INTERIM REPORT ON THE OPERATIONS OF "BULGARIAN-AMERICAN CREDIT BANK" AD ON A CONSOLIDATED BASIS FOR THE FIRST HALF OF 2026

SOFIA, JULY 29, 2026

General Information

During the first half 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, offering 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 mortgage and consumer lending, transaction 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.

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 is expected to remain relatively stable through 2027. At the same time, inflation in most countries is slowing, approaching central banks' targets, and investors are once again showing signs of euphoria.

The eurozone economy (excluding fluctuations in Irish data) recorded moderate growth in the first quarter of 2026, supported by domestic demand and exports. With the outbreak of war in the Middle East, short-term indicators of economic activity have declined since March, reflecting a drop in consumer spending, a deterioration in sentiment, and longer delivery times from suppliers. Taken together, these developments indicate that the war in the Middle East is having a negative impact on both current and expected activity. The deterioration in overall sentiment is largely attributable to households and the services sector. In the medium term, domestic demand should be supported by a recovery in real incomes, driven by falling energy prices, a resilient labor market, and rising government spending on infrastructure and defense. Alongside these factors, an increase in investment related to artificial intelligence and the energy transition is also expected. This outlook is broadly reflected in the June 2026 macroeconomic projections for the euro area by Eurosystem staff, which forecast average annual real GDP growth of 0.8% in 2026, 1.2% in 2027, and 1.5% in 2028. As a result, the forecast has been revised slightly downward for 2026 and 2027 and reflects the war's more pronounced impact on commodity markets, real incomes, and confidence compared with the previous forecast.

The labor market remains resilient, with additional jobs created in the first quarter, albeit at a slower pace compared with the fourth quarter of 2025. The unemployment rate remains low, but job creation is slowing, and labor demand continues to decline. The unemployment rate stood at 6.3% in March and April, remaining generally stable at that level since mid-2024. Although the total number of hours worked declined by 0.2% on a quarterly basis, employment continued to grow in the first quarter of 2026, supported by an expanding labor force. Consequently, the average number of hours worked per employed person decreased. However, the pace of job creation slows further to 0.1% on a quarterly basis and 0.5% on an annual basis in early 2026, following increases of 0.7% in 2025. The gradual slowdown in employment growth partly reflects the ongoing weakening of labor demand. The job vacancy rate has been on a downward trend since the second half of 2022. After a slight increase at the end of 2025, driven by developments in the construction sector, it declines further to 2.2% in the first quarter of 2026. Trends across individual sectors have varied over the past year, with job vacancies in construction increasing, while those in the market services and manufacturing sectors continue to decline.

Annual headline inflation in the euro area, as measured by the Harmonized Index of Consumer Prices (HICP), is 1.2 percentage points above the medium-term target of 2%. In May 2026, HICP inflation in the euro area rose to 3.2% from 3.0% in April. This increase was driven by higher inflation in energy prices and HICP inflation excluding energy and food, while food inflation declined. The annual rate of change in energy prices rose slightly to 10.9% in May from 10.8% in April, reflecting a strengthening base effect, while energy inflation fell by 1.1% on a monthly basis. Food inflation fell from 2.4% in April to 2.0% in May. Within the food component, inflation for both processed and unprocessed foods declined over the same period. The annual rate of change in processed food prices fell from 4.6% to 4.2%, while that for unprocessed foods fell from 1.6% to 1.1%. HICP inflation rose to 2.5% in May from 2.2% in April as a result of higher inflation in both non-energy industrial goods and services. Inflation for non-energy industrial goods rose slightly from 0.8% in April to 0.9% in May, while for services it rose from 3.0% to 3.5% over the same period. According to the June 2026 macroeconomic projections by Eurosystem experts, headline inflation is expected to average 3.0% in 2026, before falling to 2.3% in 2027 and to 2.0% in 2028. Compared with the ECB staff macroeconomic projections for the euro area from March 2026, headline inflation in 2026 and 2027 has been revised upward due to higher energy price dynamics, which are expected to feed through to some extent to inflation for food, goods, and services. The increased risks to inflation reflect the consequences of the war in the Middle East.

Bulgaria

Real GDP growth in 2025 is projected to reach 3.1%. For 2026, growth is expected to be around 2.6%. Growth in household consumption will slow in line with weaker growth in real disposable income. Investment is also projected to grow at a slower pace compared to 2025. On the one hand, this is driven by trends in public investment; on the other hand, growth in private investment is expected to slow due to increased uncertainty and expectations of a slight decline in construction activity, in light of already observed signs of a cooling in housing demand. With regard to goods exports, growth is expected to recover 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. Slower 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 its 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%. The sectors making the largest contribution to job creation 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 the trend that began in 2022. Labor demand from employers across all sectors remains high, while the labor supply is finding it increasingly difficult to meet this demand solely through the labor market's internal 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, labor income growth is expected to slow, with the rate of increase estimated at 8% in nominal terms. Real labor productivity is projected to increase by 0.9% in 2025. Starting in 2026, as GDP growth slows, a more pronounced 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 a year-over-year basis. Based on 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 commodities, core inflation—and services in particular—will continue to be the leading driver of inflation. This stems from domestic factors related to the labor market and the process of real convergence, and a contribution from secondary effects of higher energy commodity prices can also be expected. Average annual inflation for 2027 is projected 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**
International Environment						
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
Exchange rate (USD/EUR)	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
Gross Domestic Product						
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
Labor Market and Prices						
Employment (SNA, growth, %)	1.1	2.2	0.6	0.4	0.1	0.0
Unemployment rate (NRS, %)	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
Balance of Payments						
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
Monetary sector						
Receivables from businesses (%)	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 the potential for 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 dampening exports and weakening the global economy. Lower confidence could prevent consumption and investment from recovering as quickly as expected. If these risks materialize, they would lead to higher inflation in the country over the medium term and 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 shortfalls in public capital expenditures, including those under the Recovery and Resilience Plan.

