



EUROBANK BULGARIA AD

(incorporated as a joint stock company in Bulgaria)

€500,000,000 Floating Rate Mortgage Bonds due 2032

Issue price: 100 per cent.

The €500,000,000 Floating Rate Mortgage Bonds due 2032 (the "**Bonds**") will be issued by Eurobank Bulgaria AD (the "**Issuer**") on 30 July 2025 (the "**Issue Date**"). The Issuer will retain 100 per cent. of the Bonds on the Issue Date.

Unless previously redeemed or purchased and cancelled, the Issuer will redeem the Bonds on the Interest Payment Date falling on, or nearest to, 30 July 2032 (the "**Maturity Date**"). The Issuer may, in its sole discretion, elect to redeem all, but not some only, of the Bonds at their principal amount together with any accrued and unpaid interest thereon to (but excluding) the date fixed for redemption at any time following the occurrence of a tax event, all as further described in Condition 5 (*Redemption and Purchase*). The Bonds will be direct, secured, unconditional and unsubordinated obligations of the Issuer. The Bonds are obligations issued in accordance with the Bulgarian Covered Bonds Act which implements Directive (EU) 2019/2162 (the "**Covered Bonds Act**") and (save for any obligations to be mandatorily preferred by law) rank at least *pari passu* with all other present or future unsubordinated obligations of the Issuer.

The Bonds will bear interest from (and including) the Issue Date to (but excluding) the Maturity Date at the relevant Floating Interest Rate (as described in Condition 4(a) (*Floating Interest Rate and Payments*)) payable quarterly in arrear on 30 January, 30 April, 30 July and 30 October each year commencing on the Interest Payment Date falling on, or nearest to, 30 October 2025, subject, in each case, to adjustment in accordance with Condition 4(a)(i) (*Interest Payment Dates*). The Maturity Date of the Bonds may be extended to the Extended Final Maturity Date as described in Condition 5(a) (*Final Redemption*). In such circumstances, interest will continue to accrue on any unpaid amount at the relevant Floating Interest Rate (as described in Condition 4(a) (*Floating Interest Rate and Payments*)) and will be payable on each Interest Payment Date falling after the Maturity Date up to (and including) the Extended Final Maturity Date. Amounts payable under the Bonds are calculated by reference to the Euro Interbank Offered Rate ("**EURIBOR**"), which is provided by the European Money Markets Institute (the "**Administrator**"). As at the date of this Information Memorandum, the Administrator appears on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to article 36 of Regulation (EU) 2016/1011 (the "**EU Benchmark Regulation**").

Application has been made to the Luxembourg Stock Exchange for the Bonds to be admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange (the "**Euro MTF Market**") and to be listed on the official list of the Luxembourg Stock Exchange (the "**Official List**"). References in this Information Memorandum to Bonds being listed (and all related references) shall mean that such Bonds have been admitted to trading on the Euro MTF Market and have been admitted to the Official List. The Euro MTF Market is not a regulated market for the purposes of the Market in Financial Instruments Directive (Directive 2014/65/EU) (as amended, "**MiFID II**"). This Information Memorandum constitutes a prospectus for the purpose of Part IV of the Luxembourg law on prospectuses for securities dated July 16, 2019.

The Bonds will be issued in registered form and will be available and transferable in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. The Bonds will initially be represented by a global certificate in registered form (the "**Global Certificate**") and will be registered in the name of a nominee of a common safekeeper for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**") and, together with Euroclear, the "**Clearing Systems**") on or prior to the Issue Date. The Global Certificate will only be exchangeable for definitive Certificates in certain limited circumstances set out in it.

The Bonds are expected to be rated Aa2 by Moody's Investors Service Cyprus Ltd ("**Moody's**"). A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Moody's is established in the European Union ("**EU**") and registered under Regulation (EC) No 1060/2009 (the "**EU CRA Regulation**"). As such, Moody's is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the EU CRA Regulation. Moody's is not established in the United Kingdom ("**UK**") but the rating it has given to the Bonds is endorsed by Moody's Investors Service Limited, which is established in the UK and registered under Regulation (EC) No 1060/2009 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") (the "**UK CRA Regulation**").

The Bonds will be offered and sold in offshore transactions outside the United States to persons who are not US persons (as defined in Regulation S under the United States Securities Act of 1933, as amended (the "Securities Act")).

An investment in the Bonds involves certain risks. Prospective investors should have regard to the factors described under the section headed "Risk Factors**".**

Sole Bookrunner
Citigroup

IMPORTANT NOTICES

This Information Memorandum does not comprise a prospectus for the purpose of Regulation (EU) 2017/1129, as amended (the "**Prospectus Regulation**"). The Issuer accepts responsibility for the information contained in this Information Memorandum. To the best of the knowledge of the Issuer, the information contained in this Information Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

Certain information in this Information Memorandum has been extracted or derived from independent sources. Where this is the case, the source has been identified. The Issuer does not accept any responsibility for the accuracy of such information, nor has the Issuer independently verified any such information. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the relevant source, no facts have been omitted which would render the reproduced information inaccurate or misleading.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Information Memorandum or any other information supplied in connection with the offering of the Bonds and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer.

Save for the Issuer, no other party has separately verified the information contained in this Information Memorandum. None of the Sole Bookrunner (as defined in "*Subscription and Sale*"), the Trustee, the Security Agent, the Agents or any of their respective directors, officers, employees, affiliates, advisers or agents makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information contained in this Information Memorandum or any other information provided by the Issuer in connection with the offering of the Bonds. None of the Sole Bookrunner, the Trustee, the Security Agent, the Agents or any of their respective directors, officers, employees, affiliates, advisers or agents accepts any liability in relation to the information contained in this Information Memorandum or any other information provided by the Issuer in connection with the offering of the Bonds or their distribution.

Neither this Information Memorandum nor any other information supplied in connection with the offering of the Bonds is intended to constitute, and should not be considered as, a recommendation by any of the Issuer and the Issuer's subsidiaries taken as a whole (collectively, the "**Group**"), the Sole Bookrunner, the Trustee, the Security Agent, the Agents or any of their respective directors, officers, employees, affiliates, advisers or agents that any recipient of this Information Memorandum or any other information supplied in connection with the offering of the Bonds should purchase the Bonds. Each potential purchaser should make its own independent investigation of the financial condition and affairs and its own approval of the credit worthiness of the Issuer and other members of the Group. Each potential purchaser of Bonds should determine for itself the relevance of information contained in this Information Memorandum and its purchase of Bonds should be based upon such investigation as it deems necessary. None of the Sole Bookrunner, the Trustee, the Security Agent, the Agents or any of their respective directors, officers, employees, affiliates, advisers or agents undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Information Memorandum nor to advise any investor or potential investor in the Bonds of any information coming to their attention.

In the ordinary course of business, the Sole Bookrunner has engaged and may in the future engage in normal banking or investment banking transactions with the Issuer and its affiliates or any of them.

Neither the delivery of this Information Memorandum nor the offering, placing, sale or delivery of the Bonds shall in any circumstances imply that the information contained in this Information Memorandum concerning the Group is correct at any time subsequent to the date hereof or that any other information supplied in

connection with the offering of the Bonds is correct as of any time subsequent to the date indicated in the document containing the same.

The Bonds have not been and will not be registered under the Securities Act. Subject to certain exceptions, the Bonds may not be offered, sold or delivered within the United States.

The Bonds may not be a suitable investment for all investors. Each potential investor in the Bonds must determine the suitability of the investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it (a) has sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Information Memorandum or any applicable supplement; (b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio; (c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the potential Investor's Currency (as defined in this Information Memorandum); (d) understands thoroughly the terms of the Bonds and is familiar with the behaviour of any relevant indices and financial markets; and (e) is able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks. Please see further the section headed "*Risk Factors*" below. If one or more of the risks described in this Information Memorandum occur, this may result in material decreases in the price of the Bonds or, in the worst-case scenario, in a total loss of interest and capital invested.

This Information Memorandum does not constitute an offer to sell or the solicitation of an offer to buy the Bonds in any jurisdiction to or from any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Information Memorandum and the offer or sale of Bonds may be restricted by law in certain jurisdictions. The Issuer does not represent that this Information Memorandum may be lawfully distributed, or that the Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, and it does not assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer which is intended to permit a public offering of the Bonds or the distribution of this Information Memorandum in any jurisdiction where action for that purpose is required. Accordingly, no Bonds may be offered or sold, directly or indirectly, and neither this Information Memorandum nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Information Memorandum or any Bonds may come must inform themselves about, and observe, any such restrictions on the distribution of this Information Memorandum and the offering and sale of Bonds. In particular, there are restrictions on the distribution of this Information Memorandum and the offer or sale of Bonds in the United States, the EEA (including the Republic of Bulgaria) and the UK. For a description of further restrictions on offers and sales of the Bonds and distribution of this Information Memorandum, see "*Subscription and Sale*" below.

MiFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Bonds has led to the conclusions that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own

target market assessment in respect of the Bonds (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2016/97/EU (as amended or superseded, the "**IDD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement IDD, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

In connection with the issue of the Bonds, Citibank Europe plc (the "**Stabilisation Manager**") (or any person acting on behalf of the Stabilisation Manager) may over-allot Bonds or effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager (or any person acting on behalf of the Stabilisation Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Bonds is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Bonds and 60 days after the date of the allotment of the Bonds. Any stabilisation action or over-allotment must be conducted by the Stabilisation Manager (or any person acting on behalf of the Stabilisation Manager) in accordance with all applicable laws and rules.

Unless otherwise specified or the context requires, references to "**BGN**" and "**lev**" refer to the currency of the Republic of Bulgaria, references to "**Euro**", "**EUR**" and "**€**" are to the currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended or supplemented from time to time and references to "**USD**" and "**U.S.\$**" are to the lawful currency of the United States of America.

FORWARD-LOOKING STATEMENTS

Certain information contained in this Information Memorandum, including any information as to the Issuer's strategy, market position, plans or future financial or operating performance, constitutes "forward-looking statements". All statements, other than statements of historical fact, are forward-looking statements. The words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intend", "continue", "budget", "project", "aim", "estimate", "may", "will", "could", "should", "schedule" and similar expressions identify forward-looking statements.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Issuer, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to, those described in "*Risk Factors*".

Investors are cautioned that forward-looking statements are not guarantees of future performance. Forward-looking statements may, and often do, differ materially from actual results. Any forward-looking statements in this Information Memorandum speak only as at the date of this Information Memorandum, reflect the current view of the managing board of the Issuer with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Issuer's operations, results of operations, strategy, liquidity, capital and leverage ratios and the availability of new funding. Investors should specifically consider the factors identified in this Information Memorandum that could cause actual results to differ before making an investment decision. All of the forward-looking statements made in this Information Memorandum are qualified by these cautionary statements. Specific reference is made to the information set out in "*Risk Factors*" and "*Description of the Issuer*".

Subject to applicable law or regulation, the Issuer explicitly disclaims any intention or obligation or undertaking publicly to release the result of any revisions to any forward-looking statements in this Information Memorandum that may occur due to any change in the Issuer's expectations or to reflect events or circumstances after the date of this Information Memorandum.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

PRESENTATION OF FINANCIAL INFORMATION

Historical financial statements

The financial statements relating to the Group and incorporated by reference in this Information Memorandum are the audited consolidated financial statements of the Group as at and for the year ended 31 December 2024 (the "**Audited Financial Statements**"). The Audited Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**").

The Group's financial year ends on 31 December and references in this Information Memorandum to "**2024**" and "**2023**" are to the 12-month period ending on 31 December in each such year.

Unaudited information

Certain financial information in this Information Memorandum identified as such is unaudited financial information which has been extracted without material adjustment from the accounting records of the Group which form the underlying basis of the Audited Financial Statements.

Certain non-IFRS financial information

This Information Memorandum includes references to capital, leverage and certain other ratios. Although these ratios are not IFRS measures, the Group believes that the capital and leverage ratios in particular are important to understanding its capital and leverage position, particularly in light of current or planned future regulatory requirements to maintain these ratios above prescribed minimum levels. Certain of these ratios also constitute Alternative Performance Measures ("**APMs**"), as defined in the European Securities and Markets Authority Guidelines on Alternative Performance Measures. See "*Selected financial information—Key financial ratios and APMs*". None of this financial information is subject to any audit or review by independent auditors.

The ratios referred to above should not be used instead of, or considered as alternatives to, the Group's consolidated historical financial results based on IFRS. The non-IFRS measures relate to the reporting periods and are not meant to be predictive of future results. They are not defined under, or presented in accordance with, IFRS. Management of the Group uses APMs because the Group believes that these measures are commonly used by lenders, investors and analysts. The Group's use of the APMs and its method of calculating APMs may vary from other companies' use and calculation of such terms. These measures are presented for purposes of providing investors with a better understanding of the Group's financial performance, cash flows or financial position as they are used by the Group when managing its business.

PRESENTATION OF OTHER INFORMATION

Currencies

Unless otherwise indicated, the financial information contained in this Information Memorandum has been expressed in BGN. The Group's functional currency is BGN and the Group prepares its financial statements in BGN.

Roundings

Percentages and certain amounts in this Information Memorandum, including financial, statistical and operating information, have been rounded. As a result, the figures shown as totals may not be the precise sum of the figures that precede them.

Third party and market share data

This Information Memorandum contains information regarding the Group's business and the industry in which it operates and competes, which the Issuer has obtained from third party sources. Where third party information has been used in this Information Memorandum, the source of such information has been identified.

Statistical information relating to Bulgaria included in this Information Memorandum has been derived from official public sources. All such statistical information may differ from that stated in other sources for a variety of reasons, including the use of different definitions and cut-off times. This data may subsequently be revised as new data becomes available and any such revised data will not be circulated by the Issuer to investors who have purchased the Bonds.

In some cases, independently determined industry data is not available. In these cases, any Group market share data included in this Information Memorandum is referred to as having been estimated. All such estimates have been made by the Issuer using its own information and other market information which is publicly available. The Issuer believes that these estimates of market share are helpful as they give prospective investors a better understanding of the industry in which the Group operates as well as its position within that industry. Although all such estimations have been made in good faith based on the information available and the Issuer's knowledge of the market within which the Group operates, the Issuer cannot guarantee that a third-party expert using different methods would reach the same conclusions.

Where information has not been independently sourced, it is the Issuer's own information.

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OVERVIEW OF THE PRINCIPAL FEATURES OF THE BONDS

*The following overview provides an overview of certain of the principal features of the Bonds and is qualified by the more detailed information contained elsewhere in this Information Memorandum. Capitalised terms which are defined in "Terms and Conditions of the Bonds" have the same respective meanings when used in this overview. References to numbered Conditions are to the terms and conditions of the Bonds (the "**Conditions**") as set out under "Terms and Conditions of the Bonds".*

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| Issuer | Eurobank Bulgaria AD |
| Legal Entity Identifier ("LEI") | 549300IRGNL8Q3O8Y413 |
| Trustee | Citibank N.A., London Branch |
| Security Agent | Karoll AD |
| Principal Paying Agent | Citibank N.A., London Branch |
| Agent Bank | Citibank N.A., London Branch |
| Registrar and Transfer Agent | Citibank Europe plc |
| Luxembourg Listing Agent | Arthur Cox Listing Services Limited |
| Sole Bookrunner | Citibank Europe plc |
| Bonds | €500,000,000 Floating Rate Mortgage Bonds due 2032 |
| Issue Date | 30 July 2025 |
| Issue Price | 100 per cent. |
| Form | The Bonds will be issued in registered form. The Bonds will initially be represented by a Global Certificate and will be registered in the name of a nominee of a common safekeeper for the Clearing Systems. |
| Denomination | €100,000 and integral multiples of €1,000 in excess thereof. |
| Status of the Bonds | The Bonds constitute direct, secured, unconditional and unsubordinated obligations of the Issuer. The Bonds are obligations issued in accordance with the Covered Bonds Act and (save for any obligations to be mandatorily preferred by law) rank at least <i>pari passu</i> with all other present or future unsubordinated obligations of the Issuer. |
| Security | The Bonds are secured by the Pledge (as defined in Condition 3(a) (<i>Grant of Security</i>)) over the Cover Pool Assets (as defined in Condition 18 (<i>Definitions</i>)), granted by the Pledgor under the Pledge Agreement (as defined in Condition 3(a) (<i>Grant of Security</i>)) entered into in relation to the Bonds and the Secured Receivables (as defined in Condition 18 (<i>Definitions</i>)) between the Pledgor and the Security Agent as described in Condition 3(a) (<i>Grant of Security</i>). The Pledge is granted in favour of the Security Agent, on trust for and on behalf of the Bondholders and the other Secured Creditors (as defined in Condition 18 (<i>Definitions</i>)) (including itself) on the terms of the Pledge Agreement, as Security (as defined in Condition 18 |

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|---|---|
| | <p>(<i>Definitions</i>)) in relation to the Bonds and the Secured Receivables.</p> |
| Coverage and Overcollateralisation | <p>The Issuer shall at all times maintain a coverage of the aggregate principal claims on the cover assets to be at least equal to the aggregate principal on the outstanding Bonds (the nominal principle). The Issuer shall maintain at all times the Minimum Overcollateralisation Level (as defined in Condition 1(d) (<i>Coverage and overcollateralisation</i>)). The Minimum Overcollateralisation Level shall be deemed automatically changed upon a subsequent decision of the Bulgarian National Bank (the "BNB") under Article 27 of the Covered Bonds Act to require the Top up Overcollateralisation (as defined in Condition 1(d) (<i>Coverage and overcollateralisation</i>)) or to amend or repeal its former decision for Top up Overcollateralisation.</p> |
| Interest | <p>The Bonds will bear interest from (and including) the Issue Date to (but excluding) the Maturity Date at the relevant Floating Interest Rate (as defined in Condition 4(a) (<i>Floating Interest Rate and Payments</i>)) payable quarterly in arrear on 30 January, 30 April, 30 July and 30 October each year commencing on the Interest Payment Date falling on, or nearest to 30 October 2025, subject, in each case, to adjustment in accordance with Condition 4(a)(i) (<i>Interest Payment Dates</i>).</p> |
| Maturity | <p>Unless previously redeemed or purchased and cancelled, the Bonds will mature on the Interest Payment Date falling on, or nearest to 30 July 2032. The Bonds may only be redeemed or, purchased or substituted by the Issuer in the circumstances described in Condition 5 (<i>Redemption and Purchase</i>).</p> |
| Extendable Obligations | <p>If a Maturity Extension Event (as defined in Condition 18 (<i>Definitions</i>)) occurs, then payment of the principal amount of the Bonds, together with accrued and unpaid interest, by the Issuer shall be automatically extended to the Extended Maturity Interest Payment Date (as defined in Condition 18 (<i>Definitions</i>)) falling on or nearest to the Extended Final Maturity Date (as defined in Condition 5(a) (<i>Final Redemption</i>)) and any such failure by the Issuer to pay (in full) the principal amount of the Bonds, together with accrued and unpaid interest, on the Maturity Date shall not constitute a default in payment. Interest will continue to accrue on any unpaid amount at a floating rate of interest as described in Condition 4(a) (<i>Floating Interest Rate and Payments</i>) and will be payable on each Extended Maturity Interest Payment Date falling after the Maturity Date up to (and including) the Extended Final Maturity Date.</p> |
| Redemption due to a Tax Event | <p>The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 15 nor more than 60 days' notice to the Bondholders (which notice shall be irrevocable), at their principal amount, (together with interest</p> |

accrued to, but excluding, the date fixed for redemption), if (i) the Issuer satisfies the Trustee immediately prior to the giving of such notice that it has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of Bulgaria or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of any such changed or amended laws or regulations, which change or amendment becomes effective on or after 28 July 2025, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; provided that, no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Bonds then due.

Purchase of the Bonds

The Issuer may at any time purchase Bonds in the open market or otherwise at any price. The Bonds so purchased, while held by or on behalf of the Issuer, shall not entitle the Bondholder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Condition 11(a) (*Meetings of Bondholders*).

Withholding Tax and Additional Amounts

All payments of principal, interest and any other amounts by or on behalf of the Issuer in respect of the Bonds shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Relevant Jurisdiction or any political subdivision thereof or by any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

In that event, in respect of payments of interest (but not principal or any other amount), the Issuer will (subject to certain customary exceptions, as described in Condition 7 (*Taxation*)) pay such additional amounts as may be necessary in order that the net amounts received by the Bondholders in respect of payments of interest after the withholding or deduction shall equal the amounts which would have been receivable in respect of interest on the Bonds in the absence of such withholding or deduction, all as further described in Condition 7 (*Taxation*).

Events of Default

See Condition 8 (*Events of Default*) for information regarding Events of Defaults.

Consequences of Events of Default and Enforcement

On and at any time after the occurrence of an Event of Default under Condition 8(a)(i) (*BNB Declared Event of Default*), the Bonds shall immediately become, due and payable at 100 per

cent. of their principal amount together (if applicable) with accrued interest.

On and at any time after the occurrence of an Event of Default under Condition 8(a)(ii) (*Non-Payment*) to (v) (*Unlawfulness, Repudiation and Invalidity*), which is continuing, the Special Administrator where the Bonds have been placed under separate administration, or in all other instances, the Trustee may, and either of them shall if so directed by holders of at least one-fifth in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution, and in the case of the Trustee indemnified and/or prefunded and/or secured to its satisfaction, declare an Event of Default by notice to the Issuer (with a copy to the Security Agent and the BNB) and the Bonds shall immediately become, due and payable at 100 per cent. of their principal amount together (if applicable) with accrued interest.

The Security created by the Pledge Agreement shall become enforceable upon the occurrence of an Event of Default, subject always to the provisions of the Covered Bonds Act.

Modification

The Trust Deed will contain provisions for convening meetings of Bondholders to consider any matter affecting their interests, pursuant to which defined majorities of the Bondholders may consent to the modification of any of the Conditions, and any such modification shall be binding on all Bondholders.

See Condition 11 (*Meetings of Bondholders, Modification, Waiver and Substitution*) for further information.

Clearing Systems

Euroclear and Clearstream, Luxembourg.

Rating

The Bonds will be rated Aa2 by Moody's. A security rating is not a recommendation to buy, sell or hold the Bonds and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agencies. Any adverse change in an applicable credit rating could adversely affect the trading price of the Bonds. Ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed in this Information Memorandum and other factors that may affect the value of the Bonds.

Listing and Admission to Trading

Application has been made to list the Bonds on the Official List and to admit the Bonds to trading on the Euro MTF Market.

Governing Law

The Trust Deed and the Bonds and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law, save that the provisions of Conditions 1(c)(ii) and Condition 1(d) (*Coverage and overcollateralisation*) and references to the Covered Bonds Act in Clause 5 of the Trust Deed are governed by, and shall be construed in accordance

Selling Restrictions

with, Bulgarian law. The Pledge Agreement is governed by, and shall be construed in accordance with Bulgarian law.

There are restrictions on the offer, sale and transfer of the Bonds in the United States, the EEA (including the Republic of Bulgaria) and the United Kingdom. See "*Subscription and Sale*".

The Issuer is Category 2 for the purposes of Regulation S under the Securities Act, as amended.

Risk Factors

There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Bonds. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with the Bonds and certain risks relating to the structure of the Bonds. These are set out under "*Risk Factors*".

ISIN

XS3084358228

Common Code

308435822

Residential Covered Bond Label

The Bonds are intended to be labelled as "Residential Covered Bonds" in accordance with the Covered Bonds Act.

European Covered Bond (Premium) Label

The Bonds are intended to be labelled as "European Covered Bond (Premium)" in accordance with the Covered Bonds Act and Directive (EU) 2019/2162.

RISK FACTORS

Any investment in the Bonds is subject to a number of risks, most of which are contingencies which may or may not occur, and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

Prior to investing in the Bonds, prospective investors should carefully consider the risk factors associated with any investment in the Bonds, the Issuer, the wider Group and the financial services industry in Central and Eastern Europe in general, together with all the other information contained in this document. This section describes the risk factors which are considered by the Issuer to be material to the Issuer and an investment in the Bonds. However, these should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties. There may be other risks and uncertainties which are currently not known to the Issuer or which it currently does not consider to be material. Should any of the risks described below, or any other risks or uncertainties, occur this could have a material adverse effect on the Issuer's business, results of operation, financial condition or prospects which in turn would be likely to cause the price of the Bonds to decline and, as a result, an investor in the Bonds could lose some or all of its investment.

Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Bonds are also described below. Any of these factors, individually or in the aggregate, could have an adverse effect on the Issuer's business, results of operations, financial condition, and prospects which in turn would be likely to cause the price of the Bonds to decline and, as a result, an investor in the Bonds could lose some or all of its investment. In addition, many of these factors are correlated and may require changes to the Issuer's and/or the Group's capital requirements, and events described therein could therefore have a compounding adverse effect on the Issuer.

Prospective investors should also read the detailed information set out elsewhere in this Information Memorandum and reach their own views prior to making any investment decision.

RISKS RELATED TO THE ISSUER

RISKS RELATED TO THE OPERATIONS OF THE ISSUER

A deterioration in macroeconomic conditions may have material adverse effect on the Issuer's business and financial condition

The Issuer is a Bulgarian bank and the vast majority of its assets and business are located in Bulgaria.

The Group's net loans and advances to customers were BGN 14.74 billion, or 65.3 per cent. of its total assets, as at 31 December 2024, compared to BGN 12.54 billion, or 64.7 per cent. of its total assets, as at 31 December 2023. As at 31 December 2024, 98.4 per cent. of the Group's loans and advances to customers was classified as Bulgarian risk meaning that the borrowers are Bulgarian entities or individuals. As at 31 December 2023, the comparative percentage was 98.2 per cent.

The Group's deposits from customers and loans received (defined as the sum of loans received and debt securities in issue, deposits from customers and loans received from central banks) were BGN 19.52 billion, or 98.3 per cent. of its total liabilities, as at 31 December 2024, and were BGN 16.83 billion, or 98.3 per cent. of its total liabilities, as at 31 December 2023. As at 31 December 2024, 84.3 per cent. of the Group's deposits from customers and loans received was classified as Bulgarian risk meaning that the depositors are Bulgarian entities and individuals. As at 31 December 2023, the comparative percentage was 88.1 per cent.

Reflecting this, the Issuer is affected by general economic and geopolitical conditions in Bulgaria, changes in which are outside the Issuer's control. The Bulgarian economy is a small open economy that is closely linked to the global economy and especially to macro-economic conditions in European countries.

Bulgaria's GDP growth slowed to 1.9 per cent. during 2023, rebounding to 2.8 per cent. in 2024 and is projected to grow by 3 per cent. in 2025, according to the forecast by the Ministry of Finance. The economy continues to be directly and indirectly affected by volatile commodity prices and the effects of a slowdown in the Euro area. In addition, shifts in economic and trade policies across major economies in the first half of 2025 have contributed to a heightened level of geopolitical risk, particularly due to divergent responses to inflation, debt sustainability, and industrial policy realignment. For example, in January 2025 the Trump administration announced a raft of trade actions including tariffs on U.S. imports with the aim of reducing the U.S. trade deficit. China and the European Union have also pursued distinct strategies—ranging from fiscal tightening and monetary recalibration to aggressive industrial subsidies and protectionist trade policies. Any escalation of geopolitical tensions and increases in import as well retaliatory tariffs could prompt a further shift away from globalisation and trigger greater investor risk aversion, dampening already weak external demand and moderating foreign investments.

Bulgaria is expected to continue benefitting from funding from the EU Recovery and Resilience Facility (RFF) which envisages 57.5 per cent. of allocations to support the green transition. However, delays in drawing these funds, coupled with narrow fiscal space could jeopardise the government's plans to scale up public investments, further undermining growth prospects and the green transition more broadly.

Average Harmonized Index of Consumer Prices (HICP) in Bulgaria was 2.6 per cent. on average in 2024, which is equal to the EU average¹. In the last year, the index has been in decline. However, Bulgaria has experienced relatively high levels of inflation in the recent past and any potential rise in interest rates or any potential increase of inflation in the future could have an adverse impact upon the economy and could impact the creditworthiness of the Issuer's borrowers. More generally, any deterioration in the Bulgarian economy or any failure by the Issuer to effectively manage its geographic risk concentrations could have a direct negative impact on the financial position and profitability of the Issuer. See *"The effects of the conflicts in Ukraine, and the Middle East may have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects"*.

Changes in the market interest rates and interest spread may have significant negative effect on the Issuer's financial condition

Interest rates are highly sensitive to many factors beyond the Issuer's control, including monetary policies as well as domestic and international economic and political conditions, among other factors. Volatility in interest rates could affect the interest earned on the Issuer's assets and the interest paid on its borrowings, thereby affecting its net interest income, reducing its growth rate and profitability and potentially resulting in an increased funding cost. Central banks of the major developed economies (including the U.S. Federal Reserve, the ECB, the Bank of England and the Bank of Japan, among others) have a significant influence on the volatility and direction of short-term rates. The way and the rate at which central banks adjust their monetary policy cannot be predicted, nor can the effects of any such changes be anticipated with certainty. As such, volatility in interest rates could have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects.

Commencing in 2024, the European Central Bank ("ECB") pivoted from its policy response of hiking to cutting of interest rates to address weak economic growth that continued in the first half of 2025. This has created

¹ Source: Eurostat: <https://ec.europa.eu/eurostat/databrowser/view/tec00118/default/table?lang=en>.

further challenges for the Issuer. If the ECB cuts interest rates prematurely before inflationary pressures fully settle, this could reignite inflation particularly if supply disruptions re-occur or fail to support growth. Although a decrease in interest rates is likely to reduce the Issuer's funding cost, there is a possibility it could compress its interest margin. In addition, lower interest rates also risk a weaker Euro on top of existing volatility which may impact inflation and export competitiveness that may be exacerbated by Bulgaria's adoption of the Euro from 1 January 2026. Uncertainties during this transition period of adoption may cause short-term market volatility, affecting funding and asset valuations. Any of these risks could have a material adverse impact on the Issuer's business, financial condition, results of operations and prospects.

Conversely, unexpected currency moves could force the ECB to reverse course. When interest rates rise, the Issuer may be required to pay higher interest on floating-rate borrowings while interest earned on fixed-rate assets does not change, which could cause profits to grow at a reduced rate or decline. Increases in interest rates may also reduce the volume of loans the Issuer originates, increase delinquencies in outstanding loans, lead to a deterioration in asset quality, and reduce customers' propensity to prepay or refinance loans. Since the substantial majority of the Issuer's loan portfolio effectively re-prices within a year, an increase in interest rates without sufficient improvement in customer earnings or employment levels, could, for example, lead to an increase in default rates among customers with variable-rate mortgages who can no longer afford their repayments, in turn leading to increased impairment charges and lower profitability for the Issuer. A high interest rate environment also reduces demand for mortgages and unsecured financial products generally, as individuals are less likely or less able to borrow when interest rates are high, thereby reducing the Issuer's revenue. Furthermore, an increase in interest rates could reduce the value of financial assets and reduce the Issuer's gains or require it to record losses on sales of loans or securities.

Material increases in the Issuer's expenses for impairment and provisions for credit exposure may have a material adverse effect on the Issuer's business, financial condition and results of operations

Risks arising from adverse changes in the credit quality and recoverability of lending and other amounts due from counterparties are inherent to the Issuer's business, principally in its lending activities. In particular, the Issuer is exposed to the risk that its counterparties may not meet their obligations in respect of loans advanced by the Issuer and that the collateral (if any) securing the loans advanced may be insufficient. Credit losses could arise from a deterioration in the credit quality of specific counterparties of the Issuer, from a general deterioration in local or global economic conditions, or from systemic risks within these financial systems, any of which could affect the recoverability and value of the Issuer's assets and require an increase in its allowance for credit losses for loans and other credit exposures. In recent years the Issuer has grown its share of unsecured consumer lending, in particular through the acquisition of BNP Paribas Personal Finance Bulgaria in 2022, increasing the risk profile of its asset base. At the same time, the Issuer has also experienced a general increase in credit growth, consistent with trends across the wider Bulgarian economy.

As at 31 December 2024, the Group's net loans and advances to customers amounted to BGN 14.74 billion, compared to BGN 12.54 billion as at 31 December 2023. The Group's gross amount of non-performing loans (i.e. stage 3 loans, calculated in accordance with the Guidelines on management of non-performing and forborne exposures EBA/GL/2018/06 and Annex V to Commission Implementing Regulation (EU) No 680/2014 ("**Stage 3 Loans**")) were BGN 375 million as at 31 December 2024 compared to BGN 325 million as at 31 December 2023 and allowance for credit losses in respect of credit portfolios amounted to 59 per cent. and 56 per cent. of the total loans and advances to customers as at 31 December 2024 and 31 December 2023, respectively.

Although the Issuer makes allowances for potential credit losses in accordance with applicable requirements, the provisions are made based on available information, estimates and assumptions, which by definition are subject to uncertainty. Therefore, there can be no assurance that provisions made by the Issuer are or will be sufficient to cover potential future losses. Further, if the credit quality of the Issuer's loans or the financial health of any of its borrowers were to deteriorate, the Issuer may have to make additional allowances for credit losses

which could have a material adverse effect on the Issuer. The recoverability of the credit provided by the Issuer to its customers may be adversely affected by negative changes in the overall economic, political or regulatory environment affecting the ability of the Issuer's counterparties to repay their loans, the effectiveness of enforcement proceedings, a decrease in collateral values and other circumstances beyond the Issuer's control.

The Issuer is exposed to sectoral concentration risk

The Issuer's loans and advances to customers are concentrated in the real estate sector, which is traditionally the sector that receives the greatest financing from commercial banks in Bulgaria. As at 31 December 2024, the Group's residential mortgage loans accounted for 30.4 per cent. of its total loans and advances to customers before allowances for credit losses. As at 31 December 2023, the comparative percentage was 28.5 per cent. In addition, loans and advances to individuals accounted for 24.9 per cent. of the Group's total loans and advances to customers as at 31 December 2024 compared to 25.2 per cent. as at 31 December 2023. As a result, a material weakening in the real estate or consumer sectors in Bulgaria to which the Issuer has significant exposure, could result in the Issuer having to make significant additional allowances for credit losses and/or experiencing significantly reduced interest income, each of which could have a material adverse effect on the Issuer. The sector specific factors referred to above might include:

- a significant decline in real estate values which would weaken the credit quality of the Issuer's real estate borrowers and could also reduce the value of the real estate collateral which the Issuer holds; and
- low levels of economic growth or a recession in Bulgaria which could materially adversely impact the ability of the Issuer's retail customers to repay their financing, particularly if combined with increased levels of unemployment, falling house prices, increased inflation or other factors constraining consumer income.

Accordingly, any deterioration in general economic conditions in Bulgaria or any failure by the Issuer to effectively manage its sectoral risk concentrations could have a more significant adverse effect on the Issuer's business than on that of a more diversified bank.

The Issuer is dependent on its deposit base for liquidity purposes

The Issuer's assets have, on average, a longer maturity than the Issuer's funding sources. The Issuer has historically principally relied on deposits from customers, which are mainly repayable on demand or short term and generally low cost in nature, to meet most of its funding needs. As at 31 December 2024, the Group's customer deposits amounted to 86.8 per cent. of total liabilities compared to 91.5 per cent. at 31 December 2023.

The Issuer is dependent on its deposit base for liquidity purposes, which may have an adverse effect on its liquidity in the event of economic shocks or other significant changes in the banking sector or its operations, including in the cases of liquidity shocks (liquidity leakage), which may change the current maturity structure of its deposit base and/or the loans granted, such as shortening the average term of the accepted deposits while simultaneously increasing the average term for repayment of granted loans.

Liquidity risk stems from the transformation of the term and currency structure of the Issuer's assets and liabilities. For example, if short-term liabilities (deposits) or part of them are used to finance assets with longer maturity (loans), the need for liquid funds of the Issuer (to cover the cash outflows) could exceed the cash inflows. This is the risk associated with the internal activity and management of the Issuer's balance. The liquidity risk will also increase if the Issuer is unable to respond adequately to changes in market conditions that affect the ability of quick asset transformation into cash and with minimal loss of value, including if it is unable to manage properly unplanned reductions or changes in funding sources.

The availability of deposits is subject to fluctuation due to factors outside the Issuer's control, including possible loss of confidence and competitive pressures, and this could result in a significant outflow of deposits within a short period of time or may cause the Issuer to increase the return paid on its deposits to ensure that it retains sufficient deposits. As part of its liquidity risk management strategy, the Issuer makes assumptions in relation to the potential deposit outflows which could occur at times of stress. For example, demand deposits raised from retail customers are assumed to be a relatively stable source of funding based on historical behaviour analysis. Nevertheless, they are contractually repayable on demand. If any of these assumptions prove to be incorrect, the Issuer could face unplanned liquidity outflows which have not been considered in the Issuer's liquidity contingency plans and funding plans.

The Issuer is exposed to foreign exchange risk

The Issuer faces foreign exchange rate risk as a financial intermediary. This encompasses the potential for changes in exchange rates to alter the value of assets or liabilities denominated in foreign currencies, and the risk of incurring losses when closing open positions in a foreign currency due to unfavourable exchange rate fluctuations. The Issuer attempts to match the currencies of its assets and liabilities and any open currency position is maintained within the limits set out in the Issuer's internal risk management documents. However, where the Issuer's positions are not matched, it is exposed to fluctuations in foreign exchange rates and any such hedging activity may not protect the Issuer against such risks. As at 31 December 2024 approximately 20 per cent. of the Group's loans were denominated in foreign currency, predominantly Euro.

Adverse movements in interest and foreign exchange rates may also adversely impact the revenues and financial condition of the Issuer's depositors, borrowers and other counterparties which, in turn, may impact the Issuer's deposit base and the quality of its credit exposures to certain borrowers and other counterparties. Ultimately, there can be no assurance that the Issuer will be able to protect itself from any adverse effects of a currency revaluation or future negative changes in currency exchange rates.

The successful operating performance of the Issuer is dependent on levels of customer demand for banking products

The Issuer's business activities depend on the level of customer demand for banking products, as well as customers' capacity to service their obligations or maintain or increase their demand for the Issuer's services. Customer demand and customers' ability to service their liabilities depend considerably on their overall economic confidence, prospects, employment status and macroeconomic conditions. Any deterioration in customer demand may therefore materially and negatively impact on the business, financial condition, capital adequacy or results of operations of Eurobank Bulgaria.

The Bulgarian banking market is highly competitive and therefore the Issuer may be unable to retain its market share

The majority of the Issuer's assets and business are located in Bulgaria. The banking market in Bulgaria is highly competitive and therefore the Issuer must compete in all its business lines with other local players. The Issuer faces intense competition and changes in the market landscape for banking services, which could impede the growth of the Issuer's business and may negatively impact the Issuer's revenue and profitability. The Issuer is in competition with a large number of banking and financial institutions (banks with retail and wholesale clients, as well as other non-banking financial institutions which are active in the Bulgarian financial services sector), competition which is expected to intensify further, especially among top tier banks, on the background of an ongoing consolidation process in the market. Increased competition may determine a higher attrition of the Issuer's current clients and may also limit the Issuer's potential to attract new customers, which in turn may affect the Issuer's revenues and profitability. Existing competitors, as well as others that may enter the market in the future, may enjoy certain competitive advantages that the Issuer does not benefit from, such as having

greater economies of scale, larger financial and non-financial resources and portfolios, access to more advanced technological and operational resources, more comprehensive product offerings in certain business lines, greater personnel resources, better brand name recognition and more experience or longer-established relationships with regulatory authorities and clients.

If the Issuer is unable to respond to the competitive environment with product and service offerings that are profitable, it may lose market share. Most of the Issuer's main competitors on the Bulgarian banking market are part of large international financial groups, such as UniCredit, KBC, OTP etc. Competitors with wider presence might seem more attractive for some institutional clients which have an established relationship with the respective international financial groups in other jurisdictions. The Issuer's market landscape is also evolving, with FinTech companies entering the competition by offering current accounts, free-of-charge currency exchange, and instant peer-to-peer payments (such as Revolut). These entities bring to market a completely digital, non-traditional-bank experience, characterised by offering low margins and high flexibility in adapting the transactional platform with new benefits. The Issuer's market share may thus be affected by price competition for existing services and rapid development of new products, services and distribution channels. The Issuer's market position will also depend on effective marketing initiatives and its ability to anticipate and respond to various competitive factors affecting the financial services industry, including new services, pricing strategies by competitors, changes in consumer preferences and economic, political and social conditions in the market in which it operates. The Issuer's success depends on its capacity to maintain high levels of loyalty among its customer base and to offer a wide range of competitive and high-quality products and services to its customers. Intense competition and an increased emphasis in cost reduction may result in an inability to maintain high loyalty among the Issuer's customer base, to provide competitive products and services, or to maintain high customer service standards, each of which may adversely affect the Issuer's business, financial conditions, results of operations and prospects. Strong competition may lead to increased pressure on the Issuer in connection with prices for products and services offered to clients, which may have an impact on the Issuer's capacity to maintain or increase its profitability. The competitiveness of the Issuer in the current environment will depend largely on its capacity to adapt quickly to the market's new developments and tendencies. To the extent the Issuer will not be able to effectively cope with pressure exerted by competitors, or to the extent the Issuer fails to respond to, or effectively anticipate consumer sentiment, this may have an adverse effect on the Issuer's market share, earnings, and cost structure and thus, its business, financial condition, results of operations and prospects.

The value of the Issuer's investment portfolios may decrease

The Issuer may in the future incur, significant losses on its trading and investment activities. The Issuer maintains trading and investment positions, mainly in debt and interest rate markets, as well as in currency, equity and other markets. These positions could be adversely affected by continuing volatility in financial and other markets, creating a risk of losses.

The Issuer's securities portfolio grew from 5 per cent. of total assets in 2019 to 15 per cent. in 2024, principally due to the need to manage excess liquidity amid subdued loan demand. The proportion of total assets held in the form of securities is expected to remain in the narrow range going forward.

The Issuer's securities portfolio is largely in hold to maturity securities (67 per cent.), while the fair value through other comprehensive income securities declined from 90 per cent. in 2019 to 32 per cent. in 2024 thereby limiting fair value losses. The Issuer holds investment grade securities in EU countries (31 per cent.), Bulgarian sovereign debt (27 per cent.), CLOs (6 per cent.), other sovereigns and financial institutions (31 per cent.) and other countries (5 per cent.). 87 per cent. of securities are denominated in EUR, 5 per cent. in BGN and 8 per cent. in USD.

Continuing volatility and further dislocation affecting certain financial markets and asset classes could further impact the Issuer's results of operations, financial condition and prospects. In the future, these factors could have an impact on the valuation of the Issuer's assets. In addition, any further deterioration in the performance of the assets in the Issuer's investment securities portfolios could lead to additional impairment losses, including the Issuer's holdings of European government bonds. Any or all of these factors could result in a material adverse effect on the Issuer's business, financial condition and results of operations.

