialist internal auditing offices.

As a supervisory institution, the BNB constantly strives to improve banking regulations. Changes in respect of capital adequacy, both fundamental and more marginal ones, will improve banking security and pose new challenges for banks.

In December 2003 European regulatory institution and European Commission specialists conducted a second review of financial sector supervisory adequacy and the degree to which

regulations follow European requirements. Their main conclusion was that Bulgarian banking sector and banking supervision have attained great progress and a high degree of harmony with European banking regulations and practices.

Major recommendations included the comprehensive application of capital requirements on market risk and setting the preparation for Basle II as a main priority.

The year saw deeper collaboration with foreign banking supervisors *via* bilateral agreements for understanding and for data exchange. This will improve cooperation, particularly in the consolidated supervision of bank groups. By the close of 2003, the BNB had supervisory agreements with Albania, Austria, Cyprus, Greece, Hungary, Italy, Macedonia, the Netherlands, Slovenia and the USA.

Supervisory Administration, Licenses, and Permits

Controlling banking regulatory requirements and dispensing supervisory measures and penalties form the Banking Supervision Department's basic workload. The year saw 22 supervisory measures imposed on 17 banks. Nine of the measures (for serious regulatory breaches, or lifting earlier measures) took the form of instructions, with the rest being prescriptive or advisory. Five commercial banks had two supervisory measures imposed, with both of them instructions in one case. One bank was imposed a property sanction worth BGN 20,000 for a breach of Article 30, para. 1 of the Law on Banks. Banks received over 100 recommendations to improve performance. There were 18 measures enforced as a result of on-site inspections, with the rest prompted by regular reports prepared by commercial banks.

In preventive supervision (issuing licenses, permits, certificates, approvals, and opinions on proposed transactions) 2003 saw the conclusion of licensing procedures and the issue of a banking license to a commercial bank with foreign capital. It has since completed post-licensing procedures and begun trading.

Twenty-seven permits were issued under Article 19 and Article 19 (b) of the Law on Banks. Of them, 13 were for acquisition of more than 10 per cent of a bank's equity, 11 were for qualified participation in nonbank companies, and three addressed other circumstances under Article 19, para. 4 of the Law on Banks. Also issued were 39 certificates recognizing qualifications and professional experience in banking to persons nominated as members of banks' boards. Four permits were issued under BNB Regulation No. 8 for inclusions of subordinated term debt sums (debt capital hybrid instrument) into supplementary capital reserves. A negative opinion was given in 2003 on the sale of an insolvent bank as a going concern.

The year saw 24 banks' articles of association reviewed, with approvals and recommendations for amendments and amplifications. Most recommendations were made while changes to articles were at the drafting stage.

Some 100 comments were invited from banks in response to their customers' complaints, with complainants subsequently advised of how they could defend their rights. In several cases banks were asked to remedy breaches discovered during inspections.

On-Site Supervision (Inspections)

On-site inspections in 2003 followed a risk-based supervisory philosophy and applied the CAMELS system to rate banks. The timing and scope of on-site inspections depended on each bank's risk rating, and on an annual schedule. Since banks' current states (reflected in quarterly reports and other regular reports) did not call for changes in supervisory strategy, the schedule remained unaltered. Supervisory principle remains that the longest period between full supervisory inspections does not exceed two years for reasonably managed banks with good finances, while problem banks and those requiring greater supervisory attention get annual inspections.

The year saw 20 full supervisory inspections: 17 at local banks and three at foreign banks' branches. Four inspected banks got higher ratings, one had its rating lowered while the rest of the banks sustained their ratings. On-site inspections were entirely concerned with testing and assessing the efficiency, adequacy and robustness of systems to identify, measure, monitor, and manage each bank's specific risk. Supervisory inspections comprised a review of capital and capital adequacy, assessments of the quality of assets and of provisioning for risk exposures, analyses of liquidity and the quality and quantity of revenue, assessments of sensitivity to market risk, management and internal control, and off-balance sheet commitments. A priority alongside regularly monitored items concerned the quality of credit risk management with a view to establish whether principles of prudent and reasonable banking practice applied amid a credit expansion and the widening range of bank products. Other major accents in supervisory inspections concerned the Regulation No. 9 requirement to apply mechanisms to classify risk exposures and allocate provisions to cover impairment losses, and the manner of completing new supervisory reports after the launch of International Financial Reporting Standards in early 2003.

The expansion of bank operations over the year increased the call for various types and volumes of information. Data came from banks' documents and advice notes, credit files, book-keeping records, reports submitted in response to BNB Regulations and instructions, and meetings with banks' directors and officers. Supervisory strategy papers setting out mandatory measures and recommendations, as well as indications of the time of future inspections and the number of supervisory officers assigned to them, were prepared after each inspection. The trend to fewer infringements of the regulatory base and of recommended supervisory measures appears stable. This is a result of the robust development of most banks. Because of stricter loan application assessment, and of improved lending procedures, credit risk management and control remain effective and reliable amid a credit expansion. Internal systems for rating loan applications using qualitative and quantitative financial analyses are being set up or have already been applied. Internal lending rules have improved and been amplified with procedures and requirements for keeping up with the rapid expansion of credit portfolios and the variety of banking products. Smaller banks which had breached the regulatory base and extended large and internal loans in excess of supervisory regulations were offered a variety of ways to ensure stability and limit damage.

Breaches of internal regulations appear most frequent when risk concentrations are allowed to emerge, and in their subsequent management. Examples include loans to companies which have none, or a very limited, trading history before receiving loans. The credit risk with such loans is greater since credit borrowers have not invested, or have invested a minimum of their own funds into projects. Other examples include lending to companies with poor trading results, and where other entities which have no formal commitment to lenders actually service the loan. In some cases the full amounts of loans are disbursed straight away despite long repayment grace periods.

In analyzing debtors' finances, attention seems to focus on the ratios and elements of their balance sheets, without due attention to the business environment and risks, and without cashflow forecasts that take into account debtors' realistic ability to service debt. Companies with insignificant balance sheet figures may get loans exceeding asset values several times over. Bank supervisors issue negative assessments where they find inadequate classification, a lack of documentation on substantive conditions and circumstances affecting loans, evidence that loaned funds had gone for purposes other than those stated in the loan agreements, a lack of regular financial analyses and repayment plans and incorrectly filed statements of persons' economic relatedness.

Most often recommendations for improvement center on the need to apply mechanisms for calculating the recoverable value of risk exposures and of provisions for impairment loss. They also touch on amplifying internal rules of market risk with reliable methods for assessing potential losses when market risk may change. Banks whose credit portfolios are growing apace were preventively cautioned to keep lending criteria in line with their internal lending rules. It was also suggested to some banks to adopt shareholder support plans linked to asset growth.

As a whole, capital covers banks' operational risk profiles, and return on it tending to increase constantly. There is a clear trend toward capital stabilization at lower levels. This is due both to the restructuring to more profitable – yet riskier – assets, and to the slowdown in capital growth *vis-a-vis* assets. The progressive increase in core revenues has a positive effect on capital, as does maintaining the quality of assets. At the same time, increasing operating spending and the allocation of provisions on loans tend to hit capital.

A number of adequate moves accompanies the expansion of banking and the restructuring of bank assets. Many banks are implementing ambitious changes to internal communication and coordination. Operations control and risk assessment systems are improving. Internal regulations are being updated. New IT systems are going live and existing ones are being updated to help intensify information exchange. This change sometimes carries risks which affect the assessment given to banks' managements. Commonly, remarks to managers concern underdeveloped early warning systems and ineffective internal control systems.

Off-site Supervision

This form of supervision monitors the current finances of banks, analyzes banking system trends, identifies and researches major risks and the dynamics of the risk profile of individual banks and the banking system. Off-site supervisors also assign running three-month CAEL ratings as an early indicator of any worsening of commercial banks' finances.

Below are listed the major stresses of off-site supervision in 2003. The methodology of risk-based off-site supervision continued to improve. Efforts aimed at early identification of risks in the system and at individual banks as a basis for timely and effective remedial strategies. An improved Early Warning System was developed and implemented. Its basic element is the

banks' uniform accounting form. The form allows monitoring of the major threats to the banking system: credit, liquidity and market (price, interest and forex) risk. With a view to greater precision, a new package of financial statements for supervisory purposes came into use in early 2003. It is based on International Financial Reporting Standards and on supervisory requirements for continuous and precise reporting of each bank's finances.

Emerging risk modeling improved in 2003 by changing the parameters and scenarios of the stress test model in use. Apart from the opportunities inherent in the accumulated longer time series for individual balance sheet aggregates, the different scenarios of worsening bank finances also changed. Modeling aims to establish the maximum extent of capital risk at any given moment, both for each basis risk and for an accumulation of more than one risk. This allows financial stability to be forecast when one or more symptoms of localized or systemic risk appear.

The year also saw the development of a model for monitoring the finances of Bulgarian branches and divisions of foreign entities. The aim was to get a set of indicators for assigning internal supervisory ratings of the parent company's financial stability and the ability of the parent banks to support local structures. This was most important in view of the large number of foreign banks and their branches in Bulgaria.

An aspect of off-site supervision was the development of criteria on the impact of various changes in supervisory regulations on banking system finances. Efforts also went into the Banking Supervision Department's participation in projects to improve the regulatory framework.

Special Supervision

Successive actions addressed legal requirements for commercial banks to have transparent equity structures with clarity as to interest relationships between their shareholders, the state of their finances, and the sources of their funds. Basic aims in this direction included clarifying who direct and indirect shareholders were, and finding if their finances were in keeping with the size of their holdings.

Measures included equity restructurings, with 17 offshore companies divesting their holdings in three banks and other offshore companies reducing their holdings. Three further banks are currently restructuring their equity.

A great part of specialized supervision work concerned the development of methodological instructions on helping banks and finance brokerage houses create reasonable internal rules and procedures against money laundering, hence preventing the use of the financial system for money laundering.

The agreement between the BNB and the French and Dutch central banks also focused attention on improving supervisory practices aimed at preventing the use of banks for money laundering.

A positive trend emerges in this direction, with banks and finance brokerage houses being highly vigilant to preventing their use as conduits for funds with unclear origins.

Checks on compliance with the Foreign Exchange Law and its statutory instruments evolved in line with the amendments and amplifications to the Law in force from 7 July 2003. Particular attention went to the requirement to declare direct investment and financial credits, as well as the latter's scope, to the BNB.

The seven banks and 22 finance brokerage houses inspected had the systems necessary to follow foreign exchange legislation and BNB Regulations and instructions.

During the year two finance brokerage houses ceased complying with BNB Regulation No. 26 and their foreign exchange permits were withdrawn.

BNB-licensed finance brokerage houses grew by 21 per cent to 81 in 2003. A third of them (33 per cent) also have investment intermediary licenses from the Financial Supervision Commission.

The equities of finance brokerage houses acting as investment intermediaries rose by 27 per cent in 2003. Financial results for 2003 were 2.3 times higher because of the greater volume of operations in financial assets and instruments. Revenue and spending from and on such operations in 2003 grew by 8.4 and 9.6 times respectively on 2002. The major revenue of companies acting solely as finance brokerage houses came from the 11 per cent rise in gains from valuation adjustments in 2003. The contribution of financial operations to annual results fell by 32 per cent in 2003. Over the year, finance brokerage houses' assets grew by the significant figure of 75 per cent.

A register is kept of entities which have advised the BNB of transactions under Article 1, para. 6 of the Law on Banks. By the close of the year, they numbered 45, of whom six had begun trading as nonbank financial institutions in 2003. The year saw the emergence of companies which offer financial and operational leases for movable and immovable property. In most cases they do not employ own funds but use loans from banks or other sources.

VII. The Central Credit Register

The BNB maintains a credit register of claims exceeding BGN 10,000 (Regulation No. 22) in order to build up data on the debt of individuals and entities serviced by the BNB. Single claims below this amount were reported on an aggregate basis by four indicators: currency, sector, category and industry. Claims over BGN 10,000 monitored by the Central Credit Register are reported in individual records till full repayment. In 2003 loans over BGN 10,000 monitored by the Central Credit Register amounted to 84.6 per cent of all loans.

In the period under review the use of the Central Credit Register by commercial banks increased significantly. The number of statements more than doubled from 750 in 2002 to 1600.

The Central Credit Register publishes on BNB website information on an aggregate basis by industry, currency and term. In 2003 the Trade, Repair and Technical Services industry had the largest share (29.2 per cent) of credits, followed by Processing Industry (18.7 per cent). Claims on the Financial Intermediacy industry decreased significantly (to 5 per cent) at the end of 2003 compared to 14.9 per cent in the previous year (under BNB Regulation No. 22 only interbank claims for a term of over 30 days are subject to reporting).

Claims in Bulgarian levs (53.7 per cent) occupied the largest share of balance sheet exposure by currency, with the euro ranked second (35 per cent), and US dollars accounting for 11 per cent. By term of loan agreements (for credits exceeding BGN 10,000 only), credits of over three years had the largest share (43.9 per cent) posting a 12.6 per cent nominal growth on December 2002. Claims of one to three years accounted for 31.1 per cent, and those with a term of one year, for 25 per cent of the loans registered in the information system.

VIII. The Fiscal Agent and Official Depository Function

The Bulgarian National Bank is the state's official depository and fiscal agent. As depository, the Bank organizes and implements, *via* commercial banks, budget cash performance and its information support. Under conditions agreed with the Minister of Finance, the Bank acts as government debt agent.⁴⁵

To perform these functions successfully, the BNB is continuously developing the system of information support of the budget cash performance, the ASROAD automated system for registration and servicing of foreign debt, the SPA system of organizing auctions for sale and reverse repurchase of government securities, the AIS automated information system for sale and service of trade in savings government securities, and the ESROT computerized book-entry system for registration and service of trade in government securities.

By acting as government fiscal agent and government securities service provider, in 2003 the BNB collected fees and commissions of BGN 1,400,200 including BGN 654,200 under agreements with the Ministry of Finance.

1. Budget Cash Performance and Foreign Debt Operations

Under Article 43 of the Law on the BNB, the BNB as the government's cash depository provides, *via* commercial banks, information on budget cash performance. Under current joint instructions by the Minister of Finance and the Governor of the BNB, in 2003 information on budgetary, extrabudgetary, accumulation, deposit and letter-of-credit accounts of budget supported entities in levs and other currencies was regularly gathered from depository banks (26 including the central bank) and processed by the automated information system. The average monthly balances of these accounts at the BNB were BGN 3573.1 million, and at depository commercial banks' accounts, BGN 785.6 million.

Through the year information on the balances of fiscal reserve accounts in the BNB and depository commercial banks was provided daily. At the close of 2003 the balances of all fiscal reserve accounts came to BGN 3702.1 million.⁴⁶ Balances on all budget-supported entities' accounts with commercial banks were secured by blocking domestic debt government securities held by the banks in favor of the MF.⁴⁷ The average monthly nominal value of blocked government securities (by currency) came to BGN 614.4 million, USD 69.2 million, and EUR 46.3 million.

In 2003 ASROAD registered information on 33 agreements on foreign financial obligations of the Bulgarian government in which the BNB acted as agent for calculations and payments of EUR 5374 million. Payments numbered 99 and totaled EUR 410.1 million.

2. The Trade in Government Securities

Twenty two government securities issues of a total of BGN 856.6 million in nominal value, including the lev equivalent of EUR 125 million, were sold at the 36 auctions held *via* SPA auction system.⁴⁸ The average number of bids *per* auction was 96, with 41 bids approved on average. Through the year government securities demand exceeded supply, with a 2.52 bid-to-cover ratio.

During the period under review government securities amounting to BGN 18.5 million were purchased at the four government securities reverse repo auctions. Four subscriptions opened for replacing USD-denominated government structural reform securities (ZUNK bonds) with EUR-denominated bonds. In April two auctions were held for reverse repurchases of government securities with a term of one day, with approved bids coming to BGN 43.6 million.

⁴⁵ See Appendix, 11. Fiscal Services.

⁴⁶ Balances on foreign currency accounts are shown in levs at the BNB exchange rate for 31 December 2003.

⁴⁷ Under Article 24, para. 2 of the Transitional and Final Provisions of the 2003 State Budget Law and the operational instructions of the Minister of Finance and the Governor of the BNB.

⁴⁸ Under MF and BNB Regulation No. 5 on the Terms and Procedure for Acquisition, Redemption and Trade in Government Securities.

June and December 2003 saw assignments of primary government securities dealers under MF and BNB Regulation No. 15 on the Control over Transactions in Book-entry Government Securities. At the December assignment selection twenty three commercial banks and three nonbank financial institutions were granted investment intermediaries' licenses under the Law on Public Offering of Securities. Inspections of government securities market participants found no breaches of the Criteria on Evaluating and Selecting Government Securities Primary Dealers.

In 2003 the AIS automated information system for sale and service of trade in savings government securities registered 3362 government securities certificates and made 16,549 registrations of interest coupon payments (BGN 853,100) and principal payments (BGN 5,578,000 at maturity). The amount of target BGN-denominated government securities issued by the MF and sold at tills *via* the BNB's Sofia regional center and nine primary dealers totaled BGN 29,800,600.

The ESROT computerized book-entry system for registration and service of trade in government securities registered principal and interest payments at maturity date of BGN 738.4 million, of which BGN 628 million principal and BGN 110.4 million interest. The total of newly-registered government securities plus payment registrations came to BGN 1748.1 million.

In 2003 interest in long-term debt instruments grew materially. Government securities transactions registered in the secondary market reached BGN 13,669.2 million, up by 26.8 per cent on 2002.

In the review period BNB Regulation No. 31 on Government Securities Settlement (State Gazette, issue 70, August 2003) further developed the statutory framework in compliance with CPSS/IOSCO⁴⁹ recommendations on securities settlement systems. The Regulation is based on Directive 98/26 EU on settlement finality in payment and securities settlement systems. At present 2062 accounts are kept in the system, including 96 for government securities of the issuer (the MF), 672 for participants' own government securities portfolios, 943 for government securities primary dealers' customers, 275 for encumbered government securities, and 76 for government securities in liquidation (matured target issues sold to individuals *via* the BNB). Government securities in these accounts totaled BGN 2256.7 million in nominal value.

In 2003, 60 records of pledges and removal of pledges worth BGN 43.7 million were made in the Central Register of Pledges created by the BNB pursuant to the Law on Registered Pledges. Eleven trilateral contracts were concluded under Article 24 of MF and BNB Regulation No. 5.

The year saw regular reporting of the BNB's government securities registration and settlement systems to specialized international financial institutions such as, *inter alia*, the Association of Global Custodians (the AGC Questionnaire), and the CPSS/IOSCO (Disclosure Framework). The European Central Bank's review of the BNB's government securities registration and settlement systems showed a high degree of compliance with applied standards.⁵⁰

⁴⁹ The Committee on Payment and Settlement Systems/International Organization of Securities Commissions.

⁵⁰ The review was within the framework of the project on assessment of government securities settlement systems in accession countries.

IX. European Integration and International Relations

The BNB pays especial attention to pursuing an active international policy and to participating in fora held by international economic organizations and financial institutions. The Bank promotes broader regional and bilateral collaboration and maintains intensive contacts with other central banks.

Recent years have seen wider and deeper cooperation between the BNB and European institutions like the European Commission, the European Central Bank, and the central banks of EU member and accession states. The Bank is strict about commitments stemming from Bulgaria's EU membership negotiations. This is alongside active preparation for membership of the European System of Central Banks including administrative capacity strengthening.

Basic BNB priorities in the process of preparing for EU membership include creating a legal framework aligned with European requirements for banking, the movement of capital, and payments systems, strengthening institutional capacity, adopting central bank practice from EU member states, and preparing for membership of the European System of Central Banks.

European Integration

The BNB actively helps government within its sphere of competence in Bulgaria's EU accession negotiations. Bank representatives were included into expanded negotiating teams on five chapters: the Freedom to Provide Services, the Free Movement of Capital, Economic and Monetary Union, Statistics, and Consumers and Health Protection, all now temporarily closed. On them, Bulgaria has undertaken to harmonize national legislation with *acquis communautaire* and to apply Community law from the date of accession.

As regards the freedom to provide services, in 2003 the BNB made great efforts to implement International Financial Reporting Standards in banking, to harmonize banking legislation with EU law, and to research the identity and fitness of direct and indirect bank shareholders. This improved the Bank's credit sector supervisory capacity. According to the European Commission (EC) 2003 Regular Report, the BNB should now assist the adoption of European legislation on reporting for market risk in calculating capital adequacy, and regulating the status and activities of electronic money institutions.

Significant progress was marked in 2003 in the statutory framework regulating the movement of capital, in settlement systems, and in legislation against money laundering. The EC Regular Report sees future moves in the area as adopting the requirements of the Directive on Settlement Finality and the Recommendation on Electronic Payment Instruments, as well as the drafting of a regulation on extrajudicial resolutions of settlement disputes between banks and their customers.

A high degree of harmonization with EU law was attained on Economic and Monetary Union chapter. Further moves include amendments to the Law on the BNB which would bring it into line with the Treaty Establishing the European Community and the Statute of the European System of Central Banks and the European Central Bank while retaining the currency board's principles and conditions.

The first aspect of the changes concerns central bank independence. The EC requires new Law on the BNB passages to reinforce BNB institutional, personal, and financial independence, and exclude the possibility of conflicts of interest in Governing Council functioning.

A second important aspect is to widen the scope of public entities excluded from direct BNB financing. The various forms of financing involved ought to be set out in express detail.

Third, changes to the Law on the BNB ought to ensure adherence to Council Regulation (EC) 1338/2001 Laying down Measures Necessary for the Protection of the Euro against Counterfeiting. In this connection, the BNB should get new powers to stop the circulation of counterfeit currency within credit institutions and others involved in taking and distributing cash. This will oblige banks to cede all foreign exchange they suspect to be counterfeit or tampered with to the BNB.

Four, BNB internal controls and auditing will strengthen in line with recommended international practice and the standards of the Bank for International Settlements in Basle to improve accountability and transparency.

Negotiations in 2003 included meetings of the Economic and Monetary Issues, Capital Movement and Statistics and Internal Market Subcommittees to discuss the Bulgarian economy

and prospects before it. These noted Bulgarian progress in harmonizing banking legislation and its implementation in line with EU standards and practice. The BNB submitted papers and participated in talks on monetary and foreign exchange policy and banking development for Bulgaria's 2003 Preaccession Economic Program.

In June 2003 representatives of EU member countries' financial services supervisory institutions approved the report of the November 2002 EU Mission to review Bulgarian financial service supervision. The Peer Review assessed the state of banks and their supervision as very good in the context of the Basle Committee on Banking Supervision's effective supervision principles and EC Directives. In response to recommendations in the area of banking supervision, the BNB prepared an Action Plan for the period up to 2006. This includes statutory changes and practical actions to implement the recommendations. It has two basic thrusts: overall assessment of market risk in the context of banks' capital adequacy, and preparing and implementing capital adequacy requirements in line with the draft Basle Capital Accord II. In July the action plan was presented in Brussels at the Ninth Plenary Experts' Meeting on Supervisory Effectiveness in Financial Services in Accession States.

The Bank is creating the administrative capacity necessary for ESCB membership as a derogation member. It is also working to fulfill ECB requirements on accounting, payments systems, monetary and bank statistics, and ECB and Eurostat requirements on balance of payments statistics.

Links with International Financial Institutions

Bulgaria is a member of the **International Monetary Fund (IMF)** since 1990. The Bulgarian quota comes to 640.2 million Special Drawing Rights (SDR). The BNB Governor in a capacity as Governor for Bulgaria represents Bulgaria on the IMF Board of Governors, where he takes an active part in forming Fund decisions and policy.

The IMF conducts its financial operations with Bulgaria *via* the BNB with the Bank acting as government fiscal agent and depository of IMF monies in national currency. The BNB also keeps nontransferable noninterest-bearing securities issued in favor of the IMF.

In 2003 Bulgaria continued implementing the two-year standby agreement signed in February 2002 to a total value of SDR 240 million. Four tranches to the value of SDR 104 million were received in 2003, making the value of funds so far disbursed worth SDR 188 million. According to the last review of the standby agreement in 2003, Bulgaria's economic state was stable.

Bulgaria is a member of the **International Bank for Reconstruction and Development (IBRD)** since 1990. Its share in IBRD equity depends on Bulgaria's IMF quota and comes to 5215 shares (0.34 per cent of the bank's capital) with a value of USD 629.1 million. A BNB Deputy Governor in a capacity as alternative Governor for Bulgaria represents Bulgaria on the IBRD Board of Governors. The IBRD effects its operations with Bulgaria *via* the BNB which opens special deposit accounts for the transfer of bank loans. The BNB is also a depository of securities issued to the IBRD.

Implementation of the strategy for Bulgaria adopted by the Board of IBRD Governors for the 2002–2004 period continued in 2003. Financing under the strategy is in the form of loans and technical assistance worth USD 750 million between 2003 and 2005, with annual tranches of up to USD 250 million for structural and investment projects. In February 2003 the IBRD Board of Directors approved the first of the loans, PAL I, of EUR 151.2 million.

Bulgaria became a member of the **European Bank for Reconstruction and Development (EBRD)** in 1990, with its equity coming to EUR 158 million or 15,800 shares on 31 December 2003. A BNB Deputy Governor sits on the EBRD Board of Governors and the Bank is the EBRD depository in Bulgaria.

On 15 October 2003 the EBRD Board of Directors adopted a Strategy for Bulgaria for the 2003–2005 Period. This sets priorities at assisting the development of the private sector and infrastructure. Because of progress in reform and of positive economic results, the EBRD has become more active in Bulgaria, increasing its country portfolio by 42 per cent over the past two years. By the close of 2003 the volume of EBRD operations came to EUR 847.6 million.

Bulgaria is a founder member of the **Black Sea Trade and Development Bank (BSTDB)**, having signed its Incorporation Agreement on 23 December 1994. Bulgaria's BSTDB equity comes to 135,000 shares worth SDR 135 million or 13.5 per cent of the capital. The BNB Governor represents Bulgaria on the BSTDB Board of Governors.

The BNB is the BSTDB's Bulgarian depository. Major 2003 transactions included a loan for the TEC Marica-Iztok III Power Station to the value of USD 20 million and approval of a credit line to the Bulgarian-American Credit Bank worth EUR 10 million.

The **European Investment Bank (EIB)** is a European Union institution extending long-term loans in support of investment projects of special significance to European integration. The EIB is among prospective EU members' basic foreign financiers. The European Commission and selected banks from future EU members work jointly on a special scheme for utilizing PHARE Program aid. Essential purpose of the scheme is to encourage local banks to assist the development of stable and competitive small and medium enterprises.

Bulgaria's equity in the **International Bank for Economic Cooperation (IBEC)** is EUR 27.2 million or 6.8 per cent of total capital, while in the **International Investment Bank (IIB)** it is EUR 123 million (9.46 per cent). The IBEC and IIB have two-tier managements of a Council and a Board of Directors. The BNB Governor is a member of both banks' Councils and head of the Bulgarian delegation to their management bodies.

The BNB has held shares in the **Bank for International Settlements (BIS)** since 1930. After the BIS revalued its equity on 1 April 2003, the BNB received 8000 shares to a value of SDR 40 million, of which effectively 25 per cent of the nominal value of a single share has been paid.

The BNB Governor participates in the working meetings of central bank governors organized by the BIS. In 2003 active collaboration between the BNB and the BIS continued within the framework of the network of central bank managements and the technical aid coordination group.

A Resolution adopted at the annual BIS Board of Governors meeting set its dividend at CHF 400 per share. The BNB thus received a dividend of CHF 3.2 million or BGN 4.037 million on its 8000 shares.

Cooperation with International Financial Institutions and Central Banks, and Technical Assistance

The BNB played an active part in the traditional meeting of technical assistance coordinators at the BIS in Basle. The forum gathers donors and recipients of technical assistance and allocates resources in an optimal manner. The 2003 meeting determined areas of interest to assistance recipients: European integration, banking supervision, international accounting standards, risk management and economic analyses. Short-term and specialized training is preferred.

The cooperation agreement between the BNB and the French and Dutch central banks on strengthening central bank institutional capacity continued to be implemented in 2003. A review resulted in recommendations for harmonizing the Law on the BNB with the Treaty Establishing the European Community and the ESCB Statute as regards institutional, personal, financial and functional central bank independence. Concrete steps to full harmonization of Bulgarian bank legislation with the EU's Codified Banking Directive were mapped out in bank supervision. A review of the statutory base resulted in recommendations on payments within the Payments Systems component. The assessment of alignment between the new Real-time INterbank Gross Settlement System (RINGS) and the Core Principles for Systemically Important Payments Systems showed that RINGS is secure, reliable and effective.

The key disparities between ECB requirements in monetary and banking statistics and current BNB practice were identified with the help of Banque de France specialists.

The Dutch central bank assisted the development of two econometric models for managing foreign assets and liabilities more effectively and increasing return on assets.

A Risk Mapping Methodology was developed within the framework of improvements to the BNB internal audit system and its alignment with European audit standards and the most widely used standards and practice. The Methodology is part of a complete risk management project. The BNB imported software and hardware for custom program solutions incorporating modern internal audit concepts and allowing effective methods in line with European legislation and sound practice at European central banks.

A major priority in implementing the agreement was the further honing of BNB officers' skills through specialized seminars and visits at twinning partner central banks. BNB specialists deepened their knowledge of the practical aspects of EU Directives on supervising financial conglomerates, electronic money providers, financial security and settlement finality in payment and securities settlement systems.

X. Statistics

The BNB collates and distributes weekly and monthly information on monetary and interest rate statistics in Bulgaria and abroad. The Bank submits to the ECB information on monetary aggregates and their sources, and interest rate statistics. The IMF is furnished with information on analytical reporting of the BNB and commercial banks, international foreign exchange reserves, and interest rate statistics. By law, the BNB prepares the balance of payments. The Bank prepares information on foreign debt, direct foreign investment, the international investment position, imports and exports and international foreign exchange reserves.

In 2003 Bulgaria was included in the Special Data Dissemination Standard (SDDS) developed by the IMF as a tool for the transparent, timely and efficient preparation and dissemination of economic and financial statistics.

Monetary and Interest Rate Statistics

Statistics development in the BNB is directed at fulfilling obligations under the nation's negotiations for accession to the European Union and its preparation for eurozone membership. It aims at producing and disseminating statistics by modern methods and in compliance with EU requirements.

Implementation of the new system for compiling Bulgaria's monetary statistics in compliance with ECB requirements started in September 2003. Under the new system banks prepare statistics individually.⁵¹ On the one hand, this essential change was prompted by the implementation of international accounting standards and individual Chart of Accounts for commercial banks, rendering uniform automated processing of trial balances impossible. On the other hand, the change resulted from the ECB requirements for significantly greater information volumes through more numerous institutional sectors, monetary instruments, maturity dates, and currencies. New and more detailed data cannot be obtained from the trial balances. Therefore commercial banks for the first time formed statistical indicators reflecting most detailed information on their dealings with customers. This was transferred to the BNB and the new improved monetary statistics was compiled from it. The implementation of the new system led to improved indicators by analyzing more types of currency such as euro, US dollars and other currencies more instruments, and more maturity dates.

Following the development and adoption of the new requirements for compiling monetary statistics in compliance with ECB Regulation 13 (and the relevant instructions), an inter-bank consultative group of six commercial banks was established. A poll within the group clarified reporting units' abilities to compile and submit timely information on cashflow statistics. (Cashflow statistics will be developed and introduced in 2004 to supplement the existing monetary statistics.)

Throughout the year cooperation with the National Statistical Institute continued focusing on updating and maintaining the Sectoral Classifier of Institutional Units, a BNB and NSI joint project. Based on the classifier, reporting units and the Central Depository define unequivocally the units' sectoral position in compliance with European requirements (European System of Accounts, 1995) and the participation in the interinstitutional working party for developing Bulgarian financial accounts and the preparation of sectoral balance sheets and statements on the development of these accounts between 1998 and 2001 by the Monetary Statistics Division.

Balance of Payments Statistics

In 2003 methodology of compiling and processing balance of payments data submitted by the nonfinancial sector was further developed. With a view to improving direct foreign investment and reducing preliminary data revisions, special quarterly report forms were sent to the 150 biggest companies with foreign equity according to a list made with the Foreign Investment Agency.

Amendments to the Foreign Exchange Law and BNB Regulation No. 27 on the Balance of Payments Statistics were adopted in 2003. Existing report forms were improved and new ones developed under Foreign Exchange Law provisions. The year saw 1260 declarations of new financial credits between residents and nonresidents. Quarterly reporting (report forms processing and correspondence) of 3384 financial credits was maintained, and data on other liabilities of some 2900 companies in the real sector was processed.

⁵¹ Previously the BNB prepared the indicators from trial balances submitted by the banks.

In 2003 balance of payments methodology was further improved in line with international standards and with a view to Bulgarian accession to the European Union. A medium-term plan was drawn up on Bulgarian balance of payment statistics development in compliance with the structure required by Eurostat regarding European Union member countries.

XI. Research

BNB research comprises a broad range of national economic issues and specialized studies of important economic areas such as the real sector, banking, the financial markets, and the labor market.⁵²

Analyzing international and home trends helps the BNB develop macroeconomic forecasts for the Bulgarian economy. A priority of research is to develop models for macroeconomic forecasting of monetary aggregates and credit. Two studies associated with honing BNB forecasting in inflation modelling and with a lead indicator of economic developments in industry, were completed in 2003.

During the spring and fall of 2003, BNB representatives took part in European Commission forecasts on the development of the world economy and presented the assumptions and results from Bank forecasts of the Bulgarian economy from 2003 to 2006.

Government invited the BNB into discussions on Bulgaria's macroeconomic framework and on specific economic policy issues. Bulgaria's Preaccession Economic Program was prepared with government for presentation to the European Commission. A precursor of the convergence programs prepared by EU members who have not adopted the single currency, and of future stability programs for EU members joining the single currency, the Program is an entirely indigenous document enabling the EC to assess Bulgarian economic policy progress and the overall progress of the country's economy.

In June 2003 the BNB organized an international conference where representatives of neighboring countries deliberated the monetary policy efficiency and money substitution. Special guests Prof Fabrizio Coricelli of the University of Sienna, the Central European University and CEPR, and Prof Franz Seitz of the Amberg-Weiden University of Applied Sciences presented keynote papers on Efficiency of the Monetary Policy under Different Regimes and the Currency Substitution Issue, and on the Demand for Currency: a Theoretical Model and Empirical Results for Euro Area Currencies.

Representatives of the European Central Bank and the central banks of Albania, Bosnia and Herzegovina, Greece, Romania, Serbia and Turkey also attended the conference. Reports looked at the degree of currency substitution in some regional countries, factors for currency substitution, and monetary policy efficiency.

A Guest Researcher Program opened with a view to broaden the scope of BNB research and deepen analytical capacity.⁵³

⁵² See the BNB website for discussion papers.

⁵³ The Guest Researcher Program for the first half of 2004 is on the BNB website under the Research menu.

XII. Information Infrastructure

The development of BNB information systems in 2003 followed the Governing Council strategy for IT and communications development between 2003 and 2008.

The basic and most important IT project for 2003 concerned the national payment system reform: the launch of the Real-time INterbank Gross Settlement System. This involved developing additional functions in some of the Bank's main information systems such as the SOFI – BNB accounting system, the Reporting, Control and Managing of Cash Flow system, and the system for registering and servicing government securities trading. An automatic government securities settlement system also went live. New routines came into operation for BNB systems linked with RINGS, as were new user hierarchies. The national payment system depends on a complex combination of BNB internal systems (RINGS included) and net operator systems including BISERA, BORICA, and the Central Depository. RINGS' post-commissioning period fully acquitted the financial community's functionality and reliability expectations.

In 2003 the BNB and the Ministry of Finance jointly input first-level budget spending entities into the SEBRA system and into the routines for maintaining and operating the Single State Budget Account.

The year saw the start of work on a new automated information system for BNB monetary statistics in line with the requirements of the ECB and other international financial institutions. The development of the Treasury information system continued, as did the broadening of its functionality. The Bank went across to the SWIFT international settlement system's new SWIFTNet FIN platform, and to the new ReutersXtra and Dealing3000 versions of the Reuters information system. Communications between the BNB and commercial banks continued improving through further development of the virtual private network for electronic data exchange.

Updating and development of the BNB technological architecture continued in 2003. Some 30 per cent of computer workstations were updated, and a considerable number of new servers, telecommunications items, and basic and specialized programs were installed.

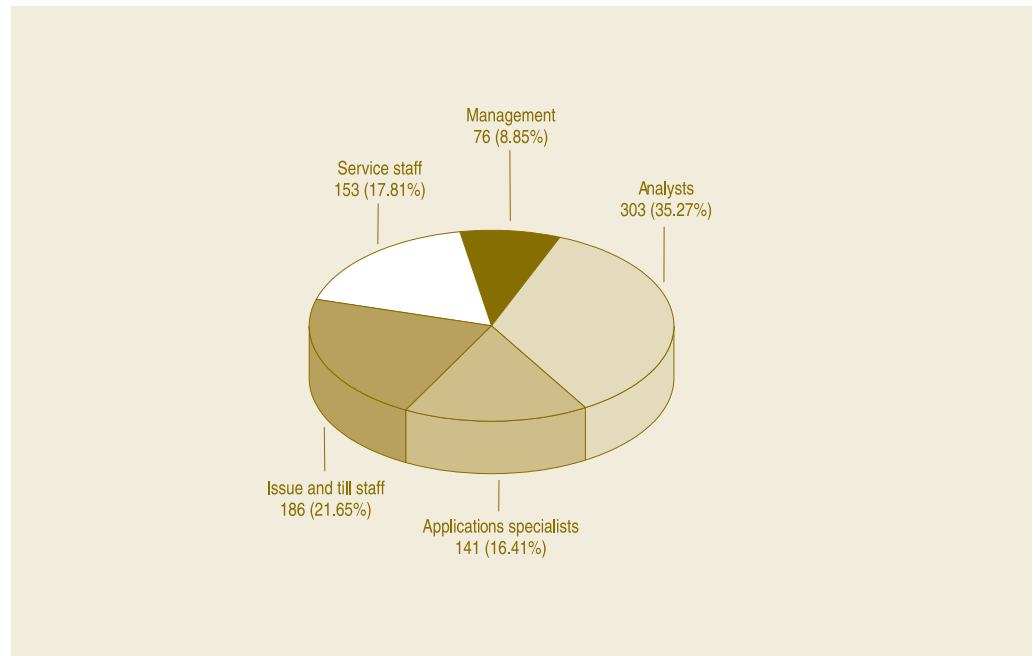
XIII. Human Resource Management

Chief thrusts of BNB human resource management in 2003 were: improving Bank organization and management structure for more efficient discharge of functions under the Law on the BNB; recruiting better-qualified, more experienced and younger staff; bringing remuneration into line with quality, productivity and results; and conducting continuous staff training aimed at boosting knowledge and skills through courses and seminars in Bulgaria and abroad.

Representatives of the French and Dutch central banks also assisted the introduction of European human resource management standards in 2003, as part of the cooperation agreement with their banks which centers on procedural improvements.

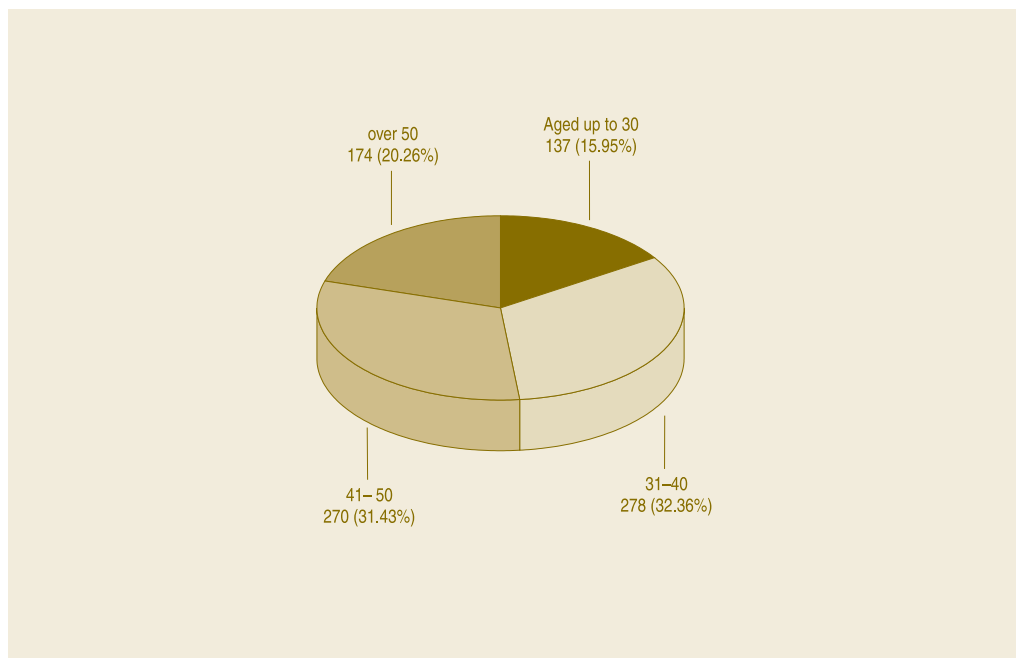
The average number of Bank staff in 2003 was 859, against an establishment number of 1036. New recruits numbered 64 and 85 staff left. On 31 December 2003 staff numbered 920.

