

Research Update:

# Bulgaria 'BBB/A-2' Ratings Affirmed; Outlook Remains Positive

May 24, 2024

## Overview

- Bulgaria's coalition government resigned in March, triggering the sixth general election in three years. The country goes to the polls on June 9.
- The post-election government formation might prove complex but our base case is that political deadlock will be avoided, paving the way for Bulgaria's eurozone accession in the next 18 months.
- We expect private consumption and EU funds will support Bulgaria's real GDP growth of 2.9% on average over the next few years, while fiscal and current account deficits will remain modest.
- We affirmed our 'BBB/A-2' sovereign credit ratings on Bulgaria. The outlook remains positive.

## Rating Action

On May 24, 2024, S&P Global Ratings affirmed its 'BBB/A-2' long- and short-term foreign and local currency ratings on Bulgaria. The outlook remains positive.

## Outlook

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

## Downside scenario

We could revise the outlook to stable if the prospect of Bulgaria joining the eurozone becomes less likely. This could occur if there is another lengthy period of political gridlock following the next general election--leading to the absence of a functioning government--or if, for example, inflationary pressures emerged again. This would imply a more permanent divergence of price dynamics between Bulgaria and other EU member states. External political considerations at the

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Eurogroup level could also delay its membership.

## **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, membership could improve Bulgaria's monetary policy effectiveness because it would exit the currently very constrained monetary policy regime implied by its currency board; it could also improve our view of risks to external liquidity. With or without eurozone accession, we could also raise the ratings if our view on the risks to Bulgaria's external liquidity improved.

## **Rationale**

Bulgaria's government resigned in March, triggering the sixth general election in just over three years. If a stable government emerges relatively quickly from the June elections--avoiding a prolonged period of unstable government similar to 2021-2023--we believe there will be limited delays to the country's eurozone accession. Bulgaria still does not meet all convergence criteria (formal conditions that all countries must meet before joining), including for price stability. However, given moderating domestic inflation, the gap to the threshold is narrowing and we foresee scope for political compromise on the matter over the next few months, 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 it would likely be delayed only to Jan. 1, 2026. Bulgaria has been running a currency board for over 25 years and the lev has been included in ERM II since July 2020.

Notwithstanding an aging and declining working-age population, we think Bulgaria's economy has strong growth prospects over the next few years. We project real GDP growth at slightly below 3% on average during 2025-2027, backed primarily by domestic demand expansion. Consumption will remain strong amid a resilient labor market with near-record-low unemployment levels and positive real wage growth. At the same time, ample EU funds will underpin investment activity for several years. We estimate available grants and loans to Bulgaria under the EU's 2021-2027 Multiannual Financial Framework (MFF) and Next Generation EU (NGEU) at about a substantial 29% of forecasted 2024 GDP.

Bulgaria has one of the strongest fiscal track records in Central and Eastern Europe and we think its current fiscal plans will result in deficits below 3% of GDP through 2027, keeping debt, net of liquid government assets, at about 20% of GDP by 2027. Similarly, we expect the current account deficit to remain a narrow 1% of GDP on average and to be overfunded by EU funding and foreign direct investment inflows.

## **Institutional and economic profile: We believe political fragmentation could complicate, but not derail, eurozone accession**

- We expect that a new government will continue with eurozone accession efforts; we think membership is still likely over the next 18 months.
- Strong domestic demand and available EU funds should underpin solid real growth rates of 2.9% on average through 2024-2027.
- Bulgaria is eligible for the equivalent of 29% of 2024 GDP of EU funds until 2027.

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In March, Bulgaria's power-sharing arrangement between the GERB party and the party alliance of We Continue the Change and Democratic Bulgaria collapsed after nine months. That said, despite previous complex coalition talks in 2021-2023, we think the next elections could produce a viable government. This is because the largest parties are still aligned on key policy priorities such as reforms targeting EU funds, and, most importantly, eurozone accession. The previous government progressed swiftly on related reform efforts and has fulfilled almost 90% of legislative prerequisites ahead of accession--so the likelihood of legislative or formal obstacles appears to be low. However, under an alternative scenario of no stable post-election government formed over the next few months, Bulgaria's eurozone accession could face delays.

In our view, Bulgaria's EU membership and eurozone accession aspirations continue to provide important policy anchors 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 because 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. Bulgaria's working-age population continues to shrink due to aging and previously high emigration. Left unchecked, we consider that the continuously declining labor force could become a bigger drag on growth. The recent census showed a population decline of 11.5% over the past 10 years, indicating stronger emigration trends than previously thought. Before the latest census, Bulgaria's working-age population had already been decreasing by 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 through measures that address skill mismatches, improve the business environment, and spur income growth.

