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You are reminded that this Supplement has been delivered to you on the basis that you are a person into whose possession this Supplement may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Supplement to any other person.

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The attached Supplement may only be distributed to, and is directed solely at (a) persons who have professional experience in matters relating to investments falling within article 19(1) of the Financial

Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**") or (b) high net worth entities falling within article 49(2)(a) to (d) of the Order, and other persons to whom it may be lawfully communicated, falling within article 49(1) of the Order (all such persons together being referred to as "**relevant persons**"). Any person who is not a relevant person should not act or rely on this document or any of its contents.

Supplement dated 6 November 2023  
To the Offering Circular dated 17 January 2023



**REPUBLIC OF BULGARIA**  
**€14,000,000,000**  
**Global Medium Term Note Programme**

This supplement ("**Supplement**") is supplemental to, forms part of and must be read and construed in conjunction with, the Offering Circular dated 17 January 2023 (together, the "**Offering Circular**"), as may be further supplemented from time to time, prepared by the Republic of Bulgaria (the "**Issuer**", the "**Republic**" or "**Bulgaria**"), in connection with its Global Medium Term Note Programme ("**Programme**") for the issuance of up to €14,000,000,000 in aggregate principal amount of notes ("**Notes**"). Terms given a defined meaning in the Offering Circular shall, unless the context otherwise requires, have the same meaning when used in this Supplement.

The Programme size was increased from €12,000,000,000 to €14,000,000,000 with effect from 1 August 2023.

This Supplement does not comprise a supplement for the purpose of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). Accordingly, this document has not been and will not be submitted for approval to any competent authority within the meaning of the Prospectus Regulation and in particular the *Luxembourg Commission de Surveillance du Secteur Financier*, in its capacity as the competent authority for the purposes of the Prospectus Regulation.

## **IMPORTANT NOTICES**

This Supplement contains information provided by the Issuer in connection with the Programme and the Notes to be issued under the Programme. The Issuer accepts sole responsibility for the information contained in this Supplement and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Supplement is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Offering Circular by this Supplement and (b) any other statement in, or incorporated by reference into, the Offering Circular, the statements in (a) above will prevail.

Save as disclosed in this Supplement, no significant new fact, material mistake or inaccuracy relating to the information included in the Offering Circular which is capable of affecting the assessment of the Notes issued under the Programme has arisen or been noted, as the case may be, since publication of the Offering Circular.

## AMENDMENTS OR ADDITIONS TO THE INFORMATION MEMORANDUM

With effect from the date of this Supplement, the information appearing in, or incorporated by reference into, the Offering Circular shall be amended and/or supplemented in the manner described below. This Supplement should be read together with the Offering Circular in forming a basis for any decision to invest in any Notes offered under the Programme.

### ***1. Information Incorporated by Reference.***

An additional section shall be added on page 8 of the Offering Circular as follows:

#### **"INFORMATION INCORPORATED BY REFERENCE"**

The investor presentation entitled "*Republic of Bulgaria, Investor Presentation*" dated November 2023 available at [www.minfin.bg/upload/56479/Investor+Presentation+from+November+2023.pdf](http://www.minfin.bg/upload/56479/Investor+Presentation+from+November+2023.pdf) (the "**Investor Presentation**") shall be deemed to be incorporated in, and to form part of, the Offering Circular."

### ***2. Legislature***

The following text is added on page 79 of the Offering Circular at the end of the section entitled "*Legislature*":

"Following a two-year period of relative political instability characterised by successive parliamentary elections (see "*The Republic of Bulgaria –Recent History-1997 to present*" and "*The Republic of Bulgaria –Political System –Legislature*"), the latest parliamentary elections in Bulgaria were held on 2 April 2023. As a result, Bulgaria's 49<sup>th</sup> National Assembly was constituted on 12 April 2023.

In total, six political parties/coalitions passed the 4 per cent. threshold for representation in the National Assembly. The "*GERB – UDF*" electoral coalition achieved the highest number of votes (26.49 per cent.) followed by the coalition "*We Continue the Change – Democratic Bulgaria*" (24.56 per cent.), then by the political party Revival (14.16 per cent.), "*Movement for Rights and Freedoms*" (13.75 per cent.), the coalition "*BSP for Bulgaria*" (8.93 per cent.), and "*There is Such People*" (4.11 per cent.).

