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**Confirmation of your representation:** You have been sent the attached Supplement relating to a Global Medium Term Note Programme (the "**Programme**") established by the Republic of Bulgaria (the "**Issuer**") on the basis that you have confirmed to each dealer appointed in respect of the Programme (the "**Dealers**") and to any additional Dealer appointed under the Programme from time to time by, being the senders of the attached that you are: (i) a person that is outside the United States; or (ii) a person that is a QIB that is acquiring the securities for its own account or for the account of another QIB. By accepting this electronic transmission and accessing the attached Supplement, you shall be deemed to have represented to the Issuer and each Dealer that you are: (i) (A) either an institutional investor outside the United States or (B) a QIB that is acquiring securities for your own account or for the account of another QIB; (iii) if you are outside the United States (and the electronic mail addresses that you gave us and to which the attached Supplement has been delivered is not located in the United States), a person into whose possession the attached Supplement may lawfully be delivered in accordance with the laws of the jurisdiction in which you are located; and (v) you consent to delivery of such Supplement by electronic transmission.

You are reminded that the attached Supplement has been delivered to you on the basis that you are a person into whose possession such 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 the attached Supplement to any other person.

The materials relating to an offering under the Programme do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that such an offering be made by a licensed broker or dealer, and the Dealers or any affiliate of the Dealers is a licensed broker or dealer in the relevant jurisdiction, such offering shall be deemed to be made by the Dealers or such affiliate on behalf of the Issuer in such jurisdiction.

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 the attached Supplement or any of its contents.

**Second supplemental offering circular dated 27 August 2024  
to the Offering Circular dated 17 January 2023  
as supplemented by the first supplemental offering circular dated 6 November 2023**



**REPUBLIC OF BULGARIA  
€20,000,000,000  
Global Medium Term Note Programme**

This second supplemental offering circular (this "**Supplement**") is supplemental to, forms part of and must be read and construed in conjunction with, the Offering Circular dated 17 January 2023 as supplemented by the first supplemental offering circular dated 6 November 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 €20,000,000,000 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 €14,000,000,000 to €20,000,000,000 with effect from 1 January 2024.

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 factor, material mistake or material inaccuracy relating to the information included in the Offering Circular which may affect 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 OFFERING CIRCULAR

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 August 2024 available at <https://www.minfin.bg/upload/59341/Investor+Presentation+from+August+2024.pdf> (the "**Investor Presentation**") shall be deemed to be incorporated in, and to form part of, the Offering Circular."

### 2. Constitution.

The following text replaces the text on page 78 of the Offering Circular entitled "*Constitution*":

"The current constitution of the Republic of Bulgaria (the "**Constitution**") was adopted on 12 July 1991 by the 7th Grand National Assembly of Bulgaria and is the supreme and basic law of the country. It was last amended in December 2023, with some of the amendments reversed by the Constitutional Court in July 2024. The Constitution established a parliamentary form of government, in which legislative power is vested within the National Assembly, the executive power is vested upon the Government of Bulgaria and judicial power is exercised through the courts, prosecutors, and investigating authorities, with the Supreme Judicial Council (the "**SJC**") at the head of the judicial system. The Constitution also established the institution of President of Bulgaria to embody the unity of the nation and represent the Republic in its international relations."

### 3. Legislature.

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

"On 9 April 2024 the President of the Republic of Bulgaria, Mr. Rumen Radev, appointed a caretaker government led by Dimitar Glavchev and set 9 June 2024 as the date of the next parliamentary elections, at which the "GERB – UDF" electoral coalition achieved the highest number of votes (24.71 per cent.), followed by the political party "Movement for Rights and Freedoms" (17.06 per cent), then by the coalition "We Continue the Change - Democratic Bulgaria" (14.33 per cent.), the political party "Revival" (13.78 per cent.), the coalition "BSP for Bulgaria" (7.06 per cent.), the political party "There is Such People" (5.96 per cent.), and political party "Greatness" (4.65 per cent.) (source: Central Electoral Commission). The date of the parliamentary elections coincided with the date of Bulgaria's regular elections of members of the European Parliament.

As a result of the 9 June 2024 elections, the 50<sup>th</sup> National Assembly of Bulgaria was constituted on 19 June 2024 but ultimately, it was unable to put in power a regular, Parliament-supported government.

As at 26 August 2024, Prime Minister Glavchev and his caretaker government continued to be in power and the date of the next parliamentary elections, which would lead to the constitution of Bulgaria's 51st National Assembly, had not yet been officially set by the President. However, on 26 August 2024, the President announced via an official statement that he expects to issue a decree on 27 August 2024 to appoint Mr Glavchev and his new caretaker government to power and as a result it is expected that Mr Glavchev will be sworn in as Prime Minister before the National Assembly on 27 August 2024. On 26 August 2024, the President also announced via an official statement that he intends to decide the date of the next parliamentary elections on 27 August 2024, which are currently expected to take place in late October 2024.

