

**INTERIM ACTIVITY REPORT
OF "BULGARIAN-AMERICAN CREDIT BANK" AD ON A CONSOLIDATED BASIS FOR THE FIRST NINE
MONTHS OF 2023.
SOFIA, 27 OCTOBER 2023.**

General information

The Bulgarian-American Credit Bank AD (BACB, the Bank) continued to operate in the first nine months 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, the continuing war in Ukraine and the escalating war conflict on Israel's territory.

According to the forecasts of the International Monetary Fund (IMF, Fund) from October 2023, global growth is expected to slow down from 3.5% in 2022 to 3.0% in 2023 and additionally up to 2.9% in 2024. The Fund's growth forecasts remain below the 20-year average of 3.80%.

Continued actions by Central Banks aimed at tightening their monetary policy by raising key interest rates, used as the main tool to combat inflation, lead to reducing it compared to the previous year's peaks, but it is still rather early to expect its retention within the target limits.

In the first half of 2023 economic activity in the Eurozone grew at a very slow pace. The European Central Bank /ECB/ expects that the tightening of monetary policy will have an increasingly strong impact on real economy, which, in combination with the contraction of business activity and decreasing consumer confidence, is an indication of possible stagnation in the short term. Average annual real GDP growth is expected to slow down significantly to 0.7% in 2023 (from 3.4% in 2022), then increase slightly to 1% in 2024 and 1.5% in 2025. Compared to the macroeconomic forecasts of the ECB from June 2023, the GDP growth forecast was revised down by 0.2% for 2023, by 0.5% for 2024 and by 0.1% for 2025, mainly reflecting tighter financing conditions.

The Eurozone labor market conditions remain relatively unchanged. The unemployment rate is retained at a level of 6.4% at the end of August 2023. Unemployment rates are expected to remain at its current levels, with a possibility for minor deviations.

In September 2023, the general inflation in the Eurozone inflation rate decreased to 4.3%, after two consecutive months at a 5.3% level. According to the ECB's latest forecasts, inflation rates are expected to decline to 5.6% in 2023, with a subsequent decline to 3.2 % 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

In its forecast for the World Economy from October 2023, the International Monetary Fund raised its expectations for the growth of Bulgaria's real 2023 GDP by 0.4% compared to those of April 2023, to reach 1.7%. At the same time, the Fund revised down its forecast for the country's economic growth next year to 3.20%, compared to 3.50% in its spring forecast. A significant deterioration is observed in the IMF's expectations for the average annual inflation levels in the country, compared to those in the Fund's April forecast. Expectations have been raised by 0.5% and 0.8%, respectively, to levels of 8.5% for 2023 and 3% for 2024.

2023 Economic Growth Forecasts

Institution	New forecast	Previous forecast
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BNB	1*	1
MF	1,8	1,6
European Commission	1,5	1,4
IMF	1,7**	1,4
World bank	1,4***	1,5
European Bank for Reconstruction and Development	1,6****	1,3
Average value	1,50	1,37

*June 2023; **October 2023; ***October 2023; ****September 2023

By the time this report was prepared, four of the sampled leading institutions had published their updated economic forecasts. The European Bank for Reconstruction and Development and the International Monetary Fund are more optimistic in their expectations for the growth of the Bulgarian economy, while the World Bank predicts a slight decline compared to its interim forecast from June 2023. The Bulgarian National Bank keeps its forecast unchanged from March 2023.

In turn, 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 3.9% 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 and changes in inventories. Growth in private consumption will be supported by the growth in the real disposable income, and alleviation of inflationary pressure. Growth in government consumption is also expected to be weaker than the one reported in 2022. The Ministry of Finance expects demand growth to positively affect private investment activities.