**As of the date of this Supplement, the list of parties and coalitions in the 49th National Assembly includes:**

Parliamentary Group : " <i>GERB – UDF</i> " .....	69
Parliamentary Group : " <i>We Continue the Change – Democratic Bulgaria</i> " .....	63
Parliamentary Group : " <i>Revival</i> " .....	37
Parliamentary Group : " <i>Movement for Rights and Freedoms</i> " .....	36
Parliamentary Group : " <i>BSP for Bulgaria</i> " .....	23
Parliamentary Group : " <i>There is Such People</i> " .....	11
Independent MP .....	1
<b>Total</b> .....	<b>240</b>

Source: National Assembly of the Republic of Bulgaria  
(<http://www.parliament.bg/en/parliamentarygroups>).

On 6 June 2023, the 49<sup>th</sup> National Assembly put into power the current Government, headed by Academician Nikolay Denkov; the Government was supported by "*We Continue the Change – Democratic Bulgaria*", "*GERB-UDF*", and by two MPs from the "*Movement for Rights and Freedoms*", and was opposed by the other three parliamentary groups and the independent MP.

It is expected that Prime Minister Denkov, a nominee of "*We Continue the Change – Democratic Bulgaria*", will be succeeded as prime minister by Ms Mariya Gabriel, a nominee of "*GERB – UDF*", on the basis of a nine-month rotation arrangement between the two leading parliamentary groups."

### 3. Legal Proceedings

The section entitles "Legal Proceedings" on page 86 of the Offering Circular is deleted and replaced with the following text:

#### *"Dispute between ČEZ, a.s. and the Republic of Bulgaria*

In 2016, ČEZ, a.s., an energy company registered in the Czech Republic, commenced an international arbitration case against Bulgaria before the International Centre for Settlement of Investment Disputes. ČEZ, a.s. contends that through various legal and administrative acts and omissions taken by state organs and instrumentalities, including with regards to setting electricity prices, Bulgaria violated its obligations under the Czech-Bulgaria BIT and the Energy Charter Treaty. ČEZ, a.s. is claiming damages in the amount of EUR 1.192 billion plus 1.9 per cent. post-award interest or, alternatively, EUR 1.074 billion plus 1.9 per cent. post-award interest. The arbitration remains pending. Bulgaria denies the merits of the claims and continues to defend itself vigorously. However, the Republic is unable to form an opinion as to the outcome or the timing of the arbitration with ČEZ, a.s.

#### *Dispute between Vasilisa Ershova and Jegor Jershov and the Republic of Bulgaria*

In 2022, Vasilisa Ershova and Jegor Jershov, citizens of Lithuania, commenced an international arbitration case against Bulgaria before the International Centre for Settlement of Investment Disputes. The claimants contend that through various legal and administrative acts and omissions taken by courts and other state organs and instrumentalities, related to their father's investment in the Bulgarian company Petrol, Bulgaria violated its obligations under the Energy Charter Treaty. The claimants are claiming damages in the amount of EUR 1.07 billion plus interest. The arbitration is at an initial stage, Bulgaria has raised jurisdictional objections, denies the merits of the claims and intends to defend itself vigorously. However, the Republic is unable to form an opinion as to the outcome or the timing of the arbitration.

In a letter dated 17 July 2023, the owners and beneficiaries of Prasan Trust - Rajib Das, Vijay Singh, Sangeeta Mittal, Vartika Mittal, Shristy Mittal, Divyesh Mittal, Pramod Mittal and Mohan Lal Mittal filed notice of claims against the Republic of Bulgaria under the Agreement between the Government of the Republic of India and the Government of the Republic of Bulgaria for the Promotion and Protection of Investments (the "**India-Bulgaria BIT**"). They allege that the actions of Bulgaria in relation to the insolvency procedure of "*Kremikovtsi*" AD breach the obligations to provide treatment of foreign investments in accordance with the standards set out in the India-Bulgaria BIT, causing them damages in excess of USD 500 million. At present the owners and beneficiaries of Prasan Trust have not commenced arbitration, Bulgaria denies the merits of the claims and intends to defend itself vigorously. However, at this stage, Bulgaria is unable to form an opinion as to the outcome of the claims."

### 4. Bulgaria added to the FATF Grey List.

The following text is added to page 93 of the Offering Circular.

#### *"Bulgaria added to the FATF Grey List.*

Following decisions at the plenary meetings of the Financial Action Task Force ("**FATF**") held from 25 to 27 October 2023, Bulgaria was included in the so called 'grey list' of FATF among other jurisdictions under increased monitoring.

The listing was based on the results from the Mutual Evaluation Report ("**MER**") in respect of Bulgaria adopted at the MONEYVAL Committee in May 2022. The MER was conducted with the use of the FATF Methodology for assessing technical compliance with the FATF Recommendations and the effectiveness of AML/CFT systems. Due to the results of the assessment, Bulgaria was placed in a one-year observation period within the ICRG procedure of the FATF. Bulgaria has made progress in a number of areas, which is recognised in the Post-Observation Progress Report of the FATF. Nevertheless, the fact that following a no-confidence vote in June 2022, there was no regular government in place in Bulgaria until June 2023, and only limited periods of a sitting Parliament, has regrettably had an unavoidable negative impact.