Personnel Structure by Category (average number)

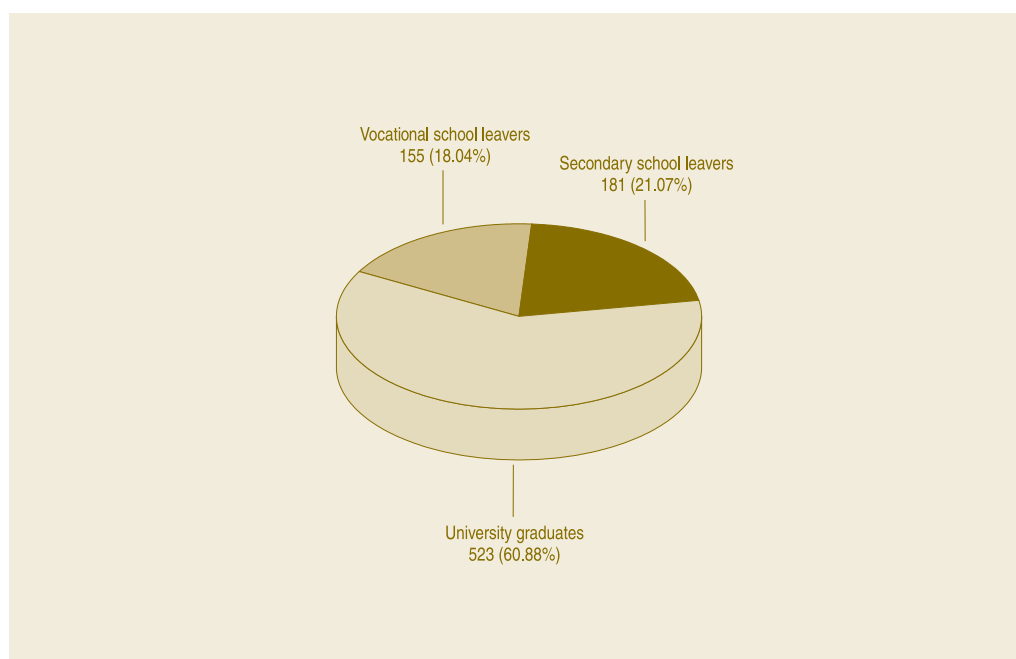


Recruitment has aimed to improve staff age, qualifications and skills.

Staff Age Structure



Staff Qualifications and Educational Structure



Continuing qualification improvement is a priority of BNB human resource management. In 2003 staff training touched on macroeconomics, monetary policy, asset and risk management, banking supervision, monetary and banking statistics, bookkeeping, banking and financial law, human resource management, and internal audit. Funds went into improving staff foreign language skills. The year saw 275 officers raise their qualifications, with 185 attending courses in Bulgaria and 90 abroad.

XIV. Internal Audit and Control

A Chief Auditor appointed by the Governing Council after approval by the Chairman of the National Audit Chamber exercises internal control over BNB finances.

The Chief Auditor and internal auditors assess the effectiveness and efficient functioning of risk control and management systems, and the extent to which they ensure:

- timely identification and adequate management of risk
- precise, reliable and prompt financial, managerial and operational information
- compliance with policy, principles, standards, procedures, statutory instruments and good practice
- economic acquisition, effective utilization and adequate protection of resources
- fulfillment of programs, plans, and aims
- high quality and continuing improvement of Bank control processes.

In 2003 the Chief Auditor worked with a team of seven internal auditors, an analyst and a coordinator. They worked in compliance with a five-year audit strategy. In 2003 the strategy was updated to reflect changes in control systems and the control environment. Annual checks were scheduled and conducted with reference to risk assessments for each check item. The Chief Auditor reported the results of checks and the management of significant risk directly to the Governing Council.

The year saw 14 scheduled audits, one unscheduled audit, and 22 additional checks of various items and projects. Findings were that control systems function adequately and highlighted weaknesses do not impact overall activity significantly. Audits and checks resulted in 70 findings and 65 recommendations to relevant units. Over 87 per cent of these are now implemented or are being implemented.

The thrust of recommendations was in favor of clear procedures for internal control systems, as well as for developing and updating internal rules. Implementing the recommendations and working with Bank structural units has resulted in the development and launch of a number of regulations and procedures for improving internal control. The aim was to limit risk and offer Bank management the confidence that the BNB complies with statutory requirements and pursues approved policies by following set procedures.

In 2003 the Chief Auditor and specialists from the French and Dutch central banks developed a project for harmonizing and applying best internal audit professional practice and standards.

BNB internal audit specialists took part in several training programs. Two Bank auditors sat exams and received CIA and CISA certificates under Institute of Internal Audit (IIA) and Information Systems Audit and Control Association training programs.

XV. The BNB Budget Implementation

The BNB budget was carried by the Bank Governing Council on 4 December 2002 and adopted by the 39th National Assembly on 15 December 2002.

Operating Expenditure

Under Section I projected BNB operating expenditure totaled BGN 47,901,000. Reported expenditure accounted for BGN 43,589,000, or 91 per cent of forecast. Economies reflect savings on hired services, miscellaneous administrative costs, and currency in circulation.

Currency circulation service costs totaled BGN 12,539,000 against the projected BGN 13,346,000, or 94 per cent of forecast. Banknote printing cost BGN 5,827,000. Coin minting cost BGN 5,818,000, including commemorative coins which came to BGN 882,000. Commemorative coins minted in 2003 were: 60th Anniversary of the Rescue of Jewish People in Bulgaria, My Sunny Wonderful Childhood, The World Football Cup, Germany, and The Virgin Mary. The set of ten gold coins commemorating the Athens Summer Olympic Games in 2004 continued to be released in 2003. The aforementioned spend on banknote printing and coin minting was sufficient to maintain normal currency in circulation. Expenditure on consumables for currency in circulation totaled BGN 187,000, or 82.4 per cent of allocation. Premise rental costs for Cash Operations Directorate staff at the Printing Works came to BGN 600,000.

Budgeted funds on materials, services and depreciation totaled BGN 18,295,000; of this BGN 15,495,000 or 84.7 per cent was actually spent.

In 2003 the Bank continued to cut operating expenditure. Funds for office materials, postal services, telecommunications, fuel, and car spares were underspent. Bloomberg, Reuters, SWIFT, internet and similar services cost BGN 978,000 or 94.7 per cent of projections. Of BGN 861,000 budgeted on software fees, the actually spend came to BGN 447,000 or 51.9 per cent.

Projected depreciation was BGN 7,055,000 and outturn was BGN 6,865,000 or 97.3 per cent.

Payroll, healthcare and welfare spending totaled BGN 12,984,000 accounting for 29.8 per cent of total BNB operating expenditure. Salaries were budgeted on the basis of approved establishment figures.

Expenditure projected for social activities amounted to BGN 1,993,000. Of this, 92.5 per cent was actually spent.

Other administrative costs included inland travel associated with BNB regional centers, supervision of sites under refurbishment, foreign travel, and staff training. Outturn here came to BGN 727,000, or 68.6 per cent of projections.

The Investment Program

Budgeted funds under Section II, Investment Program, came to BGN 15,656,000. Of this, BGN 9,234,000 or 59 per cent was spent.

Refurbishment and modernization spending totaled BGN 2,950,000 on construction works and fitting out of the BNB staff recreation base in Smolyan and on reconstruction of the recreation base in Borovec, air-conditioning some BNB premises, and redesign of the vehicular entrance to the BNB building.

Expenditure amounting to BGN 327,000 (or 35.2 per cent of projected funds) went on security equipment such as X-ray scanners for personal luggage, walk-through detectors for customer scanning, and expanding and upgrading the fire-alarm equipment in the BNB building.

Spending on computerization came to BGN 4,477,000 or 48.4 per cent of forecast. In 2003 funds spent on the final phase of RINGS totaled BGN 1,817,000. Software development and licensing came to BGN 1,294,000. Replacement of computers, servers, and printers continued in 2003, coming to BGN 1,366,000.

Of allocated funds for office furniture and equipment, BGN 284,000 was spent on equipping the BNB building, and purchasing photocopiers, cleaning machines and sundry items.

Based on a BNB Governing Council Resolution, BGN 1,100,000 was transferred to the State Mint, increasing BNB equity in the Company.

Implementation of the BNB Budget, 2003

Indicators	Report 2003 (BGN'000)	Budget 2003 (BGN'000)	Implemen- tation (%)
Section I. BNB operating expenditure	43 589	47 901	91.0
Currency circulation expenditure	12 539	13 346	94.0
Materials, services and depreciation expenditure	15 495	18 295	84.7
Salaries and employee benefits	12 984	13 208	98.3
Social activity expenditure	1 844	1 993	92.5
Other administrative expenditure	727	1 059	68.6
Section II. Investment program	9 234	15 656	59.0
Expenditure on construction, reconstruction and modernization	2 950	3 790	77.8
Expenditure on currency circulation equipment	0	60	0
Expenditure on BNB security equipment	327	929	35.2
Expenditure on special automobiles and other vehicles	96	100	96.0
Expenditure on BNB computerization	4 477	9 244	48.4
Office furniture and equipment	284	383	74.2
Increase in the capital of the State Mint	1 100	1 150	95.7

XVI. BNB Consolidated Financial Statements for the Year Ending 31 December 2003

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**INDEPENDENT AUDITORS' REPORT
TO THE MANAGING BOARD OF
BULGARIAN NATIONAL BANK**

We have audited the accompanying consolidated balance sheet of Bulgarian National Bank and its subsidiaries as of 31 December 2003 and the related consolidated statements of income, changes in equity and cash flows for the year then ended. These consolidated financial statements are the responsibility of the management. 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. 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 management, 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 consolidated financial statements give a true and fair view of the financial position of the Bulgarian National Bank and its subsidiaries as of 31 December 2003, and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG Audit Plc

KPMG Audit Plc

Chartered Accountants

London

28 April 2004

KPMG Bulgaria

KPMG Bulgaria OOD

Chartered Accountants

Sofia

28 April 2004



Statement of Responsibilities of the Governing Council of the Bulgarian National Bank

The Law on the Bulgarian National Bank requires the Governing Council 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 Governing Council in compliance with International Financial Reporting Standards.

The Governing Council 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.



Ivan Iskrov
Governor of the BNB

Consolidated Income Statement for the Year Ending 31 December 2003

(BGN'000)

	Note	31.XII.2003	31.XII.2002
Interest and similar income	6	300,855	267,478
Interest expense and similar charges	6	(62,284)	(70,815)
Net interest income		238,571	196,663
Fee and commission income		3,599	2,480
Fee and commission expense		(2,838)	(2,758)
Net fee and commission expense		761	(278)
Other financial income/(expense)	7	(13,645)	199,982
Other operating income	8	20,366	23,563
Total income from banking operations		246,053	419,930
General and administrative expenses	9	(56,200)	(65,945)
Net income from banking and subsidiaries' operations		189,853	353,985
Transfer (to)/from special reserves		69,424	(173,914)
Net income from banking and subsidiaries' operations after special reserve transfer		259,277	180,071
Appropriations and transfers (to)/from reserves			
Proposed contribution to the budget of the Republic of Bulgaria		(170,867)	(132,562)
Transfer to other reserves		(88,410)	(47,509)
		<u>259,277</u>	<u>180,071</u>

The income statement is to be read in conjunction with the notes set out on pages 66 to 80 forming part of the financial statements.

Consolidated Balance Sheet as at 31 December 2003

(BGN'000)

	Note	31.XII.2003	31.XII.2002
ASSETS			
Cash and deposits in foreign currencies	10	1,441,176	1,319,215
Gold, instruments in gold and other precious metals	11	832,677	828,797
Investment in securities	12	8,235,917	6,877,502
Equity investments and quota in the IMF	14	1,498,003	1,642,948
Receivable from the Republic of Bulgaria	13	1,838,945	1,937,943
Property, plant, equipment and intangible assets	15	176,786	176,035
Other assets	16	34,759	31,454
Total assets		<u>14,058,263</u>	<u>12,813,894</u>
LIABILITIES			
Banknotes and coins in circulation	21	4,264,222	3,627,928
Due to banks and other financial institutions	17	1,002,134	814,091
Liabilities to the government, government institutions and other borrowings	18	3,861,049	3,200,163
Borrowings against Republic of Bulgaria's IMF participation	19	1,398,002	1,556,968
Borrowings from general resources of the IMF	20	1,838,945	1,977,930
Accruals and other liabilities	22	9,070	8,401
Total liabilities		<u>12,373,422</u>	<u>11,185,481</u>
EQUITY			
Capital	23	20,000	20,000
Reserves	23	1,664,841	1,608,413
Total equity		<u>1,684,841</u>	<u>1,628,413</u>
Total liabilities and equity		<u>14,058,263</u>	<u>12,813,894</u>

The Governing Council approved the financial statements set out on pages 59 to 80 on 26 April 2004.



Ivan Iskrov
Governor of the BNB

Consolidated Statement of Cash Flows for the Year Ending 31 December 2003

(BGN'000)

Note	31.XII.2003	31.XII.2002
Net cash flow from operating activities		
Net income from banking operations	189,853	353,985
Adjustment for noncash and nonoperating items:		
Dividend income	(4,038)	(4,046)
Depreciation	12,588	10,871
(Profit) on disposal of noncurrent assets	(864)	-
Donation of noncurrent assets	-	5,874
(Profit) on revaluation of equity investments	(22,189)	-
Gains on working capital arising from market movements	(57,044)	(297,471)
Net cash flow from operating activities before changes in operating assets and liabilities		
	118,306	69,213
Change in operating assets		
Decrease in gold and other precious metals	6,495	85,591
(Increase) in securities	(1,451,806)	(1,173,724)
(Increase)/decrease in receivable from the government	(98,785)	202,702
Decrease in other assets	(378)	(780)
Change in operating liabilities		
Increase in due to banks and other financial institutions	221,176	64,306
Increase in government deposits and current accounts	771,859	513,881
Increase/(decrease) in borrowings from the IMF	63,060	(302,706)
Increase in currency in circulation	636,294	365,047
Increase in accruals and other liabilities	523	1,687
Net cash flow from operating activities		
	266,744	(174,783)
Cash flow from investing activities		
Purchase/sale of noncurrent assets	(13,339)	(7,051)
Dividends received	4,038	4,046
Net cash flow from investing activities		
	(9,301)	(3,005)
Cash flow from financing activities		
Payment to the government	(132,562)	(172,798)
Net cash flow from financing activities		
	(132,562)	(172,798)
Net (decrease)/increase in cash and cash equivalents		
	124,881	(350,586)
Cash and cash equivalents at beginning of period		
	1,329,160	1,679,746
Cash and cash equivalents at end of period		
10, 16	1,454,041	1,329,160

The accompanying notes on pages 66 to 80 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

(BGN'000)

	Capital	Revaluation reserve:			Other reserves	Total
		Noncurrent assets	Monetary assets	Comemorative coins		
Balance at 1 January 2002	20,000	16,130	771,732	18,179	547,604	1,373,645
Revaluation of assets	-	74,009	-	-	-	74,009
Transfer of unrealized gold revaluation gains	-	-	32,042	-	-	32,042
Transfer of net foreign exchange losses	-	-	(11,197)	-	-	(11,197)
Transfer of net revaluation gains of securities	-	-	163,685	-	-	163,685
Other transfers	-	(888)	-	(269)	7,036	5,879
Donation of noncurrent assets	-	(4,483)	-	-	(5,874)	(10,357)
Revaluation of commemorative coins	-	-	-	(6,566)	-	(6,566)
Payment of the prior year contribution to the budget of the Republic of Bulgaria	-	-	-	-	(172,798)	(172,798)
Current year contribution to the budget of the Republic of Bulgaria	-	-	-	-	132,562	132,562
Profit for the year after the contribution to the budget of the Republic of Bulgaria	-	-	-	-	47,509	47,509
Balance at 31 December 2002	20,000	84,768	956,262	11,344	556,039	1,628,413
Revaluation of equity investments	-	22,189	-	-	-	22,189
Transfer of unrealized gold revaluation gains	-	-	10,375	-	-	10,375
Transfer of net foreign exchange losses	-	-	(9,581)	-	-	(9,581)
Transfer of net revaluation losses of securities	-	-	(93,391)	-	-	(93,391)
Other transfers	-	(658)	-	(206)	985	121
Payment of the prior year contribution to the budget of the Republic of Bulgaria	-	-	-	-	(132,562)	(132,562)
Current year contribution to the budget of the Republic of Bulgaria	-	-	-	-	170,867	170,867
Profit for the year after the contribution to the budget of the Republic of Bulgaria	-	-	-	-	65,410	65,410
Other special reserve	-	-	-	-	23,000	23,000
Balance at 31 December 2003	20,000	106,299	863,665	11,138	683,739	1,684,841

The accompanying notes on pages 66 to 80 form an integral part of these financial statements.

Notes to the Consolidated Financial Statements

1. Statute and principal activities

The Bulgarian National Bank (the 'Bank') is 100 per cent 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 Financial Reporting Standards, and
- under terms agreed upon with the Minister of Finance, the Bank acts as an agent for public debts or for debts guaranteed by the state;
- the Bank acts as a Central Depository of government securities.

2. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB), and interpretations issued by the Standings Interpretations Committee of the IASB.

3. Basis of preparation

The financial statements are presented in Bulgarian levs (BGN) rounded to the nearest thousand. The financial statements are prepared on a fair value basis for financial assets and liabilities held for trading, available for sale assets and derivative financial instruments, except those for which a reliable measure of a fair value is not available. Other financial assets and liabilities and non-financial assets and liabilities are stated at amortized cost or historical cost.

The accounting policies have been consistently applied by the Bank.

4. Basis of consolidation

Subsidiaries

Subsidiaries are those enterprises controlled by the Bank. Control exists when the bank has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All receivables and payables, income and expenses, as well as intragroup profits resulting from transactions between Group companies are eliminated unless they are immaterial.

5. Summary of significant accounting policies

(a) Income recognition

Interest income and expense are recognized in the income statement as they accrue, taking into account the effective yield of the asset or an applicable floating rate. Interest income and expense include 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 and expenses arise on financial services provided by the Bank and are recognized when the corresponding service is provided.

Other financial income/expense include gains and losses arising from disposals and changes in the fair value of financial assets and liabilities held for trading and available for sale assets.

(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-term sales of financial instruments. Trading derivatives 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, held to maturity and available for sale assets on the settlement date. From the date it commits to purchase the assets, any gains and losses arising from changes in the fair value of the assets are recognized.

The BNB, in its role as a holder of Bulgaria's international reserves, has the primary objective of maintaining a high degree of asset liquidity and underlying quality of such assets. The opportunity is taken to maximize returns within these overriding constraints, and the whole portfolio is therefore classified as 'available for sale' in terms of IFRS.

(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 a 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 the 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 3 pm London closing Bullion Market price at the balance sheet date.

(d) Equity investments

For the purposes of measuring the equity investments subsequent to initial recognition, they are classified as available for sale financial assets and stated at a fair value.

Details of investments held are set out in note 14.

(e) Property, plant, equipment and intangible assets

Property, plant, equipment and intangible assets are stated in the balance sheet at their purchase cost as modified by any revaluation, 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, equipment and intangible assets. Land is not depreciated. The depreciation rates used are as follows:

	(%)
Buildings	2 – 4
Equipment	4 – 20
Computers	15 – 34
Fixtures and fittings	15 – 20
Motor vehicles	8 – 20
Intangible assets	15 – 20

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 5 (i) below. Foreign currency denominated nonmonetary assets and liabilities are valued at the rate at the date of acquisition or determination of the fair value.

Open forward foreign exchange contracts are valued at a market value.

The exchange rates of major foreign currencies as at 31 December 2003 and 31 December 2002 were:

Currency	31 December 2003	31 December 2002
US Dollar (USD)	1 : BGN 1.54856	1 : BGN 1.88496
Euro (EUR)	1 : BGN 1.95583	1 : BGN 1.95583
Special Drawing Rights (SDR)	1 : BGN 2.30111	1 : BGN 2.56265
Gold (XAU)	1 troy ounce : BGN 647.145	1 troy ounce: BGN 639.048

(g) Taxation

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

Tax on the profit from subsidiaries for the period comprises current tax and the change in deferred tax. For the subsidiaries, current tax comprises tax payable calculated on the basis of the expected taxable income for the period, using the tax rates enacted by the balance sheet date. Deferred tax is provided using the balance sheet liability method on all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes.

(h) Loans from the International Monetary Fund (IMF)

The borrowings from the IMF are denominated in Special Drawing Rights (SDR). Any unrealized exchange gains or losses are accounted for in accordance with note 5 (i).

(i) Capital and reserves

Capital represents nondistributable capital of the Bank.

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

After transfers to reserves, 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.

(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.

6. Interest income and expense

(BGN'000)

	31 December 2003	31 December 2002
Interest and similar income		
- on securities	275,064	228,178
- on deposits	23,579	33,179
- on other	2,212	6,121
	<u>300,855</u>	<u>267,478</u>
Interest and similar expense		
- on deposits	61,149	68,285
- on other	1,135	2,530
	<u>62,284</u>	<u>70,815</u>

Interest expenses on deposits paid to the government were BGN 39,059 thousand for 2003 (2002: BGN 43,068 thousand).

Interest expenses on deposits paid to the budget organizations were BGN 16,876 thousand for 2003 (2002: BGN 20,502 thousand).

Interest expenses on deposits paid to other organizations were BGN 6349 thousand for 2003 (2002: BGN 7245 thousand).

7. Other financial income/(expenses)

(BGN'000)

	31 December 2003	31 December 2002
Net gains from operations in securities	48,713	9,378
Net gains from operations in foreign currency	8,050	6,188
Net gains from operations in precious metals	-	(114)
Net revaluation gains/losses of securities	(93,391)	163,685
Net revaluation losses of foreign currency assets and liabilities	(9,581)	(11,197)
Net gains from revaluation of equity investments	22,189	-
Net gains from revaluation of gold and precious metals	10,375	32,042
	<u>(13,645)</u>	<u>199,982</u>

8. Other operating income

(BGN'000)

	31 December 2003	31 December 2002
Disposal of noncurrent assets	181	610
Sales by subsidiaries	14,258	15,227
Sale of coins	345	1,655
Dividend income	4,038	4,046
Other income, net	1,544	2,025
	<u>20,366</u>	<u>23,563</u>

9. General and administrative expenses

(BGN'000)

	31 December 2003	31 December 2002
Personnel costs	19,342	18,255
Administration	22,919	22,156
Depreciation	12,588	10,871
Other expenses	1,351	2,223
Revaluation of commemorative coins for sale	-	6,566
Gifting of branch property and equipment	-	5,874
	<u>56,200</u>	<u>65,945</u>

Personnel costs include salaries, social and health security under the provision of local legislation at 31 December 2003. The number of employees of the Bank was 1218 for 2003 (2002: 1245) including BNB staff of 920 for 2003 (2002: 948).

General and administrative expenses include the administrative expenses of the BNB. The BNB personnel costs amount to BGN 14,828 thousand, the BNB administrative expenses of BGN 8630 thousand and the BNB depreciation of BGN 6865 thousand. The currency in circulation expenses amounted to BGN 12,539 thousand at 31 December 2003 (2002: BGN 12,740 thousand).

10. Cash and deposits in foreign currencies

(BGN'000)

	31 December 2003	31 December 2002
Foreign currency cash	13,488	6,483
Current accounts with other banks	151,042	62,672
Deposits in foreign currency	1,276,646	1,250,060
	<u>1,441,176</u>	<u>1,319,215</u>

11. Gold, instruments in gold and other precious metals

	31 December 2003		31 December 2002	
	Troy ounces'000	BGN '000	Troy ounces'000	BGN '000
Gold bullion in standard form	513	332,013	513	328,019
Gold deposits in standard form	609	393,978	609	389,014
Gold in other form	-	3,314	-	3,587
Other precious metals	-	34	-	6,132
Other instruments in gold	160	103,338	160	102,045
		<u>832,677</u>		<u>828,797</u>

Gold deposits in standard form include gold held with correspondents. This gold earns interest at rates between 0.02 per cent and 0.21 per cent per annum. The other instruments denominated in gold are held to maturity and earn interest between 1 per cent and 1.31 per cent *per annum*.

12. Investment in securities

	(BGN'000)	
	31 December 2003	31 December 2002
Securities available for sale		
Foreign treasury bills, banknotes and bonds	8,235,917	6,877,502
	<u>8,235,917</u>	<u>6,877,502</u>

Debt securities comprise both EUR- and USD-denominated coupon and discount securities. The EUR-denominated securities earn average interest of 4.98 per cent and securities in USD earn average interest of 3.59 per cent.

The securities issued by foreign governments and other issuers with credit rating graded by at least two of the three credit rating agencies – Standard & Poor's and Fitch Ratings, or the corresponding Moody's are disclosed as follows:

(BGN'000)			
Investment grade securities	Issuers' rating	31 December 2003	31 December 2002
	AAA	5,796,745	4,271,728
	AA+	1,241,858	974,423
	AA	1,115,894	1,498,454
	AA-	81,420	132,897
		<u>8,235,917</u>	<u>6,877,502</u>

13. Receivable from the Republic of Bulgaria

The value of the receivable from the government of the Republic of Bulgaria at 31 December 2003 is SDR 799,155 thousand (2002: SDR 756,226 thousand). The receivable bears interest at the same rates as that incurred on the borrowings from the IMF and is repayable as follows:

(BGN'000)		
Year	31 December 2003	31 December 2002
2003	-	156,503
2004	205,264	181,185
2005	409,759	293,129
2006	474,619	375,693
2007	368,193	328,284
2008	220,646	268,062
2009	120,348	201,048
2010	40,116	111,697
2011	-	22,342
	<u>1,838,945</u>	<u>1,937,943</u>

Receivable from Republic of Bulgaria repayments were rescheduled to match borrowing from general resources of the IMF.

14. Equity investments and quota in the IMF

(BGN'000)		
	31 December 2003	31 December 2002
Republic of Bulgaria's quota in the IMF	1,473,349	1,640,483
Equity investments in international financial institutions	23,021	832
Equity investments in associated companies	1,633	1,633
	<u>1,498,003</u>	<u>1,642,948</u>

BGN 75,427 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 1.49 per cent – 1.91 per cent annual floating rate paid quarterly. The equity investments in international financial institutions include the equity investment in the Bank for International Settlements (BIS), Basle.

Following a decision of BIS Basle Board of Governors, as at 1 April 2003, the BIS's authorized capital was redenominated in Special Drawing Rights (SDR). The redenomination provided a reliable measurement of a fair value and accordingly the equity investment has been revalued to the

issue price established at the date of redenomination. The Bank holds 8000 shares of the capital of SDR 5000 each in the capital of the BIS Basle. 25 per cent of the equity investment in BIS Basle are paid up. The current value of these shares is SDR 10,000 thousand (ref. note 28).

The capital subscribed but not paid in has an option to be paid in within three months upon a decision of the BIS Board of Governors.

None of the equity investments in international financial institutions exceeds 10 per cent 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
Associated companies		
Bankservice	36	Interbank clearing
International Bank Institute	42	Financial training and research
Central Depository	20	Agent for corporate securities

15. Property, plant, equipment and intangible assets

(BGN'000)

	Land and buildings	Equipment	Motor vehicles	Fixtures and fittings	Assets in progress	Other	Intangible assets	Total
Cost or valuation								
At 1 January 2003	114,356	68,847	3,349	4,271	4,274	146	3,558	198,801
Additions	42	5,576	41	55	8,134	31	471	14,350
Disposals	(162)	(1,003)	(43)	(1,523)	(104)	(81)	(55)	(2,971)
Transfers	-	1,934	-	133	(7,923)	253	5,603	-
At 31 December 2003	114,236	75,354	3,347	2,936	4,381	349	9,577	210,180
Depreciation								
At 1 January 2003	(1,007)	(17,172)	(1,881)	(1,674)	-	(21)	(1,011)	(22,766)
Charge for the period	(2,988)	(7,282)	(329)	(913)	-	(122)	(954)	(12,588)
On disposals	3	467	11	1,373	-	81	25	1,960
At 31 December 2003	(3,992)	(23,987)	(2,199)	(1,214)	-	(62)	(1,940)	(33,394)
Net book value at 31 December 2003	110,244	51,367	1,148	1,722	4,381	287	7,637	176,786
Net book value at 31 December 2002	113,349	51,675	1,468	2,597	4,274	125	2,547	176,035

Intangible assets primarily relate to software, licenses and related costs utilized by the Bank in its operations.

16. Other assets

(BGN'000)

	31 December 2003	31 December 2002
Balances with local banks	30	40
Balances of subsidiaries held with local banks	12,865	9,945
Precious metal commemorative coins for sale	11,138	11,315
Inventories (including spare parts)	5,460	7,071
Accounts receivable	3,831	1,273
Prepaid expenses	1,174	705
Other	261	1,105
	<u>34,759</u>	<u>31,454</u>

17. Due to banks and other financial institutions

(BGN'000)

	31 December 2003	31 December 2002
Demand deposits from banks and other financial institutions		
- in BGN	762,911	594,553
- in foreign currency	239,223	219,538
	<u>1,002,134</u>	<u>814,091</u>

The Bank does not pay interest on demand deposits from banks and other financial institutions. Included in demand deposits is BGN 227,003 thousand representing the obligatory reserves, which all local banks are required to maintain with the Bank as part of their current accounts.

18. Liabilities to the government, government institutions and other borrowings

(BGN'000)

	31 December 2003	31 December 2002
Current accounts:		
- in BGN	407,632	296,995
- in foreign currency	326,037	183,000
Deposit accounts:		
- in BGN	900,109	1,080,404
- in foreign currency	2,227,271	1,639,764
	<u>3,861,049</u>	<u>3,200,163</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 in USD earn interest between 0.42 per cent and 0.99 per cent. Government deposit accounts in EUR earn interest between 1.49 per cent and 2.68 per cent and in BGN earn interest between 1.36 per cent and 2.86 per cent.

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

The borrowings against Bulgaria's IMF participation as at 31 December 2003 amount to BGN 1,398,002 thousand – SDR 605,821 thousand (2002: BGN 1,556,968 thousand – SDR 605,821 thousand).

20. Borrowings from general resources of the IMF

(BGN'000)

	31 December 2003	31 December 2002
Standby facilities	432,609	295,098
Extended Fund facility	1,384,049	1,608,371
Systematic transformation facility	22,287	74,461
	<u>1,838,945</u>	<u>1,977,930</u>

Borrowings from the IMF are denominated in SDR. Borrowings related to Bulgaria's IMF quota are noninterest-bearing with no stated maturity, while borrowings from the general resources of the 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 2.07 per cent as at 31 December 2003.

All borrowings from the IMF are guaranteed by promissory notes which have been cosigned by the Government and the Bank. The total promissory notes outstanding as at 31 December 2003 were BGN 3,416,439 thousand (31 December 2002: BGN 3,791,706 thousand), ref. note 28.

21. Banknotes and coins in circulation

(BGN'000)

	31 December 2003	31 December 2002
Banknotes in circulation	4,196,288	3,579,526
Coins in circulation	67,934	48,402
Money in circulation	<u>4,264,222</u>	<u>3,627,928</u>
Including:		
Old banknotes issued before 5 July 1999	14,086	14,435
Old coins issued before 5 July 1999	3,698	3,699

Old banknotes and coins presented above comprise of those banknotes and coins that are still held by other parties or lost/destroyed and have not yet been exchanged for new levs. The BNB has an obligation to exchange them for new banknotes and coins. No deadline for the cessation of the exchange has been determined.

22. Accruals and other liabilities

(BGN'000)

	31 December 2003	31 December 2002
Salaries and social security payable	486	765
Deferred income	146	150
Other payables	8,438	7,486
	<u>9,070</u>	<u>8,401</u>

23. Capital and reserves

The capital of the Bank is determined in the Law on the BNB and amounts to BGN 20,000 thousand.

Noncurrent asset and commemorative coin revaluation reserves comprise the cumulative net change in fair values of certain groups of tangible noncurrent assets, equity investments and commemorative coins. In accordance with the Law on the Bulgarian National Bank, net profit arising from the revaluation of assets and liabilities denominated in foreign currencies or gold are transferred to a special reserve account. The special reserve includes the monetary asset revaluation. Other reserves include the transfers to reserves of 25 per cent of the annual excess of revenue over expenditure and reserves upon a decision of the Governing Council. Other special reserve for covering market risk losses has been established following a decision of the Governing Council amounting to BGN 23,000 thousand as at 31 December 2003.

24. Monetary liabilities and gross international foreign exchange reserves

(BGN'000)

	31 December 2003	31 December 2002
Gross international foreign exchange reserves		
Cash and deposits in foreign currencies	1,439,256	1,317,940
Gold and other precious metals	640,738	640,858
Debt securities	8,044,007	6,722,210
Equity investments and quota in the IMF	75,427	83,999
Interest receivable	193,852	156,622
	<u>10,393,280</u>	<u>8,921,629</u>
Monetary liabilities		
Banknotes and coins in circulation	4,264,222	3,627,928
Due to banks and other financial institutions	1,002,134	814,091
Liabilities to government institutions	3,207,420	3,034,849
Other borrowings	653,136	163,056
Accruals and other liabilities	818	2,595
	<u>9,127,730</u>	<u>7,642,519</u>
Surplus of gross international foreign exchange reserves over monetary liabilities	<u>1,265,550</u>	<u>1,279,110</u>

For disclosure purposes of the monetary liabilities and gross international foreign exchange reserves in accordance with the Law on the Bulgarian National Bank, monetary gold is valued at the lower of BGN 500 (equal to EUR 255.64) *per* troy ounce or at a market value based on the official 3 pm London Bullion Market closing price at the BNB balance sheet date.

25. Related party transactions

(a) Bulgarian Government

International Monetary Fund

The Bank and the Government of the Republic of Bulgaria have borrowings with the IMF 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 any foreign exchange risk, the Government receivable is denominated in SDR.

The Government pays the interest directly on these borrowings. 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 (ref. note 20).

Government bank accounts

Government budget organizations and other government organizations have current accounts and term deposits with the Bank (ref. note 18).

Fiduciary activities

In accordance with the Law on the BNB and under terms agreed upon with the Ministry of Finance, the BNB acts as an agent for the public debt. With regard to this role, the BNB performs agent and central depository services related to administration and management of government securities issued by the Ministry of Finance. The Bank receives income for providing these services. These securities are not assets or liabilities of the BNB and are not recognized in the consolidated balance sheet. The Bank is not exposed to any credit risk relating to such placements, as it does not guarantee these investments. At 31 December 2003 the par value of the total securities held in custody were BGN 2257 thousand (2002: BGN 2124 thousand).

26. Subsidiaries

(%)

Ownership interest	31 December 2003	31 December 2002
BORICA	100	100
State Mint	100	100
Printing Works of the BNB	100	100

In the reporting period the net profit of BORICA was BGN 3134 thousand; the net profit of the State Mint was BGN 300 thousand and the net loss of the Printing Works, BGN 2645 thousand.

27. Risk management disclosures

In the process of managing Bulgaria's foreign currency reserves, the BNB maintains trading positions in fixed-income securities and short-term deposits in foreign currency and gold. For the purpose of its activities the Bank carries an inventory of capital market instruments with the primary objective of access to liquidity and acquiring only high quality assets, to ensure all foreign currency payments. The Bank does not maintain positions in derivative instruments. The Bank's investment strategy depends mainly on the specific function of a central bank operating under a currency board arrangement. The Bank manages its portfolios by defining acceptable risk levels and maximizing income at these levels. The major risk types associated with trading and investment activities are managed by means of investment limits and procedures which are approved by the BNB Investment Committee and relate to the management of the Bank's foreign exchange assets.

A description of the various types of risks the Bank is exposed to as a result of its trading and non-trading activities and the approach taken to manage those risks, is included below. Further details of the steps taken to measure and control risk are set out in Section (e) Risk Management and Control of this note.

(a) Credit risk

The Bank is subject to credit risk through its trading and investment activities and in cases where it acts as an intermediary on behalf of the Government or other public institutions. This credit risk is basically associated with the risk of insolvency or bankruptcy of a BNB's counterparty or debt issuer, in which the Bank has invested own funds. The Bank also faces credit risk stemming from a substantial concentration of funds invested in some of the following asset classes:

- foreign currency and gold deposits placed with commercial banks;
- foreign currency and gold deposits placed with supranational financial institutions and bonds issued by such institutions;
- bonds issued by other foreign financial institutions eligible according to the provisions of the Law on the BNB.

To minimize this risk the Bank has set limits on exposures to each of those asset classes. The Bank has set in place limits on exposures to individual counterparties which it monitors on a daily basis. A limit depends on the credit rating and the own funds of the counterparty. The counterparties in relation to the current accounts, deposits and trade in foreign exchange, and the issuers of eligible debt financial instruments should have a long-term credit rating graded by at least two of the three credit rating agencies not lower than AA- by Standard & Poor's and Fitch Ratings, or the corresponding Moody's rating.

(b) Liquidity risk

Liquidity risk arises in the funding of the Bank's core activities and in the management of positions, and is two-dimensional:

- the risk for the Bank of being unable to meet its obligations when due, and
- the risk of being unable to liquidate an asset at a fair value within an appropriate time frame.

The Bank raises funds using a range of instruments, including deposit/investment accounts, structured index account (SIA), settlement accounts and other borrowed funds regulated by law. The Bank strives to maintain a balance between the timing of borrowed funds and that of assets

through investments in financial instruments with a range of maturities. The Bank has set limits to ensure minimum liquidity by type of currency. This liquidity is provided on a daily basis, thus ensuring all BNB foreign currency payments. In addition, there are limits on the residual term to maturity for the financial instruments of those asset classes approved for investment. 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. To ensure its future payments the Bank holds portfolios of liquid assets denominated in euro and in US dollars as part of its overall 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 2003	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	1,362,686	78,490	-	-	-	1,441,176
Gold and other precious metals	258,218	135,760	-	103,338	335,361	832,677
Investment in securities	181,609	599,290	916,473	4,145,283	2,393,262	8,235,917
Equity investments and quota in the IMF	75,427	-	-	-	1,422,576	1,498,003
Receivable from the Republic of Bulgaria	-	30,087	175,177	1,473,217	160,464	1,838,945
Property, plant equipment and intangible assets	-	-	-	-	176,786	176,786
Other assets	2,311	11,458	20,990	-	-	34,759
Total assets	1,880,251	855,085	1,112,640	5,721,838	4,488,449	14,058,263
Liabilities						
Banknotes and coins in circulation	-	-	-	-	4,264,222	4,264,222
Due to banks and other financial institutions	1,002,134	-	-	-	-	1,002,134
Liabilities to the government, government institutions and other borrowings	3,839,191	21,855	3	-	-	3,861,049
Borrowings against Republic of Bulgaria's IMF participation	-	-	-	-	1,398,002	1,398,002
Borrowings from general resources of the IMF	-	30,087	175,177	1,473,217	160,464	1,838,945
Accruals and other liabilities	2,779	4,953	-	-	1,338	9,070
Total liabilities	4,844,104	56,895	175,180	1,473,217	5,824,026	12,373,422
Maturity surplus/(shortfall)	(2,963,853)	798,190	937,460	4,248,621	(1,335,577)	1,684,841

(BGN'000)

As at 31 December 2002	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	1,196,795	122,420	-	-	-	1,319,215
Gold and other precious metals	132,436	262,906	-	102,045	331,410	828,797
Investment in securities	210,496	522,661	1,102,338	3,020,498	2,021,509	6,877,502
Equity investments and quota in the IMF	83,999	-	-	-	1,558,949	1,642,948
Receivable from the Republic of Bulgaria	-	31,093	125,410	1,178,290	603,150	1,937,943
Property, plant, equipment and intangible assets	-	-	-	-	176,035	176,035
Other assets	6,451	3,156	21,847	-	-	31,454
Total assets	1,630,177	942,236	1,249,595	4,300,833	4,691,053	12,813,894
Liabilities						
Banknotes and coins in circulation	-	-	-	-	3,627,928	3,627,928
Due to banks and other financial institutions	814,091	-	-	-	-	814,091
Liabilities to the government, government institutions and other borrowings	2,576,855	222,506	400,802	-	-	3,200,163
Borrowings against Republic of Bulgaria's IMF participation	-	-	-	-	1,556,968	1,556,968
Borrowings from general resources of the IMF	-	51,087	145,403	1,178,290	603,150	1,977,930
Accruals and other liabilities	8,401	-	-	-	-	8,401
Total liabilities	3,399,347	273,593	546,205	1,178,290	5,788,046	11,185,481
Maturity surplus/(shortfall)	(1,769,170)	668,643	703,390	3,122,543	(1,096,993)	1,628,413

(c) Market risk**Market risk**

All trading instruments are subject to a market risk, *i. e.* the risk that future changes in market conditions may make an instrument less valuable. The instruments are evaluated on a daily basis at a fair value and all changes in market conditions directly affect net trading income.