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 beginning of the year 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 7.5% in August 2023 and additionally to 6.4% in the following month 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	Reported data	Forecast		
	2022	2023	2024	2025
<i>International environment</i>				
Global economy [real growth, %]	3,40	2,80	3,10	3,20
European economy - EU [%]	3,50	0,70	1,80	2,10

Exchange rate [USD/EUR]	1,05	1,06	1,06	1,06
Brent oil price [USD/barrel]	99,80	82,20	77,40	73,30
Non-energy commodity prices [in USD, %]	8,70	-10,60	-2,10	-1,40
EURIBOR 3m. [%]	0,30	3,30	3,30	2,80
<i>Gross Domestic Product</i>				
GDP per permanent prices [%]	3,4	1	3,2	4
Consumption	4,8	3,5	4,4	4
Government consumption	6,5	-1	1,3	2,3
Gross fixed capital formation	-4,3	8,6	1,9	12,5
Export of goods and services	8,3	0,6	4,7	3,8
Import of goods and services	10,5	1	4,4	5
<i>Labor market and prices</i>				
Employment rate [System of National Accounts, %]	1,3	0,9	0,2	0,1
Unemployment rate [Labor force monitoring, %]	4,3	3,7	3,2	2,7
Labour productivity	2,1	0	3	3,9
HIPC at the end of the period	14,3	5,7	3,4	3
Basic inflation	11,9	8,2	6	4,1
<i>Payment balance</i>				
Current account [% of GDP]	-0,7	-0,4	0,3	-0,4
Trade balance [% of GDP]	-5,8	-3,9	-3,5	-3,7
<i>Monetary sector</i>				
MH [%]	13,2	12,4	11,9	12,1
Receivables from companies [%]	11,1	7,2	7,9	8
Receivables from households [%]	14,6	11,7	11,2	9,5

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 in the trade partners in the country are all factors that would limit external demand.

The risks related to the projected inflation are mainly related to the price dynamics of internationally traded raw materials, energy carriers and the increase in labor costs in the economy.

At the same time, there are risks in a positive aspect as well. In the first quarter of 2023 indicators of the attitudes of economic agents showed a substantial improvement in the assessments and expectations for the Eurozone development and other leading economies. In this regard, during the current year, the country's trading partners might realize higher growth than expected, which would have a favorable impact on the country's exports. Investment activity can also be improved by reducing uncertainty and redirecting the companies' spending from shock absorption to long-term investment programs.

BACB – business performance

At the end of the third quarter of 2023, the Bank's loan portfolio grew by a net 1.30%, or BGN 18.560 million, compared to the previous quarter. The newly granted loans reached a net increase of BGN 18.945 million or a 1.39% increase.

With regards to SMEs and corporate loans to legal entities, the Bank reports a decrease BGN 10.303 million or 1.07%, with a share of 66.96% of the Bank's total loan portfolio, compared to 64.43, compared to 65.98% at the end of the second quarter of 2023. The market share of legal entities is 2.36%, given the values of 2 - 2.5% provided for in the Development strategy.

The total borrowed funds from SMEs and Corporate clients as of the end of the period amounts to BGN 396.507 million, representing a decrease by 6.47% (BGN 27.412 million in absolute value) as of the previous quarter, when the total borrowed resources for the segments reached BGN 423.919 million. We report a decrease by BGN 1.916 million (2.28%) for term deposits, and for demand funds – a decrease of BGN 25.495 million (7.5%) compared to 30.06.2023. In view of the “borrowed funds from legal entities” values BACB reached 2.99% market share as of 30.06.2023, 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 0.161 million or 0.99% for the quarter, reaching a total book exposure of BGN 17.961 million, as a result of which their share in the Bank's total portfolio dropped from 1.21% as of 30.06.2023 to 1.19% as of 30.09.2023.