Despite the long-term structural challenges, the near-term outlook on Bulgaria's economy remains favorable. We expect the country's economy will expand by 2.1% in real terms this year before growing by over 3% on average during 2025-2027, mostly backed by domestic demand expansion. Private consumption will remain the primary growth driver, supported by a resilient labor market with unemployment at a near record low of 4.3%. This contributed to strong wage growth last year of 13.3% (per employee), outpacing inflation at 8.6%. We expect wage growth and inflation will decelerate this year but real wage growth will remain positive, supporting strong consumption dynamics.

At the same time, investments will benefit from EU fund disbursements, especially from 2025. The country remains one of the highest beneficiaries of EU funds per capita. Available EU loans and grants from the 2021-2027 EU MFF and the NGEU (which includes the Recovery and Resilience Facility [RRF]) total over €29 billion, or 29% of estimated 2024 GDP. Risks to the timely absorption of EU funds are largely political because the release of some funds, including those from the RRF, require legislative preparations or specific reform efforts. Bulgaria received its first payment of RRF funds at the end of 2022 and reforms targeting the release of the second tranche are ongoing.

Despite a previously high share of Russian energy imports, Bulgaria's efforts to diversify its energy supply sources have been largely successful. The country discontinued imports of Russian oil and gas at the beginning of this year, so risks to energy supplies appear low for now.

### **Flexibility and performance profile: As fiscal deficits stay contained, elevated inflation will remain the key impediment to eurozone accession**

- Although moderating, inflation will remain above the threshold implied by the Maastricht

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criterion over the next few months, which remains a key obstacle to Bulgaria's eurozone accession.

- Bulgaria's fiscal position is 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 on average through 2027.
- 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.

Inflation has reduced rapidly since the beginning of this year to a low 2.4% (year-on-year) in April from 11.6% a year earlier. Food and energy prices, which were the initial drivers of inflation, have curbed headline price growth over the past few months; in contrast, core inflation has been exceeding headline inflation for more than a year, with high wages increasingly playing a role. This year we expect the reduction in specific administered prices will be counterbalanced by a reversal of previously lowered tax rates and high core inflation. This implies that any further inflation decline over the next few months will likely be limited.

Despite fast disinflation, previously high inflation dynamics continue to 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 July 2020 and Bulgaria simultaneously joined the European Banking Union. The ultimate decision on membership lies with the eurozone's finance ministers--known as the Eurogroup--and the EU Council.

When the European authorities assess the viability of candidate countries, they apply the convergence criteria--and the price stability criterion appears to be a challenge for Bulgaria. It requires average inflation to be no more than 1.5 percentage points higher than in the three best-performing EU member states over the year before the assessment, which will likely be in June. Currently, inflation in Bulgaria exceeds the threshold by about 3 percentage points. However, the strong reduction in inflation over the past few months could bring Bulgaria within striking distance of the threshold in the second half of this year. The European authorities might have flexibility to exclude individual member states with the lowest inflation from the calculation of Bulgaria's threshold, as they did with Croatia's eurozone membership assessment in 2022.

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. Our base case remains that Bulgaria will join the eurozone by 2026 or earlier (see "Bulgaria's Eurozone Entry's Still Likely Despite Government Collapse," April 3, 2024).

Bulgaria's central bank has operated under a currency board since 1997. Although this provides macroeconomic stability, we view it as effectively limiting the Bulgarian National Bank's (BNB's) monetary policy flexibility, including when it comes to controlling 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. 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 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

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current budget and fiscal plans target deficits remaining at around 3% of GDP on average over the next three years, which seems achievable. In addition to Bulgaria's continuous track record of fiscal prudence and the country's established fiscal rules, we also think eurozone accession ambitions will provide a policy anchor for tight fiscal management.

The narrow deficits will keep general government debt at a modest 28.5% of GDP and debt net of liquid assets at a low 21.6% of GDP as of 2027. The authorities therefore retain ample fiscal policy space. Even with currently high interest rates, low debt levels will result in interest costs of below 2.0% of general government revenue through 2026. At the same time, over 70% of Bulgaria's debt was denominated in euros at end-2022 and about half is held by nonresidents.

