

INTERIM ACTIVITY REPORT
OF "BULGARIAN-AMERICAN CREDIT BANK" AD ON A CONSOLIDATED BASIS FOR THE FIRST HALF OF
2023.
SOFIA, 28 JUNE 2023.

General information

The Bulgarian-American Credit Bank AD (BACB, the Bank) continued to operate in the first half of 2023 as a universal bank offering a full range of banking services, aimed at the green economy, incl. financing small and medium-sized enterprises and expanding the services in retail banking by offering a variety of products in the field of housing and consumer lending and transaction banking. The bank strives to meet its clients' needs by offering a comprehensive range of banking services and providing modern banking technologies and thereby to expand its customer base.

Economic overview

External environment

The global economy outlook remains uncertain amid rising interest rates, high inflation rates, and the continuing war in Ukraine. Pursuant to the forecasts of the International Monetary Fund (IMF, the Fund) from April 2023, we may expect a real GDP slowdown worldwide to 2.8% in 2023 (from 3.4% in 2022), followed by a slight rise to 3.00% in 2024. Global price pressures remain high amid relatively stable demand, tight labor market conditions and high food prices, but they are expected to ease as commodity markets stabilize and growth weakens.

Continued actions by Central Banks aimed at tightening their monetary policy by raising key interest rates, used as the main tool to combat inflation, have not yet yielded the stable result, with the inflation rates remaining at higher levels and representing a major challenge to the economic development.

The Eurozone labor market conditions remain unchanged. The unemployment rate is expected to remain around the current levels, with a possibility for minor deviations.

According to the ECB's latest forecasts, inflation rates are expected to decline to 5.3% in 2023, with a subsequent decline to 2.9% in 2024 and 2.1% in 2025. The decline in inflation rates over the forecast period reflects the effects related to the impact of ECB's monetary policy of raising interest rates starting in December 2022, the outlook for weaker growth and the assumed reduction in energy and food prices, along with the assumption that long-term inflation expectations will remain stabilized. An additional driving factor in this direction is the gradual elimination of fiscal measures which compensate for the energy prices increase.

Bulgaria

The spring macroeconomic forecast of the Ministry of Finance (MF) provides for a slowdown in GDP growth in the country in 2023 to 1.8% (given a growth in real terms of 3.4% in 2022). According to the forecast, the slowdown will be mainly due to a decrease in consumption, external demand deterioration and the interest rates increase. Growth in private consumption will be supported by the growth in the real disposable income, but it will slow down compared to 2022, in sync with the weaker growth in employment rates and lending to households. Growth in government consumption is also expected to be weaker than the one reported in 2022. Similar to its previous autumn forecast, the Ministry of Finance expects private investment activity to remain suppressed, due to high uncertainty and deterioration of financing conditions.

2023 Economic Growth Forecasts

Institution	New forecast	Previous forecast
BNB	0,4	0,1
MF	1,8	1,6
European commission	1,4	1,1
IMF	1,4	3,0
World bank	1,7	4,3
European Bank for Reconstruction and Development	1,0	1,5
Average value	1,28	1,93

Pursuant to the latest economic forecasts, the leading institutions expect the country's real GDP to grow by about 1.28% in 2023, which represents a decrease of about 0.65 percentage points compared to the previous expectations. Out of the international organizations included in the sample, only the European Commission revised its forecast for 2023 economic growth of the country upward.

In 2024 the weakening of inflationary pressure will result in a higher growth in household consumption, which in turn will have a positive effect on private investment activity, on the background of relatively high growth of public investment. The improving external environment will represent an incentive for accelerating the growth in goods and services export, and the MF expects the country's GDP to grow by 3.3% for the entire year.

GDP growth in the period 2025–2026 is expected to slow down to 3.2% and 3%, respectively. During this period, the Ministry of Finance predicts a slight decline in public investment and an increase in private investment, related to expectations for a reduction in uncertainty and a continued demand growth. Based on the dynamics of the external environment, there are forecasts for accelerated increase in the export of goods and services in 2025, followed by a slight growth slowdown at the end of the period.

After we observed recovery of employment rates in 2022 after the revocation of all restrictive measures against COVID19, in 2023 the annual growth of employment is expected to slow down to 0.4%, in line with forecasts for an overall slowdown in the country's economic growth. Along with the acceleration in the growth rates of the Bulgarian economy, 2024 is expected to bring an increase in the growth of the number of employed persons by 0.7%. Despite the expectations for growth in the Bulgarian economy in 2025 and 2026, the MF predicts a slowdown in employment growth.

Since the last quarter of 2022 we have been observing a downward trend in the annual inflation rates based on the HICP. Since September 2022, when the highest inflation rate of 15.6% on an annual basis was reported, inflation has been slowing down to 13.7% in February 2023 and additionally to 12.1% in March 2023. The slowdown in inflationary processes in the country is largely due to the decreased international prices of energy goods and raw materials, which are expected to drop further throughout the entire forecast period.

The Ministry of Finance forecasts a decrease in inflation rates at the end of 2023 to 5.6%, and the annual average rate to be 8.7%. The slowdown will be mainly due to a significant reduction in the contribution of food and energy goods, and the prices of the latter are expected to demonstrate a slight decrease in the end of the year. Inflation rates in 2024 are expected to continue slowing down, reaching 3.2% at the end of the year and an average annual rate of 3.8%. In 2025 and 2026 the average annual inflation will continue to decrease, reaching 2.8% and 2.2%, respectively.

Basic macroeconomic indicators

BASIC MACROECONOMIC INDICATORS	REPORTED DATA*		FORECAST			
	2021	2022	2023	2024	2025	2026
International environment						
Global economy [real growth, %]	6,10	3,40	2,80	3,10	3,20	3,20
European economy - EU [%]	5,40	3,50	0,70	1,80	2,10	1,90
Exchange rate [USD/EUR]	1,18	1,05	1,06	1,06	1,06	1,06
Brent oil price [USD/barrel]	70,40	99,80	82,20	77,40	73,30	70,00
Non-energy commodity prices [in USD, %]	32,70	8,70	-10,60	-2,10	-1,40	-0,60
EURIBOR 3m. [%]	-0,50	0,30	3,30	3,30	2,80	2,30
Gross Domestic Product						
GDP [millions of BGN]	139 012	165 384	184 486	197 566	210 190	222 693
GDP [real growth, %]	7,6	3,4	1,8	3,3	3,2	3
Consumption	6,7	5,2	3	3,3	3,3	3,3
Gross fixed capital formation	-8,3	-4,3	6,3	12,6	6,5	4,8
Export of goods and services	11	8,3	1,7	4,3	4,7	4,3
Import of goods and services	10,9	10,5	3,9	6,4	5,4	5
Labor market and prices						
Employment rate [System of National Accounts, %]	0,2	1,3	0,4	0,7	0,5	0,3
Unemployment rate [Labor force monitoring, %]	5,3	4,3	4,1	3,9	3,8	3,8