The negative economic conditions generated by the imported inflation and the slowdown in economic expansion present worldwide contributes, albeit at a slower pace, along with the increase in interest rates, which contribute to the increase in problem exposures of legal entities, BACB reports an increase of this indicator by 0.61% or BGN 0.759 million in absolute value at the end of the quarter, compared to 30.06.2023. As a share of the total loan portfolio, problem exposures were reduced by 0.06% to 8.28% compared to 30.06.2023, 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 30.09.2023, the total number of loan agreements concluded is 126, for the amount of BGN 19 363 067.06, with a total principal of BGN 5 174 604.85 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 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 30.09.2023 there are 9 active guarantees for BGN 1 226 157.86 and loans for BGN 2093737. 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 30.09.2023, there are 45 deals under the program for BGN 19 747 074.56 with guarantees amounting to BGN 718358.44. 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 30.09.2023 there are 14 active loans with principals of BGN 2657795.60 and guarantees in the amount of BGN 1 328 897.80. 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, 00.
- BACB also implements the guarantee schemes of the Municipal Guarantee Fund for small and medium-sized enterprises with the Capital Municipality. As of 30.09.2023, there is an active portfolio under the guarantee scheme of the Municipal Guarantee for SMEs in the amount of BGN 1064665.65 or 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 30 September 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 30.09.2023 there are 147 active loans, with principals in the amount of BGN 22091744.02 and guarantees in the amount of BGN 17673395.22.
- 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 are 56 and have a total principal of BGN 20189606.20 and guarantees in the amount of 16151684.96
- 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 30.09.2023, there are active credits totaling BGN 10446213.65, principal in the amount of BGN 10231213.65 with guarantees of BGN 8069118.25. 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 30.09.2023 an additional guarantee limit was agreed, allowing new loans in the amount of BGN 3,400,000. The active loans are 10 for BGN 2,340,000 with a principal amount of BGN 2,176,187.04 with guarantees in the amount of BGN 1 704 026.62
- 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 loan amounts. As of 30.09.2023 an additional guarantee limit was agreed, allowing new loans in the amount of BGN 3,370,000. As of 30.09.2023 there are a total of 13 loans for

BGN 11,756,426 with principal in the amount of BGN 10,640,030.26 with guarantees in the amount of BGN 8 406 149.09.

- 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 30.09.2023, there are a total of 52 loans for 26 657 356.62, with principals in the amount of BGN 19 379 414.84 and guarantees amounting to BGN 12578249.97. As a result of this program, a total of 53 SMEs were supported, employing more than 811 people and holding assets totaling BGN 110505070.

In the third 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 21.7 million or 7.52% 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 4.34% compared to the previous quarter.

The market presence of the two product segments in the banking system at the end of June 2023 was respectively 1.10% for mortgage loans and 0.76% for consumer loans, while the Bank expects them to continue their upward trend by the end 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 reporting period is 28.47%, compared to 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 removal of the fees for ATM withdrawals in Bulgaria, 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 developed and launched a twenty-four month "Growing Interest" deposit, where the interest rate increases quarterly, while at the same time customers get access to their funds and the ability to withdraw money without violating the deposit terms at the end of each quarter.
- 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.
- 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.
- We continue the upgrading of the implemented AI-based Bianca Digital Assistant, which will provide information to our clients 24/7, by adding new functionalities.
- We successfully developed and launched an online process for opening a legal entity account completely remotely with remote identification through a leading authentication service provider.
- 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 96 active loans granted under the scheme with an approved amount of BGN 2 942 498 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 consumer lending processes and the application for a mortgage loan, along with the virtual office.

In the third quarter of 2023 the bank processed a total of 377692 transfers totaling BGN 5.1 billion, which represents a 11% increase in the number of transfers and 34% decrease in the amount of transfers compared to the same period of 2022 and a decrease of 3% in the number of transfers, and by 13% in the amount compared to the previous quarter. Since the beginning of the year, the bank has processed 1 100 944 transfers for BGN 16.6 billion, which represents a 7% increase in the number of transfers and a 21% YoY.

During the reporting period, 16 new documentary operations were processed for BGN 4 million. Since the beginning of the year the bank has processed 64 documentary operations for BGN 34 million, which represents an increase of 42% in the number and 92% in the amount compared to the same period of the previous year.

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

In Q3 2023 the bank processed 352458 customer transfers of EMIs for BGN 774 million (an increase of 21% in the number and 36% in the amount compared to Q3 2022) and collected fees in the amount of BGN 88 thousand (an increase of 20% compared to Q3 2022). Since the beginning of the year, a total of 1 011 753 customer transfers of EMIs have been processed for BGN 2.2 billion (an increase of 25% in the number and 46% in the amount compared to the values as of 30.09.2022) and fees in the amount of BGN 252 000 have been collected (an increase of 20% compared to the values as of 30.09.2022).