Adverse capital and credit market conditions may impact the Issuer's ability to access liquidity and capital, as well as the cost of credit and capital, including liquidity and capital provided by the Issuer's ultimate parent, Eurobank S.A.

The Issuer may not be able to raise funds from money and/or capital markets on terms comparable with those previously available, which may have an adverse effect on the Issuer's business operations, its performance or its financial position. Access to, and the cost of, financing raised by the Issuer through money and capital markets are affected, among other things, by general interest rate levels, the situation on the financial markets, availability and valuation of collateral, or a downturn in the performance of market participants and the Issuer's own capital adequacy and credit ratings.

If a substantial portion of the Issuer's depositors, or any of its largest depositors, withdraw their demand deposits or do not roll over their time deposits at maturity, the Issuer may need to seek other sources of funding or may have to sell, or enter into sale and repurchase or securitisation transactions over certain of its assets to meet its funding requirements. There can be no assurance that the Issuer will be able to obtain additional funding as and when required or at prices that will not affect its ability to compete effectively and if the Issuer is forced to sell assets to meet its funding requirements it may suffer material losses as a result. In extreme cases, if the Issuer is unable to refinance or replace such deposits with alternative sources of funding to meet its liquidity needs through deposits, the interbank markets, the local or international capital markets or through asset sales, this would have a material adverse effect on its business generally.

As set out under "*The Issuer may need to raise capital and other regulatory funding and it may not be able to do so as and when needed on commercially attractive terms*" below, a significant portion of the Issuer's capital and MREL resources have been provided by its parent entity, Eurobank S.A. The Issuer is a 99.99 per cent subsidiary of Eurobank S.A. and the combined Eurobank S.A. group (the "**Eurobank Greece Group**") has a single point of entry resolution strategy. The Issuer is therefore dependent on the ability of its parent entity to raise external capital and eligible liabilities in a cost-efficient manner and downstream the proceeds to the Issuer. Therefore, any adverse capital and credit market conditions that affect the ability of Eurobank S.A. to raise funding, or its costs of doing so, could in turn have a material adverse effect on the Issuer's own capital position.

The default of a major market participant could disrupt the markets

Within the financial services industry the severe distress or default of any one institution (including sovereigns) could lead to defaults or severe distress by other institutions. This could cause market declines or volatility. Because the commercial and financial soundness of many financial institutions may be closely related as a result of their credit, trading, clearing or other relationships, a failure by one such institution could lead to a chain of defaults that could adversely affect the Issuer and its contract counterparties. Concerns about the creditworthiness of a sovereign or financial institution (or a default by any such entity) could lead to significant liquidity and/or solvency problems, losses or defaults by other institutions. Even the perceived lack of creditworthiness of, or questions about, a sovereign or counterparty may lead to market-wide liquidity problems and losses or defaults by the Issuer or by other institutions. This risk is sometimes referred to as systemic risk and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, investment firms and exchanges with whom the Issuer interacts on a daily basis and financial instruments of sovereigns in

which the Issuer invests. Systemic risk could have a material adverse effect on the Issuer's ability to raise new funding and on its business, financial condition, results of operations, liquidity and/or prospects. In addition, such a failure could impact future product sales as a potential result of reduced confidence in the financial services industry, which in turn may affect the good market performance of the Issuer.

The Issuer is exposed to climate-related risks and environmental, social and governance ("ESG") risks

There is increased focus, including focus from governmental organisations, investors, employees and customers on ESG issues such as environmental stewardship, climate change, diversity and inclusion, racial justice and workplace conduct. Negative public perception, adverse publicity or negative comments in social media could damage the Issuer's reputation if the Issuer does not, or is not perceived to, adequately address these ESG issues. Any harm to the Issuer's reputation could impact employee engagement and retention and the willingness of its customers and partners to do business with the Issuer. In addition, organisations that provide information on corporate governance and related matters have developed ratings processes for evaluating companies on their approach to ESG matters.

Further, regulators are increasingly focused on ESG and sustainability-related practices. For instance, in November 2022, the EC formally adopted the Corporate Sustainability Reporting Directive (Directive (EU) 2022/2646) ("**CSRD**"), transposed in the Bulgarian legislation by amendments to the Accountancy Act and Independent Financial Audit and Assurance of Sustainability Reporting Act introduced in the middle of 2024.

The Issuer, as a subsidiary of Eurobank S.A (a company established in Greece which is part of the Eurobank Greece Group), relies on the subsidiary exemption in Article 50 of the Accountancy Act is exempted from the obligation to prepare a separate sustainability report. in accordance with Article 48 of the Bulgarian Accountancy Act, transposing Article 19a of Directive 2013/34/EU. Information on the Issuer shall be included in the consolidated management report of Eurobank S.A. drawn up in accordance with the CSRD for financial years starting on or after 1 January 2024.

The CSRD aims to significantly expand the existing non-financial reporting requirements of, among others, large public-interest companies based in the EU. For example, companies that have to comply to the CSRD, such as the Issuer, will be required to report information on a wider scope of sustainability matters and their reporting must cover not only sustainability risks they face and opportunities arising from social and environmental issues, but also the impact of their business on society and the environment, to help investors, civil society, consumers and other stakeholders to evaluate the green and social sustainability of their activities. Reports must be certified by an accredited independent auditor or certifier. The CSRD further notes that members of a company's administrative, management and supervisory bodies have a "collective responsibility" for ensuring that sustainability information is prepared and published in accordance with the CSRD requirements. Members of a company's management or supervisory board can be held criminally liable if they breach reporting obligations. Within the framework of the implementation of the CSRD, penalties are expected to also cover violations of the Taxonomy Regulation (Regulation (EU) 2020/852, the "**EU Taxonomy Regulation**"). In July 2023, the EC adopted the first set (cross-cutting standards and standards for all sustainability topics) of European Sustainability Reporting Standards ("**ESRS**") to facilitate this reporting. These must be followed by sector-specific standards and standards for third-country companies with a €150 million turnover in the EU and which have at least one subsidiary or branch in the EU. All of these new standards were initially scheduled for 30 June 2024, but their adoption was postponed to 30 June 2026.

Any negative ESG-related attention, any failure by the Issuer to live up to current relevant standards or achieve ESG targets, or any negative reports around the metrics the Issuer used to assess its ESG-related performance, could have an adverse effect on the Issuer's business, results of operations, financial condition or prospects.

The effects of the conflicts in Ukraine, and the Middle East may have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects

The prolonged war in Ukraine has resulted in increased macroeconomic and geopolitical uncertainty, a sharp rise in commodity prices and inflationary pressure, further global supply-chain disruption, a tightening of financial conditions and a sharp drop in consumer confidence. More specifically, the war has pushed energy prices upwards, since Russia has been, in recent times, the main supplier of natural gas to the EU, with transit routes including the Balkan stream pipeline via Bulgaria. Although the direct economic exposure of the Bulgarian economy to Russia and Ukraine has been comparably low, and near-term pressures have been reduced through the differentiation of energy supplies and reduction of gas consumption in Bulgaria and the EU, nonetheless the energy factor represents a significant risk for economic growth. Any recurrence of energy security crisis and/or a new spike in energy prices, whether due to revived international demand or otherwise, could adversely affect the Bulgarian economy and exert downward pressures on economic growth, given the decreasing capacity for large-scale fiscal interventions. Any such risks could also adversely impact the performance of other sectors of economic activity in Bulgaria, including tourism, and in turn negatively impact economic growth.

Elevated geopolitical uncertainty and adverse second-round effects on production costs and global trade dynamics could impose downside pressure on economic activity in the euro area, as well as in Bulgaria, in the coming years. Moreover, if geopolitical tensions escalate further, whether at a global or regional level, this could increase risk aversion, leading to a deferral of private spending decisions, especially for new investment on fixed capital. Any such escalation could also have far-reaching economic and social implications for Bulgaria and the euro area as a whole, and may drive recessions, economic downturns, slowing economic growth and social and political instability; commodity shortages, supply chain risks and price increases; instability in Bulgaria, the euro area and global capital and credit markets; risk aversion and deferral of private spending decisions, especially for new investment on fixed capital; as well as currency exchange rate fluctuations; any of which could adversely affect the Issuer's business, financial condition, results of operations and prospects.

Moreover, adverse geopolitical developments could negatively impact the value of assets collateralising secured loans, including houses and other real estate, and in turn result in impairment charges or an increase in the Issuer's NPE levels. The war in Ukraine has also escalated tensions between Russia and the United States, NATO, the EU and the United Kingdom. The United States has imposed, and is likely to further impose, material, financial and economic sanctions and export controls against certain Russian organisations and/or individuals, with similar actions implemented by the EU, the United Kingdom and other jurisdictions. Since 2022, the EU and the United Kingdom have each imposed packages of financial and economic sanctions that, in various ways, constrain transactions with numerous Russian entities and individuals; transactions in Russian sovereign debt; investment, trade and financing to and from certain regions of Ukraine as well as in trade of energy products and some non-energy commodities. In parallel, the EU sanctions regime concerning Belarus was expanded in response to the country's involvement in Russia's aggression against Ukraine, imposing, in addition to the sanctions that were already in place, a range of financial, economic and trade measures. A possible violation or even any suspicion of a violation of these rules and regulations may have serious adverse legal and financial impacts, which could have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

The on-going conflict in Gaza and recent attacks between Israel and Iran have also led to increased geopolitical tensions and other conflicts in the Middle East, with the possibility of the conflict spreading to other neighbouring countries. The Issuer does not have operations in Israel, Iran, Gaza or Lebanon, but the length, impact and outcome of the ongoing military conflicts in the Middle East are highly unpredictable and there can be no assurances that further unforeseen events related to these conflicts will not have a material adverse effect on the Issuer's operations in the future. There is no way of predicting the progress or outcome of the geo-

political tensions/conflicts in the Middle East and the Red Sea or their impact in this region, as the conflict and any resulting reactions from governments, international organisations and other institutions are rapidly developing and are beyond the Issuer's control.

In addition, although the ECB has continued on its path of monetary loosening in the first half of 2025, it is likely to remain cautious about the pace of further policy easing and interest rate cuts given the uncertainty regarding the inflation outlook. There is a risk that a combination of excessive tightening and worse-than-anticipated economic effects from the Russia-Ukraine war (including the impact of the extensive sanctions, trade restrictions etc.) and/or escalation in the ongoing conflict in the Middle East precipitates a recession in parts of the global economy.

The extent and duration of the military actions, sanctions and resulting market disruptions discussed above could be significant and could potentially have substantial impact on the global economy for an unknown period of time. Any of the abovementioned factors could affect the Issuer's business financial condition, results of operations and prospects.

Any reduction in the credit ratings of the Issuer could increase its cost of funding and affect its interest margins

The Issuer's funding base is comprised of customer deposits and MREL instruments funded by its principal shareholder, Eurobank S.A. Credit ratings affect the cost and transaction terms upon which the Issuer is able to obtain funding. Potential downgrades could undermine the confidence in the Issuer, increase its borrowing costs and affect its interest margins. Future reduction in the Issuer's credit ratings could result in increased costs associated with its deposit base and reduced market access that could adversely affect its liquidity and competitive position. Furthermore, should the rating of the Issuer be downgraded below investment grade, this could significantly increase the refinancing costs of the Issuer and, accordingly, impair its business operations.

Rating agencies' assessments are driven by a number of factors, including franchise value, capitalisation, profitability, applicable sovereign ratings, refinancing opportunities and liquidity as well as potential shareholder support. Pressure on the Issuer's credit ratings may arise, for example, in the event of significantly weaker capital generation driven by poorer financial performance, a material deterioration of asset quality in a less favourable business environment or a decrease in the willingness of the major shareholder of the Issuer to support the Issuer.

Credit ratings awarded by Moody's Investor Services to the Issuer reflect only Moody's Investor Services' assessment of the Issuer's creditworthiness, as of the date of awarding the respective credit ratings but do not necessarily evidence the good financial condition or the ability of the Issuer to satisfy its obligations under the Bonds. Prospective investors should not automatically rely on these credit ratings but should carry out their own assessment of the Issuer's creditworthiness, the credit risk and other risks associated with the Bonds, the prospects for the future development of the Issuer, as well as the related risks for its activities, which may lead to a deterioration of the Issuer's financial condition, which in turn may affect the Issuer's ability to satisfy its obligations under the Bonds.

A downgrade in the rating of the Issuer could have a material adverse effect the Issuer's business, financial condition and results of operations, and could have a negative impact on the trading price of the Bonds.

The loss of highly experienced staff may affect the operations of the Issuer

The Issuer may be unable to attract and retain key personnel, directors, managers, employees, and other individuals without whom the Issuer may not be able to manage its business effectively. Although the Issuer is fourth Bulgarian bank in terms of total assets and therefore is one of the largest banks in Bulgaria, the Issuer still depends on the availability and continued service of limited number of key managers, employees, and other

individuals. These key individuals are heavily involved in the daily operation of the Issuer's business and are, at the same time, required to make strategic decisions, ensure their implementation, and manage and supervise the Issuer's development. The loss of any of these key individuals could significantly impede Issuer's financial plans, product development, network expansion, marketing, and other plans. The Issuer's future results depend on the continued contributions of its existing management and its ability to expand the senior management team by adding highly skilled new members. If any of the Issuer's senior executives or other key individuals terminates their employment or engagement, the Issuer's business, prospects, results of operation and financial condition could be materially affected. Additionally, this may result in disruption to services which could in turn lead to loss of customer base and reputational damages. Any failure to identify and recruit replacement workers could reduce the Issuer's competitiveness and have an adverse effect on its business and operations.

Political instability may affect the operations of the Issuer

The political instability may affect the macroeconomic growth and the business environment in Bulgaria. If uncertainty is created in the Bulgarian economy - about fiscal and/or monetary policy, the rule of law and enforcement, the level of corruption and bureaucratic burdens, etc. – this can lead to a decline in investments, outflow of capital from the country and more conservative behaviour of the consumers. This, in turn, may lead to a slowdown in economic growth or even a recession and a reduction in employment and disposable income, which will reduce the demand for borrowing by the Issuer's customers and worsen the creditworthiness of the Issuer's customers. Therefore, the Issuer could account weaker financial results than expected.

Since the Issuer operates in Bulgaria, its activities are exposed to the potential political turbulence in the country. In this regard, it should be noted that following several unsuccessful attempts by political parties in Bulgaria to form a government, on 27 October 2024 extraordinary parliamentary elections have been held and subsequently, on 16 January 2025 a new Government was formed by a tripartite coalition of GERB – UDF, BSP – United Left and There is Such People with the initial support of Democracy, Rights and Freedoms (which was subsequently withdrawn). Given the diverging background of these political coalitions and political parties and their different interests and political programmes, a new parliamentary crisis is not excluded, which may cause an impossibility of conducting a consistent legislative policy and adopting important laws for the Republic of Bulgaria, and thus of a sharp deterioration of the business environment in which the Issuer operates. Hence, the Issuer may generate lower revenues than expected or its financial condition may otherwise be affected.

Risk of deterioration of the country's credit rating

In its activity, the Issuer is exposed to the risk of deterioration of the creditworthiness of the country of operations, i.e., Republic of Bulgaria. A downgrade of the country's credit rating generally results in an increase in the credit risk premiums that investors demand for investments in assets in the local market, which could lead to an increase in the cost of financing of the Issuer and therefore to higher cost of borrowing than expected.

A deterioration in the Bulgaria's credit rating, caused by unfavourable macroeconomic conditions or due to other reasons, could also lead to a slowdown or decline in the country's economic growth. This, in turn, may lead to significant decrease of the Issuer's operational results, profits and prospects.

The Issuer's shareholders are not required to support the Issuer

The Issuer is an independent entity from its principal shareholder, Eurobank S.A. Eurobank S.A. is not obliged to provide support and finance to the Issuer in the future, in particular to subscribe for newly issued shares in any future equity offering or to ensure debt financing for the Issuer. If the Issuer needs further equity or debt financing, or if a significant decrease in Eurobank S.A.'s shareholding in the Issuer in the future were to occur, the lack of financial support from Eurobank S.A. may have a negative reputational effect on the Issuer. A loss of control over the Issuer by Eurobank S.A. in the future might also lead to negative consequences resulting

from the agreements (if any) based on which the Issuer obtained debt financing, in particular the potential necessity to repay such debt financing earlier, should Eurobank S.A. cease to be the Issuer's majority shareholder. The occurrence of any of these situations may have a material adverse effect on the Issuer's business, financial condition and results of operations.

LEGAL AND REGULATORY RISKS

The Issuer's operations are exposed to risks of material changes in the applicable legislation and/or regulatory requirements

The Issuer operates in a highly regulated environment since the banking operations are subject to significant legal and regulatory changes during the past decade. All these new regulations lead to a significant increase in the Issuer's costs to achieve regulatory compliance and could lead to significant costs in the future. This may affect the Issuer's ability to grow and the capacity of certain business lines to develop and can result in stricter liquidity and capital requirements with lower profitability ratios. The Issuer constantly monitors changes in the regulatory framework that allows for anticipation and adaptation to them in a timely manner, adopt industry practices and more efficient and rigorous criteria in its implementation.

In addition, new legislative initiatives, such as introducing stricter rules or additional requirements in terms of the collection of receivables or special bankruptcy proceedings in respect of individuals, may have material adverse effect on the ability of the Issuer to timely collect its non-performing loans or otherwise to affect the Issuer's profitability. Bulgaria's entry into the Eurozone from 1 January 2026 in particular may lead to changes in regulatory requirements and supervisory practices. The Issuer may need to align its internal processes, reporting, and risk management frameworks with Eurozone regulations, which may involve operational challenges and implementation costs. Any significant legislative changes in the future may also require additional investments by the Issuer in software products and changes in the banking systems used to enable the Issuer to operate in accordance with the new regulatory environment.

Therefore, significant changes in the applicable legislation in the future may increase the Issuer's general expenses, which would affect its ability to generate profits and could affect its financial condition.

The Issuer's commercial operations may be negatively affected by adverse publicity, regulatory interventions, or litigation with respect to the Issuer or the banking industry in general

Adverse publicity and damage to the Issuer's reputation may arise from its failure or perceived failure to comply with legal and regulatory requirements, financial reporting irregularities, increasing regulatory and law enforcement scrutiny of "know your customer", anti-money laundering, prohibited transactions with countries subject to sanctions, anti-bribery or other anti-corruption measures and counter terrorist financing procedures and their effectiveness. The ability to retain customers and to attract new customers depends on the Issuer's and Eurobank Greece Group brand recognition and its reputation for the quality of service.

The Issuer's activities fall within the requirements of the Measures Against Money Laundering Act ("MAMLA") and the Measures Against the Financing of Terrorism Act ("MAFTA"). Pursuant to MAMLA and MAFTA the Issuer must introduce specific know your customer ("KYC") measures in respect of its clients, measures to establish the origin of funds with which operations and transactions are carried out, as well as other measures against money laundering and terrorist financing. The Issuer should also abide the international sanctions administered by UN, EU, UKHMT, USA (including OFAC) and the Bulgarian Government. Compliance with anti-money laundering/ counter terrorist financing and international sanctions rules entail significant effort for the Issuer.

Therefore, in case of a material breach of the provisions of applicable anti-money laundering and counter terrorist financing legislation, the Issuer will be exposed to significant reputational damage, as well as will be exposed to significant regulatory penalties.

These damages and sanctions vary from the risk the Issuer to be blacklisted in the list of persons who have committed such violations, which would increase its risk profile and significantly and permanently limit its ability to work with strategic partners and attract customers, to the imposition of significant financial sanctions that can reach 10 per cent. of the annual turnover of the Issuer, and/or measures such as restriction of activity, monitoring or even revocation of the license and forced liquidation.

The above factors may have an adverse effect on the Issuer's financial condition and/or results of operations.

The Issuer is exposed to a risk of loss due to significant legal proceedings

The Issuer is exposed to a number of claims, legal actions and proceedings arising in the ordinary course of business. These actions and proceedings are generally based on alleged violations of civil legislation, banking, data privacy and other laws. None of these actions and proceedings and no legal or arbitration proceedings in which the Issuer is involved (including proceedings that, to the Issuer's knowledge, are pending or threatened) may have significant impact on the Issuer's financial position. However, the Issuer operates in a legal and regulatory environment that exposes it to potentially significant litigation and regulatory investigation and other risks.

Legal and regulatory actions are subject to many uncertainties, and their outcomes, including the timing and potential size of fines are often difficult to predict, particularly in the early stages of a case or investigation. In addition, the participation in any current or potential proceedings, both as claimant and defendant, may be expensive even if the legal actions brought against the Issuer are ultimately unsuccessful. Accordingly, any such legal proceedings and other actions against the Issuer or by the Issuer, as claimant, may have an adverse effect on the Issuer, including negative publicity, loss of revenue, litigation, fines, higher scrutiny and/or intervention from regulators, regulatory or legislative action, and loss of existing or potential client business, which in turn could have an adverse effect on Issuer's operations, financial condition and/or prospects.

Applicable bankruptcy, insolvency, enforcement, and other laws and regulations affecting creditors' rights may limit the Issuer's ability to receive payments on defaulted credits

There is a tendency to introduce increased debtor protection in the Bulgarian laws regarding bankruptcy, insolvency, enforcement and other laws and regulations governing creditors' rights generally.

For instance, relatively recent changes to the Obligations and Contracts Act, which entered into force on 2 June 2021, introduced the legal institute of "absolute prescription period" for monetary claims against private individuals. Pursuant to these, with the expiration of a ten-year prescription period (the "absolute prescription period"), regardless of its interruption, and except when the obligation is postponed or rescheduled, the affected monetary claims against a private individual shall be extinguished, thus becoming unenforceable. This institute does not apply in certain limited cases provided for in the Obligations and Contracts Act.

Any other potential amendments in the local legislation restricting the rights of the creditors to enforce their claims may affect the ability of the Issuer to collect in full its receivables under its loan portfolio, which can have the result of deterioration of its financial condition and future performance. For example, the recently adopted Law on Insolvency of Individuals and the Law on the Persons Servicing Credits and Purchasers of Credits will further restrict the ability of the Issuer to claim the receivables from its borrowers and may increase the NPE levels and impairment costs, which in turn may affect the financial condition of the Issuer.

The Issuer is subject to extensive regulation and changes in this regulation, or the interpretation or enforcement of this regulation, or any failure by the Issuer to comply with this regulation could have a material adverse effect on the Issuer

The financial services industry in which the Issuer operates is highly regulated and the Issuer's operations are subject to numerous European directives and regulations, as well as Bulgarian laws, policies, guidance and voluntary codes of practice. Since the global financial crisis of 2008 to 2010, financial services regulation has changed materially and will continue to develop in the future. The regulatory requirements the Issuer has had to adapt to since the global financial crisis and which the Issuer must comply with when conducting its business and operations or which the Issuer may become subject to include, but are not limited to:

- capital adequacy requirements, for example Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, as amended from time to time (the "**CRD**"), including by Directive (EU) 2024/1619 (as transposed into Bulgarian law), and Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms, as amended from time to time (the "**CRR**"), including by Regulation (EU) 2024/1623;
- a bank resolution framework, for example Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms as amended from time to time (the "**Bank Recovery and Resolution Directive**" or "**BRRD**"), including by Directive (EU) 2019/879 (as transposed into Bulgarian law) and Regulation (EU) No 806/2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund, as amended from time to time (the "**SRM Regulation**"), including by Regulation (EU) 2019/877, to be further updated to adjust and further strengthen the European Union's existing bank crisis management and deposit insurance ("**CMDI**") framework and increase the efficiency of crisis management as published by the European Commission in April 2023;
- continuously tightening requirements with respect to anti-money laundering and anti-terrorism financing;
- payment services regulations, for example Directive (EU) 2015/2366 on payment services in the internal market (as transposed into Bulgarian law) and Regulation (EU) 2024/886 as regards instant credit transfers in euro, as amended from time to time;
- regulations on markets in financial instruments, for example Directive 2014/65/EU on markets in financial instruments (as transposed into Bulgarian law) and Regulation (EU) No 600/2014 on markets in financial instruments, as amended from time to time;
- data protection regulations, for example Regulation (EU) 2016/679 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, as amended from time to time and regulations on IT security and prevention of cybercrime, such as Regulation (EU) 2022/2554 on digital operational resilience for the financial sector;
- new and continuously evolving ESG related regulations; and
- new regulations for management of information and communication technologies related risks under Regulation (EU) 2022/2554 of the European Parliament and of the Council of 14 December 2022 on digital operational resilience for the financial sector and amending Regulations (EC) No 1060/2009, (EU) No 648/2012, (EU) No 600/2014, (EU) No 909/2014 and (EU) 2016/1011.

The Issuer is classified as significant within the EU Single Supervisory Mechanism ("**SSM**") and is being directly supervised by the European Central Bank ("**ECB**") since 1 October 2020. As such, the Issuer became

subject to the SRM Regulation, increasing the regulatory requirements applicable to the Issuer and its activities, such as those further explained under the risk factor "*The Issuer may be subject to statutory resolution*".

The Issuer has sought to comply with all of the developing requirements affecting it, but no assurance can be given that it will at all times and in all material respects either be or remain in compliance with all applicable regulations. The Issuer is subject to supervision by regulatory authorities that have broad administrative and discretionary power over the Issuer. A number of Bulgarian and European authorities, including financial supervision, consumer protection, anti-money laundering, tax and other authorities, regularly perform investigations, examinations, inspections and audits of the Issuer's business, including in relation to capital requirements, standards of consumer lending, anti-money laundering, anti-bribery, payments, reporting and corporate governance. Any determination by any relevant authority that the Issuer has not acted in compliance with all applicable laws and regulations could have serious legal and reputational consequences for the Issuer, including exposure to fines, criminal and civil penalties and other damages, increased prudential requirements or requirements to cease carrying on all or part of its business.

The Issuer may need to raise capital and other regulatory funding and it may not be able to do so as and when needed on commercially attractive terms

The capital of banks and investment firms in the EU is subject to the legal framework of the CRR, CRD and the BRRD. The requirements imposed under this framework have been constantly evolving over time and can be expected to undergo further developments in the future. This will likely necessitate further and potentially significant changes to the Issuer's operations, including the Issuer's procedures, rules and reporting systems, as well as to the calculation systems of the capital requirements applicable to the Issuer.

The Issuer is currently required to hold a minimum amount of regulatory capital equal to 8.00 per cent. of its risk exposure amounts, which must be covered by a combination of common equity Tier 1 capital, additional Tier 1 capital and Tier 2 capital. In addition to these so called minimum Pillar 1 requirements, the regulation also prescribes the combined buffer requirement. For the Issuer, the combined buffer requirement is comprised of:

- the other systemically important institution ("**O-SII**") buffer, which as at the date of this Information Memorandum stands at 0.75 per cent.;
- the capital conservation buffer which has been set at 2.5 per cent.;
- the countercyclical buffer which as at the date of this Information Memorandum stands at 2.0 per cent. for exposures in Bulgaria; and
- the systemic risk buffer which currently stands at 3.0 per cent. but could be raised by competent authorities in the future.

The combined buffer requirement applies to the total risk exposure amount and must be met by common equity Tier 1 own funds.

In addition to the minimum own funds requirements described above, the competent authorities may require additional so called Pillar 2 capital to be maintained by a credit institution relating to elements of risk which are not fully captured by other own funds requirements. The Pillar 2 requirement applicable to the Issuer as at the date of this Information Memorandum is equal to 1.25 per cent. The Pillar 2 capital requirement and the Pillar 2 guidance are subject to an annual review by the competent authorities as part of the supervisory review and evaluation process ("**SREP**").

As part of the crisis resolution plan provided for in the BRRD, as implemented in Bulgaria, the minimum requirement for own funds and eligible liabilities ("**MREL**") obliges banks and banking groups to have

sufficient own funds and unsecured long-term liabilities that can be used to cover losses under the crisis resolution plan. The Single Resolution Board ("**SRB**") has set an internal MREL requirement for the Issuer as a non-resolution entity within the Eurobank S.A. resolution group.

In addition to regulatory capital requirements, a variety of other factors may affect the Issuer's need for additional capital. For example, a significant increase in lending, reduced profitability or any losses experienced by it would reduce the Issuer's capital adequacy ratios. The issuer may also need to increase its capital as a result of any future changes in rating agency requirements for adequate capitalisation levels.

As a result of the single point of entry resolution model applicable to the wider Eurobank Greece Group, the Issuer is dependent on the ability of its parent entity to raise funds in a cost-efficient manner and downstream the proceeds to the Issuer in the form of own funds and eligible liabilities instruments. Any adverse capital and credit market conditions that affect the ability of Eurobank S.A. to raise funding, or its costs of doing so, could in turn have a material adverse effect on the Issuer's own capital, funding and liquidity position. The Issuer is likely to need to obtain additional capital in the future to support the future growth of its business. Such capital, whether in the form of debt financing or additional equity, may not be available on commercially favourable terms, or at all. Moreover, should the Issuer's capital ratios fall close to regulatory minimum levels or the Issuer's own internal minimum levels, the Issuer may need to adjust its business practices, including reducing the risk and leverage of certain activities or limiting asset growth. If the Issuer is unable to maintain satisfactory capital adequacy ratios, its credit ratings may be lowered, its cost of funding may increase, and it may suffer regulatory sanctions. Any such development may have a material adverse effect on the Issuer.

The Issuer is subject to the risk of changes in tax regulations reducing its profitability

Bulgarian tax regulations are subject to changes, some of which may be dictated by short-term political needs and may therefore be unexpected and unpredictable. For example, on 1 January 2024 amendments to the Bulgarian Corporate Income Tax Act entered into force, which transposed Directive (EU) 2022/2523 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union and introduced in Bulgarian law the concept of top-up tax modelled after the Global Anti-Base Erosion (or so-called GloBE) rules of the Organization for Economic Cooperation and Development ("**OECD**"). The aim of the amendments is to ensure that certain large multinational enterprise groups, large-scale domestic groups and their constituent entities, such as the Issuer, pay tax at an effective minimum tax rate of 15 per cent. The new rules on imposition of an additional top-up tax result in an increase of the general tax rate of 10 per cent. applicable on the income of Bulgarian corporate entities. These provisions are still new and their interpretation and application in practice may undergo significant changes, including due to the further development and/or future amendments to the GloBE rules. All this may have adverse impact on the amount of tax payable by the Issuer and/or its group and affect the Issuer's net profit.

In addition, if in the future Bulgarian government decides to propose a special taxation on the super profits of the banks operating in Bulgaria, as was proposed but not finally adopted in the past, such special taxation may have adverse effect on the profits of the Issuer and its financial condition and may affect the Issuer's ability to grow.

Any other changes in Bulgarian tax regulations or in the interpretation of such regulations, may also have material adverse effect on the Issuer. It cannot be ruled out that new or additional taxes that may affect the Issuer may be implemented in the future.

OPERATIONAL RISKS

The Issuer is exposed to operational risks. In particular, the Issuer is exposed to the risk of loss as a result of employee misrepresentation, misconduct and improper practice and through any failure of the Issuer's IT systems

Operational risk and losses can result from fraud, errors by employees, failure to document transactions properly or to obtain proper internal authorisation, failure to comply with regulatory requirements and conduct of business rules, systems and equipment failures. In particular, the Issuer relies on the proper functioning and security of its information systems to carry out its activities. Therefore, the Issuer is exposed to the risk of malicious interference in its IT systems and unlawful access to the data stored in them. The Issuer is also exposed to the risk of malfunctioning of the systems used and violations of internal rules by its personnel.

Insofar the Issuer's operations are dependent on the ability to process a very large number of transactions efficiently and accurately, any fraudulent activities, errors by employees, failure to document transactions properly or to obtain proper internal authorisation, failure to comply with the applicable regulatory requirements and conduct of business rules, equipment failures, natural disasters, or the failure of external systems, for example, those of the Issuer's suppliers or counterparties, may lead to significant losses, sanctions, reputational damages and loss of clientele or business. In addition, the Issuer's activities may be affected due to a failure of the Issuer's risk control or loss mitigation actions being not effective in preventing and controlling of the relevant operational risks.

Any failure in the internal systems for control of information and communication technologies ("ICT") may pose significant threats to the Issuer, which is required as of 17 January 2025 to comply with the requirements of Regulation (EU) 2022/2554 of the European Parliament and of the Council of 14 December 2022 on digital operational resilience for the financial sector and amending Regulations (EC) No 1060/2009, (EU) No 648/2012, (EU) No 600/2014, (EU) No 909/2014 and (EU) 2016/1011 ("**DORA**"), pursuant to which the Issuer shall document processes for management of ICT risks, including risks related to utilising the services of third party service providers of ICT services, for reporting of significant ICT incidents and testing of ICT systems. Any breaches of the obligation of the Issuer to comply with the requirements of DORA, including to maintain, test and update the functionality of its network and ICT systems in accordance with the statutory standards, may lead to significant sanctions and other regulatory interventions, which in turn may affect the reputation of the Issuer and the financial condition of the Issuer.

In addition, the IT systems used by the Issuer contain highly sensitive personal data, which are often subject to attempts for unauthorised access and hacking attack. Any compromise or interruption of the operation of the used IT systems may have a material adverse effect on the Issuer's operations, including its ability to serve customers in a reasonable time frame, to record and store financial data and to protect itself and its customers from theft and fraud. The applicable legislation, including the provisions of the General Data Protection Regulation (GDPR), provide for obligations to report and give publicity to incidents related to the security of personal data and/or payment operations, as well as significant financial penalties, which according to the requirements of GDPR can reach 2 per cent. of the Issuer's annual turnover.

Therefore, any successful attack against the information systems used by the Issuer could have a material adverse effect on the Issuer's business, financial condition, and results of operations.

The Issuer's activities may be affected by cybersecurity incidents

The Issuer's operational systems and networks may become vulnerable to an increasing risk of continuously evolving cyber security or other technological risks. A significant portion of the Issuer's operations heavily rely on the secure processing, storage and transmission of confidential and other information. The proper functioning of the Issuer's payment systems, financial and sanctions controls, risk management, credit analysis and reporting, accounting, customer service and other information technology systems and other IT systems, as well as the communication networks existing between the branches of the Issuer and its main data processing centers, is critical to the Issuer's operations. These activities have been, and will continue to be, subject to an increasing risk of cyber-attacks, the nature of which is continuously evolving. The financial sector remains a primary target for cyber criminals, there being an increasing level of sophistication in both, criminal and nation state hacking

for the purpose of stealing money, stealing, destroying or manipulating data, and/or disrupting operations. The Issuer's computer systems, software and networks may become vulnerable to unauthorised access, loss or destruction of data (including confidential client information), account takeovers, unavailability of service, computer viruses or other malicious code, cyber-attacks and other events. If one or more of these events occur, it could result in the disclosure of confidential client information, damage to the Issuer's reputation with its clients and the market, additional costs to the Issuer (such as repairing systems or adding new personnel or protection technologies), regulatory penalties and financial losses to the Issuer. Such events could also cause interruptions or malfunctions in the operations of the Issuer (such as the lack of availability of the Issuer's online banking systems), as well as the operations of its clients, customers or other third parties.

The Issuer is exposed to the risk of force majeure events

The Issuer's operations and normal functioning of its information systems may be affected by events from extraordinary and unforeseeable nature, such as natural disasters - including fires, floods or earthquakes, and humanitarian disasters, such as pandemic spread of diseases, like the past pandemic of COVID-19, and contagions and others. In addition, the Issuer is exposed to the risk of other events of an extraordinary nature, including wars, mass disturbances, protests or mass strikes.

Disaster recovery, security, and service continuity protection measures that the Issuer has undertaken or may undertake in the future may be insufficient to prevent losses caused. Therefore, while the Issuer has developed the necessary business continuity plans, such force majeure events could reflect on its ability to carry out its proper operations and lead to significant damages that could affect the Issuer's financial condition.

The Issuer is exposed to technology risk

The technology risk is associated with failure or outage of systems, including hardware, software and networks, affecting business continuity.

The increased risk of cybersecurity incidents, including cyberattacks, could compromise sensitive information and disrupt operations. At the same time the risk of technological obsolescence poses the need for significant investments in IT systems and digital platforms. Failure to effectively manage technology risk could result in financial losses, regulatory penalties, weaker competitive position and reputational harm for the Issuer.

The EU covered bond framework and the Covered Bonds Act

The European Union's covered bond directive (EU) 2019/2162 and regulation (EU) 2019/2160 (together, the "**New EU Covered Bond Legislation**") came into effect on 7 January 2020 and on 7 July 2022, the New EU Covered Bond Legislation was implemented in Bulgaria by the Covered Bonds Act and Ordinance No. 42 of 21 June 2022 of the BNB on the Terms and Procedure for Issuance of Covered Bonds ("**Ordinance 42**") (see also "*Summary of the Bulgarian Legislation Regarding Covered Bonds*" below).

Any failure by the Issuer to comply in all material respects with the Covered Bonds Act or the Ordinance 42 may have a material adverse effect on the Issuer.

Compliance with Covered Bonds Act

Investors should be aware that the terms of the Bonds are subject at all times to the provisions of the Covered Bonds Act, which entered into force on 8 July 2022. The Covered Bonds Act introduces for the first time in Bulgaria a comprehensive framework for the issuance, administration and public supervision of covered bonds, while in the legacy regime (under the repealed Mortgage Bonds Act) issuers and other stakeholders were not the subject of such specific supervision and overall had to comply with less detailed legal requirements. This issuance represents one of the first applications of the Covered Bonds Act, including in the context of an international securities offering. Accordingly, various aspects related to the practical interpretation and application of the Covered Bonds Act remain uncertain and may be subject to change as market and regulatory

practices evolve. Consequently, investors face a risk that unforeseen legal or regulatory issues may arise due to the application of the Covered Bonds Act to the Bonds, potentially impacting the enforcement of Bondholders of the Bonds' rights and other aspects relevant to the issuance, holding, and trading of these securities. Investors are responsible for consulting with their own legal advisers to understand fully the implications of this legislative context.

RISKS RELATED TO THE STRUCTURE OF THE BONDS

Failure to comply with coverage and overcollateralisation requirements

According to the Covered Bonds Act, the Issuer must comply with certain coverage and overcollateralisation requirements with respect to the cover pool and the Bonds. On the occurrence of certain events which would leave to winding up proceedings in respect of the Issuer or which in the assessment of the BNB present a risk for the continuous and sound administration of the Bonds by the Issuer the Bonds and the cover pool may be placed under separate administration. If, after the cover pool has been placed under separate administration, the Bonds are not 100 per cent. collateralised by assets in the cover pool, the BNB may declare a default on the Bonds and enforce the cover pool. In an enforcement scenario, payment of enforcement costs and the costs of servicing and administering the cover assets will rank ahead of payments on the Bonds and any related derivative contracts. To the extent that enforcement of the cover pool does not result in the Bonds and other obligations of the Issuer which benefit from the priority claim to be paid in full, then remaining claims will rank *pari passu* with other unsecured unsubordinated claims against the Issuer. For more information on when separate administration can be required under the Covered Bonds Act, see "*Summary of the Bulgarian Legislation Regarding Covered Bonds*" below.

Timely payments in the event of the Issuer's winding-up

Provided that (and as long as) the cover pool meets the requirements of the Covered Bonds Act (including the coverage and overcollateralisation requirements), the assets in the cover pool, the Bonds and any relevant derivative contracts that have been entered into the applicable register are required to be maintained as a unit and kept segregated from other assets and liabilities of the bankruptcy estate of the Issuer. Consequently, the cover pool will not be affected by and falls outside the scope of any early intervention or resolution measures or winding-up procedures, including solvent liquidation or bankruptcy proceedings, and will not be subject to clawback actions. The cover assets and any proceeds collected from the cover assets after bankruptcy proceedings are opened in respect of the Issuer are not part of the insolvency estate. Once the Bonds are placed under separate administration, the special administrator appointed in respect of the Issuer in accordance with Article 51 of the Covered Bonds Act (the "**Special Administrator**") is required to procure the continued timely service of payments due under the Bonds and any relevant derivative contracts. Consequently, the winding-up of the Issuer would not as such result in early repayment or suspension of payments to holders of Bonds or to derivative counterparties.

No Due Diligence

The Sole Bookrunner has not undertaken and will not undertake any investigations, searches or other actions in respect of any mortgage loans or other collateral contained or to be contained in the cover pool but will instead rely on representations and warranties provided by the Issuer in the Subscription Agreement. The Issuer is obliged to ensure the cover pool fulfils the requirements of the Covered Bonds Act.

Limited description of the cover pool

The section "*Description of the Cover Pool*" below contains a description of the cover pool as at the date of this Information Memorandum. In addition, the Covered Bonds Act requires the Issuer to publish certain information in relation to the Bonds and the cover pool every quarter (See "*Summary of the Bulgarian*

Legislation Regarding Covered Bonds" below). Bondholders will not receive detailed statistics or information in relation to the mortgage loans or other cover pool assets as it is expected that the composition of the cover pool may change from time to time.

Laws applicable to assets in the cover pool

The claims under the Mortgage Loans (as defined in "*Summary of the Bulgarian Legislation Regarding Covered Bonds*" below) and the mortgages that secure such claims, which form part of the assets contained in the cover pool, are governed by their contractual terms and various mandatory legal requirements and limitations arising from applicable laws, including mandatory consumer protection requirements, as well as rules and requirements relating to the right to enforce mortgages and dispose of the relevant property. To the extent that such requirements may restrict, limit, hinder or even prohibit certain actions in respect of the enforcement of the claims under the Mortgage Loans and the mortgages that secure such claims, there is a risk that the realisation of the assets in the cover pool may be delayed or may result in an increase in the costs of enforcement, that may ultimately lead to a reduced return to the Bondholders of the Bonds.

Deterioration of the loan-to-value ratio

If the value of properties which have been mortgaged as security for the assets in the cover pool decreases substantially – and either the Issuer does not take any action to restore the ratio between the value of the Bonds and the value of the assets in the cover pool; or at the time of this decrease the assets are subject to separate administration – there is a risk that the Issuer will not be able to make full payment to the holders of Bonds. For more information on when separate administration can be required under the Covered Bonds Act, see "*Summary of the Bulgarian Legislation Regarding Covered Bonds*" below.

Priority and Ranking

Bondholders of Bonds have a priority right over assets in the Issuer's cover pool according to the Covered Bonds Act. In some situations, there is a risk that holders of Bonds would not have the expected priority right or that their priority right would prove to be less extensive than expected, and consequently have a negative impact on the market value of a Bond. For more information on the Covered Bonds Act, see "*Summary of the Bulgarian Legislation Regarding Covered Bonds*" below.

If the Bonds are placed under separate administration any claims under the Bonds will be satisfied with preference from the proceeds collected from the cover assets, whereas servicing/administration costs will rank ahead of payments on the Bonds and any related derivative contracts. To the extent that enforcement of the cover pool while under separate administration does not result in the Bonds and other obligations of the Issuer which benefit from the priority claim to be paid in full, then remaining claims will rank *pari passu* with other unsecured unsubordinated claims against the Issuer. In case of an Event of Default, the Security Agent or, in the event the Bonds are placed under separate administration, the Special Administrator will be entitled to enforce the Pledge. In an enforcement scenario, the Bondholders will have a priority right over the liquidation proceeds from the realisation of the cover pool but payment of enforcement costs, the costs of servicing and administering the cover assets where the Bonds were placed under separate administration will rank ahead of payments on the Bonds and any related derivative contracts.

