

**INTERIM REPORT ON THE OPERATIONS  
OF “BULGARIAN-AMERICAN CREDIT BANK” AD ON A CONSOLIDATED BASIS FOR THE  
THREE MONTHS ENDED MARCH 2026  
SOFIA, APRIL 30, 2026**

**General Information**

During the three months January–March of 2026, Bulgarian-American Credit Bank AD (BACB, the Bank) continued to operate as a universal commercial bank specializing in supporting the green economy, sustainable agriculture, and sustainable economic development, and offers a full range of banking services, including financing for small and medium-sized enterprises, financing for individuals through a variety of products in the areas of housing and consumer lending, transactional banking and documentary operations, payment services for individuals and legal entities, and other banking services. The Bank strives to meet customer needs by offering a comprehensive set of banking services through modern banking technologies with the aim of expanding its customer base.

During the reporting period, on January 12, 2026, BACB acquired 100% of the capital of Tokuda Bank EAD. A procedure is underway to merge Tokuda Bank EAD into BACB, including obtaining the necessary regulatory approvals.

Thus, as of the end of the reporting period, the Bank has three wholly-owned subsidiaries—BACB Finance EAD, BACB Trade EAD, and Tokuda Bank EAD—which form the BACB Group (“BACB Group”).

**Economic Overview**

**External Environment**

Global economic growth in 2025 is expected to reach 2.7% despite the increase in tariffs and high geopolitical uncertainty in 2025 and the first months of 2026. This pace is expected to remain relatively stable through 2027. At the same time, inflation in most countries is slowing, approaching central bank targets, and investors are once again showing signs of euphoria.

Economic activity in the euro area is expected to grow steadily in 2025, with real GDP rising by an average of 1.5% compared with 0.9% in 2024. In the fourth quarter of 2025, real GDP grows by 0.2% compared to the previous quarter. This growth is driven by stronger domestic demand, with both private consumption and investment making significant contributions. However, by the end of 2025 and into early 2026, short-term indicators weaken. Monthly production shows a significant decline, in contrast to survey results, which remain positive and suggest that the momentum from before the war in the Middle East persists. Market indicators of uncertainty and measures of geopolitical risk rise sharply in the first half of March. The strength of these impacts will depend both on the intensity and duration of the conflict and on its impact on the economy. On the positive side, stable balance sheets and increased savings should help mitigate the impact of the crisis on households. This outlook is broadly reflected in the March 2026 macroeconomic projections for the euro area by ECB staff, which forecast average annual real GDP growth of 0.9% in 2026, 1.3% in 2027, and 1.4% in 2028.

Labor market conditions remain broadly stable despite the ongoing slowdown in labor demand. Employment and total hours worked increased by 0.2% and 0.6%, respectively, in the fourth quarter of 2025. The observed slowdown in employment growth partly reflects the ongoing slowdown in labor demand, with the job vacancy rate stabilizing at 2.2% for the second consecutive quarter and remaining below pre-pandemic levels, observed in the fourth quarter of 2019. The labor force expanded further in the fourth quarter of 2025, while January data indicate stabilization compared to the previous month. At the same time, the unemployment rate in January was 6.1%, down from 6.2% in December and remaining at historically low levels.

In February 2026, HICP inflation in the euro area rose to 1.9% from 1.7% in January. This increase was driven by developments in energy price inflation and HICP inflation excluding energy and food, while food inflation declined slightly. The annual rate of change in energy prices remained negative, albeit at a lower level—at -3.1% in February compared with -4.0% in January, reflecting a strengthening base effect. Food inflation edged down slightly from 2.6% in January to 2.5% in February. As for food, the annual rate of change in processed food prices fell to 1.8% in February from 2.0% in January, offsetting the increase in unprocessed food prices to 4.6% from 4.2% over the same period. Inflation for services rose to 3.4% from 3.2% over the same period.

According to the March 2026 projections, headline inflation is expected to accelerate from 2.1% in 2025 to 2.6% in 2026, before falling to 2.0% in 2027, before rising again to 2.1% in 2028. The short-term outlook is influenced by the recent escalation of the war in the Middle East, which is leading to higher energy prices. Headline inflation is expected to follow the sharp acceleration in energy inflation in the first half of 2026, rising from 2.1% in the first quarter of 2026 to 3.1% in the second, before slowing to 2.7% in the second half of the year. The higher average rate projected for 2026 is linked to the rapid rise in energy prices and to rising food inflation later in the year due to mounting pressures along the supply chain stemming from energy prices and other production factors. HICP

inflation excluding energy and food is expected to stabilize at around 2.3%, with the indirect effects of energy inflation projected to be limited. The slowdown in headline inflation in 2027 mainly reflects downward base effects and falling energy prices. HICP inflation excluding energy and food is expected to slow slightly, while food inflation will continue to rise. Thereafter, headline inflation is projected to accelerate in 2028, mainly due to a significant increase in energy

price inflation resulting from fiscal measures related to the climate transition, and in particular the introduction of the new emissions trading scheme (ETS 2).