In the third 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 3% YoY and by 1% compared to the previous quarter. Since the beginning of the year, a total of BGN 7.7 million has been collected from fees and commissions, which represents a growth of 9% compared to the same period last year. 48% of the income received originates from payments (BGN 3.7 million), 26% from accounts (BGN 2 million), 19% from cash operations (1.5 million BGN), 5% from documentary operations (0.4 million BGN) and 2% from others (0.1 million BGN).

During the reporting period revenues from card business amount to BGN 459,982.33, and expenses - to BGN 297,906.90, with a net positive result in the amount of BGN 162,075.43. Compared to the second quarter of 2023, BACB reports a decrease by 46.97%, due to the funds paid by Visa for the implementation of the second year of mono-branding in the previous quarter. For the period, the Bank reported a total of 2,380 issued and renewed debit and 355 credit cards.

In the third quarter of 2023, BACB piloted the testing of Borica's new application - BORICA Analytics - a renewed reference system.

In the third quarter of 2023 the bank participated in Mastercard MPI v.2.2 re-certification and purchased 50 POS terminals from Aseco SEE. Tests were carried out under a project to implement cashback on debit cards. During the period, BACB also worked on certification and tests for the launch of deposit ATMs.

From 29.09.2023, "BACB Online" is the remote banking platform, which addresses all customers of the Bank - individuals and legal entities. According to the approved schedule, from the same date the access of legal entities to the "BACB Plus" platform is limited for reference purposes only, and from 01.11.2023 it will be completely suspended.

Overview of the activity in the third quarter of 2023.

Selected metrics and ratios

<i>in thousands of BGN and %</i>	31.12.2022 audited	30.09.2022 (unaudited)	30.09.2023 (unaudited)	<i>change 09.2023/09.2022</i>
Total assets	2 657 292	2568190	2400033	-6.55%
Loans (net worth)	1378850	1331035	1447814	8.77%
Borrowed funds	2352247	2288683	2061323	-9.94%
Equity	270878	246363	310585	26.07%
Net interest income	52158	36074	68701	90.44%
Net income from fees and commissions	14852	11263	10399	-7.67%
Loans/borrowed funds	58.62%	58.15%	70.24%	
Liquidity Coverage Ratio (LCR)	178.62%	188.80%	153.41%	
Capital adequacy	18.00%	17.89%	21.69%	

*As of the date of publication of this report, the Bank has received permission from the regulatory body to include the net interim profit as of 30 June 2023 in the amount of BGN 24,229 thousand in the basic Tier 1 capital /Decision No. 446 / 18.10.2023 of the Management Board of the BNB/.

Active operations

As of 30.09.2023, the Group's assets amount to BGN 2 400033 thousand, where the comparison with the audited data for 2022 reveals a decrease of BGN 257.3 million or a decrease of 9.7%.

At the end of the third quarter of 2023, the Group reports an increase in the loan portfolio based on its reported value by BGN 75.9 million, up to BGN 1 514.9 million, or it has achieved a growth of 5.3% compared to the volume at the end of 2022. Accumulated credit losses and loan impairments according to IFRS 9 amount to BGN 67 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 30.06.2023 of 3.63% for the banking system. As at 30.09.2023, loan impairments increased by BGN 6955 thousand compared to 31.12.2022.

As of 30.09.2023, the net loan portfolio amounts to BGN 1 447.8 million and forms a 60.3% share of the total assets.

Since the beginning of 2023 the Group granted new loans in the amount of BGN 620.4 million, and the amount of repaid loans for the same period was BGN 546.8million, including debt reduction by BGN 9 million against acquired collateral. In the third quarter of 2023 no loans were written off on account of set aside impairments.