Sale of Mortgage Loans and related mortgages from the cover pool in case of Default

In case of an Event of Default, the Security Agent or, in the event the Bonds are placed under separate administration, the Special Administrator may realise the Pledge by selling Mortgage Loans together with related mortgages which are part of the Cover Pool by way of an assignment individually or as a pool in a private sale process. If the Pledge is to be enforced by way of assignment of the Cover Pool, any perceived rights of set-off of debtors under the Mortgage Loans, which are consumers, may adversely affect the realisable

value of the Cover Pool. Therefore, there is no assurance as to whether there will be a trading market for the collateral in the cover pool or an eligible purchaser for the cover pool at the times required and there can be no assurance or guarantee as to the price which may be obtained. On that account there is a risk that the Issuer will not be able to make full payment to the Bondholders or the realisation of the assets in the Cover Pool may be delayed or may result in an increase in the costs of enforcement, that may ultimately lead to a reduced return to the Bonds.

Right of the Special Administrator to Transfer the Bonds and the Cover Pool as a Going Concern

If the Bonds are placed under separate administration under the Covered Bonds Act, the Special Administrator will have the power or can be forced by virtue of a Bondholders' meeting resolution to transfer one or more issues of covered bonds of the same Issuer, including the Bonds and the cover pool, as a going concern to a third party by way of a contract in writing with notarised signatures which has been approved by the BNB. The third party may only be a credit institution, licensed in a member state of the European Union (a "**Member State**") or another entity from a Member State which under the laws applicable to it may issue and/or administer covered bonds. Unless such third-party buyer is designated by the Bondholders' meeting by an Extraordinary Resolution it will be designated by the Special Administrator. The Bondholders will be notified of the transfer by a publication on the Issuer's website made by the Special Administrator. The Special Administrator will also be responsible to give notice to the cover assets obligors, unless the Issuer continues to administrate the liabilities of the said obligors in agreement with the acquirer. Unless otherwise agreed with the Bondholders, the Issuer will be jointly liable with the third-party buyer of the Bonds for any all liabilities under the Bonds up to the amount of the liabilities under the Bonds which have not been satisfied from the proceeds from the cover pool. The funds obtained in consideration of the transfer are part of the Issuer's assets and the Bondholders will have no preferred right on them. Bondholders may have limited control over the selection of a third party to replace the Issuer. Consequently, they could be exposed to the credit, operational, and other risks associated with such party.

Bondholders may not require the redemption of the Bonds prior to their maturity

The Bonds mature on the Interest Payment Date falling on, or nearest, to 30 July 2032. The Issuer is under no obligation to redeem the Bonds at any time prior thereto and the Bondholders have no right to require the Issuer to redeem or purchase any Bonds at any time. Accordingly, investors in the Bonds should be prepared to hold their Bonds for a significant period of time.

Early Redemption of Bonds upon the occurrence of a tax event

The Issuer may, at its option, redeem all, but not some only, of the Bonds at their principal amount, together with any accrued and unpaid interest thereon to (but excluding) the date fixed for redemption, upon the occurrence of a tax event as described in Condition 5(b) (*Redemption due to Tax Event*).

An optional redemption feature is likely to limit the market value of the Bonds. During any period when the Issuer may elect to redeem the Bonds, the market value of the Bonds generally will not rise substantially above the price at which they can be redeemed. Further, during periods when there is an increased likelihood, or perceived increased likelihood, that the Bonds will be redeemed early, the market value of the Bonds may be adversely affected.

If the Issuer redeems the Bonds in any of the circumstances mentioned above, there is a risk that the Bonds may be redeemed at times when the redemption proceeds are less than the current market value of the Bonds or when prevailing interest rates may be relatively low, in which latter case Bondholders may only be able to reinvest the redemption proceeds in securities with a lower yield. Potential investors should consider reinvestment risk in light of other investments available at that time.

It is not possible to predict whether the events referred to above will occur and lead to circumstances in which the Issuer may elect to redeem the Bonds, and if so whether or not the Issuer will satisfy the conditions, or elect, to redeem the Bonds. If the Bonds are so redeemed, there can be no assurance that Bondholders will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investment in the Bonds.

Extendable obligations under the Bonds aimed at preventing the Issuer's insolvency

If a Maturity Extension Event occurs, then payment of the principal amount of the Bonds, together with accrued and unpaid interest, by the Issuer shall be automatically extended to the Extended Maturity Interest Payment Date falling on or nearest to the Extended Final Maturity Date and any such failure by the Issuer to pay (in full) the principal amount of the Bonds, together with accrued and unpaid interest, on the Maturity Date shall not constitute a default in payment.

A Maturity Extension Event will occur if:

- (a) the Issuer is unable to pay the principal amount outstanding of the Bonds on the Maturity Date;
- (b) the Issuer is unable to fulfil the cover pool liquidity requirement under Article 28 of the Covered Bonds Act at any time during the last 30 days before the Maturity Date; or
- (c) prior to the occurrence of an event sets out in (a) or (b) above, the Special Administrator has (i) determined that extending the maturity of the Bonds is necessary for protecting the interests of the Bondholders, including where the Special Administrator has reasonably concluded that the change of the maturity of the issue is appropriate for achieving greater satisfaction of the Bondholders and other Secured Creditors and (ii) obtained written permission from the BNB for the maturity extension;

If the Maturity Date is extended to the Extended Final Maturity Date, the Issuer shall notify the Bondholders of such extension, however, any failure to give such notice shall not in any event affect the validity or effectiveness of the extension nor give any Bondholder any right to receive any payment of interest, principal or otherwise with respect to the relevant Bonds other than as expressly set out in these Conditions of the Bonds. After the Maturity Date, interest will continue to accrue on any unpaid amount at the relevant Floating Interest Rate (as described in Condition 4(a) (*Floating Interest Rate and Payments*)) and will be payable on each Extended Maturity Interest Payment Date falling after the Maturity Date up to (and including) the Extended Final Maturity Date. If a Maturity Extension Event occurs, the Issuer may redeem all or any part of the outstanding principal amount of the Bonds at 100 per cent. of their principal outstanding amount on a *pro-rata* basis together with accrued but unpaid interest on any Extended Maturity Interest Payment Date up to and including the Extended Final Maturity Date.

In these circumstances, failure by the Issuer to make payment in respect of the principal amount of the Bonds, together with accrued and unpaid interest, on the Maturity Date shall not constitute a default in payment by the Issuer. However, failure by the Issuer to pay the principal amount of the Bonds, together with accrued and unpaid interest, or the balance thereof on the Extended Final Maturity Date and/or interest on such amount on any Extended Maturity Interest Payment Date falling after the Maturity Date up to (and including) the Extended Final Maturity Date shall constitute a default in payment by the Issuer.

In addition, following deferral of the Maturity Date, the Extended Maturity Interest Payment Dates and Extended Maturity Interest Periods will differ to the Interest Payment Dates and Interest Periods applicable during the period where the Fixed Interest Rate applies to the Bonds.

The Floating Interest Rate will be determined by EURIBOR, which may be discontinued or reformed in the future.

EURIBOR and other interest rates or other types of rates and indices which are deemed to be benchmarks are the subject of ongoing national and international regulatory discussions and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented.

The EU Benchmarks Regulation was published in the Official Journal of the EU on 29 June 2016 and was applied as of 1 January 2018. The EU Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It, among other things, (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities (such as the Issuer) of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

Regulation (EU) 2016/1011 as it forms part of United Kingdom domestic law by virtue of the EUWA (the "**UK Benchmarks Regulation**") applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the UK. It, among other things, (i) requires benchmark administrators to be authorised or registered (or, if non-UK-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by UK supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-UK based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation and the UK Benchmarks Regulation could have a material impact on the Bonds, in particular, if the methodology or other terms of EURIBOR are changed in order to comply with the requirements of the Benchmarks Regulation and/or the UK Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of EURIBOR.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. Such factors may have (without limitation) the following effects on certain benchmarks, including EURIBOR: (i) discouraging market participants from continuing to administer or contribute to a benchmark, including EURIBOR; (ii) triggering changes in the rules or methodologies used in the benchmark, including EURIBOR, and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international, national or other proposals for reform or other initiatives or investigations, could have a material adverse effect on the value of and return on the Bonds.

As an example of such benchmark reforms, on 21 September 2017, the European Central Bank announced that it would be part of a new working group tasked with the identification and adoption of a "risk free overnight rate" which can serve as a basis for an alternative to current benchmarks used in a variety of financial instruments and contracts in the euro area. On 13 September 2018, the working group on Euro risk-free rates recommended the new Euro short-term rate ("**€STR**") as the new risk-free rate for the euro area. The €STR was published for the first time on 2 October 2019. Although the Euro Interbank Offered Rate ("**EURIBOR**") has subsequently been reformed in order to comply with the terms of the Benchmarks Regulation, it remains uncertain as to how long it will continue in its current form, or whether it will be further reformed or replaced with €STR or an alternative benchmark.

It is not possible to predict with certainty whether, and to what extent, EURIBOR will continue to be supported going forwards. This may cause EURIBOR to perform differently than it has done in the past and may have other consequences which cannot be predicted. The elimination of EURIBOR, or changes in the manner of administration of EURIBOR, could require an adjustment to the Conditions of the Bonds, or result in other consequences, in respect of the Bonds. Any of the above changes or any other consequential changes as a result

of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on the Bonds.

In respect of the Floating Interest Rate, in the event that a Benchmark Event (as defined in the Conditions) occurs in relation to the Original Reference Rate when the Floating Interest Rate (or any component part thereof) remains to be determined, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser. The Independent Adviser shall endeavour to determine a Successor Rate or Alternative Rate and, in either case, an Adjustment Spread to be used in place of the Original Reference Rate. The use of any such Successor Rate or Alternative Rate to determine the Floating Interest Rate is likely to result in the Bonds performing differently (which may include payment of a lower Floating Interest Rate) than they would do if the Original Reference Rate were to continue to apply in its current form.

Furthermore, if a Successor Rate or Alternative Rate for the Original Reference Rate is determined by the Independent Adviser, the Conditions provide that the Issuer may vary the Conditions, as necessary to ensure the proper operation of such Successor Rate or Alternative Rate, without any requirement for consent or approval of Bondholders.

If a Successor Rate or Alternative Rate is determined by the Independent Adviser, the Conditions also provide that an Adjustment Spread may be determined by the Independent Adviser and applied to such Successor Rate or Alternative Rate.

The Adjustment Spread is (i) the spread, formula or methodology which is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body (which may include a relevant central bank, supervisory authority or group of central banks/supervisory authorities), (ii) if no such recommendation has been made, or in the case of an Alternative Rate, the spread, formula or methodology which the Independent Adviser determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate, or (iii) if the Independent Adviser determines that no such spread is customarily applied, the spread, formula or methodology which the Independent Adviser determines and which is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate, as the case may be.

Accordingly, the application of an Adjustment Spread or Benchmark Amendments may result in the Bonds performing differently (which may include payment of a lower Floating Interest Rate) than they would do if the Original Reference Rate were to continue to apply in its current form.

The Issuer may be unable to appoint an Independent Adviser or the Independent Adviser may not be able to determine a Successor Rate or Alternative Rate in accordance with the Conditions.

Where the Issuer is unable to appoint an Independent Adviser in a timely manner, or the Independent Adviser is unable, to determine a Successor Rate or Alternative Rate before the next Interest Determination Date, the Rate of Interest for the next succeeding Interest Period will be the Floating Interest Rate applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event, or, where the Benchmark Event occurs before the first Interest Determination Date, the Floating Interest Rate of Interest will be determined using the Original Reference Rate last displayed on the Relevant Screen Page prior to the relevant Interest Determination Date.

Where the Issuer has been unable to appoint an Independent Adviser or, the Independent Adviser has failed, to determine a Successor Rate or Alternative Rate in respect of any given Interest Period, it will continue to attempt to appoint an Independent Adviser in a timely manner before the next succeeding Interest Determination Date

and/or to determine a Successor Rate or Alternative Rate to apply the next succeeding and any subsequent Interest Periods, as necessary.

Applying the Fixed Interest Rate, or the Floating Interest Rate applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event is likely to result in the Bonds performing differently (which may include payment of a lower Floating Interest Rate) than they would do if the relevant benchmark were to continue to apply, or if a Successor Rate or Alternative Rate could be determined.

If the Issuer is unable to appoint an Independent Adviser or, the Independent Adviser fails to determine a Successor Rate or Alternative Rate to apply to the Extended Final Maturity Date, the Fixed Interest Rate, or the Floating Interest Rate applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event, will continue to apply to the Extended Final Maturity Date. This will result in the Bonds, in effect, becoming fixed rate Bonds to the Extended Final Maturity Date.

The BNB has the power to withdraw its authorisation of the Bonds as a supervisory measure

The issuance of the Bonds is approved by the BNB in its capacity as covered bond supervisory authority. In case of a material breach of the Covered Bonds Act, its implementing regulations or the decisions of the BNB, including, among others, where the authorisation of the Bonds was obtained by means of false statements or other irregular means, the Issuer no longer complies with the conditions under which authorisation of the Bonds by the BNB was given, or the Issuer is in material breach of the requirements set out the Covered Bonds Act in respect of the Bonds relating to ringfencing the cover pool assets, maintenance of the cover pool register or the eligibility of the cover pool assets, the BNB has the power to impose a range of supervisory measures including as most severe measure to withdraw the authorisation of the Bonds. Any such action will adversely affect the ongoing servicing of the Cover Pool and the Bonds and will constitute an Event of Default, which may result in the acceleration of the obligations under the Bonds, the liquidation of the Cover Pool and the loss of anticipated return on investment for holders of the Bonds. For more information, see Condition 8 (*Events of Default*).

The Issuer may be subject to statutory resolution

The Issuer operates under the EU bank recovery and resolution regime (consisting of BRRD, which has been implemented, inter alia, in the Bulgarian Recovery and Resolution of Credit Institutions and Investment Firms Act, as amended (the "**Resolution Act**"), as well as the SRM Regulation. The regime aims to enhance financial stability through the establishment of a framework outlining tools and procedures for setting distressed financial institutions into a resolution procedure, and it includes, inter alia, a requirement for banks to contribute to resolution funds, the purpose of which is to be used to finance the resolution of failing banks without having to resort to taxpayer money.

The applicable resolution regime provides resolution authorities with the power to temporarily, for a period of up to 48 hours, suspend or restrict the exercise of certain contractual rights and obligations of a bank that is deemed to be failing or likely to fail. These so-called "stay powers" implement Articles 33a, 68, 69, 70 and 71 of BRRD (as transposed in Articles 52a, 100, 101, 102 and 103 of the Resolution Act) and if applied to a contract may result in the temporary suspension of the bank's payment or delivery obligations, a restriction of enforcement of security interests, or the suspension or restriction on the exercise of termination rights. Stay powers may be applied also in the context of transfer of assets upon taking a resolution action, as provided for in Article 76 (2) of BRRD (transposed in Article 108 (3) of the Resolution Act). Should a competent resolution authority decide to apply its statutory stay powers in respect of the Bonds, this may impact the making of timely payments on the Bonds, restrict or temporarily suspend the Trustee's right to declare an Event of Default and/or the right of the Security Agent to enforce the Pledge for the benefit of Bondholders and other secured creditors.

The powers granted to competent resolution authorities set forth in the SRM Regulation and the Resolution Act further include a bail-in tool, under which resolution authorities have a right to write down all or a portion of the principal amount of, or interest on, certain unsecured liabilities of a failing financial institution and/or to convert certain debt into equity instruments. Secured debt, including covered bonds, is in general exempted from the scope of the bail-in tool. However, resolution authorities will not be prevented, where appropriate, from implementing the bail-in tool in relation to any part of the amounts payable under the Bonds that exceeds the value of the collateral assets registered in the cover pool which secures the payment of such amounts, which may lead to a reduced return to the Bonds.

Additionally, the resolution framework provides for certain other resolution tools applicable to distressed financial institutions, including the sale of the business tool, the bridge institution tool, and the asset separation tool. The application of such tools to the Issuer may impact the operations of the Issuer or even result in the transfer of the Bonds (but no partial transfer of liabilities under the Bonds will be possible) to a third party, such as a bridge institution or another credit institution, as determined by the competent resolution authority in its sole discretion. Bondholders will have limited ability to influence the application of such measures or the choice of a transferee.

Subject to certain conditions set out in the SRM Regulation and the Resolution Act, the national resolution authority has a right to place a distressed financial institution into liquidation or file such institution for bankruptcy.

Furthermore, the application of early intervention measures and/or resolution actions in respect of the Issuer may result in the Bonds being placed under separate administration by the BNB and the appointment of a special administrator to service the Bonds and the cover pool as a separate estate in accordance with the Covered Bonds Act.

The exercise of a resolution tool or any other power of competent resolution authorities under the SRM Regulation and the Resolution Act, or any suggestion of the exercise of such, could have a material adverse effect on the rights of the holders of the Bonds, the value or the price of their investment in the Bonds, the ability of the Issuer to satisfy its obligations under the Bonds, as well as the operations of the Issuer and the administration of the Bonds.

Modification and waivers

The Trust Deed contains provisions for calling meetings of Bondholders (including in a physical place and/or by any electronic platform (such as conference call or videoconference)) to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

Any resolution passed at any meeting of Bondholders or in writing or by way of electronic consents will be binding on all Bondholders, whether or not they are present at the meeting or voting in favour or, as the case may be, whether or not signing the written resolution or providing electronic consents.

RISKS RELATED TO THE BONDS GENERALLY

Material adverse impact on trading and/or market price

If any of the risks outlined in this risk factor materialise, this may have a material adverse effect on the value of the Bonds and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose (including, without limitation, if such investors are required to dispose of their Bonds as a result of such Bonds not meeting any investment criteria or objectives set by or for such investor, which could lead to increased volatility and/or material decreases in the market price of the

Bonds). Prospective investors must determine for themselves the potential for any of the risks identified in this risk factor to materialise and the impact such risks may have on the value or market price of, or any market in, the Bonds.

The value of the Bonds could be adversely affected by a change in law or administrative practice

The Conditions will be governed by the laws of England (save for the status, coverage and overcollateralisation provisions which are governed by the laws of Bulgaria). No assurance can be given as to the impact of any possible judicial decision or change to the laws of England (or Bulgaria, as the case may be) or administrative practice after the date of this Information Memorandum.

Trading in the clearing systems

The denomination of the Bonds will be €100,000 and integral multiples of €1,000 in excess thereof. Accordingly, it is possible that the Bonds may be traded in the clearing systems in amounts in excess of €100,000 that are not integral multiples of €100,000. Should Certificates be required to be issued, they will be issued in principal amounts of €100,000 and higher integral multiples of €1,000 but will in no circumstances be issued to Bondholders who hold Bonds in the relevant clearing system in amounts that are less than €100,000. Accordingly, any Bondholder who holds an amount which is less than €100,000 in principal amount of the Bonds in his account with the relevant clearing system at the relevant time may not receive a Certificate (should Certificates be printed) in respect of such holding. Such a Bondholder would need to purchase a principal amount of Bonds such that its holding amounts to €100,000 in order to receive a Certificate.

If Certificates are issued, Bondholders should be aware that definitive Bonds which have a denomination that is not an integral multiple of €100,000 may be illiquid and difficult to trade.

Reliance on the procedures of Euroclear and/or Clearstream, Luxembourg for transfers, payments and communication with the Issuer

The Bonds will, upon issue, be represented by a Global Certificate that will be deposited with, and registered in the name of a nominee for, a common safekeeper for Euroclear and Clearstream, Luxembourg. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Certificate. While the Bonds are in global form, investors will be able to trade their beneficial interests only through Euroclear or Clearstream, Luxembourg, as the case may be.

While the Bonds are in global form, the payment obligations of the Issuer under the Bonds will be discharged upon such payments being made by or on behalf of the Issuer to or to the order of the nominee for the common safekeeper. A holder of a beneficial interest in a security must rely on the procedures of Euroclear and/or Clearstream, Luxembourg, as the case may be, to receive payments under the Bonds. The Issuer does not have any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

The tax impact of an investment in the Bonds should be carefully considered

Interest payments on Bonds, or profits realised by an investor upon the sale or repayment of Bonds, may be subject to taxation in its home jurisdiction or in other jurisdictions in which it is required to pay taxes. The tax impact on investors generally is described under the section of this Information Memorandum headed "Taxation" below; however, the tax impact on an individual investor may differ from the situation described for investors generally. Prospective investors, therefore, should contact their own tax advisors for advice on the tax impact of an investment in the Bonds. Furthermore, the applicable tax regime may change to the disadvantage of the investors in the future.

Legality of purchase

Neither the Issuer nor any of its affiliates has or assumes responsibility for the lawfulness of the acquisition of the Bonds by a prospective investor in the Bonds, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Bonds are legal investments for it, (ii) the Bonds can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

A Bondholder's actual yield on the Bonds may be reduced from the stated yield by transaction costs

When Bonds are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the security. These incidental costs may significantly reduce or even exclude the profit potential of the Bonds. For instance, credit institutions as a rule charge their clients for own commissions which are either fixed minimum commissions or *pro-rata* commissions depending on the order value. To the extent that additional - domestic or foreign - parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, Bondholders must take into account that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

In addition to such costs directly related to the purchase of Bonds (direct costs), Bondholders must also take into account any follow-up costs (such as custody fees). Prospective investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Bonds before investing in the Bonds.

RISKS RELATED TO THE MARKET GENERALLY

An active secondary market in respect of the Bonds may never be established or may be illiquid and this could adversely affect the value at which an investor could sell his Bonds

The Bonds represent a new security for which no secondary trading market currently exists and there can be no assurance that one will develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have an adverse effect on the market value of Bonds. Furthermore, the Issuer will retain 100 per cent. of the Bonds on the Issue Date and may not sell the Bonds to third parties. Accordingly, any trading market in respect of the Bonds may be further reduced or fail to establish.

If a market for the Bonds does develop, the trading price of the Bonds may be subject to wide fluctuations in response to many factors, including those referred to in this risk factor, as well as stock market fluctuations and general economic conditions that may adversely affect the market price of the Bonds. Such volatility may be increased in an illiquid market including in circumstances where a significant proportion of the Bonds are held by a limited number of initial investors. Publicly traded bonds from time to time experience significant price and volume fluctuations that may be unrelated to the operating performance of the companies that have issued them, and such volatility may be increased in an illiquid market. If any market in the Bonds does develop, it may become severely restricted, or may disappear, if the financial condition of the Issuer deteriorates such that

there is an actual or perceived increased likelihood of the Issuer being unable to pay interest on the Bonds in full. In addition, the market price of the Bonds may fluctuate significantly in response to a number of factors, some of which are beyond the Issuer's control.

Any or all of such events could result in material fluctuations in the price of Bonds which could lead to investors losing some or all of their investment.

The issue price of the Bonds may not be indicative of prices that will prevail in the trading market, and there can be no assurance that an investor would be able to sell its Bonds at or near the price which it paid for them, or at a price that would provide it with a yield comparable to more conventional investments that have a developed secondary market.

Moreover, although the Issuer can or can procure others to purchase Bonds at any time, it has no obligation to do so. Purchases made by (or on behalf of) the Issuer could affect the liquidity of the secondary market of the Bonds and thus the price and the conditions under which investors can negotiate these Bonds on the secondary market.

In addition, Bondholders should be aware that if there is a general lack of liquidity in the secondary market this may result in investors suffering losses on the Bonds in secondary resales even if there is no decline in the performance of the Bonds or the assets of the Issuer. The Issuer cannot predict whether these circumstances will change.

Although an application has been made for the Bonds to be admitted to trading on the Euro MTF Market, there is no assurance that such application will be accepted or that an active trading market will develop.

No ownership rights

An investment into the Bonds is an investment into debt instruments, which does not confer any legal or beneficial interest in the equity of the Issuer or any of the subsidiaries thereof or any voting rights or rights to receive dividends or other rights which may arise from equity instruments. The Bonds represent a debt obligation of the Issuer, which is covered by the assets in the cover pool, and which grants the Bondholders only such rights as set forth in the Conditions.

An investor may be adversely affected by movements in exchange rates

The Issuer will pay principal and interest on the Bonds in Euros. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Euro would decrease (i) the Investor's Currency-equivalent yield on the Bonds, (ii) the Investor's Currency equivalent value of the principal payable on the Bonds and (iii) the Investor's Currency equivalent market value of the Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Bonds. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The value of the Bonds may be adversely affected by movements in market interest rates and inflation

The development of market prices of the Bonds depends on various factors, such as changes in market interest rate levels, the policies of central banks, overall economic developments, inflation rates or the lack of or excess demand for the relevant type of Bonds. Bondholders will therefore be exposed to the risk of an unfavourable development of market prices of the Bonds which materialises if the Bondholder sells the Bonds prior to the

final maturity date. Investment in the Bonds involves the risk that if market interest rates subsequently increase above the rate paid on the Bonds, this will adversely affect the value of the Bonds.

In addition, inflation risk describes the possibility that the value of assets such as the Bonds or income thereon will decrease as inflation shrinks the purchasing value of a currency. Inflation causes the rate of return to decrease in value. If the inflation rate exceeds the interest paid on any Bonds the yield on such Bonds will become negative

Credit ratings assigned to the Issuer or the Bonds may not reflect all the risks associated with an investment in the Bonds

The Bonds have been assigned a rating of Aa2 by Moody's and may in the future be rated by additional independent credit rating agencies (including on an unsolicited basis), although the Issuer is under no obligation to ensure that the Bonds are rated by any credit rating agency. Credit ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed in these risk factors and other factors that may affect the liquidity or market value of the Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the credit rating agency at any time.

If the Issuer no longer maintains one or more credit ratings, if any other independent credit rating agency decides to assign a rating to the Bonds, or if any credit rating agency withdraws, suspends or downgrades any credit ratings of the Issuer or the Bonds, or if such a withdrawal, suspension or downgrade is anticipated (or any credit rating agency places the credit ratings of the Issuer or the Bonds on "credit watch" status in contemplation of a downgrade, suspension or withdrawal), such event could adversely affect the liquidity and market value of the Bonds.

In addition, EEA and UK regulated investors are generally restricted under the EU CRA Regulation and the UK CRA Regulation, as applicable, from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU or in the UK and registered under the EU CRA Regulation or the UK CRA Regulation, as the case may be. Such general restriction will also apply in the case of credit ratings issued by non-EU and non-UK credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered or UK-registered credit rating agency or the relevant non-EU and non-UK rating agency is certified in accordance with the EU CRA Regulation or UK CRA Regulation (as applicable). If the status of any rating agency rating the Bonds changes, EU and UK regulated investors may no longer be able to use the rating for regulatory purposes and the Bonds may have a different regulatory treatment. This may result in such investors selling the Bonds, which may adversely impact the market price of the Bonds and any secondary market.

DOCUMENTS INCORPORATED BY REFERENCE

This Information Memorandum should be read and construed in conjunction with the consolidated financial statements of the Group (together with the audit report hereon) as at and for the year ended 31 December 2024 (the "**Consolidated Financial Statements**"). Copies of the Consolidated Financial Statements incorporated by reference in this Information Memorandum may be obtained (without charge) from the Issuer's website at <https://www.postbank.bg/en/Za-nas/Financial-Data/Otcheti/Godishni-otcheti> and the website of the Luxembourg Stock Exchange at <https://www.luxse.com/>.

The Consolidated Financial Statements shall be incorporated in, and form part of, this Information Memorandum, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Information Memorandum. For the avoidance of doubt, information contained on any website does not form part of this Information Memorandum, unless that information is incorporated by reference into the Information Memorandum.

Those parts of the Consolidated Financial Statements incorporated by reference in this Information Memorandum which are not specifically incorporated by reference in this Information Memorandum are either not relevant for prospective investors in the Bonds or the relevant information is included elsewhere in this Information Memorandum. Any documents themselves incorporated by reference in the Consolidated Financial Statements incorporated by reference in this Information Memorandum shall not form part of this Information Memorandum.

TERMS AND CONDITIONS OF THE BONDS

The issue of the €500,000,000 Floating Rate Mortgage Bonds due 2032 (the "**Bonds**", which expression shall in these terms and conditions (the "**Conditions**") unless the context otherwise requires, include any further securities issued pursuant to Condition 15 (*Notices*)) and the granting of the Pledge (as defined below) was authorised by a resolution of the Shareholders Meeting of Eurobank Bulgaria AD (the "**Issuer**" and the "**Pledgor**") passed on 20 June 2025. The Bonds are constituted by a Trust Deed (as modified and/or amended and/or supplemented and/or restated from time to time, the "**Trust Deed**") dated 30 July 2025 between the Issuer, the Pledgor and Citibank N.A., London Branch as trustee for the Bondholders (as defined below) and the other Secured Creditors (as defined below) (the "**Trustee**" which expression shall include all Persons (as defined below) for the time being the trustee or trustees under the Trust Deed) and Karoll AD as security agent (the "**Security Agent**" which expression shall include all Persons (as defined below) for the time being the security agent or security agents under the Trust Deed). Security for, among other things, the Bonds is created by the Pledge Agreement (as defined below). These Conditions include summaries of, and are subject to, the detailed provisions of (i) the Trust Deed, which includes the form of the Bonds, and (ii) the Pledge. Copies of the Trust Deed, the Pledge Agreement, the Agency Agreement dated 30 July 2025 relating to the Bonds (as modified and/or amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") between the Issuer, the Trustee, Citibank N.A., London Branch as agent bank (the "**Agent Bank**" which expression includes the Agent Bank for the time being) and principal paying agent (the "**Principal Paying Agent**") and Citibank Europe plc as registrar (the "**Registrar**") and transfer agent (the "**Transfer Agent**"), the Security Agent's Appointment Agreement dated 28 July 2025 relating to the Bonds (as modified and/or amended and/or supplemented and/or restated from time to time, the "**Security Agent's Appointment Agreement**") between the Issuer and the Security Agent, and the Cover Pool Monitor Agreement (as defined below) (i) are available for inspection during usual business hours at the principal office of the Trustee (presently at Citigroup Centre, Canary Wharf, Canada Square, London E14 5LB), (ii) are available for inspection during usual business hours at the specified office of the Principal Paying Agent and (iii) may be provided by email to a Bondholder following their prior written request to the Principal Paying Agent and provision of proof of holding and identity (in a form satisfactory to the Principal Paying Agent). "**Agents**" means the Principal Paying Agent, the Agent Bank, the Registrar, the Transfer Agent and any other paying agents or transfer agents appointed from time to time with respect to the Bonds. The Bondholders and the other Secured Creditors are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Pledge Agreement and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

All capitalised terms that are not defined in these Conditions will have the meanings given to them in the Trust Deed.

1. ***Form, Specified Denomination, Title, Status, Coverage and Overcollateralisation, etc.***

- (a) **Form and specified denomination:** The Bonds are issued in the specified denomination of €100,000 and integral multiples of €1,000 in excess thereof. The Bonds are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(a) (*Transfer*), each Certificate shall represent the entire holding of Bonds by the same Bondholder.
- (b) **Title:** Title to the Bonds shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as otherwise required by law, the holder of any Bond shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate representing it, or the theft or loss of such Certificate, and no Person will be liable for so treating the holder. In these Conditions "**Bondholder**" and "**holder**" means the Person in whose name a Bond is registered.

- (c) **Status:**
 - (i) The Bonds constitute direct, secured, unconditional and unsubordinated obligations of the Issuer.
 - (ii) The Bonds are obligations issued in accordance with the Covered Bonds Act and (save for any obligations to be mandatorily preferred by law) rank at least *pari passu* with all other present or future unsubordinated obligations of the Issuer.
- (d) **Coverage and Overcollateralisation:** The Issuer shall at all times maintain a coverage of the aggregate principal claims on the cover assets to be at least equal to the aggregate principal on the outstanding Bonds (the nominal principle). The Issuer shall maintain at all times a minimum level of 10 per cent. overcollateralisation calculated under the nominal principle, in accordance with Article 27 of the Covered Bonds Act (the "**Minimum Overcollateralisation Level**"). The Minimum Overcollateralisation Level shall be deemed automatically changed upon a subsequent decision of the Bulgarian National Bank ("**BNB**") under Article 27 of the Covered Bonds Act to require a higher level of minimum overcollateralisation under the Bonds (the "**Top up Overcollateralisation**") or to amend or repeal its former decision for Top up Overcollateralisation.

2. **Transfers of Bonds**

- (a) **Transfer:** A holding of Bonds may, subject to Condition 2(e) (*Closed Periods*), be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) representing such Bonds to be transferred, together with the form of transfer endorsed on such Certificate(s) (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Bonds represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Bonds to a Person who is already a holder of Bonds, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Bonds and entries on the Register will be made in accordance with the detailed regulations concerning transfers of Bonds scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Bondholder upon request.
- (b) **Exercise of Options:** In the case of a partial redemption of, a holding of Bonds represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Bonds of the same holding having different terms, separate Certificates shall be issued in respect of those Bonds of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent.
- (c) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Condition 2(a) (*Transfer*) or 2(b) (*Exercise of Options*) shall be available for delivery within three business days of receipt of a duly completed form of transfer and surrender of the existing Certificate(s). Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such

insurance as it may specify. In this Condition 2(c), "**business day**" means a day on which commercial banks and foreign exchange markets are open in London and on which the real time gross settlement system operated by the Eurosystem, or any successor system, is open for the settlement of payments in euro.

- (d) **Transfer or Exercise Free of Charge:** Certificates, on transfer or exercise of an option, shall be issued and registered without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).
- (e) **Closed Periods:** No Bondholder may require the transfer of a Bond to be registered (i) during the period of 15 days ending on (and including) the due date for redemption of that Bond, (ii) during the period of 15 days prior to (and including) any date on which Bonds may be called for redemption by the Issuer at its option pursuant to Condition 5 (*Redemption and Purchase*), (iii) after any such Bond has been called for redemption, or (iv) during the period of seven days ending on (and including) any Record Date.

3. **Security and Cover Pool Assets**

- (a) **Grant of Security:** The Bonds are secured by a first ranking registered pledge (the "**Pledge**") over the Cover Pool Assets, granted by the Pledgor under a cover pool pledge agreement dated 30 July 2025 (such agreement, as amended and/or supplemented and/or restated from time to time, the "**Pledge Agreement**") entered into in relation to the Bonds and the Secured Receivables between the Pledgor and the Security Agent, as security agent. The Pledge is granted in favour of the Security Agent (as defined below), on trust for and on behalf of the Bondholders and the other Secured Creditors (as defined below) (including itself) on the terms of the Pledge Agreement, as Security (as defined below) in relation to the Bonds and the Secured Receivables which shall be registered with the Central Register of Special Pledges with the Registry Agency on or around the date of the Pledge Agreement.
- (b) **Application of Moneys (Post-Enforcement):** All moneys received by the Trustee, the Security Agent or the Special Administrator in respect of the Cover Pool Assets or amounts payable under the Trust Deed or recovered by the Trustee, the Security Agent, any Receiver or the Special Administrator, following the enforcement of the Security, will, despite any appropriation of all or part of them by the Issuer, be transferred to the Security Agent and held by the Security Agent on trust for the Secured Creditors, unless the Security Agent has been replaced by a Special Administrator in which case such moneys will be transferred to the Special Administrator, in each case to apply them as in the following order of priority pursuant to the terms of the Trust Deed (subject to any mandatory order of priority set out by the Covered Bonds Act):
 - (i) *firstly*, (a) *pro rata* and *pari passu* in payment of all costs, charges, expenses, fees and claims properly incurred and all liabilities incurred by or payable to the Trustee, the Security Agent, any Special Administrator, Cover Pool Monitor and/or any Receiver and/or other Appointee appointed or engaged by the Trustee, the Security Agent and/or any Special Administrator (including remuneration and other amounts payable to them) in carrying out its functions under the Transaction Documents (as applicable), including in either case the costs of enforcing and/or realising any Security; and (b) in payment of all costs, charges, expenses, fees and claims properly incurred and all liabilities incurred related to maintenance and administration of the Bonds and Covered Pool Assets in the event that the Bonds were under a Special Administrator's administration;
 - (ii) *secondly*, *pro rata* and *pari passu* in payment of all costs, charges, expenses, fees and claims properly incurred and all liabilities incurred by or payable to the Agents (including remuneration and other amounts payable to them) in carrying out their functions under the Transaction Documents (as applicable);

- (iii) *thirdly*, in payment of any amounts owing in respect of all other Secured Receivables (including all amounts owed to the Bondholders) *pari passu* and rateably; and
 - (iv) *fourthly*, in payment of any balance to the Issuer for itself.
- (c) **Cover Pool Monitor**
- (i) ***Appointment and Function:*** The Issuer has appointed the Cover Pool Monitor on the terms of the cover pool monitor agreement dated 28 July 2025 relating to the Bonds (as modified and/or amended and/or supplemented and/or restated from time to time, the "**Cover Pool Monitor Agreement**") between the Issuer and Deloitte Audit OOD, registered with the Bulgarian Commercial Register and Register of Non-profit Legal Entities of the Registration Agency with UIC (ЕИК) 121145199, having its seat and headquarters address at: 4, Mihail Tenev Str., Mladost District, 1784, Sofia, Bulgaria as cover pool monitor (the "**Cover Pool Monitor**") to monitor the Bonds and the Cover Pool Assets for compliance with the Covered Bonds Act, the Authorisations, and these Conditions, including compliance with the Statutory Tests, and to exercise such functions, powers and authorities conferred by the Covered Bonds Act in that respect.
 - (ii) ***Annual Report:*** The Cover Pool Monitor shall draw up an annual report on its monitoring activities during the reporting period and any material findings, and shall provide that report to the Issuer, to the BNB, the Trustee and the Security Agent within 30 days following the end of each reporting year. The Issuer shall publish (in a separate section on its website designated to the Bonds) a summary of each annual report of the Cover Pool Monitor within 30 days after it has been drawn up.
 - (iii) ***Ad hoc Reporting:*** The Cover Pool Monitor shall immediately report to the BNB, the Trustee and the Security Agent any and all circumstances of which it has become aware that have led, or could lead to:
 - (A) a gross or systematic violation of the statutory instruments governing the Bonds and their administration by the Issuer;
 - (B) a material breach of any additional requirements laid down by the BNB in respect of the Bonds;
 - (C) an Event of Default; or
 - (D) the existence of circumstances giving rise to well-founded concerns about the continuous and sound servicing of the Bonds by the Issuer.

4. ***Interest***

(a) **Floating Interest Rate and Payments**

The Bonds shall bear interest on their outstanding principal amount from (and including) the Issue Date to (but excluding) the Maturity Date, or if the maturity is extended in accordance with Condition 5(a) (*Final Redemption*), the Bond Maturity Date, at a floating rate of interest (the "**Floating Interest Rate**").

The Floating Interest Rate in respect of each Interest Period, and the amount of interest payable on each Interest Payment Date in respect of such Interest Period, will be determined by the Agent Bank on the basis of the following provisions, unless a Benchmark Event has occurred, in which case the Floating Interest Rate shall be determined pursuant to and in accordance with Condition 4(e) (*Benchmark Replacement*):

- (i) ***Interest Payment Dates:*** If any Interest Payment Date would otherwise fall on a day which is not a business day (as defined below), it shall be postponed to the next day which is a

business day (as defined below) unless it would thereby fall into the next calendar month in which event it shall be brought forward to the immediately preceding business day.

- (ii) **Floating Interest Rate:** The Floating Interest Rate from time to time in respect of the Bonds will be determined by the Agent Bank on the following basis:
 - (a) On the second business day before the beginning of each Interest Period (the "**Interest Determination Date**") the Agent Bank will determine the offered rate for:
 - (x) in respect of the period from (and including) the Issue Date to (but excluding) the Maturity Date, 3-month deposits in Euro, and, if applicable, (y) in respect of the period from (and including) the Maturity Date to (but excluding) the Bond Maturity Date, 1-month deposits in Euro as at 11.00 a.m. (Brussels time) on the Interest Determination Date in question. Such offered rate will be that which appears on the display designated as page "Reuters Page EURIBOR01" (or such other page or service as may replace it for the purpose of displaying such information) (the "**Relevant Screen Page**"). The Floating Interest Rate for such Interest Period shall be the aggregate of: (i) in respect of the period from (and including) the Issue Date to (but excluding) the Maturity Date, 0.80 per cent. per annum or (ii) in respect of the period from (and including) the Maturity Date to (but excluding) the Bond Maturity Date, 0.80 per cent. per annum (each referred to as a "**Margin**"), and the rate which so appears, as determined by the Agent Bank.
 - (b) If on any Interest Determination Date the Floating Interest Rate cannot be determined in accordance with the foregoing provisions of paragraph (a) above, the Floating Interest Rate for the next Interest Period shall be: (x) the Floating Interest Rate in effect for the last preceding Interest Period to which the preceding subparagraph of this Condition 4(a)(ii) shall have applied, or (y) if there is no such preceding Interest Period, the initial Floating Interest Rate applicable to the Bonds.
 - (c) In this Condition 4(a), the expression:
 - (I) "**business day**" means a day upon which Euro deposits may be dealt in on the Euro-zone inter-bank market and commercial banks and foreign exchange markets are open in Euro-zone and, if on that day a payment is to be made, in the Euro-zone; and
 - (II) "**Euro-zone**" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.
- (iii) **Determination of Rate and amount of interest:** The Agent Bank will, as soon as practicable after 11.00 a.m. (Brussels time) on each Interest Determination Date, determine the Floating Interest Rate and calculate the amount of interest payable per Calculation Amount for the relevant Interest Period. The determination of the Floating Interest Rate and the amount of interest payable per Calculation Amount by the Agent Bank shall (in the absence of manifest error) be final and binding upon all parties.
- (iv) **Publication of Floating Interest Rate and amount of interest payable per Calculation Amount:** The Agent Bank will cause the Floating Interest Rate, the amount of interest payable per Calculation Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Registrar and each of the Transfer Agents and the Issuer will cause the same to be notified to any stock exchange on which the Bonds are for the time being listed and to be notified to Bondholders as soon as possible after the Agent Bank's determination but in no event later than the fourth business day thereafter.

The amount of interest payable per Calculation Amount and Interest Payment Date so published may subsequently be amended without notice in the event of an extension or shortening of the Interest Period. If the Bonds become due and payable under Condition 5 (*Redemption and Purchase*), the accrued interest per Calculation Amount and the Floating Interest Rate payable in respect of the Bonds shall nevertheless continue to be calculated as previously by the Agent Bank in accordance with this Condition 4 but no publication of the Floating Interest Rate or the amount of interest payable per Calculation Amount so calculated need be made.

