



Bulgarian-American Credit Bank AD

Disclosure Regarding the EU Taxonomy as of December 31, 2025

This disclosure has been prepared on a voluntary basis to enhance transparency regarding the exposures of “Bulgarian-American Credit Bank” (BACB and/or the Bank) related to activities under the EU Taxonomy.

The disclosure has been prepared with reference to Article 8 of Regulation (EU) 2020/852, Delegated Regulation (EU) 2021/2178, Delegated Regulation (EU) 2026/73, and the applicable technical criteria as of December 31, 2025, to the extent they are relevant to the Bank’s activities and available data.

1. Legal Framework

Regulation (EU) 2020/852 establishes a uniform framework for identifying economic activities that may be classified as environmentally sustainable. Pursuant to Article 8, financial institutions shall disclose the proportion of exposures related to taxonomy-eligible and taxonomy-aligned economic activities.

For the 2025 reporting year, the Bank uses the requirements of Delegated Regulation (EU) 2026/73, applicable to reporting periods beginning on or after January 1, 2025, as its reference framework. Activities are assessed against the technical criteria set out in Delegated Regulation (EU) 2021/2139 and Delegated Regulation (EU) 2023/2486.

An activity is eligible under the Taxonomy when it falls within scope. To be compliant with the Taxonomy, it must make a substantial contribution to at least one of the six environmental objectives, not cause significant harm to the other objectives, and meet the minimum social safeguards.

Objective	Environmental objective
1	Climate Change Mitigation
2	Adaptation to climate change
3	Sustainable use and conservation of water and marine resources
4	Transition to a circular economy
5	Prevention and control of pollution
6	Protection and restoration of biodiversity and ecosystems

2. Methodology and Key Assumptions

The denominator of the Green Assets Ratio (GAR) comprises the Bank’s balance sheet assets that fall within the applicable scope of the indicator. Excluded from it are exposures to central governments, central banks, and supranational issuers; assets in the trading portfolio; and loans to credit institutions and financial enterprises.

The denominator includes loans to non-financial corporations, loans to households, debt securities of non-financial corporations, and equity instruments of non-financial corporations. The values are presented as gross carrying amounts based on data from the Bank’s financial statements, unless otherwise specified.



SME de minimis

Loans to SMEs not covered by the CSRD represent a significant portion of the Bank's portfolio of loans to non-financial enterprises. As of December 31, 2025, they amounted to BGN 1,179,331 thousand, or 65.5% of the ZEA denominator. The majority of these exposures are to enterprises outside the scope of mandatory CSRD disclosure and, as of the reporting date, do not provide sufficient publicly available data to assess compliance with the Taxonomy. Therefore, the Bank treats them as non-assessed for the purposes of mandatory disclosure.

As a result, the ZEA/GAR for mandatory disclosure is 0%. The voluntary assessment of eligibility under the Taxonomy, presented in Section 4, does not change the value of the reported ZEA/GAR. The voluntary assessment presented in Section 4 reflects only potential eligibility under the Taxonomy based on NACE/KID codes and does not constitute an assessment of compliance with the Taxonomy.

3. Key Indicators

Table 1. Key indicators in accordance with Article 8 of the Taxonomy Regulation

Indicator ¹	12/31/2025 thous. BGN	Dec. 31, 2025 % of total assets	12/31/2024 thousand BGN	12/31/2024 % of total assets
Total value of assets within the scope of the ZEA	1,800,754	63.26%	1,681,940	60.28
of which loans to non-financial enterprises	1,200,610	-	1,041,834	-
of which to SMEs (non-assessed)	1,179,331	-	1,023,562	-
of which loans to households	599,166	-	415,313	-
of which: residential mortgage loans	371,395	-	288,396	-
of which: non-financial corporate equity instruments (FVOCI)	978	-	240	-
Assets outside the scope of the ZEA	1,045,826	36.74%	1,108,236	39.72%

¹ The data for 2024 and 2025 are not fully directly comparable due to changes in the applicable rules and the scope of the denominator. The total value of assets is the gross book value before impairment.

