S&P Global Ratings

Research

Research Update:

Bulgaria Outlook Revised To Positive From Stable On Prospects Of Eurozone Accession; 'BBB/A-2' Ratings Affirmed

November 24, 2023

Overview

- Since its formation in June, Bulgaria's new government is progressing with eurozone accession at the beginning of 2025.
- High inflation levels mean that the country will likely miss the thresholds implied by the price stability criterion (one of the "convergence criteria" Bulgaria technically needs to fulfill to join the eurozone), but we think there could be room for political compromise on this requirement.
- At the same time, the country's real growth outlook from 2024 on looks robust, averaging 3% over the next few years; this will support government finances and we think deficits will remain below 3% through 2026.
- We revised our outlook to positive from stable and affirmed our 'BBB/A-2' sovereign credit ratings on Bulgaria.

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Rating Action

On Nov. 24, 2023, S&P Global Ratings revised its outlook to positive from stable and affirmed its 'BBB/A-2' long- and short-term foreign and local currency ratings on Bulgaria.

Outlook

The positive outlook reflects our view that there is at least a one-in-three likelihood that Bulgaria will accede to the eurozone over the next 24 months.

Upside scenario

We could raise the ratings over the next two years, potentially by several notches, if Bulgaria became a eurozone member. In our view, this could improve monetary policy effectiveness as the sovereign exits its currently very constrained monetary policy regime implied by its currency board; it could also improve our view of risks to external liquidity.

Downside scenario

We could revise the outlook to stable if the prospect of Bulgaria joining the eurozone became less likely. This could occur if, for example, inflation remained much higher for longer, implying a more permanent divergence of price dynamics between Bulgaria and other EU member states; in case of another lengthy period of political gridlock with the absence of a functioning government; or due to external political considerations at the Eurogroup level.

Rationale

The current government coalition, formed in June, represents Bulgaria's first stable government over the past two years after five general elections. One of the government's main political goals is eurozone accession, which it plans to achieve by Jan. 1, 2025. Bulgaria might not meet all convergence criteria (formal conditions that all countries must meet before joining), including the price stability criterion. However, we believe there could be scope for political compromise on the matter, similar to the Eurogroup's decision on Croatia's eurozone accession in 2022. Even if Bulgaria were not to accede to the eurozone in 2025, we think that ultimate accession would likely be delayed only until Jan. 1, 2026. Bulgaria has been running a currency board for over 25 years and the lev has been included in ERM II since 2020.

Notwithstanding an aging workforce, we think Bulgaria's economy has strong growth prospects over the next few years, with real growth at about 3% on average from 2024-2026, backed primarily by domestic demand. Consumption will remain strong, due to a resilient labor market supporting positive real wage growth. At the same time, ample EU funds will underpin investment activity for several years. We estimate available EU funds to Bulgaria at over 30% of 2023 GDP. We think the intake and deployment of all available funds will be challenging because major funding programs--the EU Multiannual Financial Framework (EU MFF) 2014-2020 and the Recovery and Resilience Facility (RRF) under the Next Generation EU (NGEU) program--are approaching operational deadlines.

Bulgaria has one of the strongest fiscal track records of Central and Eastern European countries, and we think current fiscal plans will result in deficits below 3% of GDP through 2026, keeping debt, net of liquid government assets, at below 20% of GDP. Similarly, we expect the current account deficit to remain narrow on average and overfunded by EU funding and foreign direct investment inflows, keeping the stock of net external liabilities at a low 11% of GDP over the next few years.

Institutional and economic profile: EU fund inflows should support Bulgaria's growth outlook

- We expect real GDP growth will pick up starting in 2024, to 3% on average through 2026, backed by domestic demand.
- Available EU funds should also underpin solid growth, even if their intake is not full.
- The current government coalition is the first stable one in two years; we expect the coalition will hold at least until the beginning of 2025.

Following two years and five general elections without a stable government emerging, the GERB party and the party alliance of We Continue the Change and Democratic Bulgaria formed a new government in June 2023 for an interim period of 18 months. Despite visible tensions between the coalition partners, the parties are aligned on policy priorities regarding reforms targeting EU funds, Schengen accession, and, most importantly, eurozone accession. The government has progressed swiftly on reform efforts relating to these goals and has generally fulfilled all legislative prerequisites ahead of accession, including strengthening insolvency proceedings, state-owned enterprise management, nonbanking supervision, and anti-money-laundering processes. We therefore do not expect any further legislative obstacles. However, the political instability since 2021 hindered progress on Bulgaria's legislative preparations and contributed to delays of eurozone accession.