- (v) **Calculation of Interest:** Floating Rate Interest in respect of any Bonds shall be calculated per Calculation Amount. The amount of interest payable per Calculation Amount for any period shall be calculated by applying the Floating Interest Rate to the Calculation Amount and multiplying such product by the actual number of days in the Interest Period concerned divided by 360 and rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

(b) **Interest Accrual**

The Bonds will cease to bear interest from (and including) the due date for redemption thereof pursuant to Condition 5(a) (*Final Redemption*) unless, upon surrender of the Certificate representing any Bond, payment of all amounts due in respect of such Bond is not properly and duly made, in which event interest shall continue to accrue on the Bonds, both before and after judgment, and shall be payable, as provided in these Conditions up to (but excluding) the Relevant Date. Interest in respect of any Bond shall be calculated per Calculation Amount and the amount of interest per Calculation Amount shall be equal to the product of the Calculation Amount, the relevant Floating Interest Rate and the day-count fraction as described in Condition 4(a) (*Floating Interest Rate and Payments*) for the relevant period, rounding the resultant figure to the nearest cent (half a cent being rounded upwards). The amount of interest payable in respect of each Bond, is the aggregate of the amounts (calculated as aforesaid) for each Calculation Amount comprising the denomination of the Bond.

(c) **Agent Bank**

Whenever a function expressed in these Conditions to be performed by the Agent Bank falls to be performed, the Issuer will maintain an Agent Bank. The name of the initial Agent Bank and its initial specified office is set out at the end of these Conditions.

The Issuer may from time to time replace the Agent Bank with another leading investment or commercial bank or financial institution in the eurozone. If the Agent Bank is unable or unwilling to continue to act as the Agent Bank, the Issuer shall forthwith appoint another leading investment or commercial bank or financial institution (of international repute) in the eurozone to act as such in its place. The Agent Bank may not resign its duties or be removed without a successor having been appointed as aforesaid.

(d) **Determinations of Agent Bank Binding**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4 by or on behalf of the Agent Bank, shall (in the absence of manifest error) be binding on the Issuer, the Agents, the Registrar, the Agent Bank and the Transfer Agents and all Bondholders and (in the absence of wilful default, fraud or gross negligence) no liability to the Bondholders or the Issuer shall attach to the Agent Bank in connection with the exercise or non-exercise by it of any of its powers, duties and discretions.

(e) **Benchmark Replacement**

(i) ***Independent Adviser***

If a Benchmark Event occurs in relation to an Original Reference Rate when any Floating Interest Rate (or any component part thereof) remains to be determined by reference to such Original Reference Rate the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4(e)(ii)) (*Successor Rate or Alternative Rate*) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 4(e)(iv)) (*Benchmark Amendments*). In making such determination, Independent Adviser appointed pursuant to this Condition 4(e)(i) shall act in good faith and in a commercially reasonable manner as an expert. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Trustee, the Agent Bank, the Agents or the Bondholders for any determination made by it, pursuant to this Condition 4(e)(i).

If (i) the Issuer is unable to appoint an Independent Adviser; or (ii) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 4(e)(i) prior to the date which is 10 business days prior to the relevant Interest Determination Date, the Floating Interest Rate applicable to the next succeeding Interest Period shall be equal to the Floating Interest Rate last determined in relation to the Bonds in respect of the immediately preceding Interest Period. If there has not been a first Interest Payment Date, the Floating Interest Rate shall be determined using the Original Reference Rate last displayed on the Relevant Screen Page prior to the relevant Interest Determination Date. Where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the relevant Margin relating to the relevant Interest Period shall be substituted in place of the relevant Margin relating to that last preceding Interest Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 4(e)(i).

(ii) ***Successor Rate or Alternative Rate***

If the Independent Adviser, determines that:

- (a) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Floating Interest Rate (or the relevant component part thereof) for all future payments of interest on the Bonds (subject to the operation of this Condition 4(e)); or
- (b) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Floating Interest Rate (or the relevant component part thereof) for all future payments of interest on the Bonds (subject to the operation of this Condition 4(e)).

(iii) ***Adjustment Spread***

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may

be). If the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.

(iv) ***Benchmark Amendments***

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 4(e)(iv) and the Independent Adviser, determines (i) that amendments to these Conditions and/or the Trust Deed are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4(e)(v) (*Notices, etc.*), without any requirement for the consent or approval of Bondholders, vary these Conditions and/or the Trust Deed to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee of a certificate signed by two Authorised Signatories of the Issuer pursuant to Condition 4(e)(v) (*Notices, etc.*), the Trustee shall (at the expense of the Issuer), without any requirement for the consent or approval of the Bondholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a deed supplemental to or amending the Trust Deed), provided that the Trustee shall not be obliged so to concur if in the opinion of the Trustee doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee in these Conditions or the Trust Deed (including, for the avoidance of doubt, any supplemental trust deed) or any other Transaction Document in any way.

Notwithstanding any other provision of this Condition 4(e), the Agent Bank or Agents are not obliged to concur with the Issuer or the Independent Adviser in respect of any changes or amendments as contemplated under this Condition 4(e) to which, in the sole opinion of the Agent Bank or the Agents, as the case may be, would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Agent Banks or the Agents (as applicable) in the Agency Agreement and/or these Conditions and/or any other Transaction Document.

In connection with any such variation in accordance with this Condition 4(e)(iv), the Issuer shall comply with the rules of any stock exchange on which the Bonds are for the time being listed or admitted to trading.

(v) ***Notices, etc.***

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 4(e) will be notified at least 10 business days prior to the relevant Interest Determination Date by the Issuer to the Trustee, the Agents and Agent Bank. In accordance with Condition 12 (*Enforcement*), notice shall be provided to the Bondholders promptly thereafter. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Bondholders of the same, the Issuer shall deliver to the Trustee, the Agents and the Agent Bank a certificate signed by two Authorised Signatories of the Issuer:

- (a) confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate, (iii) the applicable Adjustment Spread and (iv) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 4(e); and
- (b) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

Each of the Trustee, the Agents and the Agent Bank shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Trustee's, the Agent Bank's or the Agents' ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Agents, the Agent Bank and the Bondholders.

Notwithstanding any other provision of this Condition 4(e), if following the determination of any Successor Rate, Alternative Rate, Adjustment Spread or Benchmark Amendments (if any), in the Agent Bank's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 4(e), the Agent Bank shall promptly notify the Issuer thereof and the Issuer shall direct the Agent Bank in writing as to which alternative course of action to adopt. If the Agent Bank is not promptly provided with such direction, or is otherwise unable (other than due to its own gross negligence, wilful default or fraud) to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Agent Bank, as applicable, shall be under no obligation to make such calculation or determination and (in the absence of such gross negligence, wilful default or fraud) shall not incur any liability for not doing so.

(vi) ***Survival of Original Reference Rate***

Without prejudice to the obligations of the Issuer under Condition 4(e)(i), (ii), (iii) and (iv), the Original Reference Rate and the fallback provisions provided for in Condition 4(a)(ii)(b) will continue to apply unless and until a Benchmark Event has occurred.

(vii) ***Definitions***

As used in this Condition 4(e):

"Adjustment Spread" means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (a) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);

- (b) the Independent Adviser determines, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if Independent Adviser determines that no such spread is customarily applied)
- (c) the Independent Adviser determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be).

"Alternative Rate" means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 4(e)(ii) (*Successor Rate or Alternative Rate*) is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Bonds.

"Benchmark Amendments" has the meaning given to it in Condition 4(e)(iv) (*Benchmark Replacement*).

"Benchmark Event" means:

- (1) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist; or
- (2) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (3) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or
- (4) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Bonds; or
- (5) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or
- (6) it has become unlawful for any Agent, Agent Bank, the Issuer or other party to calculate any payments due to be made to any Bondholder using the Original Reference Rate;

provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs (2) and (3) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of sub-paragraph (4) above, on the date of the prohibition of use of the Original Reference Rate and (c) in the case of sub-paragraph (5) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and

which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement.

The occurrence of a Benchmark Event shall be determined by the Issuer and promptly notified to the Trustee, the Agents and the Agent Bank. For the avoidance of doubt, neither the Agents nor the Agent Bank shall have any responsibility for making such determination.

"business day" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the Agent Bank.

"Independent Adviser" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 4(e)(i) (*Independent Adviser*).

"Original Reference Rate" means the originally-specified benchmark or screen rate (as applicable) used to determine the Floating Interest Rate (or any component part thereof) on the Bonds.

"Relevant Nominating Body" means, in respect of a benchmark or screen rate (as applicable):

- (a) the European Commission, the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (b) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

"Successor Rate" means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

5. ***Redemption and Purchase***

(a) **Final Redemption**

- (i) Unless previously redeemed or purchased and cancelled, the Bonds will be redeemed at their principal amount, together with accrued and unpaid interest, on 30 July 2032 (the **"Maturity Date"**), subject as provided below. The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 5.
- (ii) If a Maturity Extension Event occurs, then payment of the principal amount of the Bonds, together with accrued and unpaid interest, by the Issuer shall be automatically extended to the Extended Maturity Interest Payment Date falling on or nearest to 30 July 2033 (the **"Extended Final Maturity Date"**) and any such failure by the Issuer to pay (in full) the principal amount of the Bonds, together with accrued and unpaid interest, on the Maturity Date shall not constitute a default in payment.
- (iii) In that event, the Issuer may redeem all or any part of the Bonds at 100 per cent. of their principal outstanding amount on a pro-rata basis together with accrued but unpaid interest

on any Extended Maturity Interest Payment Date up to and including the Extended Final Maturity Date.

- (iv) Any maturity extension in respect of the Bonds shall be irrevocable and shall not give any Bondholder any right to receive any payment of interest, principal or otherwise other than as expressly set out in these Conditions.
- (v) If the Maturity Date is extended to the Extended Final Maturity Date in accordance with this Condition 5(a), the Issuer or the Special Administrator, if appointed, shall promptly give notice of such extension to the Bondholders (in accordance with Condition 15 (*Notices*), the Trustee, the Agents, the Agent Bank, other Secured Creditors and the BNB (however, any failure to give such notice shall not in any event affect the validity or effectiveness of the extension nor give any Bondholder any right to receive any payment of interest, principal or otherwise with respect to the relevant Bonds other than as expressly set out in these Conditions).
- (vi) The Issuer shall give Bondholders (in accordance with Condition 15 (*Notices*), the Trustee, the Agent and the Agent Bank notice of whether or not it intends to redeem all or part only of the Bonds at least five Payment Days prior to the Maturity Date, each Extended Maturity Interest Payment Date and the Extended Maturity Date.

(b) **Redemption Due to Tax Event**

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 15 nor more than 60 days' notice to the Bondholders (which notice shall be irrevocable), at their principal amount, (together with interest accrued to, but excluding, the date fixed for redemption), if (i) the Issuer satisfies the Trustee immediately prior to the giving of such notice that it has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of Bulgaria or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of any such changed or amended laws or regulations, which change or amendment becomes effective on or after 28 July 2025, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; provided that, no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Bonds then due. Prior to the publication of any notice of redemption pursuant to this Condition 5(b), the Issuer shall deliver to the Trustee: (a) a certificate signed by two Authorised Signatories of the Issuer stating that the obligation referred to in (i) above has arisen or will arise and cannot be avoided by the Issuer taking reasonable measures available to it; and (b) an opinion of independent legal or tax advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment and the Trustee shall be entitled to accept, without any liability for so doing, such certificate and legal or tax opinion as sufficient evidence of the satisfactions of the condition precedent set out in (i) and (ii) above, in which event it shall be conclusive and binding on the Bondholders. Upon the expiry of such notice, the Issuer shall redeem the Bonds.

(c) **Purchases**

The Issuer may at any time purchase Bonds in the open market or otherwise at any price. The Bonds so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Condition 11(a) (*Meetings of Bondholders*) Bonds so purchased may be held and resold or cancelled at the discretion of the Issuer.

(d) **Cancellation**

All Certificates representing Bonds purchased by or on behalf of the Issuer may, at the discretion of the Issuer, be surrendered for such purposes to the Registrar and, upon surrender thereof, all such Bonds shall be cancelled forthwith. Any Certificates so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Bonds shall be discharged.

6. **Payments**

(a) **Method of Payment**

- (i) Payments of principal shall be made in euro (subject to surrender of the relevant Certificates at the specified office of any Transfer Agent or of the Registrar if no further payment falls to be made in respect of the Bonds represented by such Certificates) in the manner provided in subparagraph (ii) below.
- (ii) Interest on each Bond shall be paid to the Person shown on the Register at the close of business on the business day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Bond shall be made in euro by transfer to an account in euro maintained by the payee with a bank.
- (iii) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested by the Issuer or a Bondholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of interest so paid.

- (b) **Payments subject to Laws:** All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment. No commissions or expenses shall be charged to the Bondholders in respect of such payments.

- (c) **Payment Initiation:** Where payment is to be made by transfer to an account in euro, payment instructions (for value the due date, or if that is not a business day, for value the first following day which is a business day) will be initiated on the last day on which the Principal Paying Agent is open for business preceding the due date for payment or, in the case of payments of principal where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent or of the Registrar, on a day on which the Principal Paying Agent is open for business and on which the relevant Certificate is surrendered.

- (d) **Appointment of Agents:** The Principal Paying Agent, the Registrar, the Transfer Agent and the Agent Bank initially appointed by the Issuer and their respective specified offices are listed below. Subject to the provisions of the Agency Agreement, the Principal Paying Agent, the Registrar, the Transfer Agent and the Agent Bank act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Bondholder. The Issuer reserves the right at any time, with the prior written approval of the Trustee, to vary or terminate the appointment of the Principal Paying Agent, the Registrar, the Transfer Agent or the Agent Bank and to appoint additional or other paying agents or Transfer Agent; provided that, the Issuer shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar, (iii) a Transfer Agent, (iv) one or more Agent Banks where the Conditions so require, and (v) such other agents as may be required by any other stock exchange on which the Bonds may be listed, in each case, as approved by the Trustee. Notice of any such change or any change of any specified office shall promptly be given to Bondholders.

- (e) **Delay in Payment:** Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Bond if the due date is not a business

day, if the Bondholder is late in surrendering or cannot surrender its Certificate (if required to do so).

- (f) **Non-Business Days:** If any date for payment in respect of any Bond is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 6, "**business day**" means a day on which commercial banks and foreign exchange markets are open in London and on which the real time gross settlement system operated by the Eurosystem, or any successor system, is open for the settlement of payments in euro.

7. ***Taxation***

All payments of principal, interest and any other amounts by or on behalf of the Issuer in respect of the Bonds shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Relevant Jurisdiction or any political subdivision thereof or by any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, in respect of payments of interest (but not principal or any other amount) the Issuer will pay such additional amounts ("**Additional Amounts**") as will result in receipt by the Bondholders of such amounts as would have been received by them in respect of payments of interest had no such withholding or deduction been required, except that no such Additional Amounts shall be payable in respect of any Bond:

- (a) held by or on behalf of a Bondholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of its having some connection with the Relevant Jurisdiction other than a mere holding of such Bond;
- (b) to, or to a third party on behalf of, a Bondholder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the Certificate representing the Bond is presented for payment; or
- (c) in respect of which the Certificate representing it is presented for payment more than 30 days after the Relevant Date except to the extent that the Bondholder thereof would have been entitled to such Additional Amounts on presenting the same for payment on the last day of such period of 30 days.

References in these Conditions to interest shall be deemed to include to any Additional Amounts which may be payable under this Condition 7.

Notwithstanding any other provisions of these Conditions, any amounts to be paid on the Bonds by or on behalf of the Issuer shall be made net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or any intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a "**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any Additional Amounts in respect of FATCA Withholding.

8. **Events of Default**

(a) **Events of Default**

Each of the following events and occurrences shall constitute a default (an "**Event of Default**") in respect of the Bonds unless remedied within the specific grace periods, if any, explicitly set out below in this Condition 8(a) or waived by the Trustee on its own motion or if so directed by an Extraordinary Resolution of the Bondholders' meeting and indemnified and/or prefunded and/or secured to its satisfaction:

- (i) **BNB Declared Event of Default.** A declaration of a default in respect of the Bonds pursuant to Article 58 of the Covered Bonds Act by the BNB where the Bonds have been placed under separate administration shall constitute an Event of Default.
- (ii) **Non-Payment.** The Issuer fails to pay when due any principal of, or interest on, any portion of the Bonds, any other payment obligations under the Bonds issuance documents, or any obligations under derivative contracts which are part of the cover pool, unless:
 - (a) its failure to pay is caused by administrative or technical error and the payment is made within seven Business Days of the due date; or
 - (b) principal is not paid in full on the Maturity Date and the maturity of the Bonds has been extended pursuant to Condition 5(a)(ii) in which case non-payment of principal as of the Extension Final Maturity Date will constitute an Event of Default.
- (iii) the Issuer fails to comply with the Statutory Tests for a period longer than three months.
- (iv) **Authorisations.** Any Authorisation on or after the Issue Date is withdrawn or ceases to remain in full force and effect.
- (v) **Unlawfulness, Repudiation and Invalidity.** If:
 - (a) any Transaction Document related to the issuance of the Bonds including the Pledge for any reason ceases to be valid, legal, enforceable or effective or it becomes unlawful for the Issuer to perform any of its obligations thereunder; or
 - (b) the Issuer (or any other relevant party) repudiates or delivers a notice or commences other formal proceedings to repudiate such a document.

(b) **Consequences of an Event of Default and Enforcement**

- (i) **BNB Declared Event of Default.** On and at any time after the occurrence of an Event of Default under Condition 8(a)(i) (*BNB Declared Event of Default*), the Bonds shall immediately become, due and payable at 100 per cent. of their principal amount together (if applicable) with accrued interest.
- (ii) **General Event of Default.** On and at any time after the occurrence of an Event of Default under Condition 8(a)(ii) (*Non-Payment*) to (v) (*Unlawfulness, Repudiation and Invalidity*), which is continuing, the Special Administrator where the Bonds have been placed under separate administration, or in all other instances, the Trustee may, and either of them shall if so directed by holders of at least one-fifth in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution and in the case of the Trustee indemnified and/or prefunded and/or secured to its satisfaction, declare an Event of Default by notice to the Issuer (with a copy to the Security Agent and the BNB) and the Bonds shall immediately become, due and payable at 100 per cent. of their principal amount together (if applicable) with accrued interest (an "**Acceleration Notice**").

- (iii) **Enforcement of Security.** The Security created by the Pledge Agreement shall become enforceable upon the occurrence of an Event of Default, subject always to the provisions of the Covered Bonds Act.

9. **Prescription**

Claims against the Issuer for payment in respect of the Bonds shall be prescribed and become void unless made within 10 years (in the case of principal and premium) and five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10. **Replacement of Certificates**

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar or any Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Bondholders, in each case on payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in light of prevailing market practice). Mutilated or defaced Certificates must be surrendered before replacements will be issued.

11. **Meetings of Bondholders, Modification, Waiver and Substitution**

(a) **Meetings of Bondholders**

The Trust Deed contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Transaction Documents. Such a meeting may be convened by the Trustee at the written request of the Bondholders holding not less than 10 per cent. in principal amount of the Bonds for the time being outstanding, subject to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction. The quorum for any meeting convened to consider an Extraordinary Resolution will be one or more Person(s) holding or representing a clear majority in principal amount of the Bonds for the time being outstanding, or at any adjourned meeting one or more Person(s) being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, or interest on or to vary the method of calculating the rate of interest on, the Bonds, (iii) to change the currency of payment of the Bonds, (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution or (v) to modify, amend, waive or release the Security, in which case the necessary quorum will be one or more Person(s) holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that a resolution in writing signed, or consent given by way of electronic consents through the relevant clearing system(s), by or on behalf of the holders of not less than 75 per cent. in principal amount of the Bonds outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

(b) **Modification of the Trust Deed**

The Trustee may agree, without the consent of the Bondholders, to (i) any modification of any of these Conditions or any of the provisions of the Transaction Documents which in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of these Conditions or any of the provisions of the Transaction Documents which is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and such modification shall be notified to the Bondholders as soon as practicable.

(c) **Substitution**

The Trust Deed contains provisions permitting the Trustee to agree, subject to such conditions as are contained in the Trust Deed, but without the consent of the Bondholders, to the substitution of the Issuer's successor in business or any Subsidiary of the Issuer or its successor in business in place of the Issuer, or of any previously substituted entity, as principal debtor under the Bonds and the Trust Deed. In the case of such a substitution the Trustee may agree, without the consent of the Bondholders, to a change of law governing the Bonds and/or the Transaction Documents provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Bondholders.

(d) **Entitlement of the Trustee and the Security Agent**

In connection with the exercise of its functions (including but not limited to those referred to in this Condition 11) the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to any interests arising from circumstances particular to individual Bondholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Bondholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political subdivision thereof, and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer or the Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

In connection with the exercise of its functions under these Conditions and the Transaction Documents, the Security Agent shall be entitled to request and rely upon a written direction or instruction from the Trustee or, if there are no Bonds outstanding, all of the other Secured Creditors as to how it should act and the Security Agent shall be entitled to refrain from acting unless and until it has received such written direction or instruction. The Security Agent shall not be liable to any Secured Creditor or any other Person for any action it may take or refrain from taking in accordance with any such instruction or direction and shall be entitled to assume that any such directions or instructions are given in accordance with the provisions of the Trust Deed. The Security Agent shall be entitled to seek clarification with regard to such instructions or directions and may in its discretion elect not to act pending receipt of such clarification to its satisfaction.

Upon being directed or instructed in accordance with the paragraph above, the Security Agent will be bound to take the relevant action(s), steps or proceedings provided that the Security Agent has been indemnified and/or secured and/or prefunded to its satisfaction and, for this purpose, the Security Agent may demand, prior to taking any such action, step or proceeding, that there be

paid to it in advance such sums as it considers (without prejudice to any further demand) shall be sufficient so to indemnify and/or secure and/or prefund it.

12. ***Enforcement***

- (a) Paragraph (c) applies subject always to the Covered Bonds Act and provided that a Special Administrator has not been appointed. If a Special Administrator is appointed in accordance with the Covered Bonds Act, the Security Agent will cease any enforcement action and any enforcement of the Security by the Special Administrator will be done in accordance with the Covered Bonds Act.
- (b) The Trustee may, at its absolute discretion and without further notice, institute such steps, actions or proceedings against the Issuer as it may think fit to enforce the terms of the Bonds and the Transaction Documents and, at any time after the Security has become enforceable the Trustee may, at its absolute discretion and without further notice, institute such steps, actions or proceedings as it may think fit to enforce the Security, including instructing the Security Agent to enforce the Security (an "**Enforcement Instruction**") but it need not take any such steps, actions or proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Bondholders holding at least 25 per cent. in aggregate principal amount of the Bonds outstanding, and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Bondholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.
- (c) Upon receipt of the Enforcement Instruction, the Security Agent shall promptly enforce all or part of the Security in any manner as it thinks fit or as it may be directed in accordance with Condition 11(d) (*Entitlement of the Trustee and the Security Agent*) above, in each case subject to the relevant provisions of the Transaction Documents, provided that the Security Agent shall have no obligation to take any such enforcement action unless and until (1) it shall have been indemnified and/or secured and/or prefunded to its satisfaction; and (2) it shall have been provided with a copy of the Acceleration Notice or other satisfactory evidence for the occurrence of an Event of Default and the acceleration of the Secured Receivables.
- (d) Only the Security Agent or, as applicable, the Special Administrator may enforce the Security in accordance with and subject to the terms of the Transaction Documents and the Covered Bonds Act.

13. ***Indemnification of the Trustee and the Security Agent***

The Trust Deed contains provisions for the indemnification of the Trustee and the Security Agent and for its relief from responsibility, including provisions relieving it from taking proceedings, actions or steps to enforce the provisions of the Bonds or the Transaction Documents. Each of the Trustee and the Security Agent is entitled to enter into business transactions with the Issuer, any of the Secured Creditors and any entity related to the Issuer or the Secured Creditors without accounting for any profit.

Each of the Trustee and the Security Agent may rely without liability to Bondholders on a report, confirmation or certificate or any advice of any lawyers, accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or the Security Agent or in any other manner) by reference to a monetary cap, methodology or otherwise. Each of the Trustee and the Security Agent may accept and shall be entitled to rely on any such report, confirmation or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee, the Security Agent and the Bondholders.

14. ***Further Issues***

The Issuer may from time to time without the consent of the Bondholders create and issue further securities either having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest on them) and secured by the Security so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Bonds) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Bonds. Any further securities forming a single series with the outstanding Bonds will be constituted by the Trust Deed or any deed supplemental to it. Any other securities shall be constituted by a separate trust deed.

15. ***Notices***

Notices required to be given to the holders of Bonds pursuant to these Conditions shall be mailed to them at their respective addresses appearing in the Register and will be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing.

Notices required to be given to the holders of Bonds pursuant to the Conditions shall also be given (so long as the Bonds are listed on the Luxembourg Stock Exchange and the rules of that Stock Exchange so require) either on the website of the Luxembourg Stock Exchange (www.luxse.com) or in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, if in the opinion of the Trustee such publication shall not be practicable, in an English language newspaper of general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made.

16. ***Contracts (Rights of Third Parties) Act 1999***

No Person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

17. ***Governing Law and Jurisdiction***

- (a) **Governing Law:** The Trust Deed and the Bonds and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law, save that the provisions of Conditions 1(c)(ii) and 1(d) (*Coverage and overcollateralisation*) and references to the Covered Bonds Act in Clause 5 of the Trust Deed are governed by, and shall be construed in accordance with, Bulgarian law. The Pledge Agreement is governed by, and shall be construed in accordance with Bulgarian law.
- (b) **Jurisdiction:** The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with the Bonds and accordingly any legal action or proceedings arising out of or in connection with any Bonds (including any legal action or proceedings relating to non-contractual obligations arising out of or in connection with them) ("**Proceedings**") may be brought in such courts. Pursuant to the Trust Deed, each of the Issuer and the Pledgor has irrevocably submitted to the jurisdiction of the courts of England in respect of any such Proceedings. This Condition 17(b) is for the benefit of each of the Trustee, the Security Agent and the Bondholders and shall not limit the right of any of them to take Proceedings against the Issuer or the Pledgor in any competent court of a European Union member state or a state applying the Lugano II Convention nor shall the taking of Proceedings in one or more of such jurisdictions preclude the taking of Proceedings in any other of such jurisdictions (whether concurrently or not).

In this Condition 17(b), "**Lugano II Convention**" means the Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, signed on 30 October 2007, as amended.

- (c) **Agent for Service of Process:** Pursuant to the Trust Deed, the Issuer has irrevocably appointed an agent in England to receive service of process in any Proceedings in England based on any of the Bonds.

18. **Definitions**

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Appointee**" means the Receiver, any attorney, manager, agent, delegate, nominee, custodian or other person appointed or engaged by the Trustee or Security Agent as a direct proxy, under any Transaction Document(s) or other trustee or security agent or co-trustee appointed pursuant to the provisions of the Trust Deed;

"**Additional Amounts**" has the meaning given to it in Condition 7 (*Taxation*);

"**Adjustment Spread**" has the meaning given to it in Condition 4(e)(vii) (*Definitions*);

"**Agents**" has the meaning given to it in the preamble to these Conditions;

"**Alternative Rate**" has the meaning given to it in Condition 4(e)(vii) (*Definitions*);

"**Authorisations**" means any authorisations, consents or approvals by the BNB in respect of the issue of the Bonds, required in connection with the issue of the Bonds and the performance by the Issuer of its obligations under the Bonds;

"**Authorised Signatories**" means any two persons having power to represent the Issuer and registered as such in the Bulgarian Commercial Register and Register of Non-profit Legal Entities with the Registry Agency, always acting jointly;

"**Benchmark Amendments**" has the meaning given to it in Condition 4(e)(vii) (*Definitions*);

"**Benchmark Event**" has the meaning given to it in Condition 4(e)(vii) (*Definitions*);

"**Bond Maturity Date**" means, if a Bond is redeemed after the Maturity Date, the Extended Maturity Interest Payment Date on which the Bonds are redeemed in full;

"**Bondholder**" and "**holder**" have the meaning given in Condition 1(b) (*Title*);

"**BNB**" has the meaning given to it in Condition 1(d) (*Coverage and overcollateralisation*);

"**Business Day**" means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and Sofia, and on which the real time gross settlement system operated by the Eurosystem, or any successor system, is open for the settlement of payments in euro;

"**Calculation Amount**" means €1,000 in principal amount of the Bonds;

"**Certificate**" has the meaning given to it in Condition 1(a) (*Form and specified denomination*);

"**Conditions**" has the meaning given to it in the preamble to these Conditions;

"**Covered Bonds Act**" means the Bulgarian Covered Bonds Act which implements Directive (EU) 2019/2162, as promulgated in State Gazette No. 25/29.03.2022, effective as of 8 July 2022, as amended or replaced from time to time and any references in these Conditions to relevant provisions of the

Covered Bonds Act include references to any applicable provisions of law amending or replacing such provisions from time to time;

"Cover Pool Assets" means the cover assets recorded on the Issuer's cover pool register in respect of the Bonds, in accordance with the Covered Bonds Act;

"Cover Pool Monitor" has the meaning given to it in Condition 3(c) (*Cover Pool Monitor*);

"Cover Pool Monitor Agreement" has the meaning given to it in Condition 3(c) (*Cover Pool Monitor*);

"Enforcement Instruction" has the meaning given in Condition 12 (*Enforcement*);

"Euro", **"EUR"** and **"€"** denote the lawful currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended or supplemented from time to time;

"Events of Default" has the meaning given in Condition 8 (*Events of Default*);

"Extended Final Maturity Date" has the meaning given to it in Condition 5(a)(ii);

"Extended Maturity Interest Period" means the period beginning on (and including) the Maturity Date and ending on (but excluding) the first Extended Maturity Interest Payment Date and each successive period beginning on (and including) an Extended Maturity Interest Payment Date and ending on (but excluding) the next succeeding Extended Maturity Interest Payment Date;

"Extended Maturity Interest Payment Date" means the 30th day in each month, commencing on (and including) the Extended Maturity Interest Payment Date falling on or nearest to 30 August 2032, subject, in each case, to adjustment in accordance with Condition 4(a)(i) (*Interest Payment Dates*);

"Extraordinary Resolution" has the meaning given in the Trust Deed;

"Floating Interest Rate" has the meaning given to it in Condition 4(a) (*Floating Interest Rate and Payments*);

"Independent Adviser" has the meaning given to it in Condition 4(e)(vii) (*Definitions*);

"Interest Determination Date" has the meaning given to it in Condition 4(a)(ii)(a);

"Interest Payment Date" means 30 January, 30 April, 30 July and 30 October each year, starting on (and including) 30 October 2025, subject, in each case, to adjustment in accordance with Condition 4(a)(i) (*Interest Payment Dates*);

"Interest Period" means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

"Issue Date" means 30 July 2025;

"Lugano II Convention" has the meaning given to it in Condition 17(b) (*Jurisdiction*);

"Margin" has the meaning given to it in Condition 4(a)(ii)(a);

"Maturity Date" has the meaning given to it in Condition 5(a) (*Final Redemption*);

"Maturity Extension Event" means the occurrence of any of the following events:

- (a) the Issuer is unable to pay the principal amount outstanding of the Bonds on the Maturity Date;

- (b) the Issuer is unable to fulfil the cover pool liquidity requirement under Article 28 of the Covered Bonds Act at any time during the last 30 days before the Maturity Date; or
- (c) prior to the occurrence of an event sets out in (a) or (b) above, the Special Administrator has
 - (i) determined that extending the maturity of the Bonds is necessary for protecting the interests of the Bondholders, including where the Special Administrator has reasonably concluded that the change of the maturity of the issue is appropriate for achieving greater satisfaction of the Bondholders and other Secured Creditors and (ii) obtained written permission from the BNB for the maturity extension;

"Minimum Overcollateralisation Level" has the meaning given to it in Condition 1(d) (*Coverage and overcollateralisation*);

"Original Reference Rate" has the meaning given to it in Condition 4(e)(vii) (*Definitions*);

"Person" means any individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust, unincorporated organisation, government, or any agency or political subdivision thereof or any other entity;

"Pledge" has the meaning given to it in Condition 3(a) (*Grant of Security*);

"Pledge Agreement" has the meaning given to it in Condition 3(a) (*Grant of Security*);

"Receiver" means a depository within the meaning of Art. 38 the Special Pledges Act;

"Record Date" has the meaning given in Condition 6(a) (*Method of Payment*);

"Register" has the meaning given to it in Condition 1(b) (*Title*);

"Registrar" has the meaning given to it in the preamble to these Conditions;

"Relevant Date" in respect of any Bond means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Bondholders that, upon further surrender of the Certificate representing such Bond being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such surrender;

"Relevant Jurisdiction" means the Republic of Bulgaria or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and/or interest on the Bonds;

"Relevant Nominating Body" has the meaning given to it in Condition 4(e)(vii) (*Definitions*);

"Relevant Screen Page" has the meaning given to it in Condition 4(a)(ii)(a);

"Secured Creditors" means each of (a) the Trustee, (b) the Security Agent, (c) the Agents, (d) the Cover Pool Monitor, (e) the Bondholders, (f) any counterparty to a derivative contract recorded in the Issuer's cover pool register in respect of the Bonds, (g) any person carrying out the maintenance and administration of the Bonds or the cover pool in respect of the Bonds, and (h) the holders of any further bonds issued in accordance with Condition 14 (*Further Issues*);

"Secured Receivables" means all present and future moneys, debts and liabilities due, owing or incurred by the Issuer to the Secured Creditors or any of them under or in connection with the Bonds, any Transaction Document and any further bonds issued in accordance with Condition 14 (*Further Issues*);

(in each case, whether alone or jointly, or jointly and severally, with any other Person, whether actually or contingently and whether as principal, guarantor, surety or otherwise);

"Security" means any Security Interest created, evidenced or conferred by or under the Pledge Agreement;

"Security Interest" means any mortgage, charge, pledge, lien, assignment, hypothecation, encumbrance, security interest or other arrangement having a similar effect under the laws of any applicable jurisdiction other than an encumbrance arising solely by operation of law; and, for the avoidance of doubt, any contractual rights of set-off of accounts or combination of accounts shall not be or be deemed to be a Security Interest;

"Security Agent" has the meaning given to it in the preamble to these Conditions;

"Special Administrator" means a special administrator appointed by BNB in respect of the Issuer in accordance with Article 51 of the Covered Bonds Act;

"Special Pledges Act" means the Bulgarian Special Pledges Act, effective as of 1 April 1997, as amended and/or supplemented from time to time;

"Statutory Tests" means any of the mandatory statutory tests required by applicable Bulgarian law or regulations or by the directions of the BNB relating to the authorisation of the issuance of the Bonds and their subsequent supervision to be fulfilled by the Issuer in respect of the Bonds or the Cover Pool, including the requirements as to overcollateralisation under Article 27(3) of the Covered Bonds Act, the requirements as to eligibility of Cover Pool Assets under Article 26 of the Covered Bonds Act and Ordinance 42/ 21 June 2022 of the BNB, and the maintenance of a liquidity buffer under Article 28 of the Covered Bonds Act.

"Successor Rate" has the meaning given to it in Condition 4(e)(vii) (*Definitions*);

"Top up Overcollateralisation" has the meaning given to it in Condition 1(d) (*Coverage and overcollateralisation*);

"Transfer Agent" has the meaning given to it in the preamble to these Conditions;

"Transaction Documents" means the Trust Deed, the Pledge Agreement, the Agency Agreement, the Security Agent's Appointment Agreement, the Cover Pool Monitor Agreement, and any document supplemental thereto or issued in connection therewith; and

"Trustee" has the meaning given to it in the preamble to these Conditions.

SUMMARY OF PROVISIONS RELATING TO THE BONDS WHILE REPRESENTED BY THE GLOBAL CERTIFICATE

The following is a summary of the provisions to be contained in the Trust Deed and in the Global Certificate which will apply to, and in some cases modify the effect of, the Conditions while the Bonds are represented by the Global Certificate:

Initial Issue of Certificates

The Global Certificate will be registered in the name of a nominee (the "**Registered Bondholder**") for a common safekeeper for Euroclear and Clearstream, Luxembourg (the "**Common Safekeeper**") and may be delivered on or prior to the original issue date of the Bonds. Depositing the Global Certificate with the Common Safekeeper does not necessarily mean that the Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Upon the registration of the Global Certificate in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the Global Certificate to the Common Safekeeper, Euroclear or Clearstream, Luxembourg will credit each subscriber with a principal amount of Bonds equal to the principal amount thereof for which it has subscribed and paid.

Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system (an "**Alternative Clearing System**") as the holder of a Bond represented by a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the holder of the Global Certificate and in relation to all other rights arising under the Global Certificate, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Bond for so long as the Bonds are represented by the Global Certificate and such obligations of the Issuer will be discharged by payment to the holder of the Global Certificate in respect of each amount so paid.

Exchange of the Global Certificate

The following will apply in respect of transfers of Bonds held in Euroclear or Clearstream, Luxembourg or any Alternative Clearing System. These provisions will not prevent the trading of interests in the Bonds within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Bonds may be withdrawn from the relevant clearing system.

Transfers of the holding of Bonds represented by the Global Certificate pursuant to Condition 2(a) (*Transfer*) may only be made in part:

- (i) if the Bonds represented by the Global Certificate are held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) upon or following any failure to pay principal in respect of any Bonds when it is due and payable,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph (i) or (ii) above, the holder of the Bonds represented by the Global Certificate has given the Registrar not less than 30 days' notice

at its specified office of such holder's intention to effect such transfer. Where the holding of Bonds represented by the Global Certificate is only transferable in its entirety, the Certificate issued to the transferee upon transfer of such holding shall be a Global Certificate. Where transfers are permitted in part, Certificates issued to transferees shall not be Global Certificates unless the transferee so requests and certifies to the Registrar that it is, or is acting as a nominee for, Clearstream, Luxembourg, Euroclear and/or an Alternative Clearing System.

Calculation of Interest

For so long as all of the Bonds are represented by the Global Certificate and such Global Certificate is held on behalf of Euroclear and Clearstream, Luxembourg, interest shall be calculated on the basis of the aggregate principal amount of the Bonds represented by the Global Certificate, and not per Calculation Amount as provided in Condition 4 (*Interest*).

Payments

All payments in respect of Bonds represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which (notwithstanding Condition 6 (*Payments*)) shall be on the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January.

Notices

For so long as the Bonds are represented by the Global Certificate and such Global Certificate is held on behalf of Euroclear and Clearstream, Luxembourg, notices may be given to the Bondholders by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to their respective accountholders in substitution for publication as required by the Conditions provided that, for so long as the Bonds are listed on the Luxembourg Stock Exchange or on any other stock exchange, notices will also be given in accordance with any applicable requirements of such stock exchange. Any such notices delivered to the Luxembourg Stock Exchange will also be published on its website (www.luxse.com) for so long as its rules so require. Any notice shall be deemed to have been given on the date of delivery or publication which, in the case of communication through Euroclear and Clearstream, Luxembourg, shall mean the date on which the notice is delivered to Euroclear and Clearstream, Luxembourg.

Prescription

Claims against the Issuer in respect of any amounts payable in respect of the Bonds represented by the Global Certificate will be prescribed after 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 18 (*Definitions*)).

Meetings

For the purposes of any meeting of the Bondholders, the holder of the Bonds represented by the Global Certificate shall be treated as being entitled to one vote in respect of each €1.00 in principal amount of the Bonds.

Trustee's Powers

In considering the interests of Bondholders while the Global Certificate is held on behalf of, or registered in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders

with entitlements to the Global Certificate and may consider and treat such interests as if such accountholders were the holders of the Bonds represented by the Global Certificate.

Electronic Consent and Written Resolution

For so long as the Bonds are in the form of a Global Certificate registered in the name of any nominee for one or more of Euroclear and Clearstream, Luxembourg or another clearing system, then, in respect of any resolution proposed by the Issuer:

- (i) where the terms of the proposed resolution have been notified to the Bondholder through the relevant clearing system(s), the Issuer shall be entitled to rely upon approval of such resolution proposed by the Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in principal amount of the Bonds outstanding ("**Electronic Consent**"). The Issuer shall not be liable or responsible to anyone for such reliance; and
- (ii) where Electronic Consent is not being sought, for the purpose of determining whether a written resolution has been validly passed, the Issuer and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer and/or the Trustee, as the case may be, by (a) accountholders in the clearing system(s) with entitlements to such Global Certificate and/or, (b) where the accountholders hold any such entitlement on behalf of another person, the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer and the Trustee shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, Luxembourg or any other relevant Alternative Clearing System (the "**relevant clearing system**") and, in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Bondholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system ((including Euroclear's EasyWay or Clearstream, Luxembourg's Xact Web Portal) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Bonds is clearly identified together with the amount of such holding. Neither the Issuer nor the Trustee shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

Euroclear and Clearstream, Luxembourg

References in the Global Certificate and this summary to Euroclear and Clearstream, Luxembourg shall be deemed to include references to any other clearing system approved for the purposes of the Bonds by the Registrar.

USE AND ESTIMATED NET AMOUNT OF PROCEEDS

The estimated net proceeds of the issue of the Bonds will be €500,000,000 and the estimated net proceeds will be for the Issuer's general funding purposes.

SUMMARY OF THE BULGARIAN LEGISLATION REGARDING COVERED BONDS

General overview

The authorisation, issuance and administration of covered bonds in Bulgaria is regulated by the Covered Bonds Act. The Covered Bonds Act entered into force on 8 July 2022 and transposes into Bulgarian law the Covered Bond Directive (EU) 2019/2162 (the "**Covered Bond Directive**"). The provisions of the Covered Bonds Act are supplemented by Ordinance 42, which is issued by the BNB under delegation from the Covered Bonds Act.

The Covered Bonds Act lays down a comprehensive covered bonds legal framework and confers the power on BNB as competent authority to authorise the issuance and conduct special public supervision of covered bonds.

The Covered Bonds Act follows the on-balance sheet approach for issuance of covered bonds. The cover pool is formed as a segregated estate within the overall estate of the issuer – a licensed bank, achieved through the entry of the cover assets in a special register (so-called "cover register") and the creation of a pledge over them in favour of all covered bond creditors. This ensures that the cover assets remain segregated from the overall estate of the issuing bank. It further enables the separate administration of the cover pool on a going concern basis, by a BNB approved special administrator, even if the issuing bank is failing or likely to fail or has entered bankruptcy proceedings. The dual recourse rights of covered bond creditors are embedded in the Covered Bonds Act.

Authorisation

To be eligible to issue covered bonds, a Bulgarian licensed bank must obtain prior permission from the BNB. The application should be accompanied by various documents and information evidencing the bank's capacity and preparedness to set up and administer a covered bond programme or an individual issue and their cover pool, such as a detailed business programme, relevant credit rules and policies, risk management rules, etc.