As at 27 August 2024, the parties and coalitions in the current, outgoing 50<sup>th</sup> National Assembly are:

Parliamentary Group of "GERB – UDF" .....	68
Parliamentary Group of "We Continue the Change – Democratic Bulgaria" .....	39
Parliamentary Group of "Revival" .....	38
Parliamentary Group of "Movement for Rights and Freedoms" .....	22
Parliamentary Group of "BSP for Bulgaria" .....	18
Parliamentary Group of "There is Such People" .....	16
Independent MP .....	39
<b>Total</b> .....	<b>240</b>

Source: National Assembly of the Republic of Bulgaria."

#### 4. Legal Proceedings.

The section entitled "*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% post-award interest or, alternatively, EUR 1.074 billion plus 1.9% post-award interest. The arbitration remains pending. Bulgaria denies the merits of the claims and continues to defend itself vigorously. However, Bulgaria 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 were initially claiming damages in the amount of EUR 1.07 billion plus interest. At present, according to the claimants' memorial on the merits they claim EUR 425 million plus interest. The arbitration is at an initial stage. Bulgaria has raised jurisdictional objections, denies the merits of the claims and is in the process of preparing its first written submission on the merits. However, Bulgaria is unable to form an opinion as to the outcome or the timing of the arbitration.

##### *Dispute between Nexo AG, NDS EOOD and Mirastar EOOD and the Republic of Bulgaria*

In 2024, Nexo AG, NDS EOOD and Mirastar EOOD commenced an international arbitration case against Bulgaria before the International Centre for Settlement of Investment Disputes. The claimants contend that by various acts and omissions taken by state organs, including the actions of the Bulgarian Public Prosecutor's Office, Bulgaria violated its obligations under the agreement between the Republic of Bulgaria and the Swiss Confederation concerning the promotion and reciprocal protection of investments signed on 28 October 1991. The amount of the claim is not yet specified but the claimants have alluded that it will exceed USD 3 billion plus pre- and post-award interest. The arbitration is at an initial stage. Bulgaria denies the merits of the claim and intends to defend itself vigorously. However, Bulgaria is unable to form an opinion as to the outcome or the timing of the arbitration."

#### 5. Economic Developments and Trends.

The following text is added on page 119 of the Offering Circular immediately before the section entitled "*Public Finance – Fiscal Policy*":

"As of the end of June 2024, the budget balance under the Consolidated Fiscal Programme (on a cash basis) was a deficit of BGN 636.0 million (0.3% of the projected GDP). As of the end of June 2024, the national

budget reported a deficit of BGN 1,370.7 million and the accounts for European Union funds reported a surplus of BGN 734.7 million.

The total revenues, grants and donations under the Consolidated Fiscal Programme for the first six months of 2024 amounted to BGN 34,493.6 million, or 45.8% of the annual estimate. Compared to the same period of 2023, revenues grew in nominal terms by 9.8%, or BGN 3,088.6 million. Proceeds from tax and non-tax revenues grew by BGN 2,292.5 million, while proceeds from grants and donations (primarily European fund and programme grants) increased by BGN 796.1 million compared to those reported for the same period of the previous year.

As of the end of June 2024, tax proceeds under the Consolidated Fiscal Programme, including revenues from social security and health insurance contributions, amounted to BGN 27,204.1 million, or 46.9% of the annual estimate. Proceeds from taxes and social security and health insurance contributions amounted to 78.9% of the total Consolidated Fiscal Programme proceeds for the same period. Revenues from direct taxes amounted to BGN 5,418.9 million (42.1% of the annual estimate) and revenues from indirect tax revenues amounted to BGN 11,810.8 million (46.3% of the annual estimate), with VAT revenues amounting to BGN 8,428.1 million (45.2% of the annual estimate), excise duty revenues amounting to BGN 3,210.9 million (49.8% of the annual estimate), and customs duty revenues amounting to BGN 140.2 million (37.9% of the annual estimate). Proceeds from other taxes, including property taxes and other taxes under the Corporate Income Tax Law, amounted to BGN 1,276.5 million (68.9% of the annual estimate). Revenues from social security and health insurance contributions were BGN 8,697.9 million, or 49.1% of the annual estimate.

Non-tax revenues amounted to BGN 5,290.0 million, or 51.6% of the annual estimate and were primarily revenues from state, municipal and legal fees, revenues from rents (including contributions from revenues from state and municipal enterprises), concession revenues, and greenhouse gas emission allowance revenues.

Proceeds from grants and donations amounted to BGN 1,999.5 million.

The expenditures under the Consolidated Fiscal Programme, including the contribution of the Republic to the EU budget, amounted to BGN 35,129.6 million as of June 2024, or 43.1% of the annual estimate, compared to BGN 31,230.6 million as of June 2023. This was primarily due to an increase in social security expenditures as a result of annual pension indexations and increased remuneration provided to staff in certain administrations (including teaching staff) in accordance with the 2024 Budget Act.

The relatively lower absorption of planned capital expenditures during the first six months of 2024 was primarily due to the construction cycle, whereby infrastructure construction projects are carried out during the summer months and payment for such completed projects are concentrated in the last quarter of the year.