## **Bulgaria**

Real GDP growth in 2025 reaches 3.1%. For 2026, levels of around 2.6% are expected. Growth in household consumption will slow in line with weaker growth in real disposable income. A slower rate of increase in investment is also projected compared to 2025. On the one hand, this is driven by the dynamics of public investment, and on the other, a slowdown in private investment growth is expected due to increased uncertainty and expectations of some weakening in construction activity, in connection with the already observed signs of a cooling in housing demand. With regard to goods exports, a recovery in growth is expected as the negative one-off effects of the temporary production constraints in some major exporting countries in 2025 fade. At the same time, the still-weak economic activity in the EU and the negative effects on international trade resulting from the conflict in the Middle East will limit the growth rate of goods exports to 3.1%. In 2027, GDP growth is expected to reach 2.5%. Exports will accelerate as the international environment normalizes, while consumption growth will slow slightly. Weaker investment growth is also expected. The improvement in the external environment and the rise in exports will have a positive impact on private investment, but their growth will not fully offset the slowdown in public investment following the completion of the Recovery and Resilience Plan. For the period 2028–2029, economic growth is expected to remain within the range of 2.5–2.6%.

In 2025, the rate of employment growth increases significantly, reaching 2.2% for that year. The sectors making the largest contribution to job growth in the economy are construction and services. At the same time, the decline in the number of employed persons in the industrial and agricultural sectors continues, a trend that has been ongoing since 2022. Labor demand from employers across all sectors remains high, while supply is finding it increasingly difficult to meet this demand solely through internal labor market resources. The unemployment rate in 2025 will fall to historically low levels (3.5%). Adverse demographic trends will further limit the labor supply in the coming years. In 2026, the growth rate of employment in the economy will slow to 0.6%. Despite the projected steady increase in employment, changes in the unemployment rate are expected to be minimal. According to the current forecast, the unemployment rate is expected to decline to 3.4% in 2026 and is expected to fluctuate around that level over the next three years. Nominal growth in compensation per employee reached 10.4% in 2025. In 2026, a slowdown in labor income growth is expected, with the rate of increase estimated at 8% in nominal terms. Real labor productivity increases by 0.9% in 2025. Starting in 2026, with the slowdown in GDP growth, a more significant slowdown in employment growth is expected, which will lead to an acceleration in labor productivity growth.

As a result of the military conflict in the Middle East and the blockade of the Strait of Hormuz, along with the associated sharp rise in crude oil and natural gas prices in March 2026, the forecast calls for a significant acceleration in the country's inflation rate. Average annual inflation in 2026 is expected to rise to 4.3% according to the HICP, with consumer price growth at the end of the year reaching 5.2%, compared to 3.5% in December 2025 on an annual basis. In light of current assumptions regarding the dynamics of international prices and the euro/dollar exchange rate, transport fuel prices are expected to rise by just over 20% by the end of 2026. Despite the significant contribution of energy goods, core inflation—and services in particular—remain the primary drivers of inflation, stemming from domestic factors in the labor market and the process of real convergence, with a contribution also expected from secondary effects of higher energy commodity prices. Average annual inflation for 2027 is expected to be 3.8%, after which it will slow to 2.5% over the next two years.

## **Key Macroeconomic Indicators**

Key macroeconomic indicators	Reported data*		Forecast			
	2024	2025	2026	2027	2028	2029
<b>International environment</b>						
Global economy (real growth, %)	3.3	3.5	3.1	3.3	3.2	3.2
European Economy – EU (real growth, %)	1.1	1.5	1.2	1.6	1.5	1.5
USD/EUR exchange rate	1.08	1.13	1.16	1.15	1.15	1.15
Brent crude oil price (USD/barrel)	80.7	69.0	83.9	77.3	73.7	72.4
Price of non-energy raw materials (in USD, %)	2.0	2.6	4.9	1.0	-0.9	-0.7
3-month EURIBOR [%]	3.3	2.0	2.0	2.0	2.0	2.0
<b>Gross Domestic Product</b>						
GDP (million euros)	104,767	116,018	125,247	134,592	143,254	152,188

GDP (real growth, %)	3.4	3.1	2.6	2.5	2.5	2.6
Consumption	4.6	7.6	3.5	3.3	3.0	3.0
Gross fixed capital formation	1.5	11.4	3.3	1.0	5.3	4.5
Exports of goods and services	1.8	-2.1	2.9	3.5	3.1	3.2
Imports of goods and services	3.9	5.9	4.5	4.1	4.9	4.6
<b>Labor Market and Prices</b>						
Employment (SNA, growth, %)	1.1	2.2	0.6	0.4	0.1	0.0
Unemployment rate (NSA, %)	4.2	3.5	3.4	3.4	3.4	3.3
Compensation per employee (%)	14.1	10.4	8.0	6.4	5.7	5.6
GDP deflator (%)	7.2	7.4	5.2	4.8	3.8	3.6
Average annual inflation (HICP, %)	2.6	3.5	4.3	3.8	2.5	2.5
<b>Balance of payments</b>						
Current account (% of GDP)	-0.5	-5.7	-6.2	-5.3	-5.0	-4.8
Trade balance (% of GDP)	-4.8	-8.0	-8.8	-8.5	-8.8	-8.8
Foreign direct investment (% of GDP)	2.7	3.7	3.7	3.7	3.8	3.8
<b>Monetary sector</b>						
Receivables from enterprises (%)	10.1	10.9	10.7	8.7	8.6	8.4
Receivables from households (%)	20.8	21.1	14.5	11.8	9.9	8.8

\* The forecast table was prepared using statistical data published through March 23, 2026.