In our view, Bulgaria's EU membership continues to provide an important policy anchor for the country. We think some EU institutions could continue to highlight the necessity for structural reforms related to specific deficiencies regarding the rule of law, particularly since these assessments can be tied to the transfer of EU funds. We do not expect related obstacles over the next few years, given the country's record of adhering to the EU's recommendations and uncontentious relations with the European Community.

We expect Bulgaria will continue to face policy challenges in addressing weak demographic trends. Left unchecked, we consider that the continuously declining working-age population could increasingly be a drag on growth because the labor force continues to shrink due to aging and emigration. Before the pandemic, Bulgaria's labor force had been decreasing about 1% a year, and we do not expect this to change materially in the near future. This highlights the need for continued reform efforts, for example, through measures that address skill mismatches, improve the business environment, spur income growth, and ultimately help slow net emigration.

The near-term outlook on Bulgaria's economy remains favorable. We expect the country's economy will expand by almost 2% in real terms this year, before growing by 3% on average from 2024-2026. Investments are picking up, backed by EU funds and following several quarters of contraction. At the same time, private consumption underpins much of Bulgaria's economic development, supported by a resilient labor market. Unemployment remains close to record low levels, at 4%. Employment rose over 1.7% in first-half 2023 and real wage growth has been positive, with nominal wage growth of 14.9% exceeding average inflation of 11.1%. Headwinds to exports, including from slower economic activity in Bulgaria's main trading partners such as Germany, are partially counterbalanced by the ongoing recovery in the tourism sector (though falling short of reaching pre-pandemic levels), while imports are contracting more sharply due to a reversal of the high inventory buildup. Despite a previously high share of Russian energy imports, Bulgaria's efforts to diversify its energy supply sources have been largely successful and risks to remaining imports from Russia appear low for now.

Another support to growth should come from continuing EU fund disbursements. We expect these will underpin Bulgaria's average annual growth rate of 3% over 2024-2026. The country remains one of the highest beneficiaries of EU funds per capita. Available EU loans and grants from the 2014-2020 and 2021-2027 EU MFF, and the NGEU (which includes the RRF) program total over €31 billion, or 33% of estimated 2023 GDP. Bulgarian authorities have stepped up implementing as many investments as possible before the 2014-2020 MFF program's deadline at the end of this year (over 80% of these funds have been contracted). Simultaneously, reform efforts targeting the release of the second tranche of the RRF funds are commencing; Bulgaria received its first payment at the end of 2022. Nevertheless, risks to contracting the full amount of available funds remain as the current administration struggles to implement reforms after the protracted absence of a government.

Flexibility and performance profile: High inflation remains a key impediment to eurozone accession

- Bulgaria is targeting eurozone accession by Jan. 1, 2025; we project inflation will exceed the threshold implied by the price stability criterion by four-to-five percentage points, but there is room for compromise on ultimate accession.
- Bulgaria's fiscal position remains a ratings strength, characterized by contained deficits below 3% of GDP and low net general government debt, which we project at below 20% of GDP through 2026.
- We expect small current account deficits to persist from 2024, but these should be funded without recourse to debt, for example with EU funds and net foreign direct investment.

In line with global and regional trends, inflation is declining in Bulgaria but remains elevated, at 5.9% in October, after peaking at 15.6% in September 2022. Like regional and European peers, Bulgaria's inflation was initially from food and energy prices but has become more broad-based, with high wage increases playing a role. This is exemplified by core inflation, currently at over 7%, exceeding headline inflation. This is why we think inflation will remain high at close to 9% on average throughout 2023, then near 4.3% for 2024.