Compensation per employee [%]	11,3	18,4	11,5	10,6	7,7	7,1
GDP deflator [%]	7,1	15,1	9,5	3,7	3,1	2,8
Average annual inflation [HICP, %]	2,8	13	8,7	3,8	2,8	2,2
Payment balance						
Current account [% of GDP]	-1,9	-0,7	-0,7	-1,7	-1,9	-2
Trade balance [% of GDP]	-4,1	-5,8	-5,6	-6,9	-7	-7,1
Direct foreign investment [% of GDP]	2,9	3,6	3,7	3,8	3,7	3,6
Monetary sector						
MH [%]	10,7	13,2	12,4	11,9	12,1	11,7
Receivables from companies [%]	6,1	11,1	7,2	7,9	8	7,7
Receivables from households [%]	13,4	14,6	11,7	11,2	9,5	8,9

Source: MF, NSI, BNB, IMF, Bloomberg

The global geopolitical situation retains its high degree of uncertainty, which poses significant risks to the realization of the macroeconomic forecast. The Bulgarian economy's openness makes it dependent on the economic dynamics present in the country's main trading partners - the European Union, in particular.

The higher than expected inflation rates, the accelerated rise in interest rates and the corresponding drop in disposable income of households are all factors that would limit external demand.

Meanwhile, we also observe certain positive indicators. In 2022, on the background of rising inflation rates, household consumption in the country remained stable. The reported growth was higher than expected, and if this trend is preserved this year, a larger GDP growth may be reported.

BACB – business performance

At the end of the second quarter of 2023, the Bank's loan portfolio grew by a net 2,40%, or BGN 33. million, compared to the first quarter of 2023. The newly granted loans reached a net increase of BGN 34.718 million or a 2.58% increase.

With regards to SMEs and corporate loans to legal entities, the Bank reports a net growth of BGN 8.337 million or 0.87%, with a share of 66.96% of the Bank's total loan portfolio, compared to 65.98, compared to 66.96% at the end of the first quarter of 2023. The market share of legal entities is 2.36% as of 31.03.2023, given the values of 2 - 2.5% provided for in the Development strategy.

With regards to borrowed funds from SMEs and Corporate clients as of 30.06.2023, the total borrowed resource amounts to BGN 423.919 million, representing a decrease by 11.36% (BGN 54.329 million in absolute value) as of the first quarter of 2023. Compared to the values as of 31.03.2023 we report a decrease by BGN 17.619 million (17.32%) for term deposits, and for demand funds – a decrease of BGN 36.710 million (9.75%). In view of the "borrowed funds from legal entities" values BACB reached 3.24% market share as of 31.03.2023, given the values of 2-2.5% set out in the strategy.

In compliance with the Bank's strategy, the old "legacy" loan portfolio of legal entities was reduced net by BGN 0.113 million or 0.62% for the quarter, reaching a total book exposure of BGN 18.122 million, as a result of which their share in the Bank's total portfolio dropped from 1.25% at the end of the first quarter of 2023 to 1.21% as of 30.06.2023.

The negative economic conditions generated by the imported inflation and the slowdown in economic expansion present worldwide contributes to an increase in problem exposures of legal entities, BACB reports an increase of this indicator by 1.69% or BGN 2.923 million in absolute value as of 31.03.2023. As a share of the total loan portfolio, problem exposures were reduced by 0.07% to 8.34% compared to 31.03.2023, as a result of the proactive approach of the units responsible for their collection and the outpacing growth of the new performing loan portfolio.

The following initiatives carried out by BACB also helped expanding credit operations for Corporate clients:

- The "Napred" joint program with BDB for financing micro, small and medium-sized businesses, as a result of which 62 SMEs employing more than 1550 people were supported;
- Since 2018, the Bank has implemented the agreement concluded with "Bulgarian Development Bank" EAD for financing of small and medium-sized enterprises with a guarantee facility and counter-guarantees under the "COSME" Program of the European Investment Fund, with the support of the European Fund for Strategic Investments - "COSME+" European Fund for Strategic Investments in the amount of EUR 10 000 000. As of 30.06.2023, the total number of loan agreements concluded is 126, for the amount of BGN 19 363 067.06, with a total principal of BGN 5 800 415.49 and guarantees in the amount of BGN 3480249.30. This program supported 126 SMEs employing more than 1 505 people and holding total assets of BGN 192 094 998.63;

- BACB AD operates under a guarantee scheme, aimed at facilitating the access of SMEs to financing from commercial banks, through a risk sharing scheme by the National Guarantee Fund EAD and the Ministry of Agriculture and Food. As of 30.06.2023 there are 9 active guarantees for BGN 1 219 797.78 and loans for BGN 2093797. Since the beginning of the program, 76 SMEs clients have been supported, with a total amount of loans of BGN 48 700 000.
- BACB implements a Guarantee scheme for supporting SMEs by the NGF /SMEs 2019/ - revolving and investment loans, as well as counter-guarantees under bank guarantees. As of 30.06.2023, there are 46 active deals under the program for BGN 17023858.41 with guarantees amounting to BGN 6983080.81. This program supported 80 SMEs employing more than 1 073 people and holding total assets of BGN 216 810 000.
- BACB implements the COSME Guarantee Scheme of the NGF and the European Fund for Strategic Investments (EFSI). As of 30.06.2023 there are 15 active loans with principals of BGN 2927169.21 and guarantees in the amount of BGN 463584.61. In total, the scheme has supported 32 SMEs employing more than 741 people and has granted loans in the amount of BGN 12 834 222, with guarantees amounting to BGN 6 417 111 BGN.
- BACB also implements the guarantee schemes of the Municipal Guarantee Fund for small and medium-sized enterprises with the Capital Municipality. As of 30.06.2023, there is an active portfolio under the guarantee scheme of the Municipal Guarantee for SMEs in the amount of BGN 1076773.61, respectively - loans in the amount of BGN 4018871.
- BACB implements a Guarantee Scheme to support SMEs affected by the Covid-19 crisis, jointly with BDB EAD. Since the introduction of the scheme - 01.06.2020 to 31 June 2023, 195 loans totaling BGN 42 648 104.63 were granted to companies employing more than 4 175 people and holding total assets of BGN 942 767 962. As of 30.06.2023 there are 140 active loans, with principals in the amount of BGN 24129259.75 and guarantees in the amount of BGN 19303407.80.
- BACB implements a Guarantee scheme under the "Recovery" Program to support business through guarantees by BDB EAD in the amount of 80%. The loans have a maximum amount of BGN 3 000 000 and are provided without collateral, with shortened approval periods. Since the start of the program, 61 loans totaling BGN 26 109 580.23 have been granted to clients with a total of over 563 employees and total assets of BGN 277 264 042, where active loans have a total principal of BGN 19942352.45 and guarantees in the amount of 15953881.96.
- BACB implements a guarantee scheme with the Fund manager of financial instruments in Bulgaria - Portfolio guarantee with a loss cap, aimed at overcoming the consequences of the COVID-19 pandemic in the amount of BGN 20 000 000, where the guarantees amount to 80%. As of 30.06.2023, there are active credits totaling BGN 10795000, principal in the amount of BGN 8949324.53 with guarantees of BGN 8356970.92. The full amount of the agreed guarantee portfolio has been realized;
- BACB AD also implements a Guarantee scheme with the Fund manager of financial instruments in Bulgaria - Portfolio guarantee with a loss cap, aimed at overcoming the consequences of the pandemic - "Recovery" Program. As of 30.06.2023 there are a total of 11 loans for BGN 2 8480 000 with guarantees in the amount of BGN 1775475.68.
- The Bank also applies a Guarantee program for unsecured loans jointly with the Fund manager of financial instruments in Bulgaria - Portfolio guarantee with a loss cap "Recovery 2" with total guarantees of BGN 10 427 706 covering 80% of the loans. As of 30.06.2023 there are a total of 14 loans with a principal of BGN 10640030.26 with guarantees in the amount of BGN 8512024.20.
- The Bank applies a Guarantee scheme for the support of SMEs by the NGF /SME 2022/ with a total guaranteed portfolio of BGN 55 000 000, which enables BACB to provide loans of more than BGN 110 000 000. As of 30.06.2023, there are a total of 42 active transactions under the program for BGN 21316619.95.45 with guarantees amounting to BGN 9406344.42. As a result of this program, a total of 43 SMEs were supported, employing more than 692 people and holding assets totaling BGN 87 322 070;