Source: ECB, NSI, BNB, IMF, World Bank, Bloomberg, Ministry of Finance

The global geopolitical situation remains unstable, with potentially significant negative effects on the economies of the European Union and Bulgaria, posing substantial risks to the realization of the macroeconomic forecast. The risk of escalating tensions in global trade could hamper growth in the euro area by suppressing exports and weakening the global economy. Lower confidence could prevent such a rapid recovery in consumption and investment. The materialization of these risks would lead to higher inflation in the country in the medium term and to weaker growth in real disposable household income, which, combined with rising borrowing costs, would limit the growth of consumption. Domestic risks to the forecast include the failure to meet public capital expenditure targets, including those under the Public Investment Program.

## **BACB – Business Performance**

### **Corporate Banking Business Line (SMEs and Corporate Clients)**

At the end of the reporting period, the Bank's loan portfolio grew by a net 4.73% compared to the end of 2025, reaching a total of €1,055.5 million. The total net growth in new loans during the period was 5.71%.

For loans to SMEs and corporate clients, the Bank reported a net increase of 6.41%, bringing the total portfolio in this segment to €649.4 million. This portfolio's share of the Bank's total loan portfolio is 64.28%, compared to 62.89% at the end of the fourth quarter of last year. The market share for legal entities was 2.23% as of December 31, 2025, compared to the 2.5–3% target set in the development strategy.

Regarding funds attracted from SMEs and corporate clients at the end of the period, total attracted funds amounted to €426.552 million, representing a 60.96% increase compared to the last quarter of 2025. A 23.80% increase was reported in time deposits, and a 65.43% increase in demand deposits. In terms of funds attracted from legal entities, BACB reached a 1.95% market share as of December 31, 2025, compared to the 2% target set in the strategy.

In line with the Bank's strategy, the legacy corporate loan portfolio was reduced by 5.91% during the quarter, with its share of the Bank's total portfolio decreasing from 0.66% as of December 31, 2025 to 0.59% as of March 31, 2026, and reached €6,246 million at the end of the year.

Amid a globally uncertain economic environment, influenced by inflation dynamics and geopolitical tensions, at the end of the first quarter of 2026 non-performing exposures to legal entities in BACB's portfolio, managed by specialized units for the collection of non-performing exposures, decreased by 8.34% compared to the end of 2025. As a share of the total loan portfolio, these non-performing exposures decreased by 0.81% compared to December 31, 2025, to 5.67%.

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

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

### **Retail Banking Business Line**

The Retail Banking business line, which manages the retail segment at BACB, has recorded very strong results in lending. According to BNB data, as of December 31, 2025, low-risk mortgage loans increased by 5.44% compared to the end of the previous quarter. The growth in mortgage lending is driven by excellent pricing conditions and the Bank's individual, customer-oriented approach. Consumer loans, in turn, grew by 3.39% over the same period.

The market share of these two product segments in the banking system as of the end of December 2025 was 1.19% for mortgage loans and 0.98% for consumer loans, respectively, and the Bank expects them to continue their upward trend. In line with BACB's established 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 these strong results, the Bank is fulfilling another key objective set out in its retail lending development strategy—increasing the share of loans to individuals in the total loan portfolio, which stood at 35.72% at the end of the fourth quarter of 2025.

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

- The "Clean Account" payment product for individuals with a VISA card continues to be a key factor in attracting new customers to the Bank. A feature is also available for opening a "Clean Account" online, without visiting a bank branch.
- The Bank focuses on offering two "POP Card" package products for young people in the age groups "14–18" and "18–25," which have been very well received by customers; with the support of various marketing activities, the product's popularity has increased significantly. The product is now also available entirely online.
- In mortgage lending, the Bank is strengthening its position in the highly competitive market by offering flexible and personalized solutions for each customer.
- Development continues on the "Instant Loan" product—a fully online consumer loan that combines speed, convenience, and security thanks to automatic approval and disbursement of funds without the need to visit a bank branch.
- Joint initiatives with POK Doverie AD continue in the branch network and at BACB Express points of sale.
- BACB, in partnership with "Unica" AD, offers customers attractive insurance packages when taking out consumer loans.
- The digital assistant "Bianka" uses the GPT language model to provide customers with comprehensive information 24/7, which significantly increases customer satisfaction.
- The "BAKB Express" quick consumer loan continues to be offered at specialized points of sale in large "mall"-type shopping centers. Customers can open a "Clean Account" at these locations, taking advantage of their extended operating hours, seven days a week.
- BAKB is actively working to provide loans to students under the Law on Student and Doctoral Student Loans, with a total annual state guarantee limit of BGN 5 million. The Ministry of Education and Science's loan scheme 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 candidates—in line with the Bank's development strategy.

In its effort to be closer to its individual customers and offer them first-class service, BACB provides the option of fully online banking services—online application and opening of a “Clean Account” with a debit card, online opening of “Everything’s Right” and “Online Deposit” accounts, “Instant” online loans, and online opening of business accounts for small enterprises. Work is underway to digitize the mortgage loan application process and other customer processes, as well as to integrate AI solutions to improve the customer experience.

### Settlements and payment services. Documentary operations

In the first quarter of 2026, the Bank recorded no change in the number of transfers compared to the same period in 2025, but a 101% increase in the total value of transfers. Foreign currency transfers increased by 19% in number and 58% in value, while domestic transfers decreased by 3% in number and increased by 134% in value. Documentary operations saw a 17% decrease in the number of transactions and a 239% increase in the total amount. Fees and commissions collected (for accounts, transfers, documentary, and cash transactions) in the first quarter of 2026 amounted to €2 million, representing a 37% increase (+€534,000) compared to the same period of the previous year. The increase is mainly due to documentary operations (+€303,000), cash operations (€108,000), and accounts (€107,000).