The Bank manages its portfolios in response to changing market conditions. Exposure to a market risk is managed in accordance with the risk limits formally set (in the investment guidelines) for managing foreign currency assets.

Depending on the currency and the investment goal, assets have been grouped in several portfolios. Liquidity portfolios are set for the purpose of providing liquidity of international forex assets for meeting all liabilities of the Bank. The investment portfolio is set for the purpose of achieving higher profitability at the risk level determined by the investment limits and the benchmark.

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 different amounts. The Bank uses modified duration as a key measurement for interest rate risk. Modified duration measures the effect of the change of the market value of an asset (liability) in response to 1 per cent change of the interest rate levels. For each portfolio held by the BNB the interest rate is limited by a benchmark (model portfolio) and by the investment limits for a maximum allowable deviation of the modified duration of the portfolio from that of the respective benchmark. With regard to assets and liabilities with floating interest rates the Bank is exposed to the risk of change in the base which serves to determine interest rates.

The periods of interest rate scale change are given below. The maximum period for all assets and liabilities under the scale is one year.

(BGN'000)

As at 31 December 2003	Effective rate	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	1.68	1,425,767	150,702	1,196,832	78,233	-
Gold and other precious metals	0.27	497,288	162	258,038	135,750	103,338
Investment in securities	3.02	8,044,007	-	174,710	584,706	7,284,591
Equity investments and quota in the IMF	-	75,427	-	75,427	-	-
Receivable from the Republic of Bulgaria	-	1,838,945	1,838,945	-	-	-
Other interest-bearing assets	-	13,895	30	2,244	11,621	-
Noninterest-bearing assets	-	2,162,934	-	-	-	-
Total	-	14,058,263	1,989,839	1,707,251	810,310	7,387,929
Liabilities						
Banknotes and coins in circulation	-	-	-	-	-	-
Due to banks and other financial institutions	-	1,002,134	-	1,002,134	-	-
Liabilities to the government, government institutions and other borrowings	1.70	3,270,562	146,687	3,102,361	21,514	-
Borrowings from general resources of the IMF	-	1,838,945	1,838,945	-	-	-
Noninterest-bearing liabilities	-	6,261,781	-	-	-	-
Total	-	12,373,422	1,985,632	4,104,495	21,514	-
Asset/liability gap	-	1,684,841	4,207	(2,397,244)	788,796	7,387,929

(BGN'000)

As at 31 December 2002	Effective rate	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	2.64	1,311,457	62,527	1,126,617	122,313	-
Gold and other precious metals	0.34	497,317	160	132,233	262,879	102,045
Investment in securities	3.36	6,722,209	9,425	207,768	517,083	5,987,933
Equity investments and quota in the IMF	-	83,999	83,999	-	-	-
Receivable from the Republic of Bulgaria	-	1,937,943	1,937,943	-	-	-
Other interest-bearing assets	-	9,607	-	6,451	3,156	-
Noninterest-bearing assets	-	2,251,362	-	-	-	-
Total	-	12,813,894	2,094,054	1,473,069	905,431	6,089,978
Liabilities						
Banknotes and coins in circulation	-	-	-	-	-	-
Due to banks and other financial institutions	-	814,091	-	814,091	-	-
Liabilities to the government, government institutions and other borrowings	2.23	2,717,572	-	2,096,058	221,514	400,000
Borrowings from general resources of the IMF	-	1,977,730	1,977,730	-	-	-
Noninterest-bearing liabilities	-	5,676,088	-	-	-	-
Total	-	11,185,481	1,977,730	2,910,149	221,514	400,000
Asset/liability gap	-	1,628,413	116,324	(1,437,080)	683,917	5,689,978

(d) Currency risk

A currency risk exists where there is a difference between the currency structure of assets and that of liabilities. The Bank is exposed to a currency risk through transactions with financial instruments denominated in currencies which differ from the base currency (euro) of the Bank.

As a result of the currency board arrangement 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 impacted by movements in the exchange rates between the currencies outside the euro area and the lev.

The Bank's transactions give rise to foreign gains and losses that are recognized in the income statement and may then be transferred to special reserves.

To minimize the currency risk a limit is set to mismatches between the currency structure of assets and that of liabilities. The market value of assets in a currency other than the euro should not deviate by more than +/-2 per cent from the market value of liabilities denominated in the same currency.

The foreign currency exposures are as follows:

	(BGN'000)	
	31 December 2003	31 December 2002
Assets		
Bulgarian levs and euroarea currencies	8,873,279	7,507,225
US dollars	754,119	841,254
Japanese yen	32	37
Pound sterling	322	53
SDR	3,440,837	3,579,963
Gold	832,643	822,665
Other	157,031	62,697
	<u>14,058,263</u>	<u>12,813,894</u>
Liabilities and equity		
Bulgarian levs and euroarea currencies	9,884,400	8,392,073
US dollars	749,895	831,498
Japanese yen	-	896
Pound sterling	-	4
SDR	3,303,407	3,531,931
Gold	-	-
Other	120,561	57,492
	<u>14,058,263</u>	<u>12,813,894</u>
Net position		
Bulgarian levs and euroarea currencies	(1,011,121)	(884,848)
US dollars	4,224	9,756
Japanese yen	32	(859)
Pound sterling	322	49
SDR	137,430	48,032
Gold	832,643	822,665
Other	36,470	5,205

(e) Risk measurement and control

The above types of risks are managed by an independent risk control division, which prepares and submits for approval the investment limits regarding forex reserves management; and monitors and controls daily the compliance with limits, rules, and procedures. For that purpose regular reports are issued on a daily, weekly, monthly, quarterly and annual basis, designed for both the operational management of forex reserves and to keep the Bank's management informed. Upon a change in market conditions or in the risk level tolerance, as approved by BNB Governing Council, the division prepares and recommends to the Investment Committee an appropriate update of the investment guidelines.

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

(i) *Participation in the Bank for International Settlements*

The Bank holds 8000 shares of the capital of BIS, Basle, each amounting to SDR 5000. 25 per cent of the equity investment in BIS Basle are paid up. The capital subscribed but not paid in is with an option to be paid in within three months following a decision of the BIS' Board of Governors. The contingent amount as at 31 December 2003 would have been BGN 69,033 thousand.

(ii) *IMF quota and borrowings*

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 3,416,439 thousand (2002: BGN 3,791,706 thousand).

(iii) *Capital commitments*

As at 31 December 2003, the Bank has committed to BGN 1052 thousand to purchase noncurrent assets.

(iv) *Retirement benefits under local legislation*

In accordance with the requirements of Labor Code on termination of the labor contract of an employee, who has become entitled to retirement, the Bank is obliged to pay him a compensation amounting to his double gross monthly salary. If the employee has been employed in the Bank for the last ten years, the amount of the compensation due is six times his gross monthly salary. The Bank does not have sufficient statistical information, so as to perform precise actuarial calculations. Management has made an approximate estimation of the compensations due and estimated the present value to be less than BGN 1000 thousand.

(v) *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

The Bank has committed to build premises amounting to BGN 1700 thousand.

Appendix

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Statistical Data

1. General Economic Statistics

Gross Domestic Product

Indicators	2001	2002	2003	Physical volume index 2002 = 100	Implicit deflators, %
	at current prices, million BGN				
Gross value added					
by economic sector	26355.6	28525.8	30088.9	104.0	101.4
Agriculture and forestry	3532.6	3459.5	3435.4	98.7	100.6
Industry	7562.0	8288.8	9020.1	107.1	101.6
Services	15261.1	16777.5	17633.4	103.5	101.5
By type of ownership					
Private sector	18822.7	20813.0			
Public sector	7532.9	7712.8			
Adjustments	3353.6	3809.3	4321.4	106.4	
GDP by component of final demand	29709.2	32335.1	34410.2	104.3	102.1
Final consumption	25818.4	28070.1	30303.4	106.6	101.3
Individual	23009.1	24822.9	26771.3	106.8	101.0
Collective	2809.3	3247.2	3532.2	104.9	103.7
Gross capital formation	6141.1	6405.0	7476.2	-	-
Gross capital formation of fixed capital	5415.2	5908.5	6733.1	113.8	100.2
Reserve change	725.9	496.5	743.1	-	-
Balance (exports – imports)	-2250.3	-2140.1	-3356.0	-	-
Exports of goods and services	16509.6	17180.4	18313.6	108	98.7
Imports of goods and services	18760.0	19320.5	21669.6	114.8	97.7
Statistical discrepancy	0.0	0.0	-13.4	-	-

Source: NSI.

Employment in 2002 and 2003 (employed under labor contracts)

Sectors	Year average, persons					
	2002 – preliminary data			2003 – preliminary data		
	Total	Public sector	Private sector	Total	Public sector	Private sector
Total	1905979	748016	1157963	1998996	756670	1242326
Agriculture, forestry and fishery	76584	9400	67184	72912	11437	61475
Extracting industry	33542	18633	14909	32884	17222	15662
Processing industry	558368	40209	518159	573070	30513	542557
Electrical energy, gas and water	58336	54041	4295	58279	54300	3979
Construction	95188	19025	76163	103560	14955	88605
Trade and repair	238176	5222	232954	260345	2248	258097
Hotelry and catering	57911	6126	51785	64000	5850	58150
Transport and communications	158716	104497	54219	158456	101754	56702
Finance, credit and insurance	26815	9460	17355	28059	4977	23082
Operations in real estate and business services	104298	32132	72166	112106	30121	81985
Government administration	98634	98634	X	110350	110350	X
Education	201351	196683	4668	193503	188857	4646
Healthcare	134140	119839	14301	127131	112619	14512
Other services	63920	34115	29805	104341	71467	32874
Budget organizations and government-managed funds	391238	391238	X	431390	431390	X
Commercial companies, enterprises and organizations generating business revenues	1502435	356741	1145694	1567602	325278	1242324

Sectors	Employment rate, %					
	2002 – preliminary data			2003 – preliminary data		
	Total	Public sector	Private sector	Total	Public sector	Private sector
Total	100.0	100.0	100.0	100.0	100.0	100.0
Agriculture, forestry and fishery	4.0	1.3	5.8	3.6	1.5	4.9
Extracting industry	1.8	2.5	1.3	1.6	2.3	1.3
Processing industry	29.3	5.4	44.7	28.7	4.0	43.7
Electrical energy, gas and water	3.1	7.2	0.4	2.9	7.2	0.3
Construction	5.0	2.5	6.6	5.2	2.0	7.1
Trade and repair	12.5	0.7	20.1	13.0	0.3	20.8
Hotelry and catering	3.0	0.8	4.5	3.2	0.8	4.7
Transport and communications	8.3	14.0	4.7	7.9	13.4	4.6
Finance, credit and insurance	1.4	1.3	1.5	1.4	0.7	1.9
Operations in real estate and business services	5.5	4.3	6.2	5.6	4.0	6.6
Government administration	5.2	13.2	-	5.5	14.6	-
Education	10.6	26.3	0.4	9.7	25.0	0.4
Healthcare	7.0	16.0	1.2	6.4	14.9	1.2
Other services	3.4	4.6	2.6	5.2	9.4	2.6
Budget organizations and government-managed funds	20.5	52.3	X	21.6	57.0	-
Commercial companies, enterprises and organizations generating business revenues	78.8	47.7	98.9	78.4	43.0	100.0

Source: NSI.

Average Monthly Pay of Employed under Labor Contract by Economic Sector

(BGN)

Sectors	2001 – final data			2002 – final data			2003 – preliminary data		
	Total	Public sector	Private sector	Total	Public sector	Private sector	Total	Public sector	Private sector
Total	240	291	204	272	321	240	284	343	248
Agriculture, forestry and fishery	185	216	180	196	235	191	210	248	203
Extracting industry	389	402	369	416	445	379	429	468	386
Processing industry	227	328	217	244	345	236	254	372	247
Electrical energy, gas and water	444	448	391	455	456	433	509	511	488
Construction	213	265	197	208	261	194	233	278	226
Trade and repair	167	371	161	240	411	236	220	394	219
Hotelry and catering	150	212	141	164	225	157	186	254	179
Transport and communications	294	335	209	320	353	255	352	381	299
Finance, credit and insurance	510	490	524	586	559	601	648	592	660
Operations in real estate and business services	228	268	210	292	286	296	265	303	251
Government administration	336	336	X	391	391	X	434	434	X
Education	232	230	305	269	266	383	299	296	402
Healthcare	218	226	133	259	265	207	303	315	214
Other services	209	211	207	237	236	237	202	175	264
Budget organizations and government-managed funds	247	247	X	291	291	X	309	309	X
Commercial companies, enterprises and organizations generating business revenues	265	324	229	266	350	239	277	387	248

Source: NSI.

Growth in Consumer Prices by Component

(%)

2003	On the previous month				On corresponding month of previous year	On average annual prices of previous year			
	Total	Goods		Services		Total	Goods		Services
		Food	Nonfood				Food	Nonfood	
January	0.65	0.54	0.56	0.83	1.75	1.86	-0.23	2.36	4.45
February	0.13	0.44	-0.35	0.10	0.25	1.99	0.21	2.00	4.56
March	0.38	0.62	0.31	0.14	-0.16	2.37	0.83	2.32	4.70
April	0.29	0.85	-0.74	0.49	0.25	2.67	1.68	1.56	5.22
May	-0.61	-0.78	-1.24	0.10	1.74	2.04	0.89	0.29	5.32
June	-2.17	-5.21	-0.62	0.36	1.25	-0.17	-4.37	-0.32	5.70
July	0.89	-1.83	0.09	5.51	2.04	0.72	-6.11	-0.24	11.53
August	0.75	1.37	0.37	0.41	3.49	1.47	-4.82	0.14	11.99
September	0.94	2.19	0.41	-0.02	3.65	2.43	-2.74	0.55	11.97
October	0.69	1.36	0.52	0.05	3.35	3.14	-1.42	1.07	12.02
November	1.84	4.71	0.13	-0.25	5.08	5.04	3.22	1.19	11.74
December	1.78	4.16	0.32	-0.02	5.64	6.91	7.52	1.52	11.72

Source: NSI.

2. Balance of Payments, Foreign Trade, Foreign Debt

Balance of Payments

	(million EUR)								
	2002 Total	2003							
		I	II	III	I quarter	IV	V	VI	II quarter
A. Current account ¹	-925.5	-158.2	-145.3	-87.8	-391.3	-364.4	-206.7	35.8	-535.4
Goods: credit (FOB)	6062.9	531.0	502.5	599.6	1633.1	539.6	512.4	562.1	1614.1
Goods: debit (FOB)	-7754.7	-599.8	-615.6	-709.3	-1924.7	-791.5	-772.8	-698.3	-2262.6
<i>Trade balance ²</i>	<i>-1691.8</i>	<i>-68.8</i>	<i>-113.1</i>	<i>-109.7</i>	<i>-291.5</i>	<i>-251.9</i>	<i>-260.4</i>	<i>-136.2</i>	<i>-648.6</i>
Services: credit	2478.9	136.0	127.1	146.3	409.5	146.2	213.4	337.4	697.0
Transportation ³	761.9	50.9	47.7	55.3	153.9	47.6	64.7	89.8	202.0
Travel ⁴	1203.1	51.1	48.7	55.3	155.1	46.5	115.3	199.6	361.4
Other services	513.8	34.0	30.6	35.8	100.5	52.1	33.5	48.0	133.6
Services: debit	-1992.9	-157.2	-140.9	-169.0	-467.1	-179.3	-186.9	-192.1	-558.3
Transportation ³	-892.3	-67.9	-65.3	-76.5	-209.8	-83.4	-87.0	-82.6	-253.0
Travel ⁴	-561.4	-44.9	-35.9	-42.4	-123.1	-41.6	-51.4	-56.0	-149.0
Other services	-539.2	-44.4	-39.7	-50.2	-134.3	-54.3	-48.5	-53.6	-156.4
<i>Services, net</i>	<i>486.0</i>	<i>-21.1</i>	<i>-13.8</i>	<i>-22.7</i>	<i>-57.7</i>	<i>-33.1</i>	<i>26.6</i>	<i>145.2</i>	<i>138.7</i>
<i>Goods and nonfactor services, net</i>	<i>-1205.9</i>	<i>-89.9</i>	<i>-126.9</i>	<i>-132.4</i>	<i>-349.2</i>	<i>-285.0</i>	<i>-233.8</i>	<i>9.0</i>	<i>-509.9</i>
Income: credit	332.1	37.8	18.2	21.0	77.0	20.5	28.3	19.1	67.9
Employee compensation	77.1	5.0	4.2	5.3	14.5	5.2	5.6	4.2	15.0
Investment income	255.0	32.8	14.1	15.6	62.5	15.3	22.7	14.9	52.8
Direct investments	1.2	0.0	0.0	0.0	0.0	0.1	0.6	0.0	0.7
Portfolio investments	28.0	1.3	1.1	1.9	4.3	1.4	1.6	1.8	4.8
Other investments	225.8	31.6	13.0	13.8	58.3	13.7	20.5	13.1	47.3
Income: debit	-617.4	-144.2	-62.9	-39.1	-246.2	-142.3	-39.6	-42.2	-224.1
Employee compensation	-17.4	-0.9	-1.1	-0.9	-2.9	-0.7	-0.4	-0.7	-1.9
Investment income	-600.1	-143.3	-61.7	-38.3	-243.3	-141.6	-39.2	-41.5	-223.3
Direct investments	-237.2	-8.5	-20.4	-23.0	-51.9	-137.1	-22.1	-20.7	-179.9
Portfolio investments	-190.7	-129.7	-23.4	-0.2	-153.3	-0.1	-0.4	-0.3	-0.8
Other investments	-172.2	-5.1	-17.9	-15.1	-38.1	-4.3	-16.7	-20.5	-41.5
<i>Income, net</i>	<i>-285.3</i>	<i>-106.4</i>	<i>-44.6</i>	<i>-18.1</i>	<i>-169.1</i>	<i>-121.8</i>	<i>-11.3</i>	<i>-23.2</i>	<i>-156.3</i>
<i>Goods, nonfactor services and income, net</i>	<i>-1491.2</i>	<i>-196.3</i>	<i>-171.5</i>	<i>-150.5</i>	<i>-518.3</i>	<i>-406.8</i>	<i>-245.2</i>	<i>-14.2</i>	<i>-666.1</i>
<i>Current transfers, net ⁵</i>	<i>565.7</i>	<i>38.1</i>	<i>26.2</i>	<i>62.7</i>	<i>127.0</i>	<i>42.3</i>	<i>38.4</i>	<i>50.0</i>	<i>130.7</i>
Current transfers, credit	676.9	50.3	35.8	72.0	158.0	62.8	45.7	59.7	168.1
Current transfers, debit	-111.1	-12.2	-9.6	-9.3	-31.0	-20.4	-7.2	-9.7	-37.4
B. Capital account ^{1,6}	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital transfers, net	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Groups A and B, total	-925.53	-158.16	-145.34	-87.81	-391.30	-364.44	-206.73	35.77	-535.40
C. Financial account ^{1,6}	1842.88	-16.61	76.03	109.36	168.78	459.36	181.18	101.53	742.07
Direct investment abroad ⁷	-28.9	-0.5	-0.4	-1.5	-2.4	-2.3	0.6	-1.9	-3.7
Direct investment in Bulgaria ⁸	980.0	81.5	60.8	117.7	260.0	138.0	163.8	89.6	391.4
Portfolio investment – assets	227.2	12.7	9.2	-18.3	3.6	10.0	75.2	-31.9	53.3
Shares	-15.4	4.2	-1.3	-1.2	1.7	-1.3	0.3	-0.4	-1.4
Bonds	242.5	8.5	10.5	-17.1	1.9	11.2	74.9	-31.5	54.7

(continued)

(continued)

	(million EUR)									
	2002	2003								
	Total	I	II	III	I quarter	IV	V	VI	II quarter	
Portfolio investment – liabilities	-325.9	-30.4	-3.1	-27.6	-61.1	0.4	26.0	-1.1	25.3	
Shares	-23.8	7.7	0.2	-2.0	6.0	-1.4	-0.7	0.6	-1.4	
Bonds	-302.1	-38.1	-3.3	-25.6	-67.1	1.8	26.7	-1.7	26.8	
Other investment – assets ⁹	331.8	-13.9	32.1	-55.3	-37.2	237.2	-119.2	-36.9	81.1	
Trade credits, net	-1.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Loans	-18.1	-0.4	1.1	-1.1	-0.3	-4.8	-1.0	0.1	-5.6	
Commercial banks	-43.6	-1.2	0.8	-1.0	-1.3	-4.8	-0.6	0.5	-4.9	
Other sectors	25.5	0.8	0.3	-0.1	1.0	0.0	-0.4	-0.3	-0.7	
Currency and deposits	333.4	12.0	34.0	-75.3	-29.2	242.3	-119.7	-32.2	90.4	
Commercial banks	346.4	11.9	20.5	-71.0	-38.5	268.5	-106.7	2.9	164.7	
Other sectors ¹⁰	-13.0	0.1	13.5	-4.3	9.3	-26.2	-12.9	-35.2	-74.3	
Other assets	18.1	-25.6	-3.1	21.0	-7.7	-0.2	1.4	-4.8	-3.6	
Other investment – liabilities	658.7	-66.0	-22.7	94.4	5.8	76.1	34.8	83.6	194.6	
Trade credits, net ¹¹	203.8	14.6	14.3	14.3	43.2	-13.2	-12.3	-12.3	-37.7	
Loans	160.5	9.3	-41.5	15.0	-17.2	67.8	12.4	2.3	82.5	
General government	-143.9	3.4	-30.5	-22.2	-49.4	12.8	-0.4	-5.0	7.4	
Commercial banks	41.9	2.8	-16.3	0.0	-13.4	6.2	11.8	-12.2	5.8	
Other sectors ⁹	262.5	3.1	5.3	37.3	45.6	48.8	1.0	19.5	69.3	
Nonresidents' deposits	98.1	-47.7	0.6	46.1	-1.1	11.0	29.8	31.9	72.7	
Other liabilities	196.2	-42.1	3.9	19.0	-19.1	10.5	4.8	61.7	77.1	
<i>Groups A, B and C, total</i>	<i>917.3</i>	<i>-174.8</i>	<i>-69.3</i>	<i>21.5</i>	<i>-222.5</i>	<i>94.9</i>	<i>-25.6</i>	<i>137.3</i>	<i>206.7</i>	
D. Errors and omissions	-200.2	-107.5	111.1	54.7	58.2	66.5	115.7	-79.1	103.0	
OVERALL BALANCE (Groups A, B, C and D)	717.1	-282.3	41.8	76.2	-164.3	161.4	90.1	58.2	309.7	
E. Reserves and other financing	-717.1	282.3	-41.8	-76.2	164.3	-161.4	-90.1	-58.2	-309.7	
BNB forex reserves ¹²	-577.7	282.3	-55.1	-70.7	156.5	-333.2	-66.0	-58.2	-457.4	
Use of Fund credits, net	-154.5	0.0	13.3	-5.5	7.8	20.6	-24.1	0.0	-3.5	
Exceptional financing, net ¹³	15.1	0.0	0.0	0.0	0.0	151.2	0.0	0.0	151.2	

(continued)

(continued)

(million EUR)

	2003								
	VII	VIII	IX	III quarter	X	XI	XII	IV quarter	Total
A. Current account ¹	31.7	136.1	13.6	181.3	-203.8	-271.1	-278.2	-753.1	-1498.5
Goods: credit (FOB)	622.4	542.6	586.4	1751.4	603.0	542.4	518.6	1664.0	6662.6
Goods: debit (FOB)	-803.2	-682.1	-720.3	-2205.5	-825.3	-817.7	-822.9	-2465.9	-8858.8
<i>Trade balance ²</i>	<i>-180.8</i>	<i>-139.4</i>	<i>-133.8</i>	<i>-454.1</i>	<i>-222.3</i>	<i>-275.3</i>	<i>-304.3</i>	<i>-802.0</i>	<i>-2196.2</i>
Services: credit	422.8	433.2	318.4	1174.5	185.3	142.9	181.4	509.6	2790.6
Transportation ³	112.3	110.6	86.1	309.1	61.2	52.2	55.7	169.0	834.0
Travel ⁴	272.0	278.1	180.3	730.4	78.9	57.9	76.2	213.0	1460.0
Other services	38.5	44.5	52.0	135.0	45.3	32.8	49.5	127.5	496.6
Services: debit	-213.4	-219.0	-207.4	-639.8	-204.9	-181.8	-214.7	-601.4	-2266.6
Transportation ³	-95.0	-92.4	-93.3	-280.7	-95.0	-89.4	-91.6	-276.0	-1019.4
Travel ⁴	-65.5	-82.0	-76.7	-224.2	-60.8	-48.8	-55.2	-164.8	-661.1
Other services	-52.9	-44.5	-37.4	-134.9	-49.1	-43.7	-67.9	-160.7	-586.2
<i>Services, net</i>	<i>209.4</i>	<i>214.3</i>	<i>111.0</i>	<i>534.7</i>	<i>-19.6</i>	<i>-38.9</i>	<i>-33.3</i>	<i>-91.8</i>	<i>523.9</i>
<i>Goods and nonfactor services, net</i>	<i>28.6</i>	<i>74.8</i>	<i>-22.8</i>	<i>80.6</i>	<i>-241.9</i>	<i>-314.2</i>	<i>-337.6</i>	<i>-893.8</i>	<i>-1672.3</i>
Income: credit	36.6	19.3	22.2	78.1	21.0	21.8	24.3	67.1	290.1
Employee compensation	4.9	4.5	4.7	14.0	4.9	4.3	6.5	15.8	59.3
Investment income	31.7	14.8	17.5	64.1	16.1	17.5	17.8	51.3	230.8
Direct investments	0.2	0.0	0.0	0.3	0.0	0.0	0.0	0.0	1.0
Portfolio investments	4.0	1.3	1.4	6.7	1.2	1.3	1.8	4.3	20.2
Other investments	27.4	13.6	16.1	57.1	14.9	16.1	15.9	47.0	209.6
Income: debit	-90.6	-23.6	-56.3	-170.5	-24.9	-23.8	-39.5	-88.2	-728.9
Employee compensation	-1.8	-0.7	-0.3	-2.9	-1.0	-0.7	-1.8	-3.5	-11.1
Investment income	-88.7	-22.9	-55.9	-167.6	-23.9	-23.1	-37.7	-84.7	-717.8
Direct investments	-14.2	-7.3	-40.6	-62.0	-19.7	-14.4	-18.3	-52.4	-346.2
Portfolio investments	-70.2	-0.3	-0.6	-71.1	-0.1	0.0	0.0	-0.2	-225.4
Other investments	-4.4	-15.3	-14.8	-34.5	-4.2	-8.7	-19.3	-32.1	-146.2
<i>Income, net</i>	<i>-54.0</i>	<i>-4.3</i>	<i>-34.1</i>	<i>-92.4</i>	<i>-3.8</i>	<i>-2.0</i>	<i>-15.1</i>	<i>-21.0</i>	<i>-438.8</i>
<i>Goods, nonfactor services and income, net</i>	<i>-25.4</i>	<i>70.5</i>	<i>-56.9</i>	<i>-11.8</i>	<i>-245.8</i>	<i>-316.3</i>	<i>-352.8</i>	<i>-914.8</i>	<i>-2111.1</i>
<i>Current transfers, net ⁵</i>	<i>57.0</i>	<i>65.6</i>	<i>70.5</i>	<i>193.1</i>	<i>42.0</i>	<i>45.1</i>	<i>74.6</i>	<i>161.7</i>	<i>612.6</i>
Current transfers, credit	69.2	75.8	84.1	229.1	60.3	54.8	92.1	207.2	762.5
Current transfers, debit	-12.2	-10.2	-13.6	-36.0	-18.3	-9.7	-17.5	-45.5	-149.9
B. Capital account ^{1,6}	0.0	-0.1	-0.1	-0.2	0.0	0.0	0.0	0.0	-0.2
Capital transfers, net	0.0	-0.1	-0.1	-0.2	0.0	0.0	0.0	0.0	-0.2
Groups A and B, total	31.67	135.99	13.49	181.15	-203.80	-271.13	-278.23	-753.15	-1498.70
C. Financial account ^{1,6}	-44.35	46.88	68.66	71.19	405.21	138.16	69.02	612.39	1594.43
Direct investment abroad ⁷	-1.6	-4.4	-1.7	-7.8	-2.5	-0.4	-2.4	-5.3	-19.2
Direct investment in Bulgaria ⁸	144.2	67.0	66.5	277.7	279.2	-1.3	47.0	324.8	1253.9
Portfolio investment – assets	-76.8	-50.2	26.1	-100.9	-31.4	21.3	-15.2	-25.3	-69.2
Shares	-0.6	-0.4	0.4	-0.6	-1.5	-0.1	-11.0	-12.6	-12.8
Bonds	-76.2	-49.8	25.7	-100.3	-29.9	21.4	-4.2	-12.7	-56.4
Portfolio investment – liabilities	-77.3	-14.4	9.1	-82.6	-12.7	4.8	3.5	-4.4	-122.8
Shares	-18.0	1.4	-0.2	-16.9	-3.2	-5.6	-0.7	-9.5	-21.8
Bonds	-59.3	-15.8	9.3	-65.7	-9.4	10.3	4.2	5.1	-101.0
Other investment – assets ⁹	-41.8	85.3	-127.7	-84.2	139.8	76.9	-37.4	179.3	139.1
Trade credits, net	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans	-0.1	-4.6	0.3	-4.4	6.2	-0.6	-24.6	-19.1	-29.4
Commercial banks	-0.5	-5.0	0.3	-5.2	7.3	-0.6	-26.2	-19.6	-31.0
Other sectors	0.4	0.4	-0.1	0.8	-1.1	0.0	1.6	0.5	1.6

(continued)

(continued)

(million EUR)

	2003								
	VII	VIII	IX	III quarter	X	XI	XII	IV quarter	Total
Currency and deposits	-29.5	91.9	-137.3	-74.9	131.9	76.2	-13.7	194.4	180.6
Commercial banks	-28.3	97.0	-130.7	-62.1	135.2	90.6	-8.8	217.0	281.2
Other sectors ¹⁰	-1.2	-5.0	-6.7	-12.9	-3.3	-14.4	-4.9	-22.7	-100.5
Other assets	-12.2	-2.0	9.4	-4.8	1.7	1.3	0.9	3.9	-12.2
Other investment – liabilities	9.0	-36.4	96.4	69.0	32.8	37.0	73.5	143.3	412.6
Trade credits, net ¹¹	8.8	9.0	8.9	26.7	-39.0	-39.0	-37.2	-115.2	-83.0
Loans	16.2	-36.1	-11.8	-31.8	44.5	39.9	31.2	115.6	149.2
General government	1.5	-53.7	-22.7	-74.9	9.4	13.6	-2.6	20.4	-96.4
Commercial banks	4.9	7.6	12.7	25.1	3.1	-0.4	20.5	23.3	40.7
Other sectors ⁹	9.8	10.0	-1.9	18.0	32.0	26.6	13.3	71.9	204.9
Nonresidents' deposits	-18.9	-14.1	87.9	54.8	36.4	32.0	63.8	132.3	258.7
Other liabilities	3.0	4.8	11.4	19.2	-9.1	4.0	15.7	10.6	87.7
<i>Groups A, B and C, total</i>	<i>-12.7</i>	<i>182.9</i>	<i>82.2</i>	<i>252.3</i>	<i>201.4</i>	<i>-133.0</i>	<i>-209.2</i>	<i>-140.8</i>	<i>95.7</i>
D. Errors and omissions	11.2	-77.7	-15.5	-82.0	81.7	225.7	147.8	455.2	534.5
OVERALL BALANCE (Groups A, B, C and D)	-1.5	105.2	66.6	170.4	283.2	92.7	-61.4	314.5	630.3
E. Reserves and other financing	1.5	-105.2	-66.6	-170.4	-283.2	-92.7	61.4	-314.5	-630.3
BNB forex reserves ¹²	-30.5	-132.1	-61.2	-223.8	-271.3	-87.4	66.7	-292.0	-816.7
Use of Fund credits, net	32.0	26.9	-5.4	53.5	-11.9	-5.3	-5.3	-22.5	35.3
Exceptional financing, net ¹³	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	151.2

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

¹ Preliminary data.

² Customs declarations data supplemented with NSI information and processed by the BNB as of the moment of customs clearing. For 2002 – final data, received from the Information Service AD. For 2003 – preliminary data as of 23 January 2004, obtained from the Customs Agency.

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 2002 and 2003 is subject to revisions.

⁸ Data provided by the companies with foreign interest, the Privatization Agency, NSI, the Central Depository, commercial banks, etc. Data for 2003 is subject to revisions.

⁹ Data on trade credits for the October – December 2003 period is subject to revisions.

¹⁰ BIS data is used for the 2002 – September 2003 period. For the October – December 2003 period BNB data (subject to revisions) is used.

¹¹ Including Bulgaria's foreign liabilities on trade credits (received advances and obligations to suppliers).

¹² Excluding changes in BNB forex reserves due to valuation adjustments. A minus sign denotes an increase in forex reserves and a positive sign a decrease.

¹³ Including loans extended for balance of payments support (incl. EU, the World Bank, etc.).

Source: BNB.

Exports by Commodity Group

Commodity groups*	January – December				Change on same period of previous year	
	2002		2003		million EUR	%
	million EUR	share, %	million EUR	share, %		
Textile, leather materials, clothing, footwear and other consumer goods, including:	1807.2	29.8	2040.8	30.6	233.6	12.9
Chapter 62. Clothing and accessories to clothing other than knitwear	654.1	10.8	745.5	11.2	91.4	14.0
Chapter 61. Clothing and accessories to clothing from knitwear	491.5	8.1	574.9	8.6	83.4	17.0
Chapter 64. Shoes, gaiters and similar articles; their components	171.7	2.8	200.5	3.0	28.8	16.7
Chapter 94. Furniture; medical furniture; sleeping accessories and similar articles	105.8	1.7	132.0	2.0	26.2	24.8
Base metals and their products, including:	1013.3	16.7	1248.4	18.7	235.1	23.2
Chapter 72. Cast-iron, iron and steel	393.2	6.5	541.3	8.1	148.1	37.7
Chapter 74. Copper and its products	337.1	5.6	403.2	6.1	66.0	19.6
Chapter 73. Cast-iron, iron and steel products	87.4	1.4	101.0	1.5	13.6	15.5
Chapter 76. Aluminum and its products	73.7	1.2	83.4	1.3	9.7	13.2
Machines, transport facilities, appliances, tools and weapons, including:	853.6	14.1	984.0	14.8	130.5	15.3
Chapter 84. Nuclear reactors, boilers, machines, appliances and machinery; spare parts	397.3	6.6	423.2	6.4	25.9	6.5
Chapter 85. Electrical machines and appliances	263.2	4.3	347.9	5.2	84.8	32.2
Chapter 90. Optical instruments and appliances	39.1	0.6	48.7	0.7	9.7	24.7
Chemical products, plastics and rubber, including:	665.6	11.0	709.9	10.7	44.3	6.6
Chapter 39. Plastics and plastic products	114.1	1.9	133.0	2.0	18.9	16.6
Chapter 28. Inorganic chemical products	117.9	1.9	128.8	1.9	10.9	9.3
Chapter 29. Organic chemical products	108.8	1.8	110.5	1.7	1.7	1.6
Chapter 31. Fertilizers	62.6	1.0	80.2	1.2	17.6	28.1
Chapter 33. Essential oils, perfumes and toiletries	77.6	1.3	78.1	1.2	0.6	0.7
Chapter 30. Pharmaceuticals	74.8	1.2	70.7	1.1	-4.1	-5.5
Animal and vegetable products, food, drink and tobacco, including:	757.4	12.5	701.7	10.5	-55.7	-7.4
Chapter 12. Oil-bearing seeds and fruit; miscellaneous seeds	91.1	1.5	99.4	1.5	8.3	9.1
Chapter 22. Soft and alcoholic drinks and vinegars	74.8	1.2	72.8	1.1	-2.0	-2.6
Chapter 24. Tobacco and processed substitutes	66.0	1.1	66.7	1.0	0.7	1.0
Mineral products and fuels, including:	677.1	11.2	637.8	9.6	-39.4	-5.8
Chapter 27. Mineral fuels, mineral oils and distilled products	593.7	9.8	556.4	8.4	-37.4	-6.3
Wood, paper, earthenware and glass products, including:	288.7	4.8	340.0	5.1	51.4	17.8
Chapter 44. Timber and wood products; wood coal	111.0	1.8	126.0	1.9	15.0	13.5
Chapter 48. Paper and cardboard; products of cellulose, paper and cardboard	42.8	0.7	66.7	1.0	23.9	55.9
EXPORTS, TOTAL (FOB)	6062.9	100.0	6662.6	100.0	599.7	9.9

* Commodity groups include chapters from the Harmonized System for Commodity Description and Coding. For 2002 – final data received from the Information Service AD. For 2003 – preliminary data as of 23 January 2004 obtained from the Customs Agency.

Source: Customs declarations data supplemented with NSI information and processed by the BNB as of the moment of customs clearings. Data coordinated with the NSI.

Imports by Commodity Group

Commodity groups*	January – December				Change on same period of previous year	
	2002		2003		million EUR	%
	million EUR	share, %	million EUR	share, %		
<i>Machines, transport facilities, appliances, tools and weapons, including:</i>	2487.0	29.6	2949.4	30.7	2651.1	106.6
Chapter 84. Nuclear reactors, boilers, machines, appliances and machinery; spare parts	979.0	11.6	1142.9	11.9	1032.9	105.5
Chapter 87. Automobile transport	686.9	8.2	810.4	8.4	732.1	106.6
Chapter 85. Electrical machines and appliances	635.2	7.6	767.5	8.0	687.2	108.2
Chapter 90. Optical instruments and appliances	143.3	1.7	150.9	1.6	154.3	107.7
<i>Mineral products and fuels, including:</i>	1937.7	23.0	2067.9	21.5	2077.4	107.2
Chapter 27. Mineral fuels, mineral oils and distilled products	1646.1	19.6	1678.8	17.5	1757.7	106.8
Chapter 26. Ores, slags and ashes	208.7	2.5	312.6	3.3	229.4	109.9
<i>Textile, leather materials, clothing, footwear and other consumer goods, including:</i>	1467.8	17.5	1686.8	17.6	1565.4	106.6
Chapter 61. Clothing and accessories to clothing from knitwear	243.8	2.9	272.9	2.8	263.8	108.2
Chapter 52. Cotton	195.8	2.3	224.2	2.3	208.3	106.4
Chapter 55. Staple synthetic and artificial fibres	162.2	1.9	168.7	1.8	172.1	106.1
Chapter 51. Wool, sheer and coarse filaments; yarns and fabrics from manes and tails	109.2	1.3	137.6	1.4	115.0	105.3
Chapter 54. Synthetic or artificial fibres	122.5	1.5	134.1	1.4	131.2	107.0
Chapter 62. Clothing and accessories to clothing other than knitwear	90.1	1.1	115.9	1.2	96.1	106.7
Chapter 60. Knitted textiles	82.6	1.0	105.2	1.1	87.8	106.3
<i>Chemical products, plastics and rubber, including:</i>	1045.2	12.4	1178.4	12.3	1122.8	107.4
Chapter 39. Plastics and plastic products	294.7	3.5	359.6	3.7	313.2	106.3
Chapter 30. Pharmaceuticals	202.1	2.4	218.3	2.3	217.5	107.6
Chapter 38. Miscellaneous products of chemical industry	103.4	1.2	111.2	1.2	115.1	111.3
Chapter 40. Rubber and rubber products	80.8	1.0	94.9	1.0	85.8	106.2
<i>Base metals and their products, including:</i>	497.2	5.9	650.7	6.8	534.8	107.6
Chapter 72. Cast-iron, iron and steel	166.5	2.0	247.7	2.6	181.1	108.8
Chapter 73. Cast-iron, iron and steel products	116.4	1.4	139.3	1.5	123.5	106.1
Chapter 76. Aluminum and its products	111.2	1.3	127.7	1.3	119.0	107.0
<i>Animal and vegetable products, food, drink and tobacco, including:</i>	509.2	6.1	533.0	5.6	554.8	109.0
Chapter 02. Meat and edible offal	56.8	0.7	54.6	0.6	61.7	108.6
<i>Wood, paper, earthenware and glass products, including:</i>	360.0	4.3	406.3	4.2	384.6	106.8
Chapter 48. Paper and cardboard; products of cellulose, paper and cardboard	189.6	2.3	194.9	2.0	203.9	107.6
Other imports ¹	107.1	1.3	128.0	1.3	113.5	106.0
IMPORTS, TOTAL (CIF)	8411.2	100.0	9600.5	100.0	1189.3	14.1
(-) Freight expenditure	656.5		741.8			
IMPORTS, TOTAL (FOB)	7754.7		8858.8		1104.1	14.2

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

¹ According to changes in the Customs Tariff, effective as of 1 January 2002, duty-free imported goods are included in the new Chapter 99, *Customs Concessions*, of the Customs Tariff. However, data contained in tariff numbers of these goods specified in the customs declarations is insufficient to classify them by type.