Total value of assets	2,846,580	100.00%	2,790,176	100.00
Ratio of green assets (GEA/GAR)	0%	-	0	-
Non-assessed (SME de minimis)	1,179,331	65.5% of the denominator	-	-

4. Voluntary eligibility assessment under the Taxonomy

The Bank makes a clear distinction between:

- taxonomy eligibility;
- taxonomy alignment;
- analysis of financed emissions;
- availability of EPC data.

The presence of a NACE code in an eligible sector, EPC information, or calculated financed emissions does not in itself constitute proof of compliance with the EU Taxonomy. Compliance requires a separate assessment of the technical criteria, the DNSH principle, and the minimum social safeguards.

The Bank conducts a voluntary internal assessment of the eligibility under the Taxonomy of exposures to SMEs and non-financial enterprises outside the scope of the CSRD. The assessment is based on NACE/KID codes and the purpose of the financing, where such information is available.

In 2025 BACB began a structured collection of data on the energy performance of mortgage collateral through Energy Performance Certificates (EPCs). As of December 31, 2025, EPC information is available for approximately 3% of its mortgage portfolio .

The available EPC data is used as part of the process to improve the analysis of the climate profile of residential exposures and to develop internal capacity for future assessment of compliance with the Taxonomy regarding activities related to the acquisition and ownership of buildings.

As of the date of this disclosure, the coverage of EPC data is still insufficient to perform a complete and reliable assessment of compliance with the Taxonomy for the residential mortgage portfolio.

Table 2. Share of the mortgage portfolio with EPC data

Indicator	2025
Total mortgage portfolio	371,395 thousand BGN
Portfolio based on EPC data	15,025,000 BGN
Share with EPC data	3%
Number of exposures with EPC	60
Financed emissions for the portfolio with EPC data	140.38 tCO ₂ e

The results below show eligibility only. They do not demonstrate alignment, as this requires additional client data, including technical parameters, EPC class for buildings, DNSH checks, and minimum social safeguards. Due to the lack of systematically collected and sufficiently reliable data for all required elements, the Bank has not identified exposures for which, as of the disclosure date, sufficient and verifiable evidence of alignment with the Taxonomy is available.

Table 3. Distribution of exposures by main economic activities eligible under the Taxonomy²

Taxonomy section / NACE code / description	Net exposure thous. BGN	Share of eligible assets	Purpose	Exposures corresponding to the Taxonomy
7.1 - Construction of new buildings (4110, 4120)	239,626	34.3%	CCM	0
4.1–4.3 - Electricity generation (3511)	95,380	13.7%	CCM	0
7.7 - Acquisition, leasing, and management of buildings (6810, 6820, 6832)	161,224	23.1%	CCM	0
3.8 - Manufacture of ceramic sanitary ware (2342)	49,467	7.1%	CCM	0
3.4 - Production of organic chemicals (2059)	26,767	3.8%	CCM	0
3.9 - Production of basic metals (2420, 2363)	14,478	2.1%	CCM	0
6.6 - Freight transport by road (4941)	8,207	1.2%	CCM	0
5.1 - Water supply (3600)	22,305	3.2%	CCM	0

² The classification is based on an internal NACE/KID comparison and does not constitute a full technical assessment against the Taxonomy compliance criteria.

9.1 - Engineering and architectural activities (7111, 7112)	10,491	1.5%	CCM	0
3.5 - Manufacture of plastic products (2221, 2229)	8,278	1.2%	CCM	0
Other eligible activities	62,460	8.8%	CCM	0
TOTAL eligible exposures under the Taxonomy	698,683	53.8%³ of the NACE portfolio	-	0
Exposures in activities ineligible under the Taxonomy	600,586	46.2% of the NACE portfolio	-	-
TOTAL portfolio with identified NACE code	1,299,269	100.0%	-	-

5. Comparison 2024–2025

In 2025, the Bank's total assets increased by 2.0%, while assets covered by the ZEA increased by 7.1%. The increase is mainly due to a higher volume of loans to non-financial corporations and households. The ZEA/GAR remains at 0%, as compliance with the Taxonomy requires official and verifiable data from counterparties, which is not available in sufficient volume as of the disclosure date. The limited availability of standardized client data required to assess eligibility criteria and compliance with the Taxonomy remains the main factor keeping the ZEA/GAR at zero.