Although it was recognised that Bulgaria has made progress during the observation period to address the recommended actions given by the MONEYVAL Committee, it was decided by FATF that Bulgaria has

some remaining strategic deficiencies in its AML/CFT system that need to be addressed. Therefore, an Action Plan was drafted in coordination between FATF and the Bulgarian government which set out specific activities to be implemented by the country in addressing the remaining strategic deficiencies with a concrete deadline for each activity.

Bulgaria has expressed its high-level commitment in addressing all actions in the Action Plan by dedicating the necessary political attention and administrative resources for their timely implementation. The adoption of the Action Plan and the high-level commitment of Bulgaria to implement the Plan led to the listing of Bulgaria in the FATF list of jurisdictions under increased monitoring which are actively working with the FATF to address strategic deficiencies in their regimes to counter money laundering, terrorist financing, and proliferation financing. When the FATF places a jurisdiction under increased monitoring (including currently in respect of Bulgaria), it means the country has committed to resolve swiftly the identified strategic deficiencies within agreed timeframes and is subject to increased monitoring. The FATF does not call for the application of enhanced due diligence measures to be applied to these jurisdictions. The FATF Standards do not envisage de-risking, or cutting-off entire classes of customers, but call for the application of a risk-based approach.

Bulgaria has taken some important steps to accelerate the implementation of the Action Plan even before its official adoption. Bulgaria has already established in June 2023 a High-Level Council for Coordination and Cooperation, chaired by the Prime Minister of Republic of Bulgaria, which includes in its mandate also monitoring and control over the implementation of measures and actions resulting from the recommendations made by MONEYVAL and FATF.

The Council has already adopted a national AML/CFT Strategy for combating laundering and terrorist financing, the strategic actions of which will be performed in synergy with the FATF Action Plan.

Furthermore, Bulgaria has already made progress on the Action Plan even before its official adoption on 27 October 2023. Amendments to the relevant Bulgarian legislation were adopted by the National Assembly and promulgated in the State Gazette on 9 October 2023 that are addressing technical deficiencies identified by FATF as strategic and included in the Action Plan, specifically FATF Recommendations 6, 10, 24. Those amendments were not taken into account during the adoption of the Action Plan due to procedural reasons."

## **5. Recent Developments with respect to the Budget for 2023**

The section entitled "*Recent Developments with respect to Budget for 2023*" on page 124 of the Offering Circular is deleted and replaced with the following text:

### **"Recent Developments with respect to the Budget for 2023**

The preparation of the Budget for 2023 and the updated Medium-Term Budgetary Forecast for the period 2023-2025 had been affected by the late adoption of the Budget 2022 (in March 2022) and its subsequent update (in June 2022), as well as by the political cycle related to the holding of early parliamentary elections until the election of the current 49<sup>th</sup> National Assembly.

According to the Public Finance Act and the budget procedure for 2023, by the end of October 2022, the Council of Ministers had to consider and approve the draft Law on the State Budget of the Republic of Bulgaria for 2023 prepared by the Minister of Finance and the updated Medium-Term Budgetary Forecast for the period 2023-2025, which sets out the rationale for the draft law in an explanatory memorandum.

The completion of the second stage of the budget procedure for 2023 was delayed by the hung parliament resulting from the October 2022 elections as described under section "*Republic of Bulgaria - Recent History - 1997 to Present*". In the absence of a regular government to submit the Budget 2023 with policy parameters in the medium-term, the caretaker government then in office introduced at the end of 2022 a legislative proposal to settle some budgetary relations being drafted on a temporary basis. This resulted in the adoption of the Law on the Implementation of Provisions of the Law on the State Budget of the Republic of Bulgaria for 2022, the Law on the State Social Security Budget for 2022 and the Law on the Budget of the National Health Insurance Fund for 2022, or the so-called "Extension Law" (the "**Extension Law**"). On 23 December 2022, the Extension Law was adopted by the National Assembly and later published in State Gazette (SG No. 104 from 30 December 2022). These extensions preserved the effect of all policies and

benefits from 2022 as provided for under the 2022 Budget Amendments Act for households and businesses, as well as the amount of pensions until a regular Government was elected. The period of validity of this law was until the adoption of the three budget laws, but no longer than three months, and this period ceases to run from the day of dissolution of the National Assembly until the day of constitution of the next National Assembly. When the 49<sup>th</sup> National Assembly was constituted on 12 April 2023, the term of the "Extension Law" was until 10 June 2023.