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 3.17% compared to the first quarter of 2026, reaching a total of 1,088.9 million euros. The total net growth in new loans granted during the period was 2.89%.

The loan portfolio in the SME and Corporate Clients segment amounted to 662.6 million euros, representing a net increase of 2.04%—or 13.2 million euros—compared to the first quarter. "Corporate Banking," together with the Business Centers, achieved 108% of its budget target for new loan portfolio growth, with the corporate segment meeting its target at 101% and the SME segment at 114%.
The Bank's market share in lending to legal entities is 2.29%, with a strategic target of 2.5%–3.0%.

For loans to SMEs and corporate clients, the Bank reported a net increase of 2.04%, bringing the total portfolio in this segment to 662.6 million euros. This portfolio accounts for 63.31% of the Bank's total loan portfolio, compared to 64.28% at the end of the first quarter of the year. The market share for legal entities stood at 2.29% as of March 31, 2026, compared to the 2.5–3% target set in the development strategy.

With regard to funds attracted from legal entities, as of June 30, 2026, the total amount was 291.7 million euros, reflecting a 31.61% decrease compared to the end of the first quarter, driven primarily by a 43.07% decline in demand deposits, partially offset by a significant 95.52% increase in time deposits. Regardless of the portfolio dynamics, the Bank maintained a market share of 2.74%, which is higher than the strategic target of 2.0%.

In line with the Bank's strategy, the legacy corporate loan portfolio was reduced by 2.35% during the quarter, with its share of the Bank's total portfolio decreasing from 0.59% as of March 31, 2026 to 0.56% as of June 30, 2026, and reached 6,099 million euros at year-end.

Against the backdrop of a globally uncertain economic environment, influenced by inflationary trends and geopolitical tensions, at the end of the second quarter, non-performing exposures to legal entities in BACB's portfolio, managed by specialized units for the collection of non-performing exposures, increased by 7.93% compared to the first quarter of 2026. As a share of the total loan portfolio, non-performing exposures increased by 0.26% compared to March 31, 2026, reaching 5.93%.

During the period, the Corporate Banking division focused its efforts on implementing strategic priorities for the development of the corporate business by increasing funding, stimulating lending activity, and strengthening credit risk management. In this regard, measures were taken to analyze and attract funds, track maturing deposits, and identify target customers for attracting new business. Work is underway to optimize the terms of deposit products and banking service packages, as well as to develop new solutions for working capital financing and bank guarantees. At the same time, enhanced monitoring of exposures in high-risk economic sectors was introduced, alongside ongoing systematic control over key business processes, including the management of past-due exposures, contract renewals, and preferential terms, as well as the achievement of business objectives within the commercial network.

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 to finance small and medium-sized enterprises through 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 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 collaboration 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 is implementing a guarantee scheme to support SMEs under the National Guarantee Fund (NGF)/SME 2022, which enables BAKB to provide loans totaling over 60 million euros. An extension of the scheme until 2031 has been agreed upon.
- BAKB is implementing an Agreement to guarantee a portfolio of loans provided under a Bulgarian Development Bank program to support households by financing investments in renewable energy, in accordance with the National Recovery and Resilience Plan of the Republic of Bulgaria.
- BAKB implements an Operational Agreement to guarantee a portfolio of loans provided under the European Union's InvestEU Program, aimed at supporting financing for SMEs and sustainable investments (including waste/wastewater/clean air), enabling loans totaling over 160 million euros.

Retail Banking Business Line

The Retail Banking business line, which manages BACB's retail segment, recorded very strong results in its lending activities. According to data from the Bulgarian National Bank (BNB), as of March 31, 2026, low-risk mortgage loans increased by 4.25% compared to the end of the previous quarter. The growth in mortgage lending is driven by the Bank's excellent pricing terms and its individualized, customer-focused approach. Consumer loans, in turn, grew by 5.90% over the same period.
The market share of these two product segments in the banking system as of the end of March 2026 was 1.18% for mortgage loans and 1% for consumer loans, respectively, and the Bank expects them to continue their upward trend.
In line with BACB's established strategy, the goal for 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 33.58% at the end of the second quarter of 2026.
The following initiatives also contribute to the development of the Bank's retail business:

