

**INTERIM REPORT ON THE ACTIVITIES  
OF BULGARIAN-AMERICAN CREDIT BANK AD ON A CONSOLIDATED BASIS FOR 2025  
SOFIA, JANUARY 30, 2026**

**General information**

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

**Economic overview**

External environment

Global economic growth in 2025 is expected to reach 2.7% despite the increase in tariffs and high geopolitical uncertainty over the past 12 months. This pace should remain relatively stable until 2027. At the same time, inflation in most countries is slowing down, approaching central bank targets, and investors are once again showing signs of euphoria.

The European economy remains resilient, growing by 0.3% in the third quarter of 2025, mainly reflecting higher consumption and investment. Exports are also growing, with the chemical industry making the most significant contribution. Services dominated the sectoral structure of growth, particularly in the "information creation and dissemination" sector, while activity in industry and construction remained unchanged. This trend of service-led growth is likely to continue in the short term. Domestic demand is expected to remain the main driver of growth in the euro area, stimulated by rising real wages and employment in stable labor markets with record low unemployment rates. On the external front, although challenges to competitiveness remain, including those of a structural nature, exports are expected to accelerate in 2026. The main reason for this favorable forecast is the recovery in external demand against a backdrop of declining uncertainty regarding trade policy, despite the gradually strengthening impact of higher tariffs. Average annual real GDP growth is expected to be 1.4% in 2025, 1.2% in 2026, 1.4% in 2027, and 1.4% in 2028.

The stable labor market is having a positive impact on the economy. Unemployment, which stood at 6.4% in October 2025, is close to its historic low, and employment grew by 0.2% in the third quarter. At the same time, labor demand continues to slow, with the job vacancy rate reaching its lowest level since the start of the COVID-19 pandemic. Unit labor costs are rising at a slightly faster pace than in the second quarter. Compensation per employee increased by 4.0% year-on-year. This increase is higher than projected in September and is due to payments above agreed wages. Forward-looking indicators, such as the ECB's wage monitoring tool and wage expectation surveys, suggest that wage growth will slow in the coming quarters and then stabilize at just below 3% towards the end of 2026.

Annual inflation in the euro area, as measured by the Harmonized Index of Consumer Prices (HICP), has fluctuated within a narrow range since spring 2025 and remained at 2.1% in November. Most indicators of long-term inflation expectations remain at around 2%, supporting the stabilization of inflation around the ECB's target. Inflation is projected to slow from 2.1% in 2025 to 1.9% in 2026 and then to 1.8% in 2027, before rising to the medium-term target of 2% in 2028. The expected decline in headline inflation in early 2026 reflects a downward base effect related to energy prices, while inflation in non-energy components is expected to continue to slow throughout 2026. The contribution of energy inflation to headline inflation is expected to remain low until the end of 2027, before increasing significantly in 2028. Food inflation is projected to decline significantly as the effects of previous increases in global food prices and adverse weather conditions in the summer of 2025 fade away. It is expected to stabilize at just above 2% by the end of 2026. HICP inflation, excluding energy and food, is expected to decline from 2.4% in 2025 to 2% in 2028, as inflation in the services sector will slow down due to easing pressure on labor costs, and the previous appreciation of the euro will affect the price chain, limiting inflation in goods.

**Bulgaria**

In the first half of 2025, Bulgaria's GDP will increase by 3.2% at constant prices, and growth for the whole year is expected to be 3%. For 2024, real GDP growth has been revised from 2.8% to 3.4%. Income growth is supporting household consumption growth, while investment is rising mainly on the back of private investment activity. At the same time, there has been a decline in exports of goods and services. Expectations remain for imports to outpace exports and for net exports to make a negative contribution to GDP growth.

Economic growth will slow to 2.7% in 2026. The expected slowdown in income growth will lead to weaker growth in household consumption. Moderate export growth and a slowdown in import growth compared to 2025 are forecast, with net exports making a slightly positive contribution to GDP growth. In the period 2027-2028, GDP growth will be in the range of 2.5-2.4%. The positive effect of investments under the Recovery and Resilience Plan (RRP) is expected to run out, and household consumption growth is expected to slow down in line with income growth.

In the first half of 2025, employment growth in the Bulgarian economy increased significantly. The sectors that contributed most to the increase in the number of jobs in the economy were construction and services, where employment grew by 5.2% and 4.2%, respectively. At the same time, the decline in the number of people employed in industry and agriculture continues unabated since 2022. In the second half of the year, the pace of employment growth is expected to return to the levels observed in previous periods, which will be in line with the growth in economic activity. In 2026 and 2027, the hiring of people from external labor markets (mainly from countries outside the EU) and Bulgarians returning from abroad will lead to an increase in employment growth rates. The unemployment rate will fall to 3.4% in 2025 and is expected to fluctuate around this level over the next three years. In the first half of 2025, nominal growth in compensation per employee reached 11.1%. The strong growth is due to both the increase in the minimum wage, according to the mechanism for its updating in the Labor Code, and higher wage costs in the budget sector. In the second half of the year, the growth in compensation per employee is expected to slow down slightly and reach 9.9% for the year. At the same time, real labor productivity lags significantly behind income growth.