As of 30.09.2023, loans overdue by more than 90 days represent 9% of the total loans by book value, compared to an analogical share /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 - September 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 135.1 million or represent 5.6% 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 33% first-quality government securities of the Republic of Bulgaria, 52% first-grade state securities of foreign governments, 12% corporate bonds and 3% capital instruments. In the first nine months 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 each and two issues with a nominal value of EUR 7.5 million each of the Republic of France, with the portfolio being expanded by five issues of the USA with a total nominal value of USD 30 and one issue of Bulgarian corporate bonds with a nominal value of BGN 7 thousand. During the reporting period one EUR issue of Bulgarian government securities matured with a nominal of EUR 12.5 million and one issue of BGN 5.6 million, two issues of France with a total nominal value of EUR 12.5, one issue of Germany with a nominal of EUR 5 million and US issue with a nominal value of USD 10 million. Capital instruments amount to BGN 4.3 million and include participation in the BSE for BGN 189 thousand (BGN 180 thousand as of 31.12.2022), shares in a payment services company Paynetics for BGN 3 108 thousand and shares in a company for the development and management of electronic systems in urban transport and parking Tixi AD for BGN 978 thousand.

As of 31 December 2022, BACB reported investments in shares of two companies - Fire AD and Paynetics AD, whose activity is mainly related to the provision of various types of payment services and innovative technological and digital solutions for their implementation. In August 2023, the General Meeting of Shareholders of Paynetics AD decided to increase the capital of the company. BACB participated in this increase through a non-monetary contribution by exchanging the shares it owned from the capital of Fire AD for the newly issued shares of Paynetics AD. The increase in the capital of Paynetics AD was entered in the Trade Registry on 28 August 2023.

As of 30 September 2023, due to the absence of direct market information, the discounted cash flow method was used to estimate the fair value of the investment in the capital of Paynetics AD, in which the expected future cash flows from the company's activities are discounted to their present value. The future cash flows are calculated based on the company's updated 10-year financial plan, using the weighted average cost of capital (WACC) calculated as of 30 September 2023 at 20.33%, as a discount factor.

As of 30.09.2023, 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 nine months of 2023, two issues with a nominal of EUR 5 million each of the Republic of Germany and seven issues of the Republic of France with a total nominal of EUR 67 million, one with a nominal value of EUR 10 million of the Republic of Bulgarian 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, nine securities issues of France with a total nominal value of EUR 95.5 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 174.4 million as compared to BGN 128.6 million at the end of 2022, or it reached an increase of 35.6%. At the end of the third quarter of 2023, the share of total assets reached 7.3% 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 September 2023 is BGN 1 326 thousand, compared to BGN 1 192 thousand as of 31.12.2022.

As of 30.09.2023, 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 30.09.2023, the Group's investments in joint ventures amounted to BGN 221 thousand, compared to BGN 194 thousand at the end of 2022.

As of 30.09.2023, the receivables from banks amount to BGN 19 million and occupy a share of 0.8% 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 27.2 million compared to the end of 2022, is formed mainly by a decrease in term deposits by BGN 25.9 million and a decrease in demand deposits by BGN 1.3 million.

Cash at hand and accounts held in the central bank decreased by 43.6% to BGN 491.1 million at the end of the third quarter of 2023, compared to BGN 870.3 million at the end of 2022, and their share in total assets amounted to 20.5% 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 Group decreased compared to the end of 2022 by BGN 1.9 Million, to reach BGN 12.1 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 8 million (2022: BGN 9.8 million).

As of 30.09.2023, the assets acquired, classified as "assets held for sale" and "investment properties", totaled BGN 109.5 million or 4.6% 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 5134 thousand and "assets held for sale" valued at BGN 354 thousand have been sold. The "assets held for sale" acquired amounted at BGN 9305 thousand. The acquisition of properties worth BGN 8989 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 30.09.2023 the funds borrowed from banks were BGN 74 thousand, which represents a decrease compared to the end of 2022, amounting to BGN 2 thousand (31.12.2022 - BGN 76 thousand).

Funds borrowed from companies and citizens decreased by BGN 283.8 million to BGN 2 021 million as of 30.09.2023 or 96.7% of the total liabilities, compared to BGN 2304.9 million and 96.6% at the end of 2022. The reported decrease of 12.3% 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 30.09.2023, BACB's obligations under issued debt securities, including accrued interest, amount to BGN 29.737 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 30.09.2023, 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 30.09.2023, a decrease of BGN 8 million was reported in "other liabilities", and their share of the total liabilities decreased to 1.3% (2022 – 1.4%).