### Card Business and Direct Banking Channels

During the reporting period, the positive net result from BACB’s card business amounted to over €329,000. For the period, the Bank reported a total of 3,409 issued and renewed debit cards and 301 credit cards. The total turnover generated at POS terminals for the period exceeded 21 million euros, marking a 64% increase compared to the previous quarter and a 24% increase compared to the same period in 2024.

BACB won 3rd place in the “Merchant Activity” category in the Visa – Bulgaria Pays Digitally competition under the Bulgaria BezBroy program.

In Q1 2026, a new monitoring process was implemented for the installation of BACB Mobile/BACB Signer on a new device, and the processing of customer requests on the remote banking platform was automated.

### Overview of Operations for the First Quarter of 2026

The data presented below as of March 31, 2026, is on a consolidated basis for the BACB Group (BACB, BACB Finance EAD, BACB Trade EAD, and Tokuda Bank EAD).

#### Selected indicators and ratios

<i>In thousands of euros</i>	<b>December 31, 2025 (audited)</b>	<b>March 31, 2025 (unaudited)</b>	<b>March 31, 2026 (unaudited)</b>	<b>Change 03/2026 vs. 03/2025</b>
Total assets	1,456,459	1,549,701	1,929,207	24.49%
Loans (net value)	960,896	894,685	1,149,033	28.43%
Deposits	1,238,024	1,341,944	1,701,639	26.80%
Equity	201,253	189,184	207,540	9.70%
Net interest income	45,141	11,290	13,618	20.62%
Net fee and commission income	8,331	1,921	2,840	47.84%
Loans/deposits	77.62%	66.67%	67.53	
Liquidity Coverage Ratio (LCR)	150.80%	178.22%	194.85	
Capital adequacy	21.89%	22.20%	18.94%	

\*As of the date of issuance/publication of this report, the Bank has received approval from the regulatory authority to include the net interim profit as of June 30, 2025, in the amount of EUR 25,156 thousand in Tier 1 capital (Decision No. 471 / October 2, 2025, of the Governing Council of the Bulgarian National Bank/.

#### Operating Activities

As of March 31, 2026, the Group’s assets amounted to EUR 1,929,207 thousand, representing an increase of EUR 472.7 million, or 32.5%, compared to the audited data for 2025.

At the end of the first quarter of 2026, the Group reported an increase in its loan portfolio at carrying value from €194 million to €1,197 million, representing a 19.3% increase compared to the volume at the end of 2025. Accumulated credit losses and loan impairments under IFRS 9 amounted to €47.9 million, providing a 4% coverage ratio for the loan portfolio, with a volume at the end of 2025 €42.1 million, a coverage ratio of 4.2%, and 2.66% reported as of December 31, 2025, for the banking system. As of March 31, 2026, loan impairment losses increased by €5.9 million compared to the end of 2025, or a 13.9% increase.

As of March 31, 2026, the net loan portfolio amounted to €1,149 million and accounted for 59.6% of total assets.

Since the beginning of 2025, the Group has granted new loans (net) in the amount of €84.4 million. During the reporting period, loans in the amount of €5,000 were written off against provisions for loan losses.

As of March 31, 2026, loans more than 90 days past due accounted for 7.95% of total loans at carrying value, compared to 9.058% reported as of December 31, 2025. The share of non-performing loans is above the average

for the banking system. The main reason for the higher share is the Bank's sectoral focus—financing projects in the construction and real estate sectors prior to the global financial crisis. The credit policy implemented in recent years and currently in effect emphasizes promising and less cyclical economic sectors, aiming to achieve effective diversification, both in terms of sectoral positioning and in terms of size and maturity, so as to ensure a sustainable basis for development and limit the impact of individual exposures in a given sector. As a result of this, and due to the recovery in the construction and real estate sectors, the negative effects were gradually minimized, and the share of non-performing loans decreased by over 19 percentage points during the period from December 2017 to March 2026. To improve the quality of the loan portfolio, the Bank has developed and implemented a strategy for managing non-performing exposures, including a detailed three-year operational program, the implementation of which is monitored and controlled by the management bodies, and adequate control procedures are applied. The strategy for managing non-performing exposures is subject to annual review and update by the Bank's management and supervisory bodies. The regular internal analyses and comprehensive stress tests conducted contribute to the timely assessment of the effects of a possible deterioration in the business environment on the Bank's portfolio.

As of March 31, 2026, the debt and equity financial assets held, recognized at fair value through other comprehensive income, amounted to EUR 129 million, or 6.7% of total assets, compared to EUR 88 million and a 6% share at the end of 2025. The portfolio of securities recognized through OCI consists of 62% high-quality government securities of the Republic of Bulgaria, 30.4% high-quality government securities of foreign governments, and 7.6% corporate bonds. During the reporting period, BACB AD purchased three issues with a total face value of €23.6 million from the Republic of Bulgaria and four issues with a total face value of \$25 million from the United States. During the same period, three U.S. issues totaling \$25 million matured, one issue of the Republic of Bulgaria with a nominal value of €6.4 million matured, and corporate bonds worth €4 million were sold. During the reporting period, investments in securities reported at fair value in Other Comprehensive Income of Tokuda Bank EAD were also added as a result of the acquisition in January 2026 of 100% of the capital of Tokuda Bank AD, including Bulgarian government bonds denominated in euros amounting to €7.3 million, foreign government bonds denominated in euros amounting to €4 million, foreign government bonds denominated in U.S. dollars amounting to €8.4 million, and corporate bonds denominated in euros amounting to €8.1 million. Equity instruments amount to €2.7 million and include a stake in the Bulgarian Stock Exchange (BSE) of €322,000 (€314,000 as of December 31, 2024), shares in the payment services company Paynetics AD for 1,859 thousand euros, among others; shares in S.W.I.F.T. ( ) SC for 47 thousand euros; and shares in Tixi AD, a company developing and managing electronic systems for public transport and parking, for 500 thousand euros.