The annual inflation rate shows some acceleration to 5.0% according to the CPI in December 2025. Services are the leading contributor to the main components of the index, followed by food, together accounting for almost 75% of the growth in the overall index. Energy commodities also have a slightly positive contribution due to the increase in administrative prices of electricity and heat in July, which is not offset by the decline in transport fuel prices in connection with the downward trend in crude oil prices. Average annual inflation in 2025 is expected to be 4.6%. Average annual inflation for 2026 is expected to reach 3.5%. Average annual inflation will slow to 2.9% in 2027 and 2.5% in 2028. Services will remain the leading contributor, followed by food, as we expect the growth in relative prices for these components of the HICP to slow down in the years to the end of the forecast horizon.

### Key macroeconomic indicators

	Reported data*		Forecast			
	2023	2024	2025	2026	2027	2028
<b>International environment</b>						
Global economy (real growth, %)	3.3	3.3	3.1	3.1	3	3.2
European economy - EU (%)	0.4	1	1	1.4	1	1.5
Exchange rate USD/EUR	1.08	1.08	1.1	1.18	1.18	1.18
Brent crude oil price (USD/barrel)	82.6	80.7	70.1	66.2	65.9	66.6
Price of non-energy commodities (in USD, %)	-9.7	2	2	1.9	-0.3	-0.3
EURIBOR 3m. [%]	3.1	3	2	2.1	1.9	2
<b>Gross domestic product</b>						
GDP (million BGN)	184,875	204,907	220,819	235,019	248,495	261,571
GDP (million euros)	94,525	104,767	112,903	120,163	127,053	133,739
GDP (real growth, %)	1.7	3	3	2.7	2.5	2
Consumption	1.1	4.6	5	3.6	2.9	2.7
Gross fixed capital formation	10.2	1.5	10	-1.2	10	-1.4
Exports of goods and services	0	1.8	-0.8	2.9	3.4	3
Imports of goods and services	-5.5	3.9	4	2.7	6.7	2
<b>Labor market and prices</b>						
Employment (SNA) (%)	1.1	1.1	1.6	0.8	0	0
Unemployment rate (NRS) (%)	4.3	4	3	3	3	3
Compensation per employee (%)	13.4	14.1	9.9	5.4	4.4	4.1
GDP deflator (%)	8	7	4.6	3.7	3.2	2.8
Average annual inflation (HICP, %)	8	2.6	3.6	3.5	2.9	2.5
<b>Balance of payments</b>						
Current account (% of GDP)	-0.9	-1.6	-3.3	-2.3	-3.9	-3.1
Trade balance (% of GDP)	-4.2	-4.8	-6.9	-6.5	-7.9	-7.2
Foreign direct investment (% of GDP)	5	3	3	3.2	3	3.3

<b>Monetary sector</b>						
M3 (%)	8.7	8.7	8.3	8.1	8.7	8
Receivables from enterprises (%)	9.7	10.1	8	8	8.6	8.2
Receivables from households (%)	15.9	20.8	20.9	17	13	10.7

\* Statistical data published up to October 14, 2025, was used in preparing the forecast table, with the exception of GDP and employment data, which is as of October 20, 2025.

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

The global geopolitical situation remains unstable, with potentially significant negative effects on the economies of the European Union and Bulgaria, which creates substantial risks to the realization of the macroeconomic forecast. The risk of increased tensions in global trade could hamper growth in the euro area by suppressing exports and weakening the global economy. Lower confidence could hinder the rapid recovery of consumption and investment. The materialisation of these risks would lead to higher inflation in the country in the medium term and weaker growth in real disposable household income, which, combined with rising borrowing costs, would limit consumption growth. The risks to the domestic forecast are the non-fulfillment of public capital expenditures, including those under the Public Investment Program.

### **BACB – business presentation**

At the end of the reporting period, the Bank's loan portfolio grew by a net 2.21% compared to the end of September, reaching a total of BGN 1,971.2 million. The total net growth of newly granted loans during the period was 0.88%.

In SME and corporate loans to legal entities, the Bank reported a net decrease of 0.72%, resulting in a total portfolio size in the segment of BGN 1,193.6 million. The share of this portfolio in the Bank's total loan portfolio is 62.89%, compared to 64.78% at the end of the third quarter of the year. The market share for legal entities is 2.26% as at 30 September 2025, compared to the 2.5-3% target set in the development strategy.

At the end of the period, the total attracted resources from SMEs and corporate clients amounted to BGN 518.310 million, representing an increase of 6.48% compared to the third quarter of 2025. There was a 2.42% decline in term deposits and a 7.66% increase in demand deposits. In terms of attracted resources from legal entities, BACB achieved a 1.87% market share as of 30.09.2025, with a target of 2% set in the strategy.

In line with the Bank's strategy, the old "legacy" loan portfolio of legal entities was reduced by 2.19% for the quarter, with its share in the Bank's total portfolio decreasing from 0.69% as of September 30, 2025 to 0.66% as at 31 December 2025, reaching BGN 12.983 million at the end of the year.

