

**INTERIM REPORT ON THE ACTIVITIES  
OF BULGARIAN-AMERICAN CREDIT BANK AD ON A CONSOLIDATED BASIS FOR THE FIRST  
HALF OF 2025  
SOFIA, JULY 30, 2025**

**General**

During the first half of 2025, Bulgarian-American Credit Bank (BACB, the Bank) continued to operate as a universal bank offering a full range of banking services focused on the green economy, including financing for small and medium-sized enterprises and expanding its retail banking services by offering a variety of products in the areas of housing and consumer lending and transaction banking. The Bank strives to meet customer needs by offering a comprehensive range of banking services and through modern banking technologies, thereby expanding its customer base.

**Economic overview**

External environment

According to Eurostat's preliminary estimate, the economy grew by 0.3% in the first quarter of 2025. The outlook for economic growth in the euro area is clouded by trade tensions and heightened global uncertainty. While manufacturing is strengthening, partly due to stronger trade activity in anticipation of higher tariffs, the domestically oriented services sector is slowing down. Higher tariffs and the stronger euro are expected to weigh on firms' exports. High uncertainty is expected to dampen investment. At the same time, a number of factors are contributing to the resilience of the economy and should support growth in the medium term. A strong labor market, rising real incomes, solid private sector balance sheets, and easier financing conditions, partly due to previous ECB interest rate cuts, are expected to help consumers and businesses overcome the effects of the volatile global environment. The announced measures to strengthen investment in defense and infrastructure are also expected to support growth. In the current geopolitical environment, it is even more urgent that fiscal and structural policies make the euro area economy more productive, competitive, and sustainable. According to Eurosystem experts, GDP growth will average 0.9% in 2025, 1.1% in 2026, and 1.3% in 2027. The unrevised growth forecast for 2025 reflects a stronger than expected first quarter, along with a weaker outlook for the rest of the year.

Labor costs are gradually slowing down, as indicated by incoming data on negotiated wages and available country data on compensation per employee. The ECB's wage monitoring indicator points to a further weakening of negotiated wage growth in 2025, while expert forecasts from June 2025 project wage growth to decline to below 3% in 2026 and 2027.

According to Eurostat's preliminary estimate, annual inflation fell from 2.2% in April to 1.9% in May. Energy price inflation remained at -3.6%. Food price inflation rose to 3.3% from 3.0% in the previous month. Goods inflation remained unchanged at 0.6%, while services inflation fell to 3.2% from 4.0% in April. The increase in service prices in April was mainly due to higher prices for tourist services during the Easter holidays. Most indicators suggest that inflation will stabilize at the ECB's medium-term target of 2% over the medium term. Although headline inflation, as measured by the harmonized index of consumer prices (HICP), is likely to remain below 2% in the short term, it is expected to return to its target levels in the medium term. The Eurosystem expects inflation to decline and reach its lowest level of 1.4% in the first quarter of 2026, before rising again to 2.0% in 2027. The decline in headline inflation in 2025 is expected to be driven in part by negative energy inflation as a result of the recent decline in oil prices and wholesale natural gas prices.

**Bulgaria**

In 2024, Bulgaria's real gross domestic product growth is projected to accelerate to 2.8%, up from 1.9% in 2023. Higher growth is due to stronger consumption growth and a positive contribution from inventory changes. In 2025, economic growth is expected to accelerate to 3%, supported by public spending. High growth in public investment is expected, funded by European and national funds. A slight slowdown in consumption growth is expected during the year due to weaker income growth. Export growth will accelerate as a result of stronger external demand in the EU, but the contribution of net exports will remain negative.

In 2026, GDP growth will slow to 2.5% due to weaker growth in public consumption and a decline in public investment. At the same time, growth in consumption and external demand will support private investment growth. Export growth is expected to accelerate, driven mainly by trade in goods. In 2027–2028, GDP growth will slow to 2.4%–2.2% due to the exhaustion of the positive effect of investments under the Recovery and Resilience Plan (RRP), a slowdown in household consumption growth in line with income growth, and a slowdown in export growth in line with external demand.

In 2024, the Bulgarian economy recorded annual employment growth of 1.1%, mainly influenced by the increase in the number of people employed in services and construction. The forecast for the coming years is for employment to continue to grow, albeit at a slower pace than in the previous three years. For 2025, employment growth is expected to be 0.6% and to slow to 0.3% in 2026, while in 2027 and 2028 the number of employed persons is expected to remain virtually unchanged. Despite the projected increase in employment over the forecast period, the

unemployment rate is expected to undergo minimal changes. For 2025, the indicator is expected to decline to 4.1% and to decrease minimally to 4.0% by the end of the forecast period (2028). Nominal growth in compensation per employee will reach 10.4% in 2024, which is lower than expected in the autumn forecast. In 2025, the slowdown in labor income growth is expected to continue, with the nominal growth rate of the indicator estimated at 8.7%. Labor income growth will slow more significantly in 2026, to 4.3%, in line with the expected acceleration in real labor productivity growth. Real labor productivity will increase to 1.7% in 2024, compared to 0.8% in 2023. The highest growth will be observed in the industry sector (2.1%). In services, the indicator will decline (-0.1%). The estimates for the indicator's dynamics in the period 2026–2028 differ from those presented in the autumn forecast, with a more significant acceleration in productivity expected in 2025, following the increase in real GDP growth.