For 2002 – final data received from the Information Service AD.

For 2003 – preliminary data as of 23 January 2004 obtained from the Customs Agency.

Source: Customs declarations data supplemented with NSI information and processed by the BNB as of the moment of customs clearings. Data coordinated with the NSI.

Exports by Use

Commodity groups	January – December				Change on same period of previous year	
	2002		2003		million EUR	%
	million EUR	share, %	million EUR	share, %		
Consumer goods	2134.4	35.2	2440.0	36.6	305.6	14.3
Food	247.4	4.1	299.5	4.5	52.1	21.1
Cigarettes	15.8	0.3	17.1	0.3	1.3	8.1
Drink	74.7	1.2	72.7	1.1	-2.0	-2.6
Clothing and footwear	1258.4	20.8	1457.5	21.9	199.1	15.8
Medical goods and cosmetics	168.5	2.8	163.2	2.4	-5.3	-3.2
Housing and home furniture	210.7	3.5	245.7	3.7	35.0	16.6
Other	158.9	2.6	184.3	2.8	25.5	16.0
Raw material feedstocks	2535.0	41.8	2754.7	41.3	219.6	8.7
Cast-iron, iron and steel	393.2	6.5	541.3	8.1	148.1	37.7
Nonferrous metals	470.0	7.8	534.6	8.0	64.6	13.7
Chemical products	216.0	3.6	228.4	3.4	12.4	5.7
Plastics, rubber	152.9	2.5	172.1	2.6	19.2	12.5
Fertilizers	62.6	1.0	80.2	1.2	17.6	28.1
Textile materials	239.7	4.0	278.2	4.2	38.5	16.1
Food feedstocks	320.9	5.3	218.3	3.3	-102.6	-32.0
Wood and paper, cardboard	158.0	2.6	196.6	3.0	38.7	24.5
Cement	28.6	0.5	29.3	0.4	0.7	2.5
Tobacco	50.2	0.8	49.6	0.7	-0.6	-1.2
Other	443.0	7.3	426.1	6.4	-16.9	-3.8
Investment goods	802.5	13.2	911.5	13.7	109.0	13.6
Machines, tools and appliances	297.6	4.9	310.2	4.7	12.6	4.2
Electrical machines	67.0	1.1	112.5	1.7	45.5	67.9
Transport facilities	67.9	1.1	68.9	1.0	1.1	1.6
Spare parts and equipment	171.2	2.8	192.4	2.9	21.3	12.4
Other	198.9	3.3	227.5	3.4	28.6	14.4
Nonenergy commodities, total	5471.9	90.3	6106.2	91.6	634.3	11.6
Energy commodities	591.0	9.7	556.4	8.4	-34.6	-5.8
Petroleum products	357.6	5.9	384.8	5.8	27.2	7.6
Other	233.4	3.8	171.6	2.6	-61.8	-26.5
EXPORTS, TOTAL (FOB)	6062.9	100.0	6662.6	100.0	599.7	9.9

For 2002 – final data received from the Information Service AD.

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Source: Customs declarations data supplemented with NSI information and processed by the BNB as of the moment of customs clearings.
Data coordinated with the NSI.

Imports by Use

Commodity groups	January – December				Change on same period of previous year	
	2002		2003		million EUR	%
	million EUR	share, %	million EUR	share, %		
Consumer goods	1252.6	14.9	1474.3	15.4	221.7	17.7
Food, drink and cigarettes	235.2	2.8	264.1	2.8	28.9	12.3
Housing and home furniture	250.6	3.0	320.1	3.3	69.5	27.7
Medical goods and cosmetics	294.6	3.5	315.1	3.3	20.6	7.0
Clothing and footwear	78.4	0.9	109.5	1.1	31.1	39.6
Automobiles	204.0	2.4	244.3	2.5	40.3	19.8
Other	189.9	2.3	221.2	2.3	31.3	16.5
Raw material feedstocks	3266.6	38.8	3845.5	40.1	579.0	17.7
Ores	208.7	2.5	312.6	3.3	103.9	49.8
Cast-iron, iron and steel	166.5	2.0	247.7	2.6	81.3	48.8
Nonferrous metals	83.1	1.0	96.1	1.0	13.0	15.6
Textile materials	1162.6	13.8	1319.9	13.7	157.3	13.5
Wood and paper, cardboard	198.0	2.4	211.9	2.2	13.9	7.0
Chemical products	215.5	2.6	232.1	2.4	16.6	7.7
Plastics, rubber	362.6	4.3	439.1	4.6	76.4	21.1
Food feedstocks	191.7	2.3	196.2	2.0	4.6	2.4
Leather and furs	86.3	1.0	101.2	1.1	14.9	17.2
Tobacco	30.5	0.4	20.4	0.2	-10.1	-33.1
Other	561.1	6.7	668.3	7.0	107.2	19.1
Investment goods	2110.3	25.1	2461.4	25.6	351.1	16.6
Machines, tools and appliances	809.8	9.6	937.0	9.8	127.2	15.7
Electrical machines	282.0	3.4	316.7	3.3	34.7	12.3
Transport facilities	438.0	5.2	541.5	5.6	103.5	23.6
Spare parts and equipment	309.9	3.7	360.1	3.8	50.2	16.2
Other	270.7	3.2	306.2	3.2	35.5	13.1
Nonenergy commodities, total	6629.5	78.8	7781.3	81.1	1151.7	17.4
Energy commodities	1674.6	19.9	1691.3	17.6	16.7	1.0
Fuels	1573.7	18.7	1531.0	15.9	-42.7	-2.7
Crude oil and natural gas	1362.1	16.2	1302.3	13.6	-59.8	-4.4
Coal	162.2	1.9	183.8	1.9	21.6	13.3
Other fuels	49.3	0.6	44.8	0.5	-4.5	-9.1
Other	100.9	1.2	160.3	1.7	59.3	58.8
Oils	100.9	1.2	160.3	1.7	59.3	58.8
Other imports ¹	107.1	1.3	128.0	1.3	20.9	19.5
IMPORTS, TOTAL (CIF)	8411.2	100.0	9600.5	100.0	1189.3	14.1

¹ According to changes in the Customs Tariff, effective as of 1 January 2002, duty-free imported goods are included in the new Chapter 99, *Customs Concessions*, of the Customs Tariff. However, data contained in tariff numbers of these goods specified in the customs declarations is insufficient to classify them by type.

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Exports by Major Trading Partner and Region

Countries	January – December				Change on same period of previous year	
	2002		2003		million EUR	%
	million EUR	share, %	million EUR	share, %		
European Union, incl.:	3376.4	55.7	3769.3	56.6	392.9	11.6
Italy	934.5	15.4	935.1	14.0	0.6	0.1
Germany	578.7	9.5	718.0	10.8	139.3	24.1
Greece	557.9	9.2	691.3	10.4	133.4	23.9
Belgium	291.1	4.8	404.7	6.1	113.6	39.0
France	324.3	5.3	338.1	5.1	13.8	4.3
Spain	204.4	3.4	181.1	2.7	-23.3	-11.4
United Kingdom	176.4	2.9	168.7	2.5	-7.7	-4.3
Austria	101.4	1.7	134.7	2.0	33.3	32.9
Netherlands	108.0	1.8	102.6	1.5	-5.4	-5.0
EFTA, incl.:	109.7	1.8	53.8	0.8	-55.9	-51.0
Switzerland	101.3	1.7	46.3	0.7	-55.1	-54.3
Other OECD countries, incl.: ¹	893.0	14.7	951.1	14.3	58.1	6.5
Turkey	565.1	9.3	610.0	9.2	45.0	8.0
USA	285.3	4.7	298.8	4.5	13.4	4.7
Balkan countries, incl.: ²	386.7	6.4	431.2	6.5	44.5	11.5
Serbia and Montenegro	183.6	3.0	220.1	3.3	36.5	19.9
Macedonia	134.5	2.2	136.7	2.1	2.1	1.6
Croatia	16.6	0.3	39.0	0.6	22.4	135.2
CEFTA, incl.:	327.7	5.4	392.2	5.9	64.5	19.7
Romania	168.7	2.8	203.2	3.0	34.4	20.4
Hungary	40.7	0.7	55.3	0.8	14.6	35.8
Poland	43.8	0.7	54.7	0.8	10.9	24.9
Czech Republic	29.5	0.5	37.3	0.6	7.8	26.4
Slovenia	26.3	0.4	25.9	0.4	-0.4	-1.4
Slovakia	18.7	0.3	15.8	0.2	-2.8	-15.1
CIS and Baltic countries, incl.:	273.3	4.5	258.4	3.9	-14.9	-5.5
Russia	97.5	1.6	92.9	1.4	-4.6	-4.7
Ukraine	56.3	0.9	52.5	0.8	-3.8	-6.8
Georgia	52.4	0.9	39.6	0.6	-12.8	-24.4
Other countries, incl.:	696.1	11.5	806.6	12.1	110.5	15.9
China	13.4	0.2	54.5	0.8	41.1	307.4
Southeast Asian countries ³	29.7	0.5	31.5	0.5	1.9	6.3
EXPORTS, TOTAL (FOB)	6062.9	100.0	6662.6	100.0	599.7	9.9

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

² Albania, Bosnia and Herzegovina, Macedonia, Croatia and Serbia and Montenegro are included.

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

For 2002 – final data received from the Information Service AD.

For 2003 – preliminary data as of 23 January 2004 obtained from the Customs Agency.

Source: Customs declarations data supplemented with NSI information and processed by the BNB as of the moment of customs clearings.
Data coordinated with the NSI.

Imports by Major Trading Partner and Region

Countries	January – December				Change on same period of previous year	
	2002		2003		million EUR	%
	million EUR	share, %	million EUR	share, %		
European Union, incl.:	4228.7	50.3	4753.3	49.5	524.6	12.4
Germany	1199.5	14.3	1369.7	14.3	170.2	14.2
Italy	953.7	11.3	981.7	10.2	28.0	2.9
Greece	507.9	6.0	637.1	6.6	129.2	25.4
France	475.4	5.7	541.4	5.6	66.0	13.9
United Kingdom	219.9	2.6	238.7	2.5	18.9	8.6
Spain	163.8	1.9	213.7	2.2	50.0	30.5
Austria	176.3	2.1	210.4	2.2	34.1	19.4
Netherlands	170.6	2.0	170.5	1.8	-0.1	0.0
Belgium	118.3	1.4	130.6	1.4	12.3	10.4
Sweden	89.1	1.1	110.8	1.2	21.7	24.4
EFTA	114.9	1.4	118.9	1.2	4.0	3.5
Switzerland	106.3	1.3	108.1	1.1	1.9	1.8
Other OECD countries, incl.: ¹	746.7	8.9	1034.5	10.8	287.7	38.5
Turkey	414.8	4.9	588.1	6.1	173.3	41.8
USA	182.4	2.2	245.3	2.6	62.8	34.4
Japan	93.8	1.1	121.4	1.3	27.6	29.4
Balkan countries, incl.: ²	60.5	0.7	79.4	0.8	18.9	31.3
Serbia and Montenegro	25.6	0.3	30.2	0.3	4.6	17.9
Croatia	14.7	0.2	27.2	0.3	12.5	85.4
Macedonia	19.1	0.2	21.1	0.2	2.1	10.9
CEFTA, incl.:	612.1	7.3	763.2	7.9	151.1	24.7
Romania	172.4	2.0	231.1	2.4	58.7	34.0
Czech Republic	130.8	1.6	155.9	1.6	25.1	19.2
Poland	105.7	1.3	135.1	1.4	29.4	27.8
Hungary	107.2	1.3	119.1	1.2	12.0	11.2
Slovakia	47.8	0.6	63.1	0.7	15.3	32.0
Slovenia	48.3	0.6	58.9	0.6	10.6	22.0
CIS and Baltic countries, incl.:	1565.6	18.6	1718.9	17.9	153.3	9.8
Russia	1233.2	14.7	1208.1	12.6	-25.0	-2.0
Ukraine	261.5	3.1	305.2	3.2	43.8	16.7
Other countries, incl.:	1082.7	12.9	1132.4	11.8	49.6	4.6
China	145.8	1.7	248.4	2.6	102.5	70.3
Brazil	73.9	0.9	104.2	1.1	30.3	41.0
Southeast Asian countries ³	166.1	2.0	196.3	2.0	30.2	18.2
IMPORTS, TOTAL (CIF)	8411.2	100.0	9600.5	100.0	1189.3	14.1

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

² Albania, Bosnia and Herzegovina, Macedonia, Croatia and Serbia and Montenegro are included.

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

For 2002 – final data received from the Information Service AD.

For 2003 – preliminary data as of 23 January 2004 obtained from the Customs Agency.

Source: Customs declarations data supplemented with NSI information and processed by the BNB as of the moment of customs clearings.
Data coordinated with the NSI.

Gross Foreign Debt

(million USD)

By debtor	XII.1996	XII.1997	XII.1998	XII.1999	XII.2000	XII.2001	XII.2002	XII.2003
GROSS FOREIGN DEBT (A+B) ^{1,2}	9601.6	10408.5	10891.9	10913.9	11201.8	10616.1	11244.7	13032.1
A. Public sector (I+II+III+IV)	9396.8	9573.7	9991.2	9454.4	9310.7	8626.8	8330.8	9023.7
I. Government debt	8919.7	8856.8	9166.5	8623.3	8527.1	8130.3	8106.2	8703.5
1. Loans ³	3788.5	3798.6	4154.4	3645.8	3551.0	3153.6	3220.5	3746.4
2. Bonds	5131.2	5058.2	5012.1	4977.4	4976.1	4976.8	4885.7	4957.1
II. Government guaranteed debt ³	135.7	232.7	302.8	328.0	339.6	327.0	398.3	500.7
Loans	135.7	232.7	302.8	328.0	339.6	327.0	398.3	500.7
III. BNB	0.0	31.1	120.0	116.9	103.6	65.8	21.1	0.0
IV. Other debtors	341.5	453.1	401.8	386.2	340.4	103.6	-194.8	-180.4
Municipalities	0.0	0.0	0.0	27.1	26.2	12.8	0.0	9.2
1. Loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.2
2. Bonds	0.0	0.0	0.0	27.1	26.2	12.8	0.0	0.0
Commercial banks	326.1	264.9	309.6	200.7	107.3	8.8	8.4	19.4
1. Loans	326.1	264.9	281.4	169.6	100.2	3.0	7.1	19.0
2. Nonresidents' deposits	0.0	0.0	28.2	31.1	7.1	5.8	1.2	0.4
Companies ⁴	0.0	46.9	44.8	79.7	115.4	93.8	91.9	160.7
1. Intracompany loans	0.0	0.0	0.0	0.1	0.2	0.2	0.9	2.6
2. Other loans	0.0	0.0	0.0	28.1	51.2	47.5	33.3	97.4
3. Trade credits	0.0	46.9	44.8	51.5	64.0	46.1	57.6	60.7
Other ⁵	15.4	141.4	47.5	78.7	91.5	-11.7	-295.1	-369.8
B. Private sector (I+II)	204.8	834.8	900.8	1459.5	1891.1	1989.3	2913.9	4008.3
I. Commercial banks	97.2	90.3	88.0	147.7	269.2	305.9	457.3	832.7
1. Intracompany loans	5.9	1.4	13.7	45.7	59.4	60.0	42.5	37.7
2. Other loans	8.5	3.6	3.2	3.4	42.5	47.1	106.8	167.9
3. Bonds	-	-	-	-	-	-	0.0	0.0
4. Nonresidents' deposits	82.8	85.3	71.1	98.6	167.3	198.8	308.0	627.1
II. Companies ⁴	107.6	744.5	812.8	1311.8	1621.9	1683.4	2456.6	3175.6
1. Intracompany loans	0.0	0.0	120.4	331.9	369.0	529.8	659.4	1225.0
2. Other loans	107.6	143.0	119.6	321.8	479.5	487.2	707.9	964.2
3. Trade credits	0.0	601.4	572.8	658.1	773.5	666.4	1089.2	982.8
4. Bonds	-	-	-	-	-	-	0.0	3.7

¹ The USD equivalent is calculated at end of period exchange rates of respective currencies. Preliminary data for 2002 and 2003.

² Source: Ministry of Finance, BNB, commercial banks, local physical persons and legal entities.

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

⁴ Including financial credits registered with the BNB, on which information is available, and trade credits.

⁵ The amount of government securities issued by residents on international financial markets and held by residents. Based on the residence principle, this amount is shown with a minus sign (at nominal value).

(continued)

(continued)

(million USD)

By creditor	XII.1996	XII.1997	XII.1998	XII.1999	XII.2000	XII.2001	XII.2002	XII.2003
GROSS FOREIGN DEBT (A + B) ¹	9601.6	10408.5	10891.9	10913.9	11201.8	10616.1	11244.7	13032.1
A. Long-term debt	8570.1	8590.3	9307.8	9646.4	9751.7	9397.5	9405.7	10541.6
<i>I. Official creditors</i>	<i>3188.4</i>	<i>3271.6</i>	<i>4043.9</i>	<i>4044.8</i>	<i>3941.2</i>	<i>3421.4</i>	<i>3421.3</i>	<i>3918.9</i>
1. International financial institutions	1983.8	2241.5	2774.4	2891.3	3011.6	2750.9	2817.7	3304.6
IMF	584.6	936.3	1114.5	1248.6	1322.0	1109.7	1049.2	1172.7
World Bank	455.8	540.4	711.6	896.6	917.8	950.0	1008.3	1266.9
European Union	495.5	286.4	421.8	401.8	428.0	343.7	404.7	442.0
Other international financial institutions	448.0	478.5	526.4	344.3	343.8	347.6	355.5	422.9
2. Bilateral credits	1204.5	1030.1	1269.6	1153.5	929.6	670.5	603.7	614.3
Paris Club and nonrescheduled debt	1034.5	877.9	1044.6	814.8	600.4	382.0	295.2	276.4
Other bilateral credits	170.0	152.2	225.0	338.7	329.2	288.4	308.5	337.9
<i>II. Private creditors</i>	<i>5381.7</i>	<i>5318.7</i>	<i>5263.9</i>	<i>5601.7</i>	<i>5810.5</i>	<i>5976.1</i>	<i>5984.4</i>	<i>6622.7</i>
1. Brady bonds	4984.0	4977.4	4977.4	4977.4	4976.1	4759.0	2488.8	2387.2
2. Eurobonds	0.0	0.0	0.0	0.0	0.0	217.8	259.4	312.1
3. Global bonds	-	-	-	-	-	-	2137.4	2257.7
4. Other bonds	147.2	80.8	34.7	27.1	26.2	12.8	0.0	0.0
5. Other government securities ²	15.4	141.4	47.5	78.7	91.5	-11.7	-295.1	-369.8
6. Commercial banks	155.9	1.4	13.7	46.3	93.3	99.3	142.8	216.2
7. Other sectors	79.3	117.7	190.5	472.1	623.5	898.9	1250.9	1819.2
financial credits	79.3	84.8	158.4	434.9	589.7	841.0	1198.6	1801.8
trade credits	-	32.9	32.2	37.3	33.7	57.9	52.4	13.7
bond loans	-	-	-	-	-	-	0.0	3.7
B. Short-term debt	1031.5	1818.2	1584.1	1267.5	1450.1	1218.6	1839.0	2490.5
<i>I. Official creditors</i>	<i>735.8</i>	<i>767.7</i>	<i>500.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
<i>II. Private creditors</i>	<i>295.7</i>	<i>1050.5</i>	<i>1084.1</i>	<i>1267.5</i>	<i>1450.1</i>	<i>1218.6</i>	<i>1839.0</i>	<i>2490.5</i>
1. Commercial banks	267.4	353.7	383.9	302.1	283.3	215.5	322.9	635.9
2. Other sectors	28.3	696.7	700.3	965.4	1166.8	1003.2	1516.1	1854.6
financial credits	28.3	81.3	114.8	293.1	363.1	348.6	421.6	824.8
trade credits	-	615.4	585.4	672.3	803.7	654.5	1094.5	1029.8
3. Government securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

¹ Source: Ministry of Finance, BNB, commercial banks, local physical persons and legal entities. Preliminary data for 2002 and 2003.

² Including government securities (denominated in levs and in foreign currency) held by nonresidents.

Gross Foreign Debt Service in 2003

(million USD)

By debtor	I quarter			II quarter		
	Principal	Interest	Total	Principal	Interest	Total
Total (A + B) ^{1,2}	269.0	207.8	476.8	151.1	53.5	204.6
A. Public sector (I+II+III+IV)	162.8	199.6	362.4	77.5	30.2	107.8
I. Government debt	140.7	194.7	335.3	48.4	23.1	71.5
1. Loans	89.8	32.2	122.0	48.4	23.1	71.5
2. Bonds	50.8	162.5	213.3	0.0	0.0	0.0
II. Government guaranteed debt ³	6.8	4.0	10.8	6.2	6.3	12.6
1. Loans	6.8	4.0	10.8	6.2	6.3	12.6
III. BNB	10.6	0.2	10.8	10.9	0.1	11.0
IV. Other debtors	4.7	0.8	5.5	12.0	0.7	12.7
Municipalities	0.0	0.0	0.0	0.0	0.0	0.0
1. Bonds	0.0	0.0	0.0	0.0	0.0	0.0
Commercial banks	1.1	0.2	1.3	1.7	0.1	1.8
1. Other loans	0.8	0.2	1.0	1.5	0.1	1.5
2. Nonresidents' deposits	0.3	0.0	0.3	0.3	0.0	0.3
Companies ⁴	1.3	0.1	1.4	10.3	0.6	10.9
1. Intracompany loans	0.0	0.0	0.0	0.0	0.0	0.1
2. Other loans	1.3	0.1	1.4	10.2	0.6	10.8
Other ⁵	2.3	0.6	2.9	0.0	0.0	0.0
B. Private sector (I+II)	106.2	8.2	114.4	73.5	23.3	96.9
I. Commercial banks	70.1	1.6	71.7	20.8	2.1	22.9
1. Intracompany loans	0.7	0.8	1.4	3.6	0.6	4.2
2. Other loans	16.5	0.9	17.4	2.8	1.5	4.3
3. Nonresidents' deposits	52.9	0.0	52.9	14.4	0.0	14.4
II. Companies ⁴	36.1	6.6	42.7	52.7	21.2	74.0
1. Intracompany loans	15.9	3.4	19.3	21.6	5.2	26.8
2. Other loans	20.2	3.2	23.4	31.1	16.0	47.1
3. Bond loans	0.0	0.0	0.0	0.0	0.0	0.0

(continued)

(million USD)

By creditor	I quarter			II quarter		
	Principal	Interest	Total	Principal	Interest	Total
GROSS FOREIGN DEBT (A+B)	269.0	207.8	476.8	151.1	53.5	204.6
A. Long-term debt	194.6	205.1	399.7	111.3	42.4	153.7
I. Official creditors	112.0	35.3	147.4	71.6	27.7	99.3
1. International financial institutions	64.6	28.5	93.1	64.9	24.9	89.8
IMF	27.3	7.0	34.2	41.2	5.4	46.6
World Bank	16.4	7.2	23.5	9.0	12.4	21.4
European Union	0.0	3.2	3.2	0.0	2.7	2.7
Other	21.0	11.2	32.1	14.7	4.5	19.2
2. Bilateral credits	47.5	6.8	54.3	6.7	2.8	9.5
Paris Club and nonrescheduled debt	43.5	6.0	49.5	0.0	0.2	0.2
Other	4.0	0.8	4.8	6.7	2.7	9.4
II. Private creditors	82.6	169.8	252.4	39.7	14.7	54.4
1. Brady bonds	50.8	34.1	84.9	0.0	0.0	0.0
2. Other bonds	2.3	129.0	131.3	0.0	0.0	0.0
3. Commercial banks	7.4	1.6	9.1	6.4	2.1	8.5
4. Other private creditors	22.1	5.1	27.1	33.3	12.6	45.9
B. Short-term debt	74.4	2.7	77.1	39.8	11.1	50.9

(continued)

(continued)

(million USD)

By debtor	III quarter			IV quarter			2003		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
Total (A + B) ^{1,2}	292.7	121.4	414.1	176.7	46.7	223.4	889.5	429.5	1319.0
A. Public sector (I+II+III+IV)	174.8	110.8	285.6	56.7	26.3	83.0	471.9	366.9	838.8
I. Government debt	163.0	107.3	270.3	44.3	21.5	65.9	396.4	346.7	743.0
1. Loans	112.2	28.0	140.2	44.3	21.5	65.9	294.7	104.9	399.6
2. Bonds	50.8	79.3	130.1	0.0	0.0	0.0	101.6	241.8	343.4
II. Government guaranteed debt ³	7.1	3.3	10.4	6.7	4.3	10.9	26.8	17.9	44.8
1. Loans	7.1	3.3	10.4	6.7	4.3	10.9	26.8	17.9	44.8
III. BNB	0.0	0.0	0.0	0.0	0.0	0.0	21.6	0.2	21.8
IV. Other debtors	4.7	0.2	4.9	5.7	0.4	6.1	27.1	2.1	29.2
Municipalities	0.0	0.0	0.0	0.0	0.2	0.2	0.0	0.2	0.2
1. Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial banks	3.4	0.1	3.5	1.2	0.0	1.3	7.5	0.4	7.9
1. Other loans	2.9	0.1	3.0	1.2	0.0	1.2	6.4	0.4	6.8
2. Nonresidents' deposits	0.5	0.0	0.5	0.0	0.0	0.0	1.1	0.0	1.1
Companies ⁴	1.3	0.1	1.4	4.5	0.2	4.7	17.4	1.0	18.3
1. Intracompany loans	0.0	0.0	0.0	0.2	0.0	0.2	0.2	0.0	0.2
2. Other loans	1.3	0.1	1.4	4.3	0.2	4.5	17.2	0.9	18.1
Other ⁵	0.0	0.0	0.0	0.0	0.0	0.0	2.3	0.6	2.9
B. Private sector (I+II)	118.0	10.5	128.5	120.0	20.5	140.5	417.6	62.6	480.2
I. Commercial banks	46.1	1.2	47.2	10.0	2.2	12.2	147.0	7.1	154.0
1. Intracompany loans	1.0	0.6	1.6	4.0	0.6	4.5	9.2	2.4	11.6
2. Other loans	3.6	0.6	4.2	4.3	1.6	6.0	27.3	4.6	31.9
3. Nonresidents' deposits	41.5	0.0	41.5	1.7	0.0	1.7	110.5	0.0	110.5
II. Companies ⁴	71.9	9.4	81.3	110.0	18.3	128.3	270.7	55.5	326.2
1. Intracompany loans	25.7	3.2	28.9	35.3	8.8	44.1	98.5	20.7	119.2
2. Other loans	46.2	6.1	52.3	74.7	9.5	84.1	172.2	34.8	206.9
3. Bond loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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

² Source: Ministry of Finance, BNB, commercial banks, local physical persons and legal entities.

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

⁴ Including principal and interest payments on financial credits (excluding revolving) registered with the BNB and on which information is available.

⁵ 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	III quarter			IV quarter			2003		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
GROSS FOREIGN DEBT (A+B)	292.7	121.4	414.1	176.7	46.7	223.4	889.5	429.5	1319.0
A. Long-term debt	221.1	118.2	339.2	131.1	43.0	174.1	658.1	408.7	1066.8
I. Official creditors	139.1	32.6	171.7	71.5	26.8	98.3	394.3	122.5	516.7
1. International financial institutions	110.6	26.9	137.5	66.9	24.1	91.0	307.1	104.4	411.4
IMF	12.1	6.0	18.1	26.6	6.2	32.8	107.2	24.5	131.7
World Bank	17.0	8.4	25.4	9.7	10.2	19.9	52.1	38.2	90.3
European Union	44.5	3.2	47.7	0.0	2.0	2.0	44.5	11.0	55.6
Other	37.0	9.3	46.3	30.6	5.7	36.3	103.2	30.7	133.9
2. Bilateral credits	28.5	5.7	34.2	4.6	2.8	7.3	87.2	18.1	105.3
Paris Club and nonrescheduled debt	24.5	5.0	29.5	0.0	0.1	0.1	68.0	11.2	79.3
Other	4.0	0.7	4.7	4.6	2.7	7.2	19.2	6.8	26.1
II. Private creditors	81.9	85.6	167.5	59.6	16.2	75.8	263.8	286.3	550.1
1. Brady bonds	50.8	26.9	77.7	0.0	0.0	0.0	101.6	61.0	162.6
2. Other bonds	0.0	52.4	52.4	0.0	0.0	0.0	2.3	181.4	183.7
3. Commercial banks	2.9	1.2	4.1	8.3	2.1	10.4	25.1	7.1	32.1
4. Other private creditors	28.2	5.1	33.3	51.3	14.0	65.4	134.9	36.8	171.7
B. Short-term debt	71.7	3.2	74.9	45.6	3.7	49.3	231.4	20.8	252.1

Source: BNB.

Gross Foreign Debt Payments

	(million USD)				
	I quarter	II quarter	III quarter	IV quarter	2003, total
Principal	269.0	151.1	292.7	176.7	889.5
Interest	207.8	53.5	121.4	46.7	429.5
Total	476.8	204.6	414.1	223.4	1319.0

Source: BNB.

Debt Indicators

	(%)						
	XII.1997	XII.1998	XII.1999	XII.2000	XII.2001	XII.2002	XII.2003
Gross foreign debt/GDP	100.4	85.5	84.2	88.9	78.3	72.3	65.6
Gross foreign debt/exports of goods and nonfactor services	148.5	182.1	188.3	160.0	140.8	135.7	122.9
Short-term debt/gross foreign debt	17.5	14.5	11.6	12.9	11.5	16.4	19.1
Short-term foreign debt/GDP	17.5	12.4	9.8	11.5	9.0	11.8	12.5
Gross foreign debt service/GDP	8.7	9.4	8.1	9.3	11.2	8.4	6.6
Gross foreign debt service/exports of goods and nonfactor services	12.8	20.0	18.0	16.7	20.1	15.8	12.4

Source: BNB.

New Credits and Deposits Received

	(million USD)				
By debtor	I quarter	II quarter	III quarter	IV quarter	2003, total
Total (A+B) ^{1,2}	272.9	507.5	528.6	423.4	1732.3
A. Public sector (I+II+III+IV)	70.2	284.5	113.4	80.0	548.1
I. Government	55.6	225.2	87.2	35.1	403.1
1. Loans	55.6	225.2	87.2	35.1	403.1
2. Bonds	0.0	0.0	0.0	0.0	0.0
II. Government guaranteed debt ³	12.5	40.9	9.4	17.5	80.4
Loans	12.5	40.9	9.4	17.5	80.4
III. BNB	0.0	0.0	0.0	0.0	0.0
IV. Other	2.2	18.3	16.8	27.3	64.6
Municipalities	0.0	0.0	1.7	6.3	8.0
1. Loans	0.0	0.0	1.7	6.3	8.0
2. Bonds	0.0	0.0	0.0	0.0	0.0
Commercial banks	0.5	1.3	12.9	1.6	16.3
1. Loans	0.3	1.2	12.9	1.2	15.5
2. Nonresidents' deposits	0.2	0.1	0.1	0.4	0.8
Trade companies ⁴	1.7	17.0	2.1	19.5	40.3
1. Intracompany loans	1.3	0.3	0.2	0.0	1.8
2. Other loans	0.3	16.8	1.9	19.5	38.5
Other	0.0	0.0	0.0	0.0	0.0
B. Private sector (I+II)	202.6	223.0	415.1	343.4	1184.2
I. Commercial banks	67.0	61.5	124.4	189.9	442.8
1. Intracompany loans	2.2	0.0	0.0	0.0	2.2
2. Other loans	1.6	8.5	21.3	34.6	66.0
3. Bonds	10.6	0.0	0.0	0.0	10.6
4. Nonresidents' deposits	52.6	53.1	103.1	155.3	364.1
II. Trade companies ⁴	135.7	161.5	290.7	153.5	741.4
1. Intracompany loans	58.1	96.5	221.2	46.0	421.9
2. Other loans	67.5	65.0	69.5	107.5	309.5
3. Bond loans	10.0	0.0	0.0	0.0	10.0

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

² Source: Ministry of Finance, BNB, commercial banks, local physical persons and legal entities.

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

⁴ Including received funds on financial loans (revolving excluded) registered with the BNB and those on which information is available.

	(million USD)				
By creditor	I quarter	II quarter	III quarter	IV quarter	2003, total
GROSS FOREIGN DEBT (A+ B)	272.9	507.5	528.6	423.4	1732.3
A. Long-term debt	160.6	392.0	326.4	179.7	1058.6
I. Official creditors	54.2	238.6	99.8	45.1	437.7
1. International financial institutions	54.2	238.6	99.8	45.1	437.7
IMF	35.6	35.6	72.4	0.0	143.6
World Bank	4.4	169.0	3.1	6.4	182.9
Other international financial institutions	14.2	34.0	24.3	38.7	111.2
2. Bilateral credits	0.0	0.0	0.0	0.0	0.0
II. Private creditors	106.4	153.3	226.6	134.5	620.9
Brady bonds	0.0	0.0	0.0	0.0	0.0
Eurobonds	0.0	0.0	0.0	0.0	0.0
Global bonds	0.0	0.0	0.0	0.0	0.0
Other bonds	0.0	0.0	0.0	0.0	0.0
Commercial banks	14.4	6.5	29.6	32.2	82.6
Other sectors	92.0	146.9	197.1	102.4	538.3
B. Short-term debt	112.3	115.6	202.1	243.7	673.7

Source: BNB.

3. Public Finances

Consolidated State Budget for 2003*

(BGN'000)

	Consolidated fiscal program	Republican budget	Central republican budget	Ministries and agencies			National Audit Chamber	Social Security			
				Total	Ministries and agencies	Special agencies		Total	Public Insurance	National Health Insurance Fund	Teachers' Pension Fund
I. REVENUE AND GRANTS	14 069 716.2	8 412 781.8	6 714 531.2	1 698 248.1	1 544 174.5	154 073.6	2.5	3 724 133.3	2 953 593.2	748 939.5	21 600.6
Total revenue	13 758 404.3	8 379 781.3	6 705 320.3	1 674 458.6	1 521 142.6	153 316.0	2.5	3 724 133.3	2 953 593.2	748 939.5	21 600.6
Current revenue	13 758 404.3	8 379 781.3	6 705 320.3	1 674 458.6	1 521 142.6	153 316.0	2.5	3 724 133.3	2 953 593.2	748 939.5	21 600.6
Tax revenue	11 114 124.2	6 527 060.2	5 963 739.2	563 321.0	563 321.0			3 653 580.3	2 906 977.8	727 820.6	18 781.9
Corporate taxes	1 060 994.9	1 060 994.9	1 041 736.5	19 258.4	19 258.4						
Corporate tax	968 387.2	968 387.2	953 008.3	15 378.8	15 378.8						
Dividend and income tax	92 607.7	92 607.7	88 728.2	3 879.5	3 879.5						
Personal income tax	1 140 299.8	416 239.8	415 008.4	1 231.5	1 231.5						
Insurance and reinsurance premium tax	24 200.7	24 098.4	24 087.3	11.1	11.1						
Value added tax	3 100 766.2	3 100 766.2	3 064 396.3	36 369.9	36 369.9						
Excises and fuel charges	1 543 874.5	1 543 859.1	1 041 120.4	502 738.6	502 738.6						
Customs duties and fees	231 276.4	231 276.4	231 142.7	133.7	133.7						
Public insurance revenue	3 653 580.3							3 653 580.3	2 906 977.8	727 820.6	18 781.9
Other taxes	359 131.4	149 825.4	146 247.5	3 577.8	3 577.8						
Property taxes	209 276.5	77.5		77.5	77.5						
- Immovable property tax	51 616.7	37.3		37.3	37.3						
- Legacy tax	288.6	0.1		0.1	0.1						
- Vehicle tax	49 662.6	22.1		22.1	22.1						
- Property acquisition tax	63 952.5	10.8		10.8	10.8						
- Road tax	43 756.1	7.1		7.1	7.1						
Other taxes under the Corporate Income Tax Law	144 148.7	144 148.7	143 641.6	507.2	507.2						
- Guest entertainment expenses tax	13 125.2	13 125.2	13 040.7	84.4	84.4						
- Social expenses tax	88 701.8	88 701.8	88 343.9	357.9	357.9						
- Car expenses tax	17 380.2	17 380.2	17 321.2	59.0	59.0						
- Donation and sponsorship tax	3 197.6	3 197.6	3 192.4	5.3	5.3						
- Final tax on gambling stakes	21 744.0	21 744.0	21 743.3	0.7	0.7						
Other taxes	5 706.2	5 599.1	2 606.0	2 993.2	2 993.2						
Nontax revenue	2 644 280.1	1 852 721.1	741 581.1	1 111 137.6	957 821.6	153 316.0	2.5	70 553.0	46 615.5	21 118.9	2 818.6
Property revenue and income	1 248 609.3	987 555.4	535 313.1	452 241.7	370 703.7	81 538.0	0.6	19 279.2	679.3	15 788.4	2 811.5
Government, municipal and court charges	770 880.0	438 438.8	11 823.5	426 615.4	375 686.3	50 929.1					
Government charges	438 828.0	438 181.9	11 823.5	426 358.4	375 429.3	50 929.1					
Court charges	60 736.0	4.2		4.2	4.2						
Municipal charges	271 316.1	252.7		252.7	252.7						
Fines, sanctions and penalty interest	262 865.1	201 622.6	157 626.4	43 996.2	40 610.5	3 385.6		44 232.5	39 120.8	5 104.2	7.6
- confiscated funds and revenue from sale of confiscated goods	2 930.0	2 632.7	470.6	2 162.1	2 002.4	159.6					
- fines, sanctions, forfeits, penalty interest, indemnification, defalcation	259 935.1	198 989.9	157 155.8	41 834.1	38 608.1	3 226.0		44 232.5	39 120.8	5 104.2	7.6
Revenue from foreign pension institutes under international programs	3 080.9							3 080.9	3 080.9		
Other nontax revenue	91 300.2	47 867.6	23 947.2	23 918.6	26 206.9	-2 288.4	1.9	3 953.6	3 727.7	226.3	-0.4
Revenue from sale of government and municipal property	249 640.4	161 823.8	64.9	161 758.9	142 007.2	19 751.6		6.7	6.7		
Concession revenue	17 671.1	15 179.8	12 806.0	2 373.7	2 373.7						
License revenue	233.1	233.1		233.1	233.1						
Grants	311 311.9	33 000.5	9 211.0	23 789.5	23 031.9	757.6					
TOTAL EXPENDITURE (EXPENDITURE+TRANSFERS)	14 068 783.0	8 515 138.1	6 835 742.4	1 679 392.4	1 525 259.6	154 132.8	3.3	3 717 387.2	2 939 381.0	776 148.9	1 857.3
II. EXPENDITURE	14 068 783.0	6 073 985.8	1 123 818.7	4 942 428.6	3 214 699.3	1 727 729.4	7 738.5	4 638 760.6	3 861 793.8	775 039.2	1 927.6
Current expenditure	12 709 785.6	5 280 961.6	1 037 739.3	4 235 812.7	2 677 866.1	1 557 946.6	7 409.6	4 636 913.9	3 857 694.9	777 291.5	1 927.6
Salaries and remuneration of employed under labor contacts and temporarily employed	1 506 147.4	594 523.9		589 974.1	574 437.5	15 536.5	4 549.9	30 515.1	21 034.9	9 480.3	0.0
Other remuneration and staff payments	236 762.5	73 082.6		72 868.0	71 873.8	994.2	214.6	1 873.1	993.6	879.5	0.0
Social security payments	569 782.9	221 261.4		219 948.3	214 299.0	5 649.3	1 313.1	10 221.4	6 972.8	3 248.5	0.0
Scholarships	45 442.9	11 171.3		11 171.3	11 171.3						