In a globally uncertain economic environment, influenced by inflation dynamics and geopolitical tensions, at the end of the fourth quarter, problem exposures of legal entities in BACB's portfolio increased by 33.19% compared to the end of the previous period. As a share of the total loan portfolio, non-performing exposures increased by 1.51% compared to 30 September 2025, reaching 6.48%.

The following initiatives carried out by BACB also contributed to the expansion of credit operations for corporate clients:

- Since 2018, the Bank has been implementing the agreement concluded with Bulgarian Development Bank EAD for financing small and medium-sized enterprises with guarantee facilities and counter-guarantees under the European Investment Fund's COSME , with the support of the European Fund for Strategic Investments – COSME+ Program.
- BACB operates a guarantee scheme to facilitate SME access to financing from commercial banks through a risk-sharing scheme between the National Guarantee Fund EAD and the Ministry of Agriculture and Food.
- BACB implements the COSME NGF Guarantee Scheme and the European Fund for Strategic Investments (EFSI).
- BACB also applies the guarantee schemes of the Municipal Guarantee Fund for Small and Medium-sized Enterprises to the Sofia Municipality.
- BACB applies a Guarantee Scheme to support SMEs affected by the Covid-19 crisis and the "Recovery" program, jointly with BBR EAD.
- BACB applies a guarantee scheme with the Fund Manager of Financial Instruments in Bulgaria - Portfolio Guarantee with a loss cap to overcome the consequences of the COVID-19 pandemic, programs "Recovery 1 and 2".
- BACB applies a guarantee scheme to support SMEs from the NGF/SME 2022, which enables BACB to provide loans amounting to over EUR 60 million. An extension of the scheme until 2031 has been agreed.
- BACB implements an Agreement to guarantee a portfolio of loans provided under the Bulgarian Development Bank EAD Program to support households by financing investments in energy from renewable sources, in implementation of the National Recovery and Sustainability Plan of the Republic of Bulgaria.
- BACB implements an Operational Agreement for guaranteeing a portfolio of loans provided under the European Union's InvestEU Program to support the financing of SMEs and sustainable investments (including waste/wastewater/clean air), enabling loans of over EUR 160 million.

The Retail Banking business line, which manages the retail segment at BACB, recorded very good results in lending. According to BNB data, as of September 30, 2025, low-risk mortgage loans increased by 6.15% compared to the end of the previous quarter. The growth in mortgage lending is due to the excellent pricing conditions and the Bank's individual customer-oriented approach. Consumer loans, in turn, grew by 5.27% over the same period.

The market presence in the banking system of the two product segments at the end of September 2025 was 1.20% for mortgage loans and 0.96% for consumer loans, respectively, and the Bank expects them to continue their upward trend. According to BACB's strategy, the goal in the Retail Banking business segment is to achieve significant additional growth and reach a 2% market share in the coming years.

With the high results achieved, the Bank is fulfilling another of its main objectives set out in its retail lending development strategy – to increase the share of loans to individuals in the total loan portfolio, which at the end of the third quarter of 2025 was 31.99%.

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

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

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

In the fourth quarter of 2025, the bank recorded a 15% increase in the number and a 101% increase in the amount of transfers compared to the same period in 2024, with the number of lev transfers increasing by 14% and the number of foreign currency transfers by 28%. In 2025, a total of 2,020,766 transfers were processed for BGN 29 billion, representing a 15% increase in the number of transfers and a 30% increase in the amounts compared to 2024.

In 2025, documentary transactions registered a 32% increase in number and a 101% increase in amount compared to 2024.

The fees and commissions collected in the fourth quarter of 2025 (excluding those from loans and cards) amounted to BGN 3.4 million, representing an increase of 20% compared to the same period of the previous year. For 2025, total collected fee and commission income amounted to BGN 12.5 million, representing an increase of 20% compared to 2024. The increase is mainly due to documentary operations, accounts, cash operations, and transfers.

During the reporting period, the positive net result from BACB's card activity amounted to over BGN 637 thousand. For the period, the Bank reported a total of 3,723 issued and renewed debit cards and 328 credit cards. The total turnover realized on POS terminals for the period amounted to over BGN 25 million, which marks a 20% decrease compared to the previous quarter and a 39% increase compared to the same period in 2024.

On December 16, 2025, outgoing instant payments in euros via SEPA Instant were launched through BACB Online and BACB Mobile.

The main focus in the last quarter of 2025 is the project for the introduction of the euro in the country – national tests and two full test migrations of the systems have been carried out, both in the card business and in the remote channels.