In the second quarter of 2023, the Retail Banking business line, which manages the Individuals segment at BACB, reported very good results in its lending activities, with the highest growth belonging to low-risk mortgage loans - an increase of BGN 22.1 million or 8.25% compared to the end of the previous quarter. The growth in mortgage lending is conditioned by the excellent price terms, clear and transparent parameters and the Bank's individualized customer-oriented approach. Consumer loans, on the other hand, grew by BGN 3.2 million or 4.63% compared to the previous quarter.

The market presence of the two product segments in the banking system at the end of March 2023 was respectively 1.08% for mortgage loans and 0.72% for consumer loans, while the Bank expects them to continue their upward trend in the second half of 2023. According to BACB's strategy, the target in the Retail Banking business segment is for additional significant growth and reaching a 2% market share over the next years.

Given the high results achieved, the Bank managed to fulfill yet another main goal laid down in its strategy for Retail lending development relating to the share of loans to individuals in the total loan portfolio, which at the end of the second quarter of 2023 was 26.90% compared to 24.49% at the end of the previous quarter.

In order to develop its business with individuals, BACB carried out the following activities:

- The offering of the "Clean account" payment product for individuals with the VISA card, online management using BACB Online and with a functionality for digital payments through Google Pay and Apple Pay, also

continues. The product was upgraded with a differential interest accumulation on the funds thereon, and continues to be a leading factor in attracting new customers.

- The bank successfully conducted a TV advertising campaign for the "Clean Account" product, with an emphasis on online opening and the differential interest accumulation on the funds therein.
- The bank successfully conducted an advertising campaign for its "DREAMS COME TRUE" mortgage loan product with the slogan "No hidden conditions", focusing on the clear and transparent conditions.
- We continue the development of the loan product "Just Now" - a completely online consumer loan combining speed, convenience and security, facilitated by automatic approval and disbursement of funds without the need to visit a bank office.
- We updated the terms of the twelve-month "Growing Interest Rate" deposit, where the interest rate grows each subsequent quarter, while at the same time clients have access to their funds and may withdraw money without breaching the terms of the deposit, continues to be the leading deposit product of the Bank.
- The bank continues its cooperation for offering the pension products of PIC Doverie AD using its office network and points of sale of BACB Express.
- In the end of March we commissioned the AI-based Bianca Digital Assistant, which will provide information to our clients 24/7.
- The bank continues to market its innovative product for individuals – the fast consumer loan "BACB Express", offered at specialized points of sale in large mall-type shopping centers. The number of products offered through these points of sale is growing, for example, the "Clean Account" and the Doverie Pension Insurance Fund products, available with extended opening hours, seven days a week.
- BACB is actively working to lend to students under the Lending to Students and PhD Students Act with a total state guarantee limit of BGN 5 000 000. The credit scheme of the Ministry of Education and Science allows BACB AD to expand and further develop its cooperation with state institutions in the country, as well as to attract new clients - individuals (students and PhD students) in compliance with the Bank's development strategy. There are 85 active loans granted under the scheme with an approved amount of BGN 2 315 112 with a 100% guarantee.

In an effort to be closer to its clients - individuals and to offer them first-class service, BACB also offers them the possibility for full online servicing – online application and opening of the "Clean Account" with a debit card and online application and opening of the "It's All Good" and "Online deposit", the Just Now online credit, the BACB Pay digital wallet. We are working on digitizing the application for a mortgage loan and virtual office.

In the second quarter of 2023 the bank processed a total of 371295 transfers totaling BGN 5.6 billion, which represents a 4% increase in the number of transfers and 23% decrease in the amount of transfers compared to the second quarter of the previous year and an increase of 11% in the number of transfers, no changes in the amount compared to the first quarter of 2023. Since the beginning of the year, the bank has processed 723274 transfers for BGN 11.6 billion, which represents a 7% increase in the number of transfers and a 14% decrease in the amount, compared to the same period of the previous year.

During the reporting period, 26 new documentary operations were processed for BGN 24 million. Since the beginning of the year the bank has processed 48 documentary operations for BGN 30 million, which represents an increase of 26% in the number and 181% in the amount compared to the same period of the previous year.

The bank also services customer payments to 5 electronic money institutions.

In Q2 2023 the bank processed 336 709 customer transfers of EMIs for BGN 749 million (an increase of 25% in the number and 42% in the amount compared to Q2 2022) and collected fees in the amount of BGN 84 thousand (an increase of 14% compared to Q2 2022). Since the beginning of the year, a total of 659 295 customer transfers of EMIs have been processed for BGN 1.4 billion (an increase of 28% in the number and 52% in the amount compared to the same period last year) and fees in the amount of BGN 164 000 have been collected (an increase of 21% compared to the same period last year).