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	(BGN'000)											
	Consolidated fiscal program	Republican budget	Central republican budget	Ministries and agencies			National Audit Chamber	Social Security				
				Total	Ministries and agencies	Special agencies		Total	Public Insurance	National Health Insurance Fund	Teachers' Pension Fund	
Administrative costs	2 113 120.6	1 046 987.4	130 312.2	915 348.3	885 510.2	29 838.0	1 326.9	21 680.2	13 018.7	8 657.0	4.5	
Defence and security	1 395 539.8	1 371 692.2		1 371 692.2	6 135.2	1 365 557.1		23.5	23.5			
Subsidies, total	940 121.6	684 393.1	208 780.0	475 613.1	475 613.1							
Subsidies to nonfinancial enterprises	404 900.0	343 293.5	205 251.8	138 041.6	138 041.6							
- operating subsidies	338 361.8	287 005.6	193 574.8	93 430.9	93 430.9							
- other subsidies and payments	66 538.3	56 287.9	11 677.1	44 610.8	44 610.8							
Subsidies for healthcare and medical services	500 842.3	335 235.6		335 235.6	335 235.6							
Subsidies to nonprofit organizations	34 379.2	5 864.1	3 528.2	2 335.9	2 335.9							
Membership fees and partnership in nontrade organizations and activities	47 822.1	11 247.3		11 242.2	11 241.6	0.6	5.1	58.8	58.8			
Interest, total	723 911.0	720 381.2	698 647.0	21 734.2	21 734.2			1 038.5	1 038.5			
Interest on external loans	560 779.2	559 290.7	537 595.0	21 695.7	21 695.7			1 038.4	1 038.4			
- London Club	107 644.3	107 644.3	107 644.3									
- World Bank	63 510.8	62 472.3	58 903.8	3 568.5	3 568.5			1 038.4	1 038.4			
- G24	2 431.7	2 431.7	2 431.7									
- EU	17 163.0	17 163.0	16 956.5	206.5	206.5							
- Paris Club	19 990.2	19 990.2	19 990.2									
- EIB	15 765.2	15 765.2	327.9	15 437.3	15 437.3							
- EBRD	1 520.9	1 520.9	0.0	1 520.9	1 520.9							
- other interest payments on external loans	5 123.0	4 672.9	3 710.4	962.5	962.5							
- on bonds issued and traded in international capital markets	327 124.6	327 124.6	327 124.6									
- on called government guaranteed loans	505.5	505.5	505.5									
Interest on internal loans	163 131.8	161 090.5	161 052.1	38.5	38.5							
- bond loans (long-term and medium-term securities)	103 929.6	103 108.9	103 108.9									
- debt to the BNB	42 432.0	42 432.0	42 432.0									
- loans by other banks	1 209.1											
- on government securities issued for structural reform	14 993.0	14 993.0	14 993.0									
- on deposit insurance government securities	518.1	518.1	518.1									
- on other domestic loans	37.1	35.6		35.6	35.6							
- other interest payments to residents	8.5	2.9		2.9	2.9							
- Interest paid on called guarantees on loans by domestic banks	4.4											
Social and health security payments	5 131 134.9	546 221.1		546 221.1	405 850.2	140 370.9		4 571 503.4	3 814 554.2	755 026.2	1 923.0	
Pensions	3 161 133.3							3 161 133.3	3 159 280.5		1 852.7	
Indemnification and grants to households	1 970 001.6	546 221.1		546 221.1	405 850.2	140 370.9		1 410 370.1	655 273.7	755 026.2	70.3	
Paid by the Public Insurance, ministries and agencies	567 165.4	101 700.7		101 700.7	101 700.7			465 368.8	465 368.8			
Indemnification and grants to unemployed	112 190.2	441.2		441.2	441.2			111 749.0	111 749.0			
Capital expenditure	1 195 010.6	629 037.4	43 340.2	585 368.4	415 585.6	169 782.8	328.9	1 846.6	4 098.9	-2 252.3		
State reserve growth and farm produce procurement	117 776.3	117 776.3	0.0	117 776.3	117 776.3							
Emergency reserves	46 210.5	46 210.5	42 739.2	3 471.3	3 471.3							
III. TRANSFERS (SUBSIDIES, CONTRIBUTIONS) FROM/TO REPUBLICAN BUDGET, BUDGET ACCOUNTS AND EXTRABUDGETARY FUNDS/ACCOUNTS (NET)		-684 063.4	-272 462.7	-411 600.7	-391 824.6	-19 776.1		-2 415.5	-1 376.1	-1 109.7	70.3	
IV. TEMPORARY NONINTEREST-BEARING LOANS FROM/TO CENTRAL REPUBLICAN BUDGET, BUDGETARY AND EXTRABUDGETARY FUNDS AND ACCOUNTS (NET)		1 038.0	1 038.0									
V. TRANSFERS (SUBSIDIES, CONTRIBUTIONS) FROM/TO CENTRAL REPUBLICAN BUDGET TO OTHER BUDGETS (NET)		-1 758 126.9	-5 440 499.0	3 674 637.0	2 081 264.3	1 593 372.7	7 735.2	923 788.9	923 788.9			
VI. DEFICIT (-)/SURPLUS (+)	933.2	-102 356.3	-121 211.2	18 855.7	18 915.0	-59.2	-0.8	6 746.1	14 212.2	-27 209.4	19 743.3	
VII. FINANCING	-933.2	102 356.3	121 211.2	-18 855.7	-18 915.0	59.2	0.9	-6 746.1	-14 212.2	27 209.4	-19 743.3	
External financing, net	-1 533.5	-14 518.3	-111 897.3	97 379.1	97 379.1			-1 738.5	-1 738.5			
Internal financing, net	-249 796.3	-138 675.0	-105 970.8	-32 705.0	-32 764.3	59.2	0.9	-5 007.6	-12 473.7	27 209.4	-19 743.3	
Privatization	400 032.9	340 658.8	340 658.8									

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(BGN'000)

	Legal institutions	Municipalities	Public universities	Bulgarian Academy of Science	Bulgarian National Radio	Bulgarian National TV	Extra-budgetary funds and accounts	Municipalities' extra-budgetary funds and accounts
I. REVENUE AND GRANTS	64 080.0	1 419 001.3	139 206.8	18 177.7	1 919.4	16 313.9	270 995.6	3 106.3
Total revenue	64 080.0	1 412 350.8	125 877.9	18 068.6	1 919.1	16 303.9	14 006.6	1 882.8
Current revenue	64 080.0	1 412 350.8	125 877.9	18 068.6	1 919.1	16 303.9	14 006.6	1 882.8
Tax revenue		933 381.5					102.3	
Corporate taxes								
Corporate tax								
Dividend and income tax								
Personal income tax		724 059.9						
Insurance and reinsurance premium tax							102.3	
Value added tax								
Excises and fuel charges		15.5						
Customs duties and fees								
Public insurance revenue								
Other taxes		209 306.1						
Property taxes		209 199.0						
- Immovable property tax		51 579.3						
- Legacy tax		288.5						
- Vehicle tax		49 640.5						
- Property acquisition tax		63 941.6						
- Road tax		43 749.0						
Other taxes under the Corporate Income Tax Law								
- Guest entertainment expenses tax								
- Social expenses tax								
- Car expenses tax								
- Donation and sponsorship tax								
- Final tax on gambling stakes								
Other taxes								
Nontax revenue	64 080.0	478 969.3	125 877.9	18 068.6	1 919.1	16 303.9	13 904.3	1 882.8
Property revenue and income	387.7	68 577.4	125 671.3	17 810.1	1 800.5	14 332.5	12 632.6	562.7
Government, municipal and court charges	60 731.7	271 044.3	646.1					19.0
Government charges			646.1					0.0
Court charges	60 731.7							0.0
Municipal charges	0.0	271 044.3						19.0
Fines, sanctions and penalty interest	853.6	15 570.2	32.1	1.2		351.7	0.1	201.1
- confiscated funds and revenue from sale of confiscated goods	293.3	4.0						
- fines, sanctions, forfeits, penalty interest, indemnification, defalcation	560.3	15 566.2	32.1	1.2		351.7	0.1	201.1
Revenue from foreign pension institutes under international programs								
Other nontax revenue	1 992.0	34 489.9	-776.7	165.7	118.5	1 610.2	1 087.2	792.1
Revenue from sale of government and municipal property	115.0	86 796.2	305.1	91.6	0.1	9.6	184.4	308.0
Concession revenue		2 491.4						
License revenue								
Grants		6 650.5	13 329.0	109.1	0.3	10.0	256 989.1	1 223.5
TOTAL EXPENDITURE (EXPENDITURE+TRANSFERS)	63 024.9	1 410 959.8	126 379.7	17 328.0	1 481.9	15 404.6	124 548.4	77 130.3
II. EXPENDITURE	172 002.8	2 179 356.0	367 698.3	72 533.0	33 418.1	76 156.4	390 412.3	64 459.6
Current expenditure	156 743.0	1 938 825.6	341 952.2	69 347.3	31 598.8	72 704.9	172 865.1	7 873.3
Salaries and remuneration of employed under labor contacts and temporarily employed	87 798.0	603 753.3	132 423.8	32 970.5	9 134.5	11 346.5	2 831.7	850.2
Other remuneration and staff payments	10 034.1	110 531.4	30 059.7	5 363.0	1 046.9	2 326.9	1 760.5	684.4
Social security payments	31 655.7	240 961.5	45 938.2	11 609.8	3 024.4	3 935.5	848.2	326.8
Scholarships		9 912.5	23 033.0	1 280.7	0.0	0.0	44.0	1.5
Administrative costs	27 250.6	739 530.4	102 884.5	17 986.9	18 365.1	54 926.2	77 927.9	5 581.3
Defence and security		23 632.7		47.1	9.8	3.4	130.9	0.1
Subsidies, total		201 635.9					54 074.8	17.8
Subsidies to nonfinancial enterprises		11 288.3					50 300.9	17.3
- operating subsidies		7 059.3					44 279.5	17.3

(continued)

(continued)

	(BGN'000)							
	Legal institutions	Municipalities	Public universities	Bulgarian Academy of Science	Bulgarian National Radio	Bulgarian National TV	Extra-budgetary funds and accounts	Municipalities' extra-budgetary funds and accounts
- other subsidies and payments		4 229.0					6 021.4	
Subsidies for healthcare and medical services		165 606.8					0.0	
Subsidies to nonprofit organizations		24 740.8					3 773.8	0.5
Membership fees and partnership in nontrade organizations and activities	4.5	768.4	87.1	61.5	18.2	166.4	35 189.9	220.0
Interest, total		2 262.6	0.8				57.2	170.7
Interest on external loans		402.1					48.0	
- London Club								
- World Bank								
- G24								
- EU								
- Paris Club								
- EIB								
- EBRD								
- other interest payments on external loans		402.1					48.0	
- on bonds issued and traded in international capital markets								
- on called government guaranteed loans								
Interest on internal loans		1 860.6					9.2	170.7
- bond loans (long-term and medium-term securities)		820.7						
- debt to the BNB								
- loans by other banks		1 039.9						169.2
- on government securities issued for structural reform								
- on deposit insurance government securities								1.5
- on other domestic loans							4.8	
- other interest payments to residents								
- Interest paid on called guarantees on loans by domestic banks							4.4	
Social and health security payments		5 836.9	7 525.1	27.8				20.6
Pensions								0.0
Indemnification and grants to households		5 836.9	7 525.1	27.8				20.6
Paid by the Public Insurance, ministries and agencies			88.0					7.9
Indemnification and grants to unemployed								
Capital expenditure	15 259.9	240 530.4	25 746.2	3 185.7	1 819.3	3 451.6	217 547.2	56 586.3
State reserve growth and farm produce procurement								
Emergency reserves								
III. TRANSFERS (SUBSIDIES, CONTRIBUTIONS) FROM/TO REPUBLICAN BUDGET, BUDGET ACCOUNTS AND EXTRABUDGETARY FUNDS/ACCOUNTS (NET)	-2 895.3	139 598.4	241 318.7	55 205.0		6.7	265 863.9	-12 618.4
IV. TEMPORARY NONINTEREST-BEARING LOANS FROM/TO CENTRAL REPUBLICAN BUDGET, BUDGETARY AND EXTRABUDGETARY FUNDS AND ACCOUNTS (NET)		-985.6						-52.4
V. TRANSFERS (SUBSIDIES, CONTRIBUTIONS) FROM/TO CENTRAL REPUBLICAN BUDGET TO OTHER BUDGETS (NET)	111 873.2	629 783.5		0.0	31 936.2	60 745.1		
VI. DEFICIT (-)/SURPLUS (+)	1 055.1	8 041.6	12 827.2	849.7	437.5	909.3	146 447.2	-74 024.0
VII. FINANCING	-1 055.1	-8 041.6	-12 827.2	-849.7	-437.5	-909.3	-146 447.2	74 024.0
External financing, net		14 723.2						
Internal financing, net	-1 055.1	-25 605.0	-12 827.2	-849.7	-437.5	-909.3	-86 564.5	22 134.4
Privatization							6 779.4	52 594.7

* Preliminary data.

Source MF.

4. Monetary and Interest Rate Statistics

Monetary Survey

	(BGN'000)						
	XII.2002	I.2003	II.2003	III.2003	IV.2003	V.2003	VI.2003
Exchange rate: BGN/USD 1	1.88496	1.80827	1.81398	1.79516	1.7571	1.6544	1.71159
BGN/EUR 1	1.95583	1.95583	1.95583	1.95583	1.95583	1.95583	1.95583
NET FOREIGN ASSETS	9891674	9344161	9386994	9602403	9619949	9720855	9886455
Foreign assets	12751442	12070124	12105206	12387682	12432335	12456435	12702753
Cash in foreign currencies	191500	194720	186953	194721	204070	216783	243923
incl. EUR	0	0	0	0	0	0	0
Deposits	4080991	3666079	3646776	4036822	3972749	3777481	3797446
BGN	0	0	0	0	0	0	0
Foreign currencies	4080991	3666079	3646776	4036822	3972749	3777481	3797446
incl. EUR	0	0	0	0	0	0	0
Repo agreements	0	0	0	0	0	0	0
BGN	0	0	0	0	0	0	0
Foreign currencies	0	0	0	0	0	0	0
incl. EUR	0	0	0	0	0	0	0
Credits	92159	88730	73409	71299	72520	68571	70151
BGN	13192	13828	14125	14243	14674	15004	15231
Foreign currencies	78967	74902	59284	57056	57846	53567	54920
incl. EUR	0	0	0	0	0	0	0
Securities other than shares	7506077	7233797	7288243	7192628	7202933	7468756	7645287
BGN	0	0	0	0	0	0	0
Foreign currencies	7506077	7233797	7288243	7192628	7202933	7468756	7645287
incl. EUR	0	0	0	0	0	0	0
Shares and other equity	1103	1100	1097	1115	1147	1133	1138
BGN	0	0	0	0	0	0	0
Foreign currencies	1103	1100	1097	1115	1147	1133	1138
incl. EUR	0	0	0	0	0	0	0
Monetary gold and SDR holdings*	725745	748695	761154	749413	848231	784100	787045
Claims on interest	153867	137003	147574	141684	130685	139611	157763
BGN	0	0	0	0	0	0	0
Foreign currencies	153867	137003	147574	141684	130685	139611	157763
incl. EUR	0	0	0	0	0	0	0
Less: foreign liabilities	2859768	2725963	2718212	2785279	2812386	2735580	2816298
Deposits	893617	774239	762161	840213	866946	901379	918211
BGN	84756	76555	72692	75459	81571	88089	93060
Foreign currencies	808861	697684	689469	764754	785375	813290	825151
incl. EUR	0	0	0	0	0	0	0
Repo agreements	0	10876	10860	26645	14149	15278	25452
BGN	0	0	0	0	0	0	0
Foreign currencies	0	10876	10860	26645	14149	15278	25452
incl. EUR	0	0	0	0	0	0	0
Credits**	1965951	1921012	1945131	1918324	1931159	1818902	1856477
Debt securities issued	0	19558	0	0	0	0	16136
BGN	0	0	0	0	0	0	0
Foreign currencies	0	19558	0	0	0	0	16136
incl. EUR	0	0	0	0	0	0	0
Interest liabilities	200	278	60	97	132	21	22
BGN	0	0	0	0	0	0	0
Foreign currencies	200	278	60	97	132	21	22
incl. EUR	0	0	0	0	0	0	0
NET DOMESTIC ASSETS	7368002	7812131	8074939	7800717	7875975	7897648.789	8209625
DOMESTIC CREDIT	7656355	7860542	8120972	8157049	7901851	7678297	8129622
CLAIMS ON GENERAL GOVERNMENT	1259176	1429034	1519942	1335338	722354	241155	367588
Central government, net	1246692	1417621	1508263	1323391	709617	228369	354598
Claims	3871908	3885612	3993565	4045804	4000368	3843272	3949447
Government securities	1945505	2003244	2067737	2146624	2088084	2024370	2092970

(continued)

(continued)	(BGN'000)						
	XII.2002	I.2003	II.2003	III.2003	IV.2003	V.2003	VI.2003
BGN	1163173	1244572	1233940	1219504	1172955	1184196	1189401
Foreign currencies	782332	758672	833797	927120	915129	840174	903569
incl. EUR	0	0	0	0	0	0	0
Repo agreements	0	0	0	0	0	0	0
BGN	0	0	0	0	0	0	0
Foreign currencies	0	0	0	0	0	0	0
incl. EUR	0	0	0	0	0	0	0
Credits	1926403	1882368	1925828	1899180	1912284	1818902	1856477
BGN	0	0	0	0	0	0	0
Foreign currencies	1926403	1882368	1925828	1899180	1912284	1818902	1856477
incl. EUR	0	0	0	0	0	0	0
Less: liabilities	2625216	2467991	2485302	2722413	3290751	3614903	3594849
Deposits	2625216	2467991	2485302	2722413	3290751	3614903	3594849
BGN	700341	859526	834939	946218	1137937	1537734	1530890
Foreign currencies	1924875	1608465	1650363	1776195	2152814	2077169	2063959
incl. EUR	0	0	0	0	0	0	0
Repo agreements	0	0	0	0	0	0	0
BGN	0	0	0	0	0	0	0
Foreign currencies	0	0	0	0	0	0	0
incl. EUR	0	0	0	0	0	0	0
Local government and social security funds	12484	11413	11679	11947	12737	12786	12990
Securities other than shares	3998	2740	2732	2453	3357	3380	3429
BGN	199	197	197	194	1234	1231	1230
Foreign currencies	3799	2543	2535	2259	2123	2149	2199
incl. EUR	0	0	0	0	0	0	0
Repo agreements	0	0	0	0	0	0	0
BGN	0	0	0	0	0	0	0
Foreign currencies	0	0	0	0	0	0	0
incl. EUR	0	0	0	0	0	0	0
Credits	8486	8673	8947	9494	9380	9406	9561
BGN	8486	8673	8947	9494	9380	9406	9561
Foreign currencies	0	0	0	0	0	0	0
incl. EUR	0	0	0	0	0	0	0
CLAIMS ON NONGOVERNMENT SECTOR	6397179	6431508	6601030	6821711	7179497	7437142	7762034
Nonfinancial corporations	4909294	4908943	5014778	5164927	5415077	5574813	5785103
Repo agreements	0	0	0	0	0	0	0
BGN	0	0	0	0	0	0	0
Foreign currencies	0	0	0	0	0	0	0
incl. EUR	0	0	0	0	0	0	0
Credits	4773568	4780049	4872763	5021967	5266262	5434630	5642672
BGN	2301430	2281981	2322314	2394133	2420573	2500438	2482718
Foreign currencies	2472138	2498068	2550449	2627834	2845689	2934192	3159954
incl. EUR	0	0	0	0	0	0	0
Securities other than shares	45922	37077	41000	41604	47431	37294	31658
BGN	45922	37077	41000	41604	45968	35695	26360
Foreign currencies	0	0	0	0	1463	1599	5298
incl. EUR	0	0	0	0	0	0	0
Shares and other equity	89804	91817	101015	101356	101384	102889	110773
BGN	89804	91817	101015	101356	101384	102889	110773
Foreign currencies	0	0	0	0	0	0	0
incl. EUR	0	0	0	0	0	0	0
Financial corporations	102961	107007	127961	138304	144112	140808	138131
Repo agreements	0	37433	46075	56500	57969	53031	46781
BGN	0	28038	35942	33722	27662	29024	29221
Foreign currencies	0	9395	10133	22778	30307	24007	17560
incl. EUR	0	0	0	0	0	0	0
Credits	92249	58862	67131	65816	69989	71617	75210
BGN	22060	541	586	690	1281	930	987
Foreign currencies	70189	58321	66545	65126	68708	70687	74223
incl. EUR	0	0	0	0	0	0	0
Securities other than shares	0	0	0	978	978	978	978
BGN	0	0	0	0	0	0	0
Foreign currencies	0	0	0	978	978	978	978
incl. EUR	0	0	0	0	0	0	0
Shares and other equity	10712	10712	14755	15010	15176	15182	15162

(continued)

(continued)

(BGN'000)

	XII.2002	I.2003	II.2003	III.2003	IV.2003	V.2003	VI.2003
BGN	10712	10712	14755	15010	15176	15182	15162
Foreign currencies	0	0	0	0	0	0	0
incl. EUR	0	0	0	0	0	0	0
Households and nonprofit institutions serving households	1384924	1415558	1458291	1518480	1620308	1721521	1838800
Repo agreements	0	0	0	0	0	0	0
BGN	0	0	0	0	0	0	0
Foreign currencies	0	0	0	0	0	0	0
incl. EUR	0	0	0	0	0	0	0
Credits	1384924	1415558	1458291	1518480	1620308	1721521	1838800
BGN	1285098	1311562	1348074	1401385	1489896	1588900	1694594
Foreign currencies	99826	103996	110217	117095	130412	132621	144206
incl. EUR	0	0	0	0	0	0	0
FIXED ASSETS	950849	979621	1032033	1071839	1087116	1095468	1097405
OTHER ITEMS (net)	-1239202	-1028032	-1078066	-1428171	-1112992	-876116	-1017402
Interbank accounts (net)	-79756	-6828	-46059	-40471	-46310	-50509	-28845
BGN	-45567	-6852	-17464	-8924	-22116	-11133	-9639
Foreign currencies	-34189	24	-28595	-31547	-24194	-39376	-19206
incl. EUR	0	0	0	0	0	0	0
Other assets and liabilities (net)	-1107201	-945006	-929404	-1197141	-974466	-829484	-979768
BGN	-922739	-850725	-871501	-841577	-875591	-737919	-799881
Foreign currencies	-184462	-94281	-57903	-355564	-98875	-91565	-179887
incl. EUR	0	0	0	0	0	0	0
Accounts between BNB and CBs	-52245	-76198	-102603	-190559	-92216	3877	-8789
BGN	-27155	-91619	-108982	-194535	-98845	-2501	-14541
Foreign currencies	-25090	15421	6379	3976	6629	6378	5752
incl. EUR	0	0	0	0	0	0	0
BROAD MONEY M3	13857326	13612385	13788567	13662204	13900879	13926256	14327526
MONEY M1	6696213	6291426	6376552	6274262	6434564	6559563	6834361
Currency outside banks	3334922	3112954	3132418	3088306	3200366	3248348	3355645
Overnight deposits	3361291	3178472	3244134	3185956	3234198	3311215	3478716
BGN	2207393	2028253	2102583	1998760	2071951	2123028	2227404
Local government and social security funds	194861	157609	160312	179509	262694	218331	231743
Nonfinancial corporations	1431023	1285987	1336093	1235149	1201012	1277624	1338302
Financial corporations	38203	55019	49969	48957	44543	48201	48660
Households and nonprofit institutions serving households	543306	529638	556209	535145	563702	578872	608699
Foreign currencies	1153898	1150219	1141551	1187196	1162247	1188187	1251312
Local government and social security funds	16551	6903	6846	7410	6951	6190	5876
Nonfinancial corporations	792966	811084	800467	833466	810504	849179	898059
Financial corporations	11807	10718	10343	14704	19016	17579	12323
Households and nonprofit institutions serving households	332574	321514	323895	331616	325776	315239	335054
incl. EUR	0	0	0	0	0	0	0
Local government and social security funds	0	0	0	0	0	0	0
Nonfinancial corporations	0	0	0	0	0	0	0
Financial corporations	0	0	0	0	0	0	0
Households and nonprofit institutions serving households	0	0	0	0	0	0	0
MONEY M2 (M1 + quasi-money)	13854251	13550894	13722518	13541546	13762229	13765618	14197238
QUASI-MONEY	7158038	7259468	7345966	7267284	7327665	7206055	7362877
Deposits with agreed maturity of up to two years	5782043	5888911	5955870	5869851	5918794	5805147	5914957
BGN	2449092	2540630	2537047	2434416	2505982	2526938	2530421
Local government and social security funds	778006	813526	817326	824436	843872	819881	815235
Nonfinancial corporations	658384	682066	645405	549169	585179	609770	600483
Financial corporations	90356	92217	99624	82940	87704	82576	80023
Households and nonprofit institutions serving households	922346	952821	974692	977871	989227	1014711	1034680
Foreign currencies	3332952	3348281	3418823	3435435	3412812	3278209	3384536
Local government and social security funds	443	9922	9949	9905	9863	9797	9722
Nonfinancial corporations	680263	690669	734804	746498	734253	670424	667892
Financial corporations	46067	55615	50086	50695	49132	60634	72729
Households and nonprofit institutions serving households	2606179	2592075	2623984	2628337	2619564	2537354	2634193
incl. EUR	0	0	0	0	0	0	0
Local government and social security funds	0	0	0	0	0	0	0
Nonfinancial corporations	0	0	0	0	0	0	0
Financial corporations	0	0	0	0	0	0	0
Households and nonprofit institutions serving households	0	0	0	0	0	0	0
Deposits redeemable at notice of up to three months	1375995	1370557	1390096	1397433	1408871	1400908	1447920
BGN	645331	650640	657130	655296	660726	672786	686679

(continued)

(continued)	(BGN'000)						
	XII.2002	I.2003	II.2003	III.2003	IV.2003	V.2003	VI.2003
Local government and social security funds	0	0	0	0	0	0	0
Nonfinancial corporations	0	0	0	0	0	0	0
Financial corporations	0	0	0	0	0	0	0
Households and nonprofit institutions serving households	645331	650640	657130	655296	660726	672786	686679
Foreign currencies	730664	719917	732966	742137	748145	728122	761241
Local government and social security funds	0	0	0	0	0	0	0
Nonfinancial corporations	0	0	0	0	0	0	0
Financial corporations	0	0	0	0	0	0	0
Households and nonprofit institutions serving households	730664	719917	732966	742137	748145	728122	761241
incl. EUR	0	0	0	0	0	0	0
Local government and social security funds	0	0	0	0	0	0	0
Nonfinancial corporations	0	0	0	0	0	0	0
Financial corporations	0	0	0	0	0	0	0
Households and nonprofit institutions serving households	0	0	0	0	0	0	0
MONEY M3 (M2+issued debt securities							
with a term of up to two years+repo agreements)	13857326	13612385	13788567	13662204	13900879	13926256	14327526
Repo agreements	0	59816	62974	117918	135910	157898	127883
BGN	0	50634	55556	113840	125525	138970	114647
Local government and social security funds	0	0	0	0	0	0	0
Nonfinancial corporations	0	11134	6518	39935	32400	37231	32258
Financial corporations	0	39500	49038	73905	93125	101739	82389
Households and nonprofit institutions serving households	0	0	0	0	0	0	0
Foreign currencies	0	9182	7418	4078	10385	18928	13236
Local government and social security funds	0	0	0	0	0	0	0
Nonfinancial corporations	0	2639	2860	1489	8156	11472	10662
Financial corporations	0	6543	4196	2229	2229	7123	2229
Households and nonprofit institutions serving households	0	0	362	360	0	333	345
incl. EUR	0	0	0	0	0	0	0
Local government and social security funds	0	0	0	0	0	0	0
Nonfinancial corporations	0	0	0	0	0	0	0
Financial corporations	0	0	0	0	0	0	0
Households and nonprofit institutions serving households	0	0	0	0	0	0	0
Debt securities issued with a term of up to two years	3075	1675	3075	2740	2740	2740	2405
BGN	3075	1675	3075	2740	2740	2740	2405
Local government and social security funds	0	0	0	0	0	0	0
Nonfinancial corporations	1505	1505	1505	1204	1204	1204	903
Financial corporations	1500	100	1500	1480	1480	1480	1460
Households and nonprofit institutions serving households	70	70	70	56	56	56	42
Foreign currencies	0	0	0	0	0	0	0
Local government and social security funds	0	0	0	0	0	0	0
Nonfinancial corporations	0	0	0	0	0	0	0
Financial corporations	0	0	0	0	0	0	0
Households and nonprofit institutions serving households	0	0	0	0	0	0	0
incl. EUR	0	0	0	0	0	0	0
Local government and social security funds	0	0	0	0	0	0	0
Nonfinancial corporations	0	0	0	0	0	0	0
Financial corporations	0	0	0	0	0	0	0
Households and nonprofit institutions serving households	0	0	0	0	0	0	0
LONG-TERM LIABILITIES NOT INCLUDED IN MONEY SUPPLY							
(DEPOSITS, DEBT SECURITIES ISSUED AND CAPITAL AND							
RESERVES)	3402350	3543907	3673366	3740916	3595045	3692248	3768554
DEPOSITS	93561	110891	115718	119565	131694	135562	144400
Deposits with agreed maturity of over two years	93561	110891	115718	119565	131694	135562	144400
BGN	73794	80824	82374	83336	92411	94201	98575
Foreign currencies	19766	30067	33344	36229	39283	41361	45825
incl. EUR	0	0	0	0	0	0	0
Deposits redeemable at notice of over three months	0	0	0	0	0	0	0
DEBT SECURITIES WITH A TERM OF OVER TWO YEARS	15962	15962	29153	29810	29810	33624	42834
BGN	5325	5325	5325	5325	5325	5325	5325
Foreign currencies	10637	10637	23828	24485	24485	28299	37509
incl. EUR	0	0	0	0	0	0	0
CAPITAL AND RESERVES	3292827	3417054	3528495	3591541	3433541	3523062	3581320
Funds contributed by owners	956717	965717	947033	943697	943697	953476	965476
Reserves	1750572	1774944	1823492	1857320	2019767	2140103	2142193
Financial result	585538	676393	757970	790524	470077	429483	473651

(continued)

(continued)

(BGN'000)

	VII.2003	VIII.2003	IX.2003	X.2003	XI.2003	XII.2003
Exchange rate: BGN/USD 1	1.72807	1.78991	1.67854	1.68287	1.63067	1.54856
BGN/EUR 1	1.95583	1.95583	1.95583	1.95583	1.95583	1.95583
NET FOREIGN ASSETS	10119485	10239385	10268045	10510050	10372773	10048952
Foreign assets	12996196	13235553	13403312	13728503	13589260	13386263
Cash in foreign currencies	246918	253401	225049	206247	205760	252197
incl. EUR	0	0	0	0	0	0
Deposits	3604255	3579633	3892354	3734369	3712791	3169361
BGN	0	0	0	0	0	0
Foreign currencies	3604255	3579633	3892354	3734369	3712791	3169361
incl. EUR	0	0	0	0	0	0
Repo agreements	0	0	0	0	0	0
BGN	0	0	0	0	0	0
Foreign currencies	0	0	0	0	0	0
incl. EUR	0	0	0	0	0	0
Credits	69023	79986	80100	71452	70072	101286
BGN	15565	15895	15240	14693	9542	9610
Foreign currencies	53458	64091	64860	56759	60530	91676
incl. EUR	0	0	0	0	0	0
Securities other than shares	8093359	8273651	8164847	8687655	8595847	8848296
BGN	0	0	0	0	0	0
Foreign currencies	8093359	8273651	8164847	8687655	8595847	8848296
incl. EUR	0	0	0	0	0	0
Shares and other equity	1222	1227	1210	2999	2993	3376
BGN	0	0	0	0	0	0
Foreign currencies	1222	1227	1210	2999	2993	3376
incl. EUR	0	0	0	0	0	0
Monetary gold and SDR holdings*	851720	900007	882686	860311	834820	820957
Claims on interest	129699	147648	157066	165470	166977	190790
BGN	0	0	0	0	0	0
Foreign currencies	129699	147648	157066	165470	166977	190790
incl. EUR	0	0	0	0	0	0
Less: foreign liabilities	2876711	2996168	3135267	3218453	3216487	3337311
Deposits	905512	940059	1146508	1239214	1286586	1439254
BGN	80224	87902	92881	115805	115317	133240
Foreign currencies	825288	852157	1053627	1123409	1171269	1306014
incl. EUR	0	0	0	0	0	0
Repo agreements	30070	13794	10518	16535	27533	42976
BGN	0	0	0	0	0	0
Foreign currencies	30070	13794	10518	16535	27533	42976
incl. EUR	0	0	0	0	0	0
Credits**	1924971	2026179	1962105	1946568	1886232	1838945
Debt securities issued	16136	16136	16136	16136	16136	16136
BGN	0	0	0	0	0	0
Foreign currencies	16136	16136	16136	16136	16136	16136
incl. EUR	0	0	0	0	0	0
Interest liabilities	22	0	0	0	0	0
BGN	0	0	0	0	0	0
Foreign currencies	22	0	0	0	0	0
incl. EUR	0	0	0	0	0	0
NET DOMESTIC ASSETS	8423841	8780648	8810152	9211569	9234047	10499239
DOMESTIC CREDIT	8279103	8586698	8680719	9034175	9106228	10251357
CLAIMS ON GENERAL GOVERNMENT	391006	397304	199889	123722	-57514	763908
Central government, net	375896	380897	176963	99653	-82084	736871
Claims	3996777	4107769	3998113	3982220	3958847	3862895
Government securities	2071806	2081590	2036008	2035652	2072615	2023950
BGN	1165559	1166041	1161386	1150877	1171830	1150965
Foreign currencies	906247	915549	874622	884775	900785	872985
incl. EUR	0	0	0	0	0	0
Repo agreements	0	0	0	0	0	0
BGN	0	0	0	0	0	0
Foreign currencies	0	0	0	0	0	0
incl. EUR	0	0	0	0	0	0
Credits	1924971	2026179	1962105	1946568	1886232	1838945
BGN	0	0	0	0	0	0

(continued)

(continued)	(BGN'000)					
	VII.2003	VIII.2003	IX.2003	X.2003	XI.2003	XII.2003
Foreign currencies	1924971	2026179	1962105	1946568	1886232	1838945
incl. EUR	0	0	0	0	0	0
Less: liabilities	3620881	3726872	3821150	3882567	4040931	3126024
Deposits	3620881	3726872	3821150	3882567	4040931	3126024
BGN	1696113	1801096	1919331	2064499	1866656	958550
Foreign currencies	1924768	1925776	1901819	1818068	2174275	2167474
incl. EUR	0	0	0	0	0	0
Repo agreements	0	0	0	0	0	0
BGN	0	0	0	0	0	0
Foreign currencies	0	0	0	0	0	0
incl. EUR	0	0	0	0	0	0
Local government and social security funds	15110	16407	22926	24069	24570	27037
Securities other than shares	3186	3013	2998	2402	2402	2402
BGN	1230	1230	1230	1229	1229	1229
Foreign currencies	1956	1783	1768	1173	1173	1173
incl. EUR	0	0	0	0	0	0
Repo agreements	0	0	0	0	0	0
BGN	0	0	0	0	0	0
Foreign currencies	0	0	0	0	0	0
incl. EUR	0	0	0	0	0	0
Credits	11924	13394	19928	21667	22168	24635
BGN	11924	13394	19928	21667	22168	24635
Foreign currencies	0	0	0	0	0	0
incl. EUR	0	0	0	0	0	0
CLAIMS ON NONGOVERNMENT SECTOR	7888097	8189394	8480830	8910453	9163742	9487449
Nonfinancial corporations	5756952	5940392	6101175	6405597	6548687	6731475
Repo agreements	0	0	0	0	0	0
BGN	0	0	0	0	0	0
Foreign currencies	0	0	0	0	0	0
incl. EUR	0	0	0	0	0	0
Credits	5612106	5797560	5963299	6265858	6389686	6575340
BGN	2540048	2577583	2720607	2787161	2868850	2936106
Foreign currencies	3072058	3219977	3242692	3478697	3520836	3639234
incl. EUR	0	0	0	0	0	0
Securities other than shares	32121	27635	27791	25457	44670	41296
BGN	27008	22615	22749	19986	35263	34974
Foreign currencies	5113	5020	5042	5471	9407	6322
incl. EUR	0	0	0	0	0	0
Shares and other equity	112725	115197	110085	114282	114331	114839
BGN	112725	115197	110085	114282	114331	114839
Foreign currencies	0	0	0	0	0	0
incl. EUR	0	0	0	0	0	0
Financial corporations	164031	181290	221952	234488	257763	254069
Repo agreements	67611	77681	110562	107001	109105	103201
BGN	34072	32942	31510	29597	31100	34012
Foreign currencies	33539	44739	79052	77404	78005	69189
incl. EUR	0	0	0	0	0	0
Credits	80280	87468	94124	107892	121043	122674
BGN	1143	2885	5159	3652	6319	889
Foreign currencies	79137	84583	88965	104240	114724	121785
incl. EUR	0	0	0	0	0	0
Securities other than shares	978	978	978	3210	11210	11178
BGN	0	0	0	0	8000	7968
Foreign currencies	978	978	978	3210	3210	3210
incl. EUR	0	0	0	0	0	0
Shares and other equity	15162	15163	16288	16385	16405	17016
BGN	15162	15163	16288	16385	16405	17016
Foreign currencies	0	0	0	0	0	0
incl. EUR	0	0	0	0	0	0
Households and nonprofit institutions serving households	1967114	2067712	2157703	2270368	2357292	2501905
Repo agreements	0	0	0	0	0	0
BGN	0	0	0	0	0	0
Foreign currencies	0	0	0	0	0	0
incl. EUR	0	0	0	0	0	0
Credits	1967114	2067712	2157703	2270368	2357292	2501905

(continued)

(continued)	(BGN'000)					
	VII.2003	VIII.2003	IX.2003	X.2003	XI.2003	XII.2003
BGN	1813356	1903087	1992922	2097129	2180050	2279405
Foreign currencies	153758	164625	164781	173239	177242	222500
incl. EUR	0	0	0	0	0	0
FIXED ASSETS	1115556	1124472	1136182	1140803	1147463	1182778
OTHER ITEMS (net)	-970818	-930522	-1006749	-963409	-1019644	-934896
Interbank accounts (net)	-16319	-19287	-23270	-18215	-39011	-36203
BGN	846	-1633	-9122	-4666	-14365	-17572
Foreign currencies	-17165	-17654	-14148	-13549	-24646	-18631
incl. EUR	0	0	0	0	0	0
Other assets and liabilities (net)	-954007	-907721	-975789	-949421	-976299	-901236
BGN	-787041	-754615	-798944	-783811	-814369	-750940
Foreign currencies	-166966	-153106	-176845	-165610	-161930	-150296
incl. EUR	0	0	0	0	0	0
Accounts between BNB and CBs	-492	-3514	-7690	4227	-4334	2543
BGN	-6871	-9895	-14078	-2151	-8551	-3830
Foreign currencies	6379	6381	6388	6378	4217	6373
incl. EUR	0	0	0	0	0	0
BROAD MONEY M3	14788153	15245589	15242861	15878326	15733046	16566457
MONEY M1	7110373	7314256	7416437	7421697	7376627	8029897
Currency outside banks	3482649	3616496	3623983	3568608	3559470	3874108
Overnight deposits	3627724	3697760	3792454	3853089	3817157	4155789
BGN	2306327	2437764	2436939	2475480	2568952	2926880
Local government and social security funds	245464	239846	215567	224640	237082	214430
Nonfinancial corporations	1371323	1466133	1490626	1500704	1554071	1822468
Financial corporations	48911	46078	49032	48840	51601	63234
Households and nonprofit institutions serving households	640629	685707	681714	701296	726198	826748
Foreign currencies	1321397	1259996	1355515	1377609	1248205	1228909
Local government and social security funds	1133	1106	986	12056	1765	10364
Nonfinancial corporations	954956	890811	983563	977167	870443	841967
Financial corporations	15794	9430	12469	13341	13500	9231
Households and nonprofit institutions serving households	349514	358649	358497	375045	362497	367347
incl. EUR	0	0	0	0	0	0
Local government and social security funds	0	0	0	0	0	0
Nonfinancial corporations	0	0	0	0	0	0
Financial corporations	0	0	0	0	0	0
Households and nonprofit institutions serving households	0	0	0	0	0	0
MONEY M2 (M1 + quasi-money)	14623821	15045597	15073173	15698120	15604727	16464663
QUASI-MONEY	7513448	7731341	7656736	8276423	8228100	8434766
Deposits with agreed maturity of up to two years	6023439	6193374	6126676	6715771	6655184	6814899
BGN	2587079	2608181	2646049	2671271	2655168	2797084
Local government and social security funds	813090	813900	826965	829428	832757	783179
Nonfinancial corporations	618813	605294	598850	597912	548514	670026
Financial corporations	84947	81263	89487	84749	88102	104970
Households and nonprofit institutions serving households	1070229	1107724	1130747	1159182	1185795	1238909
Foreign currencies	3436360	3585193	3480627	4044500	4000016	4017815
Local government and social security funds	9503	9641	9371	9528	9307	322
Nonfinancial corporations	661511	702418	680773	1194472	1150644	1175351
Financial corporations	65460	65438	66300	56559	60063	69775
Households and nonprofit institutions serving households	2699886	2807696	2724183	2783941	2780002	2772367
incl. EUR	0	0	0	0	0	0
Local government and social security funds	0	0	0	0	0	0
Nonfinancial corporations	0	0	0	0	0	0
Financial corporations	0	0	0	0	0	0
Households and nonprofit institutions serving households	0	0	0	0	0	0
Deposits redeemable at notice of up to three months	1490009	1537967	1530060	1560652	1572916	1619867
BGN	705116	722047	727960	735344	743363	789772
Local government and social security funds	0	0	0	0	0	0
Nonfinancial corporations	0	0	0	0	0	0
Financial corporations	0	0	0	0	0	0
Households and nonprofit institutions serving households	705116	722047	727960	735344	743363	789772
Foreign currencies	784893	815920	802100	825308	829553	830095
Local government and social security funds	0	0	0	0	0	0
Nonfinancial corporations	0	0	0	0	0	0
Financial corporations	0	0	0	0	0	0

(continued)

(continued)	(BGN'000)					
	VII.2003	VIII.2003	IX.2003	X.2003	XI.2003	XII.2003
Households and nonprofit institutions serving households	784893	815920	802100	825308	829553	830095
incl. EUR	0	0	0	0	0	0
Local government and social security funds	0	0	0	0	0	0
Nonfinancial corporations	0	0	0	0	0	0
Financial corporations	0	0	0	0	0	0
Households and nonprofit institutions serving households	0	0	0	0	0	0
MONEY M3 (M2+issued debt securities						
with a term of up to two years+repo agreements)	14788153	15245589	15242861	15878326	15733046	16566457
Repo agreements	158827	194487	164518	175036	123149	99459
BGN	114737	104671	101598	123245	109412	83221
Local government and social security funds	0	0	0	0	0	0
Nonfinancial corporations	29859	26036	17250	25114	19342	12085
Financial corporations	84878	78635	84348	98131	90070	71136
Households and nonprofit institutions serving households	0	0	0	0	0	0
Foreign currencies	44090	89816	62920	51791	13737	16238
Local government and social security funds	0	0	0	0	0	0
Nonfinancial corporations	41016	86161	62105	48627	10598	7774
Financial corporations	2728	3655	0	2347	2347	7402
Households and nonprofit institutions serving households	346	0	815	817	792	1062
incl. EUR	0	0	0	0	0	0
Local government and social security funds	0	0	0	0	0	0
Nonfinancial corporations	0	0	0	0	0	0
Financial corporations	0	0	0	0	0	0
Households and nonprofit institutions serving households	0	0	0	0	0	0
Debt securities issued with a term of up to two years	5505	5505	5170	5170	5170	2335
BGN	5505	5505	5170	5170	5170	2335
Local government and social security funds	0	0	0	0	0	0
Nonfinancial corporations	4003	4003	3702	3702	3702	301
Financial corporations	1460	1460	1440	1440	1440	1920
Households and nonprofit institutions serving households	42	42	28	28	28	114
Foreign currencies	0	0	0	0	0	0
Local government and social security funds	0	0	0	0	0	0
Nonfinancial corporations	0	0	0	0	0	0
Financial corporations	0	0	0	0	0	0
Households and nonprofit institutions serving households	0	0	0	0	0	0
incl. EUR	0	0	0	0	0	0
Local government and social security funds	0	0	0	0	0	0
Nonfinancial corporations	0	0	0	0	0	0
Financial corporations	0	0	0	0	0	0
Households and nonprofit institutions serving households	0	0	0	0	0	0
LONG-TERM LIABILITIES NOT INCLUDED IN MONEY SUPPLY (DEPOSITS,						
DEBT SECURITIES ISSUED AND CAPITAL AND RESERVES)	3755173	3774444	3835336	3843293	3873774	3981734
DEPOSITS	142325	156625	162070	180929	191776	201740
Deposits with agreed maturity of over two years	142325	156625	162070	180929	191776	201740
BGN	93549	103796	105313	114012	119283	117839
Foreign currencies	48776	52829	56757	66917	72493	83901
incl. EUR	0	0	0	0	0	0
Deposits redeemable at notice of over three months	0	0	0	0	0	0
DEBT SECURITIES WITH A TERM OF OVER TWO YEARS	42923	42923	44849	44852	51663	53981
BGN	5325	5325	5325	5325	5325	5325
Foreign currencies	37598	37598	39524	39527	46338	48656
incl. EUR	0	0	0	0	0	0
CAPITAL AND RESERVES	3569925	3574896	3628417	3617512	3630335	3726013
Funds contributed by owners	965476	965476	939638	953329	953329	955316
Reserves	2124785	2079845	2110666	2033334	1993504	2044942
Financial result	479664	529575	578113	630849	683502	725755

* Including the reserve position in the IMF.