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

### *Selected indicators and ratios*

	<b>31.12.2024 audited</b>	<b>31.12.2025 (unaudited)</b>	<i>Change 12.2025/12.2024</i>
<i>Total assets</i>	<b>2,752,543</b>	<b>2,856,426</b>	3.77

<i>Loans (net value)</i>	<b>1,699,331</b>	<b>1,888,146</b>	11.11
<i>Funds raised</i>	<b>2,362,629</b>	<b>2,421,364</b>	2.49
<i>Equity</i>	<b>357,163</b>	<b>401,493</b>	12.41
<i>Net interest income</i>	<b>101,490</b>	<b>88,287</b>	-13.01
<i>Net fee and commission income</i>	<b>13,691</b>	<b>16,294</b>	19.01
<i>Loans/funds raised</i>	<b>71.93</b>	<b>77.98</b>	
<i>Liquidity coverage ratio (LCR)</i>	<b>150.24</b>	<b>150.77</b>	
<i>Capital adequacy</i>	<b>23.15</b>	<b>21.50</b>	

\*As at the date of issue/publication of this report, the Bank has received permission from the regulatory authority to include the net interim profit as at 30 June 2025 in the amount of BGN 25,156 thousand in the basic Tier 1 capital (Decision No. 471 02.10.2025 of the Governing Council of the BNB).

#### *Active operations*

As of December 31, 2025, the Group's assets amounted to BGN 2,856,426 thousand, which, compared to the audited data for 2024, shows an increase of BGN 103.9 million, or a growth of 3.8%.

At the end of the fourth quarter of 2025, the Group reported an increase in its loan portfolio at carrying amount from BGN 194.4 million to BGN 1,961.6 million, or an 11% increase compared to the volume at the end of 2024. Accumulated credit losses and impairment on loans in accordance with IFRS 9 amounted to BGN 73.5 million and provided coverage of 3.7% of the loan portfolio, with a volume at the end of 2024 of BGN 67.9 million, coverage of 3.8% and reported as at 30.09.2025 for the banking system 2.78%. As at 31 December 2025, loan impairments increased by BGN 5.6 million compared to the end of 2024, or an increase of 8.2%.

As at 31 December 2025, the net loan portfolio amounted to BGN 1,888.1 million, accounting for 66.1% of total assets.

Since the beginning of 2025, the Group has granted new loans amounting to BGN 974 million, while the amount of loans repaid during the same period is BGN 778 million. In 2025, loans amounting to BGN 5,313 thousand were written off against provisions for impairment.

As at 31 December 2025, loans overdue by more than 90 days accounted for 9.58% of total loans at carrying amount, compared to 8.01% as at 31 December 2024. The share of non-performing loans is above the average for the banking system in . The main reason for the higher share is the Bank's sectoral orientation - financing projects in the construction and real estate sectors before the global financial crisis. The credit policy applied in recent years and at present focuses on promising and less cyclical economic sectors, aims to achieve effective diversification in terms of sector positioning, size, and maturity, so as to ensure a sustainable basis for development and limit the impact of individual exposures in a particular sector. As a result, and due to the revival in the construction and real estate sectors, the negative effects were gradually minimized and the share of non-performing loans decreased by more than 19 percentage points in the period December 2017 - December 2025. To improve the quality of its loan portfolio, the Bank has developed and implemented a strategy for managing non-performing exposures, including a detailed three-year operational program, the implementation of which is monitored and controlled by the management bodies and adequate control procedures are applied. The strategy for managing non-performing exposures is subject to annual review and update by the Bank's management and supervisory bodies. Regular internal analyses and comprehensive stress tests contribute to the timely assessment of the effects of a possible deterioration in the business environment on the Bank's portfolio.

As at 31 December 2025 the debt and equity financial assets held at fair value through other comprehensive income amounted to BGN 172.1 million, or 6% of total assets of BGN 174.6 million, and a share of 6.3% at the end of 2024. The portfolio of securities reported in the consolidated financial statements consists of 63.6% high-quality government securities of the Republic of Bulgaria, 29.8% high-quality government securities of foreign governments, and 6.6% corporate bonds. During the reporting period, one issue with a nominal value of BGN 30.2 million of the Republic of Bulgaria, six issues with a nominal value of USD 50 million of the United States, and one issue of the Republic of France with a nominal value of EUR 5 million were purchased. During the same period, three issues of the Republic of Bulgaria with a nominal value of BGN 22.5 million, one issue of the Republic of France with a nominal value of EUR 5 million, six issues of the United States with a nominal value of USD 40 million and corporate bonds with a nominal value of EUR 2.4 million, and two issues with a nominal value of EUR 10 million of the Republic of France were sold. Capital instruments amount to BGN 4.8 million and include participation in the Bulgarian Stock Exchange for BGN 436 thousand (BGN 314 thousand as at 31 December 2024), shares in a payment services company for BGN 3,254 thousand Paynetix AD, shares in S.W.I.F.T. SC worth BGN 92 thousand, and shares in a company for the development and management of electronic systems in urban transport and parking, Taxi AD, worth BGN 978 thousand.

As at 31 December 2025, the portfolio of debt instruments carried at amortised cost includes Bulgarian and foreign government bonds with fixed payments and maturities. In 2025, three issues with a nominal value of EUR 15 million of the Republic of France and five issues with a nominal value of USD 25 millionThe portfolio is supplemented by four issues of US government securities with a total nominal value of USD 20 million, one issue of the Republic of

France with a nominal value of EUR 10 million, an issue by the Republic of Bulgaria for EUR 5 million, and securities issued by the Debt Collection Agency for BGN 5 million. As a result, as at 31 December 2025, the portfolio of debt instruments reported at amortised cost amounts to BGN 165.7 million, compared to BGN 180.3 million at the end of 2024, or a decrease of 8.1%. At the end of 2025, the share of total assets reached 5.8%, compared to 6.6% at the end of 2024.

