



## The Republic of Bulgaria priced dual-tranche EUR 1.5bn 7 year and EUR 750mn 12 year Eurobond offering

15<sup>th</sup> September 2022

### PRESS RELEASE

<b>Issuer:</b>	<b>Bulgaria</b>	
<b>Issuer Ratings:</b>	<b>Baa1 (stable) by Moody's / BBB (positive) by Fitch</b>	
<b>Expected Issue Ratings:</b>	<b>Baa1 by Moody's / BBB by Fitch</b>	
<b>Format:</b>	<b>Reg S Category 1, Registered Form</b>	
<b>Status:</b>	<b>Senior, Unsecured</b>	
<b>Documentation:</b>	<b>EUR 12bn Global Medium Term Note Programme</b>	
<b>Tenor:</b>	<b>7-year</b>	<b>12-year</b>
<b>Maturity:</b>	<b>23 September 2029</b>	<b>23 September 2034</b>
<b>Amount:</b>	<b>EUR 1.5bn</b>	<b>EUR 750m</b>
<b>Reoffer Spread/Yield:</b>	<b>MS+185bps / 4.346%</b>	<b>MS+225bps / 4.823%</b>
<b>Reoffer Price:</b>	<b>98.690%</b>	<b>98.227%</b>
<b>Coupon:</b>	<b>4.125%, FXD, Ann, Act/Act</b>	<b>4.625%, FXD, Ann, Act/Act</b>
<b>Settlement:</b>	<b>23 September 2022 (T+6)</b>	
<b>Denominations:</b>	<b>€1k x €1k</b>	
<b>Listing:</b>	<b>Luxembourg Stock Exchange</b>	
<b>Law:</b>	<b>English law</b>	
<b>Bookrunners:</b>	<b>BNP Paribas, Citi, J.P. Morgan (B&amp;D) and UniCredit</b>	

On Thursday 15<sup>th</sup> September, the Republic of Bulgaria, rated Baa1 (stable) by Moody's / BBB (positive) by Fitch, successfully priced a dual-tranche EUR 1.5bn 7 year and EUR 750mn 12 year Senior Unsecured transaction in Regulation S format. The 7 year tranche with coupon of 4.125% was priced at 185bps over mid-swaps and a re-offer yield of 4.346% (re-offer price of 98.690%), while the 12 year tranche with coupon of 4.625% was priced at 225bps over mid-swaps and a re-offer yield of 4.823% (re-offer price of 98.227%).

BNP Paribas, Citi, J.P. Morgan and UniCredit acted as Bookrunners for the transaction.

Capitalising on the open market window and the scarcity of its paper, the Republic of Bulgaria returned to the international debt capital markets after exactly 2 years of absence since its last dual-tranche issuance in September 2020.

The mandate was announced on Wednesday, 14<sup>th</sup> September, with Global Investor Call and a series of 1-on-1 and group calls with investors taking place over the course of the day. On the back of the comprehensive investor feedback received on the first day, the Ministry of Finance of Bulgaria decided to proceed with Initial Pricing Thoughts (IPTs) announcement on Thursday, 15<sup>th</sup> September at 08:30 UKT / 10:30 EEST. IPTs were released at MS+200bps area for the 7 year tranche and MS+235bps area for the 12 year tranche.

Bulgaria's dual-tranche offering drew solid investor demand from the onset, with the combined orderbook reaching north of EUR 2.5bn after approximately 2 hours of bookbuilding. On the back of combined orders in excess of EUR 3.8bn by 13:02 UKT / 15:02 EEST, the Republic of Bulgaria decided to tighten the pricing from IPTs by 15bps on the 7 year tranche and by 10bps on the 12 year tranche, setting the spreads at MS+185bps and MS+225bps, respectively. Following a constructive price revision as well as observing solid demand for the offering, investors continued to pile up bids for both bonds at the US open. The deal was launched at 14:32 UKT / 16:32 EEST with sizes set at EUR 1.5bn for the 7 year tranche and EUR 750mn for the 12 year tranche. The offering was priced afterwards at 16:53 UKT / 18:53 EEST.

Final combined orderbook reached EUR 4.2bn (with a skew to the 7 year tranche) with orders from 143 accounts on the 7 year and 89 accounts on the year 12 note. Demand came from European and other global investors, with Bulgarian accounts comprising 31% of the allocation across the 7 year tranche, followed by UK and DACH investors accounting for 26% and 17% of the book, respectively. For the 12 year tranche, 40% of the allocation went to DACH accounts, followed by UK at 25% and Bulgarian investors at 13%. In terms of investor type, fund managers and banks represented the bulk of the demand, with Fund Managers taking 52% allocation for the 7 year and 55% for the 12 year, while banks accounted for 36% of the allocation across both tranches.

The price tightening and deal upsize elements of the execution proved the fundamental soundness of Bulgaria's credit story and investor commitment to the Sovereign. This offering has further populated Bulgaria's curve and increased its overall liquidity.