In the second quarter of 2023 the total collected fees and commissions (excluding those from loans and cards) amounted to BGN 2.6 million, which represents an increase of 5% compared to the second quarter of the previous year and demonstrated no change compared to the previous quarter. Since the beginning of the year, a total of BGN 5.1 million has been collected from fees and commissions, which represents a growth of 9% compared to the same period last year. Until the middle of 2022, the Bank also collected a cash safekeeping fee, and for the first two quarters of 2022 it collected BGN 1.5 million. Revenue share: 49% from payments (BGN 2.5 million), 26% from accounts (BGN 1.3 million), 17% from cash operations (1 million BGN), 5% from documentary operations (0.25 million BGN) and 1% from others (0.07 million BGN).

In pursuance of its strategy, the Bank is actively working on the implementation of optimizations, automation and digitization of other processes.

During the reporting period revenues from card business amounted to BGN 492912.95, and the costs – BGN 187 300.09, with a net result of BGN 305 612.86. Compared to the first quarter of 2023, BACB reported an increase of 87.54% - this significant increase is due to the funds paid by Visa for the implementation of the second year of monobranding. For the above period, the Bank reported a total of 2 115 issued and renewed debit cards and 487 credit cards.

In Q2 2023, BACB introduced a change in the withdrawal limit from its own ATM using BACB cards from BGN 400 to BGN 2 000 per transaction. The Bank has also increased the loading limits for some of its ATMs as a result of which some devices can now use cassettes for dispensing BGN 100 notes.

In Q2 2023 the bank removed the currency conversion in transactions using cards issued in BGN for operations performed in BGN at terminals served by foreign financial institutions. The bank launched a project for introducing debit card cash back. Work has also started on the Bank's project with Borika, Visa and MS for deposit ATM certification.

During the period, the process of migration of the bank's clients –legal entities to BACB Online entered its final stage. Based on the approved time schedule, a large-scale information campaign is to be conducted, after which from 01.09.2023 the access of legal entities to BACB Plus platform will be limited for reference purposes only, and from 01.10.2023 BACB Plus platform will be suspended.

Overview of the activity in the first quarter of 2023.

Selected metrics and ratios

<i>in thousands of BGN and %</i>	31.12.2022 audited	31.06.2022 (unaudited)	30.06.2023 (unaudited)	<i>change 06.2023/06.2022</i>
Total assets	2657292	2395021	2522979	5.34%
Loans (net worth)	1378850	1289506	1429467	10.85%
Borrowed funds	2352247	2122268	2202704	3.79%
Equity	270878	239743	294339	22.77%
Net interest income	52158	22844	44021	92.70%
Net income from fees and commissions	14852	7577	6906	-8.86%
Loans/borrowed funds	58.62%	60.76%	64.90%	
Liquidity Coverage Ratio (LCR)	178.62%	188.89%	166.13%	
Capital adequacy	18.00%	18.26%	20.14%	

Active operations

As of 30.06.2023, the Group's assets amount to BGN 2 522979 thousand, where the comparison with the audited data for 2022 reveals a decrease of BGN 134.3 million or a decrease of 5%.

At the end of the second quarter of 2023, the Group reports an increase in the loan portfolio based on its reported value by BGN 56 million, up to BGN 1 495 million, or it has achieved a growth of 3.9% compared to the volume at the end of 2022. Accumulated credit losses and loan impairments according to IFRS 9 amount to BGN 65.5 million and provide a coverage of 4.4% of the loan portfolio, given a volume at the end of 2022 of BGN 60,1 million, coverage of 4.2% and values reported as of 31.03.2023 of 3.8% for the banking system. As at 30.06.2023, loan impairments increased by BGN 5380 thousand compared to 31.12.2022.

As of 30.06.2023, the net loan portfolio amounts to BGN 1 429.5 million and forms a 56.4% share of the total assets.

Since the beginning of 2023 the Group granted new loans in the amount of BGN 416.8 million, and the amount of repaid loans for the same period was BGN 361.2 million, including debt reduction by BGN 8.4 million against acquired collateral. In the second quarter of 2023 no loans were written off on account of set aside impairments.

As of 30.06.2023, loans overdue by more than 90 days represent 9% of the total loans by book value, compared to 9.3% reported as of 31.12.2022. The share of non-performing loans is above the average level for the banking system. The main reason for the higher share is the Bank's sectoral orientation - financing projects in the construction and real estate sectors before the global financial crisis. The credit policy applied in recent years and at present places an emphasis on promising and weakly cyclical economic sectors, and aims to achieve effective diversification, both in terms of industry positioning, as well as in terms of size and term, so as to ensure a sustainable basis for development and to limit the influence of individual exposures in a specific industry. As a result, and due to the recovery of the construction and real estate sectors, the negative effects were gradually minimized and the share of non-performing loans decreased by more than 19 percentage points throughout the period December 2017 - June 2023. To improve the quality of its loan portfolio, the Bank developed and implemented a strategy for non-performing exposures management, including a detailed three-year operational program, the implementation of which is monitored and controlled by the management bodies and adequate control procedures are applied. The developed regular internal analyzes and complex stress tests contribute to the timely assessment of the effects of a possible deterioration in the business environment on the bank's portfolio.

As of 30.06.2023, the debt and capital financial assets owned, reported at fair value in the other comprehensive income, amount to BGN 159.3 million or represent 6.3% of the total assets, given their values of BGN 86.5 million and a share of 3.3% at the end of 2022. The portfolio of securities reported through the other comprehensive income is formed by 31% first-quality government securities of the Republic of Bulgaria, 56% first-grade state securities of foreign governments, 10% corporate bonds and 3% capital instruments. In the first half of 2023 the Bank purchased one issue with a nominal of BGN 1 Million - state securities of the Republic of Bulgaria, along two issues with a

nominal of EUR 5 million of the Republic of Germany, two issues with a nominal of EUR 5 million and one issue with a nominal value of EUR 7.5 million of the Republic of France, an issue with a nominal of USD 10 million of the USA and two issues with a nominal value of USD 5 million and one issue of Bulgarian corporate bonds with a nominal value of BGN 7 thousand. During the reporting half one EUR issue of Bulgarian government securities matured with a nominal of EUR 12.5 million. Capital instruments amount to BGN 4.1 million and include participation in the BSE for BGN 194 thousand (BGN 180 thousand as of 31.12.2022), shares in two payment services companies for a total of BGN 2 934 thousand. (Fire AD - BGN 978 thousand and Paynetics AD - BGN 1 956 thousand) and shares in a company for the development and management of electronic systems in urban transport and parking Taxi AD for BGN 978 thousand.