Equity

As of 30.09.2023, there are no changes in the fixed capital.

The "reserves and retained earnings" position reported an increase with the profit as of 30.09.2023 in the amount of BGN 40900 thousand, distributed dividends amount to BGN 2 469 thousand and negative effect reported from the termination of shareholding in the amount of BGN 669 thousand.

The "revaluation reserves" position includes negative changes in the fair value of debt instruments in the amount of BGN 1608 thousand and positive changes in the fair values of equity instruments in the amount of BGN 993 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 30.09.2023, an increase of BGN 1945 thousand was reported, formed by a change in the fair value of debt instruments by BGN 1111 thousand and an increase in the fair value of equity instruments by BGN 834 thousand.

Overview of the financial position as of 30 September 2023.

As of 30.09.2023, the Group achieved a positive financial result in the amount of BGN 40900 thousand after taxation, compared to the profit reported for the same period of 2022 in the amount of BGN 18869 thousand, which represents a growth of 116.8%. The reported value is mainly due to an increase in the net operating revenue before impairment by BGN 28.9 million.

The comparison of the revenue from main activities (interest income) for the two periods shows an increase of BGN 33188 thousand, up to BGN 72804 thousand or a growth of 83.8%. The main share in the interest income generated is occupied by loan activity – 80.2%. The income reported from interbank deposits amounts to BGN 8458 thousand compared to BGN 470 thousand at the end of the third quarter of 2022. The interest income from the security portfolios held increased by BGN 5076.4 thousand and amounted to BGN 5965.9 thousand at the end of September 2023, compared to BGN 889.5 thousand for the same period of 2022.

As of 30.09.2023, interest expenses increased by BGN 561 thousand compared to the report for the same period of the previous year and amounted to BGN 4103 thousand, with BGN 3542 thousand a year ago. The negative interest paid on accounts at the BNB and other banks are lower by BGN 2111.5 thousand / in 2023 there is no negative interest paid/. A significant increase was reported in interest expenses on long-term financing by BGN 1244.7 thousand and the costs on lease agreements, reported according to IFRS 16, amount to BGN 151 thousand, or BGN 64 thousand more than a year ago.

As of 30.09.2023, the net interest income was BGN 68701 thousand, or BGN 32627 thousand more than the values reported at the end of the third quarter of 2022 or 84.30% of the total operating costs before depreciation, vs 68.6% a year earlier.

As of 30.09.2023 the reported net revenue from fees and commissions is BGN 864 thousand less than the reported volume for the same period of the previous year and amounted to BGN 10399 thousand or 12.8% of the total operating income before impairment, with a share of 21.4% as at 30.09.2023. 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 third quarter of 2023 in the amount of BGN 121 thousand, compared to a negative result of BGN 1 thousand at the end of the third quarter of 2022.

As of 30.09.2023 the Bank formed a negative result from currency revaluations of BGN 12 thousand, compared to a profit for the same period of the previous year of BGN 926 thousand.

At the end of September 2023, net income from currency trade was reported in the amount of BGN 2,626 thousand compared to the net income for the same period of last year 2022 in the amount of BGN 2,805 thousand.

At the end of the third quarter of 2023, the administrative costs increased as compared to the same period of the previous year by BGN 1333 thousand to reach BGN 13384 thousand. Personnel costs increased by BGN 1566 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 2512 thousand, compared to BGN 2627 thousand as of 30.09.2022.

Depreciation costs as at 30.09.2023 amount to BGN 3355 thousand, and compared to the same period of the previous year, they are increased by BGN 653 thousand, including a decrease in depreciation costs for fixed tangible assets by BGN 176 thousand, an increase in the depreciation costs for fixed intangible assets by BGN 20 thousand and an increase in the depreciation costs of "right of use assets" by BGN 809 thousand.

The costs for impairment of financial assets and modification increased by BGN 922 thousand, compared to those reported at the end of September 2022 and reached BGN 7420 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 third quarter of 2023 the Bank reports a decrease in client deposits by 12.3% 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 75% as of 30.09.2023.