Among other things, these inflation dynamics will complicate Bulgaria's euro adoption. The country is progressing in its efforts to enter the eurozone, but timelines for membership remain in flux. The lev was included in the ERM II, effectively the waiting room for eurozone membership, in 2020 and Bulgaria simultaneously joined the European Banking Union. The ultimate decision on membership lies with the eurozone's finance ministers, the Eurogroup, and the EU Council. In assessing the viability of candidate countries, the convergence criteria apply. The price stability criterion appears to be challenging for Bulgaria to achieve next year. It requires inflation levels to be no more than 1.5% higher than those of the three best-performing EU member states over one year before the assessment, which usually takes place in April. Currently, inflation in Bulgaria exceeds the threshold implied by this criterion by almost 5 percentage points. However, excluding individual member states from the calculation is possible, as happened with Croatia's eurozone membership assessment in 2022. Concerns about price stability already delayed Bulgaria's accession earlier this year. Legislative preparations have largely concluded and the current fiscal strategy (as well as a strong track record of fiscal prudence) implies no challenges to meeting the public finance criterion. However, political considerations outside Bulgaria's control could have an influence. Therefore, it remains uncertain whether Bulgaria will join the eurozone in 2025. Should eurozone accession not happen in 2025, we expect it would only be delayed by one year.

Bulgaria's central bank has operated under a currency board since 1997. Although this provides macroeconomic stability, in our view, it effectively limits the Bulgarian National Bank's (BNB's) monetary policy flexibility, including against inflation. Under the currency board, the BNB guarantees the lev's convertibility into euros and vice versa at a fixed exchange rate. Therefore, for our measure of usable reserves, we subtract the country's monetary base. Over the past two decades, authorities have accumulated fiscal and external buffers to underpin their commitment to the fixed exchange rate regime. That commitment has not wavered despite a series of external and domestic political shocks. The BNB Law allows the provision of liquidity support to the banking system only under very strict conditions and to the extent that the BNB's foreign currency reserves exceed its monetary liabilities.

The currency board arrangement has also fostered what we view as a credible record of prudent fiscal management in Bulgaria, which posted general government surpluses over 2016-2019. The current government has proposed a budget and fiscal plans that target deficits remaining below 3% of GDP, which seems achievable. In addition to Bulgaria's continuous track record of fiscal prudence and the country's established fiscal rules--which require balanced budget targets over the next few years--we also think eurozone accession will provide a policy anchor for tight fiscal management. In our view, high revenue increases of about 10% year on year on high nominal growth, a strong labor market, and windfall profit taxes will offset expenditure increases, such as rising wages, defense expenditure, measures addressing inequality, and the demographic challenges.

The narrow deficits will keep general government debt at a modest 26.5% of GDP and debt net of liquid assets at a low 19.3% of GDP by 2026. Authorities therefore retain ample fiscal policy space. Even with currently high interest rates, low debt levels will result in interest costs below 2.0% of general government revenue through 2026. At the same time, about 70% of Bulgaria's debt was denominated in euros at end-2022 and about half is held by nonresidents.

Contracting imports, based on the reversal of high inventory buildup over several years, and a recovery of tourism revenue (though not to pre-pandemic levels) have improved Bulgaria's goods and services trade balance in 2023, despite strong domestic demand. We expect this will result in a balanced current account this year. Stronger domestic demand, including from EU-funded investments, will result in modest current account deficits averaging 1.1% of GDP from 2024-2026. The continuous inflow of EU funds--some of which flow through the capital account--and net foreign direct investment will curb the necessity for net external borrowing. We therefore expect Bulgaria will retain its strong external position, which was characterized by significant net external deleveraging in the years before the pandemic.

In general, Bulgaria's banking sector is profitable, very liquid, and adequately capitalized. Therefore, we think it does not pose a contingent liability for the government. The high levels of liquidity have largely prevented pass-through of higher interest rates to domestic loans for now and credit growth remains high, especially for households. In response, the BNB has introduced macroprudential measures to ensure bank stability, for example by raising the minimum reserve requirements and the countercyclical buffers. For now, asset quality has been continuously improving and nonperforming loans stand at below 5% of total loans. Low direct and indirect exposure to Russia and Ukraine bear limited financial risks. With the transposition of the EU Banking Resolution and Recovery Directive in 2015, the resolution of a failed bank will necessitate a bail-in of shareholders and certain creditors to bear first losses, and then--if necessary, and under certain conditions--the Single Resolution Fund operating within the framework of the Single Resolution Mechanism, which Bulgaria joined in 2020. Only after exhausting these options and in an extraordinary situation of a systemic crisis would a bank be able to resort to government support.