Average annual inflation in 2024 according to the HICP is 2.6%. Services and energy goods contribute most to the observed increase in the overall index in early 2025. The exhaustion of favorable base effects in energy commodity prices (most notably in transport fuels) also has an impact. Given the developments observed, average annual inflation is expected to accelerate to 3.6% in 2025 (from 2.6% in 2024). The annual inflation rate will gradually slow to 2.8% at the end of the year. Services are expected to contribute the most, followed by food. Energy goods will have a negative contribution given the expected decline in international crude oil prices. In 2026, year-end inflation will slow to 2.6%, with average annual inflation falling to 2.2%. The contributions of the main components of the HICP in 2026 will be similar to those in 2025. Average annual inflation will continue to slow to 2% in 2028 in line with the downward trend in international prices.

### Key macroeconomic indicators

Key macroeconomic indicators	Reported data*		Forecast			
	20	20	20	20	20	20
<b>International environment</b>						
Global economy (real growth, %)	3.	3.2	3.2	3	3	3
European economy – EU (real growth, %)	0	1	1	1	1	1
Exchange rate USD/EUR	1	1	1	1	1	1
Brent oil price (USD/barrel)	82	80.7	71	67.2	66	66
Price of non-energy raw materials (in USD, %)	-	2	4	-	-	-0.1
EURIBOR 3m. [%]	3	3	2	2	2	2
<b>Gross domestic product</b>						
GDP (million BGN)	185	202,861	218	229,582	241,093	251,488
GDP (real growth, %)	1	2	3	2	2	2
Consumption	1	4	3	3	2	2
Gross fixed capital formation	1	-	12	-	1	-3
Exports of goods and services	0	-	2	3	3	3
Imports of goods and services	-	1	6	2	6	1
<b>Labor market and prices</b>						
Employment (LFS, %)	1.1	1.1	0.6	0	0	0
Unemployment rate (NPS, %)	4	4	4	4	4	4
Compensation per employee (%)	13	10.4	8	4	4	3
GDP deflator (%)	8	6	4	2	2	2
Average annual inflation (HICP, %)	8	2	3	2	2	2
<b>Balance of payments</b>						
Current account (% of GDP)	-0.9	-1.8	-	-	-	-3.4

Trade balance (% of GDP)	-	-	-	-	-	-7
Foreign direct investment (% of GDP)	5	3	3	3	3	3
<b>Monetary sector</b>						
M3 (%)	8.7	8.7	9.4	9.0	9.1	8
Receivables from enterprises (%)	9	10	10	9	8	8
Receivables from households (%)	1	2	18	15	12	10

\* The forecast is based on statistical data published up to 21 March 2025.

Source: ECB, NSI, BNB, IMF, WB, Bloomberg, MF

The global geopolitical situation remains unstable, with possible significant negative effects on the economies of the European Union and Bulgaria, posing substantial risks to the macroeconomic forecast. The risk of increased tensions in global trade could hamper growth in the euro area by depressing exports and weakening the global economy. Lower confidence could prevent consumption and investment from recovering as quickly as expected. There is a risk of supply constraints for certain raw materials, which could trigger price increases or further disruptions to global supply chains. The materialization of these risks would lead to higher inflation in the country in the medium term, weaker growth in real disposable household income, which, combined with rising credit costs, would limit consumption growth. The risks to the domestic forecast include the failure to implement public capital expenditure, including under the Public Investment Program.

### **BACB – business presentation**

At the end of the second quarter of 2025, the Bank's loan portfolio grew by 4.95% net compared to the end of March, reaching a total amount of BGN 1,905.5 million. The total net growth of new loans during the period was 5.26%.

In SME and corporate loans to legal entities, the Bank reported a net increase of 5.02%, bringing the total portfolio in the segment to BGN 1,214.8 million. This portfolio accounts for 66.16% of the Bank's total loan portfolio, compared to 66.20% at the end of the first quarter of the year. The market share for legal entities was 2.31% as at 31 March 2025, compared to the 2.5-3% target set in the development strategy.

At the end of the period, total funds attracted from SMEs and corporate clients amounted to BGN 509.678 million, representing a decrease of 39.03% compared to the first quarter. There was a decline of 56.84% in term deposits and a decrease of 33.50% in sight deposits. The declines in resources are due to larger single depositors. In terms of attracted resources from legal entities, BACB reached a market share of 2.73% as of March 31, 2025, compared to the strategic target of 2%.

In line with the Bank's strategy, the old "legacy" loan portfolio of legal entities was reduced by 0.66% for the quarter, with its share in the Bank's total portfolio decreasing from 0.75% as at 31 March 2025 to 0.71% as at 30 June 2025 and reaching BGN 13.451 million at the end of June.

In a globally uncertain economic environment affected by inflation dynamics and geopolitical tensions, at the end of the second quarter, problem exposures to legal entities in BACB's portfolio decreased by 0.5% compared to the end of the previous period. As a share of the total loan portfolio, problem exposures decreased by 0.26% compared to March 31, 2025, to 4.69%, which is due to active collection efforts by the responsible units and the faster growth of regular new exposures.