As of 30.06.2023, the portfolio of debt instruments, reported at amortized value, includes bonds of the Bulgarian and foreign governments with fixed payments and maturity. In the first half of 2023, two issues with a nominal of EUR 5 million each of the Republic of Germany and four issues of the Republic of France with a total nominal of EUR 28.5 million, one with a nominal value of EUR 10 million of the Republic of Bulgaria and two with a nominal value of USD 5 million of the USA, and the portfolio is supplemented by four issues of US government securities with a total nominal value of 25 million US dollars, six securities issues of France with a total nominal value of EUR 62 million and a securities issue of the Republic of Bulgaria with a nominal of EUR 10 million and two securities issues of the Republic of Bulgaria with a nominal value of BGN 1 million. As a result, the debt instruments portfolio reported at amortized value, reached BGN 182.6 million as compared to BGN 128.6 million at the end of 2022, or it reached an increase of 42%. At the end of the second quarter of 2023, the share of total assets reached 7.2% compared to 4.8% at the end of 2022.

Since the beginning of 2020, based on the management's decision, the Bank has been reporting in "Financial assets at fair value in profit or loss" its investment in shares of Visa Inc., acquired as a result of BACB's membership in VISA Europe, which became the property of VISA Inc. This investment is measured at fair value, upon reflecting any changes in the profit or loss for the period. The initially acquired 560 preferred shares of class C are subject to mandatory conversion into ordinary class A shares /or preferred shares series A, where applicable/ within a 12-year period, at a certain ratio, which is subject to revision and adjustment over time under certain conditions. Newly issued Class A shares are not subject to restrictions and may be freely transferred. The fair value of the investment in VISA Inc. as of 30 June 2023 is BGN 1 335 thousand, compared to BGN 1 192 thousand as of 31.12.2022.

As of 30.06.2023, the Bank has two subsidiaries – BACB Finance EAD and BACB Trade EAD, which it fully owns.

The group has a share in a joint venture with the largest shareholder in BACB - "CSIF" AD, in which they each hold 50% of the registered capital. As of 30.06.2023, the Group's investments in joint ventures amounted to BGN 221 thousand, compared to BGN 197 thousand at the end of 2022.

As of 30.06.2023, the receivables from banks amount to BGN 18 million and occupy a share of 0.7% of the total assets, compared to BGN 46.3 million and a share of 1.7% at the end of 2022. The reported decrease by BGN 28.2 million compared to the end of 2022, is formed mainly by a decrease in term deposits by BGN 26.1 million and a decrease in demand deposits by BGN 2.1 million.

Cash at hand and accounts held in the central bank decreased by 31.1% to BGN 599.5 million at the end of the second quarter of 2023, compared to BGN 870.3 million at the end of 2022, and their share in total assets amounted to 23.8% compared to 32.8% at the end of 2022. The main reason for the decrease is the decrease in funds on current accounts at the BNB.

The tangible and intangible fixed assets owned by the Bank decreased compared to the end of 2022 by BGN 1.1 Million, to reach BGN 12.9 million in book value, and their share of the total assets amounts to 0.5%. This value includes assets with the right to use in the amount of BGN 9.4 million (2022: BGN 9.8 million).

As of 30.06.2023, the assets acquired, classified as "assets held for sale" and "investment properties", totaled BGN 110.2 million or 4.4% of the total assets compared to BGN 106.2 million or 4% of the total assets as of 31.12.2022. Since the beginning of the year, "investment properties" in the amount of BGN 4076 thousand and "assets held for sale" valued at BGN 71 thousand have been sold. The "assets held for sale" acquired amounted at BGN 8651 thousand. The acquisition of properties worth BGN 8360 thousand was carried out at the expense of a direct reduction of the loan portfolio. Assets worth BGN 12193 thousand were reclassified from "assets held for sale" to "investment property" and assets in the amount of BGN 4335 thousand have been reclassified from investment property to assets for sale. The activity for realization of the acquired assets, as well as the management and administration of the accompanying activities, is served and managed by a specialized department at the Bank. In order to achieve the goals set for the realization of the acquired assets, the Bank developed and implemented an asset management strategy - acquired collateral from non-performing exposures, including a detailed three-year operational program, the implementation of which is monitored and controlled by the management bodies.

Liabilities

As of 30.06.2023 the funds borrowed from banks were BGN 159 thousand, which represents an increase compared to the end of 2022, amounting to BGN 83 thousand (31.12.2022 - BGN 76 thousand).

Funds borrowed from companies and citizens decreased by BGN 142.2 million to BGN 2 162.7 million as of 30.06.2023 or 97% of the total liabilities, compared to BGN 2304.9 million and 96.6% at the end of 2022. The reported decrease of 6.2% was formed by decrease in all sources, with the exception of borrowed funds from permanent deposits from individuals and term deposits from legal entities.

On 23 December 2022, BACB issued unsecured bonds in the amount of EUR 15 million. The bonds are issued in fulfillment of the requirements for equity capital and acceptable liabilities, in accordance with the requirements of the Law on the Recovery and Restructuring of Credit Institutions and Investment Brokers. The bonds are ordinary, interest-bearing, non-materialized, registered, freely transferable, unsecured, non-convertible. The issue has a term of seven years, with a fixed interest payable in 6-month periods and a principal which will be paid in one lump sum upon maturity.

At a meeting held on 08.06.2023, the Board of Directors of the Bulgarian Stock Exchange AD ("BSE") adopted a decision to admit to trading in the "Bonds Segment" of the Main Market of the Bulgarian Stock Exchange AD an issue of unsecured bonds of "Bulgarian-American Credit Bank" AD, ISIN BG2100022222, in the amount of 15 000 000 euro (fifteen million euro). The issue was assigned stock code BAMB, the initial date of introduction to trading is 19 June 2023. As of 30.06.2023, BACB's obligations under issued debt securities, including accrued interest, amount to BGN 29.370 thousand (2022: 29.370 thousand).

The "other borrowed funds" position includes obligations under a credit line from the Bulgarian Development Bank (BDB) under the "NAPRED" and "COSME+" programs for targeted financing of micro, small and medium-sized businesses with an agreed amount of BGN 35 million and EUR 10 million. As of 30.06.2023, the long-term financing from BDB amounts to BGN 10.5 million or 0.5% of the total liabilities, compared to the values of BGN 17.9 million at the end of 2022, when the share was 0.8%.

As of 30.06.2023, a decrease of BGN 8 million was reported in "other liabilities", and their share of the total liabilities decreased to 1.1% (2022 – 1.4%).

Equity

As of 30.06.2023, there are no changes in the fixed capital.

The "reserves and retained earnings" position reported an increase with the profit as of 30.06.2023 in the amount of BGN 24 840 thousand and the distributed dividends amount to BGN 2.5 million.