Key Statistics

Table 1

Bulgaria--Selected indicators

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Economic indicators (%)										
Nominal GDP (bil. LC)	102.7	109.9	120.3	120.5	139.0	167.8	187.8	202.7	213.4	225.3
Nominal GDP (bil. $)	59.2	66.3	68.9	70.2	84.0	90.2	104.4	114.7	125.9	135.5
GDP per capita (000s $)	8.3	9.4	9.8	10.1	12.2	13.2	15.4	17.0	18.7	20.3

Table 1

Bulgaria--Selected indicators (cont.)

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Real GDP growth	2.7	2.7	4.0	(4.0)	7.7	3.9	1.8	3.3	2.8	3.0
Real GDP per capita growth	3.5	3.4	4.8	(3.3)	8.2	5.1	2.4	3.9	3.4	3.6
Real investment growth	3.2	5.4	4.5	0.6	(8.3)	6.5	5.0	8.0	5.0	3.0
Investment/GDP	19.8	21.2	21.0	20.3	21.1	23.4	21.5	22.5	22.6	22.4
Savings/GDP	23.1	22.2	22.9	20.4	19.4	22.0	21.8	21.8	21.3	21.2
Exports/GDP	67.0	65.7	63.9	56.1	61.4	69.2	66.1	64.1	62.4	60.6
Real exports growth	5.7	1.7	4.0	(10.4)	11.2	11.6	0.0	2.0	1.5	1.5
Unemployment rate	7.2	6.2	5.2	6.1	5.3	4.3	4.1	3.9	3.8	3.8
External indicators (%)										
Current account balance/GDP	3.3	0.9	1.9	0.0	(1.7)	(1.4)	0.3	(0.7)	(1.4)	(1.2)
Current account balance/CARs	4.4	1.3	2.6	0.1	(2.5)	(1.9)	0.4	(1.1)	(2.0)	(1.9)
CARs/GDP	74.9	73.1	71.1	62.7	67.8	75.7	71.9	69.9	68.1	66.2
Trade balance/GDP	(1.5)	(4.8)	(4.7)	(3.2)	(4.1)	(5.9)	(4.5)	(5.8)	(6.6)	(6.4)
Net FDI/GDP	2.5	1.3	2.0	4.5	1.8	2.4	1.8	1.8	1.8	1.7
Net portfolio equity inflow/GDP	(0.8)	(0.8)	0.7	(1.8)	(1.8)	(0.8)	(2.0)	(0.8)	(0.8)	(0.7)
Gross external financing needs/CARs plus usable reserves	98.4	102.4	101.8	104.8	105.9	104.1	102.5	109.5	111.1	111.7
Narrow net external debt/CARs	(21.3)	(25.1)	(28.5)	(42.9)	(35.8)	(34.5)	(32.9)	(32.7)	(32.3)	(32.0)
Narrow net external debt/CAPs	(22.3)	(25.4)	(29.3)	(42.9)	(34.9)	(33.9)	(33.0)	(32.3)	(31.6)	(31.4)
Net external liabilities/CARs	59.1	47.4	40.9	42.0	22.6	14.4	12.0	11.6	11.1	11.1
Net external liabilities/CAPs	61.9	48.0	42.0	42.0	22.1	14.2	12.1	11.5	10.9	10.9
Short-term external debt by remaining maturity/CARs	23.6	24.4	23.2	26.0	21.4	18.2	18.5	18.2	17.9	18.0
Usable reserves/CAPs (months)	2.6	2.5	2.3	2.4	2.0	1.8	1.8	1.1	0.9	0.9
Usable reserves (mil. $)	9,784	9,012	8,846	9,680	10,455	11,451	7,153	6,786	6,562	6,532
Fiscal indicators (general government; %)										
Balance/GDP	1.6	1.7	2.1	(3.8)	(4.0)	(2.9)	(2.7)	(2.8)	(2.8)	(2.7)
Change in net debt/GDP	(1.4)	(1.4)	0.2	4.7	2.3	(0.3)	2.2	2.9	2.8	2.9
Primary balance/GDP	2.4	2.4	2.7	(3.3)	(3.5)	(2.5)	(2.2)	(2.3)	(2.2)	(1.9)
Revenue/GDP	36.4	38.7	38.5	37.7	37.7	38.5	37.5	38.0	38.0	38.0
Expenditures/GDP	34.8	37.0	36.3	41.5	41.7	41.4	40.2	40.8	40.8	40.7
Interest/revenues	2.2	1.7	1.4	1.4	1.3	1.0	1.1	1.4	1.7	2.0
Debt/GDP	25.1	22.1	20.0	24.6	23.9	22.6	21.9	23.3	24.9	26.5

Table 1

Bulgaria--Selected indicators (cont.)