A slight uptick in primary income outflows resulted in a small current account deficit in 2023, despite a strong goods and services trade balance on the back of contracting imports and a recovery in tourism revenues (to slightly below pre-pandemic levels). We expect domestic demand will pick up from this year, including from EU-funded investments, and result in modest current account deficits averaging 1% of GDP during 2024-2027. The continuous inflow of EU funds--some of which flow through the capital account--and net foreign direct investment will contain 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.

Bulgaria's banking sector is profitable, very liquid, and adequately capitalized. Therefore, we do not think it represents a contingent liability for the government. High liquidity has largely prevented the pass-through of higher interest rates to domestic loans for now (predominantly in the household sector) and credit growth remains high, especially for households. In response, the BNB has introduced measures to increase the resilience of the banking system, for example by raising the minimum reserve requirement rate and the countercyclical buffers. Asset quality has been continuously improving and gross nonperforming loans currently stand at 3.6% of total gross loans. Direct and indirect exposure to Russia and Ukraine remains negligible.

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 will bear first losses, and then--if necessary, and under certain conditions--a bank could turn to 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

BGN mil.	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
<b>Economic indicators (%)</b>										
Nominal GDP (bil. LC)	110	120	120	139	168	184	197	210	222	234
Nominal GDP (bil. \$)	66	69	70	84	90	102	110	122	132	141
GDP per capita (000s \$)	9.4	9.8	10.1	12.2	13.2	15.8	17.2	19.2	20.9	22.3
Real GDP growth	2.7	4.0	(4.0)	7.7	3.9	1.8	2.1	3.3	3.1	3.0
Real GDP per capita growth	3.4	4.8	(3.3)	8.2	5.1	8.0	2.7	3.9	3.7	3.6

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Table 1

**Bulgaria Selected Indicators (cont.)**

<b>BGN mil.</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
Real investment growth	5.4	4.5	0.6	(8.3)	6.5	3.3	4.0	8.0	6.0	4.0
Investment/GDP	21.2	21.0	20.3	21.1	23.4	18.8	19.4	20.5	20.8	21.2
Savings/GDP	22.2	22.9	20.4	19.4	22.0	18.6	18.9	19.6	19.5	19.7
Exports/GDP	65.7	63.9	56.1	61.4	69.2	60.9	59.8	58.9	57.7	56.3
Real exports growth	1.7	4.0	(10.4)	11.2	11.6	(1.9)	2.5	3.8	2.0	1.5
Unemployment rate	6.2	5.2	6.1	5.3	4.2	4.3	4.1	3.9	3.9	3.9
<b>External indicators (%)</b>										
Current account balance/GDP	0.9	1.9	0.0	(1.7)	(1.4)	(0.3)	(0.5)	(0.8)	(1.3)	(1.5)
Current account balance/CARs	1.3	2.6	0.1	(2.5)	(1.9)	(0.4)	(0.7)	(1.2)	(2.0)	(2.5)
CARs/GDP	73.1	71.1	62.7	67.8	75.7	67.5	66.4	65.3	63.9	62.2
Trade balance/GDP	(4.8)	(4.7)	(3.2)	(4.1)	(5.9)	(3.9)	(5.1)	(5.8)	(6.1)	(6.2)
Net FDI/GDP	1.3	2.0	4.5	1.8	2.4	3.3	2.0	1.8	1.8	1.8
Net portfolio equity inflow/GDP	(0.8)	0.7	(1.8)	(1.8)	(0.8)	(0.3)	(0.8)	(0.8)	(0.7)	(0.8)
Gross external financing needs/CARs plus usable reserves	102.4	101.8	104.8	105.9	104.1	103.4	102.8	103.9	106.0	107.6
Narrow net external debt/CARs	(25.1)	(28.5)	(42.9)	(35.8)	(34.5)	(39.8)	(39.4)	(37.9)	(37.0)	(36.9)
Narrow net external debt/CAPs	(25.4)	(29.3)	(42.9)	(34.9)	(33.9)	(39.6)	(39.1)	(37.5)	(36.3)	(36.0)
Net external liabilities/CARs	47.4	40.9	42.0	22.6	14.4	8.7	9.0	7.5	7.3	7.4
Net external liabilities/CAPs	48.0	42.0	42.0	22.1	14.2	8.6	8.9	7.4	7.2	7.2
Short-term external debt by remaining maturity/CARs	24.4	23.2	26.0	21.4	18.2	20.3	19.4	19.0	18.8	19.1
Usable reserves/CAPs (months)	2.5	2.3	2.4	2.0	1.8	2.0	2.0	1.9	1.7	1.5
Usable reserves (mil. \$)	9,012	8,846	9,680	10,455	11,451	12,329	12,496	11,863	11,319	12,146
<b>Fiscal indicators (general government; %)</b>										
Balance/GDP	1.7	2.1	(3.8)	(3.9)	(2.9)	(1.9)	(2.5)	(2.7)	(2.7)	(2.7)
Change in net debt/GDP	(1.4)	0.2	4.7	2.3	(0.3)	3.1	2.6	2.7	2.9	2.8
Primary balance/GDP	2.4	2.7	(3.3)	(3.5)	(2.5)	(1.4)	(2.0)	(2.1)	(2.0)	(2.0)
Revenue/GDP	38.7	38.5	37.7	37.7	38.5	37.9	38.0	38.0	38.0	38.0
Expenditures/GDP	37.0	36.3	41.5	41.6	41.4	39.8	40.5	40.7	40.7	40.7
Interest/revenues	1.7	1.4	1.4	1.3	1.0	1.2	1.5	1.7	1.8	1.8
Debt/GDP	22.1	20.0	24.6	23.9	22.6	23.1	24.5	25.6	27.2	28.5