The "revaluation reserves" position includes negative changes in the fair value of debt instruments in the amount of BGN 1642 thousand and positive changes in the equity instruments in the amount of BGN 172 thousand, assessed at fair value in the other comprehensive income, as well as the revaluation reserve formed on the bank's own buildings used in its operational activity in the amount of BGN 165 thousand. As of 30.06.2023, an increase of BGN 1090 thousand was reported, formed by a change in the fair value of debt instruments by BGN 1077 thousand and an increase in the fair value of equity instruments by BGN 13 thousand.

Overview of the financial position as of 30 June 2023.

As of 30.06.2023, the Group achieved a positive financial result in the amount of BGN 24840 thousand after taxation, compared to the profit reported for the same period of 2022 in the amount of BGN 10979 thousand, which represents a growth of 126.3%. The reported value is mainly due to an increase in the net operating revenue before impairment by BGN 19.1 million.

The comparison of the revenue from main activities (interest income) for the two periods shows an increase of BGN 20975 thousand, up to BGN 46395 thousand or a growth of 82.5%. The main share in the interest income generated is occupied by loan activity – 80.1%. The income reported from interbank deposits amounts to BGN 5751 thousand compared to BGN 99.2 thousand at the end of the second quarter of 2022. The interest income from the security portfolios held increased by BGN 2972.2 thousand and amounted to BGN 3482.2 thousand at the end of June 2023, compared to BGN 510 thousand for the same period of 2022.

As of 30.06.2023, interest expenses decreased by BGN 202 thousand compared to the report for the same period of the previous year and amounted to BGN 2374 thousand, with BGN 2576 thousand a year ago. The negative interest paid on accounts at the BNB and other banks decreased by BGN 1590 thousand. A significant increase was reported in interest expenses on long-term financing by BGN 826 thousand and the costs on lease agreements, reported according to IFRS 16, amount to BGN 102 thousand, or BGN 45 thousand more than a year ago.

As of 30.06.2023, the net interest income was BGN 44021 thousand, or BGN 21177 thousand more than the values reported at the end of the second quarter of 2022 or 83.75% of the total operating costs before depreciation, vs 68.35% a year earlier.

As of 30.06.2023 the reported net revenue from fees and commissions is BGN 671 thousand less than the reported volume for the same period of the previous year and amounted to BGN 6906 thousand or 13.14% of the total operating income before impairment, with a share of 22.67% as at 30.06.2023. The reported decrease was formed by a larger decrease in the volume of revenues and a minor increase in fee expenses.

The shares of Visa Inc. owned by the Bank, reported at fair value with a reflection of the changes in the profit or loss, form a positive result at the end of the second quarter of 2023 in the amount of BGN 164 thousand, compared to a negative result of BGN 108 thousand at the end of the second quarter of 2022.

As of 30.06.2023 the Bank formed a negative result from currency revaluations of BGN 129 thousand, compared to a profit for the same period of the previous year of BGN 389 thousand.

At the end of the second quarter of 2023, the administrative costs increased as compared to the same period of the previous year by BGN 871 thousand to reach BGN 9095 thousand. Personnel costs increased by BGN 935 thousand compared to the same period last year. The administrative costs include expenses for the Bank Deposit Guarantee Fund (BDGF) and the Bank Restructuring Fund (BRF) in the amount of BGN 1797 thousand, compared to BGN 1955 thousand as of 30.06.2022.

Depreciation costs as at 30.06.2023 amount to BGN 2245 thousand, and compared to the same period of the previous year, they are increased by BGN 455 thousand, including a decrease in depreciation costs for fixed tangible assets by BGN 89 thousand, an increase in the depreciation costs for fixed intangible assets by BGN 4 thousand and an increase in the depreciation costs of "right of use assets" by BGN 540 thousand.

The costs for impairment of financial assets and modification increased by BGN 1528 thousand, compared to those reported at the end of June 2022 and reached BGN 5840 thousand.

Liquidity and activity financing

The bank follows the principles of diversification of funding sources and optimization of interest costs in fulfillment of the strategy for securing its liquidity needs.

As at the end of the second quarter of 2023 the Bank reports a decrease in client deposits by 6.2% compared to 31.12.2022. The Bank's active deposit activity contributes to reducing its dependence on external financing. The bank continues to collect deposits from individuals from Germany and Spain.

The ratio of gross client loans to client deposits is 69.12% as of 30.06.2023.

The Bank's liquidity position remains strong, where liquid assets (cash at hand and in BNB accounts, short-term loans and advance payments of banks and liquid government securities) amount to BGN 884.3 million. The ratio of these liquid assets to the total deposits (of clients and banks) as of 30.06.2023 is 40.69%.

During the period from the end of 2022 to 30.06.2023, the value of the portfolio of debt instruments at fair value in the Bank's other comprehensive income reported an increase of 88.3%, to BGN 155.2 million (2022: BGN 82.4 million). Cash in the BNB, cash at hand and in banks decreased by BGN 299 million. During the first half of 2023 the bank purchased one issue with a nominal of BGN 1 million – government securities of the Republic of Bulgaria, along with two issues with a nominal value of EUR 5 million each of the Republic of Germany, two issues with a nominal value of EUR 5 million and one issue with a nominal value of EUR 7.5 million of the Republic of France, an issue of government securities of the USA with a nominal value of USD 10 million and two issues with a nominal value of USD 5 million and one issue of Bulgarian corporate bonds with a nominal of EUR 7 thousand. During the reporting six-month period a government securities issue in EUR of the Bulgarian government with a value of EUR 12.5 million matured. From the beginning of 2023 to 30.06.2023 new investments in government securities were made in the "held for collection of contractual cash flows" and the "held for collection of contractual cash flows and sale" portfolios in the amount of approximately BGN 258 million.

As of 30 June 2023, the Bank's government securities portfolio has a book value of BGN 319.5 million (2022: BGN 201.4 million), distributed in a "held for collection of contractual cash flows and sale" portfolio with a book value of BGN 138.8 million and a "held for collection of contractual cash flows" portfolio with a book value of BGN 180.7 million.

Unrealized gains and losses from the revaluation of debt instruments at fair value in the other comprehensive income are deferred in a revaluation reserve, net of tax. In the period in which the asset is written-off, the result of the revaluation is included in the profit or loss for the period. From the beginning of 2023 until 30 June 2023, there are no gains or losses reported in connection with completed investments. Interest income from debt instruments at fair value in the other comprehensive income is currently recognized in the profit or loss, and for the period from 01.01.2023 – 30.06.2023 it amounts to BGN 1798 thousand. Interest revenue on debt instruments at amortized cost are recognized on a current basis in the profit or loss and for the period from 01.01.2023 to 30.06.2023 they amount to BGN 1684 thousand.