A special unit within the BNB is tasked with reviewing the provided documents and information in a special procedure and shall grant a permission for the issuance of covered bonds up to a maximum amount approved by the BNB, if all necessary documents and information have been provided, the issuance of covered bonds will not have a material adverse effect on the financial strength and business of the issuing bank, and the interests of the investors are preserved.

In order to protect investors, the BNB, in its authorisation decision, may impose additional requirements on the issuing bank, such as requirements on the structure of the cover pool and restrictions on the inclusion of certain assets in the cover pool or a higher level of overcollateralisation.

A separate permission is required for each new programme or individual issue of covered bonds, which is not covered by an existing permission.

Eligible cover pool assets

The cover pool of covered bonds issued by a Bulgarian bank consists of the following elements:

- primary assets, which are the assets that essentially characterise the product and risk profile of the covered bonds;
- substitution (or ancillary) assets, which contribute to the fulfilment of the covered bonds' coverage requirement;
- cover pool derivatives, which may be used to hedge cover pool inherent risks; and
- liquidity buffer assets, which ensure the cover pool's liquidity.

The cover pool may not include any assets in respect of which a default is considered to have occurred within the meaning given by Art. 178 of the CRR.

Primary assets

The Covered Bonds Act determines the scope of primary assets by reference to Art. 129 (1) of CRR. The Act provides for the use of the types of eligible assets under Art. 129 (1)(a), (b) and (d)-(g) of CRR as primary assets, which must cover at least 85 per cent. of the principal amount of the issued and outstanding cover bonds. Most notably, these include among others residential mortgage loans, commercial mortgage loans, and public receivables.

The primary assets included in the cover pool should generally be of one and the same type. The Covered Bonds Act introduces a special label "residential covered bonds" for covered bonds secured by residential mortgage loans as the primary assets.

For the purposes of calculating the coverage requirement, primary assets shall be included with the lesser of the value of the outstanding principal amount thereof and the value set out in Article 129 (1) of CRR, in the case of residential mortgage loans – 80 per cent. of the value of the mortgaged property. This loan-to-value (LTV) ratio should be based on an up-to-date valuation of the tangible asset securing a primary asset (e.g. residential property), which may not be higher than the market value thereof or, respectively, the mortgage lending value where the latter has been used in granting the loans secured with that tangible asset.

In accordance with the Covered Bonds Act, an issuer shall monitor the value of tangible assets securing primary assets at least once a year in accordance with Art. 129 (3) and Art. 208 (3) of CRR, or upon request by the BNB.

Tangible assets shall further be insured against all inherent risks in accordance with the usual practice for such kind of assets for the entire period during which the assets concerned are included in the cover pool. The insurance amounts and the insurance claims submitted under the insurance contracts concerning such tangible assets shall be included in the cover pool.

Substitution assets

The cover pool further consists of substitution assets, which aim to facilitate the administration and appropriate liquidity and risk management of the cover pool. Under the Covered Bonds Act substitution assets may be eligible assets under article 129, (1)(c) CRR, i.e. high-quality exposures to credit institutions (incl. in the form of short-term deposit and derivatives contracts), as well as any of the other types of assets under Art. 129 (1) of CRR that are not the primary assets of a covered bond issue.

Substitution assets may constitute up to 15 per cent. of the principal amount of outstanding covered bonds for the purpose of complying with the coverage requirements and may additionally be used to satisfy applicable overcollateralisation requirements.

Derivatives

Derivative contracts may be included in the cover pool, if the following conditions are met:

- the derivative transactions are entered into on the basis of a dedicated derivatives master agreement separate from the issuing bank's other master agreements;
- the transactions may not be terminated in the event of bankruptcy or resolution of the issuing bank and are not part of a netting set with derivatives entered under any of the issuing bank's other master agreements;
- the derivative transactions solely hedge interest rate and currency risks linked to the cover assets, whereas the legal documentation must provide that, on reduction of the hedged risk, the exposures under

the contracts are adjusted accordingly, and that a position is closed when a hedged risk ceases to exist; and

- the derivative contracts must be enforceable in accordance with their terms.

The counterparties to cover pool derivative transactions must comply with eligibility criteria as well. Eligible counterparties include EU/OECD central banks and certain multilateral development banks, as well as credit institutions which qualify for credit quality step 1 or 2 under CRR. With the BNB's prior approval, an issuer may transact with a credit institution of lesser credit quality or another type of counterparty.

If the above conditions are met, a derivatives contract will be entered in the cover register maintained by the issuing bank ensuring that the claims of the counterparty will enjoy a *pari passu* treatment with the claims of covered bond holders.

Cover pool liquidity

The Covered Bonds Act provides for a liquidity buffer requirement aimed at ensuring the cover pool's liquidity. The cover pool must include at all times a liquidity buffer composed of highly liquid assets available to cover the maximum net liquidity outflow of the covered bonds over the next 180 days.

Assets included in the liquidity buffer may include:

- assets qualifying as level 1, level 2A or level 2B assets pursuant to Commission Delegated Regulation (EU) 2015/61, that are valued in accordance with that delegated regulation, and are not issued by the bank issuing covered bonds, its parent undertaking (other than certain public sector entities), a subsidiary thereof or by a securitisation special purpose entity with which the issuing bank has close links, as well as
- exposures to credit institutions of up to three months residual maturity that qualify for credit quality step 1 or 2, or short-term deposits with an original maturity not exceeding 100 days to credit institutions that qualify for credit quality step 1, 2 or 3 under CRR.

Where the covered bonds' terms and conditions provide for an extendable maturity feature, the liquidity buffer requirement for principal repayment may be based on the final maturity date of the covered bonds, taking into consideration a possible maturity extension.

Cover register

Pursuant to the Covered Bonds Act, an issuing bank is required to maintain a cover register, which contains data necessary to identify all assets included in the cover pool, including data which would allow the identification of obligors under cover assets (e.g. borrowers under mortgage loans).

A separate cover register shall be kept for each covered bond programme of the issuing bank and, respectively, for each covered bond issue that is not part of a programme. The assets recorded in the cover register shall serve for the cover pool for the covered bonds, for which that register is maintained.

The cover register must contain sub-registers for the following assets:

- primary assets, including receivables under insurance contracts relating to tangible assets securing the primary assets
- substitution assets
- cover pool derivative contracts and collateral received in connection with them
- assets included in the liquidity buffer

- cash proceeds received from or in connection with any of the above assets, after the covered bonds have been placed under separate administration.

The maintenance and administration of the cover register, including the rules on recording and removing assets from the cover pool, shall be determined in internal rules adopted by the issuing bank, where the procedure for removing assets from the cover pool needs to be approved by the cover pool monitor or the BNB (where no cover pool monitor is appointed).

Preferential claim of covered bond creditors over the cover pool

Covered bond creditors, such as covered bond holders and counterparties under cover pool derivatives, have a right to receive preferential satisfaction of their claims against the issuing bank from the assets included in the cover pool.

To facilitate this, covered bond liabilities must be collateralised by a first-ranking registered pledge over the pool of assets recorded in the cover register. The pledge must be recorded in Bulgaria's Central Register of Special Pledges ("CRSP").

The pledge shall be established in favour of the security agent appointed for the covered bonds, as pledgee, who will act on behalf of covered bond creditors. The pledge shall be perfected in respect of every cover asset upon the initial registration of the pledge in the CRSP or upon a subsequent inclusion of an asset in the cover register maintained for the covered bonds. No renewal of the recordation of the pledge or subsequent registrations in the CRSP are required to reflect changes in the composition of the cover pool during the life of the covered bonds – such changes should only be recorded in the cover register.

Coverage and overcollateralisation

Under the Covered Bonds Act, all present and future covered bond liabilities must be covered by claims for payment attached to eligible cover assets. These liabilities comprise of obligations for:

- payment of the principal amount of the covered bonds
- payment of interest and other monetary liabilities attached to the covered bonds
- payment attached to derivative contracts included in the cover pool, as well as
- costs related to the maintenance and administration of the covered bonds and the cover pool in the event the covered bonds are placed under separate administration

The issuing bank shall ensure that the aggregate principal amount of all cover pool assets recorded in the cover register is at all times at least equal to the aggregate principal amount of outstanding covered bonds ("**Nominal Principle**") and shall furthermore maintain at all times a minimum level of 5 per cent. of statutory overcollateralisation calculated under the Nominal Principle. The BNB may set initially or subsequently within the ongoing supervisory oversight a higher minimum level of mandatory overcollateralisation. The covered bonds terms and conditions may also provide for a minimum level of voluntary overcollateralisation that is higher than the mandatory minimum requirements.

Overcollateralisation requirements may be fulfilled by any of the types of eligible cover assets, i.e., primary assets, substitution assets, assets included in the liquidity buffer and receivables under eligible derivative contracts.

To ensure that the cover pool meets applicable coverage and overcollateralisation requirements at all times, the Covered Bonds Act provides, among others, for a stress-testing requirement of the cover pool. Stress tests shall be performed in accordance with risk and liquidity management rules adopted by the issuing bank and approved by the BNB. The issuing bank is required to perform stress tests of the cover pool at least once every quarter to

assess whether the value of the cover pool will continue to meet the requirements for coverage and applicable minimum level of overcollateralisation in the event of a sharp deterioration of market conditions. Stress tests shall be further performed, if there is reason to believe that a sharp decline in the market value of the assets securing cover assets has occurred, or there is a significant chance that it will occur in the short term, or that a sharp change in market conditions has occurred, or is expected to occur, in the near future.

Stress tests shall be performed in accordance with an internal model of the issuing bank, based on consistent, documented and verifiable criteria, assumptions and procedures. In particular, the issuing bank is required to take into consideration the expected impact of interest rate risk, currency risk, market risk, as well as the risk of deterioration of the credit quality of cover assets and an adverse change in the payment practices of obligors under cover assets.

Extendable maturity structures

In accordance with an option provided for in applicable law, the Conditions may (and the Conditions do) envisage the possibility of extending the legal final maturity of the principal payment subject to the following minimum requirements:

- the covered bond maturity can be extended or deferred for a particular period of time which may not be longer than the maturity of the primary asset in the cover pool with the longest term to maturity;
- the maturity shall be extended proportionally in respect of all covered bonds of the same issue; and
- the maturity shall be extended automatically upon the occurrence of one of the following triggers:
 - the issuing bank is unable to perform its principal repayment obligation on maturity; or
 - the issuing bank is unable to fulfil the liquidity buffer requirement at any time during the last 30 days before the maturity of the principal repayment obligation.

Where the covered bonds have been placed under separate administration, the appointed special administrator – with prior permission of the BNB – may further extend the covered bonds' maturity before the occurrence of any of the above trigger events, when the special administrator determines that this is necessary to protect the interests of covered bond investors, including if it may be reasonably concluded that the change of the maturity of the issue is appropriate for achieving greater satisfaction of the covered bond creditors.

In the event of a maturity extension, interest will continue to accrue on the unpaid principal in accordance with the covered bonds terms and conditions.

Condition 5(a) (*Final Redemption*) sets out the procedure for and the effects from an extension of the legal final maturity of the Bonds until the Extended Final Maturity Date upon the occurrence of a Maturity Extension Event.

Disclosure of information relating to covered bonds

Issuers are required to disclose to the public on a quarterly basis, no later than 30 days after the end of each calendar quarter, information of their outstanding covered bonds. This disclosure should contain at least the following information:

- the value of the cover pool and the amount of covered bonds as of the end of the quarter concerned;
- the geographical distribution and type of cover assets, the value of the cover assets and the methods used to calculate it;
- details in relation to market risk, including interest rate risk and currency risk, as well as credit and liquidity risks associated with the cover pool;

- the maturity structure of cover assets and the covered bonds, including, if applicable, information on a maturity extension and the extension triggers;
- information on the issuer's compliance with the levels of coverage and overcollateralisation and the covered bonds current coverage and overcollateralisation; and
- the percentage of cover assets where a default is considered to have occurred pursuant to Art. 178 of CRR, as well as information on all cover assets that are more than 90 days past due.

Furthermore, issuers are required to provide the BNB with detailed information on the composition and administration of the cover pool, including on the measures taken to ensure due segregation of the cover assets from the remaining estate of the issuer, on a quarterly basis, no later than 30 days after the end of each calendar quarter, as well as upon request by the BNB. A covered bonds issuer should further inform the BNB of the results of cover pool stress testing within 14 days of conducting a stress test.

Finally, where the issuing bank has appointed a cover pool monitor, the cover pool monitor shall prepare an annual monitoring report, no later than 30 days after the end of each year, and the issuer shall publish a summary thereof, no later than 30 days after its preparation, containing the monitor's findings on the level of compliance of the issuer with the requirements of the Covered Bonds Act and the terms and conditions of the covered bonds, including the issuer's compliance with the obligation to maintain a cover register and segregate cover assets from its remaining estate.

The Issuer shall publish its quarterly disclosures and other relevant information related to the Bonds on the following separate section of its website for a period not less than five years after the obligations under the Bonds have been fully discharged: https://www.postbank.bg/Za-nas/Financial-Data/Covered_bonds.

Public supervision

The issuance and administration of covered bonds by Bulgarian banks is subject to supervision by a special unit within the Banking Division of the BNB. The objective of covered bond public supervision is to protect the rights and interests of the covered bond investors, *inter alia* by ensuring issuer's compliance with the requirements of the applicable law and the sound management of issued covered bonds. Where necessary to perform its functions, the covered bond supervision unit shall cooperate with other units within the BNB, such as those responsible for general banking supervision and for bank resolution.

For the purposes of public supervision, the BNB has wide powers, which include, among others, the following:

- free access, including by way of on-site inspections, through empowered officials to the business premises of the entities subject to supervision, *inter alia* to the accounting and operational records thereof
- to request documents and information as shall be necessary for the performance of public supervision
- to adopt guidelines for issuing banks relating to the issue of covered bonds
- to perform stress tests of covered bond issues and of the cover pool thereof
- to request the carrying out of revaluation of tangible assets securing cover assets

The BNB may apply a variety of administrative and coercive measures, up to and including a withdrawal of the authorisation to issue covered bonds, where it ascertains that an issuing bank, a cover pool monitor, a special administrator, or any member of key personnel or employee thereof, have acted or are acting in breach of the Covered Bonds Act and its implementing acts, as well as where the effective supervision by the BNB is obstructed or the interests of investors are jeopardised. The BNB may further impose pecuniary sanctions on entities and persons responsible for violations of the Covered Bonds Act and its implementing acts.

Cover pool monitor

The Covered Bonds Act offers covered bond issuers the option to appoint a cover pool monitor, who is responsible for monitoring the ongoing compliance of the covered bonds with the requirements of the law. A cover pool monitor may be a bank licensed in an EEA state or an audit firm under the Bulgarian Independent Financial Audit and Assurance of Sustainability Reporting Act, subject to additional requirements ensuring the cover pool monitor's independence and lack of conflicts of interest.

The appointment and replacement of a cover pool monitor is subject to prior coordination with the BNB, which may object to the choice made or the terms of engagement. Where covered bonds have been placed under separate administration, the BNB has the power to decide on the replacement of an existing cover pool monitor.

Once appointed, the cover pool monitor shall be responsible to monitor and ensure the covered bonds issuer and the cover pool compliance with the rules of the Covered Bonds Act and its implementing acts, most notably relating to the rules on asset eligibility, maintenance of cover register, as well as the requirements for coverage, overcollateralisation and liquidity.

The cover pool monitor shall draw up an annual monitoring report on the monitoring activities carried out during the reporting period and of any material findings. In addition, the cover pool monitor is required to immediately inform the BNB and the covered bonds' security agent of all circumstances of which the cover monitor has become aware which have led or can lead to:

- a gross or systematic breach of the statutory instruments applicable to covered bonds and the issuer's activity in administering the covered bonds
- a material breach of any additional requirements laid down by the BNB in respect of the covered bonds
- a default by the issuing bank on a due payment of interest or of principal or on a payment under a cover pool derivative contract, or non-performance of another obligation provided for in the covered bond terms and conditions, which has not been remedied within the applicable term or within a term set by the cover pool monitor or whose performance has become impossible
- the existence of circumstances giving rise to well-founded concerns about the continuous and sound servicing of the covered bonds by the issuing bank

As of the date of this Information Memorandum, the Issuer has appointed Deloitte Audit OOD, registered with the Bulgarian Commercial Register and Register of Non-profit Legal Entities of the Registration Agency with UIC (ЕИК) 121145199, having its seat and headquarters address at: 4, Mihail Tenev Str., Mladost District, 1784, Sofia, Bulgaria as the cover pool monitor of the Bonds (the "**Cover Pool Monitor**").

According to the cover pool monitor agreement to be entered between the Issuer and the Cover Pool Monitor on or around the date of this Information Memorandum, the Cover Pool Monitor shall undertake to act as a cover pool monitor for the Bonds and will perform the procedures under Article 30 of the Covered Bonds Act, in particular:

- confirm the existence of cover assets, including claims for payment attached to derivative contracts referred to in Article 10 of the Covered Bonds Act and included in the cover pool under the Bonds;
- confirm compliance of cover assets with the eligibility requirements laid down in Chapter Two of the Covered Bonds Act, as well as the inclusion of the said assets in the cover register of the Bonds;
- confirm that the Issuer complied with the applicable valuation rules for the assets securing cover assets under the Bonds without verifying whether the assigned value matches the true value of the asset concerned;
- confirm that the Issuer keeps a cover register for the Bonds according to the requirements and procedure established by Section VI of Chapter Two of the Covered Bonds Act;

- confirm the compliance of the Issuer with the coverage requirements, including the requirements for minimum level of overcollateralisation, applicable to the Bonds according to Articles 26 and 27 of the Covered Bonds Act;
- confirm the compliance of the Issuer with the cover pool liquidity requirements according to Article 28 of the Covered Bonds Act;
- confirm the compliance of the Issuer with the requirements for extension of the maturity of the Bonds (if relevant) in accordance with Chapter Five of the Covered Bonds Act;
- confirm the existence of rules and procedures as put in place and the results of stress testing of the cover pool of the Bonds as conducted, as well as control over the measures taken by the Issuer as a result of stress tests performed;
- confirm the conformity to the applicable requirements of Chapter Seven of the Covered Bonds Act of the rules and procedures on risk management and on reporting by the Issuer;
- confirm the compliance with the other requirements for covered bonds, cover assets and the activity of administration thereof by the Issuer, laid down in the Covered Bonds Act, CRR, the statutory instruments for the application thereof and the permission of the BNB for the issuance of the Bonds;
- confirm the compliance of the Issuer with any Conditions of the Bonds with regard to which the Cover Pool Monitor performs procedures; and
- based on the information provided and gathered, prepare reports on an annual basis, which will reflect the actual information made available to the Cover Pool Monitor. The reports will describe the agreed-upon procedures and the findings of the procedures performed by the Cover Pool Monitor.

Separation of the covered pool

As the issuance of covered bonds by a Bulgarian issuer follows an on-balance-sheet model, the cover pool remains on the balance sheet of the issuing bank, albeit recorded separately from the bank's remaining assets, in a going concern scenario.

Upon the occurrence of certain events defined in the Covered Bonds Act, the BNB must or may separate the cover pool from the remaining estate of the issuing bank and place it under separate administration by a special administrator appointed by the BNB.

The cover pool must be placed under separate administration from the remaining assets of the issuing bank by decision of the BNB and upon a withdrawal of the issuing bank's banking license on certain grounds (which notably include the issuer's insolvency), or where the issuing bank has obtained permission for its voluntary liquidation.

Furthermore, the BNB may decide to place the cover pool under separate administration in the following cases, if the BNB deems this necessary to ensure the performance of the issuer's obligations under the covered bonds:

- a decision has been taken determining that the deposits at the issuing bank are unavailable;
- early intervention measures have been applied with regard to the issuing bank or a decision to take a resolution action has been taken in accordance with the applicable bank resolution regime;
- the issuing bank has defaulted on a due payment of interest or of the principal amount of covered bonds or on a payment under cover pool derivative contracts which is continuing more than 30 days;

- there are other circumstances that give rise to well-founded concerns about the continuous and sound administration of the covered bonds by the issuing bank.

In the case of mandatory separation, the BNB shall appoint a special administrator on the day the issuer's license is withdrawn, respectively permission for voluntary liquidation is granted. In all other cases, the BNB shall appoint a special administrator no later than three business days of occurrence of the respective circumstances. The role of special administrator shall be carried out by one or two natural persons who meet the requirements for a bankruptcy trustee under the Bulgarian Bank Bankruptcy Act.

Management of the cover pool after separation

With the separation of the cover pool from the estate of the issuing bank and the appointment of a special administrator, all powers of the management and supervisory bodies of the issuing bank related to the administration of the covered bonds and the cover pool shall be suspended and shall be exercised by the special administrator, unless the BNB decision on its appointment provides for any restrictions. Where the issuing bank's banking authorisation has been withdrawn or its activity has been otherwise restricted, the special administrator, when administering the covered bonds, shall continue to exercise all powers vis-à-vis third parties, as if the issuing bank's authorisation was not withdrawn or, respectively, its business was not restricted.

The special administrator shall continue to administer the cover pool on a going concern basis and service the obligations arising from the covered bonds and the cover assets, including being responsible for the timely performance of the obligations under cover pool derivative contracts. In particular, the special administrator shall have the right to enter into transactions, to dispose of cover assets and to take all other actions covered by the issuing bank's banking license as may be necessary for the proper administration of the covered bonds, including for management of the risks associated with cover assets, and for providing liquid assets for the discharge of the liabilities attached to the covered bonds. The special administrator shall be responsible to the issuing bank and covered bond creditors for any damages the special administrator or persons engaged thereby have culpably caused in the course of, or in connection with, the exercise of their duties.

Upon the appointment of a special administrator, the Security Agent shall cease any enforcement action and the special administrator shall be the only entity entitled to enforce the cover pool pledge and take other administrative actions regarding the pledge.

The Covered Bonds Act provides comprehensive protection to covered bonds and their cover pool in the event that winding-up proceedings or reorganisation measures are commenced in respect of the issuer.

Cover assets will not be affected by the opening or continuation of winding-up proceedings (including solvent liquidation or bankruptcy proceedings) or reorganisation (including early intervention and resolution) measures with regard to the issuing bank and will not fall within the scope of any such proceedings or measures. In case bankruptcy proceedings are opened against the issuing bank, assets recorded in the cover register as at the date of the decision to initiate bankruptcy proceedings as well as the proceeds from any payments on or in connection with such assets effected after the date of the decision to initiate bankruptcy proceedings shall not form part of the bankruptcy estate.

Any obligations for payment attached to the covered bonds shall not be subject to automatic acceleration and shall not be otherwise affected by the opening or continuing of winding-up proceedings or reorganisation measures with regard to the issuing bank, shall not fall within the scope of any such proceedings or measures, and shall continue to originate, to be serviced and enforced in accordance with their terms and conditions. Any actions connected with the issuing of covered bonds, the recording and removing of assets in and from the cover register, the discharging of covered bond liabilities, as well as payments or other actions undertaken by the special administrator aiming to satisfy or otherwise discharge the obligations under the covered bonds, taken before or on the date of commencement of winding-up proceedings or the imposition of a reorganisation

measure, shall not be null and void, unenforceable or voidable and may not be reversed by a competent authority or party in the winding-up proceedings or the reorganisation measure concerning the issuing bank.

After the covered bonds are placed under separate administration any claims under the covered bonds will be satisfied with preference from the proceeds collected from the cover assets.

Transfer of the cover pool post separation

After covered bonds have been placed under separate administration, the appointed special administrator may transfer the rights and obligations attached to the covered bonds (including the cover pool), as a whole, to a third party, which is a bank authorised in an EEA state, or another legal entity from an EEA state which, according to its national law, can carry out covered bond issue and/or administration activities.

The general meeting of bondholders under the covered bonds may further mandate the special administrator to transfer the rights and obligations attached to the covered bonds to a qualifying counterparty selected by the general meeting of bondholders.

In each case, the agreement for the transfer of the covered bonds may not be concluded before the BNB has approved its terms and conditions.

Following the transfer of covered bonds, unless otherwise agreed with covered bond creditors, the issuing bank shall remain jointly liable with the covered bonds acquirer up to the amount of the covered bond liabilities which have not been satisfied from proceeds from cover assets.

With the prior approval of the BNB the special administrator may also enter into other transactions involving all or a material part of the cover assets, e.g. to secure liquid funds for repayment of the covered bonds at maturity.

Enforcement against the cover pool and cover pool insolvency

Statutory events of default

At any time after covered bonds have been placed under separate administration, the BNB may declare default on the covered bonds where:

- the issuing bank is unable to discharge a due monetary liability attached to the covered bonds on maturity, or
- the covered bonds do not fulfil the applicable coverage requirement.

The occurrence of any of these circumstances is treated by the Covered Bonds Act as a statutory event of default, which empowers the BNB to initiate enforcement against the cover pool due to the occurrence of an insolvency-like scenario in respect of the cover pool.

The BNB shall monitor *ex officio* whether a default on the covered bonds has occurred. A decision of the BNB declaring default may also be requested by the special administrator, by one or more covered bond holders or by a counterparty to a cover pool derivatives contract.

No later than the end of the business day following the declaration of default on the covered bonds, the special administrator shall initiate enforcement of the special pledge established over the cover pool in accordance with the Bulgarian Special Pledges Act, which provides, among others, for a simplified out-of-court enforcement procedure. In particular, the special administrator shall be responsible for the liquidation of the cover assets and shall act as depository of the proceeds from enforcement. The special administrator shall provide covered bond creditors and the BNB with a monthly activity report on the enforcement of cover assets and on the collected proceeds.

The special administrator shall distribute the enforcement proceeds among covered bond creditors, whereby enforcement costs and costs related to the servicing and administration of the covered bonds after they have been placed under separate administration shall rank senior to the other covered bond liabilities. The claims of covered bond holders and counterparties to cover pool derivatives contracts shall rank *pari passu*.

Any resultant claims of the covered bond creditors that are not satisfied from the liquidation of the cover pool, shall be directed against the covered bond issuer as a non-subordinated unsecured claim.

Where the issuer has entered bankruptcy proceedings, the (contingent) recourse claim of covered bond creditors shall be entered *ex officio* in the list of lodged claims against the issuer and shall participate in the distribution of the issuer's insolvency estate as a non-subordinated unsecured claim under suspensive condition with ranking as per Art. 94 (1), item 8 of the Bulgarian Bank Bankruptcy Act. This means that covered bond investors will not be required to actively participate in the initial submission of their contingent recourse claim before the bankruptcy trustees of the issuer and may participate in the final distribution of the issuer's insolvency estate, if a recourse claim has materialised by the time of such final distribution.

Contractual events of default

The terms and conditions of a covered bond issue may (and the terms of conditions of the Bonds do) provide for events of default in addition to the statutory events of default described above.

The declaration of default in relation to such additional events of default shall be governed by the terms and conditions of the covered bonds, other relevant transaction documents and applicable contract law. The BNB must be notified of any declaration of default made pursuant to the covered bonds terms and conditions. The registered pledge established over the assets recorded in the cover pool shall be enforced by the security agent, or the special administrator (where appointed) in accordance with the relevant security documentation, by applying *mutatis mutandis* the enforcement rules of the Covered Bonds Act and the Bulgarian Registered Pledges Act, as described above.

The Events of Default under the Bonds, the consequences of an Event of Default and the enforcement of the Security established pursuant to the Pledge Agreement are set out in Condition 8 (*Events of Default*). The conditions and the procedure for enforcement of the Security are further stipulated in the Trust Deed and the Pledge Agreement.

SELECTED FINANCIAL INFORMATION OF THE ISSUER

The following information has been extracted from, and should be read in conjunction with, and is qualified in its entirety by reference to, the Audited Financial Statements and should also be read in conjunction with "Financial review". See also "Presentation of financial and other information" for a discussion of the sources of the numbers contained in this section.

INCOME STATEMENT DATA

The table below shows the Group's income statement data for each of 2024 and 2023.

| | 31 December | |
|--|-----------------------|----------------|
| | 2024 | 2023 |
| | <i>(BGN thousand)</i> | |
| Interest income calculated using the effective interest method | 929,929 | 725,052 |
| Other interest income | 6,166 | 13,751 |
| Interest expense and similar charges | (163,629) | (102,046) |
| Net interest income | 772,466 | 636,757 |
| Fee and commission income | 218,704 | 194,804 |
| Fee and commission expense | (56,746) | (46,196) |
| Net fee and commission income | 161,958 | 148,608 |
| Net trading income | - | 1,642 |
| Gains less (losses) from trading securities | 482 | 869 |
| Gains less (losses) from investment securities | 7,292 | 4,624 |
| Other operating income, net | 9,790 | 4,695 |
| Revenue | 951,988 | 797,195 |
| Dividend income | 683 | 496 |
| Revaluation of property, plant and equipment | (4,003) | (2,913) |
| Reposessed assets impairment | (1,637) | (3,519) |
| Other operating expenses | (341,407) | (326,850) |
| Deposit Insurance Fund expense | (24,935) | (20,753) |
| Impairment charge for credit losses | (97,091) | (100,780) |
| Profit before income tax | 483,598 | 342,876 |
| Income tax expense | (71,346) | (34,790) |
| Profit for the year | 412,252 | 308,086 |

STATEMENT OF COMPREHENSIVE INCOME DATA

The table below shows the Group's statement of comprehensive income data for each of 2024 and 2023.

| | 31 December | |
|---|----------------|----------------|
| | 2024 | 2023 |
| | (BGN thousand) | |
| Profit for the year | 412,252 | 308,086 |
| Items that are or may be reclassified subsequently to profit and loss: | 16,649 | 30,976 |
| Debt securities at FVOCI | | |
| -net changes in Fair Value, net of tax | 16,051 | 33,745 |
| -reclassified to profit or loss, net of tax | 598 | (2,769) |
| Items that will not be reclassified to profit or loss: | 1,292 | 516 |
| Change in FV of property, plant and equipment, net of tax | 1,047 | (600) |
| Remeasurements of retirement benefit obligations, net of tax | 245 | 1,116 |
| Other comprehensive income for the year | 17,941 | 31,492 |
| Total comprehensive income for the year | 430,193 | 339,578 |

STATEMENT OF FINANCIAL POSITION DATA

The table below shows the Group's statement of financial position data as at 31 December in each of 2024 and 2023.

| | 31 December | |
|--|-------------------|-------------------|
| | 2024 | 2023 |
| | (BGN thousand) | |
| Assets | | |
| Cash and balances with the Central Bank | 2,380,546 | 2,365,538 |
| Loans and advances to banks | 1,180,837 | 783,234 |
| Trading assets | 74,656 | 37,272 |
| <i>of which pledged</i> | <i>5,455</i> | <i>5,323</i> |
| Derivative financial instruments | 33,505 | 18,655 |
| Loans and advances to customers | 14,739,644 | 12,540,242 |
| Investment securities | 3,464,426 | 3,028,859 |
| <i>of which pledged</i> | <i>1,061,300</i> | <i>344,982</i> |
| Deferred tax assets | 3,558 | 4,734 |
| Property, plant and equipment, including right of use assets | 321,839 | 309,951 |
| Investment property | 445 | 441 |
| Intangible assets and goodwill | 194,278 | 164,645 |
| Other assets | 163,296 | 135,258 |
| Total assets | 22,557,030 | 19,388,829 |
| Liabilities | | |
| Deposits from banks | 973,063 | 140,905 |

| | | |
|---|-------------------|-------------------|
| Derivative financial instruments | 35,807 | 22,687 |
| Due to customers | 17,240,258 | 15,652,641 |
| Other borrowed funds | 1,305,591 | 1,036,249 |
| Current income tax payable | 25,771 | 6,597 |
| Provisions for other liabilities and charges | 26,972 | 32,418 |
| Retirement benefit obligations | 4,389 | 4,026 |
| Other liabilities | 239,359 | 217,679 |
| Total liabilities | 19,851,210 | 17,113,202 |
| Shareholder's Equity | | |
| Share capital | 560,323 | 560,323 |
| Statutory reserves | 282,521 | 282,521 |
| Retained earnings and other reserves | 1,862,976 | 1,432,783 |
| Total shareholders' equity | 2,705,820 | 2,275,627 |
| Total shareholders' equity and liabilities | 22,557,030 | 19,388,829 |

STATEMENT OF CASH FLOWS SUMMARY

The table below summarises the Group's statement of cash flows for each of 2024 and 2023.

| | 31 December | |
|--|-----------------------|--------------------|
| | 2024 | 2023 |
| | <i>(BGN thousand)</i> | |
| Cash from operating activities before changes in operating assets and liabilities | 590,331 | 499,067 |
| Net cash flows from operating activities | 512,859 | 335,133 |
| Net cash flows (used in) investing activities | (468,548) | (1,070,866) |
| Net cash flows from financing activities | 248,722 | 533,916 |
| Effect of exchange rate changes on cash and cash equivalents | (308) | 592 |
| Net change in cash and cash equivalents | 292,725 | (201,225) |
| Cash and cash equivalents at beginning of year | 2,179,885 | 2,381,110 |
| Cash and cash equivalents at end of year | 2,472,610 | 2,179,885 |

KEY FINANCIAL RATIOS AND APMs

The table below shows key financial ratios for the Group as at, and for the years ended, 31 December in each of 2024 and 2023.

| | 31 December | |
|--|--------------------|--------------------|
| | 2024 | 2023 |
| Total Capital Adequacy Ratio ⁽¹⁾ | 21.1% | 20.9% |
| Net Interest Margin ⁽²⁾ | 3.75% | 3.59% |
| ROA (after tax) ⁽³⁾ | 2% | 1.74% |
| ROE (after tax) ⁽⁴⁾ | 16.5% | 14.6% |
| Earnings per Share ⁽⁵⁾ | 73.57% | 54.98% |
| Total funding ⁽⁶⁾ | BGN 19,519m | BGN 16,830m |
| Fees& Commissions/OPEX ⁽⁷⁾ | 47.4% | 45.5% |
| Provisions/Loans ⁽⁸⁾ | 0.76% | 0.93% |
| Provisions/Operating income ⁽⁹⁾ | 10.2% | 12.6% |
| Cost/Income Ratio ⁽¹⁰⁾ | 35.8% | 40.97% |
| Net Loans/ Deposit Ratio ⁽¹¹⁾ | 85% | 80% |

Notes:

- (1) Calculated in accordance with employing techniques based on the guidelines developed by the Basel Committee and Regulation (EU) 575/2013, Regulation (EU) 876/2019, Regulation (EU) 873/2020, as well as Directive 2013/36 of the European Union and Commission Implementing Regulation (EU) 2021/451.
- (2) Net interest income as a percentage of average total equity and liability for the period. The average total equity and liability is calculated using the opening and closing balances for the period.
- (3) Net profit after tax for the period as a percentage of average total equity and liability for that period. The average total equity and liability for that period are calculated using the opening and closing balances for the period.
- (4) Net profit for the period as a percentage of average shareholder's equity for that period. The average shareholder's equity is calculated using the opening and closing balances for the period.
- (5) Net profit for the period as a percentage of share capital for that period.
- (6) Total funding comprises deposits from banks, due to customers, other borrowed funds.
- (7) Net fees and commission income as a percentage of total operating expenses ("**Total Operating Expenses**").
- (8) Provisions for impairment ("**Provisions For Impairment**") as a percentage of average monthly balance of net Loans and advances to customers.
- (9) Provisions For Impairment as a percentage of total operating income ("**Total Operating Income**").
- (10) Total Operating Expenses as a percentage of Total Operating Income.
- (11) Net Loans and advances to customers as a percentage of due to customers.

DESCRIPTION OF THE ISSUER

INTRODUCTION

Eurobank Bulgaria AD (the "**Issuer**") was incorporated and is domiciled in Bulgaria. The Issuer is a joint stock company (its shares are not traded publicly on any stock exchange) established in accordance with Bulgarian regulations and registered in the Commercial Register and Register of Non-profit Legal Entities of the Registration Agency with UIC (EIK) 000694749 (LEI: 549300IRGNL8Q3O8Y413). The Issuer is a licensed credit institution also providing investment services and activities. The Issuer provides retail, corporate and investment banking services in Bulgaria. Its head office is located in Sofia. The address of its registered office is 260 Okolovrasten pat Str, 1766 Sofia, Bulgaria and its registered telephone number is +359 0700 18 555; *7224.

The activities of the Issuer are governed by the applicable legislation regulating the credit institutions and the investment intermediaries. Its principal regulators are the BNB and the Financial Supervision Commission (the "**FSC**"). Since 1 October 2020, the Issuer is directly supervised by the European Central Bank (the "**ECB**") as part of the close cooperation process between the ECB and the BNB within the Single Supervisory Mechanism.

The Issuer provides banking services to retail and corporate customers in Bulgaria. As of 31 December 2024, the Issuer had 193 network locations, 11 business centres (2023: 229 network locations and 12 business centres) and 3,859 employees (2023: 4,213). Total assets of the Group were BGN 22,557 million (2023: BGN 19,389 million), gross loans to customers were BGN 15,124 million (2023: BGN 12,907 million) and client deposits were BGN 17,240 million (2023: BGN 15,653 million). The Group's revenue in 2024 was BGN 952 million (2023: BGN 797 million) and total shareholders' equity amounted to BGN 2,706 million (BGN 2,276 million).

The Issuer is a 99.99 per cent subsidiary of Eurobank S.A. and the Eurobank Greece Group has a single point of entry resolution strategy. The Issuer is therefore dependent on the ability of its parent entity to raise external capital and eligible liabilities in a cost-efficient manner and downstream the proceeds to the Issuer.

The Issuer is rated by Moody's with A3 long-term deposit ratings and Baa2 long-term issuer ratings, stable outlook.

HISTORY

The Issuer was incorporated on 2 April 1991 in accordance with Bulgarian regulations.

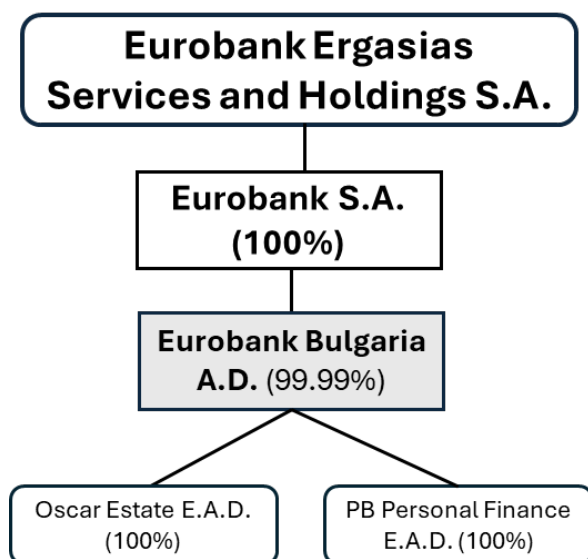
The table below summarises the Issuer's history:

| | |
|------|---|
| 1991 | The Issuer was incorporated. |
| 2007 | Following the legal merger of the Issuer and DZI Bank on 1 November 2007, the legal name of the Issuer was changed to Eurobank EFG Bulgaria, while it continued to use its trade name "Postbank". |
| 2013 | The Issuer's corporate name was amended on 11 January 2013 from Eurobank EFG Bulgaria AD to Eurobank Bulgaria AD. |
| 2016 | On 1 March 2016, the Issuer completed acquisition of the entirety of the operations of Alpha Bank's Bulgarian Branch. |
| 2019 | The Issuer completed the acquisition of Piraeus Bank Bulgaria AD, a subsidiary of Piraeus Bank in November 2019. |

2023

On 1 June 2023, the Issuer completed the acquisition of the business of the Bulgarian branch of BNP Paribas Personal Finance S.A. ("**BNP Paribas PF**").

SHAREHOLDING STRUCTURE



Shareholders

As of 31 December 2024, the Issuer was a 99.99 per cent subsidiary of Eurobank S.A. and the remaining 0.01 per cent. was held by minority shareholders. Eurobank S.A. is a company established in Greece, which is part of the Eurobank Greece Group.

Eurobank Ergasias Services and Holdings S.A. ("**Eurobank Holdings**") is the parent company of Eurobank S.A. The Issuer and its subsidiaries are included in the consolidated management report of Eurobank Holdings which has been prepared in accordance with the requirements of Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting. Eurobank Holdings is the parent undertaking that discloses information at group level for sustainability with registered office address 8 Othonos Street, 10557 Athens, Greece.

Subsidiaries

As of the date of this Information Memorandum, the Issuer has a 100 per cent. shareholding in PB Personal Finance EAD, a pension assurance brokerage services company, and a 100 per cent. shareholding in Oscar Estate EAD, a company which owns an administrative building in Sofia.

STRATEGY

The Issuer's vision is to be the dynamically growing, most preferred and reliable financial institution that makes traditional banking modern and fully accessible.

The long-term strategy of the Issuer is to be among the leading financial institutions on the Bulgarian market, offering universal banking products and services to individual clients and companies. The aim of the Management Board (as defined below) is to position the Issuer among the top three institutions in the target segments as well as to be the main servicing bank for its clients. Maintaining stable liquidity and capital adequacy ratios, as well as managing the quality of the loan portfolio, are an inseparable part of the strategy.

The strategy of the Issuer is formulated with a long-term view in mind, while the specific financial targets for the next three years are incorporated in its strategic development plan (the "**Strategic Development Plan**"). The budget and the Strategic Development Plan, of which it is part, are prepared in close cooperation with the parent bank and in accordance with the Eurobank Greece Group policies and requirements. They are formally presented to and approved by the Management Board and Supervisory Board (as defined below) by the end of the previous calendar year.

The portfolio of the Issuer's own products and services is complemented by the products and services offered by its Capital Markets Division to institutional and corporate clients. The Issuer is continuously developing and launching new products and services. Each of the aforementioned business units is responsible for the product development, analysing the demand by the clients and working in close cooperation with the respective units in the parent bank.

The strategy of the Issuer is to finance itself through deposits from clients. Nevertheless, the Issuer is able to attract additional funding from external sources at a price which reflects the risk profile of the country and the institution. The Issuer is able to attract external funding not only from related parties within the Eurobank Greece Group but also from other sources due to the efforts of the Capital Markets Division – syndicated loans, bond issuances, etc. The Issuer has established relationships with and can obtain additional funds at reasonable price by local and international institutions such as EBRD, EIB, Bulgarian Development Bank and others.

The strategy for 2025, as well as for the next year, does not envisage a change in the business model. The Issuer will continue to follow a strategy based on three pillars - organic growth, digitalisation and innovation and customer service. The strategic priorities of the Issuer for the year 2025 are as follows:

- Increase revenues and improve profitability through stable organic growth, smart pricing of lending production and control over the cost of funds.
- Contain costs through cost reduction initiatives and improve the cost-income ratio.
- Ensure stable growth of deposit volumes at reasonable prices to self-fund business growth.
- Focus on internal capital generation to support expansion of risk-weighted assets.
- Continue with sustainable nonperforming exposures ("**NPEs**") reduction while maintaining prudent coverage ratios.
- Foster a positive, productive and rewarding work environment in order to retain talent and improve employee satisfaction.
- Finalise key strategic projects, such as the adoption of the euro, integration of private finance ("**PF**") systems and replacement of key front-end and core systems.