** Including only credits received from the IMF.

Source: BNB and commercial banks.

Analytical Reporting of the BNB

(BGN'000)

	XII.2002	I.2003	II.2003	III.2003	IV.2003	V.2003	VI.2003
ASSETS	6873721	6437495	6556130	6520007	6581993	6465235	6740746
NET FOREIGN ASSETS	6982170	6442758	6528485	6685121	7302796	7497621	7595668
Foreign assets	8948321	8364048	8473676	8603542	9234087	9316544	9452167
Cash in foreign currencies	6483	13047	12091	10908	22216	23594	27185
incl. EUR	-	-	-	-	-	-	-
Deposits	1292275	993612	1005753	1276233	1769530	1474196	1476788
BGN	-	-	-	-	-	-	-
Foreign currencies	1292275	993612	1005753	1276233	1769530	1474196	1476788
incl. EUR	-	-	-	-	-	-	-
Repo agreements	-	-	-	-	-	-	-
BGN	-	-	-	-	-	-	-
Foreign currencies	-	-	-	-	-	-	-
incl. EUR	-	-	-	-	-	-	-
Credits	-	-	-	-	-	-	-
BGN	-	-	-	-	-	-	-
Foreign currencies	-	-	-	-	-	-	-
incl. EUR	-	-	-	-	-	-	-
Securities other than shares	6769119	6470859	6546272	6424472	6462593	6894211	7002554
BGN	-	-	-	-	-	-	-
Foreign currencies	6769119	6470859	6546272	6424472	6462593	6894211	7002554
incl. EUR	-	-	-	-	-	-	-
Shares and other equity	832	832	832	832	832	832	832
BGN	-	-	-	-	-	-	-
Foreign currencies	832	832	832	832	832	832	832
incl. EUR	-	-	-	-	-	-	-
Monetary gold and SDR holdings*	725745	748695	761154	749413	848231	784100	787045
Claims on interest	153867	137003	147574	141684	130685	139611	157763
BGN	-	-	-	-	-	-	-
Foreign currencies	153867	137003	147574	141684	130685	139611	157763
incl. EUR	-	-	-	-	-	-	-
Less: foreign liabilities	1966151	1921290	1945191	1918421	1931291	1818923	1856499
Deposits	-	-	-	-	-	-	-
BGN	-	-	-	-	-	-	-
Foreign currencies	-	-	-	-	-	-	-
incl. EUR	-	-	-	-	-	-	-
Repo agreements	-	-	-	-	-	-	-
BGN	-	-	-	-	-	-	-
Foreign currencies	-	-	-	-	-	-	-
incl. EUR	-	-	-	-	-	-	-
Credits**	1965951	1921012	1945131	1918324	1931159	1818902	1856477
Interest liabilities	200	278	60	97	132	21	22
BGN	-	-	-	-	-	-	-
Foreign currencies	200	278	60	97	132	21	22
incl. EUR	-	-	-	-	-	-	-
CLAIMS ON GENERAL GOVERNMENT	-251277	-143221	-108878	-358300	-909866	-1223317	-1051282
Central government (net)	-251277	-143221	-108878	-358300	-909866	-1223317	-1051282
Claims	1926403	1882368	1925828	1899180	1912284	1818902	1856477
Government securities	-	-	-	-	-	-	-
BGN	-	-	-	-	-	-	-
Foreign currencies	-	-	-	-	-	-	-
incl. EUR	-	-	-	-	-	-	-
Repo agreements	-	-	-	-	-	-	-
BGN	-	-	-	-	-	-	-
Foreign currencies	-	-	-	-	-	-	-
incl. EUR	-	-	-	-	-	-	-
Credits	1926403	1882368	1925828	1899180	1912284	1818902	1856477
BGN	-	-	-	-	-	-	-
Foreign currencies	1926403	1882368	1925828	1899180	1912284	1818902	1856477
incl. EUR	-	-	-	-	-	-	-
Less: liabilities	2177680	2025589	2034706	2257480	2822150	3042219	2907759
Deposits	2177680	2025589	2034706	2257480	2822150	3042219	2907759
BGN	518706	677297	632774	750409	926209	1208527	1091421
Foreign currencies	1658974	1348292	1401932	1507071	1895941	1833692	1816338
incl. EUR	-	-	-	-	-	-	-

(continued)

(continued)	(BGN'000)						
	XII.2002	I.2003	II.2003	III.2003	IV.2003	V.2003	VI.2003
Repo agreements	-	-	-	-	-	-	-
BGN	-	-	-	-	-	-	-
Foreign currencies	-	-	-	-	-	-	-
incl. EUR	-	-	-	-	-	-	-
Social security funds	-	-	-	-	-	-	-
Repo agreements	-	-	-	-	-	-	-
BGN	-	-	-	-	-	-	-
Foreign currencies	-	-	-	-	-	-	-
incl. EUR	-	-	-	-	-	-	-
Credits	-	-	-	-	-	-	-
BGN	-	-	-	-	-	-	-
Foreign currencies	-	-	-	-	-	-	-
incl. EUR	-	-	-	-	-	-	-
CLAIMS ON COMMERCIAL BANKS	24357	6835	6833	6833	6831	6829	6830
BGN	9058	421	421	421	421	421	421
Foreign currencies	15299	6414	6412	6412	6410	6408	6409
incl. EUR	-	-	-	-	-	-	-
CLAIMS ON NONGOVERNMENT SECTOR	73134	73134	73134	73134	73134	73134	73134
Nonfinancial corporations	70634	70634	70634	70634	70634	70634	70634
Credits	-	-	-	-	-	-	-
BGN	-	-	-	-	-	-	-
Foreign currencies	-	-	-	-	-	-	-
incl. EUR	-	-	-	-	-	-	-
Shares and other equity	70634	70634	70634	70634	70634	70634	70634
BGN	70634	70634	70634	70634	70634	70634	70634
Foreign currencies	-	-	-	-	-	-	-
incl. EUR	-	-	-	-	-	-	-
Financial corporations	2500	2500	2500	2500	2500	2500	2500
Credits	-	-	-	-	-	-	-
BGN	-	-	-	-	-	-	-
Foreign currencies	-	-	-	-	-	-	-
incl. EUR	-	-	-	-	-	-	-
Shares and other equity	2500	2500	2500	2500	2500	2500	2500
BGN	2500	2500	2500	2500	2500	2500	2500
Foreign currencies	-	-	-	-	-	-	-
incl. EUR	-	-	-	-	-	-	-
FIXED ASSETS	66788	68145	68303	125719	125397	125543	127041
OTHER ITEMS (NET)	-21451	-10156	-11747	-12500	-16299	-14575	-10645
Other assets	1599456	1541781	1541105	1522095	1500703	1451038	1479291
BGN	40092	24568	25596	19191	18783	19073	17875
Foreign currencies	1559364	1517213	1515509	1502904	1481920	1431965	1461416
incl. EUR	-	-	-	-	-	-	-
Less: other liabilities	1620907	1551937	1552852	1534595	1517002	1465613	1489936
BGN	74972	41460	44025	38739	41875	40665	35447
Foreign currencies	1545935	1510477	1508827	1495856	1475127	1424948	1454489
incl. EUR	-	-	-	-	-	-	-
LIABILITIES	6873721	6437495	6556130	6520007	6581993	6465235	6740746
RESERVE MONEY	4482383	4042455	4116349	4089265	4274347	4069409	4303728
Money in circulation	3627927	3340229	3358823	3328932	3510282	3487784	3617678
Deposits of commercial banks	854456	702226	757526	760333	764065	581625	686050
BGN	594566	598353	583161	465210	405158	294001	355394
Foreign currencies	259890	103873	174365	295123	358907	287624	330656
incl. EUR	-	-	-	-	-	-	-
LIABILITIES INCLUDED IN MONEY SUPPLY	1020086	979500	976700	921435	920307	924162	961968
DEPOSITS	1020086	979500	976700	921435	920307	924162	961968
Overnight deposits	164420	95850	89373	84669	86250	90432	129178
BGN	121252	62329	57947	65587	68727	79794	98818
Social security funds	121008	61987	57799	57467	68362	79679	98258
Nonfinancial corporations	-	-	-	-	-	-	-
Financial corporations	244	342	148	8120	365	115	560
Households and nonprofit institutions serving households	-	-	-	-	-	-	-
Foreign currencies	43168	33521	31426	19082	17523	10638	30360
Social security funds	-	-	-	-	-	-	-
Nonfinancial corporations	43168	33521	31426	19082	17523	10638	30360

(continued)

(continued)	(BGN'000)						
	XII.2002	I.2003	II.2003	III.2003	IV.2003	V.2003	VI.2003
Financial corporations	-	-	-	-	-	-	-
Households and nonprofit institutions serving households incl. EUR	-	-	-	-	-	-	-
Social security funds	-	-	-	-	-	-	-
Nonfinancial corporations	-	-	-	-	-	-	-
Financial corporations	-	-	-	-	-	-	-
Households and nonprofit institutions serving households	-	-	-	-	-	-	-
Deposits with agreed maturity of up to two years	855666	883650	887327	836766	834057	833730	832790
BGN	736022	764009	767685	771889	769181	768859	767916
Social security funds	736022	764009	767685	771889	769181	768859	767916
Nonfinancial corporations	-	-	-	-	-	-	-
Financial corporations	-	-	-	-	-	-	-
Households and nonprofit institutions serving households	-	-	-	-	-	-	-
Foreign currencies	119644	119641	119642	64877	64876	64871	64874
Social security funds	-	-	-	-	-	-	-
Nonfinancial corporations	119306	119306	119306	64542	64542	64542	64542
Financial corporations	338	335	336	335	334	329	332
Households and nonprofit institutions serving households incl. EUR	-	-	-	-	-	-	-
Social security funds	-	-	-	-	-	-	-
Nonfinancial corporations	-	-	-	-	-	-	-
Financial corporations	-	-	-	-	-	-	-
Households and nonprofit institutions serving households	-	-	-	-	-	-	-
Deposits redeemable at notice of up to three months	-	-	-	-	-	-	-
BGN	-	-	-	-	-	-	-
Social security funds	-	-	-	-	-	-	-
Nonfinancial corporations	-	-	-	-	-	-	-
Financial corporations	-	-	-	-	-	-	-
Households and nonprofit institutions serving households	-	-	-	-	-	-	-
Foreign currencies	-	-	-	-	-	-	-
Social security funds	-	-	-	-	-	-	-
Nonfinancial corporations	-	-	-	-	-	-	-
Financial corporations	-	-	-	-	-	-	-
Households and nonprofit institutions serving households incl. EUR	-	-	-	-	-	-	-
Social security funds	-	-	-	-	-	-	-
Nonfinancial corporations	-	-	-	-	-	-	-
Financial corporations	-	-	-	-	-	-	-
Households and nonprofit institutions serving households	-	-	-	-	-	-	-
LONG-TERM LIABILITIES NOT INCLUDED IN MONEY SUPPLY (DEPOSITS, DEBT SECURITIES ISSUED AND CAPITAL AND RESERVES)	1371252	1415540	1463081	1509307	1387339	1471664	1475050
DEPOSITS	-	-	-	-	-	-	-
Deposits with agreed maturity of over two years	-	-	-	-	-	-	-
BGN	-	-	-	-	-	-	-
Social security funds	-	-	-	-	-	-	-
Nonfinancial corporations	-	-	-	-	-	-	-
Financial corporations	-	-	-	-	-	-	-
Households and nonprofit institutions serving households	-	-	-	-	-	-	-
Foreign currencies	-	-	-	-	-	-	-
Social security funds	-	-	-	-	-	-	-
Nonfinancial corporations	-	-	-	-	-	-	-
Financial corporations	-	-	-	-	-	-	-
Households and nonprofit institutions serving households incl. EUR	-	-	-	-	-	-	-
Social security funds	-	-	-	-	-	-	-
Nonfinancial corporations	-	-	-	-	-	-	-
Financial corporations	-	-	-	-	-	-	-
Households and nonprofit institutions serving households	-	-	-	-	-	-	-
Deposits redeemable at notice of over three months	-	-	-	-	-	-	-
BGN	-	-	-	-	-	-	-
Social security funds	-	-	-	-	-	-	-
Nonfinancial corporations	-	-	-	-	-	-	-
Financial corporations	-	-	-	-	-	-	-
Households and nonprofit institutions serving households	-	-	-	-	-	-	-

(continued)

(continued)	(BGN'000)						
	XII.2002	I.2003	II.2003	III.2003	IV.2003	V.2003	VI.2003
Foreign currencies	-	-	-	-	-	-	-
Social security funds	-	-	-	-	-	-	-
Nonfinancial corporations	-	-	-	-	-	-	-
Financial corporations	-	-	-	-	-	-	-
Households and nonprofit institutions serving households incl. EUR	-	-	-	-	-	-	-
Social security funds	-	-	-	-	-	-	-
Nonfinancial corporations	-	-	-	-	-	-	-
Financial corporations	-	-	-	-	-	-	-
Households and nonprofit institutions serving households	-	-	-	-	-	-	-
CAPITAL AND RESERVES	1371252	1415540	1463081	1509307	1387339	1471664	1475050
Funds contributed by owners	20000	20000	20000	20000	20000	20000	20000
Reserves	1178580	1201708	1229783	1255422	1289134	1353631	1336827
Financial result	172672	193832	213298	233885	78205	98033	118223

(continued)

(continued)	(BGN'000)					
	VII.2003	VIII.2003	IX.2003	X.2003	XI.2003	XII.2003
ASSETS	6792208	7009462	7049558	7490088	7479165	8235291
NET FOREIGN ASSETS	7593542	7774345	7920578	8467619	8671438	8544638
Foreign assets	9518535	9800524	9882683	10414187	10557670	10383583
Cash in foreign currencies	16350	25933	18355	9681	11383	13488
incl. EUR	-	-	-	0	0	0
Deposits	1219164	1346446	1470759	1561072	1762787	1316175
BGN	-	-	-	0	0	0
Foreign currencies	1219164	1346446	1470759	1561072	1762787	1316175
incl. EUR	-	-	-	0	0	0
Repo agreements	-	-	-	-	-	-
BGN	-	-	-	-	-	-
Foreign currencies	-	-	-	-	-	-
incl. EUR	-	-	-	-	-	-
Credits	-	-	-	-	-	-
BGN	-	-	-	-	-	-
Foreign currencies	-	-	-	-	-	-
incl. EUR	-	-	-	-	-	-
Securities other than shares	7300770	7379658	7352985	7816821	7780871	8041341
BGN	-	-	-	-	-	-
Foreign currencies	7300770	7379658	7352985	7816821	7780871	8041341
incl. EUR	-	-	-	-	-	-
Shares and other equity	832	832	832	832	832	832
BGN	-	-	-	-	-	-
Foreign currencies	832	832	832	832	832	832
incl. EUR	-	-	-	-	-	-
Monetary gold and SDR holdings*	851720	900007	882686	860311	834820	820957
Claims on interest	129699	147648	157066	165470	166977	190790
BGN	-	-	-	-	-	-
Foreign currencies	129699	147648	157066	165470	166977	190790
incl. EUR	-	-	-	-	-	-
Less: foreign liabilities	1924993	2026179	1962105	1946568	1886232	1838945
Deposits	-	-	-	-	-	-
BGN	-	-	-	-	-	-
Foreign currencies	-	-	-	-	-	-
incl. EUR	-	-	-	-	-	-
Repo agreements	-	-	-	-	-	-
BGN	-	-	-	-	-	-
Foreign currencies	-	-	-	-	-	-
incl. EUR	-	-	-	-	-	-
Credits**	1924971	2026179	1962105	1946568	1886232	1838945
Interest liabilities	22	-	-	-	-	-
BGN	-	-	-	-	-	-
Foreign currencies	22	-	-	-	-	-
incl. EUR	-	-	-	-	-	-
CLAIMS ON GENERAL GOVERNMENT	-997957	-961735	-1068133	-1175025	-1388105	-508357
Central government (net)	-997957	-961735	-1068133	-1175025	-1388105	-508357
Claims	1924971	2026179	1962105	1946568	1886232	1838945
Government securities	-	-	-	-	-	-
BGN	-	-	-	-	-	-
Foreign currencies	-	-	-	-	-	-
incl. EUR	-	-	-	-	-	-
Repo agreements	-	-	-	-	-	-
BGN	-	-	-	-	-	-
Foreign currencies	-	-	-	-	-	-
incl. EUR	-	-	-	-	-	-
Credits	1924971	2026179	1962105	1946568	1886232	1838945
BGN	-	-	-	-	-	-
Foreign currencies	1924971	2026179	1962105	1946568	1886232	1838945
incl. EUR	-	-	-	-	-	-
Less: liabilities	2922928	2987914	3030238	3121593	3274337	2347302
Deposits	2922928	2987914	3030238	3121593	3274337	2347302
BGN	1242410	1321916	1430874	1566769	1365516	446934
Foreign currencies	1680518	1665998	1599364	1554824	1908821	1900368
incl. EUR	-	-	-	-	-	-
Repo agreements	-	-	-	-	-	-

(continued)

(continued)	(BGN'000)					
	VII.2003	VIII.2003	IX.2003	X.2003	XI.2003	XII.2003
BGN	-	-	-	-	-	-
Foreign currencies	-	-	-	-	-	-
incl. EUR	-	-	-	-	-	-
Social security funds	-	-	-	-	-	-
Repo agreements	-	-	-	-	-	-
BGN	-	-	-	-	-	-
Foreign currencies	-	-	-	-	-	-
incl. EUR	-	-	-	-	-	-
Credits	-	-	-	-	-	-
BGN	-	-	-	-	-	-
Foreign currencies	-	-	-	-	-	-
incl. EUR	-	-	-	-	-	-
CLAIMS ON COMMERCIAL BANKS	6828	6829	6844	6832	6829	6827
BGN	421	421	421	421	421	421
Foreign currencies	6407	6408	6423	6411	6408	6406
incl. EUR	-	-	-	-	-	-
CLAIMS ON NONGOVERNMENT SECTOR	73134	74234	74234	74234	74234	74234
Nonfinancial corporations	70634	71734	71734	71734	71734	71734
Credits	-	-	-	-	-	-
BGN	-	-	-	-	-	-
Foreign currencies	-	-	-	-	-	-
incl. EUR	-	-	-	-	-	-
Shares and other equity	70634	71734	71734	71734	71734	71734
BGN	70634	71734	71734	71734	71734	71734
Foreign currencies	-	-	-	-	-	-
incl. EUR	-	-	-	-	-	-
Financial corporations	2500	2500	2500	2500	2500	2500
Credits	-	-	-	-	-	-
BGN	-	-	-	-	-	-
Foreign currencies	-	-	-	-	-	-
incl. EUR	-	-	-	-	-	-
Shares and other equity	2500	2500	2500	2500	2500	2500
BGN	2500	2500	2500	2500	2500	2500
Foreign currencies	-	-	-	-	-	-
incl. EUR	-	-	-	-	-	-
FIXED ASSETS	127596	127194	127890	128993	129510	130869
OTHER ITEMS (NET)	-10935	-11405	-11855	-12565	-14741	-12920
Other assets	1483881	1519879	1480350	1485504	1447537	1421801
BGN	17856	17396	17044	16495	16069	18677
Foreign currencies	1466025	1502483	1463306	1469009	1431468	1403124
incl. EUR	-	-	-	-	-	-
Less: other liabilities	1494816	1531284	1492205	1498069	1462278	1434721
BGN	35422	35913	36314	36488	38243	38612
Foreign currencies	1459394	1495371	1455891	1461581	1424035	1396109
incl. EUR	-	-	-	-	-	-
LIABILITIES	6792208	7009462	7049558	7490088	7479165	8235291
RESERVE MONEY	4389427	4625955	4605428	4552389	4534613	5266355
Money in circulation	3736836	3875879	3919472	3840364	3834878	4264222
Deposits of commercial banks	652591	750076	685956	712025	699735	1002133
BGN	282991	341740	297724	301628	347835	762910
Foreign currencies	369600	408336	388232	410397	351900	239223
incl. EUR	-	-	-	-	-	-
LIABILITIES INCLUDED IN MONEY SUPPLY	956034	958063	968168	1515786	1538539	1513232
DEPOSITS	956034	958063	968168	1515786	1538539	1513232
Overnight deposits	126004	126741	122584	130015	110098	128492
BGN	108673	97173	85584	105041	91700	119691
Social security funds	108293	97016	85440	104462	91508	119092
Nonfinancial corporations	-	-	-	-	-	-
Financial corporations	380	157	144	579	192	599
Households and nonprofit institutions serving households	-	-	-	-	-	-
Foreign currencies	17331	29568	37000	24974	18398	8801
Social security funds	-	-	-	-	-	-
Nonfinancial corporations	17331	29568	37000	24974	18398	8801
Financial corporations	-	-	-	-	-	-

(continued)

(continued)

(BGN'000)

	VII.2003	VIII.2003	IX.2003	X.2003	XI.2003	XII.2003
Households and nonprofit institutions serving households incl. EUR	-	-	-	-	-	-
Social security funds	-	-	-	-	-	-
Nonfinancial corporations	-	-	-	-	-	-
Financial corporations	-	-	-	-	-	-
Households and nonprofit institutions serving households	-	-	-	-	-	-
Deposits with agreed maturity of up to two years	830030	831322	845584	1385771	1428441	1384740
BGN	765155	766445	780712	783044	784703	741006
Social security funds	765155	766445	780712	783044	784703	741006
Nonfinancial corporations	-	-	-	-	-	-
Financial corporations	-	-	-	-	-	-
Households and nonprofit institutions serving households	-	-	-	-	-	-
Foreign currencies	64875	64877	64872	602727	643738	643734
Social security funds	-	-	-	-	-	-
Nonfinancial corporations	64542	64542	64542	602396	637601	637601
Financial corporations	333	335	330	331	6137	6133
Households and nonprofit institutions serving households incl. EUR	-	-	-	-	-	-
Social security funds	-	-	-	-	-	-
Nonfinancial corporations	-	-	-	-	-	-
Financial corporations	-	-	-	-	-	-
Households and nonprofit institutions serving households	-	-	-	-	-	-
Deposits redeemable at notice of up to three months	-	-	-	-	-	-
BGN	-	-	-	-	-	-
Social security funds	-	-	-	-	-	-
Nonfinancial corporations	-	-	-	-	-	-
Financial corporations	-	-	-	-	-	-
Households and nonprofit institutions serving households	-	-	-	-	-	-
Foreign currencies	-	-	-	-	-	-
Social security funds	-	-	-	-	-	-
Nonfinancial corporations	-	-	-	-	-	-
Financial corporations	-	-	-	-	-	-
Households and nonprofit institutions serving households	-	-	-	-	-	-
incl. EUR	-	-	-	-	-	-
Social security funds	-	-	-	-	-	-
Nonfinancial corporations	-	-	-	-	-	-
Financial corporations	-	-	-	-	-	-
Households and nonprofit institutions serving households	-	-	-	-	-	-
LONG-TERM LIABILITIES NOT INCLUDED IN MONEY SUPPLY (DEPOSITS, DEBT SECURITIES ISSUED AND CAPITAL AND RESERVES)	1446747	1425444	1475962	1421913	1406013	1455704
DEPOSITS	-	-	-	-	-	-
Deposits with agreed maturity of over two years	-	-	-	-	-	-
BGN	-	-	-	-	-	-
Social security funds	-	-	-	-	-	-
Nonfinancial corporations	-	-	-	-	-	-
Financial corporations	-	-	-	-	-	-
Households and nonprofit institutions serving households	-	-	-	-	-	-
Foreign currencies	-	-	-	-	-	-
Social security funds	-	-	-	-	-	-
Nonfinancial corporations	-	-	-	-	-	-
Financial corporations	-	-	-	-	-	-
Households and nonprofit institutions serving households	-	-	-	-	-	-
incl. EUR	-	-	-	-	-	-
Social security funds	-	-	-	-	-	-
Nonfinancial corporations	-	-	-	-	-	-
Financial corporations	-	-	-	-	-	-
Households and nonprofit institutions serving households	-	-	-	-	-	-
Deposits redeemable at notice of over three months	-	-	-	-	-	-
BGN	-	-	-	-	-	-
Social security funds	-	-	-	-	-	-
Nonfinancial corporations	-	-	-	-	-	-
Financial corporations	-	-	-	-	-	-
Households and nonprofit institutions serving households	-	-	-	-	-	-
Foreign currencies	-	-	-	-	-	-

(continued)

(continued)	(BGN'000)					
	VII.2003	VIII.2003	IX.2003	X.2003	XI.2003	XII.2003
Social security funds	-	-	-	-	-	-
Nonfinancial corporations	-	-	-	-	-	-
Financial corporations	-	-	-	-	-	-
Households and nonprofit institutions serving households incl. EUR	-	-	-	-	-	-
Social security funds	-	-	-	-	-	-
Nonfinancial corporations	-	-	-	-	-	-
Financial corporations	-	-	-	-	-	-
Households and nonprofit institutions serving households	-	-	-	-	-	-
CAPITAL AND RESERVES	1446747	1425444	1475962	1421913	1406013	1455704
Funds contributed by owners	20000	20000	20000	20000	20000	20000
Reserves	1281567	1235472	1265615	1188445	1149384	1180449
Financial result	145180	169972	190347	213468	236629	255255

* Including the reserve position in the IMF.

** Including only credits received from the IMF.

Source: BNB.

Analytical Reporting of Commercial Banks

(BGN'000)

	XII.2002	I.2003	II.2003	III.2003	IV.2003	V.2003	VI.2003
ASSETS	11533708	11648586	11890022	11884360	11988198	11974614	12303700
NET FOREIGN ASSETS	2909504	2901403	2858509	2917282	2317153	2223234	2290787
Foreign assets	3803121	3706076	3631530	3784140	3198248	3139891	3250586
Cash in foreign currencies	185017	181673	174862	183813	181854	193189	216738
incl. EUR	-	-	-	-	-	-	-
Deposits	2788716	2672467	2641023	2760589	2203219	2303285	2320658
BGN	-	-	-	-	-	-	-
Foreign currencies	2788716	2672467	2641023	2760589	2203219	2303285	2320658
incl. EUR	-	-	-	-	-	-	-
Repo agreements	-	-	-	-	-	-	-
BGN	-	-	-	-	-	-	-
Foreign currencies	-	-	-	-	-	-	-
incl. EUR	-	-	-	-	-	-	-
Credits	92159	88730	73409	71299	72520	68571	70151
BGN	13192	13828	14125	14243	14674	15004	15231
Foreign currencies	78967	74902	59284	57056	57846	53567	54920
incl. EUR	-	-	-	-	-	-	-
Securities other than shares	736958	762938	741971	768156	740340	574545	642733
BGN	-	-	-	-	-	-	-
Foreign currencies	736958	762938	741971	768156	740340	574545	642733
incl. EUR	-	-	-	-	-	-	-
Shares and other equity	271	268	265	283	315	301	306
BGN	-	-	-	-	-	-	-
Foreign currencies	271	268	265	283	315	301	306
incl. EUR	-	-	-	-	-	-	-
Less: foreign liabilities	893617	804673	773021	866858	881095	916657	959799
Deposits	893617	774239	762161	840213	866946	901379	918211
BGN	84756	76555	72692	75459	81571	88089	93060
Foreign currencies	808861	697684	689469	764754	785375	813290	825151
incl. EUR	-	-	-	-	-	-	-
Repo agreements	-	10876	10860	26645	14149	15278	25452
BGN	-	-	-	-	-	-	-
Foreign currencies	-	10876	10860	26645	14149	15278	25452
incl. EUR	-	-	-	-	-	-	-
Debt securities issued	-	19558	-	-	-	-	16136
BGN	-	-	-	-	-	-	-
Foreign currencies	-	19558	-	-	-	-	16136
incl. EUR	-	-	-	-	-	-	-
RESERVES IN THE BNB	1071151	846756	874783	803855	975220	818393	932747
Cash in BGN	293005	227275	226405	240626	309916	239436	262033
Deposits	778146	619481	648378	563229	665304	578957	670714
BGN	558608	506568	474013	270509	306147	291334	340687
Foreign currencies	219538	112913	174365	292720	359157	287623	330027
incl. EUR	-	-	-	-	-	-	-
CLAIMS ON GENERAL GOVERNMENT SECTOR	1510453	1572255	1628820	1693638	1632220	1464472	1418870
Central government (net)	1497969	1560842	1617141	1681691	1619483	1451686	1405880
Claims	1945505	2003244	2067737	2146624	2088084	2024370	2092970
Government securities	1945505	2003244	2067737	2146624	2088084	2024370	2092970
BGN	1163173	1244572	1233940	1219504	1172955	1184196	1189401
Foreign currencies	782332	758672	833797	927120	915129	840174	903569
incl. EUR	-	-	-	-	-	-	-
Repo agreements	-	-	-	-	-	-	-
BGN	-	-	-	-	-	-	-
Foreign currencies	-	-	-	-	-	-	-
incl. EUR	-	-	-	-	-	-	-
Credits	-	-	-	-	-	-	-
BGN	-	-	-	-	-	-	-
Foreign currencies	-	-	-	-	-	-	-
incl. EUR	-	-	-	-	-	-	-
Less: liabilities	447536	442402	450596	464933	468601	572684	687090
Deposits	447536	442402	450596	464933	468601	572684	687090
BGN	181635	182229	202165	195809	211728	329207	439469
Foreign currencies	265901	260173	248431	269124	256873	243477	247621
incl. EUR	-	-	-	-	-	-	-

(continued)

(continued)	(BGN'000)						
	XII.2002	I.2003	II.2003	III.2003	IV.2003	V.2003	VI.2003
Repo agreements	-	-	-	-	-	-	-
BGN	-	-	-	-	-	-	-
Foreign currencies	-	-	-	-	-	-	-
incl. EUR	-	-	-	-	-	-	-
Local government and social security funds	12484	11413	11679	11947	12737	12786	12990
Securities other than shares	3998	2740	2732	2453	3357	3380	3429
BGN	199	197	197	194	1234	1231	1230
Foreign currencies	3799	2543	2535	2259	2123	2149	2199
incl. EUR	-	-	-	-	-	-	-
Repo agreements	-	-	-	-	-	-	-
BGN	-	-	-	-	-	-	-
Foreign currencies	-	-	-	-	-	-	-
incl. EUR	-	-	-	-	-	-	-
Credits	8486	8673	8947	9494	9380	9406	9561
BGN	8486	8673	8947	9494	9380	9406	9561
Foreign currencies	-	-	-	-	-	-	-
incl. EUR	-	-	-	-	-	-	-
CLAIMS ON NONGOVERNMENT SECTOR	6324045	6358374	6527896	6748577	7106363	7364008	7688900
Nonfinancial corporations	4838660	4838309	4944144	5094293	5344443	5504179	5714469
Repo agreements	-	-	-	-	-	-	-
BGN	-	-	-	-	-	-	-
Foreign currencies	-	-	-	-	-	-	-
incl. EUR	-	-	-	-	-	-	-
Credits	4773568	4780049	4872763	5021967	5266262	5434630	5642672
BGN	2301430	2281981	2322314	2394133	2420573	2500438	2482718
Foreign currencies	2472138	2498068	2550449	2627834	2845689	2934192	3159954
incl. EUR	-	-	-	-	-	-	-
Securities other than shares	45922	37077	41000	41604	47431	37294	31658
BGN	45922	37077	41000	41604	45968	35695	26360
Foreign currencies	-	-	-	-	1463	1599	5298
incl. EUR	-	-	-	-	-	-	-
Shares and other equity	19170	21183	30381	30722	30750	32255	40139
BGN	19170	21183	30381	30722	30750	32255	40139
Foreign currencies	-	-	-	-	-	-	-
incl. EUR	-	-	-	-	-	-	-
Financial corporations	100461	104507	125461	135804	141612	138308	135631
Repo agreements	-	37433	46075	56500	57969	53031	46781
BGN	-	28038	35942	33722	27662	29024	29221
Foreign currencies	-	9395	10133	22778	30307	24007	17560
incl. EUR	-	-	-	-	-	-	-
Credits	92249	58862	67131	65816	69989	71617	75210
BGN	22060	541	586	690	1281	930	987
Foreign currencies	70189	58321	66545	65126	68708	70687	74223
incl. EUR	-	-	-	-	-	-	-
Securities other than shares	-	-	-	978	978	978	978
BGN	-	-	-	-	-	-	-
Foreign currencies	-	-	-	978	978	978	978
incl. EUR	-	-	-	-	-	-	-
Shares and other equity	8212	8212	12255	12510	12676	12682	12662
BGN	8212	8212	12255	12510	12676	12682	12662
Foreign currencies	-	-	-	-	-	-	-
incl. EUR	-	-	-	-	-	-	-
Households and nonprofit institutions serving households	1384924	1415558	1458291	1518480	1620308	1721521	1838800
Repo agreements	-	-	-	-	-	-	-
BGN	-	-	-	-	-	-	-
Foreign currencies	-	-	-	-	-	-	-
incl. EUR	-	-	-	-	-	-	-
Credits	1384924	1415558	1458291	1518480	1620308	1721521	1838800
BGN	1285098	1311562	1348074	1401385	1489896	1588900	1694594
Foreign currencies	99826	103996	110217	117095	130412	132621	144206
incl. EUR	-	-	-	-	-	-	-
FIXED ASSETS	884061	911476	963730	946120	961719	969925	970364
OTHER ITEMS (net)	-1165506	-941678	-963716	-1225112	-1004477	-865418	-997968
Interbank accounts (net)	-79756	-6828	-46059	-40471	-46310	-50509	-28845
Claims on commercial banks	708092	705430	584085	576703	487358	531979	588655

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(BGN'000)