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Debt/revenues	69.0	57.2	52.0	65.1	63.5	58.6	58.5	61.3	65.6	69.8
Net debt/GDP	13.3	11.0	10.3	15.0	15.4	12.5	13.3	15.3	17.3	19.3
Liquid assets/GDP	11.8	11.1	9.7	9.5	8.6	10.1	8.7	8.0	7.6	7.2
Monetary indicators (%)										
CPI growth	1.2	2.6	2.4	1.2	2.9	13.0	8.9	4.3	2.8	2.5
GDP deflator growth	4.8	4.2	5.2	4.3	7.1	16.2	10.0	4.5	2.5	2.5
Exchange rate, year-end (LC/$)	1.63	1.71	1.74	1.59	1.73	1.83	1.78	1.74	1.69	1.66
Banks' claims on resident non-gov't sector growth	3.1	8.3	7.8	4.1	8.3	12.1	11.0	8.5	8.0	8.0
Banks' claims on resident non-gov't sector/GDP	49.7	50.3	49.5	51.5	48.3	44.8	44.5	44.7	45.8	46.9
Foreign currency share of claims by banks on residents	40.1	36.9	35.7	34.3	31.7	28.5	N/A	N/A	N/A	N/A
Foreign currency share of residents' bank deposits	36.9	35.9	34.6	36.1	34.1	33.9	N/A	N/A	N/A	N/A
Real effective exchange rate growth	1.3	3.3	0.5	2.9	1.3	4.8	N/A	N/A	N/A	N/A

Sources: Eurostat (Economic Indicators), Bulgarian National Bank (External Indicators), Eurostat (Fiscal Indicators), and Bulgarian National Bank, IMF (Monetary Indicators).
Adjustments: Usable reserves adjusted by subtracting monetary base from reported international reserves.
Definitions: Savings is defined as investment plus the current account surplus (deficit). Investment is defined as expenditure on capital goods, including plant, equipment, and housing, plus the change in inventories. Banks are other depository corporations other than the central bank, whose liabilities are included in the national definition of broad money. Gross external financing needs are defined as current account payments plus short-term external debt at the end of the prior year plus nonresident deposits at the end of the prior year plus long-term external debt maturing within the year. Narrow net external debt is defined as the stock of foreign and local currency public- and private-sector borrowings from nonresidents minus official reserves minus public-sector liquid claims on nonresidents minus financial-sector loans to, deposits with, or investments in nonresident entities. A negative number indicates net external lending. N/A--Not applicable. LC--Local currency. CARs--Current account receipts. FDI--Foreign direct investment. CAPs--Current account payments. The data and ratios above result from S&P Global Ratings' own calculations, drawing on national as well as international sources, reflecting S&P Global Ratings' independent view on the timeliness, coverage, accuracy, credibility, and usability of available information.

Ratings Score Snapshot

Table 2

Bulgaria--Ratings score snapshot

Key rating factors	Score	Explanation
Institutional assessment	4	Reduced predictability of policy responses, for example, in episodes of heightened political volatility. Transparency and checks and balances can at times be hampered.
Economic assessment	4	Based on GDP per capita (US$) and growth trends as per Selected Indicators in Table 1.
External assessment	2	Based on narrow net external debt and gross external financing needs/(CAR + usable reserves) as per Selected Indicators in Table 1.

Table 2

Bulgaria--Ratings score snapshot (cont.)