Since the beginning of 2020, the Bank's investment in Visa Inc. shares, acquired as a result of BACB's membership in VISA Europe, which became the property of VISA Inc. This investment is measured at fair value with changes in profit or loss for the period. The initially acquired 560 Class C preferred shares are subject to mandatory conversion into Class A common shares (or Series A preferred shares, where applicable) within a 12-year period, at a specified ratio, which is subject to review and adjustment over time under certain conditions. The newly issued Class A shares are not subject to restrictions and may be freely transferred. The fair value of the investment in VISA Inc. as at 31 December 2025 amounts to BGN 2,039 thousand, compared to BGN 2,018 thousand as at 31 December 2024.

As at 31 December 2025, the Bank has two subsidiaries – BACB Finance EAD and BACB Trade EAD, which it wholly owns for BGN 3,050 thousand.

As at 31 December 2025, receivables from banks amount to BGN 70.5 million and account for 2.5% of total assets, compared to BGN 45.3 million and 1.6% at the end of 2024. The reported increase of BGN 25.2 million compared to the end of 2024 is mainly due to an increase in demand deposits of BGN 2.6 million and term deposits of BGN 22.6 million.

Cash on hand and assets held at the central bank decreased by 15.1% to BGN 452.8 million at the end of December 2025 compared to BGN 533.5 million at the end of 2024, and their share in total assets amounted to 15.9% compared to 19.4% at the end of 2024. The reported decrease is mainly in funds in payment accounts with the BNB.

The Bank's tangible and intangible fixed assets decreased by BGN 3.4 million compared to the end of 2024 to BGN 11.2 million at book value, and their share in total assets amounted to 0.4%. The volume includes assets with right of use amounting to BGN 5.6 million (2024: BGN 8.2 million).

As at 31 December 2025, the acquired assets classified as "assets held for sale" and "investment properties" amounted to a total of BGN 63.3 million, or 2.2% of total assets, compared to BGN 88.1 million, or 3.2% of total assets, as at 31 December 2024. Since the beginning of the year, "investment properties" amounting to BGN 15,639 thousand and "assets held for sale" amounting to BGN 11,137 thousand have been sold, and "investment properties" amounting to BGN 2,151 thousand have been acquired. Assets worth BGN 10,955 thousand have been reclassified from "investment properties" to "assets held for sale" and assets worth BGN 3,818 thousand have been reclassified from "assets held for sale" to "investment properties". Since the beginning of the year, an impairment loss of BGN 159 thousand has been recognized on investment properties. The sale of acquired assets, as well as the management and administration of related activities, is serviced and managed by a specialized department within the Bank. In order to achieve the set goals for the realization of the acquired assets, the Bank prepares and implements an asset management strategy - acquired collateral from non-performing exposures, including a detailed three-year operational program, the implementation of which is monitored and controlled by the management bodies. The strategy for managing assets acquired as collateral from non-performing exposures is subject to annual review and update by the Bank's management and supervisory bodies.

#### *Liabilities*

As at 31 December 2025, funds attracted from banks amounted to BGN 154 thousand, representing a decrease of BGN 18.1 million compared to the end of 2024. (31 December 2024: BGN 18.2 million).

Funds attracted from companies and individuals increased by BGN 78.9 million to BGN 2,357 million as at 31 December 2025 or a 96% share of total liabilities of BGN 2,278.1 million and a 95.1% share at the end of 2024. A 3.5% increase was reported, formed net from growth in funds attracted from individuals and a decline in funds attracted from non-bank financial institutions and corporate clients.

On December 23, 2022, BACB issued unsecured bonds in the amount of EUR 15 million. The bonds are issued in compliance with the requirements for own funds and eligible liabilities, in accordance with the requirements of the Law on the Recovery and Restructuring of Credit Institutions and Investment Intermediaries. The bonds are ordinary, interest-bearing, book-entry, registered, freely transferable, unsecured, and non-convertible. The issue has a maturity of seven years, with a fixed interest rate payable at 6-month intervals and principal to be repaid in a single installment at maturity.

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

As at 31 December 2025, BACB's bond loan liabilities, including accrued interest, amounted to BGN 60,056 thousand (2024: BGN 60,064 thousand).

The item "other attracted funds" includes a credit line liability from the Bulgarian Development Bank (BDB) under the COSME+ program for targeted financing of micro, small, and medium-sized businesses with an agreed amount of EUR 10 million. As at 31 December 2025, long-term financing from the BBR amounts to BGN 4.1 million, or 0.2% of total liabilities, with a volume of BGN 6.2 million and a share of 0.3% at the end of 2024.

As at 31 December 2025, an increase of BGN 929 thousand was reported in the "other liabilities" item, while the share of total liabilities remained at 1.4% (2024 - 1.4%).

### *Equity*

As at 31 December 2025, there are no changes in the share capital.