COMPETITION

Eurobank Bulgaria ranks fourth in Bulgaria in terms of assets, loans and deposits as of the end of 2024. Its main competitors are the other banks from the so-called Group 1 classification by the BNB – the first five banks in terms of assets, namely United Bulgarian Bank, DSK Bank, Unicredit Bulbank and First Investment Bank ("**FIB**"). The first three banks are part of large multinational banking groups – KBC, OTP and Unicredit respectively, while FIB is Bulgarian-owned. The main competitors are also universal banks, offering a similar range of products and services to the same type of clients as the Issuer.

The concentration is considered medium to high with the top 5 commanding a market share in excess of 75 per cent. in most segments. DSK Bank and the Issuer have been traditionally known for their stronger retail focus, while Unicredit Bulbank, United Bulgarian Bank and FIB are considered more corporate oriented.

The table below shows the evolution of the market share and market positioning of the Issuer over the last 3 years.

| | Market position (#) | | | Market share (per cent.) | | |
|--------------|---------------------|------|------|--------------------------|-------|-------|
| | 2022 | 2023 | 2024 | 2022 | 2023 | 2024 |
| Assets | 4 | 4 | 4 | 10.5% | 11.3% | 11.8% |
| Total loans | 4 | 4 | 4 | 12.1% | 13.3% | 13.7% |
| - Companies | 4 | 4 | 4 | 10.4% | 10.3% | 10.7% |
| - Mortgage | 4 | 4 | 4 | 16.6% | 16.6% | 16.5% |
| - Consumer | 3 | 2 | 2 | 12.6% | 19.2% | 19.2% |
| Deposits | 4 | 4 | 4 | 10.8% | 11.4% | 11.6% |
| - Companies | 4 | 4 | 4 | 10.2% | 11.2% | 11.2% |
| - Households | 4 | 4 | 4 | 11.3% | 11.6% | 11.8% |

Source: Bulgarian National Bank (BNB) (<https://www.bnb.bg/>)

BUSINESS

Composition

The Issuer is a universal bank, offering its products and services to individuals and companies. It maintains a policy of balanced lending in each of the main client segments – Corporate Banking, Small Business Banking and households. The main profit contributors are the interest income on the variety of lending products, lending commissions and bank fees related to customer services along with interest income on securities.

The Issuer discloses financial information in relation to its portfolio composition as illustrated by the tables below, which is based on information in the Group's financial statements as at, and for the year ended, 31 December 2024. The inclusion of this information serves to highlight the individual contributions made by the various segments of the Group's operations.

The Group reported total gross loans and advances to customers of BGN 15,124 million (2023: 12,907 million) or 67 per cent. (2023: 66.6 per cent.) of total assets on the balance sheet. The composition of the Group's loan portfolio is as follows:

| | 2024 | 2023 |
|---|-----------------------|-----------|
| Gross Carrying Amount of Loans and advances to customers | | |
| | <i>(BGN thousand)</i> | |
| Consumer lending (including credit cards) | 3,771,631 | 3,245,705 |
| Small Business lending | 1,136,837 | 1,019,686 |
| Mortgages | 4,592,947 | 3,671,461 |
| Corporate lending | 5,622,869 | 4,969,665 |

Customer deposits amounted to BGN 17,240 million (2023: 15,653 million), of which 74 per cent. (2023: 72 per cent.) were deposits of retail customers as presented in the table below:

| Due to customers | 2024 | 2023 |
|------------------|-----------------------|------|
| | <i>(BGN thousand)</i> | |

| | | |
|--|------------|------------|
| Deposits of retail customers (Consumer loans, small business and households) | 12,681,556 | 11,204,896 |
| Deposits of large corporate clients | 3,558,429 | 3,567,444 |
| Deposits of medium corporate clients | 1,000,273 | 880,301 |

The revenue of the Group was BGN 952 million (2023: BGN 797 million), of which 81 per cent. (80 per cent.) was interest income as shown in the table below:

| Income | 2024 | 2023 |
|-------------------------------|-----------------------|-------------|
| | <i>(BGN thousand)</i> | |
| Net interest income | 772,466 | 636,757 |
| Net fee and commission income | 161,958 | 148,608 |
| Other income | 17,564 | 11,830 |

Retail Banking Sector

Branch Network division

As of 31 December 2024, the Issuer's branch network consisted of 193 network locations and 11 business centres across 71 cities, including 64 locations in Sofia and 129 outside the capital, covering over 75 per cent. of the country's population. The Issuer has established dedicated service centres within these locations, distributed as follows: 27 Small Business Banking Centres, 32 Mortgage Lending Centres, and 7 Premium Customer Centres to meet the diverse needs of customers.

Strategic Development Individual Banking division

Household lending

In 2024, Bulgaria's household lending market registered growth of 21.6 per cent. or EUR 4.4 billion compared to the year ended 31 December 2023, per the official statistics of BNB. For comparison, the growth throughout 2023 was EUR 2.8 billion or 16 per cent. compared to 2022. This positive trend of increased credit activity, which continues for another year, is largely due to the country's stable macroeconomic indicators in combination with wage growth, high bank liquidity and affordable bank financing. The Issuer benefitted from these factors and improved its market position, registering a EUR 750 million growth in the portfolio of loans for households for the observed period².

In terms of newly disbursed household lending volumes for 2024 the market disbursed EUR 10.7 billion or 25 per cent. more compared to the year ended 31 December 2023, as per the statistics of BNB. In the face of increased competition and a dynamic market environment, the Issuer managed to maintain its market position and distinguish itself from competitors with attractive product offers. This led to a 32 per cent. growth of newly granted household loans of the Issuer for the whole of 2024 compared to 2023³.

Consumer lending

According to the official statistics of the BNB, the consumer lending market in Bulgaria recorded growth of 17 per cent. or EUR 1.6 billion at the portfolio level as of 31 December 2024 compared to the year ended 31

² Source: Bulgarian National Bank (BNB) (https://www.bnb.bg/bnbweb/groups/public/documents/bnb_download/bs_q_202412_a2_bg.xlsx)

³ Source: Bulgarian National Bank (BNB) (https://www.bnb.bg/bnbweb/groups/public/documents/bnb_download/s_ir_loan_nbf_hh_bg.xlsx)

December 2023. For comparison, the growth of the market for the year ended 31 December 2023 was 12 per cent. or EUR 973 million compared to 2022. The Issuer benefitted from the stable macroeconomic environment and strengthened its market position, achieving a loan portfolio of EUR 1.93 billion in 2024. As a result, the Issuer maintained its ranking as second in the consumer lending market with a 19.2 per cent. market share⁴.

In terms of newly disbursed consumer loan volumes for 2024 the total market disbursed EUR 5.2 billion or 16.5 per cent. more, compared to the year ended 31 December 2023 as per the BNB statistics for 2024. The main focus of the Issuer in 2024 was on accelerated growth in the field of consumer lending with a balanced pricing policy and risk appetite.

In terms of consumer loans interest rates, during the first half of the year a gradual increase was observed, although the pace slowed down in the second half. According to the latest BNB data as of 31 December 2024, the average interest rates was 9.01 per cent., which is 36 basis points higher compared to the previous year.

In the current highly competitive environment characterised by aggressive pricing behaviour by the Issuer's competitors, the Issuer's product and marketing strategy has helped it to achieve its commercial targets and provide the foundation for its business growth during the year.

Mortgage Lending

According to the statistics of BNB for 2024, the mortgage lending market in Bulgaria recorded growth of 25 per cent. or EUR 2.8 billion at a portfolio level, compared to the year ended 31 December 2023. For comparison, the growth of the market for the year ended 31 December 2023 was 20 per cent. or EUR 1.9 billion compared to 2022. The Issuer benefitted from the stable macroeconomic environment and strengthened its market position, achieving a loan portfolio of EUR 2.33 billion as of 31 December 2024. As a result, the Issuer maintained its fourth position in the mortgage lending market with a 16.5 per cent. market share (maintaining the same level as in 2023).

In terms of newly disbursed mortgage loan volumes, over 2024 the total market disbursed EUR 5.3 billion or 33 per cent. more, compared to the year ended 31 December 2023 as per the BNB statistics for 2024. The Issuer sustained its market position and distinguished itself from its competitors with attractive product propositions. This led to growth of newly granted mortgage loans by the Issuer with ~40 per cent. for the year ended 31 December 2024 compared to 2023.

In terms of mortgage loans interest rates, the pressure on interest rates continued throughout the year, resulting in minimal decrease of 7 basis points in the average interest rates for newly granted mortgage loans in BGN and reaching 2.53 per cent. as per the official BNB statistics for 2024.

Card Business

In 2024, the Issuer completed a process of modernisation and upgrade of infrastructure, related to processing of card operations. Cashless transactions continued their upward trend, with the share of card purchases compared to cash withdrawals with debit cards issued by the Issuer increasing from 75 per cent in 2023 to 78 per cent in 2024. The share of customers preferring online card payments have increased by 5 per cent. YoY reaching close to 50 per cent..

In 2024, the Issuer increased its market share for credit cards to 43 per cent. (from total market balances as of 31 December 2024), driven by its successful strategy of offering a wide and diverse range of products, innovative solutions, and attractive campaigns. To enhance customer convenience, the Issuer installed

⁴ Source: Bulgarian National Bank (BNB) (https://www.bnb.bg/bnbweb/groups/public/documents/bnb_download/bs_q_202412_a2_bg.xlsx)

additional 42 instant embossing machines for bank cards in the Issuer's offices, bringing the total number to 102 machines across 29 cities in Bulgaria. The activities and improvements implemented throughout the year led to 20 per cent. increase in turnover with credit cards and debit cards.

Deposits and accounts

The Bulgarian deposit market reported a growth of EUR 4,930 billion as of 31 December 2024. The Issuer achieved a net growth of EUR 673 million, as of 31 December 2024, taking 14 per cent. of the market growth and reaching a portfolio of over EUR 5.57 billion as of 31 December 2024 (31 December 2023: EUR: 4.91 billion). The Issuer improved its position to fourth in the deposit market for individuals and increased its market share to 11.82 per cent. compared to 11.60 per cent. in 2023. These results are driven by the Issuer's strategic focus on offering a diverse portfolio of products tailored to the evolving needs of various target groups of customers.

Bancassurance and cross sales

In 2024, the Issuer continued the positive trend of exceeding annual goals for income from the distribution of insurance products, achieving over 20 per cent. growth in revenue compared to 2023 (BNP Paribas PF results annualised, based on data after 1 June 2023).

The Issuer provides a variety of insurance products designed to meet individual needs. The portfolio includes loan-related insurance (mortgage, consumer loans and credit card), debit card insurance, and standalone policies such as accident, savings, investment, health insurance, etc. With the acquisition of BNP Paribas PF in 2023, the Issuer expanded its insurance portfolio. Customers can benefit from insurance protection when purchasing goods on instalments, supporting them in cases of theft, robbery, total or partial damage of the goods. The insurance products are distributed through multiple sales channels, including branch network, online applications via the corporate website, digital onboarding, and more.

Acting as a pension assurance intermediary, the Issuer provides clients with a fast, secure, and convenient way to choose or change their pension fund. This business line contributed with additional revenue, with close to 30 per cent. growth compared to 2023 (BNP Paribas PF results annualised, based on data after 1 June 2023).

Contact Centre and Digital Assistant

In 2024, the Issuer achieved record growth of nearly 20 per cent. in the number of customers served, reaching approximately 650,000 interactions related to all retail products and services. Simultaneously, the Issuer continued to advance its digital service channels, with inquiries handled by EVA—the Issuer's digital assistant—growing by nearly 5 per cent., reaching close to 292,000. Additionally, the number of live chat sessions responded to exceeded 9,000.

Corporate Banking and Capital Markets Sector

The Issuer emerged as one of the leading banks in terms of corporate loan growth. The total volume of corporate loans exceeded EUR 2.8 billion in 2024 compared to EUR 2.5 billion in 2023, with new loans amounting to EUR 701 million during the year compared to EUR 476 million in 2023. The market share of corporate deposits amounted to 11.2 per cent. in 2024.

Corporate Banking division

The Corporate Banking Division provides loans to companies with sales revenues exceeding BGN 4 million. The division comprises the following four departments: (i) Large Corporate Clients, (ii) Medium Corporate Clients, (iii) Project Financing, (iv) Greek and International Business. The division operates from the Issuer's central headquarters in Sofia and through a network of 10 corporate business centres across the country,

ensuring optimal regional coverage and high-quality service for clients. In the past year, the Corporate Banking Division signed new loan agreements with Bulgarian and international companies from various industries, supporting different investment programs and projects, including working capital financing for their operations. The Corporate Banking Division increased the division's profit before provisions by 16 per cent in 2024 as compared to 2023.

Corporate Transaction Banking division

The Corporate Transaction Banking Division of the Issuer focuses on providing solutions and daily support to non-credit corporate clients.

Capital Markets division

In 2024, the Capital Markets Division team marked another successful year, reinforcing the Issuer's leading position in the Bulgarian financial market. The division achieved its goals of managing the liquidity, effectively handling investments in securities, expanding the range of offered products, increasing the focus on alternative savings products such as structured deposits and mutual funds, and improving the quality of customer service.

Asset and Liability Management Department

In 2024, liquidity management remained the focus of the division. All regulatory and internal ratios were maintained significantly above required levels throughout the year. The Issuer was very active in the interbank money market and government debt markets, taking advantage of the dynamics in market interest rates. In 2024, the Issuer continued to build successful collaborations with local and international financial institutions, effectively utilising existing and attracting new guarantee and financing lines to support lending businesses. The Issuer managed to sign new instruments with the European Investment Bank - Linked risk sharing program, with the EBRD - Green Capped and Green Uncapped risk participation programs, supporting sustainable and green projects for small businesses and corporate clients, and with the IFC - EUR 150 million senior loan facility, supporting climate and women in business financing.

Trading and Investment Banking Department

The Issuer was an active participant in the securities market. By actively reinvesting amid high market interest rates, higher portfolio returns and solid interest income were achieved. The Issuer continues to develop and diversify its securities investments, effectively managing bond portfolio risks. Additionally, the department expanded its trading lines and contacts with leading international banks and brokers.

Treasury Sales Department

In 2024, the Issuer maintained its leading position in offering currency trading operations for both individuals and legal entities, as well as providing a wide range of investment products and services. The department expanded its range of structured deposits, mainly targeting the investment needs of individual clients. The "Investment Brokerage in Securities Transactions" section contributed to the Issuer's stable positioning as one of the active participants in the Bulgarian Stock Exchange ("**BSE**") and one of the leading investment intermediary banks. Clients of this section have access to financial instruments on foreign stock markets in 26 countries across Europe, Australia, Asia, and North America.

Custody Department

In 2024, the Issuer maintained its position as the leading depository bank for local mutual funds and remained the top institution offering a full range of custody services in line with international standards. For 17 years, the Issuer has offered storage and administration services for all types of local and foreign securities and access to over 100 international markets. The Issuer is the sole representative for the local market of the largest European Central Depository, Clearstream Banking Luxembourg.

Mortgage lending process

The mortgage lending process is a structured sequence of steps designed to assess an applicant's creditworthiness and ensure compliance with regulatory standards. It begins with the application phase, where prospective borrowers provide detailed information about their financial situation, including income, employment history, assets and liabilities.

Following the application, the Issuer initiates the pre-approval or pre-qualification process. During this phase, the applicant's financial information is analysed to determine the loan amount they qualify for. A credit check is conducted to assess the borrower's credit history.

Once pre-approved, the borrower identifies a property and proceeds to final approval stage. At this stage a property appraisal is made by an external evaluator, legal assessment of the property is performed and final credit assessment is made by Underwriting Dept. The purpose is to ensure that the loan amount is appropriate for the property's worth and that the borrower meets all necessary criteria. The Issuer also evaluates Loan-to-value ratio ("LTV") and the debt-to-income ("DTI") ratio to confirm that the borrower can manage monthly payments without undue financial strain.

The final steps involve signing of the loan agreement, establishing a mortgage deed and closing the loan. At closing, borrowers review and sign all necessary documentation, and the funds are disbursed.

Credit risk process

Credit risk is the risk related to the inability or unwillingness of a customer or a counterparty to fully meet the commitments made to the Issuer in relation to lending, trading (with financial instruments, currency, etc.), settlement, hedging or other transactions within the agreed time period or schedule. Credit exposures arise principally in lending activities that lead to loans and advances, and investment activities that bring debt securities and other bills into the Issuer's asset portfolio. There is also credit risk in off-balance sheet financial instruments, such as loan commitments, and counterparty risk in over-the-counter derivative transactions. See *"Risk Factors - Material increases in the Issuer's expenses for impairment and provisions for credit exposure may have a material adverse effect on the Issuer's business, financial condition and results of operations"* for further details.

The Issuer uses rating systems and slotting methodology to assess the creditworthiness of its corporate borrowers. The rating systems aggregate quantitative and qualitative information on individual obligors to perform the assessment of their creditworthiness and determine the credit rating for the obligor. The Issuer assesses the credit quality of the wholesale loans on a case-by-case basis using the borrower's credit rating and based on a profound analysis of a set of qualitative and quantitative factors. The classification of retail clients is based on the full delinquency analysis by groups. The grouping is based on the common characteristics of the respective products, the similar risks they bear and the type of collateral that secures them. Exposures to credit risk are managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing the lending limits where appropriate. The exposure to any borrower is restricted by limits covering on- and/or off- balance sheet. Off-balance sheet facilities to customers include foreign exchange and interest rate derivatives, letters of credit, letters of guarantee and other financial instruments.

In compliance with its risk strategy, the Issuer targets to maintain a low level of credit risk concentration by industries and at a customer level. The Issuer makes assessment of the risk exposure, evolving from the loan portfolio by classifying and provisioning loans in compliance with the requirements of the IFRS framework and Impairment Policy applied on a monthly basis. The impairment provisions reflect the probability that management will not be able to enforce its rights and repossess collateral on defaulted loans.

INSURANCE

The Issuer maintains the following insurance policies:

- comprehensive crime and professional indemnity; and
- directors' and officers' liability.

The Issuer's insurance policies are subject to commercially negotiated deductibles, exclusions and limitations. Therefore, insurance may not cover all losses incurred by the Issuer and no assurance is given that the Issuer will not suffer losses beyond the limits of, or outside the cover provided by, its insurance policies.

COMPLIANCE

The Issuer's compliance function plays a vital role in identifying, assessing and providing advice relating to compliance with applicable laws and regulatory requirements.

Prevention of Money Laundering and Terrorism Financing

The Issuer is committed to the prevention of money laundering and the fight against terrorist financing. The AML/CFT policy is in line with the relevant legislation and applicable Eurobank Greece Group policy and incorporates the requirements of the EU AML Directives, the respective anti-money laundering ("AML") regulations and the Financial Action Task Force ("FATF") recommendations. In this respect, the Issuer has developed and implemented a compliance programme, which utilises a risk-based approach to the management of the Issuer's money laundering risk and includes customer due diligence, enhanced due diligence for high-risk clients, monitoring systems and processes, policies and procedures to combat tax evasion, etc.

Fraud and Corruption Prevention

The Issuer has adopted a policy of zero tolerance against bribery. The internal policies and procedures in place aim to establish a robust internal system and controlling environment that minimise corruption risk and to set out a clear approach to action in certain risky situations.

The Issuer's anti-bribery instruction expressly prohibits the direct or indirect participation in any corruption-related activities. The prohibition applies to all employees and persons acting in the name and on behalf of the Issuer. It is the duty of all employees to be vigilant and to report any cases or attempts of such deeds, as well as suspicions of such activity.

INFORMATION TECHNOLOGY AND DISASTER RECOVERY

The Issuer aims to enhance efficiency, improve service excellence, and become a Digital Banking leader through adoption and extensive use of advanced IT systems and tools. The Issuer's operations are supported by two fault-tolerant collocated IT Data Centres that are designed and operating according to international best practices.

Cyber security remains a top priority for the Issuer and it invests in up-to-date, efficient, and cost-efficient security technologies and controls, to address the constantly evolving cyber security threats as well as related regulatory requirements. Cyber security is fully integrated in the Issuer's strategy, structure, and operations, from the development and implementation of new digital services and products (security-by-design) all the way to how IT systems, data and infrastructure are safeguarded.

LITIGATION

As of the date of this Information Memorandum, none of the legal or administrative proceedings to which the Issuer is a party (including any such proceedings which are pending or threatened of which management is aware) are considered likely to have a significant effect on the Issuer's financial position and there are no legal

or administrative proceedings to which the Issuer has been party during the 12 months preceding the date of this Information Memorandum which may have, or have had, a significant effect on the Issuer's financial position or profitability.

MANAGEMENT

The Issuer's management consists of the management board (the "**Management Board**") and the supervisory board (the "**Supervisory Board**"). The address of operations of the Management Board and the Supervisory Board is the Issuer's registered address: 260 Okolovrasten pat Str, 1766 Sofia, Bulgaria.

Management Board

Role and duties

The Issuer is managed by the Management Board in accordance with the law, the Statute of the Issuer, the Terms of Reference of the Management Board and other internal rules. The Management Board is a permanent collective body for management and representation of the Issuer exercising its powers under the control of the Supervisory Board and the General Meeting of Shareholders. The Management Board may consist of three to nine members, elected by the Supervisory Board, for a term of three years. The Management Board assigns, with the approval of the Supervisory Board, the responsibilities for the management and the representation of the Issuer to Executive Directors elected amongst the Management Board of the Issuer (the "**Board**"). The authorisation of the Executive Directors to represent the Issuer can be withdrawn at any time by the Management Board, with the approval of the Supervisory Board.

Members of the Management Board

As at the date of this Information Memorandum, there are seven members in the Management Board as shown in the table below.

| <u>Name</u> | <u>Role and appointment date</u> | <u>Additional appointments</u> |
|------------------------------|--|--|
| Petia Nikolova Dimitrova | Chief Executive Officer, Chairperson and Member of the Management Board (<i>appointed: 5 May 2011</i>) | Association of Banks in Bulgaria – Chair of the Management Board Foundation Atanas Burov – Member of the Management Board Borika AD – Member of the Board of Directors Association of the Canadian Commercial Chamber in Bulgaria – Member of the Management Board Confederation of the Employers and Industrialists in Bulgaria - Associate member of the Management Board Association Endeavor Bulgaria – Member of the Management Board PB Personal Finance EAD – Chairperson of the Board of Directors PB Personal Finance EAD – Member of the Board of Directors |
| Dimitar Borisov Shoumarov | Deputy Chief Executive Officer, Chief Financial Officer and Member of the Management Board (<i>appointed: 9 August 2012</i>) | |

| | | |
|--------------------------------|--|--|
| Asen Vasilev Yagodin | Deputy Chief Executive Officer, Member of the Management Board and Wholesale Banking Head <i>(appointed: 23 December 2014)</i> | Bulgarian Stock Exchange AD – Chair of the Board of Directors Bulstrad Life Vienna Insurance Group EAD – Independent Member of the Supervisory Board Daik Imoti OOD – Partner Green Finance and Energy Centre (GFEC) - Member of the Management Board Oscar Estate EAD – Chair of the Board of Directors |
| Angel Antonov Mateev | Executive Director Retail Banking and Member of the Management Board <i>(appointed: 19 April 2024)</i> | None |
| Panagiotis Mavridis | Chief Operating Officer and Member of the Management Board <i>(appointed: 30 June 2020)</i> | Oscar Estate EAD – Member of the Board of Directors |
| Rumen Dimitrov Radushev | Chief Digital Transformation Officer and Member of the Management Board <i>(appointed: 4 February 2025)</i> | PB Personal Finance EAD – Executive Director and Member of the Board of Directors |
| Iliya Zapryanov Karanikolov | Chief Risk Officer and Member of the Management Board <i>(appointed: 14 July 2025)</i> | Sole owner of the capital of IntelArt Ltd. |

Ms. Petia Dimitrova

Ms. Petia Dimitrova is Chief Executive Officer ("CEO") and Chairperson of the Management Board of the Issuer. She joined the Issuer in 2003 as Country CFO for the eight affiliated companies of Eurobank EFG Group in Bulgaria. In 2005 Ms. Dimitrova was appointed as Procurator of the Issuer. In 2007 she was appointed as Executive Director and Member of the Management Board of DZI Bank. After the legal merger of DZI Bank and the Issuer she became Executive Director and Member of Management Board of Eurobank EFG Bulgaria. In 2019 she was appointed as Executive Director and member of the Board of Directors of Piraeus Bank Bulgaria AD during the process of legal merger in Eurobank Bulgaria AD. For the period 1998 – 2003 Ms. Dimitrova worked for PricewaterhouseCoopers as Senior Manager and Senior Auditor. She started her career in 1996 in the US Embassy as Assistant to the US Consul.

She is a chartered accountant and qualified ACCA member of the Association of Chartered Certified Accountants (ACCA) in London, UK. Ms. Dimitrova has an Executive MBA in General Management from the University of Sheffield, UK and holds two Master's Degrees in Finance and Banking and Tourism from the University of National and World Economy and Sofia University St. Kliment Ohridski. In addition, she is a graduate of ALBA Leadership Development Program, Harvard; holds a Certificate of Merit from Georgetown University Leadership Seminar, Washington D.C. and graduated Management and Social Development of NGOs at the Aristotle University of Thessaloniki and University of Macedonia, Greece. Ms. Dimitrova has acquired her professional qualifications in UK, Greece, Holland, Belgium, the USA and Bulgaria and has participated in various prestigious international trainings, seminars, and conferences.

Ms. Dimitrova is a Chair of the Board of Directors of PB Personal Finance EAD, Member of the Management Boards of Endeavor Bulgaria; Member of the Management Board of Foundation Atanas Burov; Associate member of the Management Board of Confederation of the Employers and Industrialists in Bulgaria, Cofounder of the Public Council of Women in Business; and Fellow Member of the Chartered Management Institute, UK. Ms Dimitrova is also a Chair of the Management Board of the Association of Banks in Bulgaria.

Mr. Dimitar Shoumarov

Mr. Dimitar Shoumarov joined the Issuer in July 2012 as Executive Director, Member of the Management Board and Chief Financial Officer. Prior to his appointment at the Issuer, he worked at the United Bulgarian Bank ("UBB") for 16 years, where he was promoted from Head of the Financial Control Directorate to Chief Financial Officer. As CFO of UBB for the last 4 years Mr. Shoumarov has been in charge of the UBB's overall financial management, as well as the management and coordination of business planning and budgeting process. In 2019 he was appointed as Executive Director and member of the Board of Directors of Piraeus Bank Bulgaria AD during the process of legal merger in Eurobank Bulgaria AD. Mr. Shoumarov currently is a Member of the Board of Directors of PB Personal Finance EAD.

His banking and financial experience is complemented by his knowledge obtained through the various positions he held before his long-lasting career at UBB. In the period 1992-1996 he has consecutively been a member of the Board of Directors of Commercial Bank Biochim, Chairman of the Supervisory Board of Sofiabank, Economic Analysis and Forecasting Director at the Issuer Consolidation Company, etc.

Before entering the banking sector, Mr. Shoumarov worked at the Budget Policy Department in the Ministry of Finance, where he participated in the development of the conceptual macroeconomic framework for the consolidated state budget. He also specialised in the Macroeconomic Projects and Development Department of the State Planning Committee in the Ministry of Economy and Planning. He spent six years there, participating in the development of numerous projects including input-output balance, planned balance of the capital investments, planning the structure and the dynamics of the aggregate social product and national revenue, and many more.

Mr. Dimitar Shoumarov graduated from the University of National and World Economy with a Master's degree in Socio-economic Planning, and was also an associate assistant at the Marketing and Strategic Planning Department.

Mr. Asen Yagodin

Mr. Asen Yagodin is a Member of the Management Board and Deputy CEO in charge of Corporate Banking and Capital Markets. He started his professional career in 1993 as a Teller in one of the branches of Bulgarian Postbank (former name of the Issuer) in Sofia. The same year he was reappointed Junior Dealer in the newly formed Division Money and Capital Markets and promoted to Head of the Division in only two years. In 2001 Mr. Yagodin joined the Board of Directors and from 2004 to 2011 he was Executive Director of the Issuer. Mr. Yagodin also held positions in the Board of the Association of Banks in Bulgaria, in the period 2010-2013 he was its Deputy Chairman. In 2009 he was elected as a Board member of the Bulgarian Stock Exchange - Sofia AD and has been appointed as its Chairperson since January 2010. In the period 2011 - 2013, Mr. Yagodin was Chairperson of the Management Board and CEO of Bulgarian Development Bank. In 2019 he was appointed as member of the Board of Directors of Piraeus Bank Bulgaria AD during the process of legal merger in Eurobank Bulgaria AD. Mr. Yagodin currently is Chair of the Board of Directors of Oscar Estate EAD.

Mr. Yagodin holds Master's degrees in Finance from the University of National and World Economy, Sofia (1992) and in Business Administration from the American University in Bulgaria (2005). He has several additional qualifications in Salmon Smith Barney London, in the Austrian Institute for Financial Derivatives, in the Ministry of Finance in Luxembourg, etc.

Mr. Angel Mateev

Angel Mateev is an Executive Director in charge of Retail Banking. He started his professional career in 1999 as a loan officer small and medium-sized enterprises in Evrobank (*Евробанк*), subsequently progressing his career path being promoted as a branch manager (2002 - 2003) and regional manager for Sofia (2003 – 2004) in ProCredit Bank. Mr. Mateev joined Postbank in 2004, occupying the position of Manager Small Business Development (2004 - 2005) and was promoted to Head of Small Business Division (2005 - 2015). His successful managerial role continued with next level promotions to Deputy Head of Retail Banking Sector (2015 - 2019) and General Manager Retail Banking (2019 - 2024). From April 2024 Mr. Mateev occupies the position of Executive Director Retail Banking and Member of the Management Board of the Issuer.

Angel Mateev is a senior executive with more than 25 years of experience in the banking industry. His career development and managerial roles are entirely related to the retail banking sector, focussing on strategic development, innovations and market share growth. He has an in-depth knowledge and expertise in mergers and acquisitions and post-merger management. Mr. Mateev played a key role in the acquisition and integration with the Issuer of three banks (Alfa Bank - Bulgaria Branch, Piraeus Bank Bulgaria and BNP Paribas Personal Finance Bulgaria), ensuring a smooth transition and business take over.

Mr. Mateev holds a Bachelor's degree in Business Administration (1996 - 2001) and a Master's degree in Macroeconomics (2011 - 2012) from Sofia University St. Kliment Ohridski. He has successfully completed INSEAD institute's Program *Leading Digital Transformation and Innovation* (2023) in San Francisco, USA.

Mr. Panagiotis Mavridis

Mr. Mavridis is a member of the Management Board of the Issuer and the Chief Operating Officer (COO) of the Issuer. He joined the team of the Issuer in June 2019. He is a member of the Issuer's Executive committee, actively participating in strategic and operational decisions made at the very top management level with main mandate to best contribute to the strategic goals and financial results of the Issuer. His responsibilities include managing and overseeing Bank's Central Operations, Loan Administration and Cyber and transactional security functions. He is currently a Member of the Board of Directors of Oscar Estate EAD.

Mr. Panagiotis Mavridis graduated from the University of Piraeus in Greece with a Master's degree in Financial Analysis, and University of Patras in Greece with a BCs in mathematics while he is a certified derivatives trader by ATHEX.

Mr. Rumen Radushev

Rumen Radushev is Chief Digital Transformation Officer of the Issuer, recently appointed as member of the Management Board. He is Executive Director of PB Personal Finance EAD.

He started his career in 2001 as Relationship Manager Individuals in Societe Generale Expressbank, subsequently moved to Raiffeisenbank Bulgaria, Allianz Bank Bulgaria and Economic and Investment Bank Bulgaria, reaching the position of Head of Sales Department, Retail Banking Division at Raiffeisenbank Bulgaria.

Mr. Radushev joined Eurobank Bulgaria in 2012 as Head of Mortgage Business Division (2012/2014) and was promoted to Head of Individual Banking and Alternative Channels Division (2014/2019) and subsequently as Deputy Head of Retail Banking Sector (2019/2022) and Manager Retail Banking Sector (2022/2024). From July 2024 Mr. Radushev is occupying the position General Manager Retail Banking Sector and Chief Digital Transformation Officer and from February 2025 is a Member of the Management Board of the Issuer.

Mr. Radushev holds a Bachelor's degree in Finance and Financial Management Services (1995/1999) and a Master's degree in Finance (1999/2000) from University of National and World Economy, as well as Master of

Business Administration from Westminster Business School (2011/2012). He has successfully completed INSEAD institute's Programs - *Strategic Management in Banking Programme* (2022) and *Leading Digital Transformation and Innovation Programme* (2023).

Mr. Iliya Karanikolov

Mr. Iliya Karanikolov is Chief Risk Officer, recently appointed as member of the Management Board.

Mr. Iliya Karanikolov is an experienced finance and economic policy professional with a strong background in public administration and development banking. From 2000 to 2007, he led the Financial Department at the Ministry of Economy and Energy. Mr. Karanikolov later held senior roles at Eurobank EFG Bulgaria (former name of the Issuer), the Bulgarian Development Bank, and the Fund Manager of Financial Instruments in Bulgaria (FMFIB), including Executive Director and Board Member positions. Between 2014 and 2016, they served as Counsellor to the Minister of Economy. His career reflects deep expertise in EU funds, financial instruments, and institutional leadership.

Mr. Karanikolov has over 20 years of professional experience in the banking and financial sector, focused on Risk management, AML, Compliance, non-performing loans, corporate loans, asset and liability management, structuring of portfolio guarantees and banking products to SME and Commercial Banks, micro financing, servicing of Budget organizations, transactions and correspondence relations, state aids, administration, development and maintenance of information technology, IFIs negotiation, etc.

Mr. Iliya Karanikolov holds a Master's Degree in Economics – Business administration from the University of National and World Economy in Sofia and a Post graduation, extra professional training in Banks and Exchanges from the Technical University in Plovdiv. In 2024, Mr. Karanikolov successfully completed the *Bank Governance* and *Senior Leadership Executive Programmes* at University of Oxford.

Procurator

Mrs. Milena Vaneva

Mrs. Milena Vaneva has been the Head of Legal Division of the Issuer since 2005. In September 2011 she officially became the Procurator of the Issuer. In her role as Procurator, she is representing the Issuer jointly with any of the Executive Directors before all individual and legal entities. In 2019 she was appointed as Executive Director and member of the Board of Directors of Piraeus Bank Bulgaria AD during the process of legal merger in Eurobank Bulgaria AD.

Before joining the team of the Issuer, Mrs. Vaneva has held the positions of Head of Legal Departments of HVB Bank Biochim and Procredit Bank and legal advisor of Raffeisen Bank Bulgaria.

Management Board Committees

In accordance with its Terms of Reference, the Management Board establishes committees to assist the Board as required, assigning their responsibilities and appointing the members, the chairman and the secretary under recommendation of the CEO. The main committee of the Management Board is the Executive Committee.

Executive Committee

The Executive Committee ("ExCo") has the responsibility for the day-to-day management of the Issuer, considers all issues pertaining to the current activities of the Issuer and adopts decisions on them as to manage the implementation of the Issuer's strategy, plan, direct and control the Issuer's activities to ensure high level of performance and customer satisfaction, establish adequate systems of internal control and ensure they are properly maintained and consider the monthly financial reports before their submission to the Management

Board. The committee consists of senior management personnel including the CEO and other Executive Directors and all other key management functions covering all areas of the Issuer's activities.

Supervisory Board

Role and duties

The Supervisory Board is a permanent collective body which exercises overall control over the business and financial activities of the Issuer and also ensures the conformity of the Issuer's activity with the applicable law, the Statute and the resolutions of the General Meeting of the Shareholders in the best interest of the Issuer's shareholders, customers and employees. The exact number of the members of the Supervisory Board shall be determined by the General Meeting of the Shareholders; however, the Supervisory Board shall consist of at least three members and no more than seven members at all times.

Members of the Supervisory Board

As at the date of this Information Memorandum, there are seven members in the Supervisory Board as shown in the table below.

| <u>Name</u> | <u>Role and appointment date</u> | <u>Additional appointments</u> |
|--------------------|---|---|
| John David Butts | Chairperson of the Supervisory Board (<i>appointed: 15 September 2018</i>) | LEX RX Bulgaria EOOD, Bulgaria – Sole Owner and Manager LEXRX Capital OOD, Bulgaria – Partner and Manager Ubad - Toro OOD, Bulgaria – Partner |
| Stavros Ioannou | Member of the Supervisory Board (<i>appointed: 16 October 2015</i>) | BE – Business Exchanges S.A. of Business Exchanges Networks and Accounting and Tax Services, Greece – Chairperson and Member of the Board of Directors; Eurobank Cyprus Ltd, Cyprus – Vice Chairperson and Member of the Board of Directors; Eurobank Ergasias Services and Holdings S.A, Greece – Deputy Chief Executive Officer, Group Chief Operating Officer & International Activities, Executive Director Eurobank S.A., Greece – Deputy Chief Executive Officer, Group Chief Operating Officer & International Activities, Executive Director and Member of the Executive Board; Eurobank private Bank Luxembourg, Luxembourg – Member of the Board of Directors Grivalia Management Company S.A., Greece - Member of the Board of Directors. |
| Ivi Vigka | Independent member of the Supervisory Board (<i>appointed: 21 August 2020</i>) | None. |

| | | |
|----------------------|---|--|
| Nikolaos Pavlidis | Independent member of the Supervisory Board (appointed: 1 July 2024) | Nikos Land EOOD – Sole owner |
| Raika Ontzova | Independent member of the Supervisory Board (appointed: 2 August 2022) | VPS Lilia & Ontzovi SD – Unlimited partner, Manager and Representative |
| Georgios Oikonomidis | Independent member of the Supervisory Board (appointed: 14 July 2025) | None |
| Spyridon Pantelias | Independent member of the Supervisory Board (appointed: 14 July 2025) | None |

Mr. John David Butts

John David Butts has been an Independent Member of the Supervisory Board of the Issuer since 2018 and serves as Chairperson of the Supervisory Board since July 2024. He joined the Audit Committee and the Nomination and Corporate Governance Committee of the Issuer in 2020.

Mr. John David Butts started his management career as Director of Pharmacy at an acute care hospital at the age of 21. His experience includes working at one of Canada's pre-eminent Corporate and Commercial law firms, acting as General Counsel for the Canadian subsidiary of a multinational pharmaceutical company, and being the founding partner of a commercial law firm located in Montreal, Canada, where he practiced commercial law with an emphasis on mergers and acquisitions, intellectual property protection and technology licensing. Mr. John David Butts also served as Director of Lupus Quebec (1996 – 1999), member of the Board of Directors of Bioniche Life Sciences Inc. (1998 – 2002) and of its Irish subsidiary Bioniche Teoranta (2000 – 2002).

From 2006 to 2019, Mr. Butts was Managing Partner, CMS Sofia and/or CMS Head of CEE Lifesciences and Co-Head of International Private Equity.

Since retiring from CMS in 2019, he has been active as an investor and/or *ad hoc* advisor in and to several Bulgarian and International Private Equity and Venture Capital firms, as well as an angel investor in various undertakings. Mr. Butts received civil law and common law degrees with distinction from McGill University, Montréal, Canada in 1990, as well as a degree from the Faculty of Pharmacy of Dalhousie University, Halifax, Canada in 1983.

Mr. Stavros Ioannou

Mr. Stavros Ioannou is a member of the Supervisory Board of the Issuer since 2015.

Mr. Stavros Ioannou started his career back in 1982 as Associate in Philips Greece. In 1988 he started at Barclays Bank Plc, Greece, where Mr. Ioannou have been promoted several times and served as Manager at Centralised Operations until end of 1997, when he moved to EFG Eurobank Ergasias S.A. From 2000 to 2005 Mr. Stavros Ioannou worked at Millenium Bank S.A., where at his leave was appointed as Member of the Board of Directors and Deputy General Manager.

From 2005 to 2008 Mr. Ioannou was appointed as Managing Director and then CEO and President of the Executive Board of Eurobank EFG Serbia. Since then, Mr. Ioannou was appointed as General Manager of Group Operations and now serves as Deputy CEO and Group Chief Operating Officer and International Activities and Executive Member of Board of Directors of Eurobank S.A., which is the majority shareholder of the Issuer.

Mr. Stavros Ioannou graduated from the University of Piraeus with a degree in Business Administration and from the University of Wales with Master's degree in Banking and Finance.

Mrs. Ivi Vigka

Mrs. Ivi Vigka has been an independent member of the Supervisory Board of the Issuer since 2020.

Mrs. Vigka started her professional career in 1974 as Assistant Lector at the Economic University of Athens and then in 1979 moved to Chase Manhattan Bank (now J.P. Morgan Chase) as Credit Analyst. Mrs. Ivi Vigka was at Chase Manhattan Bank until 1992, serving as Vice President, Corporate Banking. She continued her career as Corporate Banking Manager at Cyprus Popular Bank until 1999, when she undertook the position of General manager at Telesis Bank. Post merger of this bank with EFG Eurobank Ergasias in 2002, she served in various positions and now is appointed as President of the Central Credit Committee and President of the Special Credits Handling Committee at Eurobank S.A.

Mrs. Vigka holds a Bachelor's degree in Economics from Deree/Pierce College Athens and a Master's degree in Economics from University College London.

Mr. Nikolaos Pavlidis

Mr. Pavlidis serves as independent member of the Supervisory Board of the Issuer since July 2024. He started in Social Security Data Processing Centre in 1977 and held various managerial positions until departure in 1986.

Mr. Pavlidis served as General Manager and Head of IT Department in Ergobank (1987/1999) and joined EFG Eurobank Ergasias S.A. in 2000, where he was Group CIO and Member of the Group Executive Committee until 2009. Then and until 2020, Mr. Pavlidis was a Senior Management Advisor to the CEO (Deputy CEO) of EFG Eurobank Ergasias S.A. From 2020 to 2022 Mr. Nikolaos Pavlidis served as Senior Management Advisor to the Executive President of doValue Greece Loans and Credits Claim Management S.A.

Mr. Pavlidis holds a Bachelor's degree in Mathematics from Athens University, Master's degree in Operational Research and Computing from Leeds University and PhD from the same university.

Mrs. Raika Ontzova

Mrs. Ontzova has been an independent member of the Supervisory Board, independent member of the Nomination and Corporate Governance Committee and Country Risk Committee of the Issuer since 2022.

Mrs. Ontzova started her career as expert at the BNB in 1983. In 1988 Mrs. Ontzova joined Mineralbank as Chief Financial Officer (1988/1994) and then served as Chief Financial Officer of Economic Bank (1994/1997) and Encouragement Bank (now Bulgarian Development Bank) (1999/2000). In 2001 Mrs. Ontzova returned in the BNB, where she was Chief Audit Executive for some eight years, until 2009.