Key rating factors	Score	Explanation
Fiscal assessment: flexibility and performance	2	Based on the change in net general government debt (% of GDP) as per Selected Indicators in Table 1.
Fiscal assessment: debt burden	1	Based on net general government debt (% of GDP) and general government interest expenditures (% of general government revenues) as per Selected Indicators in Table 1.
		Over 70% of gross government debt is denominated in foreign currency.
Monetary assessment	5	The lev has been fixed to the euro via a currency board. The Bulgarian National Bank (BNB) has been successful in maintaining a currency board, supported by political commitment to prudent fiscal policies. As per its charter--and according to the currency board regime under which it operates--the BNB's ability to act as a lender of last resort is limited.
Indicative rating	bbb-	As per Table 1 of "Sovereign Rating Methodology."
Notches of supplemental adjustments and flexibility	1	A change in the external assessment could lead to a multi notch change in the indicative rating. A further improvement of the terms of trade, a stronger expansion of the export base, or a further increase in reserve levels could result in an improvement of the external score. Progress on eurozone accession could exceed our expectations, which would improve the external and monetary assessments, all other things being equal.
Final rating		
Foreign currency	BBB	
Notches of uplift	0	Default risks do not apply differently to foreign- and local-currency debt.
Local currency	BBB	

S&P Global Ratings' analysis of sovereign creditworthiness rests on its assessment and scoring of five key rating factors: (i) institutional assessment; (ii) economic assessment; (iii) external assessment; (iv) the average of fiscal flexibility and performance, and debt burden; and (v) monetary assessment. Each of the factors is assessed on a continuum spanning from 1 (strongest) to 6 (weakest). S&P Global Ratings' "Sovereign Rating Methodology," published on Dec. 18, 2017, details how we derive and combine the scores and then derive the sovereign foreign currency rating. In accordance with S&P Global Ratings' sovereign ratings methodology, a change in score does not in all cases lead to a change in the rating, nor is a change in the rating necessarily predicated on changes in one or more of the scores. In determining the final rating the committee can make use of the flexibility afforded by §15 and §§126-128 of the rating methodology.

Environmental, social, and governance (ESG) credit factors for this change in credit rating/outlook and/or CreditWatch status:

- Other governance factors

Related Criteria

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Governments | Sovereigns: Sovereign Rating Methodology, Dec. 18, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- General Criteria: Methodology: Criteria For Determining Transfer And Convertibility Assessments, May 18, 2009

Related Research

- Sovereign Ratings List, Nov. 15, 2023
- Sovereign Ratings History, Nov. 15, 2023
- Sovereign Ratings Score Snapshot, Nov. 7, 2023
- Global Sovereign Rating Trends: Third-Quarter 2023, Oct. 16, 2023
- Sovereign Risk Indicators, Oct. 9, 2023. Interactive version available at http://www.spratings.com/sri
- Bulgaria Reaffirms Commitment To Euro Ascension With Parallel Currency Talks, July 6, 2023
- 2022 Annual Global Sovereign Default And Rating Transition Study, April 28, 2023
- Global Aging 2023: The Clock Ticks, Jan. 18, 2023

In accordance with our relevant policies and procedures, the Rating Committee was composed of analysts that are qualified to vote in the committee, with sufficient experience to convey the appropriate level of knowledge and understanding of the methodology applicable (see 'Related Criteria And Research'). At the onset of the committee, the chair confirmed that the information provided to the Rating Committee by the primary analyst had been distributed in a timely manner and was sufficient for Committee members to make an informed decision.

After the primary analyst gave opening remarks and explained the recommendation, the Committee discussed key rating factors and critical issues in accordance with the relevant criteria. Qualitative and quantitative risk factors were considered and discussed, looking at track-record and forecasts.

The committee's assessment of the key rating factors is reflected in the Ratings Score Snapshot above.

The chair ensured every voting member was given the opportunity to articulate his/her opinion. The chair or designee reviewed the draft report to ensure consistency with the Committee decision. The views and the decision of the rating committee are summarized in the above rationale and outlook. The weighting of all rating factors is described in the methodology used in this rating action (see 'Related Criteria And Research').

Ratings List

Ratings Affirmed; Outlook Action

	To	From
Bulgaria		
Sovereign Credit Rating	BBB/Positive/A-2	BBB/Stable/A-2
Ratings Affirmed		
Bulgaria		
Transfer & Convertibility Assessment	A	
Senior Unsecured	BBB	

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.spglobal.com/ratings for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.spglobal.com/ratings. Alternatively, call S&P Global Ratings' Global Client Support line (44) 20-7176-7176.