The following initiatives implemented by BACB also contribute to the expansion of lending operations for corporate clients:

- Since 2018, the Bank has been implementing the agreement concluded with Bulgarian Development Bank EAD for financing small and medium-sized enterprises with guarantee facilities and counter-guarantees under the COSME Program of the European Investment Fund, with the support of the European Fund for Strategic Investments – COSME+ Program.
- BACB operates a guarantee scheme to facilitate SMEs' access to financing from commercial banks through a risk-sharing scheme between the National Guarantee Fund EAD and the Ministry of Agriculture and Food.
- BACB implements the COSME NG Fund Guarantee Scheme and the European Fund for Strategic Investments (EFSI).
- BACB also applies the guarantee schemes of the Municipal Guarantee Fund for Small and Medium-sized Enterprises of the Sofia Municipality.
- BACB implements a Guarantee Scheme to support SMEs affected by the Covid-19 crisis and a "Recovery" programme in cooperation with BBR EAD.
- BACB implements a guarantee scheme with the Financial Instruments in Bulgaria Fund Manager - Portfolio Guarantee with a loss cap to overcome the consequences of the COVID-19 pandemic, programs "Recovery 1 and 2."
- BACB implements a guarantee scheme to support SMEs from the NGF/SME 2022, which enables BACB to provide loans of over BGN 120 million. An extension of the scheme until 2031 has been agreed.

In the second quarter of 2025 the Retail Banking business line, which manages the retail segment at BACB, recorded very good results in lending, with low-risk mortgage loans posting significant growth for another consecutive quarter, up 6.59% compared to the end of the previous quarter. The growth in mortgage lending was driven by excellent pricing conditions and the Bank's individual customer-oriented approach. Consumer loans, in turn, grew by 7.01% over the same period.

The market presence of the two product segments in the banking system at the end of March 2025 was 1.22% for mortgage loans and 0.90% for consumer loans, and the Bank expects them to continue their upward trend. In line with BACB's strategy, the goal in the Retail Banking business segment is to achieve further significant growth and reach a 2% market share in the coming years.

With the high results achieved, the Bank is fulfilling another of its main objectives set out in its retail lending development strategy – to increase the share of loans to individuals in the total loan portfolio, which stood at 31.32% at the end of the second quarter of 2025.

The following initiatives also contribute to the development of the Bank's business with individuals:

- The "Clean Account" payment product for individuals with a VISA card continues to be a leading factor in attracting new customers to the Bank. There is also a feature for opening a "Clean Account" online, without visiting a bank office.
- Offering of the "ЛЪБРОМЕТКА" product, tailored to the needs and expectations of customers related to Bulgaria's upcoming accession to the eurozone, which was supported by an advertising campaign.
- The Bank focuses on offering two package products for young people, "POP Card" for age groups 14-18 and 18-25, which are very well received by customers, and with the support of various marketing activities, the popularity of the product has increased significantly.
- In mortgage lending, the Bank is consolidating its position in a highly competitive market by offering flexible and customized solutions for each customer.
- The development of the "Na mi ga" (Instant) loan product continues. This is a fully online consumer loan that combines speed, convenience, and security thanks to automatic approval and disbursement of funds without visiting a bank office.
- Joint initiatives with POK Doverie AD continue in the Bank's office network and at BAC Express points of sale.
- BAKB, in cooperation with Unica AD, offers customers attractive insurance packages when using consumer loans.
- The digital assistant "Bianca" uses the GPT language model to provide customers with comprehensive information 24/7, which significantly increases customer satisfaction.
- The fast consumer loan "BAKB Express" continues to be offered at specialized points of sale in large shopping centers such as malls. Customers can open a "Clean Account" at these locations, taking advantage of their extended working hours, seven days a week.
- BACB is actively working to provide loans to students under the Student and Doctoral Student Loan Act with a total annual state guarantee limit of BGN 5 million. The credit scheme of the Ministry of Education and Science allows BACB to expand and deepen its cooperation with state institutions in the country, as well as to attract new individual customers – students and doctoral students in line with the Bank's development strategy.

In its endeavor to be closer to its individual customers and offer them first-class service, BACB offers the option of fully online banking services – online application and opening of a "Clean Account" with a debit card, online opening of a "Everything is Right" and "Online Deposit" deposit account, online "Instant" loans and online opening of business accounts for small enterprises. Work is underway to digitize mortgage loan applications and other customer processes, as well as to integrate AI solutions to improve the customer experience.

In the second quarter of 2025, the bank recorded an 18% increase in the number of transfers processed compared to the same period in 2024. During the reporting period, 19 new documentary transactions were processed. Total fees and commissions collected in the second quarter of 2025 (excluding those from loans and cards) amounted to BGN 3.1 million, representing an increase of 24% compared to the same period of the previous year. In line with the Bank's strategy, active work is underway to implement optimizations, automation, and digitization of other processes. BACB is in the process of certification for instant payments in euros.

During the reporting period, the positive net result from BACB's card business amounted to over BGN 664 thousand. For the period, the Bank reported a total of 3,970 debit cards issued and renewed and 277 credit cards. The total turnover realized on POS terminals for the period amounted to over BGN 34 million, marking an increase of 85% compared to the previous quarter and an increase of 35% compared to the same period in 2024.

In the first quarter of 2025, tests were launched on the project for the introduction of the euro as the national currency in the Card Systems and Services segment.

At the beginning of the quarter, a project was launched for the centralized processing of customer requests and instructions received through BACB Online, with the aim of reducing the workload of bank branches by executing online customer orders from the Direct Channels department. During the period, a new platform for customer service by the Contact Center was also implemented.

## **Review of activities in the second quarter of 2025**

*Selected indicators and ratios*

	31.12.2024 audited	30.06.2024 (unaudited)	June 30, 2025 (unaudited)	Change 06.2025/06.2024
Total assets	2,752,543	2,892,990	2,841,216	-
Loans (net value)	1,699,331	1,610,676	1,824,788	13.29
Funds raised	2,362,629	2,509,949	2,423,636	-3.44
Equity	357,163	335,489	383,104	14.19
Net interest income	101,490	53,395	44,331	-16.98
Net income from fees and commissions	13,691	6,388	7,867	23.
Loans/borrowings	71.93	64.17	75.29	
Liquidity coverage ratio (LCR)	150.24	189.83	169.32	
Capital adequacy	23.15	19.26		

### *Operating activities*

As of June 30, 2025, the Group's assets amounted to BGN 2,841,216 thousand, which, compared to the audited data for 2024, shows an increase of BGN 88.7 million or a growth of 3.2%.