Capital resources

At the end of June 2023, the Group reports equity capital adequate to the risk profile and asset quality and sufficient to implement the strategic goals and plan for the current year. As of 30.06.2023, the Group reported a total capital

adequacy ratio of 20.32% and a Tier 1 capital adequacy ratio of 20.32%, which is significantly higher than the legally determined level.

Corporate events and internal information under Art. 7 of Regulation (EU) No. 596/2014 of the European Parliament and the Council on market abuse

The below information on corporate events/internal information under Art. 7 of Regulation (EU) No. 596/2014 is available on the corporate website of BACB AD at the following web address: <https://www.bacb.bg/bg/za-investitori/novini-za-investitorite>

1. On 31 January 2023, BACB published its preliminary unaudited individual and consolidated financial statements as of 31 December 2022, together with the relevant interim management reports and a letter to its shareholders;
2. On 29 March 2023, BACB published its audited annual financial statements for 2022 on a standalone and a consolidated basis, together with information on the Bank's financial result for 2022 on a standalone and on a consolidated basis. Detailed information and the full text of the statements are published on the BACB AD website.
3. On 24.04.2023, "BCRA - Credit Rating Agency" AD published information on raising and confirming the ratings assigned to "**Bulgarian-American Credit Bank**" AD, as follows:
 - Confirmation of the long-term financial strength rating of grade **BB** and changing the outlook from "**Stable**" to "**Positive**", maintaining the **B** short-term rating;
 - Increasing the long-term rating on the national scale from grade **BBB (BG)** to grade **BBB+ (BG)** and confirming the "**Stable**" outlook, raising the short-term rating on the national scale from grade **A-3 (BG)** to **A-2 (BG)**;

Financial strength rating	Initial rating as of 26.07.2016	Rating as of 21.04.2022	Rating as of 24.04.2023
Long-term rating	B	BB	BB
Outlook	Stable	Stable	Positive
Short-term rating	B	B	B
Long-term rating on a national scale	B+ (BG)	BBB (BG)	BBB+ (BG)
Outlook	Stable	Stable	Stable
Short-term rating on a national scale	B (BG)	A-3 (BG)	A-2 (BG)

The evaluation used the methodology officially adopted by "**BCRA - Credit Rating Agency**" AD for awarding bank ratings (https://bcra.eu/files/bank_methodology_2018_bg.pdf)

According to the published text, during the considered period, "**Bulgarian-American Credit Bank**" AD achieved a significant improvement in its activities and financial results. Improvement was observed in the quality of assets with a decrease in the level of non-performing loans in the portfolio, which still remain at a relatively high level for the system, with a lower degree of impairment coverage.

An additional positive influence on the rating of "**Bulgarian-American Credit Bank**" AD can be exerted by: acceleration of the process of improving the portfolio quality, stabilization of the high levels of operational and financial results along with retention of the favorable positioning in most of the profitability indicators, while maintaining stable levels of capital adequacy and liquidity.

The following could have a negative impact on the rating: a significant contraction of the operational and/or financial result, a decrease in profitability, interruption of the processes of credit portfolio quality improvement as a result of adverse effects of the potential economic downturn resulting from the military conflict in Ukraine.

The full text of the report is available on the website of "BCRA - Credit Rating Agency" AD: <https://www.bcra-bg.com/bg/ratings/bacb-rating>

4. On 2 May 2023, BACB published preliminary unaudited individual and consolidated financial statements as of 31 March 2023, together with the relevant interim activity reports and a letter to its shareholders;

5. On 23.05.2023, the regular General Meeting of Shareholders of "Bulgarian-American Credit Bank" AD, Unique Identification Code BACB23052023AGMS was held, which took the following decisions:

1. Approved: (a) the audited Annual Consolidated Financial Statements of BACB for 2022 and the Annual Consolidated Report of the Board of Directors on the activities of BACB in 2022, accompanied by the Independent Auditors' Report; (b) the audited Annual Financial Statements of BACB on an individual basis for 2022 and the Annual Report of the Management Board on the activity of BACB on an individual basis for 2022, accompanied by an Independent Auditors' Report and (c) a Report on the implementation of the Remuneration Policy of BACB AD in 2022.

2. Adopted a decision to distribute the profit of BACB AD for 2022, which after taxation amounts to BGN 43 663 589.79 (forty-three million six hundred sixty-three thousand five hundred eighty-nine leva and seventy-nine stotinki) as follows:

- a. Part of BACB's profit for 2022, after taxation, namely the amount of BGN 2 469 131.30 (two million four hundred sixty-nine thousand one hundred thirty one BGN and thirty stotinki) is distributed as a dividend to the shareholders, who according to Art. 115c, para. 3 of the POSA have the right to receive a dividend, namely - the persons who are entered in the register of "Central Depository" AD as shareholders as of 06.06.2023. The gross

dividend per share is BGN 0.10 (ten stotinki). The net dividend per share, applicable only to the shareholders - individuals, is BGN 0.095;

b. The remaining part of BACB's profit for 2022, after taxation, namely BGN 41 194 458.49 (forty-one million one hundred ninety-four thousand four hundred fifty-eight BGN and forty-nine stotinki) will be transferred to the "Reserve" fund.

3. Chose "Ernst & Young Audit" OOD and "Afa" OOD as auditing companies to perform a joint independent financial audit of the annual financial statements of Bulgarian-American Credit Bank AD for 2023 on an individual and consolidated basis;

In addition to the above, the General Meeting adopted decisions on the remaining items of the announced agenda, approving the proposals included in the Invitation and the draft-decision materials.

6. Pursuant to its decision No. 595-E dated 01.06.2023, the Financial Supervision Commission (FSC) approved the Prospectus dated 16.05.2023 for admission to trading on a regulated market of an issue of unsecured bonds issued by "Bulgarian-American Credit Bank" AD, ISIN BG2100022222, in the amount of 15 000 000 euro (fifteen million euro), divided into 300 (three hundred) ordinary, interest-bearing, not materialized, registered, freely transferable, unsecured, non-convertible bonds, which are structured to meet the requirements for eligible liabilities within the meaning of Chapter XIII, Section II of the Recovery and Restructuring of Credit Institutions and Investment Intermediaries Act, with a nominal value per bond of 50 000 euro (fifty thousand euro), with an issue date of 23.12.2023 and a maturity date of 23.12.2029.

The issue has been entered in the register kept by the Financial Supervisory Commission pursuant to Article 30, Paragraph 1, Item 3 of the Financial Supervision Commission Act, for the purpose of trading on a regulated market. BACB published the prospectus on BACB's corporate website, section "For investors", subsection "Bonds - corporate bonds", and it can also be obtained at BACB's registered address - Sofia, 2 Slavyanska St., telephone: 02/9058 333 or by making an inquiry at the following e-mail addresses: ipetrova@bacb.bg and ir@bacb.bg.