As of March 31, 2026, the portfolio of debt instruments carried at amortized cost included Bulgarian and foreign government bonds with fixed payments and maturities. During the first quarter of 2026, at BACB, one issue with a face value of EUR 5 million issued by the Republic of France matured, and corporate bonds worth EUR 5 million were sold, while the portfolio was supplemented with two issues of U.S. government securities with a total face value of USD 10 million. During the same period, investments in securities carried at amortized cost of Tokuda Bank EAD were also added as a result of the acquisition in January 2026 purchase of 100% of the capital of Tokuda Bank AD, including Bulgarian government bonds denominated in euros in the amount of 3.1 million euros, foreign government bonds denominated in euros in the amount of 4.7 million euros, and foreign government bonds denominated in U.S. dollars in the amount of 5.3 million euros. As a result, as of March 31, 2026, the portfolio of debt instruments carried at amortized cost amounted to €97.4 million, compared to €84.7 million at the end of 2025, representing a 14.9% increase. At the end of March 2026, the share of total assets reached 5%, compared to 5.8% at the end of 2025.

Since the beginning of 2020, the item "Financial assets at fair value through profit or loss" has, by management decision, included BACB AD's investment in shares of Visa Inc., acquired as a result of BACB's membership in Visa Europe, which became the property of Visa Inc. This investment is measured at fair value with changes recognized in profit or loss for the period. The 560 Class C preferred shares initially acquired are subject to mandatory conversion into Class A common shares (or Series A preferred shares, where applicable) over 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 of March 31, 2025, amounts to EUR 915 thousand, compared to EUR 1,042 thousand as of December 31, 2025.

As of March 31, 2026, the Group also recognizes other marketable shares at fair value through profit or loss in the amount of EUR 368 thousand, which were acquired as a result of the purchase in January 2026 of 100% of the capital of Tokuda Bank AD. Their fair value is determined based on market quotes as of the reporting date.

The consolidated financial statements are prepared for the BACB Group, which as of March 31, 2026, includes three wholly-owned subsidiaries—BACB Finance EAD, BACB Trade EAD, and Tokuda Bank EAD.

In preparing its consolidated financial statements, the Group applies the requirements of the applicable accounting standards. As of the acquisition date, subsidiaries are accounted for using the purchase method, in accordance with IFRS 3 Business Combinations. Goodwill arising from business combinations is recognized in the consolidated statement of financial position and is not amortized; it may only be impaired in accordance with IAS 36 Impairment of Assets if there are indications of impairment. During the consolidation process, the results and balances of intra-group transactions and settlements are eliminated.

A joint venture is an entity in which two or more parties have joint control. A jointly controlled asset is a joint venture in which the parties exercising joint control over the entity have rights to its net assets. Joint control is the contractually arranged sharing of control over a joint venture, whereby decisions regarding the relevant activities require the unanimous consent of the parties with joint control, i.e., no single party can control the company independently.

The Group accounts for the investment fund—IDS Fund AD, established in 2019 as a joint investment of the subsidiary “BAKB Finance” EAD and the largest shareholder in BAKB—“CIESAYEF” AD—as a joint venture. Initially, the investment was recognized at cost, and subsequently adjusted in accordance with changes in the investor’s share of the company’s net assets following its acquisition, as well as with the identified impairment. As of December 31, 2023, management, after analyzing the status of the investments of IDS Fund AD and the results of operations, and in view of the limited prospects for positive development, decided to divest from the investment and, together with the other shareholder, to prepare a plan for the voluntary liquidation of IDS Fund AD. As a result of this decision, the carrying amount of the investment was reduced to zero. In 2024, a plan for voluntary liquidation was drawn up. On October 15, 2024, the commencement of the voluntary liquidation procedure for IDS Fund AD was entered in the Commercial Register. As of March 31, 2026, the plan is in the process of being implemented, and the Company is not conducting any operational activities.

As of March 31, 2026, receivables from banks amounted to €34.6 million, accounting for 1.8% of total assets, compared to €36.1 million and a 2.5% share at the end of 2025. The reported decrease of €1.5 million compared to the end of 2025 was primarily driven by a €1.6 million increase in demand deposits and a €3.1 million decrease in time deposits.

Cash on hand and balances held at the central bank increased by 93.8% to €448.7 million at the end of March 2026, compared to €231.5 million at the end of 2025, and their share of total assets amounted to 23.3%, compared to 15.9% at the end of 2025. The reported increase is mainly attributable to funds in settlement accounts at the Bulgarian National Bank.

The Bank’s tangible and intangible fixed assets increased by €2.02 million compared to the end of 2025, reaching a book value of €7.7 million, and their share of total assets amounted to 0.4%. As of March 31, 2026, the Group reported new fixed assets with a book value of €2.4 million, which were acquired as a result of the purchase in January 2026 of 100% of the capital of Tokuda Bank AD.