At the end of the second quarter of 2025, the Group reported an increase in the carrying amount of its loan portfolio from BGN 127.1 million to BGN 1,894.3 million, or a 7.2% increase compared to the volume at the end of 2024. Accumulated loan losses and impairment on loans in accordance with IFRS 9 amounted to BGN 69.5 million, providing coverage of 3.7% of the loan portfolio, with a volume at the end of 2024 of BGN 67.9 million and coverage of 3.8% reported as at March 31, 2025 for the banking system. BGN 67.9 million, coverage of 3.8% and reported as at 31 March 2025 for the banking system of 2.91%. As at 30 June 2025, loan impairment losses increased by BGN 1.6 million compared to the end of 2024, or an increase of 2.3%.

As at 30 June 2025, the net loan portfolio amounted to BGN 1,824.8 million, accounting for 64.2% of total assets.

Since the beginning of 2025, the Group has granted new loans amounting to BGN 525 million, while the amount of loans repaid during the same period is BGN 393.7 million. In the second quarter of 2025, loans amounting to BGN 327 thousand were written off against provisions for impairment.

As at 30 June 2025, loans overdue by more than 90 days accounted for 7.11% of total loans at carrying amount, compared to 8.01% as at 31 December 2024. The share of non-performing loans is above the average 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 sector prior to the global financial crisis. The credit policy applied in recent years and currently focuses on promising and less cyclical economic sectors, aims to achieve effective diversification in terms of both sectoral positioning and size and maturity, so as to ensure a sustainable basis for development and limit the impact of individual exposures in a given sector. As a result, and due to the revival in the construction and real estate sectors, the negative effects were gradually minimized and the share of non-performing loans decreased by more than 20 percentage points in the period December 2017 - March 2025. To improve the quality of the loan portfolio, the Bank has developed and implemented a strategy for managing non-performing exposures, 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 strategy for managing non-performing exposures is subject to annual review and update by the Bank's management and supervisory bodies. Regular internal analyses and comprehensive stress tests contribute to the timely assessment of the effects of a possible deterioration in the business environment on the Bank's portfolio.

As at 30 June 2025 the debt and equity financial assets held at fair value through other comprehensive income amounted to BGN 167.7 million, or 5.9% of total assets, compared to BGN 174.6 million and a share of 6.3% at the end of 2024. The securities portfolio reported in the consolidated financial statements consists of 62% first-class government securities of the Republic of Bulgaria, 31% first-class government securities of foreign governments, and 7% corporate bonds. During the reporting period, one issue with a nominal value of BGN 25.2 million was purchased from the Republic of Bulgaria and one with a nominal value of USD 10 million from the United States. During the same period, three issues of the Republic of Bulgaria with a nominal value of BGN 22.5 million and corporate bonds with a nominal value of EUR 2.4 million matured, and two issues with a nominal value of EUR 10 million of the Republic of France were sold. Capital instruments amounted to BGN 4.7 million and included participation in the Bulgarian Stock Exchange for BGN 370 thousand (BGN 314 thousand as at 31 December 2024), shares in a payment services company for BGN 3,254 thousand. Paynetix AD, shares in S.W.I.F.T. SC worth BGN 92 thousand, and shares in a company for the development and management of electronic systems in urban transport and parking, Tiksi AD, worth BGN 978 thousand.

As at 30 June 2025, the portfolio of debt instruments carried at amortized cost includes Bulgarian and foreign government bonds with fixed payments and maturities. During the first six months of 2025, two issues with a nominal value of EUR 10 million of the Republic of France and four issues with a nominal value of USD 10 million. The portfolio is supplemented by four issues of US government securities with a total nominal value of USD 10 million and one issue of the Republic of France with a nominal value of EUR 10 million. As a result, the portfolio of debt instruments

reported at amortized cost reached BGN 163.4 million, compared to BGN 180.3 million at the end of 2024, or a decrease of 9.4%. At the end of the second quarter of 2025, the share of total assets reached 5.8%, compared to 6.6% at the end of 2024.

Since the beginning of 2020, the Bank's investment in Visa Inc. shares acquired as a result of BACB's membership in VISA Europe, which became the property of VISA Inc., has been reported under "Financial assets at fair value through profit or loss" by management decision. This investment is measured at fair value with changes in profit or loss for the period. The initially acquired 560 Class C preferred shares are subject to mandatory conversion into Class A common shares (or Class A preferred shares, where applicable) within a 12-year period, at a specified ratio, which is subject to review and adjustment over time under certain conditions. The 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 at June 30, 2025 amounts to BGN 2,014 thousand, compared to BGN 2,018 thousand as at December 31, 2024.

As at 30 June 2025, the Bank has two subsidiaries – BACB Finance EAD and BACB Trade EAD, which it owns in full for BGN 3,050 thousand.