Mrs. Raika Ontzova also served as independent member of the Audit Committee of Bulgarian – American Credit Bank from 2009 until 2020, and as independent member and chair of the Audit Committee of Borika AD (2018-2024).

Mrs. Ontzova graduated from the University of National and World Economy with a Master's degree in Accounting.

Mr. Georgios Oikonomidis

Mr. Georgios Oikonomidis recently joined the Supervisory Board of the Issuer, as an Independent member.

Mr. Georgios Oikonomidis has a Ph.D. in Economics from Athens University of Economics and Business; Master's degree in economics from University of York (United Kingdom) and Bachelor's degree in International and European Economic Studies from Athens University of Economics and Business.

Mr. Georgios Oikonomidis possesses extensive knowledge and experience in Economics. Currently, he is a Professor of Economics at the School of Economic Science of the Athens University, with main research area in Macroeconomic Theory and Policy. Mr. Oikonomidis also has experience in the banking sector, having served as a Non-executive, Independent Board member in Eurobank Direktna a.d. Serbia from May 2021 to November 2023. In this bank, Mr. Oikonomidis also served as a member of the Remuneration Committee in the period from December 2021 to November 2023.

The main areas of expertise of Mr. Georgios Oikonomidis include the following: 1) understanding of the bank's business with view of the macroeconomic framework, 2) understanding of the bank's remuneration model, 3) understanding of the bank's ESG and specifically climate change policies, 4) supervisory skills and experience.

Mr. Spyridon Pantelias

Mr. Spyridon Pantelias recently joined the Supervisory Board of the Issuer, as an Independent member.

Mr. Spyridon Pantelias possesses extensive knowledge and experience in the Economics Sector. He also has significant experience in the banking sector. From November 2021 until November 2023 he served as the Director General of Prudential Supervision and Resolution of Bank of Greece where he led the oversight of five departments, contributing significantly to the reorganization of the Greek Central Bank, and representing it in international authorities.

From February 2016 until November 2021 he was Coordinating Director, Micro- and Macro-Prudential Supervision of Bank of Greece where he was responsible for monitoring key operations across several divisions and developed strategies for reducing NPEs.

From December 2011 until February 2016, he played a crucial role in the banking sector reforming during Greece's Economic Adjustment Program, as an advisor to the Governor of Bank of Greece (BoG).

Prior to his appointment at the BoG, he served as Executive Vice Chairman of Hellenic Postbank (2009-2011), General Director of Bank of Cyprus (2007 - 2009) and Deputy General Director of Emporiki Bank (2005-2007).

Furthermore, Mr. Pantelias was Non-executive Board Member in Hellenic Petroleum (ELPE) from December 2009 until June 2021 and Chairperson of its Internal Audit Committee. From December 2009 until November 2011, Mr. Pantelias was Executive Vice Chairman in Hellenic Postbank (TT), where he also held the position of Head of operations in Wholesale & Investment Banking, Finance & Control, IT, Asset Management and Subsidiaries.

Mr. Pantelias has Ph.D. in Economics from Washington University in St. Louis, M.A. in Economics from Washington University in St. Louis and B.Sc. from University of Athens, Department of Economics.

Supervisory Board Committees

The following committees have been established to assist the Supervisory Board in discharging its responsibilities:

1. Risk Committee

The Supervisory Board has delegated to the Risk Committee ("RC") the role of approving all strategic risk management decisions (e.g. risk appetite, capital allocation, balance sheet profile and risk management structure). The RC is in charge of monitoring the quantitative and qualitative aspects of all market, credit, liquidity and operational risks. The members of the RC are appointed by the Supervisory Board. Currently, the

Risk Committee consists of four members. The RC meets at least 10 (ten) times per year. The RC meeting is effective when there are three members present, but in any case, including a majority of independent non-executive Members, one of whom is the Chairperson.

2. Audit Committee

The Audit Committee ("**AC**") is appointed by the General Meeting of Shareholders following a proposal by the Supervisory Board and its purpose is to assist the Supervisory Board in discharging its oversight responsibilities primarily relating to:

- The review of the adequacy of the Internal Control and Risk Management systems and the compliance with rules and regulations monitoring process;
- The review of the financial reporting process and satisfaction as to the integrity of the Issuer's Audited Financial Statements;
- The External Auditors' selection, performance and independence;
- The effectiveness and performance of the Internal Audit function;
- The effectiveness and performance of the Compliance function.

In doing so, it is the responsibility of the Audit Committee to provide for open communication channels between the Supervisory Board, the Management Board, Internal Audit and External Audit. The Audit Committee shall be comprised of at least three members. As of 31 December 2024, the Audit Committee consisted of three members who are appointed for three years with the option to renew their appointment, but in any case, the service in the committee should not be more than 12 years in total. The Audit Committee members' term of office is until 30 June 2027.

The AC meets at least 8 (eight) times per year or more frequently, as circumstances require, and reports on its activities and submits the minutes of its meetings to the Supervisory Board on a quarterly basis.

3. Remuneration Committee

The Remuneration Committee ("**RemCo**") is a Supervisory Board Committee which provides specialised and independent advice for matters relating to:

- remuneration policy and its implementation and for the incentives created while managing risks, capital and liquidity;
- safeguard the proper exercise of its duties and responsibilities, the efficient alignment of the personnel's remuneration with the risks the Issuer undertakes and manages the required alignment between the Eurobank S.A. and the Issuer;
- approve or propose for approval all remunerations of the key management personnel and administrators and their close family members, as well as their controlled or jointly controlled entities or board members/directing managers of such entities which exceed the approval limits of the Supervisory Board according to Bulgarian banking legislation.

The committee consists of at least three members. The members are appointed by the Supervisory Board as the tenure of the committee members coincides with the tenure of the Supervisory Board, with the option to renew their appointment, but in any case, the service in the Committee should not be more than nine years in total. All of the members are non-executive directors and the majority of them are independent.

As of 31 December 2024, the Remuneration Committee consisted of three members.

4. Nomination and Corporate Governance Committee

The Supervisory Board has delegated to the Nomination and Corporate Governance Committee the responsibility to lead the process for the Supervisory Board and Management Board appointments. In this context, the Nomination and Corporate Governance Committee is responsible for, amongst other things, the identification, nomination and recommendation of candidates for appointment to the Supervisory Board and Management Board. The Nomination and Corporate Governance Committee also considers matters related to the adequacy, efficiency and effectiveness of the Management Board and Supervisory Board. The Nomination and Corporate Governance Committee, in carrying out its duties, is accountable to the Supervisory Board.

As of 31 December 2024, the Nomination and Corporate Governance Committee consisted of three members.

General Meeting

The General Meeting of the Shareholders ("**GMS**") comprises all shareholders with voting rights. They participate in the GMS personally or by a proxy, authorised by a written power of attorney. The shareholders and their proxies shall have in the GMS as many votes as they have shares in the capital of the Issuer. The members of the Supervisory Board and the Management Board may attend the GMS without voting rights unless they are shareholders.

The members of the Internal Audit Division and the Issuer's auditors elected to audit and certify the Issuer's annual financial statements may attend the GMS but without the right to vote.

Conflicts of interest

There are no known actual or potential conflicts of interest between the duties of any of the members of the Management Board and the Supervisory Board named above to the Issuer and their private interests or other duties.

EMPLOYEES

As at 31 December 2024, the Issuer employed 3,859 employees (compared to 4,213 as at 31 December 2023).

The Issuer is aware of the social impact of its position as a major employer and aims to provide its staff with various benefits. In this context, the Issuer has implemented and strives to extend a consistent policy of providing additional benefits to its workforce and of applying strict health and safety standards at the workplace. The Issuer provides various forms of support for *ad hoc* cases and all employees have additional health insurance in a private fund the price of which is fully covered by the employer. The additional insurance covers also the cost of medical treatment if necessary. Employees can also conclude agreements for additional insurance for family members at preferential terms.

The Issuer also provides its staff with additional life insurance, covering the expenses upon occurrence of an insurance event. Moreover, the opportunity to use the Issuer's products and services at preferential terms is a benefit of the Issuer's employees. These include home and consumer loans, credit cards, overdrafts and online banking. Staff members pay no fees for most banking operations such as cash transfers, withdrawals, etc. The additional voluntary pension insurance at the expense of the employer is a benefit that aims to motivate and build employee loyalty, providing them with better retirement opportunities. It applies to all employees with continuous service in the Issuer for at least five years from the date of receipt.

FINANCIAL REVIEW

The following discussion and analysis should be read in conjunction with the information set out in "Presentation of financial and other information", "Selected financial information" and the Audited Financial Statements.

The discussion of the Issuer's financial condition and results of operations is based upon the Audited Financial Statements which have been prepared in accordance with IFRS. This discussion contains forward-looking statements that involve risks and uncertainties. The Group's actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed below and elsewhere in this Information Memorandum, particularly under the heading "Risk factors".

See "Presentation of financial and other information" for a discussion of the source of the numbers presented in this section and certain other relevant information.

PRINCIPAL FACTORS AFFECTING RESULTS OF OPERATIONS

The following is a discussion of the principal factors that have affected, or are expected to affect, the Issuer's results of operations.

Economic conditions

The Issuer is a universal bank operating only within Bulgaria and its business covers several banking market segments. It is financed predominantly by local deposits and does not rely on money markets for financing of its activities. The majority of the deposits come from households which are more stable and inert and tend to have longer maturity. As a result, its revenue and results of operations are principally affected by economic and market conditions in Bulgaria. For further information, see the sections "*Macroeconomic Environment*", "*Banking System*" and "*Major Changes in the Regulatory Environment*" on pages 1 to 6 of the Consolidated Financial Statements.

MATERIAL ACCOUNTING POLICIES

The Audited Financial Statements have been prepared in accordance with IFRS. For a discussion of the significant accounting policies applied by the Group generally, see the section "*Material accounting policy*" on pages 49 to 80 of the Audited Financial Statements.

RESULTS OF OPERATIONS

Net Profit

Net profit for the year was BGN 412.2 million (2023: BGN 308.1 million) – an annual increase of 34 per cent. The return on equity (calculated as a percentage of net profit for the year divided by the average monthly balance of shareholder's equity) was 16.5 per cent. (2023: 14.6 per cent.), while the return on assets (calculated as a percentage of net profit for the year divided by the average monthly balance of total assets) was 2.0 per cent. (2023: 1.74 per cent.).

Gross Loans

Gross loans increased by BGN 2.2 billion (17 per cent. year-on-year ("**YoY**")) to BGN 15.12 billion (2023: BGN 12.91 billion). Market share gain was 42 bps to 13.7 per cent. in 2024 (2023: 13.3 per cent.). Two-thirds or 67 per cent. of the increase was to households (BGN 1.45 billion) which now comprise 55 per cent. of gross lending portfolio.

Favourable interest rates and the strong real estate market contributed to an increase in the mortgage portfolio by 25 per cent. (BGN 921 million) to BGN 4.6 billion (2023: BGN 3.67 billion). The market rose slightly faster (25.2 per cent. YoY) which resulted in a marginal market share loss of 4 bps to 16.5 per cent.

Gross consumer loans increased by more than BGN 526 million (16.2 per cent. YoY) to BGN 3.77 billion. Growth in the SBB segment was more modest – loans to small businesses rose by 117 million leva (11.5 per cent. YoY) to BGN 1.14 billion (2023: BGN 1.02 billion). Nominal growth in corporate loans was 56 per cent. (BGN 653 million) compared to close to BGN 420 million in 2024, and total corporate loans reached BGN 5.62 billion (2023: BGN 4.97 billion). Market share of all loans to companies (including SBBs) improved by 43 bps to 10.7 per cent. as at 31 December 2024.

Client deposits

Total deposits rose by BGN 1.59 billion (10.1 per cent. YoY) to BGN 17.24 billion (2023: BGN 15.65 billion). Market growth was 1 percentage point lower (9 per cent.) leading to a market share gain of 13 bps to 10.6 per cent. More than 90 per cent. of the new deposits came from retail customers (mainly households) whose deposits closed the year with a volume of BGN 12.68 billion. At the same time the corporate sector continued to experience the liquidity squeeze. Market delta was BGN 2.3 billion in 2024, which was BGN 600 million below 2023 and lower than in any of the preceding four years. The Group's corporate deposits rose by BGN 111 million to BGN 4.56 billion as at 31 December 2024. As a result, the net loans to deposits ratio increased by 5 per cent. to 85 per cent.

Total Operating Income

Total Operating Income was up by BGN 155 million (19 per cent. YoY) to BGN 952 million (2023: BGN 797 million).

Net interest income

Net interest income increased by BGN 136 million (21 per cent. YoY) to BGN 772 million (2023: BGN 637 million). Interest income from loans and advances to customers rose faster (28 per cent. or BGN 172 million), but this was not enough to compensate the higher interest costs, particularly due to more expensive external funding (other borrowed funds) which accounted for 43 per cent. of the interest costs (BGN 70.8 million out of a total of BGN 164 million).

Net fee and commission income

Net fee and commission income was up by 9 per cent. (BGN 13.3 million) to BGN 162.0 million (2023: BGN 148.6 million) with the main contributors being the money transfers, the accounts subscription fees and the loan related fees and commissions, reflecting the increase of the lending portfolio and rise of transactional clients.

Total Operating Expenses

Total Operating Expenses increased by BGN 14.6 million (4.5 per cent. YoY) to BGN 341.4 million (2023: BGN 326.9 million). YoY increase is mainly due to fully loaded BNP Paribas PF cost base after acquisition in Jun 2023 and the annual inflation on human resources, utilities and services cost. With the income growth outpacing the increase of the costs, the Group was able to improve its cost-income ratio (measured as Total Operating Expenses over Total Operating Income) by 5.1 per cent to 35.8 per cent. as at 31 December 2024.

Provisions for impairment

The quality of the Group's lending portfolio improved which allowed it to reduce its provisions for impairment by 4 per cent. (BGN 3.7 million) to BGN 97.1 million (2023: BGN 100.8 million). Cost of risk fell by 17 bps to 0.76 per cent. The NPE ratio improved slightly by 4 bps to 2.48 per cent. The stage 3 coverage ratio

(calculated as end of year Stage 3 expected credit losses (ECL) amount over Stage 3 gross carrying amount of loans) was 61 per cent.

Capital Adequacy

The total capital adequacy ratio as at 31 December 2024 was 19.72 per cent. (CET 1: 18.04 per cent.), not including the profit for the second half of the year ended 2024.

LIQUIDITY AND FUNDING

Overview

The Issuer has a limited appetite for liquidity risk and accepts the potentially increased costs of maintaining sufficient liquidity buffers to ensure a sound liquidity position. The Issuer maintains appropriate liquidity policies which ensure prudent liquidity management practices are in place. Within its liquidity risk management framework, the Issuer observes various liquidity ratios and indicators. The main aspects to be considered in liquidity control are liquidity ratios, the availability of sufficient and high quality liquid assets and buffers, maturity mismatch profile, diversity and stability of the deposit base, loans to deposits ratio, stress test results and others. The Issuer also makes assessment of its liquidity position under stress scenarios, developed to analyse the adequacy of the Issuer's liquidity to withstand crisis situations (e.g. significant deposit outflows, tightening of credit lines, etc.).

The Management Board assigns the Assets and Liabilities Committee ("**ALCO**") as the primary responsible body to advise on the strategic management of assets and liabilities with aim to manage the interest rate and liquidity risks of the Issuer. On a strategic level ALCO manages the Issuer's assets and liabilities to ensure regular and timely meeting of current and future obligations. Within its authority is to take all the necessary decisions regarding the interest rate policy, the liquidity and assets and liabilities management and to set the target parameters of potential external funding.

Liquidity

The table below shows the Group's cash flows from consolidated operating activities, investing activities and financing activities for each of 2024 and 2023.

| | 31 December | |
|--|-----------------------|--------------------|
| | 2024 | 2023 |
| | <i>(BGN thousand)</i> | |
| Cash from operating activities before changes in operating assets and liabilities | 590,331 | 499,067 |
| Net cash flows from operating activities..... | 512,859 | 335,133 |
| Net cash flows (used in) investing activities..... | (468,548) | (1,070,866) |
| Net cash flows from financing activities | 248,722 | 533,916 |
| Effect of exchange rate changes on cash and cash equivalents | (308) | 592 |
| Net change in cash and cash equivalents | 292,725 | (201,225) |
| Cash and cash equivalents at beginning of year | 2,179,885 | 2,381,110 |
| Cash and cash equivalents at end of year | 2,472,610 | 2,179,885 |

Operating activities

| | <u>2024</u> | <u>2023</u> |
|--|-----------------------|----------------|
| | <u>(BGN thousand)</u> | |
| Interest received | 964,897 | 735,338 |
| Interest paid | (126,701) | (59,984) |
| Dividends received | 683 | 496 |
| Fees and commission received | 218,292 | 195,580 |
| Fees and commission paid | (50,971) | (39,798) |
| Amounts paid to and on behalf of employees | (180,991) | (163,979) |
| Net trading and other income received | 2,408 | (86) |
| Other operating expenses paid | (184,297) | (138,684) |
| Tax paid | (52,989) | (29,816) |
| Cash from operating activities before changes in operating assets and liabilities | 590,331 | 499,067 |

The Group's net cash flows from operating activities before changes in operating assets and liabilities in 2024 was BGN 590,331 thousand compared to BGN 499,067 thousand in 2023. The Group's net cash flows from operating activities before changes in operating assets and liabilities principally reflects its net interest income and net fee and commission income less amounts paid to and on behalf of employees, other operating expenses paid and tax paid. The Group's net cash flows from operating activities in 2024 was BGN 512,859 thousand compared to BGN 335,133 thousand in 2023.

| | <u>2024</u> | <u>2023</u> |
|--|-----------------------|----------------|
| | <u>(BGN thousand)</u> | |
| Net (increase) in reserve with the Central Bank | (149,842) | (301,937) |
| Net decrease in loans and advances to banks | (2,566) | (17,094) |
| Net decrease in trading securities | (37,384) | (2,044) |
| Net (increase) in loans and advances to customers | (2,285,719) | (1,671,232) |
| Net (increase)/ decrease in other assets | (23,915) | (24,301) |
| Net (decrease)/increase in derivatives instruments | (1,181) | (13,117) |
| Net (decrease)/ increase in due to other banks | 832,158 | 117,001 |
| Net increase in amounts due to customers | 1,553,438 | 1,737,912 |
| Net increase/ (decrease) in other liabilities | 37,538 | 10,878 |
| Net cash flows from operating activities | 512,859 | 335,133 |

The changes in the Group's operating cash flows in each year principally reflect movements in operating assets (principally loans and advances to customers) and liabilities (principally amounts due to customers). The increase in operating cash flow in 2024 compared to 2023 principally reflects the increase in customer deposits.

Investing activities

| | <u>2024</u> | <u>2023</u> |
|---|-----------------------|--------------------|
| | <u>(BGN thousand)</u> | |
| Payment for acquisition of BNP Paribas PF, net of cash acquired | - | (761,148) |
| Purchase of property, plant and equipment and intangible assets | (81,536) | (56,719) |
| Purchase of investment securities | (1,357,081) | (787,015) |
| Proceeds on disposal of property and equipment | 170 | 7 |
| Proceeds from sale of investment securities | 969,899 | 535,009 |
| Net cash flows (used in) investing activities | (468,548) | (1,070,866) |

The Group's net cash outflow from investing activities was BGN 468,548 thousand in 2024 compared to a cash outflow of BGN 1,070,866 thousand in 2023.

In 2024, the Group principally recorded cash outflows of BGN 81,536 thousand on the purchase of property, plant and equipment and intangible assets and BGN 1,357,081 thousand on the purchase of investment securities, and a cash inflow of BGN 969,899 thousand from the proceeds from sale of investment securities.

In 2023, the Group principally recorded cash outflows of BGN 761,148 thousand from the payment for acquisition of BNP Paribas PF, net of cash acquired, BGN 56,719 thousand on the purchase of property, plant and equipment and intangible assets and BGN 787,015 thousand on the purchase of investment securities, and a cash inflow of BGN 535,009 thousand from the proceeds from sale of investment securities.

Financing activities

| | <u>2024</u> | <u>2023</u> |
|--|-----------------------|------------------|
| | <u>(BGN thousand)</u> | |
| Long-term financing received | 273,816 | 557,412 |
| Long-term debt repaid | (5,654) | (5,654) |
| Payment of lease liability | (19,440) | (17,842) |
| Net cash flows from financing activities | 248,722 | 533,916 |
| Effect of exchange rate changes on cash and cash equivalents | (308) | 592 |
| Net change in cash and cash equivalents | 292,725 | (201,225) |
| Cash and cash equivalents at beginning of year | 2,179,885 | 2,381,110 |
| Cash and cash equivalents at end of year | 2,472,610 | 2,179,885 |

The Group's net cash flows from financing activities was BGN 248,722 thousand in 2024 compared to BGN 533,916 thousand in 2023.

In 2024, the Group's net cash inflow principally reflected BGN 273,816 thousand from long-term financing received and cash outflows of BGN 5,654 thousand to long-term debt repaid and BGN 19,440 thousand to payment of lease liability.

In 2023, the Group's net cash inflow principally reflected BGN 557,412 thousand from long-term financing received and cash outflows of BGN 5,654 thousand to long-term debt repaid and BGN 17,842 thousand to payment of lease liability.

Funding

Sources of funding

The Group's primary source of funding is customer deposits, followed by parent MREL Debt comprising of loans from Eurobank S.A., money market sources and two legacy Development Financial Institution ("DFI") loans from the Bulgarian Development Bank from 2015.

The Group also has a sizeable portfolio of unencumbered and liquid debt securities that it can utilize to meet liquidity needs, in addition to its cash balances and placements with central banks and other financial institutions.

The Group's customer deposits (defined as the total due to customers) amounted to BGN 17,240,258 thousand, or 86.8 per cent. of its total liabilities as at 31 December 2024, and BGN 15,652,641, or 91.5 per cent. of its total liabilities as at 31 December 2023.

Deposits from customers

The table below shows the breakdown of the Group's customer deposits as at 31 December in each of 2024 and 2023.

| | 2024 | 2023 |
|---|-----------------------|-------------------|
| | (BGN thousand) | |
| Large corporate customers | 3,558,429 | 3,567,444 |
| Medium corporate customers | 1,000,273 | 880,301 |
| Total due to corporate customers | 4,558,702 | 4,447,745 |
| Retail customers | 12,681,556 | 11,204,896 |
| Total due to customers | 17,240,258 | 15,652,641 |

Included within the total due to customers is related accrued interest payable of BGN 72,616 thousand (2023: BGN 38,378 thousand).

Depositor concentration

As at 31 December 2024, the share of the Group's 10 largest depositors accounted for 7 per cent. (2023: 8 per cent.) of total deposits and the top 30 largest depositors accounted for 11 per cent. (2023: 13 per cent.).

See "*Risk Factors - The Issuer is exposed to sectoral concentration risk*".

Maturity profile

The amounts disclosed in the tables below are the Group's customer deposits by due dates and contractual undiscounted cash flows for the years 2024 and 2023. Liabilities without contractual maturities (sight and saving deposits) are presented in the "less than 1 month" time bucket. The Group has established credit risk mitigation contracts with its interbank counterparties (ISDA/CSA). Due to these contracts the Group has already posted collateral which covers the valuation of its net liabilities from interbank derivatives.

It should be noted that this table represents the worst-case scenario since it is based on the assumption that all liabilities will be paid at maturity and they will not be rolled over (e.g. all term deposits are withdrawn at their contractual maturity). The recent experience shows that even in a period of a systemic financial crisis, the likelihood of such an event is remote.

| As at 31 December | Carrying amount | Gross nominal outflows | Less than 1 month | 1 - 3 months | 3 - 12 months | 1 – 5 years | More than 5 years |
|-----------------------|--------------------|------------------------------|----------------------|--------------|---------------|----------------|-------------------------|
| <i>(BGN thousand)</i> | | | | | | | |
| 2024 | 17,240,258 | (17,285,386) | (12,704,210) | (1,005,321) | (2,097,235) | (1,478,620) | - |
| 2023 | 15,652,641 | (15,688,903) | (11,754,826) | (1,032,938) | (2,065,007) | (836,132) | - |

Interest repricing

Banking is related to maintenance of positions sensitive to the fluctuations in the prevailing levels of market interest rates, which influences the Group's financial position and cash flow dynamics. Interest rate risk is the probability for potential change of the net interest margin which may increase as a result of such changes, but may also reduce or create losses in the event that unexpected movements arise. Interest rate risk may include re-pricing risk, yield curve risk, basis risk, spread risk, option risk, volatility risk. The Management reviews the interest rate gaps, the interest rate mismatch and the necessary repricing on a monthly basis.

See "Risk Factors — The Issuer is dependent on its deposit base for liquidity purposes".

The following table provides the interest rate repricing gap of the Group's customer deposits for each of 2024 and 2023, which analyses the structure of interest rate mismatches within the balance sheet. The Group's financial assets/liabilities are included at their notional/outstanding amounts and categorised based on either (i) the next contractual repricing date if floating rate or (ii) the maturity/call date (whichever is first) if fixed rate. The below analysis provides an approximation of the interest rate risk exposure since transactions with different duration are aggregated together per time bucket.

| As at 31 December | Carrying amount | Less than 1 month | 1 - 3 months | 3 - 12 months | 1 – 5 years | More than 5 years |
|-----------------------|--------------------|----------------------|-----------------|------------------|-------------|-------------------------|
| <i>(BGN thousand)</i> | | | | | | |
| 2024 | (17,240,258) | (12,641,522) | (998,259) | (2,116,073) | (1,412,182) | - |
| 2023 | (15,652,641) | (11,667,016) | (1,040,981) | (2,099,036) | (807,234) | - |

Currency mix

The following table presents a breakdown of the Group's customer deposits by currency as at 31 December 2024 and 2023:

| As at 31 December | BGN | EUR | USD | CHF | Other | Total |
|-----------------------|------------|-----------|---------|--------|--------|-------------------|
| <i>(BGN thousand)</i> | | | | | | |
| 2024 | 10,837,084 | 5,521,374 | 767,835 | 34,757 | 79,208 | 17,240,258 |
| 2023 | 9,847,709 | 4,876,788 | 809,666 | 32,834 | 85,644 | 15,652,641 |

Other borrowed funds

The table below shows a breakdown of the Group's other borrowed funds as at 31 December in each of 2024 and 2023:

| | <u>2024</u> | <u>2023</u> |
|--|-----------------------|------------------|
| | <u>(BGN thousand)</u> | |
| MREL Debt Eurobank S.A. | 810,779 | 810,688 |
| Subordinated Debt Eurobank S.A. | 216,752 | 217,036 |
| Long term debt from Bulgarian Development Bank | 2,839 | 8,525 |
| IFC loan | 275,221 | - |
| Total | 1,305,591 | 1,036,249 |

Reconciliation of movements of liabilities to cash flows arising from financing activities is presented in the table below:

| | <u>2024</u> | <u>2023</u> |
|---|-----------------------|------------------|
| | <u>(BGN thousand)</u> | |
| Opening balance at 1 January | 1,036,249 | 475,598 |
| New funding | 273,816 | 557,412 |
| Repayment of long-term debt (principal) | (5,654) | (5,654) |
| Interest expense | 68,078 | 46,445 |
| Interest paid | (66,898) | (37,552) |
| Closing balance at 31 December | 1,305,591 | 1,036,249 |

Loans received from the Bulgarian Development Bank

In July 2015, the Issuer signed a loan agreement with Bulgarian Development Bank (NAPRED) for on-lending to MSMEs combining funding and risk-sharing. The total size of the facility is BGN 30,000 thousand, disbursable in 3 tranches of BGN 10,000 thousand each in accordance with the contracted disbursement plan. As of 31 December 2024, the total liability amounted to BGN 1,772 thousand (2023: BGN 5,322 thousand).

With the acquisition of Piraeus Bank Bulgaria AD, the Issuer has inherited a loan agreement from Bulgarian Development Bank under the NAPRED framework. The loan agreement is under similar terms to the one originated by the Issuer in 2015—supporting MSMEs and combining funding and risk sharing. As of 31 December 2024, the total liability amounted to BGN 1,067 thousand (2023: BGN 3,203 thousand).

Financing under the Guarantee Agreement between the Issuer and International Finance Corporation (IFC), member of the World Bank Group

In February 2012, the Issuer and the International Finance Corporation ("IFC"), member of the World Bank Group, signed a Trade Finance Agreement for facilitation of trade transactions of local enterprises (short-term funding of pre-export/import transactions, issuance of bank guarantees and letters of credit). The total limit of that line was initially set at USD 20,000 thousand. In December 2013, the limit was increased up to USD 40,000 thousand. As of 31 December 2024 and 2023, the utilisation of that line was BGN 0.

In September 2024, the Issuer signed a new loan agreement with the IFC that amounted to EUR 140,000 thousand (BGN 273,816 thousand), consisting of two tranches: EUR 56,000 thousand (received on 7 June 2024) and EUR 84,000 thousand (received on 20 December 2024). The purpose of the loan is to provide the Issuer with funding to be used for financing its lending operations exclusively in respect of eligible sub-loans, with 50 per cent. of the loan earmarked to finance eligible green projects/borrowers, and the remaining 50 per cent. of the Loan earmarked exclusively to finance eligible sub-loans of micro, small or medium-sized enterprises that are managed by women entrepreneurs.

Loan from Eurobank S.A. (MREL Debt)

Under Bank Recovery and Resolution Directive or BRRD, which was transposed into the Bulgarian legislation pursuant to the Resolution Act, European banks are required to meet MREL requirements. As per the legislation, the MREL target is determined by the relevant resolution authority that banks must comply with from 1 January 2024, where interim binding targets effective as of 1 January 2022.

In December 2021, the Issuer received an intra-group loan from Eurobank S.A. for the amount of EUR 75,000 thousand (BGN 146,687 thousand). The purpose of the loan is to cover the regulatory requirements for minimum required own funds and eligible liabilities in accordance with Regulation (EU) No 806/2014. In December 2023, the loan was extended and as of 31 December 2024, the outstanding balance of the loan was BGN 146,884 thousand (2023: BGN 146,797 thousand).

In June 2022, the Issuer received a new intra-group loan from Eurobank S.A. for the amount of EUR 50,000 thousand (BGN 97,792 thousand). The purpose of the loan is to cover the MREL regulatory requirements in accordance with Regulation (EU) No 806/2014. As of 31 December 2024, the outstanding balance of the loan was BGN 97,869 thousand (2023: BGN 97,869).

In December 2022, the Issuer received a new intra-group loan from Eurobank S.A. for the amount of EUR 110,000 thousand (BGN 215,141 thousand). The regulator approved the loan to be included in tier 2 capital as a subordinated loan. As of 31 December 2024, the outstanding balance of the loan was BGN 216,752 thousand (2023: BGN 217,036 thousand).

In March 2023, the Issuer received a new intra-group loan from Eurobank S.A. for the amount of EUR 50,000 thousand (BGN 97,792 thousand). The purpose of the loan is to cover the MREL regulatory requirements in accordance with Regulation (EU) No 806/2014. As of 31 December 2024, the outstanding balance of the loan was BGN 97,825 thousand (2023: BGN 97,842 thousand).

In June 2023, the Issuer received a new intra-group loan from Eurobank S.A. for the amount of EUR 135,000 thousand (BGN 264,037 thousand). The purpose of the loan is to cover the MREL regulatory requirements in accordance with Regulation (EU) No 806/2014. As of 31 December 2024, the outstanding balance of the loan was BGN 272,239 thousand (2023: BGN 272,218 thousand).

In December 2023, the Issuer received a new intra-group loan from Eurobank S.A. for the amount of EUR 100,000 thousand (BGN 195,583 thousand). The purpose of the loan is to cover the MREL regulatory requirements in accordance with Regulation (EU) No 806/2014. As of 31 December 2024, the outstanding balance of the loan was BGN 195,962 thousand (2023: BGN 195,962 thousand).

LENDING

The Group's net loans and advances to customers amounted to BGN 14,739,644 thousand as at 31 December 2024 (2023: BGN 12,540,242 thousand). The table below shows a breakdown of the Group's loans and advances to customers by type of customer as at 31 December in each of 2024 and 2023.

| | 2024 | 2023 |
|---|-----------------------|-------------------|
| | <i>(BGN thousand)</i> | |
| Consumer lending (including credit cards) | 3,771,631 | 3,245,705 |
| Small Business lending | 1,136,837 | 1,019,686 |
| Mortgages | 4,592,947 | 3,671,461 |
| Corporate lending | 5,622,869 | 4,969,665 |
| Gross loans and advances | 15,124,284 | 12,906,517 |
| Less allowance for impairment losses on loans and advances | (384,640) | (366,275) |
| Net outstanding balance of loans and advances to customers | 14,739,644 | 12,540,242 |

Included within net loans and advances to customers is accrued interest payable of BGN 47,146 thousand (2023: BGN 44,937 thousand).

As at 31 December 2024, the gross carrying value of corporate loans accounted for 37.2 per cent. of the Group's total loans and advances to customers before allowances for impairment losses on loans and advances compared to 38.5 per cent. as at 31 December 2023. The Group's other significant categories of loan are mortgages (whose gross carrying value accounted for 30.4 per cent. of the Group's total loans and advances to customers before allowances for impairment losses on loans and advances as at 31 December 2024 compared to 28.4 per cent. as at 31 December 2023) and consumer lending (including credit cards) and Small Business lending.

See pages 147 to 149 of the Audited Financial Statements for a breakdown of the Group's exposure into loans and advances to customers and credit related commitments at their gross carrying amount and nominal amount respectively by stage, product line, industry and geographical region as well as the impairment allowance.

See "Risk Factors - A deterioration in macroeconomic conditions may have material adverse effect on the Issuer's business and financial condition" and "Risk Factors - The Issuer is exposed to sectoral concentration risk".

Risk concentration

As at 31 December 2024, the Group's ten largest exposures to customers amounted to BGN 1,001,807 thousand or 6.62 per cent. of gross loans.

As at 31 December 2023, the Group's ten largest exposures to customers amounted to BGN 889,567 thousand or 6.89 per cent. of gross loans.

Maturity profile

The table below presents the cash flows receivables and payable by the Group under loans and advances to customers by remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows for the year 2024 and 2023.

| As at 31 December | Carrying amount | Gross nominal inflows | Less than 1 month | 1 - 3 months | 3 - 12 months | 1 – 5 years | More than 5 years |
|-----------------------|--------------------|-----------------------------|----------------------|-----------------|------------------|-------------|----------------------|
| <i>(BGN thousand)</i> | | | | | | | |

| | | | | | | | |
|------|------------|------------|-----------|---------|-----------|-----------|-----------|
| 2024 | 14,739,644 | 17,431,004 | 3,190,850 | 479,923 | 1,740,640 | 5,879,395 | 6,140,196 |
| 2023 | 12,540,242 | 14,812,188 | 2,869,672 | 407,514 | 1,626,007 | 5,076,624 | 4,832,371 |

Interest repricing

The following table provides the interest rate repricing gap of the Group's loans and advancements to customers for each of 2024 and 2023. The Group's financial assets/liabilities are included at their notional/outstanding amounts and categorised based on either (i) the next contractual repricing date if floating rate or (ii) the maturity/call date (whichever is first) if fixed rate. The below analysis provides an approximation of the interest rate risk exposure since transactions with different duration are aggregated together per time bucket.

| As at 31 December | Carrying amount | Less than 1 month | 1 - 3 months | 3 - 12 months | 1 – 5 years | More than 5 years |
|-----------------------|--------------------|----------------------|-----------------|------------------|----------------|-------------------------|
| <i>(BGN thousand)</i> | | | | | | |
| 2024 | 14,739,644 | 4,735,338 | 8,622,723 | 758,480 | 550,344 | 52,078 |
| 2023 | 12,540,242 | 4,443,903 | 6,987,533 | 675,066 | 518,684 | 43,998 |

Currency mix

The following table presents a breakdown of the Group's loans and advances to customers by currency as at 31 December 2024 and 2023:

| As at 31 December | BGN | EUR | USD | CHF | Other | Total |
|-----------------------|------------|-----------|---------|--------|-------|-------------------|
| <i>(BGN thousand)</i> | | | | | | |
| 2024 | 11,888,133 | 2,672,013 | 149,693 | 28,868 | 937 | 14,739,644 |
| 2023 | 10,031,279 | 2,361,491 | 141,980 | 4,897 | 595 | 12,540,242 |

INVESTMENT SECURITIES

Structure

The Group has portfolio of investment securities, which amounts to BGN 3,464,426 thousand (2023: 3,028,859 thousand) and comprises securities classified at: amortised cost ("AC"); at fair value through profit and loss ("FVTPL"); and fair value through other comprehensive income ("FVOCI").

See pages 150 to 151 of the Audited Financial Statements for further details about the Group's investment securities structure.

Maturity profile

The table below presents the cash flows receivables and payable by the Group under investment securities by remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows for the year 2024 and 2023:

| As at 31 December | Carrying amount | Gross nominal inflows | Less than 1 month | 1 - 3 months | 3 - 12 months | 1 – 5 years | More than 5 years |
|------------------------------|----------------------------|--------------------------------------|------------------------------|-------------------------|--------------------------|------------------------|------------------------------|
| <i>(BGN thousand)</i> | | | | | | | |
| 2024 | 3,464,426 | 4,083,081 | 44,285 | 279,989 | 493,505 | 2,115,094 | 1,150,208 |
| 2023 | 3,028,859 | 3,536,188 | 82,212 | 110,416 | 289,981 | 1,873,094 | 1,180,485 |

Interest repricing

The following table provides the interest rate repricing gap of the Group's investment securities for each of 2024 and 2023. The Group's financial assets/liabilities are included at their notional/outstanding amounts and categorised based on either (i) the next contractual repricing date if floating rate or (ii) the maturity/call date (whichever is first) if fixed rate. The below analysis provides an approximation of the interest rate risk exposure since transactions with different duration are aggregated together per time bucket.

| As at 31 December | Carrying amount | Less than 1 month | 1 - 3 months | 3 - 12 months | 1 – 5 years | More than 5 years |
|------------------------------|----------------------------|------------------------------|-------------------------|--------------------------|------------------------|----------------------------------|
| <i>(BGN thousand)</i> | | | | | | |
| 2024 | 3,464,426 | 450,973 | 489,323 | 328,760 | 1,421,861 | 826,511 |
| 2023 | 3,028,859 | 529,812 | 279,579 | 280,646 | 1,301,949 | 721,902 |

Currency mix

The following table presents a breakdown of the Group's investment securities by currency as at 31 December 2024 and 2023:

| As at 31 December | BGN | EUR | USD | CHF | Other | Total |
|------------------------------|------------|------------|------------|------------|--------------|------------------|
| <i>(BGN thousand)</i> | | | | | | |
| 2024 | 201,967 | 2,977,423 | 285,036 | - | - | 3,464,426 |
| 2023 | 146,556 | 2,555,126 | 327,177 | - | - | 3,028,859 |

CAPITAL ADEQUACY

The Issuer prepares quarterly statutory reports and monthly reports for internal purposes, in accordance with the requirements of Regulation (EU) 575/2013, Regulation (EU) 876/2019, Regulation (EU) 873/2020 and Ordinance №8 of the BNB on capital buffers of banks. The Issuer applies the standardised approach for credit and market risks and the Basic Indicator Approach for operational risk since 1 January 2007.

According to supervisory statements of the Issuer for the purposes of the BNB in accordance with Regulation (EU) 575/2013 of the European Parliament and the Council as of 31 December 2024, the Issuer was in compliance with capital adequacy requirements, maintaining common equity tier 1 ("CET 1") capital ratio comfortably above the regulatory required level and MREL requirements in accordance with Regulation (EU) No 806/2014. As disclosed in the regulatory reports to the European Central Bank, the capital adequacy ratio

of the Issuer was 19.7 per cent. as at 31 December 2024, not including the interim profit for the second half of 2024 ending on 31 December 2024.

The capital adequacy ratio stood at 21.1 per cent. as at 31 December 2024 including the profit attributable to the shareholders of the Issuer for the period ended 31 December 2024 after receiving of the regulatory approvals.

The Issuer's management objectives when managing capital, which is a broader concept than the "equity" on the face of balance sheets, are:

- To comply with the capital requirements set by the regulators of the banking markets where the Issuer operates;
- To safeguard the Issuer's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

In accordance with Law on Credit Institutions each bank or banking group is required to hold the minimum level of paid-in capital amounting to BGN 10,000 thousand. Capital adequacy and the use of regulatory capital are monitored by the Issuer's management, employing techniques based on the guidelines developed by the Basel Committee and Regulation (EU) 575/2013 ("CRR"), Regulation (EU) 876/2019, Regulation (EU) 873/2020, as well as Directive 2013/36 of the European Union and Commission Implementing Regulation (EU) 2021/451. The required information is filed with the BNB on a quarterly basis.

Regulatory capital consists of common equity tier 1 capital, additional tier 1 capital and tier 2 capital. Tier 1 capital includes shareholders' ordinary equity, "Reserve" fund, retained earnings from previous year, unrealised gains/losses from FVOCI financial instruments and is reduced by intangible assets and deferred tax assets. Tier 2 capital includes subordinated debt and hybrid instruments.

The own funds requirements under CRR and Basel III are the following (as a percentage of RWA):

- CET 1 capital ratio of 4.5 per cent.
- Tier 1 capital ratio of 6 per cent.
- Total capital ratio of 8 per cent.

Additionally, capital conservation buffer, systemic risk buffer, capital buffer for other systemically important institutions ("O-SIIs") and countercyclical capital buffer are introduced. The capital conservation buffer equals 2.5 per cent. of RWA; the systemic risk buffer equals 3 per cent. of RWA; the O-SIIs buffer equals 0.75 per cent. of RWA and the countercyclical capital buffer equals 2 per cent. of RWA. The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of – and reflecting an estimate of credit, market and other risks associated with – each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

From 1 January 2020, the Issuer meets, on an individual basis, a Pillar 2 additional own funds requirement of 1.25 per cent., to be entirely composed of CET 1 capital. Since 1 March 2022, the Pillar 2 additional own funds requirement has to be held in the form of 56.25 per cent. of CET 1 capital and 75 per cent. of tier 1 capital, as a minimum.

On 19 June 2024, Regulation 2024/1623/EU and Directive 2024/1619/EU of the European Parliament and of the Council of 31 May 2024, amending Regulation 575/2013/EU and Directive 2013/36/EU, respectively, were

published in the Official Journal of the European Union. The revised CRR (CRR3) has, in general, become applicable from 1 January 2025, with a transitional period envisaged for certain rules set out therein.

EU member states will need to transpose the revised CRDIV (CRD6) into national law, to be applied from 11 January 2026. In addition, following its publication in the Official Journal of the European Union, the Commission Implementing Regulation (EU) 2024/1872 of 1 July 2024, amended the implementing technical standards laid down in Implementing Regulation (EU) 2016/1799 as regards the mapping tables specifying the correspondence between the credit risk assessments of external credit assessment institutions and the credit quality steps set out in Regulation (EU) No 575/2013 of the European Parliament and of the Council. The Issuer applies standardised approach for credit and market risk and Basic Indicator Approach (BIA) for operational risk.

