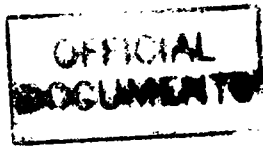


W. 8596-BG



Supplemental Letter No. 2

REPUBLIC OF BULGARIA

April 1, 2016

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Re: Loan No. 8596-BG
(Deposit Insurance Strengthening Project)
Section 9.02 of the General Conditions
Model Legal Opinion

Dear Sirs and Mesdames:

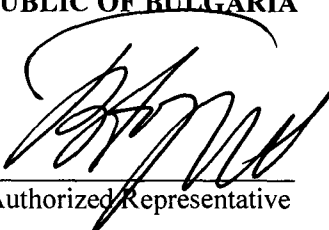
In connection with the Guarantee Agreement of this date between the Republic of Bulgaria (Member Country) and the International Bank for Reconstruction and Development (Bank) providing a guarantee (Guarantee) for the above-captioned Project and the General Conditions (General Conditions) made applicable to the Loan Agreement, I am writing on behalf of the Member Country to set forth the following:

1. We understand and agree that, for purposes of Section 9.02 of the General Conditions, the Member Country is required by the Bank to furnish an opinion satisfactory to the Bank of counsel acceptable to the Bank showing on behalf of the Member Country that the Guarantee Agreement to which it is a party has been duly authorized or ratified by, and executed and delivered on behalf of the Member Country and is legally binding upon the Member Country in accordance with its terms.
2. We have attached in the Annex to this communication a form of legal opinion that will be completed and signed after the Member Country's internal authorization and ratification procedure is carried out.

3. Please confirm your agreement to the form of legal opinion attached in the Annex to this communication, by having a duly authorized representative of the Bank sign in the space provided below.

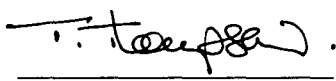
Very truly yours,

REPUBLIC OF BULGARIA

By: 
Authorized Representative

AGREED:

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

By: 
Authorized Representative

Date: March 31, 2016

Annex

FORM OF LEGAL OPINION OF THE GUARANTOR

[*Official letterhead of the Ministry of Justice*]

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
U.S.A.

[*Date*]

Dear Sirs,

Re: Legal Opinion on the Guarantee Agreement (Deposit Insurance Strengthening Project) between the Republic of Bulgaria and the International Bank for Reconstruction and Development for the Loan Agreement between the Bulgarian Deposit Insurance Fund and the International Bank for Reconstruction and Development, both dated [] ; (Loan No. ...).

On [*Date*] the International Bank for Reconstruction and Development (the "**Bank**") concluded a Guarantee Agreement with the Republic of Bulgaria (the "State"), as Guarantor, whereby the State guaranteed the financial obligations of the Bulgarian Deposit Insurance Fund (the "**Borrower**") in favour of the Bank (the "**Guarantee Agreement**") in respect of the Loan.

In this Opinion words and expression defined in the Guarantee Agreement shall have the same meanings herein.

In my capacity as Minister of Justice of the Republic of Bulgaria, I have inspected the signed copy of the Guarantee Agreement and all other relevant documentation and examined the Constitution of the Republic of Bulgaria together with such laws, statutes, documents and other matters, and have made such other enquiries as I considered necessary or appropriate for the purpose of giving this opinion. Based upon the foregoing, I am of the opinion and state, respectively, that:

- (a) The Council of Ministers of the Republic of Bulgaria, after examining the drafts of the Guarantee Agreement and the Loan Agreement, by its Resolution № [] dated [] approved the draft of the Guarantee Agreement and authorized the Minister of Finance to negotiate and to sign the Guarantee Agreement on behalf of the Republic of Bulgaria. Subsequently, the Council of Ministers of the Republic of Bulgaria by its Resolution № [] dated [] approved the Guarantee Agreement signed on [] and proposed to the

Bulgarian National Assembly to adopt the Law on Ratification of the Guarantee Agreement (the "**Law on Ratification**");

- (b) In accordance with the provisions of Article 85, paragraph 1, items 4, 5, [7 and 8] of the Constitution of the Republic of Bulgaria, the National Assembly adopted the Law on Ratification of the Guarantee Agreement between the Republic of Bulgaria and the International Bank for Reconstruction and Development for the Loan Agreement between the Bulgarian Deposit Insurance Fund and the International Bank for Reconstruction and Development;
- (c) In accordance with the provisions of Article 98, item 4 of the Constitution of the Republic of Bulgaria, the President of the Republic of Bulgaria issued Decree No [] dated [] enacting the promulgation of the Law on Ratification in the State Gazette;
- (d) The Law on Ratification, promulgated by the Decree of the President of the Republic of Bulgaria was published in the State Gazette, Issue No [] dated [] and entered into force on [];
- (e) All acts, conditions and authorizations which need to be executed, fulfilled and performed in order to enable the State, as the Guarantor, to lawfully enter into, exercise its rights under, and perform the obligations set forth in, the Guarantee Agreement have been fulfilled and performed in strict compliance with the Constitution and laws of the State.
- (f) The obligations of the State as Guarantor as set forth in the Guarantee Agreement constitute legal, valid and binding obligations of the Guarantor and are enforceable in accordance with their respective terms.
- (g) The obligations of the State as set forth in the Guarantee Agreement constitute international obligations of the State and have been approved in accordance with the provisions of the Constitution of the State relating to international agreements.

Yours faithfully,

Minister of Justice
The Republic of Bulgaria