As at 30 June 2025, receivables from banks amounted to BGN 105.6 million, accounting for 3.7% of total assets, compared to BGN 45.3 million and a 1.6% share at the end of 2024. The reported increase of BGN 60.3 million compared to the end of 2024 is mainly due to cash provided to other banks under reverse repo agreements. Cash in hand and assets held with the central bank decreased by 16.2% to BGN 447.3 million at the end of June 2025, compared to BGN 533.5 million at the end of 2024, and their share in total assets amounted to 15.8% compared to 19.4% at the end of 2024. The reported decrease is mainly due to funds in settlement accounts with the BNB.

Tangible and intangible fixed assets decreased by BGN 1.6 million compared to the end of 2024 to BGN 13 million at book value, and their share in total assets amounted to 0.5%. The volume includes assets with right of use amounting to BGN 6.9 million (2024: BGN 8.2 million).

As at 30 June 2025, the acquired assets classified as "assets held for sale" and "investment properties" amounted to BGN 83.2 million, or 2.9% of total assets, compared to BGN 88.1 million, or 3.2% of total assets as at 31 December 2024. Since the beginning of the year, investment properties worth BGN 3,230 thousand and assets held for sale worth BGN 1,540 thousand have been sold. Assets worth BGN 1,358 thousand were reclassified from "investment properties" to "assets held for sale." Since the beginning of the year, an impairment loss of BGN 116 thousand has been recognized on investment properties. The sale of the acquired assets and the management and administration of related activities are handled and managed by a specialized department within the Bank. In order to achieve the set targets for the realization of the acquired assets, the Bank has 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. The strategy for managing assets acquired as collateral from non-performing exposures is subject to annual review and update by the Bank's management and supervisory bodies.

### *Liabilities*

As of June 30, 2025, funds attracted from banks amounted to BGN 29 thousand, representing a decrease of BGN 18.2 million compared to the end of 2024 (December 31, 2024: BGN 18.2 million).

Funds attracted from companies and citizens increased by BGN 81.8 million to BGN 2,359.9 million as at 30 June 2025 or 96% of total liabilities of BGN 2,278.1 million and a share of 95.1% at the end of 2024. An increase of 3.6% was reported across all sources, with the exception of funds attracted from term deposits of corporate clients and current accounts of non-bank financial institutions.

On December 23, 2022, BACB issued unsecured bonds in the amount of EUR 15 million. The bonds are issued in compliance with the requirements for own funds and eligible liabilities, in accordance with the requirements of the Law on the Recovery and Restructuring of Credit Institutions and Investment Intermediaries. The bonds are ordinary, interest-bearing, book-entry, registered, freely transferable, unsecured, and non-convertible. The issue has a maturity of seven years, with a fixed interest rate payable every six months and principal payable in a single installment at maturity.

On June 3, 2024, BACB issued a new issue of ordinary, interest-bearing, book-entry, freely transferable, unsecured, non-convertible, subordinated bonds structured to meet the requirements for Tier 2 capital of BACB, in accordance with Article 63 of Regulation (EU) No 575/2013. The bond issue has a total nominal and issue value of EUR 15,000,000. The term of the issue is 120 months and the principal maturity date is June 3, 2034. The bonds are interest-bearing, with a fixed annual interest rate of 8.0%, payable in annual coupon payments. The new issue is admitted to trading on a regulated market. The initial date of admission to trading on the Vienna Stock Exchange (Wiener Boerse) was June 21, 2024.

As at 30 June 2025, BACB's liabilities under bond loans, including accrued interest, amounted to BGN 58,882 thousand (2024: BGN 60,064 thousand).

The item "other borrowed funds" includes liabilities 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 enterprises with an agreed amount of BGN 35 million and EUR 10 million. As at 30 June 2025, long-term financing from the BDB amounted to BGN 4.8 million, or 0.2% of total liabilities, with a volume of BGN 6.2 million and a share of 0.3% at the end of 2024.

As at 30 June 2025, an increase of BGN 1,819 thousand was reported under "other liabilities," and the share of total liabilities remained at 1.4% (2024: 1.4%).

### *Equity*

As at 30 June 2025, there were no changes in the share capital.

The item "reserves and retained earnings" increased by the realized profit as at 30 June 2025 in the amount of BGN 25,039 thousand.

The item "revaluation reserves" includes changes in the fair value of debt instruments in the amount of BGN 1,645 thousand and changes in equity instruments in the amount of BGN 1,284 thousand, measured at fair value through other comprehensive income, as well as the revaluation reserve on the Bank's own buildings used in its operating activities in the amount of BGN 272 thousand. As at 30 June 2025, an increase of BGN 902 thousand was reported, formed by an increase in the change in the fair value of debt instruments by BGN 840 thousand and an increase in the fair value of equity instruments by BGN 62 thousand.

### **Review of the financial position as at 30 June 2025**

As at 30 June 2025, the Group achieved a positive financial result of BGN 25,039 thousand after tax, compared to a reported profit for the same period of 2024 of BGN 28,505 thousand, or a decrease of 12.2%. This was due to a decrease in net operating income before impairment of BGN 7,138 thousand and lower growth in expenses.

A comparison of core income (interest income) for the two periods shows a decrease of BGN 7,429 thousand to BGN 54,078 thousand. The main share in interest income was generated by lending activities (81.2%). Reported income from interbank deposits amounted to BGN 3,804 thousand, compared to BGN 9,795 thousand at the end of June last year. Interest income from securities portfolios increased by BGN 858 thousand and amounted to BGN 6,358 thousand at the end of June 2025, compared to BGN 5,500 thousand at the end of June 2024.