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 747.9 million. The ratio of these liquid assets to the total deposits (of clients and banks) as of 30.09.2023 is 36.81%.

Cash in the BNB, at hand and in banks, decreased by BGN 406.5 million as of 30.09.2023 compared to 31.12.2022.

During the period from the end of 2022 to 30.09.2023, the value of the portfolio of debt instruments at fair value in the Bank's other comprehensive income reported an increase of 58.8%, to BGN 130.9 million (2022: BGN 82.4 million). During the first nine months of 2023, one issue with a nominal value of BGN 1 million was purchased - government securities of the Republic of Bulgaria, as well as two issues with a nominal value of 5 million euro of the Republic of Germany, two issues with a nominal value of 5 million euro each, along with two issues with a nominal value of 7.5 million euro each of the Republic of France, with the portfolio supplemented by five US issues with a total nominal value of 30 million US dollars and one issue of corporate Bulgarian bonds with a nominal value of BGN 7 thousand. During the reporting period, an issue of government securities in euro by the Bulgarian government with a nominal value of EUR 12.5 million and one issue for BGN 5.6 million matured, two issues of France with a total nominal value of EUR 12.5 million, one issue of Germany with a nominal value of EUR 5 million matured, along with a US issue with a nominal value of USD 10 million.

Throughout the period from the end of 2022 to 30.09.2023 the debt instruments portfolio, reported at amortized cost, reported an increase of 35.6% to BGN 174.4 million (2022: BGN 128.6 million). In the first nine months of 2023, two issues with a nominal value of 5 million euro each of the Republic of Germany and seven issues of the Republic of France with a total nominal value of 67 million euro, one with a nominal value of 10 million euro of the Republic of Bulgaria and two issues with a nominal value of 5 million US dollars each, with the portfolio being expanded by four issues of US government securities with a total nominal value of 25 million US dollars, nine issues of securities of France with a total nominal value of 95.5 million euro and an issue of government securities of the Republic of Bulgaria with a nominal value of BGN 1 million.

From the beginning of 2023 to 30.09.2023 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 359 million.

As of 30 September 2023, the Bank's government securities portfolio has a book value of BGN 286.7 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 114.2 million and a "held for collection of contractual cash flows" portfolio with a book value of BGN 172.5 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 September 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 – 30.09.2023 it amounts to BGN 2996 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 30.09.2023 they amount to BGN 2970 thousand.

Capital resources

At the end of September 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 30.09.2023, the Group reported a total capital adequacy ratio of 21.69% and a Tier 1 capital adequacy ratio of 21.69%, which is significantly higher than the legally determined level.

**As of the date of publication of this report, the Bank has received permission from the regulatory body to include its net interim profit as of 30 June 2023 amounting to BGN 24,229 thousand in the basic Tier 1 capital /Decision No. 446 / 18.10.2023 of the Governing Board of the BNB/.*

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.

9. On 31 July 2023, BACB published preliminary unaudited individual and consolidated financial statements as of 30 June 2023, together with the relevant interim activity reports and a letter to the shareholders.

10. On 31 July 2023, BACB published a Report under Art. 100b, paragraph 8 of the POSA for the fulfillment of the obligations of the "Bulgarian-American Credit Bank" AD under the terms of the Issue of unsecured bonds issued by "Bulgarian-American Credit Bank" AD, ISIN BG2100022222 as of 30 June 2023.

Additional information for the first nine months 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 30.09.2023.

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 nine months 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 30.09.2023.	Percentage of votes in the General Meeting of Shareholders as of 30.09.2023.	Number of shares held (directly and indirectly) as of 30.06.2022.	Percentage of votes in the General Meeting of Shareholders as of 30.06.2022.
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 30.09.2023	Percentage of votes in the General Meeting of Shareholders as of 30.09.2023	Number of shares directly owned as of 30.06.2022	Percentage of votes in the General Meeting of Shareholders as of 30.06.2022
Tsvetelina Borislavova Karagyozeva	Chairperson of the Supervisory Board	2465000	9.98%	2465000	9.98%
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.

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