Taking into account the procedures and deadlines for consideration and adoption of the draft laws, the preparation by the regular government and the adoption by the National Assembly of the budget laws within the above-mentioned deadline was unlikely. In order to finance the functions and services provided by the spending units until the adoption of the budget laws and in fulfilment of the provisions of Art. 87, para. 4 of the Public Finance Act, with Decision No. 399 of the Council of Ministers of 29 May 2023, it was proposed to the National Assembly to determine an additional term for the collection of revenues in accordance with the laws in force, for the execution of expenditures and for the provision of transfers. Thus, in the conditions of a non-adopted state budget, on 8 June 2023, the National Assembly decided to set an additional term until the end of July 2023 (promulgated, SG No. 50 of 9 June 2023).

With Decision No. 402 of the Council of Ministers of May 30, 2023, the government submitted to the National Assembly a draft law, amending and supplementing the Extension Law. On 15 June 2023, the National Assembly adopted these amendments and supplements to the Extension Law (namely the Law on Amendments, and Supplements to the Law on the Implementation of Provisions of the Law on the State Budget of the Republic of Bulgaria for 2022, the Law on the State Social Security Budget for 2022 and the Law on the Budget of the National Health Insurance Fund for 2022) (promulgated, SG No. 53 of 20 June 2023), which ensured stability and enabled financing until the adoption of the budget for 2023.

This allowed the elected government to develop a draft law on the state budget for 2023 together with an Updated Medium-Term Budgetary Forecast for the period 2023-2025, approved with Decision No. 459 of the Council of Ministers of 5 July 2023. Subsequently, the Law on the State Budget for 2023 was adopted by the National Assembly on 28 July 2023 and promulgated in SG, No. 66 of 1 August 2023. The laws on the 2023 budgets of the State Social Security and of the National Health Insurance Fund were published concurrently with that on the State Budget.

In 2023, the budget balance is planned to be negative in the amount of 2.5 per cent. of GDP (on a cash basis) and 3.0 per cent. of GDP (on an accrual basis). It should be noted that the parameters of the 2023 Budget are within the framework of the Maastricht criteria, with which the government fulfilled one of its main priorities to provide the state with a regular budget for 2023 with a deficit of up to 3 percent of GDP, assuming that taxes are not increased, social payments are not limited and the expected increase in pensions this year is provided.

The implementation of the second stage of the budget procedure for 2024 is currently underway, related to the drafting of the Law on the State Budget for 2024 together with the updated Medium-term Budgetary Forecast for the period 2024 to 2026. It is a firm commitment that the parameters of the proposed budget are within the framework of the fiscal rules and restrictions both under the Public Finance Act and in accordance with the criteria at EU level."

## **6. General Information - Authorisation**

The two paragraphs on page 214 in the Offering Circular under the heading "*General Information – Authorisation*" are deleted and replaced with the following:

"On the basis of the Annual State Budget Act for 2023 of the Republic of Bulgaria, the Republic has obtained all necessary consents, approvals and authorisations in the Republic of Bulgaria in connection with the Programme and the issue and performance of Notes thereunder. The establishment and update of the Programme and the issue of Notes from time to time under it was authorised by the Annual State Budget Act for 2015 of the Republic of Bulgaria, the Annual State Budget Act for 2016 of the Republic of Bulgaria, the Annual State Budget Act for 2020 (as amended) of the Republic of Bulgaria, the Annual State Budget Act for 2022 (as amended) of the Republic of Bulgaria, the Annual State Budget Act for 2023 of the Republic of Bulgaria, resolution No. 83 of the Council of Ministers of the Republic of Bulgaria dated 9 February 2015, and by the law on ratification of the Agency Agreement, the Dealer Agreement and the



Deed of Covenant, adopted by Parliament on 25 February 2015, sealed by the President on 25 February 2015 and published by the State Gazette Volume 16/27 February 2015, in force as of 27 February 2015. The increase in the Programme Limit from €12,000,000,000 to €14,000,000,000 was authorised by the Annual State Budget Act for 2023 of the Republic of Bulgaria published by the State Gazette Volume 66/1 August 2023."

## **7. General Information - No Significant Change**

The paragraph on page 212 in the Offering Circular entitled "*General Information – No Significant Change*" is deleted and replaced with the following:

"There has been no significant change in the tax and budgetary systems, gross public debt, foreign trade and balance of payments, foreign exchange reserves, financial position and resources and income and expenditure figures of Bulgaria since 31 December 2022."