As of March 31, 2026, acquired assets classified as “assets held for sale” and “investment property” totaled €38.9 million, or 2.2% of total assets, compared to €32.4 million, or 2.2% of total assets, as of December 31, 2025. During the reporting period, the Group sold real estate classified as investment property with a carrying amount of EUR 401 thousand. As of March 31, 2026, the Group reported new investment properties amounting to €2,836 thousand, which were acquired as a result of the purchase in January 2026 of 100% of the capital of Tokuda Bank AD. During the reporting period, the Group sold real estate classified as investment property with a carrying amount of EUR 401 thousand. As of March 31, 2026, the Group reported new investment properties amounting to EUR 2,836 thousand, which were acquired as a result of the purchase of 100% of the capital of Tokuda Bank AD in January 2026.

The activities related to the realization of the acquired assets, as well as the management and administration of the associated activities, are handled and managed by a specialized department within the Bank. To achieve the set goals for the realization of the acquired assets, the Bank prepares and implements a strategy for the management of assets—collateral acquired 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—collateral acquired from non-performing exposures—is subject to annual review and update by the Bank’s management and supervisory bodies.

### *Liabilities*

As of March 31, 2026, funds raised from banks amounted to EUR 1,049 thousand, representing an increase of EUR 970 thousand compared to the end of 2025 (December 31, 2025: EUR 79 thousand).

Funds attracted from businesses and individuals increased by €461.2 million to €1,666.3 million as of March 31, 2026, representing a 96.8% share of total liabilities of €1,205.1 million, compared to a 96% share at the end of 2025. A 38.3% increase was reported, resulting net from growth in funds raised from individuals and corporate clients and a decline in funds raised from non-bank financial institutions; part of the change is also due to the On December 23, 2022,

On December 23, 2022, BAKB issued a series of unsecured bonds in the amount of EUR 15 million; the bonds were issued to meet the requirements for own capital 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 seven-year term, with a fixed interest rate payable in six-month installments and principal to be repaid in a single lump sum at maturity.

On June 3, 2024, BACB issued a new series of ordinary, interest-bearing, book-entry, freely transferable, unsecured, non-convertible, subordinated bonds, structured to meet BACB’s Tier 2 capital requirements pursuant to 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 has been admitted to trading on a regulated market. The initial listing date on the Vienna Stock Exchange (Wiener Boerse) was June 21, 2024.

As of March 31, 2026, the Group's liabilities under issued debt securities, including accrued interest, amounted to 31,194,000 euros (2025: 30,706,000 euros).

The item "Other borrowed funds" includes a credit line obligation 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 of March 31, 2026, reported liabilities to the BDB, including accrued interest, amounted to €2,102, (2025: €2,102 thousand).

As of March 31, 2026, the Group also reports new liabilities in the amount of 1,001 thousand euros, which arose as a result of the acquisition in January 2026 of 100% of the capital of Tokuda Bank AD and reflect a liability under a subordinated term loan to the previous owner of Tokuda Bank AD.

As of March 31, 2026, an increase of 2,496 thousand euros was reported under "other liabilities," and the share of total liabilities decreased to 1.1% (2025: 1.4%).

### *Equity*

As of March 31, 2026, there were essentially no changes in the share capital.

Pursuant to the Law on the Introduction of the Euro in the Republic of Bulgaria (LIEB), effective January 1, 2026, the euro became the official currency and legal tender in Bulgaria. As of January 1, 2026, BACB's registered capital amounted to 24,691 thousand leva, distributed among 24,691,313 ordinary book-entry shares, each with voting rights and a par value of 1 leva. With the introduction of the euro as the official currency, the par value of one share in BGN is converted into euros in accordance with the law, and the new value of the share is multiplied by the number of shares to obtain the equivalent of the registered capital in euros. As of March 31, 2026, BACB's registered capital consists of 24,691,313 ordinary book-entry shares, each with voting rights and a par value of 0.51 euros, for a total value of 12,592,569.63 euros. In accordance with applicable accounting standards, the translation differences on the registered capital amounting to €31,898.24 have been recognized in retained earnings from prior years.

The Group's "reserves and retained earnings" account increased by the realized profit as of March 31, 2026, amounting to €6,826 thousand, and €32 thousand—differences from the restatement of the registered capital due to the transition to the euro, effective as of January 1, 2026.

The "revaluation reserves" item includes changes in the fair value of debt instruments, changes in the values of equity instruments measured at fair value through other comprehensive income, as well as the revaluation reserve formed on the Bank's own buildings used in its operating activities. As of March 31, 2026, a decrease of EUR 539 thousand was reported, consisting net of: positive changes in the fair values of equity instruments amounting to EUR 89 thousand, negative changes in the fair values of debt instruments amounting to EUR 624 thousand, and a negative reclassification to the income statement amounting to EUR 4 thousand.

### **Review of the Financial Position as of March 31, 2026**

*The data presented below as of March 31, 2026, is on a consolidated basis for the BACB Group (BACB, BACB Finance EAD, BACB Trade EAD, and Tokuda Bank EAD).*

As of March 31, 2026, the Group reported a net profit of €6,826 thousand after taxes, compared to a net profit of €6,379 thousand for the same period in 2025, representing a 7% increase. This result is attributable both to an increase in net operating income before impairment of EUR 6,610 thousand and to an increase in impairment losses on financial assets of EUR 3,048 thousand, as well as an increase in administrative expenses of EUR 3,445 thousand.