As at 30 June 2025, interest expenses increased by BGN 1,635 thousand compared to the same period of the previous year and amounted to BGN 9,747 thousand, compared to BGN 8,112 thousand a year earlier. An increase is reported in interest expenses to customers of BGN 458 thousand, while expenses under lease agreements reported in accordance with IFRS 16 amount to BGN 143 thousand, or BGN 31 thousand more than a year ago. Interest on debt securities increased by BGN 964 thousand, while interest on other borrowings decreased by BGN 126.8 thousand.

As of June 30, 2025, net interest income amounted to BGN 44,331 thousand, or BGN 9,064 thousand less than reported for the same period of the previous year, and accounted for 81.7% of total operating income before impairment (2024 – 86.9%). (2024 – 86.9%).

As at 30 June 2025, the reported net income from fees and commissions was BGN 1,479 thousand more than the reported amount for the same period last year and amounted to BGN 7,867 thousand or 14.5% of total operating income before impairment, compared to 10.4% as at 30 June 2024. The reported increase is due to a larger increase in income and a minor increase in fee expenses.

The Bank's shares in Visa Inc., recognized at fair value through profit or loss, generated a positive result at the end of the second quarter of 2025 in the amount of BGN 242 thousand, compared to BGN 31 thousand reported at the end of June 2024. BGN 31 thousand

The profit from financial assets recognized at fair value through other comprehensive income amounted to BGN 86 thousand as at 30 June 2025 (2024: BGN 0).

As at 30 June 2025, foreign exchange gains amounted to BGN 129 thousand, compared to BGN 32 thousand for the same period of the previous year.

At the end of June 2025, net income from foreign exchange transactions amounted to BGN 2,176 thousand, compared to BGN 1,688 thousand for the same period of 2024.

At the end of the second quarter of 2025, administrative expenses decreased by BGN 2,107 thousand compared to the same period last year and reached BGN 10.2 million. Personnel expenses increased by BGN 1,070 thousand compared to the end of June last year. Administrative expenses include expenses for the Bank Deposit Guarantee Fund (BDGF) and administrative fees to the BNB, the ECB, and the ESM totaling BGN 1,284 thousand, compared to BGN 1,735 thousand as of June 30, 2024.

Depreciation expenses as at 30 June 2025 amounted to BGN 2,508 thousand, an increase of BGN 256 thousand compared to the same period of the previous year . including depreciation expenses for tangible fixed assets, which increased by BGN 141 thousand, the depreciation expenses for intangible fixed assets increased by BGN 136 thousand, and the depreciation expenses for assets with right of use decreased by BGN 21 thousand. Expenses for impairment of financial assets and modification decreased by BGN 2,538 thousand compared to those reported at the end of June 2024 and amounted to BGN 3,212 thousand.

#### *Liquidity and financing of operations*

The Bank follows the principles of diversification of funding sources and optimization of interest expenses in line with its strategy to secure its liquidity needs.

At the end of the second quarter of 2025, the Bank maintained a good deposit base, reporting a 3.6% increase in customer deposits compared to December 31, 2024. The Bank's active deposit activity contributes to reducing its dependence on external financing.

The ratio of gross loans to customer deposits is 80.3% as of June 30, 2025.

The Bank's liquidity position remains stable, with liquid assets (cash on hand and in accounts with the Bulgarian National Bank, short-term loans and advances to banks, and liquid government securities) amounting to BGN 807.5 million. The ratio of these liquid assets to total deposits (from customers and banks) as at 30 June 2025 is 34.15%.

During the period from the end of 2024 to June 30, 2025, the value of the debt instrument portfolio at fair value in the Bank's trading book decreased by 4.1% to BGN 163 million (2024: BGN 169.9 million). Cash in the BNB, in cash and banks decreased by BGN 26 million. During the reporting period, one issue with a nominal value of BGN 25.2 million was purchased from the Republic of Bulgaria and one with a nominal value of USD 10 million from the United States. During the same period, three issues of the Republic of Bulgaria with a nominal value of BGN 22.5 million and corporate bonds with a nominal value of EUR 2.4 million matured, and two issues with a nominal value of EUR 10 million of the Republic of France were sold. At the end of June 2025, the portfolio of debt instruments reported at amortized cost amounted to BGN 163.4 million, compared to BGN 180.3 million at the end of 2024, or a decrease of 9.4%.

From the beginning of 2025 to June 30, 2025, new investments in government securities amounting to approximately BGN 100 million were made in the portfolio "held for collection of contractual cash flows" and in the portfolio "held for collection of contractual cash flows and sale."

As at 30 June 2025, the Bank's portfolio of government securities had a carrying amount of BGN 311.6 million (2024: BGN 330.8 million), distributed in the portfolio "held for collection of contractual cash flows and sale" with a carrying amount of BGN 151.9 million and in the portfolio "held for collection of contractual cash flows" with a carrying amount of BGN 159.7 million.

Unrealized gains and losses from the revaluation of debt instruments at fair value in other comprehensive income are deferred in a revaluation reserve, net of taxes. In the period in which the asset is derecognized, the result of the revaluation is included in profit or loss for the period. From the beginning of 2025 to June 30, 2025, the reported gains related to completed investments amount to BGN 86 thousand. Interest income from debt instruments at fair value in the equity is recognized in profit or loss on an ongoing basis and amounts to BGN 2,965 thousand for the period from January 1, 2025, to June 30, 2025. Interest income from debt instruments at amortized cost is recognized in profit or loss on an ongoing basis and amounts to BGN 3,393 thousand for the period from January 1, 2025 to June 30, 2025.