The item "reserves and retained earnings" increased by the realized profit as at 31.12.2025 in the amount of BGN 43,612 thousand.

The item "revaluation reserves" includes positive changes in the fair value of debt instruments in the amount of BGN 1,401 thousand and positive changes in equity instruments in the amount of BGN 1,344 thousand, measured at fair value through other comprehensive income, as well as the revaluation reserve on the bank's own buildings used in its operating activities in the amount of BGN 272 thousand. As at 31 December 2025, an increase of BGN 718 thousand was reported, formed by an increase in the change in the fair value of debt instruments by BGN 596 thousand and an increase in the fair value of equity instruments by BGN 122 thousand.

### **Review of the financial position as at 31 December 2025**

As at 31 December 2025, the Group achieved a positive financial result of BGN 43,612 thousand after tax, compared to a reported profit for the same period of 2024 of BGN 48,854 thousand, or a decrease of 10.7%. This is due to a decrease in net operating income before impairment of BGN 8,485 thousand and lower growth in expenses.

A comparison of core business income (interest income) for the two periods shows a decrease from BGN 12,043 thousand to BGN 107,364 thousand. The main share of interest income is generated by lending activities (82.1%). Reported income from interbank deposits amounted to BGN 6,808 thousand, compared to BGN 15,078, thousand at the end of December last year. Interest income from securities portfolios increased by BGN 725 thousand and amounted to BGN 12,441 thousand at the end of December 2025, compared to BGN 11,716 thousand at the end of December 2024.

As at 31 December 2025, interest expenses increased by BGN 1,160 thousand compared to the same period of the previous year and amounted to BGN 19,077 thousand, compared to BGN 17,917 thousand a year ago. An increase is reported in interest expenses to banks by BGN 416 thousand, interest expenses on debt securities by BGN 983 thousand, and under lease agreements reported in accordance with IFRS 16 by BGN 45 thousand. Interest on customer funds decreased by BGN 50 thousand, as did interest on other borrowings, which decreased by BGN 235 thousand.

As at 31 December 2025, net interest income amounted to BGN 88,287 thousand, or BGN 13,203 thousand less than reported for the same period of the previous year, and accounted for 81% of total operating income before impairment (2024 – 86.4%).

As at 31 December 2025, the reported net income from fees and commissions is BGN 2,603 thousand more than the reported volume for the same period last year and amounts to BGN 16,294 thousand or 15% of total operating income before impairment, compared to 11.7% as at 31 December 2024. The reported increase is due to a larger increase in revenues and a minor increase in fee expenses.

The Bank's shares in Visa Inc., reported at fair value through profit or loss, generated a positive result at the end of 2025 in the amount of BGN 316 thousand, compared to BGN 470 thousand reported at the end of December 2024. BGN 470 thousand.

The profit from financial assets at fair value through other comprehensive income amounted to BGN 86 thousand as at 31 December 2025 (2024 – BGN 0).

As at 31 December 2025, foreign exchange revaluation gains amounted to BGN 184 thousand, compared to BGN 124 thousand for the same period of the previous year.

At the end of December 2025, net income from currency trading amounted to BGN 4,720 thousand, compared to BGN 3,667 thousand for the same period in 2024.

At the end of the fourth quarter of 2025, administrative expenses decreased by BGN 1,965 thousand compared to the same period last year, reaching BGN 20.8 million. Personnel expenses increased by BGN 2,418 thousand compared to the end of December last year. Administrative expenses include expenses for the Bank Deposit Guarantee Fund (BDGF) and administrative fees to the BNB, the ECB, and the ESM, totaling BGN 2,256 thousand, compared to BGN 2,945 thousand as of December 31, 2024.

Depreciation expenses increase by BGN 324 thousand as at 31 December 2025, including depreciation expenses on tangible fixed assets increase by BGN 299 thousand, depreciation expenses for intangible fixed assets increase by BGN 196 thousand, and depreciation expenses for assets with right of use decrease by BGN 171 thousand.

Expenses for impairment of financial assets and modification decreased by BGN 3,417 thousand compared to those reported at the end of December 2024 and amounted to BGN 13,320 thousand.

#### *Liquidity and financing of operations*

The Bank follows the principles of diversification of funding sources and optimization of interest expenses in implementation of its strategy for securing its liquidity needs.

At the end of the fourth quarter of 2025, the Bank maintained a good deposit base, reporting a 3.5% increase in customer deposits compared to December 31, 2024. The Bank's active deposit activity contributed to reducing its dependence on external financing.

The ratio of gross customer loans to customer deposits is 83.2% as of December 31, 2025.

The Bank's liquidity position remains stable, with liquid assets (cash on hand and in accounts with the Bulgarian National Bank, short-term loans and advances to banks, and liquid government securities) amounting to BGN 779.8 million. The ratio of these liquid assets to total deposits (from customers and banks) as at 31 December 2025 is 33.02%.