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Table 1

### Bulgaria Selected Indicators (cont.)

BGN mil.	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Debt/revenues	57.2	52.0	65.1	63.5	58.6	60.8	64.4	67.5	71.5	75.0
Net debt/GDP	11.0	10.3	15.0	15.4	12.5	14.5	16.2	17.9	19.9	21.6
Liquid assets/GDP	11.1	9.7	9.5	8.6	10.1	8.6	8.3	7.7	7.3	6.9
<b>Monetary indicators (%)</b>										
CPI growth	2.6	2.4	1.2	2.9	13.0	8.6	2.5	2.8	2.2	2.3
GDP deflator growth	4.2	5.2	4.3	7.1	16.2	7.5	4.8	3.5	2.5	2.5
Exchange rate, year-end (LC/\$)	1.71	1.74	1.59	1.73	1.83	1.77	1.76	1.71	1.67	1.69
Banks' claims on resident non-gov't sector growth	8.3	7.8	4.1	8.3	12.1	11.3	12.0	8.0	8.0	8.0
Banks' claims on resident non-gov't sector/GDP	50.3	49.5	51.5	48.3	44.8	45.6	47.7	48.2	49.3	50.4
Foreign currency share of claims by banks on residents	36.9	35.7	34.3	31.7	28.5	25.7	N/A	N/A	N/A	N/A
Foreign currency share of residents' bank deposits	35.9	34.6	36.1	34.1	33.9	31.8	N/A	N/A	N/A	N/A
Real effective exchange rate growth	3.3	0.5	2.9	1.3	4.8	4.9	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 in 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.
<b>Final rating</b>		
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.

**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, May 17, 2024
- Sovereign Ratings History, May 17, 2024
- Sovereign Ratings Score Snapshot, May 5, 2024
- Sovereign Risk Indicators, April 8, 2024. Interactive version available at <http://www.spratings.com/sri>
- Bulgaria's Eurozone Entry Still Likely Despite Government Collapse, April 3, 2024
- Sovereign Debt 2024: Borrowing Will Hit New Post-Pandemic Highs, Feb. 27, 2024
- Sovereign Debt 2024: EMEA Emerging Market Borrowing To Slow To \$492 Billion As The Cycle Turns, Feb. 27, 2024
- 2024 Global Sovereign Rating Trends: Mixed Feelings, Dec. 13, 2023
- EMEA Emerging Markets Sovereign Rating Trends 2024: Stabilizing Ahead Of A Year At The Polls, Dec. 13, 2023
- 2023 Annual Global Sovereign Default And Rating Transition Study, March 27, 2024
- 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

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#### Bulgaria

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Sovereign Credit Rating	BBB/Positive/A-2
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Transfer & Convertibility Assessment	A
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### Ratings Affirmed

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#### Bulgaria

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Senior Unsecured	BBB
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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](http://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/sourceld/504352>. Complete ratings information is available to RatingsDirect subscribers at [www.capitaliq.com](http://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](http://www.spglobal.com/ratings). Alternatively, call S&P Global Ratings' Global Client Support line (44) 20-7176-7176.

## Research Update: Bulgaria 'BBB/A-2' Ratings Affirmed; Outlook Remains Positive

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