As of June 2024, non-interest expenditures amounted to BGN 33,918.8 million, or 43.6% of the annual estimate. Non-interest current expenditures amounted to BGN 32,023.3 million, capital expenditures (including net increment of state reserve) amounted to BGN 1,876.3 million, current and capital transfers to other countries amounted to BGN 19.3 million, and interest payments amounted to BGN 497.2 million, or 49.2% of the annual estimate."

## **6. Public Finance - Annual State Budget Act for 2024.**

The following text is added on page 124 of the Offering Circular immediately before the section entitled "*Public Finance – General Government*":

### **"Annual State Budget Act for 2024 of the Republic of Bulgaria**

The preparation of the 2024 budget within the second stage of the budget procedure for 2024 was influenced by the late adoption of the Law on the State Budget of the Republic of Bulgaria for 2023 (the "**2023 Budget**") and the whole-year effects of changes in the policies and main assumptions adopted with the 2023 Budget. The Law on the State Budget of the Republic of Bulgaria for 2024 (the "**2024 Budget**") was adopted by the National Assembly on 21 December 2023 and was promulgated in the State Gazette Volume 108 of 30 December 2023.

Under the 2024 Budget, the fiscal policy objective of having a deficit within the framework of the fiscal rules and restrictions under national and European legislation while ensuring the necessary financial resources for the implementation of the spending priorities defined in the Government programme, with an emphasis on social policies, investment programmes and the reforms financed by both the national budget and from the European Union funds, has been maintained for the medium-term period.

In the medium-term, a sustainable nominal growth of revenues is expected, including tax and insurance revenues, with a slight decrease in aid from abroad due to the stages of implementation of the programmes co-financed by the European Union. The expenditures under the Consolidated Fiscal Programme (excluding the expenditures incurred from accounts for European Union funds and other international programmes and contracts in respect thereof, including the related national co-financing) are within the 40% rule under the PFA.

The parameters of the 2024 Budget are within the framework of the Maastricht criteria. In 2024, the budget balance is planned to be a deficit of 3.0% of GDP both for the General Government sector and under the Consolidated Fiscal Programme and is within the rules and limits of the PFA.

The maximum amount of state debt by the end of 2024 is planned to be BGN 48.0 billion (23.3% of GDP), based on the assumptions for new debt financing for 2024 and is intended to be used for refinancing of maturing debt, financing the planned deficit of the state budget and ensuring the liquidity position of the fiscal reserve.

The investment policy in the 2024 Budget foresees the implementation of the capital budget under national programmes, programmes and mechanisms of the European Union and other international programmes and agreements. For this purpose, the capital expenditures under the individual budgets of the first-level spending units under the 2024 Budget have been allocated to a separate resource in the central budget. The Republic aims to achieve better planning and spending of capital expenditures as well as increased efficiency and transparency in the implementation of investment programmes.

The framework of the capital budget contemplates the implementation of an investment programme for municipalities through which priority infrastructure projects of the local communities will be effected, in turn contributing to the improvement of the infrastructural development of the regions and the public works environment in the settlements.

The application of the 0% VAT rate for the supply of bread and flour was initially extended until mid-2024 and later extended further to the end of 2024 through amendments to the Value Added Tax Law. The application of the reduced VAT rate of 9% for the supply of general tourist services and services for the use of sports facilities was also extended until 30 June 2024, and for restaurant and catering services until the end of 2024.

In respect of income policy, with effect from 1 January 2024 the minimum wage was increased from BGN 780 to BGN 933 in accordance with the provisions of Article 244 of the Labor Code through the introduction of an automatic mechanism for determining the minimum wage as 50% of the average wage for the previous 12-month period.

An increase in funds for delegated activities in education is also planned in 2024 with a view to continuing the policy of increasing the salaries of pedagogical specialists to reach an average salary of not less than 125% of the average salary for the country in order to stimulate the entry of young and qualified teachers in the pre-school and school education systems."

## **7. Monetary and Financial System – Implementation of Bulgaria's commitment to adopt the euro.**

The second paragraph on page 151 of the Offering Circular under the section entitled "*Monetary and Financial System – Implementation of Bulgaria's commitment to adopt the euro*" is deleted and replaced with the following text:

"On 27 May 2022, the Government adopted the National Changeover Plan for the Introduction of the Euro in Bulgaria and since then Bulgarian authorities have taken the necessary steps in order for the country to be operationally ready to adopt the euro, the most recent being the adoption of the Law on the Introduction of the Euro in the Republic of Bulgaria and amendments to the Credit Institutions Act (both promulgated in State Gazette, Volume 70/20 August 2024). The Government's target date for euro adoption is 1 July



2025 and the relevant authorities are currently working to meet the Maastricht criteria ahead of this deadline."

#### **8. General Information – Authorisation.**

The two paragraphs on page 214 of 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 2024 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, the Annual State Budget Act for 2024 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 €14,000,000,000 to €20,000,000,000 was authorised by the Annual State Budget Act for 2024 (as amended) of the Republic of Bulgaria published by the State Gazette Volume 108/30 December 2023."

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

The paragraph on page 214 in the Offering Circular in the section entitled "*General Information – No Significant Change*" is deleted and replaced with the following text:

"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 2023."