As at 31 December 2025, cash in the BNB, in cash and banks, decreased by BGN 55.6 million. During the period from the end of 2024 to 31 December 2025, the value of the portfolio of debt instruments at fair value in the Bank's trading portfolio decreased by 1.5% to BGN 167.4 million (2024: BGN 169.9 million). During the reporting period, one issue with a nominal value of BGN 30.2 million of the Republic of Bulgaria, six issues with a nominal value of USD 50 million of the United States, and one issue of the Republic of France with a nominal value of EUR 5 million were purchased. During the same period, three issues of the Republic of Bulgaria with a nominal value of BGN 22.5 million, one issue of the Republic of France with a nominal value of EUR 5 million, six issues of the United States with a nominal value of USD 40 million and corporate bonds with a nominal value of EUR 2.4 million, and two issues with a nominal value of EUR 10 million of the Republic of France were sold.

At the end of December 2025, the portfolio of debt instruments reported at amortized cost reached BGN 165.7 million, compared to BGN 180.3 million at the end of 2024, or a decrease of 8.1%.

From the beginning of 2025 to December 31, 2025, new investments in government securities amounting to approximately BGN 191 million were made in the "held for collection of contractual cash flows" portfolio and in the "held for collection of contractual cash flows and sale" portfolio.

As at 31 December 2025, the Bank's government securities portfolio had a carrying amount of BGN 308.5 million (2024: BGN 330.8 million), distributed in the portfolio "held for collection of contractual cash flows and sale" with a carrying amount of BGN 156.4 million and in the portfolio "held for collection of contractual cash flows" with a carrying amount of BGN 152.1 million.

Unrealized gains and losses from the revaluation of debt instruments at fair value in other comprehensive income are deferred in a revaluation reserve, net of taxes. In the period in which the asset is derecognized, the result of the revaluation is included in the profit or loss for the period. From the beginning of 2025 to December 31, 2025, the reported gains in connection with completed investments amount to BGN 86 thousand. Interest income from debt instruments at fair value through profit or loss is recognized on an ongoing basis in profit or loss and amounts to BGN 6,134 thousand for the period from January 1, 2025, to December 31, 2025. Interest income from debt instruments at amortized cost is recognized in profit or loss on an ongoing basis and amounts to BGN 6,307 thousand for the period from January 1, 2025, to December 31, 2025.

#### *Capital resources*

At the end of December 2025, the Group reported equity adequate to its risk profile and asset quality and sufficient to achieve its strategic objectives and implement its plan for the current year. As at 31 December 2025, the Group reported a total capital adequacy ratio of 21.50%\* and a Tier 1 capital adequacy ratio of 19.89%\*, significantly above the regulatory requirements.

*\*As at the date of issue/publication of this report, the Bank has received permission from the regulatory authority to include the net interim profit as at 30 June 2025 in the amount of BGN 25,156 thousand in the basic Tier 1 capital (Decision No. 471 / 02.10.2025 of the Governing Council of the BNB).*

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

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

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

1. On January 30, 2025, BACB published preliminary unaudited individual and consolidated financial statements as of December 31, 2024, together with the relevant interim management reports and a letter to shareholders.
2. On March 28, 2025, BACB published audited annual financial statements for 2024 on a separate and consolidated basis, together with information on the Bank's financial results for 2024 on a separate and consolidated basis. Detailed information and the full text of the reports are published on the BACB website.
3. On April 24, 2025, BACR - Credit Rating Agency AD publishes information on the upgrade and confirmation of the ratings assigned to **Bulgarian-American Credit Bank AD**, as follows:
  - Confirmation of the long-term financial strength rating of **BB+** and confirmation of its outlook as "Stable", confirmation of the short-term rating of **B**;
  - Confirmation of the long-term national scale rating of **BBB+(BG)** and confirmation of the outlook as "Stable", confirmation of the short-term national scale rating of **A-2 (BG)**;

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

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

According to the published text, during the period under review, **Bulgarian-American Credit Bank AD** continued to achieve high financial results, with additional increases in some profitability indicators and favorable positioning of the Bank relative to the average values for the system and the reference groups of banks. There was a slight deterioration in asset quality, related to an increased volume of non-performing loans in the portfolio, which remained at relatively higher levels compared to the system and with a lower degree of coverage with impairment losses. The improvement in capital positions continued, with a further increase in capital adequacy (to levels slightly above the system average and significantly above the minimum requirements), while liquidity was reduced to pre-planned levels (also remaining significantly above the minimum requirements).

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

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

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

4. On April 30, 2025, BACB published preliminary unaudited individual and consolidated financial statements as of March 31, 2025, together with the relevant interim activity reports and a letter to shareholders.
5. On May 20, 2025, the regular General Meeting of Shareholders of Bulgarian-American Credit Bank AD, *Unique Identification Code BACB20052025AGMS*, was held, which adopted the following resolutions:
  1. Approved: (a) the audited Annual Consolidated Financial Statements of BACB for 2024 and the Annual Consolidated Report of the Management Board on the activities of BACB in 2024, accompanied by the Independent Auditors' Report; (b) the audited Annual Financial Report of BACB on an individual basis for 2024 and the Annual Report of the Management Board on the activities of BACB on an individual basis in 2024, accompanied by the Report of the independent auditors; and (c) a report on the implementation of the remuneration policy at BACB AD in 2024.
  2. Adopted a decision that the profit of BACB AD for the 2024 financial year, which after taxation amounts to BGN 48,394,911.33 (forty-eight million, three hundred and ninety-four thousand, nine hundred and eleven levs and thirty-three stotinki) to remain as "Retained earnings from previous periods".