A comparison of core operating income (interest income) for the two periods shows an increase from 1,905 thousand euros to 15,881 thousand euros. Interest income from lending activities accounted for the largest share of total interest income at 79.4%. Reported revenue from interbank deposits amounted to €1,671.5 thousand, compared to €1,273.5 thousand at the end of March of the previous year. Interest income from the securities portfolio increased by 199.1 thousand euros, amounting to 1,800 thousand euros at the end of March 2026, compared to 1,600.9 thousand euros at the end of March 2025.

As of March 31, 2026, interest expenses decreased by 423 thousand euros compared to the same period of the previous year, amounting to 2,263 thousand euros, compared to 2,686 thousand euros a year ago. A decrease was reported in interest expenses to banks by €53 thousand, interest expenses on customer funds by €357.9 thousand, expenses on other borrowings—by 4.8 thousand euros, and on lease agreements accounted for under IFRS 16—by 7.2 thousand euros. Interest on bond loans remained unchanged across the two reporting periods and amounted to 487.5 thousand euros.

As of March 31, 2026, net interest income amounted to €13,618 thousand, or €2,328 thousand more than reported for the same period the previous year, and accounted for 66.4% of total operating revenue before impairment (2025 – 81.3%).

As of March 31, 2026, reported net fee and commission income was €919 thousand higher than the amount reported for the same period last year and amounted to €2,840 thousand, or 13.9% of total operating income before impairment, compared to a share of 13.8% as of March 31, 2025. The reported increase is driven by a larger increase in revenue and a more modest increase in fee expenses.

The Bank's holdings of Visa Inc. shares, which are measured at fair value through profit or loss, resulted in a loss of 55 thousand euros as of the end of March 2026, compared to a gain of 110 thousand euros.

Gain on financial assets measured at fair value through other comprehensive income amounted to €57 thousand as of March 31, 2026 (March 2025: €0).

As of March 31, 2026, foreign exchange revaluation expenses of 6,000 euros were reported, compared to a positive result of 19,000 euros for the same period of the previous year.

At the end of March 2026, net income from currency trading amounted to 341 thousand euros, compared to net income of 555 thousand euros for the same period in 2025.

At the end of the first quarter of 2026, administrative expenses increased by 1,391,000 euros compared to the same period last year, reaching 4,102,000 euros. Personnel expenses rose, with an increase of €1,839,000 compared to the end of March last year. Administrative expenses include contributions to the Bank Deposit Guarantee Fund (BDGF) and administrative fees to the BNB, the ECB, and the ESM.

Depreciation expenses increased by €215,000 as of March 31, 2026, including a €25,000 increase in depreciation expenses for property, plant, and equipment, depreciation expenses for intangible assets increase by €44,000, and depreciation expenses for right-of-use assets increase by €146,000.

Expenses for impairment of financial assets and modifications increased by 3,048 thousand euros compared to those reported at the end of March 2025 and amounted to 3,913 thousand euros.

The reported changes in all items from the statement of financial position as of March 31, 2026, above, are also influenced by the amounts (positive and negative) resulting from the acquisition in January 2026 of 100% of the capital of Tokuda Bank AD.

#### *Liquidity and Financing of Operations*

The Bank adheres to the principles of diversifying funding sources and optimizing interest expenses in pursuit of its strategy to meet its liquidity needs.

As of the end of the first quarter of 2026, the Group maintained a strong deposit base, reporting a 38.3% increase in customer deposits compared to December 31, 2025. The Group's active deposit business contributes to reducing its reliance on external financing (part of this change is also a result of the acquisition of 100% of the capital of Tokuda Bank AD in January 2026).

The ratio of gross customer loans to customer deposits was 71.8% as of March 31, 2026.

The Group'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 EUR 642.4 million. The ratio of these liquid assets to total deposits (from customers and banks) as of March 31, 2026, is 38.46%.

As of March 31, 2026, cash at the BNB, in cash, and at banks increased by €215.8 million. During the period from the end of 2025 to March 31, 2026, the value of the portfolio of debt instruments at fair value in the Bank's balance sheet increased by 47.6% to €126.3 million (2025: €85.6 million). The latter is also a result of the acquisition in January 2026 of 100% of the capital of Tokuda Bank AD (acquired portfolio of debt securities amounting to €27.8 million). At the end of March 2026, the portfolio of debt instruments carried at amortized cost reached €97.4 million, compared to €84.7 million at the end of 2025, representing an increase of 14.9% (including €13.1 million from acquired debt securities carried at amortized cost as a result of the purchase in January 2026 of 100% of the capital of Tokuda Bank AD).

From the beginning of 2025 through March 31, 2026, new investments in government securities totaling approximately €57 million were made in the "held to collect contractual cash flows" portfolio and the "held to collect contractual cash flows and for sale" portfolio.

As of March 31, 2026, the Bank's government securities portfolio had a carrying amount of €212.1 million (2025: €157.7 million), allocated to the "held for collection of contractual cash flows and sale" portfolio with a carrying amount of €116.7 million and to the "held for collection of contractual cash flows" portfolio with a carrying amount of €95.4 million.

Unrealized gains and losses from the fair value revaluation of debt instruments in other comprehensive income are deferred in a revaluation reserve, net of taxes. In the period in which the asset is derecognized, the revaluation result

is included in profit or loss for the period. From the beginning of 2026 to March 31, 2026, the recognized gains related to completed investments measured at fair value through other comprehensive income amounted to 57 thousand euros. From the beginning of 2026 to March 31, 2026, the recognized gains related to completed investments measured at amortized cost amounted to EUR 38 thousand.