#### *Capital resources*

At the end of June 2025, the Group reported equity adequate to its risk profile and asset quality and sufficient to achieve its strategic objectives and implement its plan for the current year. As at 30 June 2025, the Group reported a total capital adequacy ratio of \*\*\*\*%, and a Tier 1 capital adequacy ratio of \*\*\*\*%, significantly above the regulatory requirements.

Information on the main risks facing the Group is contained in the 2024 Annual Management Report, which has been submitted to the FSC and the public and is available on the Bank's website.

#### **Corporate events and inside information pursuant to Article 7 of Regulation (EU) No 596/2014 of the European Parliament and of the Council on market abuse**

The information below on corporate events/inside information pursuant to Article 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 January 30, 2025, BACB will publish preliminary unaudited individual and consolidated financial statements as of December 31, 2024, together with the relevant interim management reports and a letter to shareholders.

2. On March 28, 2025, BACB publishes audited annual financial statements for 2024 on a standalone and consolidated basis, together with information on the Bank's financial results for 2024 on a standalone and consolidated basis. Detailed information and the full text of the reports are published on the BACB website.

3. On April 24, 2025, BACR - Credit Rating Agency AD publishes information on the upgrade and confirmation of the ratings assigned to **Bulgaro-American Credit Bank AD**, as follows:

- Confirmation of the long-term financial strength rating at **BB+** and confirmation of the outlook as "Stable," confirmation of the short-term rating at **B**;
- Confirmation of the long-term rating on the national scale at **BBB+(BG)** and confirmation of the outlook as "Stable," confirmation of the short-term rating on the national scale at **A-2 (BG)**;

Financial strength rating	Initial rating as of 26 July 2016	Rating as of 22.04.2024	Rating as of 24.04.2025
Long-term rating	<b>BB</b>	<b>BB</b>	<b>BB</b>
Outlook	<b>Stable</b>	<b>Stable</b>	<b>Stable</b>
Short-term rating	<b>B</b>	<b>B</b>	<b>B</b>
Long-term rating on national scale	<b>B+ (BG)</b>	<b>BBB+ (BG)</b>	<b>BBB+ (BG)</b>
Outlook	<b>Stable</b>	<b>Stable</b>	<b>Stable</b>
Short-term rating on national scale	<b>B (BG)</b>	<b>A-2 (BG)</b>	<b>A-2 (BG)</b>

The assessment was based on the methodology for assigning bank ratings officially adopted by the rating agency "BACR - Credit Rating Agency" AD ([https://bcra.eu/files/bank\\_methodology\\_2018\\_bg.pdf](https://bcra.eu/files/bank_methodology_2018_bg.pdf)).

According to the published text, during the period under review, **Bulgaro-American Credit Bank AD** maintained its high financial results, with further improvements in some indicators for return and the Bank's favorable positioning relative to the average values for the system and the reference groups of banks. A slight deterioration in asset quality was reported, related to an increase in the volume of non-performing loans in the portfolio, which remained at relatively high levels compared to the system and with a lower level of coverage by impairment provisions. Capital positions continued to improve, with capital adequacy ratios rising further (to levels now slightly above the system average and well above the minimum requirements), while liquidity was reduced to pre-planned levels (also remaining well above the minimum requirements).

The following factors may have a positive **impact** on the rating of Bulgarian-American Credit Bank AD resumption of the process of improving the quality of the portfolio and reaching the average standards for the banking system in the country the stabilization of high levels of operating and financial results, maintaining a favorable position in terms of profitability indicators, and maintaining stable levels of capital adequacy and liquidity.

A deterioration in the quality of the loan portfolio, a significant decline in capital adequacy and liquidity ratios, a deterioration in the quality of investments, and a decline in operating and/or financial results could have a **negative impact** on the assigned rating.

The full text of the report is available on the website of BACR - Credit Rating Agency AD: <https://bcra.eu/bg/companies/bulgaro-amerikanska-kreditna-banka>

4. On April 30, 2025, BACB published preliminary unaudited individual and consolidated financial statements as of March 31, 2025, together with the relevant interim reports on operations and a letter to shareholders.

5. On May 20, 2025, the regular General Meeting of Shareholders of Bulgaro-American Credit Bank AD, *Unique Identification Code BACB20052025AGMS*, was held and adopted the following resolutions:

1. Approved: (a) the audited Annual Consolidated Financial Statements of BACB for 2024 and the Annual Consolidated Report of the Management Board on the activities of BACB in 2024, accompanied by the Independent Auditors' Report; (b) the audited Annual Financial Report of BACB on an individual basis for 2024 and the Annual Report of the Management Board on the activities of BACB on an individual basis in 2024, accompanied by the Report of the independent auditors; and (c) a report on the implementation of the remuneration policy at BACB AD for 2024.
2. Adopted a decision on the profit of BACB AD for the financial year 2024, which after taxation amounts to BGN 48,394,911.33 (forty-eight million three hundred and ninety-four thousand nine hundred and eleven levs and thirty-three stotinki) to remain as "Retained earnings from previous periods."
3. Ernst & Young Audit Ltd., EIK 130972874, and BDO Afa Ltd., UIC 030278596 as audit companies to perform a joint independent financial audit of the annual financial statements of Bulgarian-American Credit Bank AD for 2025 on an individual and consolidated basis.
4. Re-elected for a new three-year term until 2028 the members of the Audit Committee Mr. Martin Boychev Ganev (Chairman of the Audit Committee), Mr. Peter Georgiev Atanasov, and Ms. Sevdalina Velkova Paskaleva.

In addition to the above, the General Meeting adopted resolutions on the remaining items on the previously announced agenda, approving the draft resolutions proposed in the Invitation and the materials.