7. At a meeting held on 08.06.2023, the Board of Directors of the Bulgarian Stock Exchange AD ("BSE") adopted a decision to admit to trading on the Main Market, the "Bonds Segment" of the Bulgarian Stock Exchange AD the issue unsecured bonds issued by "Bulgarian-American Credit Bank" AD, ISIN BG2100022222, in the amount of 15 000 000 euro (fifteen million euro). The issue was assigned stock code BAMB, the initial date of introduction to trading is 19 June 2023.

Detailed information is available on the BSE website at the following link: <https://www.bse-sofia.bg/bg/news/id/138080>

8. In view of a technical inaccuracy, on 12.06.2023 BACB AD published the prospectus for admission to trading on a regulated market of an issue of unsecured bonds issued by "Bulgarian-American Credit Bank" AD, ISIN BG2100022222, following the technical correction.

Additional information for the first half of 2023 under Art. 12 of Ordinance No. 2 of the FSC on the initial and subsequent disclosure of information during public offering of securities and admission of securities to trading on a regulated market

I. Information on facts and circumstances subject to disclosure according to Appendix 4 to Ordinance No. 2 of the Financial Supervision Commission, which occurred during the reporting period

There are no changes in the persons exercising control over the Bank:

No bankruptcy proceedings have been opened against BACB AD and/or against the Bank's subsidiaries.

Conclusion and execution of material transactions, including material transactions with related parties:

The Bank enters into transactions with related parties only as part of its ordinary banking activity under conditions that would be customary for transactions between unrelated parties and include granting of loans, acceptance of deposits and securities transactions.

More detailed information about the transactions concluded and the changes in the concluded transactions with related parties disclosed in the annual financial statements and having a material impact on the Bank's financial condition or operating results for the first quarter of 2023 (if any,) is contained in section "Related-Party Transactions" of the Accounting Policy and the selected explanatory notes as of 31.03.2023.

No decisions have been taken on the conclusion, termination and cancellation of a joint venture agreement.

The auditors of BACB AD and its subsidiaries have not been changed.

There are no lawsuits or arbitration proceedings initiated or terminated against the Bank and/or the Bank's subsidiaries, relating to liabilities or receivables of the Bank or its subsidiaries, with a claim price equal to or exceeding 10 percent of the Bank's equity.

In view of its ordinary activity of active management and collection of non-performing loan exposures, the Bank initiates and conducts enforcement proceedings and/or bankruptcy proceedings against borrowers/debtors for compulsory collection of overdue receivables.

Purchase, sale or pledge of shares in trade companies

For the reporting period BACB AD and/or its subsidiaries have not carried out any share purchase or sale transactions and have not established any pledges on the shares of trade companies owned by them throughout the period.

II. Information on changes in BACB AD's accounting policy

In the first quarter of 2023 BACB consistently applied the accounting policy disclosed in the audited annual financial statements for 2022, having taken into account the IFRS amendments adopted by the EU and coming into force for the annual periods beginning on or after 01 January 2022, as indicated in the explanatory notes to the annual financial statements for 2022.

III. Information on changes in the group of enterprises of BACB AD

There were no changes in BACB group of enterprises throughout the period.

IV. Information on organizational changes

No organizational changes have been made throughout the period the meaning of Art. 12, paragraph (1), item 4, letter "c" of Ordinance No. 2 of the FSC.

V. Forecasts for results from the current financial year

BACB AD does not publish forecasts for its results.

VI. Data on the persons directly or indirectly holding at least 5% of the votes in the general meeting of shareholders and changes in the votes held by the persons compared to the previous reporting period

Shareholder	Number of shares held (directly and/or indirectly) as of 30.06.2023.	Percentage of votes in the General Meeting of Shareholders as of 30.06.2023.	Number of shares held (directly and indirectly) as of 31.03.2022.	Percentage of votes in the General Meeting of Shareholders as of 31.03.2022.
CSIF AD (CSIF)	Directly owns 11 277 473 shares	45.68%	Directly owns 11 277 473 shares	45.68%
Tsvetelina Borislavova Karagyozeva - directly and indirectly as a person who exercises control over the direct shareholder CSIF AD (holding 99.99% of the shares of CSIF AD) and	Directly owns 2 465 000 shares Indirectly (through the controlled "CSIF" AD) owns 11 277 473 shares	9.98% 45.68%	Directly owns 2 465 000 shares Indirectly (through the controlled CSIF AD) owns 11 277 473 shares	9.98% 45.68%
LTBI Holdings LLC	8 824 775	35,74%	8 824 775	35,74%

The above-mentioned information is derived from (1) the book of shareholders, which is kept by "Central Depository" AD, (2) the data from the notifications received for the disclosure of shareholding under Art. 145 and 146 of the Public Offering of Securities Act and (3) the powers of attorney and accompanying founding documents of shareholders of BACB AD provided in connection with the General Shareholders' Meetings held.

VII. Data on the shares held by the members of the management and control bodies of BACB AD and changes in the votes held by the persons compared to the previous reporting period

Name	Member of a management or control body	Number of shares directly owned as at 30.06.2023	Percentage of votes in the General Meeting of Shareholders as of 30.06.2023	Number of shares directly owned as of 31.03.2022	Percentage of votes in the General Meeting of Shareholders as of 31.03.2022
		2465000	9.98%	2465000	9.98%

Tsvetelina Borislavova Karagyozyova	Chairperson of the Supervisory Board				
Silvia Kirilova Kirilova	Member of the Management Board	1600	0.006%	1600	0.006%

VIII. Information on pending judicial, administrative or arbitration proceedings concerning liabilities or receivables in the amount of at least 10 percent of the Bank's equity

The Bank and/or the Bank's subsidiaries are not parties to pending judicial, administrative or arbitration proceedings concerning liabilities or receivables in the amount of 10 or more than 10 percent of the Bank's equity. In connection with its ordinary activity of active management and collection of non-performing loan exposures, the Bank initiates and conducts enforcement proceedings and/or bankruptcy proceedings against borrowers/debtors for compulsory collection of overdue receivables.

IX. Information on granted loans

BACB AD is a credit institution (bank) licensed and regulated by the BNB, holding a full license to provide all banking services under Article 2 of the Credit Institutions Act, the business of which is to take deposits or other repayable funds from the public and to grant credits or other financing for its own account and at its own risk.

BACB's subsidiary - BACB Finance EAD has been entered in the public register at the BNB as a financial institution with a main activity under Article 3 of the Credit Institutions Act, including granting of loans with funds which have not been raised from receiving deposits or other repayable funds from the public.

The annual and interim financial statements of BACB AD contain detailed information and financial data on the portfolio of loans granted by BACB or its subsidiaries, the large exposures within the meaning of the Credit Institutions Act and the quality of the Bank's credit assets.