Interest income from debt instruments at fair value through other comprehensive income is recognized in profit or loss on a current basis, amounting to EUR 1,115.5 thousand for the period from January 1, 2026, to March 31, 2026. Interest income from debt instruments at amortized cost is recognized in profit or loss on a current basis; for the period from January 1, 2026, to March 31, 2026, it amounts to 684.5 thousand euros.

#### *Capital Resources*

As of the end of March 2026, the Group reported equity adequate to its risk profile and asset quality and sufficient to achieve its strategic objectives and execute the plan for the current year. As of March 31, 2026, the Group reported a total capital adequacy ratio of 18.94%\* and a Tier 1 capital adequacy ratio of 17.43%\*, significantly above the regulatory requirement.

*\*As of the date of issuance/publication of this report, the Bank has received approval from the regulatory authority to include the net interim profit as of June 30, 2025, in the amount of EUR 25,156 thousand in the Tier 1 capital /Decision No. 471 / October 2, 2025, of the Governing Council of the BNB/.*

Information on the main risks facing the Group is contained in the 2025 Annual Management Report, which has been submitted to the Financial Supervision Commission (FSC) and made available to 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 regarding 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 12, 2026, BACB acquired 100% of the capital of Tokuda Bank EAD and published information regarding the acquisition transaction.
2. On January 30, 2026, BACB published preliminary unaudited individual and consolidated financial statements as of December 31, 2025, along with the corresponding interim management reports and a letter to shareholders.
3. On March 31, 2026, BACB published audited annual financial statements for 2025 on a standalone and consolidated basis, along with information on the Bank's financial results for 2025 on a standalone and consolidated basis. Detailed information and the full text of the reports are published on the BACB website.
4. On March 31, 2026, the Supervisory Board of BACB decided to change the composition of the Management Board of BACB, relieving Ilian Petrov Georgiev of his duties as a member of the Management Board and Executive Director of BACB, effective April 1, 2026. Iliyan Petrov Georgiev was also dismissed as a member of the Management Board and Executive Director of the subsidiary Tokuda Bank EAD and of the subsidiary BACB Finance EAD.

#### **Additional information for the three-month period January–March 2026 pursuant to Article 12 of FSC Regulation NO. 2 on Initial and Subsequent Disclosure of Information in Connection with Public Offerings of Securities and the Admission of Securities to Trading on a Regulated Market**

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

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

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

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

The Bank enters into transactions with related parties only as part of its ordinary banking 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 regarding the transactions entered into and changes in transactions with related parties disclosed in the annual financial statements and having a material impact on the Bank's financial position or results of operations for the three months of 2026 (if any), is contained in the "Transactions with Related Parties" section of the Accounting Policy and the selected explanatory notes as of March 31, 2026.

*No decisions have been made regarding the conclusion, termination, or cancellation of a joint venture agreement.*

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

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

As part of its regular activities in the 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 past-due receivables.

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

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

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

In 2026 BACB consistently applied the accounting policies disclosed in the audited annual financial statements for 2025, having accounted for the amendments to IFRS adopted by the EU and effective for annual periods beginning on or after January 1, 2025, as specified in the notes to the 2025 annual financial statements.

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

During the reporting period, there was a change in the BACB Group, with Tokuda Bank EAD being included in the BACB Group, which BACB acquired in full on January 12, 2026. Thus, as of March 31, 2026, the BACB Group consists of BACB and its wholly-owned subsidiaries—BACB Finance EAD, BACB Trade EAD, and Tokuda Bank EAD.

**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.

For the information of investors, BACB has announced that it is in the process of merging Tokuda Bank EAD into BACB, including obtaining the necessary regulatory approvals.

**V. Forecasts for the current fiscal year**

BAKB does not publish forecasts for its results.

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

Shareholder	Number of shares held (directly and/or indirectly) as of March 31, 2026	Percentage of votes at the General Meeting of Shareholders as of March 31, 2026	Number of shares held (directly and indirectly) as of December 31, 2025	Percentage of votes at the General Meeting of Shareholders as of December 31, 2025
"CIESAYEF" AD (CSIF)	Directly holds 11,277,473 shares	45.68%	Directly holds 11,277,473 shares	45.68
Tsvetelina Borislavova Karagoyzova – directly and indirectly as a person exercising control over the direct shareholder CSIF AD (holding 99.99% of the shares of CSIF AD) and	Directly holds 2,465,000 shares Indirectly (through the controlled "SIESAYEF" AD) holds 11,277,473 shares	9.98% 45.68%	Directly holds 2,465,000 shares Indirectly (through the controlled "SIESAYEF" AD) holds 11,277,473 shares	9.98% 45.68%
LTBI Holdings LLC (LTBI Holdings LLC)	8,824,775	35.74%	8,824,775	35.74%

The information listed above is derived from (1) the shareholder register maintained by Central Depository AD, (2) the data from the notifications received regarding the disclosure of shareholdings pursuant to 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 held.

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

Name	Member of a management or supervisory body	Number of shares directly held as of March 31, 2026	Percentage of votes at the General Meeting of Shareholders as of March 31, 2026	Number of shares held directly as of December 31, 2025	Percentage of votes at the General Meeting of Shareholders as of December 31, 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 judicial, administrative, or arbitration proceedings concerning liabilities or receivables amounting to at least 10 percent of the Bank's equity*

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

*IX. Information on Loans Granted*

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

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Alexander Dimitrov  
Executive Director

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Loreta Grigorova  
Executive Director