**Additional information for the first half of 2025 pursuant to Article 12 of Regulation NO. 2 of THE FSC on initial and subsequent disclosure of information in connection with the public offering of securities and admission of securities to trading on a regulated market**

*I. Information on facts and circumstances subject to disclosure pursuant to Annex 4 to Regulation No. 2 of the FSC, which occurred during the reporting period*

*There has been no change in the persons exercising control over the Bank:*

*No insolvency proceedings have been initiated against BACB and/or the Bank's subsidiaries.*

*Conclusion and execution of significant transactions, including significant transactions with related parties:*

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

More detailed information on the transactions concluded and changes in the transactions concluded with related parties disclosed in the annual financial statements and having a material impact on the financial position or results of the Bank's operations in the first half of 2025 (if any) is contained in the section "Transactions with related parties" of the Accounting Policy and the selected explanatory notes as at 30 June 2025.

*No decisions have been made to enter into, terminate, or cancel a joint venture agreement.*

*No change has been made to the auditors of BACB and its subsidiaries.*

*There are no pending or terminated court or arbitration proceedings against the Bank and/or its subsidiaries relating to liabilities or receivables of the Bank or its subsidiaries with a claim amount equal to or exceeding 10 percent of the Bank's equity.*

In connection with its usual activities of active management and collection of non-performing credit exposures, the Bank initiates and conducts enforcement proceedings and/or insolvency proceedings against borrowers/debtors for the enforcement of overdue receivables.

*Purchase, sale or pledge of equity interests in commercial companies*

During the period, BACB and/or its subsidiaries did not purchase or sell any equity interests and did not pledge any of their shares in commercial companies.

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

In 2025 BACB consistently applied the accounting policy disclosed in the audited annual financial statements for 2024, taking into account the amendments to IFRS adopted by the EU and effective for annual periods beginning on or after January 1, 2024, as specified in the explanatory notes to the annual financial statements for 2024.

*III. Information on changes in the group of companies of BACB AD*

During the reporting period, there were no changes in the group of companies of BACB.

*IV. Information on organizational changes*

During the reporting period, no organizational changes within the meaning of Article 12, paragraph (1), item 4, letter "c" of Regulation No. 2 of the FSC were made.

*V. Forecasts for the results of the current financial year*

BAKB AD does not publish forecasts for its results.

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

Shareholder	Number of shares held (directly and/or indirectly) as at 30.06.2025	Percentage of votes in the General Meeting of Shareholders as at 30.06.2025	Number of shares held (directly and indirectly) as at 31.03.2025	Percentage of votes in the General Meeting of Shareholders as at 31.03.2025
"SIESAYEF" AD (CSIF)	Directly holds 11,277,473 shares	45.68	Directly holds 11,277,473 shares	45.68

<b>Tsvetelina Borislavova Karagiozova</b> – directly and indirectly as a person exercising control over the direct shareholder CSIASE (holding 99.99% of the shares of CSIASE) and	<b>Directly</b> owns 2,465,000 shares  <b>Indirectly</b> (through the controlled company “SIESAYEF” AD) owns 11,277,473 shares	9.98  45.68	<b>Directly</b> owns 2,465,000 shares  <b>Indirectly</b> (through the controlled company “SIESAYEF” AD) owns 11,277,473 shares	9.98  45.68
<b>LTBI Holdings LLC</b> (LTBI Holdings LLC)	8,824,775	35.74	8,824,775	35

The above information is taken from (1) the shareholders' register kept by Central Depository AD, (2) the data from the notifications received for disclosure of shareholdings pursuant to Articles 145 and 146 of the Public Offering of Securities Act ( ZPPCK) and (3) the powers of attorney and accompanying founding documents of BACB shareholders provided in connection with the General Meetings of Shareholders.

*VII. Information on the shares held by members of the management and supervisory bodies of BACB AD and changes in the votes held by these persons compared to the previous reporting period*

<b>Name</b>	<b>Member of a management or supervisory body</b>	<b>Number of shares directly held as at 30.06.2025</b>	<b>Percentage of votes in the General Meeting of Shareholders as at 30.06.2025</b>	<b>Number of shares directly held as at 31.03.2025</b>	<b>Percentage of votes in the General Meeting of Shareholders as at 31.03.2025</b>
Tsvetelina Borislavova Karagiozova	Chair of the Supervisory Board	2,465,000	9.9	2,465	9.9
Silvia Kirilova Kirilova	Member of the Management Board	1	0.006	1	0.006

*VIII. Information on pending court, administrative or arbitration proceedings concerning liabilities or receivables amounting to at least 10 per cent of the Bank's equity*

The Bank and/or its subsidiaries are not parties to any pending court, administrative or arbitration proceedings concerning liabilities or receivables amounting to 10% or more of the Bank's equity. In connection with its normal business of actively managing and collecting non-performing credit exposures, the Bank initiates and conducts enforcement proceedings and/or insolvency proceedings against borrowers/debtors for the enforcement of overdue receivables.

*IX. Information on loans granted*

BAKB is a credit institution (bank) licensed and regulated by the BNB with a full license to provide all banking services under Article 2 of the Credit Institutions Act, with its main activity being the granting of loans or other financing on its own account and at its own risk and the public taking of deposits or other repayable funds. BAKB's subsidiary, BAKB Finance EAD, is entered in the public register of the Bulgarian National Bank as a financial institution whose main activity is under Article 3 of the Credit Institutions Act, including the granting of loans not raised through the public taking of deposits or other repayable funds.

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