3. Ernst & Young Audit Ltd., EIK 130972874, and BDO Afa Ltd., UIC 030278596 as the auditing companies to perform a joint independent financial audit of the annual financial statements of Bulgarian-American Credit Bank AD for 2025 on an individual and consolidated basis.
4. Re-elected for a new three-year term until 2028 the members of the Audit Committee Mr. Martin Boychev Ganev (Chairman of the Audit Committee), Mr. Petar Georgiev Atanasov, and Ms. Sevdalina Velkova Paskaleva.

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

6. On July 30, 2025, BACB published preliminary unaudited individual and consolidated financial statements as of June 30, 2025, together with the relevant interim activity reports and a letter to shareholders.

7. On October 30, 2025, BACB published preliminary unaudited individual and consolidated financial statements as of September 30, 2025, together with the relevant interim activity reports and a letter to shareholders.

8. On December 3, 2025, the Bulgarian National Bank adopted a national decision, pursuant to an instruction from the European Central Bank (ECB), issuing the prior approval required under Article 28 of the Credit Institutions Act to Bulgarian-American Credit Bank for the direct acquisition of shares representing a qualifying holding in the capital of Tokuda Bank EAD.

The decision of the Bulgarian National Bank was made in connection with the announced intention of Bulgaro-American Credit Bank AD to acquire shares in the capital of Tokuda Bank EAD and the legal requirement for prior approval by the regulator for acquisitions of qualifying holdings/shares in banks licensed in the Republic of Bulgaria, thereby fulfilling all regulatory conditions for the acquisition.

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

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

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

*There are no open insolvency proceedings against BACB and/or the Bank's subsidiaries.*

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

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

More detailed information on the transactions concluded and changes in the transactions concluded with related parties, disclosed in the annual financial statements and having a material impact on the financial position or results of the Bank's operations during the nine months of 2025 (if any) is contained in the section "Transactions with related parties" of the Accounting Policy and the selected explanatory notes as at 30.09.2025.

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

*There has been no change in the auditors of BACB and its subsidiaries.*

*No legal or arbitration proceedings have been initiated or terminated against the Bank and/or its subsidiaries relating to liabilities or receivables of the Bank or its subsidiaries, with a claim value equal to or exceeding 10% of the Bank's equity.*

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

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

During the period, BACB and/or its subsidiaries did not purchase or sell any shareholdings and did not establish any pledges on their shares in commercial companies.

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

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

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

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

IV. Information on organizational changes

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

V. Forecasts for the results of the current financial year

BACB AD does not publish forecasts for its results.

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

Shareholder	Number of shares held (directly and/or indirectly) as at 31.12.2025	Percentage of votes at the General Meeting of Shareholders as at 31.12.2025	Number of shares held (directly and indirectly) as at 30 September 2025	Percentage of votes in the General Meeting of Shareholders as at 30 September 2025
CSIF AD	Directly holds 11,277,473 shares	45.68	Directly holds 11,277,473 shares	45.68
<b>Tsvetelina Borislavova Karagyozeva</b> – directly and indirectly as a person exercising control over the direct shareholder CSIF AD (holds 99.99% of the shares of CSIF AD) and	Directly owns 2,465,000 shares  Indirectly (through the controlled SIESAYEF AD) owns 11,277,473 shares	9.98  45.68	Directly owns 2,465,000 shares  Indirectly (through the controlled company SIESAYEF AD) owns 11,277,473 shares	9.98  45.68
<b>LTBI Holdings LLC</b> (El Ti Bi Ai Holdings El El Si)	8,824,775	35.74	8,824,775	35.74

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

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

Name	Member of a management or supervisory body	Number of shares directly held as at 31.12.2025	Percentage of votes at the General Meeting of Shareholders as at 31.12.2025	Number of directly held shares as at 30 September 2025	Percentage of votes in the General Meeting of Shareholders as at 30.09.2025.
Tsvetelina Borislavova Karagyozeva	Chair of the Supervisory Board	2,465,000	9.98	2,465,000	9.98
Silvia Kirilova Kirilova	Member of the Management Board	1,600	0.006	1,600	0.006

VIII. Information on pending court, administrative, or arbitration proceedings concerning liabilities or

*receivables amounting to at least 10% of the Bank's equity*

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

*IX. Information on loans granted*

BACB is a credit institution (bank) licensed and regulated by the BNB with a full license to provide all banking services under Article 2 of the Credit Institutions Act, with its main activity being the provision of loans or other financing at its own expense and risk and the public attraction of deposits or other repayable funds.

BAKB's subsidiary, BAKB Finance EAD, is entered in the public register of the BNB as a financial institution whose main activity is under Article 3 of the Credit Institutions Act, including the granting of loans that are not raised through the public solicitation of deposits or other repayable funds.

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