As at 31 December 2024, the own funds of the Issuer amounted to BGN 2,768 million (2023: BGN 2,410 million) and CET 1 capital BGN 2,553 million (2023: BGN 2,195 million). As at 31 December 2024, the Issuer had tier 2 capital which amounted to BGN 215 million (2023: BGN 215 million). The table below shows the allocation of tier 1 and tier 2 capital as of 31 December 2024 and 2023:

| | 2024 | 2023 |
|---|-----------------------|--------------|
| | <i>(BGN millions)</i> | |
| TIER 1 CAPITAL | 2,553 | 2,195 |
| Share capital | 560 | 560 |
| Other reserves & other comprehensive income | 2,146 | 1,715 |
| Intangible assets deductible* | (95) | (51) |
| Goodwill | (82) | (82) |
| Other transitional adjustments to CET1 Capital | 28 | 59 |
| CET1 instruments of financial sector entities where the institution has a significant investment | - | (1) |
| Deductible deferred tax assets that rely on future profitability and arise from temporary differences | (4) | (5) |
| CET1 capital elements or deductions - other | - | - |
| TIER 2 CAPITAL | 215 | 215 |
| CAPITAL BASE | 2,768 | 2,410 |

**Intangible assets, which are eligible for deduction from the capital according to Reg. 575.*

CONTINGENT LIABILITIES AND OTHER COMMITMENTS

The Group has contingent liabilities in respect of legal proceedings, loan commitments, guarantees and letters of credit and capital expenditures.

Legal proceedings

The Group is subject to a number of legal proceedings arising in the normal course of business. Besides the provision made in note 29 of the Audited Financial Statements, no contingent liabilities associated with legal actions have been disclosed as professional advice indicates that the possibility of any significant loss is remote.

Loan commitments, guarantee and letters of credit

As at 31 December 2024 and 31 December 2023, the Group had contractual amounts of its off-balance sheet financial instruments that committed it to extend credit to customers, guarantee and other facilities as follows:

| | 2024 | 2023 |
|---|-----------------------|------------------|
| | (BGN thousand) | |
| Guarantees | 255,181 | 215,160 |
| Letters of credit | 115,389 | 129,957 |
| Loan commitments and other credit related liabilities | 2,968,216 | 2,372,705 |
| Total | 3,338,786 | 2,717,822 |

Capital Expenditures

As at 31 December 2024 and 31 December 2023, the Group had the following capital expenditure commitments:

| | 2024 | 2023 |
|----------------------|-----------------------|-------------|
| | (BGN thousand) | |
| Capital Expenditures | 12,782 | 26,681 |

RELATED PARTY TRANSACTIONS

Eurobank Holdings is the parent company of Eurobank S.A.

Fairfax Group ("**Fairfax**"), which held 33.29 per cent. of Eurobank Holdings' share capital as of 31 December 2024 (31 December 2023: 32.93 per cent.), is considered to have significant influence over Eurobank Holdings. On 7 February 2025, Eurobank Holdings announced that it has been informed by Fairfax that following the sale of 80 million ordinary shares of Eurobank Holdings on 23 January 2025, it held 32.89 per cent. of Eurobank Holdings' total number of voting rights and as such, Fairfax continues to have significant influence over Eurobank Holdings.

See page 167 of the Audited Financial Statements for a list of the related parties of the Group during 2024.

In May 2023, PB Personal Finance EAD was set up with a share capital of 1,000 shares with a nominal value of BGN 1,000 per share or a total share capital of BGN 1 million. The Issuer directly owns 100 per cent. of the share capital of the newly established company. PB Personal Finance EAD is registered and will operate in Bulgaria and has been established to provide pension assurance brokerage services.

RECENT DEVELOPMENTS

On 27 March 2025, the Issuer acquired 100 per cent. of Oscar Estate EAD shares. The acquisition was finalised for a total purchase price of BGN 76,669 thousand which was paid in cash. Oscar Estate EAD's balance sheet includes one office building with a carrying amount of BGN 76,486 thousand, which will be used as the office building of the Issuer.

The allocation of the purchase price is based on preliminary estimates and is subject to change upon finalisation of the valuation of the assets acquired and liabilities assumed. Management is in the process of determining the fair value of the acquired assets and liabilities assumed. The final allocation of the purchase price will be completed within one year from the acquisition date.

THE BULGARIAN HOUSING MORTGAGE MARKET

The information provided below has been derived from publicly available information on the Bulgarian housing mortgage market.

Introduction

The Bulgarian housing mortgage market has been experiencing a dynamic growth over the past decade. The macroeconomic stability, steady GDP growth, low unemployment rates, and the rising disposable income in the country have been fostering favorable conditions for housing demand.

2024 was another strong year for the market where the low-interest rate environment has further boosted its growth. The mortgage lending market reached the record portfolio volume of EUR 14.01 billion as of December 2024, recording 25 per cent. annual growth.⁵

The Issuer holds fourth position on the market with 16.5 per cent. share and EUR 2.33 billion mortgage portfolio as of December 24.⁶

The strong demand supported the increase of real estate prices and resulted in 8.7 per cent. increase in the number of sales deals on a national level according to National Statistics Institute (NSI) and 16 per cent. increase in the house price indices (HPI) in Q1'24 compared to Q1'23. The biggest growth in sales deals and prices is in the big cities - Sofia, Burgas and Varna. This positive trend has been supported by the stable growth of the average income in the country with ~21 per cent. Q2'24 compared to Q2'23 (as per NSI data), and the level of interest rates that remained relatively stable.

Mortgage market dynamics⁷

There has been sustained growth in mortgage lending and lowering interest rates for over a decade, since 2010 with a slow recovery following the crash of 2008/2009 after the global financial crisis.

As of 31 December 2024, the mortgage market had a total amount of outstanding residential loans of BGN 27.58 billion (ca. EUR 14.01 billion) compared to BGN 22 billion (ca. EUR 11.3 billion) at the end of 2023.

As of December 2024, interest rates slightly decreased compared to 2023 to a 12-month average of 2.52 per cent. on BGN denominated loans (2.59 per cent. in 2023) and 2.95 per cent. for loans in EUR (3.53 per cent. in 2023), which is a historically low level. This contrasts to the environment of relatively high interest rates in most EU countries in the past two years and is due to the excess liquidity in the Bulgarian banking sector, which keeps bank funding costs low.

Most new loans in 2024 are floating rate (99 per cent.) and BGN denominated (96 per cent. of all outstanding and 96 per cent. of new loans) due to the more favourable interest rate terms on BGN loans and despite the declared goal of joining the Eurozone as soon as the country fulfils all membership criteria.

The maximum maturity for new mortgages is 30 years with an average of 20 – 25 years.

Due to the rise in inflation and housing prices, the average borrowed amount on new loans is around BGN 198,000 (ca. EUR 100,000) with an LTV of 70-80 per cent. and a BNB prescribed maximum LTV at origination of 85 per cent.

⁵ Source: BNB: <https://bnb.bg/BankSupervision/BSCreditInstitution/BSCIFinansReports/BSCIFRBankingSystem/index.htm?forYear=2024>

⁶ Source: BNB: https://bnb.bg/BankSupervision/BSCreditInstitution/BSCIFinansReports/BSCIFRForeignBanks/BS_Q_202412_BG.

⁷ Source: BNB - https://bnb.bg/BankSupervision/BSCreditInstitution/BSCIFinansReports/BSCIFRBankingSystem/BS_202411_BG and <https://bnb.bg/Statistics/StMonetaryInterestRate/StInterestRate/StIRInterestRate/index.htm>.

As of December 2024, housing NPLs continued to decrease to 1.03 per cent. (BGN 285 million) of all outstanding mortgage loans (1.5 per cent. or BGN 332 million in 2023).

On the supply side, credit standards for house purchases remained largely unchanged. As of October 2024, the BNB introduced certain restrictions on mortgage lending activity, which consist of a maturity and LTV ceiling on new and renegotiated loans, as well as a Debt Service to Income Ratio at Origination (DSTI-O) of 50 per cent.⁸

In 2024 the main drivers of demand on the Bulgarian market were the fear from the rising inflation and borrower's desire to convert savings into a housing investment, which is perceived as a "safe haven" in an environment of regional and domestic crises and regional and domestic political instability.

Material Legal Aspects of the Mortgage Loans

According to Bulgarian Consumer Credits Related to Immovable Property Act ("CCRIPA") prior to entering into a mortgage loan agreement the lender should provide to the consumer certain pre-contractual information, including through a precontractual information sheet as per the European standardised information sheet template, for the purpose of presenting personalised information to the consumer about the contemplated mortgage loan.

The lender should assess the consumer's creditworthiness prior to having binding mortgage agreement signed, where the lender cannot subsequently terminate the mortgage loan agreement, unless the consumer consciously withheld or misrepresented the necessary information to assess its creditworthiness.

Pursuant to CCRIPA the mortgage loan agreement should be entered into in written form and should contain certain mandatory information, including type of mortgage loan, maturity of the mortgage loan, the total amount and the terms and conditions for its drawdown, repayment schedule, interest (fixed or variable), the applicable annual percentage rate of charge, which is calculated in accordance with a methodology as set forth in the CCRIPA, required security, etc. Any variable interest rate shall be applied on the basis of a methodology determined by the lender, where any subsequent changes of the variable rate shall be notified to the borrower before the change comes into force.

The lender cannot force the borrower to make payments – including interest, charges, commission fees, or other types of cost associated with the mortgage loan agreement – which are not stipulated in the mortgage loan agreement or any subsequent amendments, annexes or supplementary agreements thereof.

Borrowers are entitled to discharge fully or partially their obligations under a mortgage loan at any time after the disbursement of the loan and the total costs of the mortgage loan, including the interest and all other costs for the remaining maturity of the mortgage loan are to be reduced accordingly.

In the case of early repayment of the mortgage loan, the lender is entitled to receive a fair compensation of its (possible) costs directly associated with the early repayment, not exceeding one per cent. of the amount repaid (unless the lender can prove that the early repayment resulted in a higher loss), provided that the early repayment is made before the payment of 12 monthly instalments following the disbursement of the loan. Following this period, the lender is not entitled to receive a compensation.

By virtue of CCRIPA any relevant unfair terms in the mortgage loan agreement or any terms and conditions which contradict the requirements of CCRIPA or are aimed to circumvent the requirements of CCRIPA, shall be considered null and void, with the effect being that the borrower shall repay only an amount equal to the total amount of the mortgage loan, but shall not be forced to pay any interest or other costs associated with the loan.

⁸ Source: BNB - https://www.bnb.bg/AboutUs/PressOffice/POPpressReleases/POPDate/PR_20240911_1_EN.

Establishment of a Mortgage

According to the Bulgarian Obligations and Contracts Act ("**OCA**") the mortgage is established by virtue of a mortgage title deed (*нотариален акт за учредяване на ипотека*) or by operation of law, and recordation of the mortgage with the Bulgarian Property Register with the Registry Agency. Pursuant to Bulgarian law the mortgage title deed is a strictly formal act, which needs to enlist in detail the property over which the mortgage is established and the amount of the secured obligations, as well as the identification data of the lender and the borrower, the owner of the property if the mortgage is created to secure third party's obligations, description of the secured obligations, their maturity and the applicable interest rate. Therefore, the establishment of a mortgage shall be invalid if in the relevant mortgage documentation (either with respect of a contractual mortgage or statutory mortgage) there is uncertainty as to the identity of the lender, the owner or the borrower, the identity of the property and the secured obligations, or the amount of the secured obligations for which the mortgage is established.

Two types of mortgages are possible under Bulgarian law, these being a contractual mortgage which is established by virtue of a mortgage title deed (*нотариален акт за учредяване на ипотека*) and a statutory mortgage, which is established by operation of law. According to Bulgarian Credit Institutions Act, all banks, such as the Issuer, benefit from statutory mortgage over the property and all rights *in rem* thereof, acquired with the proceeds from a loan disbursed by the relevant bank.

The mortgage shall secure the secured obligations regardless of any changes that may have occurred in the latter, but only up to the recorded amount of the secured obligations. If the secured obligations are interest-bearing, the mortgage shall also secure the interest for the two years preceding the year of initiation of enforcement proceedings against the mortgaged property, for the current year and for all the following years until the date of forced sale of the mortgaged property. In addition, the mortgage shall secure the lender's claims for expenses incurred for its creation and renewal, and court and enforcement expenses.

The mortgages hold rank in accordance with the sequence of the recordation with the Bulgarian Property Register with the Registry Agency.

The recordation of a mortgage is valid for ten years, which can be extended if the recordation is renewed prior to the expiration of this period. Otherwise, the mortgage can be recorded again with the Bulgarian Property Register with the Registry Agency but will rank as of the date of the new recordation.

The mortgage can be deregistered by virtue of notarised consent by the lender or in accordance with a final and non-appealable court decision.

Enforcement Procedures

Introduction and general principles of Bulgarian law in respect of enforcement

Bulgarian civil procedure law is an amalgam of national principles and procedural rules and transnational EU norms. It is mainly governed by the Bulgarian Civil Procedure Code ("**CPC**") which aimed to reform, streamline and expedite the process, contrary to preceding procedural rules.

Among the many principles of Bulgarian civil procedure law are the principles of disposition (the subject matter of the case and the relief sought are limited to the request of the plaintiff), equality of parties (each party has access to identical legal remedies) and the principle of concentration (if a party fails to meet certain deadlines, it cannot exercise the respective rights at a later stage unless it is able to prove that the omission is due to unforeseen circumstances).

Enforcement of a claim against the debtor

Typically, claims in Bulgaria are enforced by way of a three-instance court proceeding - first, appellate and cassation instance - access to the third instance being limited by the rule that the Supreme Court of Cassation shall grant leave for cassation to an appeal in order for it to be adjudicated by the court. Alternatively, the parties may agree that their dispute will be reviewed by an arbitration tribunal (except for consumer disputes).

Prior to filing a claim or during the proceeding, the plaintiff may request the court to impose interim and precautionary measures against the debtor, such as bank account distrains, attachment of real estates, etc.

The CPC also provides for a fast-track court proceeding – the Order for Payment proceeding. It is intended for undisputed claims or claims supported by certain documents, such as promissory notes, notarised agreements or excerpts from the accounting of public institutions, municipalities or banks.

Both standard court and fast-track court proceedings end with the issuance of a Writ of Enforcement that the plaintiff shall submit to a public or private enforcement agent to initiate the involuntary enforcement of its claim.

Enforcement of a mortgage

Under Bulgarian law, the mortgage encumbers the real property. The mortgagor, as well as any subsequent buyer of the real property is bound by the mortgage and may become the target of an action by the mortgagee to enforce its underlying claim.

To enforce a claim secured by a mortgage, the mortgagee is entitled to either bring a standard court action or file for the issuance of an Order for Payment. Usually, the second option is the preferred one, due to its speed and the fact that the court reviewing the application doesn't notify the mortgagor about the procedure. After a formal review of the notary deed establishing the mortgage, the court issues the Order for Payment which is immediately enforceable, and a Writ of Enforcement is therefore also issued. Only after being notified by the enforcement agent on the enforcement actions is the debtor entitled to object against the Order for Payment. Such objection obliges the mortgagee to bring a standard court action, however without staying the enforcement, i.e. while the court case is pending, the creditor may preliminary satisfy his/her claim through the enforcement process.

Cost of enforcement

The court fee for a pecuniary action is 4 per cent. of the amount of the claim for the first instance, 2 per cent. for the appellate and cassation instance each. Other typical expenses are for attorney fees and deposits for experts employed by the court. The losing party is ordered by the court to reimburse the reasonable expenses incurred by the other party.

The court fee for the initiation of an Order for Payment proceeding amounts to 2 per cent. of the claim, but if the debtor files and objections against it, the claimant will then need to pay the remainder of 2 per cent. to bring the ensuing court action.

Enforcement costs vary depending to the amount of the claim but are usually between 2 per cent. and 6 per cent., a smaller percentage being applied to larger claims.

Treatment of the mortgage and mortgagee in the mortgagor's bankruptcy proceedings

Unlike enforcement proceedings, as described below, mortgagees are not *ex lege* admitted as creditors to the bankruptcy proceeding of the mortgagor. They have to file their claims and be admitted by the insolvency administrator (or by the court in the event of objections). Mortgagees that fail to do so lose their claims against the insolvent mortgagor.

Pursuant to the Bulgarian Commerce Act receivables secured by a mortgage enjoy first ranking for any proceeds collected from the sale of the mortgaged real estate, i.e. mortgagee's claim shall be satisfied in full prior to such proceeds being distributed to other creditors. If the proceeds collected from the sale of the mortgaged asset are not sufficient to satisfy the mortgagee's claim in full, for the remainder of its claim the mortgagee will rank *pari passu* with the claims of unsecured creditors.

Treatment of the mortgage and mortgagee in enforcement proceedings carried out with respect to the mortgagor's assets

Similarly to bankruptcy proceedings, the CPC establishes that receivables secured by a mortgage enjoy first ranking (after securing and enforcement costs and state taxes liabilities over mortgaged assets from the value of these assets) for any proceeds collected from the sale of the mortgaged real estate during the enforcement proceedings. Similarly, if such proceeds are not sufficient, for the remainder of its claim the mortgagee will rank *pari passu* with the claims of unsecured creditors.

Under the CPC enforcement cannot be directed against certain types of assets of an individual, such as his/her sole residence. However, by establishing a mortgage, the debtor waives such protection and the real estate may become the target of enforcement.

Mortgagees are considered *ex lege* creditors under any enforcement proceeding initiated against the mortgaged asset of the debtor by another creditor. If the secured receivable of the mortgagee has not matured yet, the enforcement agent sets aside an amount sufficient to satisfy mortgagee's claim. After the mortgagee successfully obtains a Writ of Enforcement, the enforcement agent distributes these proceeds to the mortgagee.

Contesting of claims and reversal within insolvency proceedings

In several instances, the validity of mortgages can be contested within insolvency proceedings:

- Mortgages established after the date of the court judgment to open insolvency proceedings against the mortgagor are considered *ex lege* null and void vis-à-vis the insolvency creditors;
- Mortgages wherewith the mortgagor secures a previously unsecured obligation established during the period of up to one year prior (or two years prior – if the creditor was aware of the insolvency of the mortgagor) to filing of the application for initiation of the insolvency proceeding ("**Insolvency Application Date**"), but after the initial date of the insolvency/over-indebtedness, may be challenged by the insolvency administrator or insolvency creditors and set aside by the court vis-à-vis insolvency creditors. This rule does not apply to mortgages established prior to or at the time of extending a loan to the mortgagor, to secure a loan extended for the acquisition of the mortgaged asset or to replace a pre-existing security interest, i.e. such mortgages are considered valid under Bulgarian law;
- Mortgages wherewith the mortgagor secures third-party obligations established during the period of up to one year prior (or two years prior – if the third party is related to the mortgagor as defined in Bulgarian law) to the Insolvency Application Date but not earlier than initial date of the insolvency/over-indebtedness, may be challenged by the insolvency administrator or insolvency creditors and set aside by the court vis-à-vis insolvency creditors.

Insolvency proceedings against natural persons

Despite this being a hotly debated topic ever since the adoption of modern Bulgarian insolvency rules in 1996, up until 2023, the only natural persons against which an insolvency proceeding could be initiated were registered sole traders, shareholders with unlimited liability in partnerships (general partners) and concealed shareholders in companies. In 2023, after a big reform of Bulgarian insolvency procedure, this list was expanded with the inclusion of "entrepreneurs" – all natural persons carrying out business, practicing a skilled craft or

working as freelancers. The enforcement of mortgages in insolvency proceedings against these two categories of natural persons is identical to the rules concerning the insolvency of companies.

The adoption of rules governing insolvency proceedings against all other natural persons continues to be an important topic in the Bulgarian legal community, but no adopted legislation is available at the date hereof.

Consumer protection

Consumers that have been granted mortgage loans enjoy various rights and legal remedies under the CCRIPA, including but not limited to: to receive general information about the loans provided by the creditor and pre-contractual information about the terms and conditions of his/her loan, to receive answers to all questions regarding the provided loan, right to early repayment of the loan, etc.

Pursuant to Bulgarian and EU law the courts are obliged to *ex officio* review such contracts for unfair contractual terms, the existence of which could lead to invalidation of the clauses or of the contract in its entirety. Invalidation of the entire contract automatically leads to invalidation of the mortgage although the mortgagor may have to undertake certain steps to register its deletion in the Bulgarian Property Register. Invalidation of specific contractual terms (i.e. provisions regarding interest or fees) may limit the mortgage coverage.

Under the CPC consumer disputes cannot be referred to arbitration and have to be resolved by the state courts.

DESCRIPTION OF THE COVER POOL

Introduction

The purpose of the cover pool is to ensure that the claims of Bondholders and other creditors under the Bonds are secured at all times with high-quality assets, to which they have direct recourse as preferred creditors. The cover pool of the Bonds is structured in accordance with the requirements of the Covered Bonds Act and is composed of loans secured by residential property located in the Republic of Bulgaria as the primary assets, which shall make up no less than 85 per cent. of the nominal amount of all outstanding Bonds until their final maturity. The cover pool may also contain certain other categories of high-quality assets, e.g. to ensure the cover pool's liquidity or compliance with applicable overcollateralisation requirements. For a summary of the requirements of Covered Bonds Act in relation to the cover pool, please see "*Summary of the Bulgarian Legislation Regarding Covered Bonds*".

The assets included in the cover pool from time to time shall be recorded in the cover register maintained by the Issuer for the Bonds. The cover register is a comprehensive database containing identification data of all cover pool assets. The administration of the cover register, including registration and deregistration of assets, is made in accordance with internal rules and procedures of the Issuer with a view of ensuring the sustainable structure of the cover pool and its ongoing compliance with asset eligibility, coverage, overcollateralisation and liquidity requirements applicable to the Bonds. The Issuer shall grant interested parties with access to the cover register in accordance with the Covered Bonds Act and the Issuer's internal rules. The preferred claim of Bondholders and other creditors under the Bonds over the cover pool assets is secured by a first ranking registered pledge established in accordance with Bulgarian law and registered in the Bulgarian Central Pledges Registry. The pledge is granted in favour of the Security Agent and extends over all assets recorded in the cover register from time to time. The Security Agent may access the cover register for the purposes of establishing and administering the pledge. For additional information on the security established in favour of the creditors under the Bonds, please see Condition 3 (*Security and Cover Pool Assets*) in "*Terms and Conditions of the Bonds*" above.

The issuance of the Bonds is approved by the Bulgarian National Bank, in its capacity as covered bond supervisory authority. The Bonds will be issued in accordance with the Covered Bonds Act and are intended to comply with the requirements of Art. 129 of CRR until their final maturity. The Bonds will be labelled with labels "European Covered Bonds (premium)" and "Residential Covered Bonds".

Composition of the Cover Pool

The cover pool shall be composed of loans secured by residential property located in the Republic of Bulgaria, which constitute eligible cover pool assets in accordance with Art. 3(1), item 1 of Covered Bonds Act in conj. with Art. 129(1), lit. (d) of CRR (the "**Mortgage Loan**"). As of the date of this Information Memorandum the Issuer does not intend to include eligible assets referred to in Art. 3(1), item 1 of Covered Bonds Act in conj. with Art. 129(1), lit. (a), (b), (e) to (g) of CRR to fulfil the coverage and overcollateralisation requirements applicable to the Bonds.

As at 30 June 2025, the value (aggregate outstanding principal amounts) of the Mortgage Loans to be included in the cover pool amounts to BGN 1,195 million (approx. EUR 611 million⁹). The value of residential property securing the Mortgage Loans stood at BGN 2,990.5 million (approx. EUR 1,529.0 million).

The Mortgage Loans are predominantly denominated in BGN (95.3 per cent) with the rest being EUR denominated (4.7 per cent.). The Mortgage Loans are predominantly floating rate (98.3 per cent.) with the remaining 1.7 per cent.

⁹ EUR 1 = BGN 1.95583.

being fixed rate. The floating rate loans are based on the PRIME reference interest rate of the Issuer (variable part) plus a fixed spread defined in each loan contract. The PRIME index is calculated by a Methodology for determination of reference interest rate and is based on a formula which considers – among others – BNB statistics for interest rate on deposits in the banking system and the yield to maturity on long-term benchmark Bulgarian government bonds used for convergence assessment purposes, also published by BNB. The ALCO is the authorised internal body of the Issuer responsible for initial determination and subsequent adjustments in the level of PRIME reference interest rate. The Methodology and PRIME rates are published on the Issuer's website. The Issuer applies standard fees and commissions to the Mortgage Loans in accordance with its tariff, such as fees for review of loan applications, for loan renegotiation, actions related to the valuation of mortgaged properties, or the general loan administration.

The weighted average term to maturity of the Mortgage Loans to be included in the cover pool is 20.5 years. The maturity structure of the Mortgage Loans is set out in the following table:

| Remaining term to maturity by category (30.06.2025): | BGN millions | per cent. of all Mortgage Loans |
|---|---------------------|--|
| 0 - 1 Y | 0.3 | 0.0 |
| 1 - 2 Y | 1.4 | 0.1 |
| 2 - 3 Y | 2.3 | 0.2 |
| 3 - 4 Y | 6.2 | 0.5 |
| 4 - 5 Y | 7.0 | 0.6 |
| 5 - 10 Y | 82.5 | 6.9 |
| 10+ Y | 1,095.4 | 91.7 |
| Total: | 1,195.0 | 100.0 |

All residential properties securing Mortgage Loans are located in the Republic of Bulgaria, of which 82.6 per cent. are located in the districts of the four largest Bulgarian cities as shown in the following table:

| Geographical distribution of residential property securing Mortgage Loans by districts (30.06.2025) | per cent. of all Mortgage Loans |
|--|--|
| <u>Republic of Bulgaria</u> | <u>100.0</u> |
| <i>of which:</i> | |
| <i>Burgas District</i> | 6.3 |
| <i>Varna District</i> | 8.4 |
| <i>Plovdiv District</i> | 8.4 |
| <i>Sofia (capital) District</i> | 59.5 |

As of 30 June 2025, the average amount of the outstanding principal under the Mortgage Loans is approx. BGN 109,900 (approx. EUR 56,191). The following table shows the distribution of Mortgage Loans by buckets:

| Outstanding principal amount under Mortgage Loans, distributed by categories (30.06.2025) | BGN millions |
|--|---------------------|
|--|---------------------|

| | |
|---------------------------|----------------|
| up to BGN 50 000 | 80.5 |
| BGN 50 000 – BGN 100 000 | 262.1 |
| BGN 100 000 – BGN 200 000 | 469.8 |
| BGN 200 000 – BGN 500 000 | 333.8 |
| more than BGN 500 000 | 48.8 |
| Total | 1,195.0 |

The weighted average loan to value (LTV) ratio of the Mortgage Loans stood at 58.2 per cent. as of 30 June 2025. The distribution of the LTV under the Mortgage Loans by buckets is shown in the following table:

| LTV ratio as of last valuation performed by an independent appraiser | BGN millions |
|---|---------------------|
| (30.06.2025) | |
| >0 - <=40% | 157.0 |
| >40 - <=50% | 161.8 |
| >50 - <=60% | 235.1 |
| >60 - <=70% | 343.4 |
| >70 - <=80% | 297.7 |
| >80 - <=90% | 0.0 |
| >90 - <=100% | 0.0 |
| >100% | 0.0 |
| Total | 1,195.0 |

The LTV ratio is calculated based on the outstanding principal amount of Mortgage Loans and the value of the residential properties securing them per valuation performed by an independent appraiser. Residential properties are valued at market price in accordance with CRR and the applicable Bulgarian and European appraisal standards. Valuation by an independent appraiser is obtained at origination of each Mortgage Loan and is monitored annually using acceptable statistical models. In accordance with applicable law, a subsequent valuation by an independent appraiser is generally required, where information indicates that property value may have declined materially relative to general market prices. The Issuer has applied an LTV ratio at origination of up to 80 per cent.

As of 30 June 2025, the risk qualification of the Mortgage Loans is as follows:

| Expected credit loss under IFRS 9 (30.06.2025) | BGN millions | per cent. of all Mortgage Loans |
|---|---------------------|--|
| Stage 1 | 1,195.0 | 100.0 |
| Stage 2 | 0.0 | 0.0 |
| Stage 3 (non-performing) | 0.0 | 0.0 |
| Total: | 1,195.0 | 100.0 |

As of the date of this Information Memorandum, the Mortgage Loans are not subject to a legal dispute between the Issuer and the respective borrower. In accordance with the eligibility criteria, any non-performing loans will be excluded from the cover pool register.

Risk Management of the Cover Pool

The Issuer is required to ensure that the aggregate principal amount of all cover pool assets recorded in the cover register is at all times at least equal to the aggregate principal amount of outstanding covered bonds (so-called nominal principle). In accordance with the Covered Bonds Act and the Conditions, the Issuer is further required to maintain at all times a Minimum Overcollateralisation Level of 10 per cent. calculated under the nominal principle. Please see also Condition 1(d) (*Coverage and overcollateralisation*) in "Terms and Conditions of the Bonds" above.

Irrespective of the Minimum Overcollateralisation Level, the Issuer may at its sole discretion maintain a higher level of actual overcollateralisation. The Issuer may publish and update a target for the actual level of overcollateralisation on the Bonds above the Minimum Overcollateralisation Level on the following section of its website: https://www.postbank.bg/Za-nas/Financial-Data/Covered_bonds.

To ensure that the cover pool meets applicable coverage and overcollateralisation requirements at all times, the Issuer shall perform cover pool stress-tests at least quarterly in accordance with an internal model of the Issuer approved by the BNB. Through the stress tests the Issuer will assess whether the value of the cover pool will continue to meet the requirements for coverage and the Minimum Overcollateralisation Level in the event of a sharp deterioration of market conditions. Please see "Summary of the Bulgarian Legislation Regarding Covered Bonds - Coverage and overcollateralisation" for additional information.

The Issuer is further required to maintain a liquidity buffer in accordance with Art. 28 of the Covered Bonds Act to ensure the liquidity of the cover pool. The liquidity buffer for the Bonds will consist of high-quality liquid assets in an amount necessary to cover the maximum net liquidity outflow of the Bonds over a 180-day period. The amount of the net liquidity outflow of the Bonds for a particular day is determined as all payment outflows falling due on one day, including principal and interest payments and payments under derivative contracts (if any) of the Bonds, net of all payment inflows falling due on the same day for claims related to the cover pool assets. The maximum net liquidity outflow of the Bonds over 180 days is the highest value resulting from the summing of the net liquidity outflows determined at for each successive day of the period. The assets included in the liquidity buffer will be recorded in the cover register maintained for the Bonds and will form part of the cover pool. Please see "Summary of the Bulgarian Legislation Regarding Covered Bonds - Cover pool liquidity" for additional information.

In addition, the Issuer monitors and manages the risks pertaining to the cover pool assets in accordance with its internal risk management rules and applicable law. As of the Issue Date the Issuer does not intend to use derivative instruments to hedge currency or interest risk related to the cover pool.

Periodic Information about the Cover Pool

The Issuer will disclose on a quarterly basis, no later than 30 days after the end of each calendar quarter, information on the Bonds and on the state and quality of the cover pool. This disclosure should contain at least the following information:

- the value of the cover pool and the amount of the Bonds as of the end of the quarter concerned
- the geographical distribution and type of cover assets, the value of the cover assets and the methods used its calculation

- details in relation to market risk, including interest rate risk and currency risk, as well as credit and liquidity risks associated with the cover pool
- the maturity structure of the cover assets and the Bonds
- information on the Issuer's compliance with the levels of coverage and overcollateralisation and the Bonds' current coverage and overcollateralisation
- the percentage of cover assets where a default is considered to have occurred pursuant to Art. 178 of CRR, as well as information on all cover assets that are more than 90 days past due.

The Issuer shall publish its quarterly disclosures and other relevant information related to the Bonds on the following section of its website for a period not less than five years after the obligations under the Bonds have been fully discharged: https://www.postbank.bg/Za-nas/Financial-Data/Covered_bonds.

TAXATION

The following summaries do not purport to be a comprehensive description of all tax considerations that could be relevant for Bondholders. These summaries are intended as general information only and each prospective Bondholder should consult a professional tax adviser with respect to the tax consequences of an investment in the Bonds. These summaries are based on tax legislation and published case law in force as of the date of this document. They do not take into account any developments or amendments thereof after that date, whether or not such developments or amendments have retroactive effect.

Republic of Bulgaria Taxation

Legal Entities

Principal and interest amounts

Payment of principal on the Bonds to a legal entity is not subject to taxation in Bulgaria.

Interest on the Bonds received by a legal entity, which is a Bulgarian tax resident or which is a non-Bulgarian tax resident but acting through a permanent establishment in Bulgaria is included in the corporate income taxable base of the recipient which is subject to corporate income tax in Bulgaria at the rate of 10 per cent.

Where the Bonds are not admitted to trading on a regulated market (for the purposes of MiFID II), which includes the case where the Bonds are listed on the Euro MTF, the interest income paid to entities which are not residents of Bulgaria (irrespective of the place where such entity is established for tax purposes; and provided they are not acting through a Bulgarian permanent establishment, as described above) is subject to withholding tax in Bulgaria at the rate of 10 per cent., unless treaty relief applies.

Capital gains

Capital gains from the sale or exchange of Bonds received by a legal entity which is a Bulgarian tax resident or which is a non-Bulgarian tax resident acting through a permanent establishment in Bulgaria is included in the corporate income taxable base of the recipient which is subject to corporate income tax in Bulgaria at the rate of 10 per cent.

Capital gains from the sale or exchange of Bonds realised by a legal entity, which is a non-Bulgarian tax resident (unless acting through a permanent establishment), irrespective of the place where it is established for tax purposes, are subject to a one-time withholding tax in Bulgaria at the rate of 10 per cent. (unless treaty relief applies). Such tax on capital gains is payable by the recipient of the income. The tax on capital gains is levied on the positive difference between the sale price and the documented acquisition price. The tax on capital gains is to be reported in a tax return and paid by such non-resident legal entity before the end of the month following the quarter in which the respective income is actually received.

Individuals

Principal and interest amounts

Payment of principal on the Bonds to individuals is not subject to taxation in Bulgaria.

As regards individual investors from Bulgaria and other EU/EEA states, the interest income from the Bonds, irrespective of whether the Bonds are traded on a regulated market, the Euro MTF, or not, received by a Bulgarian tax resident is tax exempt in Bulgaria. The same treatment is granted to tax residents of another EU Member State or another EEA state. In order to avail of this relief, EU/EEA tax resident individuals must

present before the Issuer an official tax residence documents, issued by the relevant foreign tax administration, as well as a certified statement confirming that the other required exemption criteria are met (above all that the interest income originates from Bulgarian corporate notes).

As regards non-resident individual investors outside the EU/EEA, the interest income from the Bonds, irrespective of whether or not the Bonds are traded on a regulated market, the Euro MTF, or not, received by individual investors who are not tax resident of an EU Member State or an EEA state is subject to withholding tax in Bulgaria at the rate of 10 per cent, provided that such individual investors do not have a fixed base in Bulgaria.

This tax may be reduced down to zero under a double tax treaty. Where no treaty relief or exemption on the interest income is available or no tax clearance is obtained (see below), the Issuer must withhold the tax on interest income and remit it to the Bulgarian tax authorities, until the end of the month following the quarter in which the interest income is accrued.

Capital gains

In the case of non-resident individual Bondholders, the income of individual investors who are not Bulgarian tax residents, and which is realised from transactions with the Bonds, is subject to Bulgarian tax, at a rate of 10 per cent. (unless a reduced treaty rate or treaty exemption is available), levied on the positive difference between the sale price and the documented acquisition price of the Bonds. The tax is to be paid by the individual investor until the end of the month following the quarter in which the capital gains are received.

As regards, the income of individuals who are Bulgarian tax residents, and which is derived from transfer of the Bonds, is subject to personal income tax at 10 per cent, as part of the overall annual income.

Special treatment of sole proprietors

An individual who is a Bulgarian tax resident and, with regards to the Bonds, is acting as sole proprietor for the purposes of Bulgaria's Commercial Act (sole proprietors are subject to registration with the Commercial Register, but the treatment applies even if unregistered), is subject to taxation for any interest or capital gains as a legal entity at the rate of 15 per cent.

Gross-up

In addition to the above, in accordance with the Conditions, if withholding or deduction for or on account of any taxes is or becomes payable in Bulgaria in respect of any payments of interest (but not principal or any other amount) in respect of the Bonds the Issuer shall pay such additional amounts as will result in the receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, subject to any applicable exceptions set out in the Conditions.

Bilateral Treaties for Avoidance of Double Taxation

As at the date of this Information Memorandum, Bulgaria is party to some 70 bilateral treaties on the avoidance of double taxation. In cases where Bulgarian law imposes tax on interest received or capital gains realised in relation to the Bonds (see the sections above "*Legal Entities*" and "*Individuals*"), these treaties may provide different forms of tax relief. The application of any treaty relief in respect of income exceeding BGN 500,000 for the calendar year is subject to obtaining tax clearance from Bulgaria's National Revenue Agency under a special procedure that requires the filing of standard forms and tax residence certificates following receipt of the relevant income and before the deadline for payment of tax. The clearance statement should be issued within a 60-day term, where the expiry of such term without any refusal is deemed a tacit approval of treaty relief application. If the income does not exceed BGN 500,000 for the relevant calendar year, the grounds for the

application of the treaties must be certified to the payer of the income. Treaty benefits may also be claimed in the course of a tax refund procedure in case the final tax was already withheld by the payer.

Prospective purchasers of Bonds should consult their own tax advisers with regard to the applicability and effect of such treaties, and to treaty clearance procedures.

Other taxation

No Bulgarian VAT, stamp duty, registration, transfer, financial tax or similar tax is payable in connection with the acquisition, ownership, sale or disposition of the Bonds by Bulgarian or non-Bulgarian investors in or holders of the Bonds.

Taxation treatment in the event of separate administration of the cover pool

No special tax rules are in place if interest income shall be payable to investors out of the cover pool once it is placed under separate administration, rather than payable by the Issuer. It is expected that the above rules will continue to apply in the same manner.

SUBSCRIPTION AND SALE

Citibank Europe plc (the "**Sole Bookrunner**") has, pursuant to a Subscription Agreement (the "**Subscription Agreement**") dated 28 July 2025 agreed, subject to the satisfaction of certain conditions, to subscribe or procure subscribers for the Bonds at the issue price of 100 per cent. of their principal amount less a combined management and underwriting commission, subject to the provisions of the Subscription Agreement. The Issuer will retain 100 per cent. of the Bonds on the Issue Date. The Issuer will also reimburse the Sole Bookrunner in respect of certain of its expenses and has agreed to indemnify the Sole Bookrunner against certain liabilities incurred in connection with the issue of the Bonds. The Subscription Agreement may be terminated in certain circumstances prior to payment of the issue price to the Issuer.

Selling restrictions

United States

The Bonds have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Bonds are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

The Sole Bookrunner has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Bonds, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the later of the commencement of the offering and the issue date of the Bonds, within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after commencement of the offering, an offer or sale of Bonds within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Prohibition of Sales to EEA Retail Investors

The Sole Bookrunner has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the EEA. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article (4)1 of MiFID II; or
- (b) a customer within the meaning of the IDD, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Prohibition of Sales to UK Retail Investors

The Sole Bookrunner has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the UK. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

- (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
- (b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

United Kingdom

The Sole Bookrunner has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of the Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

General

No action has been taken by the Issuer or the Sole Bookrunner that would, or is intended to, permit a public offer of the Bonds in any country or jurisdiction where any such action for that purpose is required. Accordingly, the Sole Bookrunner has undertaken that it will not, directly or indirectly, offer or sell any Bonds or distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Bonds by it will be made on the same terms.

GENERAL INFORMATION

Authorisation

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Bonds. The issue of the Bonds was duly authorised by a resolution of the General Meeting of Shareholders of the Issuer passed on 20 June 2025.

Listing

Application has been made to list the Bonds on the Official List and to admit the Bonds to trading on the Euro MTF Market with effect from the Issue Date. There can be no assurance that the Bonds will remain listed on the Official List and admitted to trading on the Euro MTF Market.

Clearing systems

The Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN for this issue is XS3084358228 and the Common Code is 308435822.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg.

No significant change and no material adverse change

There has been no significant change in the financial position or financial performance of the Issuer or the Group since 31 December 2024 and no material adverse change in the prospects of the Issuer or the Group since 31 December 2024.

Litigation

Neither the Issuer nor any other member of the Group is, or has been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this Information Memorandum which may have, or have in such period had, a significant effect on the financial position or profitability of the Issuer or the Group.

Material Contracts

There are no material contracts entered into other than in the ordinary course of the Issuer's business, which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Bondholders in respect of the Bonds.

Auditors

The auditors of the Issuer are KPMG Audit OOD ("**KPMG**") and Baker Tilly Klitou and Partners EOOD ("**Baker Tilly**") who have jointly and independently audited, and rendered an unmodified audit report on the Audited Financial Statements.

Baker Tilly is registered in the Bulgarian Register of registered auditors, maintained by the Institute of Certified Public Accountants, under No 129. KPMG is registered in the Bulgarian Register of registered auditors, maintained by the Institute of Certified Public Accountants, under No. 045.

Documents available

For so long as the Bonds remain outstanding, copies (and English translations where the documents in question are not in English) of the following documents will be available for inspection at <https://www.postbank.bg/en/Za-nas/Financial-Data/Otcheti/Godishni-otcheti>:

- (a) the Articles of Association of the Issuer;
- (b) the Consolidated Financial Statements;
- (c) the Trust Deed (which includes the form of the Global Certificate);
- (d) the Agency Agreement;
- (e) the Pledge Agreement;
- (f) the Issuer-ICSDs Agreement; and
- (g) a copy of this Information Memorandum together with any supplement to this Information Memorandum or further Information Memorandum.

This Information Memorandum will be published on the website of the Luxembourg Stock Exchange (<https://www.luxse.com/>).

Language of this Information Memorandum

The language of this Information Memorandum is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Conflicts of Interest

The Sole Bookrunner and its respective affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and its affiliates in the ordinary course of business. In the ordinary course of its business activities, the Sole Bookrunner and its respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for its own account and for the accounts of its customers. Such investments and securities activities may involve securities and/or instruments of the Issuer and its affiliates. Where the Sole Bookrunner or its respective affiliates have a lending relationship with the Issuer and/or its affiliates they may routinely hedge their credit exposure to those entities consistent with their customary risk management policies. Typically, the Sole Bookrunner and its respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Bonds. Any such short positions could adversely affect future trading prices of the Bonds. The Sole Bookrunner and its respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Listing Agent

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Bonds and is not itself seeking for the Bonds to be admitted to trading on the Euro MTF Market.

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