	XII.2002	I.2003	II.2003	III.2003	IV.2003	V.2003	VI.2003
BGN	257450	306648	241995	307158	225505	227932	196199
Foreign currencies	450642	398782	342090	269545	261853	304047	392456
incl. EUR	-	-	-	-	-	-	-
Less: liabilities to commercial banks	787848	712258	630144	617174	533668	582488	617500
BGN	303017	313500	259459	316082	247621	239065	205838
Foreign currencies	484831	398758	370685	301092	286047	343423	411662
incl. EUR	-	-	-	-	-	-	-
Other (net)	-1085750	-934850	-917657	-1184641	-958167	-814909	-969123
Other unclassified assets	407451	418871	471227	513858	484452	470602	487232
BGN	196248	209896	220591	256871	243321	234772	250203
Foreign currencies	211203	208975	250636	256987	241131	235830	237029
incl. EUR	-	-	-	-	-	-	-
Less: other unclassified assets	1493201	1353721	1388884	1698499	1442619	1285511	1456355
BGN	1084107	1043729	1073663	1078900	1095820	951099	1032512
Foreign currencies	409094	309992	315221	619599	346799	334412	423843
incl. EUR	-	-	-	-	-	-	-
LIABILITIES	11533708	11648586	11890022	11884360	11988198	11974614	12303700
LIABILITIES TO THE BNB	292	288	288	288	286	284	283
BGN	255	255	255	255	255	255	255
Foreign currencies	37	33	33	33	31	29	28
incl. EUR	-	-	-	-	-	-	-
LIABILITIES INCLUDED IN MONEY SUPPLY	9502318	9519931	9679449	9652463	9780206	9753746	10009913
DEPOSITS	9499243	9458440	9613400	9531805	9641556	9593108	9879625
Overnight deposits	3196871	3082622	3154761	3101287	3147948	3220783	3349538
BGN	2086141	1965924	2044636	1933173	2003224	2043234	2128586
Local government and social security funds	73853	95622	102513	122042	194332	138652	133485
Nonfinancial corporations	1431023	1285987	1336093	1235149	1201012	1277624	1338302
Financial corporations	37959	54677	49821	40837	44178	48086	48100
Households and nonprofit institutions serving households	543306	529638	556209	535145	563702	578872	608699
Foreign currencies	1110730	1116698	1110125	1168114	1144724	1177549	1220952
Local government and social security funds	16551	6903	6846	7410	6951	6190	5876
Nonfinancial corporations	749798	777563	769041	814384	792981	838541	867699
Financial corporations	11807	10718	10343	14704	19016	17579	12323
Households and nonprofit institutions serving households	332574	321514	323895	331616	325776	315239	335054
incl. EUR	-	-	-	-	-	-	-
Local government and social security funds	-	-	-	-	-	-	-
Nonfinancial corporations	-	-	-	-	-	-	-
Financial corporations	-	-	-	-	-	-	-
Households and nonprofit institutions serving households	-	-	-	-	-	-	-
Deposits with agreed maturity of up to two years	4926377	5005261	5068543	5033085	5084737	4971417	5082167
BGN	1713070	1776621	1769362	1662527	1736801	1758079	1762505
Local government and social security funds	41984	49517	49641	52547	74691	51022	47319
Nonfinancial corporations	658384	682066	645405	549169	585179	609770	600483
Financial corporations	90356	92217	99624	82940	87704	82576	80023
Households and nonprofit institutions serving households	922346	952821	974692	977871	989227	1014711	1034680
Foreign currencies	3213308	3228640	3299181	3370558	3347936	3213338	3319662
Local government and social security funds	443	9922	9949	9905	9863	9797	9722
Nonfinancial corporations	560957	571363	615498	681956	669711	605882	603350
Financial corporations	45729	55280	49750	50360	48798	60305	72397
Households and nonprofit institutions serving households	2606179	2592075	2623984	2628337	2619564	2537354	2634193
incl. EUR	-	-	-	-	-	-	-
Local government and social security funds	-	-	-	-	-	-	-
Nonfinancial corporations	-	-	-	-	-	-	-
Financial corporations	-	-	-	-	-	-	-
Households and nonprofit institutions serving households	-	-	-	-	-	-	-
Deposits redeemable at notice of up to three months	1375995	1370557	1390096	1397433	1408871	1400908	1447920
BGN	645331	650640	657130	655296	660726	672786	686679
Local government and social security funds	-	-	-	-	-	-	-
Nonfinancial corporations	-	-	-	-	-	-	-
Financial corporations	-	-	-	-	-	-	-
Households and nonprofit institutions serving households	645331	650640	657130	655296	660726	672786	686679
Foreign currencies	730664	719917	732966	742137	748145	728122	761241
Local government and social security funds	-	-	-	-	-	-	-
Nonfinancial corporations	-	-	-	-	-	-	-
Financial corporations	-	-	-	-	-	-	-

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(continued)	(BGN'000)						
	XII.2002	I.2003	II.2003	III.2003	IV.2003	V.2003	VI.2003
Households and nonprofit institutions serving households incl. EUR	730664	719917	732966	742137	748145	728122	761241
Local government and social security funds	-	-	-	-	-	-	-
Nonfinancial corporations	-	-	-	-	-	-	-
Financial corporations	-	-	-	-	-	-	-
Households and nonprofit institutions serving households	-	-	-	-	-	-	-
REPO AGREEMENTS	-	59816	62974	117918	135910	157898	127883
BGN	-	50634	55556	113840	125525	138970	114647
Local government and social security funds	-	-	-	-	-	-	-
Nonfinancial corporations	-	11134	6518	39935	32400	37231	32258
Financial corporations	-	39500	49038	73905	93125	101739	82389
Households and nonprofit institutions serving households	-	-	-	-	-	-	-
Foreign currencies	-	9182	7418	4078	10385	18928	13236
Local government and social security funds	-	-	-	-	-	-	-
Nonfinancial corporations	-	2639	2860	1489	8156	11472	10662
Financial corporations	-	6543	4196	2229	2229	7123	2229
Households and nonprofit institutions serving households incl. EUR	-	-	362	360	-	333	345
Local government and social security funds	-	-	-	-	-	-	-
Nonfinancial corporations	-	-	-	-	-	-	-
Financial corporations	-	-	-	-	-	-	-
Households and nonprofit institutions serving households	-	-	-	-	-	-	-
DEBT SECURITIES WITH A TERM OF UP TO TWO YEARS	3075	1675	3075	2740	2740	2740	2405
BGN	3075	1675	3075	2740	2740	2740	2405
Local government and social security funds	-	-	-	-	-	-	-
Nonfinancial corporations	1505	1505	1505	1204	1204	1204	903
Financial corporations	1500	100	1500	1480	1480	1480	1460
Households and nonprofit institutions serving households	70	70	70	56	56	56	42
Foreign currencies	-	-	-	-	-	-	-
Local government and social security funds	-	-	-	-	-	-	-
Nonfinancial corporations	-	-	-	-	-	-	-
Financial corporations	-	-	-	-	-	-	-
Households and nonprofit institutions serving households incl. EUR	-	-	-	-	-	-	-
Local government and social security funds	-	-	-	-	-	-	-
Nonfinancial corporations	-	-	-	-	-	-	-
Financial corporations	-	-	-	-	-	-	-
Households and nonprofit institutions serving households	-	-	-	-	-	-	-
LONG-TERM LIABILITIES NOT INCLUDED IN MONEY SUPPLY (DEPOSITS, DEBT SECURITIES ISSUED AND CAPITAL AND RESERVES)	2031098	2128367	2210285	2231609	2207706	2220584	2293504
DEPOSITS	93561	110891	115718	119565	131694	135562	144400
Deposits with agreed maturity of over two years	93561	110891	115718	119565	131694	135562	144400
BGN	73794	80824	82374	83336	92411	94201	98575
Local government and social security funds	-	-	-	-	-	-	-
Nonfinancial corporations	3242	3721	3932	3958	2925	2748	2785
Financial corporations	46569	50569	50569	50569	51600	52826	55883
Households and nonprofit institutions serving households	23983	26534	27873	28809	37886	38627	39907
Foreign currencies	19766	30067	33344	36229	39283	41361	45825
Local government and social security funds	-	-	-	-	-	-	-
Nonfinancial corporations	6479	11329	11116	11621	8465	8433	9369
Financial corporations	4196	4201	5334	5925	10486	10742	11174
Households and nonprofit institutions serving households incl. EUR	9091	14537	16894	18683	20332	22186	25282
Local government and social security funds	-	-	-	-	-	-	-
Nonfinancial corporations	-	-	-	-	-	-	-
Financial corporations	-	-	-	-	-	-	-
Households and nonprofit institutions serving households	-	-	-	-	-	-	-
Deposits redeemable at notice of over three months	-	-	-	-	-	-	-
BGN	-	-	-	-	-	-	-
Local government and social security funds	-	-	-	-	-	-	-
Nonfinancial corporations	-	-	-	-	-	-	-
Financial corporations	-	-	-	-	-	-	-
Households and nonprofit institutions serving households	-	-	-	-	-	-	-
Foreign currencies	-	-	-	-	-	-	-

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(BGN'000)

	XII.2002	I.2003	II.2003	III.2003	IV.2003	V.2003	VI.2003
Local government and social security funds	-	-	-	-	-	-	-
Nonfinancial corporations	-	-	-	-	-	-	-
Financial corporations	-	-	-	-	-	-	-
Households and nonprofit institutions serving households incl. EUR	-	-	-	-	-	-	-
Local government and social security funds	-	-	-	-	-	-	-
Nonfinancial corporations	-	-	-	-	-	-	-
Financial corporations	-	-	-	-	-	-	-
Households and nonprofit institutions serving households	-	-	-	-	-	-	-
DEBT SECURITIES WITH A TERM OF OVER TWO YEARS BGN	15962	15962	29153	29810	29810	33624	42834
	5325	5325	5325	5325	5325	5325	5325
Local government and social security funds	-	-	-	-	-	-	-
Nonfinancial corporations	-	-	-	-	-	-	-
Financial corporations	5325	5325	5325	5325	5325	5325	5325
Households and nonprofit institutions serving households	-	-	-	-	-	-	-
Foreign currencies	10637	10637	23828	24485	24485	28299	37509
Local government and social security funds	-	-	-	-	-	-	-
Nonfinancial corporations	880	880	880	1111	1111	1111	1561
Financial corporations	9243	9243	22242	22388	22388	26202	34857
Households and nonprofit institutions serving households incl. EUR	514	514	706	986	986	986	1091
Local government and social security funds	-	-	-	-	-	-	-
Nonfinancial corporations	-	-	-	-	-	-	-
Financial corporations	-	-	-	-	-	-	-
Households and nonprofit institutions serving households	-	-	-	-	-	-	-
CAPITAL AND RESERVES	1921575	2001514	2065414	2082234	2046202	2051398	2106270
Funds contributed by owners	936717	945717	927033	923697	923697	933476	945476
Reserves	571992	573236	593709	601898	730633	786472	805366
Financial result	412866	482561	544672	556639	391872	331450	355428

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(continued)	(BGN'000)					
	VII.2003	VIII.2003	IX.2003	X.2003	XI.2003	XII.2003
ASSETS	12658179	13020314	13010374	13215600	13103085	13705432
NET FOREIGN ASSETS	2525943	2465040	2347467	2042431	1701335	1504314
Foreign assets	3477661	3435029	3520629	3314316	3031590	3002680
Cash in foreign currencies	230568	227468	206694	196566	194377	238709
incl. EUR	-	-	-	-	-	-
Deposits	2385091	2233187	2421595	2173297	1950004	1853186
BGN	-	-	-	-	-	-
Foreign currencies	2385091	2233187	2421595	2173297	1950004	1853186
incl. EUR	-	-	-	-	-	-
Repo agreements	-	-	-	-	-	-
BGN	-	-	-	-	-	-
Foreign currencies	-	-	-	-	-	-
incl. EUR	-	-	-	-	-	-
Credits	69023	79986	80100	71452	70072	101286
BGN	15565	15895	15240	14693	9542	9610
Foreign currencies	53458	64091	64860	56759	60530	91676
incl. EUR	-	-	-	-	-	-
Securities other than shares	792589	893993	811862	870834	814976	806955
BGN	-	-	-	-	-	-
Foreign currencies	792589	893993	811862	870834	814976	806955
incl. EUR	-	-	-	-	-	-
Shares and other equity	390	395	378	2167	2161	2544
BGN	-	-	-	-	-	-
Foreign currencies	390	395	378	2167	2161	2544
incl. EUR	-	-	-	-	-	-
Less: foreign liabilities	951718	969989	1173162	1271885	1330255	1498366
Deposits	905512	940059	1146508	1239214	1286586	1439254
BGN	80224	87902	92881	115805	115317	133240
Foreign currencies	825288	852157	1053627	1123409	1171269	1306014
incl. EUR	-	-	-	-	-	-
Repo agreements	30070	13794	10518	16535	27533	42976
BGN	-	-	-	-	-	-
Foreign currencies	30070	13794	10518	16535	27533	42976
incl. EUR	-	-	-	-	-	-
Debt securities issued	16136	16136	16136	16136	16136	16136
BGN	-	-	-	-	-	-
Foreign currencies	16136	16136	16136	16136	16136	16136
incl. EUR	-	-	-	-	-	-
RESERVES IN THE BNB	899741	999400	967201	981464	964267	1388248
Cash in BGN	254187	259383	295489	271756	275408	390114
Deposits	645554	740017	671712	709708	688859	998134
BGN	275954	331679	283480	299311	339118	758914
Foreign currencies	369600	408338	388232	410397	349741	239220
incl. EUR	-	-	-	-	-	-
CLAIMS ON GENERAL GOVERNMENT SECTOR	1388963	1359039	1268022	1298747	1330591	1272265
Central government (net)	1373853	1342632	1245096	1274678	1306021	1245228
Claims	2071806	2081590	2036008	2035652	2072615	2023950
Government securities	2071806	2081590	2036008	2035652	2072615	2023950
BGN	1165559	1166041	1161386	1150877	1171830	1150965
Foreign currencies	906247	915549	874622	884775	900785	872985
incl. EUR	-	-	-	-	-	-
Repo agreements	-	-	-	-	-	-
BGN	-	-	-	-	-	-
Foreign currencies	-	-	-	-	-	-
incl. EUR	-	-	-	-	-	-
Credits	-	-	-	-	-	-
BGN	-	-	-	-	-	-
Foreign currencies	-	-	-	-	-	-
incl. EUR	-	-	-	-	-	-
Less: liabilities	697953	738958	790912	760974	766594	778722
Deposits	697953	738958	790912	760974	766594	778722
BGN	453703	479180	488457	497730	501140	511616
Foreign currencies	244250	259778	302455	263244	265454	267106
incl. EUR	-	-	-	-	-	-
Repo agreements	-	-	-	-	-	-

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(BGN'000)

	VII.2003	VIII.2003	IX.2003	X.2003	XI.2003	XII.2003
BGN	-	-	-	-	-	-
Foreign currencies	-	-	-	-	-	-
incl. EUR	-	-	-	-	-	-
Local government and social security funds	15110	16407	22926	24069	24570	27037
Securities other than shares	3186	3013	2998	2402	2402	2402
BGN	1230	1230	1230	1229	1229	1229
Foreign currencies	1956	1783	1768	1173	1173	1173
incl. EUR	-	-	-	-	-	-
Repo agreements	-	-	-	-	-	-
BGN	-	-	-	-	-	-
Foreign currencies	-	-	-	-	-	-
incl. EUR	-	-	-	-	-	-
Credits	11924	13394	19928	21667	22168	24635
BGN	11924	13394	19928	21667	22168	24635
Foreign currencies	-	-	-	-	-	-
incl. EUR	-	-	-	-	-	-
CLAIMS ON NONGOVERNMENT SECTOR	7814963	8115160	8406596	8836219	9089508	9413215
Nonfinancial corporations	5686318	5868658	6029441	6333863	6476953	6659741
Repo agreements	-	-	-	-	-	-
BGN	-	-	-	-	-	-
Foreign currencies	-	-	-	-	-	-
incl. EUR	-	-	-	-	-	-
Credits	5612106	5797560	5963299	6265858	6389686	6575340
BGN	2540048	2577583	2720607	2787161	2868850	2936106
Foreign currencies	3072058	3219977	3242692	3478697	3520836	3639234
incl. EUR	-	-	-	-	-	-
Securities other than shares	32121	27635	27791	25457	44670	41296
BGN	27008	22615	22749	19986	35263	34974
Foreign currencies	5113	5020	5042	5471	9407	6322
incl. EUR	-	-	-	-	-	-
Shares and other equity	42091	43463	38351	42548	42597	43105
BGN	42091	43463	38351	42548	42597	43105
Foreign currencies	-	-	-	-	-	-
incl. EUR	-	-	-	-	-	-
Financial corporations	161531	178790	219452	231988	255263	251569
Repo agreements	67611	77681	110562	107001	109105	103201
BGN	34072	32942	31510	29597	31100	34012
Foreign currencies	33539	44739	79052	77404	78005	69189
incl. EUR	-	-	-	-	-	-
Credits	80280	87468	94124	107892	121043	122674
BGN	1143	2885	5159	3652	6319	889
Foreign currencies	79137	84583	88965	104240	114724	121785
incl. EUR	-	-	-	-	-	-
Securities other than shares	978	978	978	3210	11210	11178
BGN	-	-	-	-	8000	7968
Foreign currencies	978	978	978	3210	3210	3210
incl. EUR	-	-	-	-	-	-
Shares and other equity	12662	12663	13788	13885	13905	14516
BGN	12662	12663	13788	13885	13905	14516
Foreign currencies	-	-	-	-	-	-
incl. EUR	-	-	-	-	-	-
Households and nonprofit institutions serving households	1967114	2067712	2157703	2270368	2357292	2501905
Repo agreements	-	-	-	-	-	-
BGN	-	-	-	-	-	-
Foreign currencies	-	-	-	-	-	-
incl. EUR	-	-	-	-	-	-
Credits	1967114	2067712	2157703	2270368	2357292	2501905
BGN	1813356	1903087	1992922	2097129	2180050	2279405
Foreign currencies	153758	164625	164781	173239	177242	222500
incl. EUR	-	-	-	-	-	-
FIXED ASSETS	987960	997278	1008292	1011810	1017953	1051909
OTHER ITEMS (net)	-959391	-915603	-987204	-955071	-1000569	-924519
Interbank accounts (net)	-16319	-19287	-23270	-18215	-39011	-36203
Claims on commercial banks	634832	553477	644777	666736	644964	670828
BGN	246013	182245	228310	253942	231979	209079

(continued)

(continued)	(BGN'000)					
	VII.2003	VIII.2003	IX.2003	X.2003	XI.2003	XII.2003
Foreign currencies	388819	371232	416467	412794	412985	461749
incl. EUR	-	-	-	-	-	-
Less: liabilities to commercial banks	651151	572764	668047	684951	683975	707031
BGN	245167	183878	237432	258608	246344	226651
Foreign currencies	405984	388886	430615	426343	437631	480380
incl. EUR	-	-	-	-	-	-
Other (net)	-943072	-896316	-963934	-936856	-961558	-888316
Other unclassified assets	457907	492891	473221	502326	522914	519942
BGN	232259	240593	237791	238607	239670	233725
Foreign currencies	225648	252298	235430	263719	283244	286217
incl. EUR	-	-	-	-	-	-
Less: other unclassified assets	1400979	1389207	1437155	1439182	1484472	1408258
BGN	1001734	976691	1017465	1002425	1031865	964730
Foreign currencies	399245	412516	419690	436757	452607	443528
incl. EUR	-	-	-	-	-	-
LIABILITIES	12658179	13020314	13010374	13215600	13103085	13705432
LIABILITIES TO THE BNB	283	284	290	288	287	285
BGN	255	255	255	255	255	255
Foreign currencies	28	29	35	33	32	30
incl. EUR	-	-	-	-	-	-
LIABILITIES INCLUDED IN MONEY SUPPLY	10349470	10671030	10650710	10793932	10635037	11179117
DEPOSITS	10185138	10471038	10481022	10613726	10506718	11077323
Overnight deposits	3501720	3571019	3669870	3723074	3707059	4027297
BGN	2197654	2340591	2351355	2370439	2477252	2807189
Local government and social security funds	137171	142830	130127	120178	145574	95338
Nonfinancial corporations	1371323	1466133	1490626	1500704	1554071	1822468
Financial corporations	48531	45921	48888	48261	51409	62635
Households and nonprofit institutions serving households	640629	685707	681714	701296	726198	826748
Foreign currencies	1304066	1230428	1318515	1352635	1229807	1220108
Local government and social security funds	1133	1106	986	12056	1765	10364
Nonfinancial corporations	937625	861243	946563	952193	852045	833166
Financial corporations	15794	9430	12469	13341	13500	9231
Households and nonprofit institutions serving households	349514	358649	358497	375045	362497	367347
incl. EUR	-	-	-	-	-	-
Local government and social security funds	-	-	-	-	-	-
Nonfinancial corporations	-	-	-	-	-	-
Financial corporations	-	-	-	-	-	-
Households and nonprofit institutions serving households	-	-	-	-	-	-
Deposits with agreed maturity of up to two years	5193409	5362052	5281092	5330000	5226743	5430159
BGN	1821924	1841736	1865337	1888227	1870465	2056078
Local government and social security funds	47935	47455	46253	46384	48054	42173
Nonfinancial corporations	618813	605294	598850	597912	548514	670026
Financial corporations	84947	81263	89487	84749	88102	104970
Households and nonprofit institutions serving households	1070229	1107724	1130747	1159182	1185795	1238909
Foreign currencies	3371485	3520316	3415755	3441773	3356278	3374081
Local government and social security funds	9503	9641	9371	9528	9307	322
Nonfinancial corporations	596969	637876	616231	592076	513043	537750
Financial corporations	65127	65103	65970	56228	53926	63642
Households and nonprofit institutions serving households	2699886	2807696	2724183	2783941	2780002	2772367
incl. EUR	-	-	-	-	-	-
Local government and social security funds	-	-	-	-	-	-
Nonfinancial corporations	-	-	-	-	-	-
Financial corporations	-	-	-	-	-	-
Households and nonprofit institutions serving households	-	-	-	-	-	-
Deposits redeemable at notice of up to three months	1490009	1537967	1530060	1560652	1572916	1619867
BGN	705116	722047	727960	735344	743363	789772
Local government and social security funds	-	-	-	-	-	-
Nonfinancial corporations	-	-	-	-	-	-
Financial corporations	-	-	-	-	-	-
Households and nonprofit institutions serving households	705116	722047	727960	735344	743363	789772
Foreign currencies	784893	815920	802100	825308	829553	830095
Local government and social security funds	-	-	-	-	-	-
Nonfinancial corporations	-	-	-	-	-	-
Financial corporations	-	-	-	-	-	-
Households and nonprofit institutions serving households	784893	815920	802100	825308	829553	830095

(continued)

(continued)

(BGN'000)

	VII.2003	VIII.2003	IX.2003	X.2003	XI.2003	XII.2003
incl. EUR	-	-	-	-	-	-
Local government and social security funds	-	-	-	-	-	-
Nonfinancial corporations	-	-	-	-	-	-
Financial corporations	-	-	-	-	-	-
Households and nonprofit institutions serving households	-	-	-	-	-	-
REPO AGREEMENTS	158827	194487	164518	175036	123149	99459
BGN	114737	104671	101598	123245	109412	83221
Local government and social security funds	-	-	-	-	-	-
Nonfinancial corporations	29859	26036	17250	25114	19342	12085
Financial corporations	84878	78635	84348	98131	90070	71136
Households and nonprofit institutions serving households	-	-	-	-	-	-
Foreign currencies	44090	89816	62920	51791	13737	16238
Local government and social security funds	-	-	-	-	-	-
Nonfinancial corporations	41016	86161	62105	48627	10598	7774
Financial corporations	2728	3655	0	2347	2347	7402
Households and nonprofit institutions serving households	346	-	815	817	792	1062
incl. EUR	-	-	-	-	-	-
Local government and social security funds	-	-	-	-	-	-
Nonfinancial corporations	-	-	-	-	-	-
Financial corporations	-	-	-	-	-	-
Households and nonprofit institutions serving households	-	-	-	-	-	-
DEBT SECURITIES WITH A TERM OF UP TO TWO YEARS	5505	5505	5170	5170	5170	2335
BGN	5505	5505	5170	5170	5170	2335
Local government and social security funds	-	-	-	-	-	-
Nonfinancial corporations	4003	4003	3702	3702	3702	301
Financial corporations	1460	1460	1440	1440	1440	1920
Households and nonprofit institutions serving households	42	42	28	28	28	114
Foreign currencies	-	-	-	-	-	-
Local government and social security funds	-	-	-	-	-	-
Nonfinancial corporations	-	-	-	-	-	-
Financial corporations	-	-	-	-	-	-
Households and nonprofit institutions serving households	-	-	-	-	-	-
incl. EUR	-	-	-	-	-	-
Local government and social security funds	-	-	-	-	-	-
Nonfinancial corporations	-	-	-	-	-	-
Financial corporations	-	-	-	-	-	-
Households and nonprofit institutions serving households	-	-	-	-	-	-
LONG-TERM LIABILITIES NOT INCLUDED IN MONEY SUPPLY (DEPOSITS, DEBT SECURITIES ISSUED AND CAPITAL AND RESERVES)	2308426	2349000	2359374	2421380	2467761	2526030
DEPOSITS	142325	156625	162070	180929	191776	201740
Deposits with agreed maturity of over two years	142325	156625	162070	180929	191776	201740
BGN	93549	103796	105313	114012	119283	117839
Local government and social security funds	-	-	-	-	-	-
Nonfinancial corporations	2959	3000	3177	6220	8336	8313
Financial corporations	56861	57861	58244	59321	59930	63591
Households and nonprofit institutions serving households	33729	42935	43892	48471	51017	45935
Foreign currencies	48776	52829	56757	66917	72493	83901
Local government and social security funds	-	-	-	-	-	-
Nonfinancial corporations	9690	10438	11501	12621	12103	11841
Financial corporations	11220	11334	12796	7326	8029	7905
Households and nonprofit institutions serving households	27866	31057	32460	46970	52361	64155
incl. EUR	-	-	-	-	-	-
Local government and social security funds	-	-	-	-	-	-
Nonfinancial corporations	-	-	-	-	-	-
Financial corporations	-	-	-	-	-	-
Households and nonprofit institutions serving households	-	-	-	-	-	-
Deposits redeemable at notice of over three months	-	-	-	-	-	-
BGN	-	-	-	-	-	-
Local government and social security funds	-	-	-	-	-	-
Nonfinancial corporations	-	-	-	-	-	-
Financial corporations	-	-	-	-	-	-
Households and nonprofit institutions serving households	-	-	-	-	-	-
Foreign currencies	-	-	-	-	-	-
Local government and social security funds	-	-	-	-	-	-

(continued)

(continued)	(BGN'000)					
	VII.2003	VIII.2003	IX.2003	X.2003	XI.2003	XII.2003
Nonfinancial corporations	-	-	-	-	-	-
Financial corporations	-	-	-	-	-	-
Households and nonprofit institutions serving households incl. EUR	-	-	-	-	-	-
Local government and social security funds	-	-	-	-	-	-
Nonfinancial corporations	-	-	-	-	-	-
Financial corporations	-	-	-	-	-	-
Households and nonprofit institutions serving households	-	-	-	-	-	-
DEBT SECURITIES WITH A TERM OF OVER TWO YEARS	42923	42923	44849	44852	51663	53981
BGN	5325	5325	5325	5325	5325	5325
Local government and social security funds	-	-	-	-	-	-
Nonfinancial corporations	-	-	-	-	-	-
Financial corporations	5325	5325	5325	5325	5325	5325
Households and nonprofit institutions serving households	-	-	-	-	-	-
Foreign currencies	37598	37598	39524	39527	46338	48656
Local government and social security funds	-	-	-	-	-	-
Nonfinancial corporations	779	779	1492	1494	1581	3389
Financial corporations	34945	34945	35823	35823	42010	41977
Households and nonprofit institutions serving households incl. EUR	1874	1874	2209	2210	2747	3290
Local government and social security funds	-	-	-	-	-	-
Nonfinancial corporations	-	-	-	-	-	-
Financial corporations	-	-	-	-	-	-
Households and nonprofit institutions serving households	-	-	-	-	-	-
CAPITAL AND RESERVES	2123178	2149452	2152455	2195599	2224322	2270309
Funds contributed by owners	945476	945476	919638	933329	933329	935316
Reserves	843218	844373	845051	844889	844120	864493
Financial result	334484	359603	387766	417381	446873	470500

Source: commercial banks.

Interest Rates and Government Securities Yield in 2003 (annual effective)

Indicators	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
BASE INTEREST RATE (at end of period)	3.27	2.53	2.55	2.60	2.98	2.92	2.54	2.55	2.59	2.62	2.63	2.69
SHORT-TERM INTEREST RATES												
Interest rates on deposits extended in the interbank market	0.71	1.00	1.45	4.43	2.13	1.65	1.66	2.31	1.81	2.49	2.93	1.11
up to one day	0.67	0.95	1.45	4.75	2.04	1.65	1.63	2.29	1.81	2.58	3.01	0.94
from one to three days	0.75	0.98	1.34	3.24	1.88	1.39	1.50	2.33	1.52	2.05	2.50	0.94
from three days to one week	0.87	0.73	2.09	4.20	3.17	2.10	2.21	2.66	2.49	2.94	3.20	1.30
from one week to one month	0.90	2.25	2.44	3.56	3.03	2.44	2.85	2.70	2.38	2.55	3.47	3.28
over one month	2.72	2.69	2.95	3.48	6.30	4.65	3.46	-	3.04	3.72	3.93	4.58
Interest rates on time deposits												
BGN	3.16	3.17	3.28	3.24	3.21	3.15	3.06	3.23	2.88	2.92	3.02	3.15
EUR	2.11	2.14	1.98	1.94	1.97	2.02	1.87	1.88	1.80	1.93	1.95	2.15
USD	1.47	1.53	1.44	1.39	1.47	1.59	1.52	1.45	1.54	1.59	1.62	1.80
Interest rates on demand deposits												
BGN	0.41	0.41	0.43	0.44	0.42	0.43	0.40	0.42	0.43	0.47	0.49	0.48
EUR	0.51	0.65	0.59	0.54	0.51	0.50	0.49	0.44	0.48	0.45	0.43	0.45
USD	0.61	0.51	0.46	0.50	0.41	0.42	0.43	0.37	0.37	0.42	0.48	0.48
Interest rates on credits												
BGN	8.84	9.80	9.09	8.71	10.46	10.14	8.68	7.81	9.72	8.09	9.31	9.53
EUR	7.59	8.65	5.72	6.79	8.83	7.82	6.69	6.93	6.95	6.70	6.93	6.81
USD	6.30	5.79	10.34	7.25	5.35	7.53	8.01	10.28	7.82	6.01	5.21	4.80
Yield of government securities issues	3.61	2.55	2.58	3.84	2.99	2.54	2.54	2.58	2.61	2.63	2.63	2.86
LONG-TERM INTEREST RATES (average-weighted)												
Interest rates on credits												
BGN	13.58	13.69	13.76	14.3	13.62	14.43	13.08	13.92	13.21	12.82	12.92	12.85
EUR	10.58	11.33	11.18	9.45	10.83	10.43	10.1	9.85	9.72	9.96	9.85	8.65
USD	12.6	13.04	12.36	9.06	12.25	12.76	11.04	9.49	14.82	9.88	7.54	9.45
Yield of government securities issues	5.85	5.63	-	5.93	6.22	5.53	5.42	5.13	5.15	5.77	-	4.87

Source: BNB.

Nominal Interest Rates on Short-term Lev Credits in 2003

Months	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
January	0.71											
February	1.50	0.78										
March	2.24	1.52	0.73									
April	2.95	2.23	1.44	0.70								
May	3.81	3.07	2.28	1.54	0.83							
June	4.65	3.91	3.11	2.36	1.65	0.81						
July	5.38	4.64	3.83	3.07	2.36	1.52	0.70					
August	6.04	5.30	4.48	3.72	3.00	2.16	1.33	0.63				
September	6.87	6.12	5.30	4.53	3.81	2.95	2.12	1.41	0.78			
October	7.57	6.81	5.98	5.21	4.48	3.62	2.79	2.07	1.44	0.65		
November	8.36	7.60	6.76	5.99	5.25	4.39	3.55	2.83	2.19	1.39	0.74	
December	9.19	8.42	7.58	6.80	6.05	5.18	4.34	3.61	2.96	2.17	1.51	0.76

Source: BNB.

Real Interest Rates on Short-term Lev Credits in 2003

Months	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
January	0.06											
February	0.71	0.65										
March	1.07	1.01	0.35									
April	1.48	1.42	0.76	0.41								
May	2.95	2.89	2.23	1.87	1.45							
June	6.09	6.02	5.34	4.97	4.54	3.04						
July	5.89	5.83	5.14	4.77	4.35	2.85	-0.18					
August	5.76	5.70	5.02	4.65	4.22	2.73	-0.31	-0.12				
September	5.59	5.53	4.85	4.48	4.05	2.56	-0.47	-0.28	-0.16			
October	5.55	5.48	4.80	4.43	4.01	2.52	-0.51	-0.33	-0.21	-0.04		
November	4.41	4.34	3.67	3.30	2.88	1.41	-1.59	-1.40	-1.28	-1.12	-1.08	
December	3.36	3.30	2.63	2.27	1.85	0.39	-2.57	-2.39	-2.27	-2.11	-2.07	-1.00

* 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 2003

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	0.98	0.74	0.49	0.24								
May	1.23	0.98	0.73	0.48	0.24							
June	1.47	1.23	0.97	0.72	0.48	0.24						
July	1.70	1.46	1.21	0.95	0.71	0.47	0.23					
August	1.96	1.71	1.46	1.21	0.96	0.72	0.48	0.25				
September	2.18	1.94	1.68	1.43	1.19	0.94	0.70	0.47	0.22			
October	2.41	2.16	1.91	1.65	1.41	1.17	0.92	0.69	0.44	0.22		
November	2.64	2.40	2.14	1.89	1.64	1.40	1.16	0.92	0.67	0.45	0.23	
December	2.88	2.63	2.38	2.12	1.88	1.63	1.39	1.16	0.90	0.68	0.46	0.23

Source: BNB.

Real Interest Rates on One-month Lev Deposits in 2003

Months	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
January	-0.41											
February	-0.29	0.12										
March	-0.41	0.00	-0.12									
April	-0.46	-0.05	-0.18	-0.05								
May	0.39	0.80	0.68	0.81	0.86							
June	2.86	3.28	3.16	3.29	3.34	2.46						
July	2.20	2.61	2.49	2.62	2.67	1.79	-0.65					
August	1.69	2.10	1.98	2.10	2.16	1.29	-1.15	-0.50				
September	0.96	1.37	1.25	1.37	1.43	0.56	-1.85	-1.21	-0.72			
October	0.48	0.89	0.77	0.90	0.95	0.09	-2.32	-1.68	-1.18	-0.47		
November	-1.11	-0.70	-0.82	-0.70	-0.65	-1.49	-3.86	-3.23	-2.75	-2.04	-1.58	
December	-2.61	-2.22	-2.33	-2.21	-2.16	-3.00	-5.32	-4.70	-4.23	-3.54	-3.08	-1.52

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

Source: BNB.

5. Loans (Central Credit Register Data)

Commercial Bank Claims by Industry

(BGN'000)

	31.XII.2002		30.VI.2003		31.XII.2003	
	Balance sheet exposure	Off-balance sheet exposure	Balance sheet exposure	Off-balance sheet exposure	Balance sheet exposure	Off-balance sheet exposure
Additional code for individuals	192 153	16 137	505 202	12 949	832 460	13 132
Agriculture, hunting and forestry	139 987	54 337	199 969	51 587	258 132	53 544
Extracting industry	211 923	89 100	170 737	88 010	171 009	73 992
Processing industry	1 369 764	439 053	1 557 867	488 343	1 803 025	436 586
Electrical power, heating, gas and water	123 681	88 119	195 959	137 079	343 921	79 105
Construction	160 004	122 959	228 823	114 534	278 208	143 048
Retail, overhaul and technical services	1 724 686	472 543	2 119 947	441 283	2 817 862	547 266
Hotelry and catering	271 000	64 068	323 886	142 673	319 916	114 385
Transport, storage and communications	332 064	134 512	332 765	114 664	247 721	108 584
Financial mediation	1 086 834	775 080	515 829	78 903	482 617	62 137
Operations in real estate	119 755	9 454	144 442	10 399	163 681	30 423
Government administration and defence	39 519	17 198	39 129	5 326	37 586	9 623
Education	1 326	60	2 059	205	1 777	192
Healthcare and social activities	32 326	19 186	37 734	9 244	51 111	9 404
Other public services	1 435 394	247 647	1 529 512	207 275	1 778 562	228 274
Exterritorial organizations and services	59 698	14 887	43 665	7 299	68 302	6 868
TOTAL	7 300 112	2 564 342	7 947 525	1 909 773	9 655 890	1 916 563

Source: BNB.

Commercial Bank Claims by Currency

(BGN'000)

	31.XII.2002		30.VI.2003		31.XII.2003	
	Balance sheet exposure	Off-balance sheet exposure	Balance sheet exposure	Off-balance sheet exposure	Balance sheet exposure	Off-balance sheet exposure
Bulgarian lev	3 540 514	883 094	4 103 585	829 855	5 186 780	825 100
Euro	2 394 382	1 217 965	2 577 211	694 647	3 378 800	677 797
US dollar	1 347 185	451 894	1 243 280	374 069	1 061 636	399 738
Swiss franc	4 963	8 371	1 447	8 675	2 024	10 976
British pound	13 069	2 990	22 002	2 432	26 641	2 936
Other	0	28	0	95	9	16
TOTAL	7 300 112	2 564 342	7 947 525	1 909 773	9 655 890	1 916 563

Source: BNB.

Claims over BGN 10,000 by Loan Agreement Term

(BGN'000)

	31.XII.2002		30.VI.2003		31.XII.2003	
	Balance sheet exposure	Off-balance sheet exposure	Balance sheet exposure	Off-balance sheet exposure	Balance sheet exposure	Off-balance sheet exposure
Up to one year	2 542 648	898 921	1 893 707	913 383	2 042 202	961 310
From one to three years	1 709 276	554 405	2 207 944	561 574	2 536 207	531 225
Over three years	1 939 980	1 082 894	2 574 093	415 414	3 586 867	402 443
TOTAL	6 191 905	2 536 220	6 675 744	1 890 371	8 165 276	1 894 978

Source: BNB.

6. Financial Markets

Interbank Money Market

	(BGN'000)		
2003	Deposits	Repo agreements	Outright transactions in government securities
January	1 951 924	77 151	119 280
February	1 705 114	65 136	105 639
March	1 797 511	107 870	86 537
April	1 397 282	165 989	161 120
May	929 984	110 279	99 957
June	1 163 516	100 139	156 341
July	1 462 906	112 518	69 540
August	1 390 006	96 028	50 667
September	1 291 710	93 852	67 708
October	2 250 244	146 015	74 949
November	1 661 915	151 975	32 885
December	1 471 591	49 188	157 857
TOTAL	18 473 703	1 276 140	1 182 480
Structure, %	88.2	6.1	5.6

Source: BNB.

Forex Market. Transactions with Final Customers in 2003

	(million EUR)		
	Bought	Sold	Balance
Total	6002.2	6192.3	-190.1
incl.: Commercial banks	5873.4	5836.6	36.8
BNB	128.8	355.7	-226.9
January – June	2721.8	2736.7	-14.9
incl.: Commercial banks	2681.7	2669.1	12.6
BNB	40.1	67.6	-27.5
July – December	3280.4	3455.6	-175.2
incl.: Commercial banks	3191.7	3167.5	24.2
BNB	88.7	288.1	-199.4

Source: BNB.

Forex Market. Interbank Spot Market in 2003

	(million EUR)		
	Bought	Sold	Balance
Total	4738.9	4273.5	465.4
incl.: Commercial banks*	4163.5	4163.1	0.4
BNB	575.4	110.4	465
January – June	2208.9	2091.2	117.7
incl.: Commercial banks*	2017.7	2017.3	0.4
BNB	191.2	73.9	117.3
July – December	2530	2182.3	347.7
incl.: Commercial banks*	2145.8	2145.8	0.005483
BNB	384.2	36.5	347.7

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

Source: BNB.

Forex Market. BNB Spot Transactions in 2003

	(million EUR)		
	Bought	Sold	Balance
Total	704.2	466.1	238.1
BNB with commercial banks	575.4	110.4	465
BNB with final customers, incl.:	128.8	355.7	-226.9
with companies and budget organizations	55.9	345	-289.1
cash operations at tills	72.9	10.7	62.2
January – June	231.3	141.5	89.8
BNB with commercial banks	191.2	73.9	117.3
BNB with final customers, incl.:	40.1	67.6	-27.5
with companies and budget organizations	20	62.4	-42.4
cash operations at tills	20.1	5.2	14.9
July – December	472.9	324.6	148.3
BNB with commercial banks	384.2	36.5	347.7
BNB with final customers, incl.:	88.7	288.1	-199.4
with companies and budget organizations	35.9	282.6	-246.7
cash operations at tills	52.8	5.5	47.3

Source: BNB.

The Equity and Corporate Bond Market

Bulgarian Stock Exchange – Sofia – Primary Market

Segments	Equity primary market		Bond primary market		Government securities primary market
	official market	unofficial market	official market	unofficial market	official market
Transactions	-	-	1.3	-	-

Source: Daily BSE – Sofia reports.

Volume of Bulgarian Stock Exchange Securities Transactions – Sofia

Markets	(million BGN)							
	Equity market		Bond market				Other	
	official market	unofficial market	official bond market			unofficial market	unofficial market	
Segments at which the instruments are registered	Segments A, B, C	unofficial share market	government securities	municipal bonds	corporate bonds	unofficial bond market	compensative instruments market	unofficial market of other book-entry securities
INSTRUMENTS AND DEALS								
Trade in primary instruments, incl.:	85	206.3	-	0	41.9	26.7	146.9	0.4
regular deals	60.9	119.5	-	0	41.9*	26.7**	78.1***	0.1
block deals; transfers	14.5	66.8	-	-	-	-	68.7	-
tenders; auctions	-	11.2	-	-	-	-	-	0.3
primary sales for listing	0.3	-	-	-	-	-	-	-
redemption	-	1.6	-	-	-	-	-	-
privatization market deals (number)	9.4	7.1	-	-	-	-	-	-
Privatization market (against compensative instruments)	8.1	58.7	-	-	-	-	-	-
Trade in derivatives (BDRs), incl.:	-	0.5	-	-	-	-	-	-
regular deals	-	0.5	-	-	-	-	-	-

* Including repo agreements of BGN 0.4 million.