Table 4. Comparison of Key Indicators

Indicator	2024	2025	Absolute change	% change
Total assets (thous. BGN)	2,790,176	2,846,580	+56,404	+2.0%

³ 53.8% is calculated relative to the portfolio with an identified NACE code (1,299,269 thousand BGN), not relative to the full denominator of the ZEA (1,800,754 thousand BGN). The amounts in Table 3 are net book value after impairments

Denominator – covered assets (thousand BGN)	1,681,940	1,800,754	+118,814	+7.1%
Coverage (% of total assets)	60.3%	63.3	+3.0 p.p.	-
Loans to non-financial corporations in the denominator	1,041,834	1,200,610	+158,776	+15.2%
of which SMEs	1,023,562	1,179,331	+155,769	+15.2%
Households in the denominator	415,313	599,166	+183,853	+44.3%
of which mortgage loans	288,396	371,395	+82,999	+28.8%
Numerator – exposures corresponding to the Taxonomy	0	0	0	-
ZEA/GAR	0%	0%	-	-

6. Data Limitations and Methodological Limitations

This disclosure is based on internal and publicly available data as of December 31, 2025. The assessment of eligibility and compliance with the Taxonomy is subject to a number of limitations related to the availability, quality, and level of detail of the information.

The voluntary assessment of taxonomy-eligible exposures was performed primarily through internal NACE/KID mapping and an analysis of the intended use of the funding, where such information is available. The approach used does not constitute a full technical assessment against the Taxonomy compliance criteria.

A significant portion of the Bank's portfolio consists of exposures to small and medium-sized enterprises that fall outside the scope of mandatory CSRD disclosures. As of the date of this disclosure, these enterprises in most cases do not provide sufficiently standardized and verifiable information regarding:

- the technical criteria for material contribution;
- energy efficiency indicators;
- the “Do No Significant Harm” (DNSH) principle;
- minimum social safeguards;
- emissions, energy consumption, and other ESG indicators.



For real estate and mortgage loan exposures, the Bank does not yet have full coverage of EPC data and energy certificates for the entire portfolio. Therefore, the alignment assessment for some of the activities under Section 7 of the Taxonomy remains limited.

In certain cases, proxy assumptions based on NACE/KID codes, sector information, or the purpose of the loan have been used. These assumptions are used solely for the purposes of the voluntary eligibility assessment and should not be interpreted as evidence of compliance with the Taxonomy.

The regulatory framework related to the EU Taxonomy continues to evolve, including with regard to technical criteria, disclosure formats, and the scope of obligated entities. As a result, future changes in applicable regulations or available data may lead to changes in the methodology and reported metrics in subsequent reporting periods.

The Bank does not use external independent assurance or verification regarding the voluntary taxonomy eligibility assessment as of December 31, 2025.

7. Outlook and Next Steps

BACB will continue to develop the process of collecting and structuring the data necessary for a more precise assessment of the portfolio's eligibility and compliance with the Taxonomy. The main next steps are:

- systematic collection of EPC data for new mortgage loans and gradual expansion of coverage for the existing residential portfolio;
- developing an ESG questionnaire for borrowers, aimed at collecting data on material contribution, DNSH, and minimum social safeguards;
- prioritizing the largest exposures permitted under the Taxonomy for further review;
- using publicly disclosed data from companies within the scope of the CSRD, when such data becomes available;
- improving the internal NACE/KID-Taxonomy mapping and documenting the assumptions used.

Provided there is verifiable client data and sufficient evidence regarding material contribution, compliance with the DNSH principle, and minimum social safeguards, the Bank will be able to report exposures corresponding to the EU Taxonomy with a non-zero value in future reporting periods.

Conclusion

BACB views this voluntary disclosure as an intermediate step in the development of internal capacity for analysis, reporting, and disclosure under the EU Taxonomy, as well as for improving the quality of ESG data and preparing for future regulatory requirements.

The Bank will continue to gradually enhance the methodologies, internal processes, and data availability related to the assessment of eligibility and compliance with the EU Taxonomy.

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