** Including repo agreements of BGN 0.7 million.

*** Including repo agreements of BGN 20,000.

Source: Daily BSE – Sofia reports.

7. The National Payment System

Bank Integrated System for Electronic Payments (BISERA)

Payments processed	2002	2003		
		Total	Before RINGS	After RINGS
Number	24 626 035	29 755 735	11 498 292	18 257 443
Value (million BGN)	71 350.63	59 397.92	31 967.44	27 430.49

Source: BNB.

Banking Organization for Payments Initiated by Cards (BORICA)

Indicator	2002	2003
Debit and credit cards, total. Incl.:	1 614 105	2 410 553
BORICA national debit cards:	1 557 165	2 231 625
Incl. international Maestro debit cards	443 002	865 238
Local Visa Electron debit cards	28 551	100 793
International Visa Electron debit cards	10 340	39 595
International Visa credit cards	5 818	15 408
International MasterCard credit cards	12 231	23 132
ATMs (number)	829	1 222
POS terminals (number)	2 554	3 754
Number of transactions, total. Incl.:	26 134 129	42 006 384
Payments on services through ATMs	35 071	120 785
Cash withdrawal	24 234 907	38 803 875
Volume of transactions, total (BGN'000). Incl.:	2 236 854	3 630 362
Cash withdrawal	2 004 292	3 248 051
Payments through POS terminals	214 193	357 332
Payments on services through ATMs	1 117	3 780

Source BNB.

8. Balance Sheets of the BNB

Balance Sheet of the BNB

	(BGN'000)						
ISSUE DEPARTMENT	29.XII.2002	31.I.2003	28.II.2003	31.III.2003	30.IV.2003	31.V.2003	30.VI.2003
ASSETS	8 947 491	8 363 216	8 472 845	8 602 710	9 233 255	9 315 714	9 451 334
1. Cash in foreign currency	1300148	1032907	1056635	1314861	1919417	1564035	1571583
2. Monetary gold	640858	640856	640856	640856	640856	640856	640841
3. Foreign securities	6852619	6552450	6627781	6505309	6542297	6971212	7081148
4. Accrued interest receivable	153866	137003	147573	141684	130685	139611	157762
LIABILITIES	8 947 491	8 363 216	8 472 845	8 602 710	9 233 255	9 315 714	9 451 334
1. Currency in circulation	3627928	3340229	3358823	3328932	3510282	3487783	3617677
2. Bank deposits and current accounts	854442	702223	757523	760333	764066	581623	686051
3. Government deposits and accounts	3034710	2851586	2860191	3086835	3659694	3890758	3773934
4. Other depositors' accounts	163056	153504	151216	92079	82765	75624	95795
5. Accrued interest payable	2592	3424	4635	4104	5512	6642	945
6. Banking Department deposit	1264763	1312250	1340457	1330427	1210936	1273284	1276932

	(BGN'000)						
ISSUE DEPARTMENT	31.VII.2003	29.VIII.2003	30.IX.2003	31.X.2003	29.XI.2003	31.XII.2003	
ASSETS	9 517 702	9 799 692	9 881 852	10 413 354	10 556 837	10 382 751	
1. Cash in foreign currency	1367546	1550747	1652304	1711252	1891304	1434454	
2. Monetary gold	640841	640834	640831	640831	640738	640738	
3. Foreign securities	7379616	7460463	7431651	7895801	7857817	8116768	
4. Accrued interest receivable	129699	147648	157066	165470	166978	190791	
LIABILITIES	9 517 702	9 799 692	9 881 852	10 413 354	10 556 837	10 382 751	
1. Currency in circulation	3736837	3875880	3919472	3840366	3834878	4264222	
2. Bank deposits and current accounts	652592	750076	685956	712022	699731	1002134	
3. Government deposits and accounts	3796377	3851376	3896391	4009099	4150547	3207401	
4. Other depositors' accounts	82586	94603	102017	628280	662327	653135	
5. Accrued interest payable	592	769	830	790	800	819	
6. Banking Department deposit	1248718	1226988	1277186	1222797	1208554	1255040	

(continued)

(continued)		(BGN'000)						
BANKING DEPARTMENT		29.XII.2002	31.I.2003	28.II.2003	31.III.2003	30.IV.2003	31.V.2003	30.VI.2003
ASSETS		4 891 231	4 855 059	4 925 821	4 932 336	4 803 787	4 722 763	4 793 604
1. Nonmonetary gold and other precious metals		9770	3721	3509	3350	3283	3353	3287
2. Investments in securities		0	0	0	0	0	0	0
3. Loans and advances to banks, net of provisions		41	38	36	36	34	32	33
4. Receivables from government		1926403	1882368	1925828	1899180	1912284	1818902	1856477
5. Bulgaria's IMF quota and holdings in other international financial institutions		1548063	1512761	1511269	1498823	1477907	1427891	1457312
6. Accrued interest receivable		0	0	0	0	0	41	105
7. Equity investments in domestic entities		73134	73134	73134	73134	73134	73134	73134
8. Fixed assets		45593	46582	46356	108566	107789	107477	108549
9. Other assets		23464	24205	25232	18820	18420	18649	17775
10. Banking Department deposit		1264763	1312250	1340457	1330427	1210936	1273284	1276932
LIABILITIES		4 891 231	4 855 059	4 925 821	4 932 336	4 803 787	4 722 763	4 793 604
1. Borrowings from IMF		1965951	1921012	1945131	1918324	1931159	1818902	1856477
2. Liabilities to international financial institutions		1548175	1512898	1511108	1498671	1477770	1428545	1457945
3. Accrued interest payable		200	278	60	97	132	21	22
4. Other liabilities		5651	5332	6439	5941	7386	3632	4109
Liabilities, total		3519977	3439520	3462738	3423033	3416447	3251100	3318553
5. Capital		20000	20000	20000	20000	20000	20000	20000
6. Reserves		1178581	1201709	1229783	1255423	1289134	1353631	1336826
7. Retained profit		172673	193830	213300	233880	78206	98032	118225
Equity, total		1371254	1415539	1463083	1509303	1387340	1471663	1475051

		(BGN'000)						
BANKING DEPARTMENT		31.VII.2003	29.VIII.2003	30.IX.2003	31.X.2003	29.XI.2003	31.XII.2003	
ASSETS		4 838 667	4 954 235	4 901 021	4 836 805	4 724 215	4 698 486	
1. Nonmonetary gold and other precious metals		3414	3694	3575	3589	3609	3348	
2. Investments in securities		0	0	0	0	0	0	
3. Loans and advances to banks, net of provisions		31	32	47	35	32	30	
4. Receivables from government		1924971	2026179	1962105	1946568	1886232	1838945	
5. Bulgaria's IMF quota and holdings in other international financial institutions		1461975	1498229	1458683	1464466	1426866	1398754	
6. Accrued interest receivable		67	119	166	99	133	182	
7. Equity investments in domestic entities		73134	74234	74234	74234	74234	74234	
8. Fixed assets		108738	107739	107912	108486	108445	109246	
9. Other assets		17619	17021	17113	16531	16110	18707	
10. Banking Department deposit		1248718	1226988	1277186	1222797	1208554	1255040	
LIABILITIES		4 838 667	4 954 235	4 901 021	4 836 805	4 724 215	4 698 486	
1. Borrowings from IMF		1924971	2026179	1962105	1946568	1886232	1838945	
2. Liabilities to international financial institutions		1462304	1498532	1459014	1464494	1428196	1399804	
3. Accrued interest payable		22	0	0	0	0	0	
4. Other liabilities		4624	4085	3941	3832	3777	4033	
Liabilities, total		3391921	3528796	3425060	3414894	3318205	3242782	
5. Capital		20000	20000	20000	20000	20000	20000	
6. Reserves		1281566	1235471	1265614	1188445	1149384	1180449	
7. Retained profit		145180	169968	190347	213466	236626	255255	
Equity, total		1446746	1425439	1475961	1421911	1406010	1455704	

Source: BNB.

9. Denomination Composition in Banknotes and Coins

Denominations	(BGN'000)	
	31 December 2002	31 December 2003
Banknotes, total	4 538 667	5 236 304
Banknotes – new denominations, total	4 503 364	5 211 118
100 levs		201 000
50 levs	2 209 543	2 560 273
20 levs	1 275 104	1 400 196
10 levs	709 869	772 356
5 levs	190 035	180 053
2 levs	81 059	78 621
1 lev	37 754	18 619
Banknotes – old denominations, total	35 303	25 186
50 000 levs = 50 new levs	10 466	10 362
10 000 levs = 10 new levs	13 094	5 063
5 000 levs = 5 new levs	2 823	2 448
2 000 levs = 2 new levs	2 688	1 918
1 000 levs = 1 new lev	2 545	1 868
500 levs = 0.50 new levs	1 487	1 392
200 levs = 0.20 new levs	1 225	1 182
100 levs = 0.10 new levs	976	953
Coins, total	53 989	76 186
Coins – new denominations, total	48 457	70 012
1 lev	9 617	25 962
50 stotinkas	14 464	15 827
20 stotinkas	10 738	12 319
10 stotinkas	7 811	8 936
5 stotinkas	2 997	3 543
2 stotinkas	1 759	2 114
1 stotinka	1 072	1 311
Coins – old denominations, total	3 715	3 715
50 levs = 0.05 new levs	1 436	1 436
20 levs = 0.02 new levs	937	937
10 levs = 0.01 new levs	844	844
5 levs = 0.005 new levs	254	254
2 levs = 0.002 new levs	126	126
1 lev = 0.001 new levs	109	109
0.50 levs = 0.0005 new levs	5	5
0.20 levs = 0.0002 new levs	2	2
0.10 levs = 0.0001 new levs	2	2
Commemorative	1 817	2 458
Banknotes and coins, total	4 592 656	5 312 490

Source: BNB.

10. Banking Statistics

Banking System Balance Sheet (annual closing of accounts, 2003)

	Total	Related parties	BGN	EUR	(BGN'000) Other currencies
ASSETS					
Vault cash and current accounts with the BNB	1628933		1149378	149465	330090
Claims on financial institutions					
Demand deposits with banks	166218	2324	21629	80311	61954
Time deposits with banks	2244254	36357	150989	668189	1388719
Loans to banks	17096	0	358	5883	10855
Other claims on banks	24012	1205	17187	1016	4604
Loans to other financial institutions	125267	103112	692	12653	8810
Claims on financial institutions, total	2576846	142998	190855	768051	1474942
Less: specific provisions	2250		1035	783	432
Claims on financial institutions, net	2574596	142998	189820	767268	1474510
Claims under repurchase agreements	127588	0	51289	70107	6192
Trading portfolio	1366143	11	692757	384423	288952
Investment portfolio					
Investments held to maturity	1214442	0	396535	552310	265597
Investments available for sale	509733	0	180187	220451	109095
Loans to nonfinancial institutions and other customers					
Loans to budget	24597		24597	0	0
Commercial loans					
Commercial real estate and construction loans	1705004		443809	1082639	178556
Other commercial loans	4978082		2445652	1910910	621520
Agricultural loans	202234		169145	27803	5286
Consumer loans	1700324		1678964	17715	3645
Housing mortgage loans to individuals	412422		346712	50792	14918
Other loans	357269	0	205601	103297	48371
Loans to nonfinancial institutions and other customers, total	9379932	0	5314480	3193156	872296
Less: specific provisions	371903		233485	78768	59650
Loans to nonfinancial institutions and other customers, net	9008029	0	5080995	3114388	812646
Assets for resale	9512		9512	0	0
Investments in unconsolidated subsidiaries and associated companies	28241		28241	0	0
Other assets					
Hedging derivatives	0	0	0	0	0
Interest receivable	112379	183	45438	45229	10366
Other assets	95959	11	78678	6901	10369
Other assets, total	95959	11	78678	6901	10369
Less: specific provisions	0		0	0	0
Other assets, net	95959	11	78678	6901	10369
Intangible assets	134708		134708	0	0
Premises and other fixed assets	629731		629731	0	0
Assets, total	17322517	143020	8616615	5265431	3297451
LIABILITIES, MINORITY INTEREST, AND CAPITAL					
Deposits of financial institutions					
Demand deposits of banks	97362	708	61635	20153	14866
Time deposits of banks	967943	279933	149535	378815	159660
Deposits of other financial institutions	415312	3985	208169	161577	41581
Deposits of nonfinancial institutions and other customers					
Demand deposits	4752258	0	3250638	836171	665449
Time deposits	5664589	0	2001180	1583799	2079610
Savings deposits	1704887	0	858040	364341	482506
Deposits, total	13602351	284626	6529197	3344856	3443672
Borrowings under repurchase agreements	174886	0	110041	61733	3112

(continued)

(continued)	(BGN'000)				
	Total	Related parties	BGN	EUR	Other currencies
Short-term borrowings					
From the BNB	0		0	0	0
From banks	130473	0	1174	25295	104004
Other	18854	0	5457	9673	3724
Long-term borrowings	655026	25039	100102	445879	84006
Subordinated term debt and debt/equity (hybrid) instruments					
Subordinated term debt	18475		1000	16936	539
Debt/equity (hybrid) instruments	46779		0	31293	15486
Other liabilities					
Trading portfolio liabilities	15436	48	927	933	13528
Hedging derivatives	8968	0	4389	3577	1002
Interest payable	51518	0	20106	16319	9702
Specific provisions on off-balance sheet commitments	54856	0	5930	3539	45387
Other liabilities	319183	17975	179731	77737	43740
Liabilities, total	15045287	327688	6937948	4021451	3758200
Minority interest in consolidated subsidiaries	0		0	0	0
Equity					
Common stock	931319		931319		
Share premium on common stock	1987		1987		
Preferred stock and related premium	0		0		
Reserves					
Retained profit/loss, previous years	84094	10863	73231		
Statutory reserves	271907		271907		
Other reserves	414323	62	414261		
Other equity components					
Revaluation – fixed assets	214337	656	213681		
Revaluation – investments available for sale	7898	335	7563		
Revaluation – cash flow hedges	0	0	0		
Profit/loss, current year	319133		319133		
One-off effect of the change in accounting regime	32117	2123	29994		
Equity, total	2277230	14038	2263192		
LIABILITIES, MINORITY INTEREST, AND CAPITAL, TOTAL	17322517	341726	9201140	4021451	3758200

Source: BNB.

Banking System Consolidated Income Statement (annual closing of accounts, 2003)

(BGN'000)

	Total	Related parties	BGN	EUR	Other currencies
INTEREST AND DIVIDEND INCOME					
Interest income from demand deposits with banks	2069	69	759	579	662
Interest income from time deposits with banks	48068	1542	4548	22425	19553
Interest income from loans to banks	740	0	8	225	507
Interest income from other claims on banks	735	6	625	6	98
Interest income from loans to other financial institutions	4407	3330	354	210	513
Interest income from claims under repurchase agreements	3837	0	2109	1161	567
Interest income from trading portfolio	73511	0	47145	14107	12259
Interest income from investment portfolio	79423	0	30436	32321	16666
Bulgarian government securities	49644		29292	17046	3306
Other domestic debt securities	2574	0	1144	1276	154
Debt securities issued by foreign governments and international financial institutions	12481		0	8209	4272
Other foreign debt securities	14724	0	0	5790	8934
Interest income from loans	799901	0	505767	205220	88914
Loans to budget	1403		1403	0	0
Commercial real estate and construction loans	124789		34478	64334	25977
Other commercial loans	402795		217252	128054	57489
Agricultural loans	17916		14398	3015	503
Consumer loans	199105		195740	1870	1495
Housing mortgage loans to individuals	37855		32414	3259	2182
Other loans	16038	0	10082	4688	1268
Dividend income	2152	0	2152	0	0
Interest and dividend income, total	1014843	4947	593903	276254	139739
INTEREST EXPENDITURE					
Interest expenditure on deposits of banks	19646	3128	5824	8377	2317
Interest expenditure on deposits of other financial institutions	13820	39	8541	3299	1941
Interest expenditure on demand deposits of nonfinancial institutions and other customers	25152	0	16084	5520	3548
Interest expenditure on time deposits of nonfinancial institutions and other customers	151015	0	68240	33448	49327
Interest expenditure on savings deposits of nonfinancial institutions and other customers	17747	0	13043	2282	2422
Interest expenditure on borrowings under repurchase agreements	4975	0	3772	1092	111
Interest expenditure on short-term borrowings	1324	0	74	470	780
Interest expenditure on long-term borrowings	22262	42	3436	15891	2893
Interest expenditure on subordinated term debt	1217	0	52	1131	34
Interest expenditure on debt/equity (hybrid) instruments	2570		6	1013	1551
Interest expenditure on other liabilities	1704		165	159	1379
Interest expenditure, total	261432	3210	119237	72682	66303
INTEREST AND DIVIDEND INCOME, NET	753411	1737	474666	203572	73436
CREDIT PROVISIONS					
Accrued provisions	261040	0			
Reintegrated provisions	218431	0			
Credit provisions, net	42609	0			
TRADING PORTFOLIO GAIN/LOSS					
Gain/loss on securities trading portfolio	39791	0			
Gain/loss on derivatives held for trading	621	-38			
Gain/loss on other instruments in trading portfolio	15	0			
Trading portfolio gain/loss, total	40427	-38			
GAIN/LOSS ON INVESTMENTS AVAILABLE FOR SALE					
Gain/loss on investments available for sale	8362	0			
Gain/loss on instruments effectively hedging investments available for sale	499	0			
GAIN/LOSS ON INVESTMENTS HELD TO MATURITY	10849	0			
OTHER NONINTEREST INCOME					
Loan servicing income	54733	43			
Fee income on off-balance sheet accounts	19379	1			
Service charges on deposits	97898	1			
Other fees and commissions	91571	48			

(continued)

(continued)

	Total	Related parties	BGN	EUR	(BGN'000) Other currencies
Gain/loss on assets held for resale	943	0			
Gain/loss on sale of other assets	9427	0			
Gain/loss on foreign currency transactions	33876	-350			
Other noninterest income	21626	0			
NONINTEREST EXPENDITURE					
Salary, social security, and pension expenditure	272144				
Occupancy expenditure, net	142390				
External service expenditure paid to shareholders and affiliates	10706				
Other external service expenditure	157087	3809			
Other noninterest expenditure	138233	42			
GAIN/LOSS BEFORE FOREX REVALUATION, EXTRA INCOME/EXPENDITURE, AND TAX ITEMS	379832	-2409			
FOREX REVALUATION GAIN/LOSS	28189	2			
EXTRAORDINARY GAIN/LOSS	8300	0			
TAX	97188				
MINORITY INTEREST	0				
PROFIT/LOSS, NET	319133	-2407			

Source: BNB.

Balance Sheet of Commercial Banks by Group as at December 2003
(annual closing of accounts, 2003)

(BGN'000)

	Group I	Group II	Group III	Total
ASSETS				
Vault cash and current accounts with the BNB	1156020	387114	85799	1628933
Claims on financial institutions				
Demand deposits with banks	94771	65949	5498	166218
Time deposits with banks	1688153	482893	73207	2244253
Loans to banks	17096			17096
Other claims on banks	5663	16030	2319	24012
Loans to other financial institutions	14603	7552	103112	125267
Claims on financial institutions, total	1820286	572424	184136	2576846
Less: specific provisions	742	1508		2250
Claims on financial institutions, net	1819544	570916	184136	2574596
Claims under repurchase agreements	102471	25117		127588
Trading portfolio	797786	534458	33899	1366143
Investment portfolio	1577753	122823	23599	1724175
Investments held to maturity	1184926	29516		1214442
Investments available for sale	392827	93307	23599	509733
Loans to nonfinancial institutions and other customers			593987	593987
Loans to budget	19862	4735		24597
Commercial loans	4456502	1670898	555686	6683086
Commercial real estate and construction loans	1094826	448272	161906	1705004
Other commercial loans	3361676	1222626	393780	4978082
Agricultural loans	129175	62233	10826	202234
Consumer loans	1632206	65496	2622	1700324
Housing mortgage loans to individuals	375835	27190	9397	412422
Other loans	236889	104924	15456	357269
Loans to nonfinancial institutions and other customers, total	6850469	1935476	593987	9379932
Less: specific provisions	263335	96381	12187	371903
Loans to nonfinancial institutions and other customers, net	6587134	1839095	581800	9008029
Assets for resale	6666	2846		9512
Investments in unconsolidated subsidiaries and associated companies	27536	705		28241
Other assets				
Hedging derivatives				
Other assets	51300	35918	3643	90861
Other assets, total	51300	35918	3643	90861
Intangible assets	120413	11606	2689	134708
Premises and other fixed assets	483444	138193	8094	629731
Assets, total	12730067	3668389	923659	17322115
LIABILITIES, MINORITY INTEREST, AND CAPITAL				
Deposits of financial institutions	596889	447088	436640	1480617
Demand deposits of banks	30680	64797	1885	97362
Time deposits of banks	361775	195022	411146	967943
Deposits of other financial institutions	204434	187269	23609	415312
Deposits of nonfinancial institutions and other customers	9601923	2117317	402667	12121907
Demand deposits	3566097	950858	235476	4752431
Time deposits	4456017	1067347	141225	5664589
Savings deposits	1579809	99112	25966	1704887
Deposits, total	10198812	2564405	839307	13602524
Borrowings under repurchase agreements	91028	81223	2635	174886
Short-term borrowings	97043	52284		149327
From the BNB				
From banks	96146	34327		130473
Other	897	17957		18854
Long-term borrowings	272393	357594	25039	655026
incl. borrowings from banks	261954	186815	39	448808
Subordinated term debt and debt/equity (hybrid) instruments	47561	17693		65254
Subordinated term debt	16268	2207		18475
Debt/equity (hybrid) instruments	31293	15486		46779
Other liabilities	270901	5908	32269	309078
Trading portfolio liabilities	14752	636	48	15436
Hedging derivatives	8968			8968
Specific provisions on off-balance sheet commitments	49584	5272		54856
Other liabilities	197597	89369	32221	319187

(continued)

(continued)	(BGN'000)			
	Group I	Group II	Group III	Total
LIABILITIES, TOTAL	10977738	3168304	899245	15045287
Equity				
Common stock	570522	360797		931319
Share premium on common stock		1987		1987
Preferred stock and related premium				
Reserves	688008	71391	10925	770324
Retained profit/loss, previous years	108867	-35636	10863	84094
Statutory reserves	211658	60249		271907
Other reserves	367483	46778	62	414323
Cumulative forex transaction adjustment			991	991
Other equity components	199450	18716		218166
Revaluation – fixed assets	194965	3078	656	198699
Revaluation – investments available for sale	4485	0	335	4820
Profit/loss, current year	270066	38691	10376	319133
One-off effect of the change in accounting regime	24283	5711	2123	32117
Equity, total	1752329	500487	24415	2277231
LIABILITIES, MINORITY INTEREST, AND CAPITAL, TOTAL	12730067	3668791	923659	17322517

Source: BNB.

Consolidated Income Statement of Commercial Banks by Group (annual closing of accounts, 2003)

(BGN'000)

	Group I	Group II	Group III	Total
INTEREST AND DIVIDEND INCOME				
Interest income from demand deposits with banks	1024	951	94	2069
Interest income from time deposits with banks	36470	9017	2581	48068
Interest income from loans to banks	511	229		740
Interest income from other claims on banks	104	625	6	735
Interest income from loans to other financial institutions	463	614	3330	4407
Interest income from claims under repurchase agreements	3046	791		3837
Interest income from trading portfolio	42069	30318	1124	73511
Interest income from investment portfolio	72199	5064	2160	79423
Bulgarian government securities	46492	2625	527	49644
Other domestic debt securities	2460	114		2574
Debt securities issued by foreign governments and international financial institutions	10442	406	1633	12481
Other foreign debt securities	12805	1919		14724
Interest income from loans	600938	170456	28507	799901
Loans to budget	970	433		1403
Commercial real estate and construction loans	72978	46262	5549	124789
Other commercial loans	276139	107104	19552	402795
Agricultural loans	11265	5386	1265	17916
Consumer loans	194003	4825	277	199105
Housing mortgage loans to individuals	34821	2456	578	37855
Other loans	10762	3990	1286	16038
Dividend income	493	1659		2152
Interest and dividend income, total	757317	219724	37802	1014843
INTEREST EXPENDITURE				
Interest expenditure on deposits of banks	8213	4865	6568	19646
Interest expenditure on deposits of other financial institutions	4281	9418	121	13820
Interest expenditure on demand deposits of nonfinancial institutions and other customers	16542	6757	1853	25152
Interest expenditure on time deposits of nonfinancial institutions and other customers	109929	38197	2889	151015
Interest expenditure on savings deposits of nonfinancial institutions and other customers	16347	1203	197	17747
Interest expenditure on borrowings under repurchase agreements	2740	1972	263	4975
Interest expenditure on short-term borrowings	194	1097	33	1324
Interest expenditure on long-term borrowings	8774	13446	42	22262
Interest expenditure on subordinated term debt	1088	129		1217
Interest expenditure on debt/equity (hybrid) instruments	1019	1551		2570
Interest expenditure on other liabilities	103	1600	1	1704
Interest expenditure, total	169230	80235	11967	261432
INTEREST AND DIVIDEND INCOME, NET	588087	139489	25835	753411
CREDIT PROVISIONS				
Accrued provisions	187513	64045	9482	261040
Reintegrated provisions	159218	46296	12917	218431
Credit provisions, net	28295	17749	-3435	42609
TRADING PORTFOLIO GAIN/LOSS				
Gain/loss on securities trading portfolio	21158	17113	1520	39791
Gain/loss on derivatives held for trading	-24	173	472	621
Gain/loss on other instruments in trading portfolio	14	1		15
Trading portfolio gain/loss, total	21148	17287	1992	40427
GAIN/LOSS ON INVESTMENTS AVAILABLE FOR SALE				
Gain/loss on investments available for sale	3160	5054	647	8861
Gain/loss on instruments effectively hedging investments available for sale	2661	5054	647	8362
	499			499
GAIN/LOSS ON INVESTMENTS HELD TO MATURITY				
	10848	1		10849
OTHER NONINTEREST INCOME				
Loan servicing income	238533	77587	13214	329334
Fee income on off-balance sheet accounts	40188	14313	232	54733
Fee income on off-balance sheet accounts	11786	6427	1166	19379
Service charges on deposits	73908	21286	2704	97898
Other fees and commissions	68306	18193	5072	91571
Gain/loss on assets held for resale	48	895		943
Gain/loss on sale of other assets	8435	992		9427
Gain/loss on foreign currency transactions	22254	9884	1738	33876
Other noninterest income	13608	5716	2302	21626

(continued)

(continued)	(BGN'000)			
	Group I	Group II	Group III	Total
NONINTEREST EXPENDITURE	508425	178317	33818	720560
Salary, social security, and pension expenditure	192900	70387	8857	272144
Occupancy expenditure, net	99357	38342		137699
External service expenditure paid to shareholders and affiliates	7079	3627	4691	15397
Other external service expenditure	111279	33287	12521	157087
Other noninterest expenditure	97810	32674	7749	138233
GAIN/LOSS BEFORE FOREX REVALUATION, EXTRA INCOME/EXPENDITURE, AND TAX ITEMS	325056	43471	11305	379832
FOREX REVALUATION GAIN/LOSS	19657	5663	2869	28189
EXTRAORDINARY GAIN/LOSS	7673	695	-68	8300
TAX	82320	11138	3730	97188
PROFIT/LOSS, NET	270066	38691	10376	319133

Source BNB.

Bank Groups after 1 March 2003

Group I

Bulbank
DSK Bank
United Bulgarian Bank
Biochim Commercial Bank
Bulgarian Post Bank
First Investment Bank
SG Expressbank
Hebros Commercial Bank
Raiffeisenbank, Bulgaria
Roseximbank

Group III

ING Bank N. V., Sofia Branch
Citibank N. A., Sofia Branch
National Bank of Greece, Sofia Branch
Piraeus Bank, Sofia Branch
Alpha Bank, Sofia Branch
T. C. Ziraat Bank, Sofia Branch

Group II

Economic and Investment Bank
BNP Paribas, Bulgaria
Municipal Bank
Central Cooperative Bank
Bulgaria-Invest Commercial Bank
Evrobank
Bulgarian-American Credit Bank
Corporate Commercial Bank
Unionbank
First East International Bank
Commercial Bank of Greece (Bulgaria)
Investbank
Procredit Bank
Encouragement Bank
International Bank for Trade and Development
Demirbank, Bulgaria
Tokuda Bank
Texim Private Entrepreneurial Bank
WestEast Bank

Notes:

Group I: the ten biggest banks.

Group II: the rest of the banks.

Group III: 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 2003 (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 (1000/5000) (%)
Group I	1 647 457	996 341	7 420 893	22.20	13.43	13.10
Group II	505 603	407 546	2 279 575	22.18	17.88	13.82
Banking system, total	2 153 060	1 403 887	9 700 468	22.20	14.47	13.26

Source BNB.

Liquidity of Commercial Banks as of 31 December 2003 (under Regulation No. 11 of the BNB)

(BGN'000)

	Total	Overdue assets 15 or more days/assets in pawn	At sight up to 7 days	From 8 days to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	Over 1 year
Group I								
Liquid assets, total	3 714 205	779 987						
ASSETS, TOTAL – inflow	11 976 253	858 534	3 156 538	1 289 923	497 091	807 582	1 576 393	4 648 726
ATTRACTED FUNDS, TOTAL (DEPOSITS)	10 959 644		78 636	52 063	30 026	9 853	61 320	20 905
Coefficient of liquidity assets	26.77							
Adjusted coefficient of liquidity assets to deposits			110	61	56	136	148	151
Group II								
Liquid assets, total	1 150 839	278 649						
ASSETS, TOTAL – inflow	3 469 958	350 548	1 249 575	287 101	190 403	344 996	511 050	886 833
ATTRACTED FUNDS, TOTAL (DEPOSITS)	3 155 887		20 461	37 799	3 051	2 754	10 151	8 471
Coefficient of liquidity assets	27.64							
Adjusted coefficient of liquidity assets to deposits			170	142	116	71	109	139
Group III								
Liquid assets, total	124 069	1 467						
ASSETS, TOTAL – inflow	908 852	2 038	257 580	58 216	95 235	87 122	172 909	237 790
ATTRACTED FUNDS, TOTAL (DEPOSITS)	888 691		2 681	3 346	6 412	665	767	8 012
Coefficient of liquidity assets	14							
Adjusted coefficient of liquidity assets to deposits			55	35	153	160	519	231
BANKING SYSTEM, TOTAL								
Liquid assets, total	4 989 113	1 060 103						
ASSETS, TOTAL – inflow	16 355 063	1 211 120	4 663 693	1 635 240	782 729	1 239 700	2 260 352	5 773 349
ATTRACTED FUNDS, TOTAL (DEPOSITS)	15 004 222		101 778	93 208	39 489	13 272	72 238	37 388
Coefficient of liquidity assets	26							
Adjusted coefficient of liquidity assets to deposits			114	65	61	109	144	151

Source BNB.

High-liquidity Asset Ratios (percentage share of deposits)

		December 2003
Group I	Primary liquidity	11.33
	Secondary liquidity	26.77
Group II	Primary liquidity	15.10
	Secondary liquidity	27.64
Group III	Primary liquidity	10.22
	Secondary liquidity	13.80
Banking system, total	Primary liquidity	11.98
	Secondary liquidity	26.19

Source BNB.

Open Foreign Currency Positions of Commercial Banks as of 31 December 2003 (under Regulation No. 4 of the BNB)

Bank groups	Open positions to capital base (%)
Group I	-5.08
Group II	-3.24
Banking system, total	-4.65

Source BNB.

Credit Portfolio of Commercial Banks (credits to nonfinancial institutions)

Group	Loans	2003
Group I	TOTAL (BGN'000)	6 850 469
	Standard (%)	93.58
	Watch (%)	2.52
	Substandard (%)	0.70
	Doubtful (%)	0.68
	Loss (%)	2.53
	Provisions (%)	3.84
Group II	TOTAL (BGN'000)	1 935 476
	Standard (%)	88.45
	Watch (%)	5.07
	Substandard (%)	2.61
	Doubtful (%)	0.88
	Loss (%)	2.99
	Provisions (%)	4.67
Group III	TOTAL (BGN'000)	593 987
	Standard (%)	96.74
	Watch (%)	2.89
	Substandard (%)	0.29
	Doubtful (%)	0.00
	Loss (%)	0.09
	Provisions (%)	1.23
Banking system, total	TOTAL (BGN'000)	9 379 932
	Standard (%)	92.72
	Watch (%)	3.07
	Substandard (%)	1.06
	Doubtful (%)	0.68
	Loss (%)	2.47
	Provisions (%)	3.85

Source BNB.

11. Fiscal Services

Funds of the Central Republican Budget and Budget-supported Entities with the BNB and Commercial Banks as at End of Period

	(million BGN)	
	Budget funds with the BNB	Budget funds with commercial banks
31.I.2003	2 872.3	567.0
28.II.2003	2 896.4	569.1
31.III.2003	3 197.4	604.9
30.IV.2003	3 689.1	709.8
31.V.2003	3 940.9	680.4
30.VI.2003	3 783.5	831.4
31.VII.2003	3 736.0	833.9
31.VIII.2003	3 857.1	866.4
30.IX.2003	3 903.9	901.0
31.X.2003	4 012.1	867.7
30.XI.2003	4 156.6	871.7
31.XII.2003	3 203.0	845.4

Source BNB.

Payments on Foreign Financial Obligations in 2003 (by currency of transactions)

Currency	Number	Total volume	incl.	
			Installments	Interest
Euro	46.0	171 843 916.5	65 912 801.3	105 931 115.1
US dollar	35.0	284 923 512.4	115 413 805.0	169 509 707.4
Japanese yen	14.0	1 678 214 600.0	1 285 453 000.0	392 761 600.0
Canadian dollar	4.0	353 212.8		353 212.8

Source BNB.

Government Securities Auctions

	Auction number		Total nominal value of government security issues				Average bid-to-cover ratio		Average number of participants	
	2002	2003	2002		2003		2002	2003	2002	2003
			million BGN	million EUR	million BGN	million EUR				
1. Auctions for sale of government securities, incl.										
short-term	44	36	898.2	-	612.2	125.0	2.24	2.52	21	20
medium-term	16	14	223.5	-	182.2	-	2.04	2.01	19	16
long-term	15	10	349.8	-	225.0	-	2.12	2.25	21	21
	13	12	324.9	-	205.0	125.0	2.51	2.92	23	22
2. Auctions for repurchase of government securities, incl.										
without fixed term	-	6	-	-	62.1	-	-	-	-	5
with fixed term	-	4	-	-	18.5	-	-	0.28	-	3
	-	2	-	-	43.6	-	-	1.69	-	6
3. Exchange subscriptions	4	4	-	69.6	-	15.4	-	-	6	1

Source BNB.

List of Government Securities Primary Dealers Approved in December 2003

1. DSK Bank
2. Hebros Commercial Bank
3. BNP Paribas, Bulgaria
4. Bulbank
5. Bulbrokers
6. Bulgarian Post Bank
7. Demirbank, Bulgaria
8. Evrobank
9. Evrofinance
10. Elana Trading
11. ING Bank N. V., Sofia Branch
12. Corporate Commercial Bank
13. United Bulgarian Bank
14. Municipal Bank
15. First East International Bank
16. First Investment Bank
17. Raiffeisenbank, Bulgaria
18. Roseximbank
19. SG Expressbank
20. Citibank N. A., Sofia Branch
21. Economic and Investment Bank
22. Allianz Bulgaria Commercial Bank
23. Biochim Commercial Bank
24. Investbank
25. Unionbank
26. Central Cooperative Bank

Source BNB.

Savings Government Securities Issued in 2003 and Sold by the BNB

Issue number	(BGN)		
	Sold by the BNB	Sold by primary dealers	Total
800	737 883	676 295	1 414 178
801	373 752	505 961	879 713
802	364 521	356 082	720 603
803	296 667	326 951	623 618
804	437 829	322 650	760 479
805	278 993	205 138	484 131
806	212 090	213 571	425 661
807	196 949	302 442	499 391
808	206 980	194 687	401 667
809	188 763	283 455	472 218
810	324 766	167 050	491 816
811	224 673	255 756	480 429
812	212 260	409 719	621 979
813	268 493	233 115	501 608
814	378 918	209 570	588 488
815	268 618	288 528	557 146
816	221 633	181 268	402 901
817	338 468	235 313	573 781
818	216 702	232 999	449 701
819	397 522	226 826	624 348
820	292 389	248 590	540 979
821	374 877	189 930	564 807
822	299 711	7 247 405	7 547 116
823	382 180	2 332 775	2 714 955
824	348 287	6 099 930	6 448 217

Source BNB.

BNB Sales and Cash Payments on Savings Government Securities in 2003

	Number	Volume (BGN'000)
Sales – nominal value	3 362	7 843.9
Repaid certificates at maturity – nominal value	3 186	5 578.0
Repaid interest coupons	13 363	853.1
Government securities repurchased prior to maturity – nominal value	616	928.2
Government securities partially repurchased prior to maturity – nominal value	246	191.8

Source BNB.

Government Securities Primary Registration and Payments in 2003

	Number	Volume (million BGN)
Total	4299	1748.10
1. Registration of government securities sold on an auction principle	463	856.6
2. Registration of target government securities sold to individual investors	165	29.8
3. Registration of reverse repurchased prior to maturity government securities through auctions and directly by individuals	1136	123.3
4. Principal and interest repayments of matured government securities, incl.	2535	738.4
- principal	577	628.0
- interest	1958	110.4

Notes:

1. Government securities at a nominal value.
2. The lev equivalent of forex-denominated government securities is based on the BNB exchange rate of respective currencies on the day of registration.

Source BNB.

Government Securities Transactions in the Secondary Market, 2003

	Number	Volume (million BGN)
Total	10 876	13 669.20
1. Repo agreements	2 192	2 353.60
2. Outright purchases and sales	1 678	2 206.10
3. Transactions with and on behalf of customers	5 288	5 713.40
4. Blocking/unblocking of government securities, incl.:	1 718	3 396.10
- for securing budget-supported entities' funds with commercial banks	1 641	3 284.0
- in case of registered pledges on government securities	60	43.7
- other	17	68.4

Notes:

1. The nominal value of transactions volume includes government securities issued under Regulation No. 5 of the MF and BNB and structural reform government securities with and without movement on current accounts with the BNB.
2. The volume and number of repo agreements include reverse repo agreements and those concluded during the current day.
3. The lev equivalent of transactions in forex-denominated government securities is based on the BNB exchange rate of respective currencies on the day of transaction.

Source BNB.

Major Resolutions of the BNB Governing Council

- 15 May** BNB Regulation No. 14 on cross-border transfers was adopted.
As of 23 May 2003 the Bulgarian National Bank put into circulation a Cu-Ni coin with a nominal value of 5 levs, dedicated to children.
- 29 May** The start of the Real-time INterbank Gross Settlement System (RINGS) was approved as of 2 June 2003.
- 3 July** Regulation No. 31 on government securities settlement was adopted.
Amendments to Regulation No. 5 of the Ministry of Finance and the Bulgarian National Bank on the terms and procedure for acquisition, redemption and trade in government securities were adopted.
- 24 July** Amendments to Regulation No. 9 on the evaluation and classification of risk exposures of banks and the allocation of provisions to cover impairment loss were adopted.
Regulation No. 27 on the balance of payments statistics was adopted.
Amendments to Regulation No. 28 on trans-border transfers and payments were adopted.
As of 3 September 2003 the Bulgarian National Bank put into circulation a silver coin commemorating the 2006 World Football Cup in Germany, with a nominal value of BGN 5.
As of 1 December 2003 the Bulgarian National Bank put into circulation a commemorative gold coin 'The Virgin Mary' with a nominal value of BGN 20.
- 23 October** Regulation No. 32 on reporting requirements and assignee's in bankruptcy budget was adopted.
Regulation No. 33 on assignee's in bankruptcy remuneration was adopted.
Regulation No. 34 on collecting information and conducting inspections regarding assignee's in bankruptcy activity was adopted.
As of 8 December 2003 the Bulgarian National Bank put into circulation a banknote with a nominal value of BGN 100, issue 2003.
- 26 November** A new Regulation No. 10 on the internal control in banks was adopted.
- 4 December** Amendments to Regulation No. 6 on extending collateralized lev loans to banks were adopted.
Amendments to Regulation No. 21 on the minimum required reserves maintained with the Bulgarian National Bank by banks were adopted.
Amendments to Regulation No. 27 on the balance of payments statistics were adopted.
Amendments to Regulation No. 2 on the licenses and permits granted by the Bulgarian National Bank were adopted.