- In an effort to be closer to its new and existing customers, the Bank expanded its branch network with a new branch in the town of Chelopech and successfully relocated one of its Sofia branches to a new location in the Mladost 4 residential complex. The relocated office has been renamed the Mladost Office and is located at: Sofia, Mladost 4 Residential Complex, Building 493.
- The "Chista Smetka" payment product for individuals, featuring a VISA card, continues to be a key factor in attracting new customers to the Bank. A feature is also available for opening a "Chista Smetka" account online, without visiting a bank branch.
- The Bank is focusing on offering "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 is increasing significantly. The product is now also available entirely online.
- In mortgage lending, the Bank is strengthening its position in this 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 across the branch network and at BACB Express sales points.
- BAKB, 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” fast consumer loan continues to be offered at specialized sales points 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 2.5 million euros. The Ministry of Education and Science’s loan program 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 businesses. 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 second quarter of 2026, the number of transfers was similar to that of the same period in 2025, with a 76% increase in the total value of transfers. Foreign currency transfers increased by 20% in number and by 48% in value, while domestic transfers decreased by 2% in number and increased by 98% in value.
Fees and commissions collected (for accounts, transfers, documentary, and cash transactions) during the second quarter of 2026 totaled 1.8 million euros, representing an increase of 17% or 267,000 euros compared to the same period of the previous year. The increase was primarily driven by documentary transactions (an increase of 66,000 euros), cash transactions (an increase of 64,000 euros), and accounts (an increase of 81,000 euros).

Card Business and Direct Banking Channels

As of June 30, 2026, the net profit from BACB’s card business amounted to over 351 thousand euros, marking a 7% increase compared to the previous quarter’s result. For the period, the Bank reported a total of 5,084 issued and renewed debit cards and 514 credit cards. Total turnover generated at POS terminals for the period exceeded 17 million euros, representing a 21% decline compared to the previous quarter and a 48% increase compared to the same period in 2025.
During the period, a new process for periodically updating the IBAN Plus directories with banks participating in BACB Online was implemented, and a study and comparative analysis of two new solutions for internet and mobile banking were conducted. The Bank entered into a new 5-year single-brand agreement with Visa Europe Limited. A process was initiated for a GAP analysis and planning of Tokuda Bank’s merger into BACB.

Review of Operations for the Second Quarter of 2026

The data presented below as of June 30, 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

In thousands of euros	***December 31, 2025 (audited)***	***June 30, 2025 (unaudited)***	***June 30, 2026 (unaudited)***	*Change 06/2026 vs. 06/2025*
Total assets	***1,456,459***	***1,452,691***	***1,782,640***	*22.71%*
Loans (net value)	***960,896***	***932,999***	***1,187,552***	*27.28%*
Deposits	***1,238,024***	***1,239,185***	***1,546,877***	*24.83%*
Equity	***201,253***	***195,878***	***216,053***	*10.30%*
Net interest income	***45,141***	***22,666***	***29,619***	*30.68%*
Net fee and commission income	***8,331***	***4,022***	***5,674***	*41.07%*
Loans/Deposits	***77.62%***	***75.29%***	***76.77%***	
Liquidity Coverage Ratio (LCR)	***150.80%***	***169.32%***	***162.57%***	
Capital Adequacy Ratio	***21.89%***	***22.95%***	***18.81%***	

Operating Activities

As of June 30, 2026, the Group’s assets totaled 1,782,640 thousand euros, representing an increase of 326.2 million euros, or 22.4%, compared to the audited figures for 2025.

At the end of the second quarter of 2026, the Group reported an increase in its loan portfolio at carrying value from 229.7 million euros to 1,232.7 million euros, representing a 22.9% increase compared to the volume at the end of 2025. Accumulated credit losses and loan impairments under IFRS 9 amounted to €45.1 million, providing a coverage ratio of 3.7% of the loan portfolio, compared to a volume of €42.1 million, a coverage ratio of 4.2%, and a reported coverage ratio of 2.74% for the banking system as of March 31, 2026. As of June 30, 2026, loan impairment losses increased by €3.1 million compared to the end of 2025, representing a 7.3% increase.
As of June 30, 2026, the net loan portfolio amounted to 1,187.6 million euros and accounted for 66.6% of total assets.

Since the beginning of 2025, the Group has extended new loans (net) totaling 124.4 million euros. During the reporting period, loans totaling 5,000 euros were written off against provisions for impairment.

As of June 30, 2026, loans more than 90 days past due accounted for 8.23% of total loans at carrying value, compared to 9.58% 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 lending policy implemented in recent years and currently in effect emphasizes promising and less cyclical economic sectors, aims to achieve effective diversification—both in terms of sectoral positioning and in terms of loan size and maturity—so as to ensure a sustainable foundation for growth 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 more than 19 percentage points during the period from December 2017 to June 2026. To improve the quality of the loan portfolio, the Bank has developed and is implementing a strategy for managing non-performing exposures, which includes a detailed three-year operational program. The implementation of this program is monitored and controlled by the management bodies, and adequate control procedures are in place. 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 potential deterioration in the business environment on the Bank's portfolio.

As of June 30, 2026, the debt and equity financial assets held, recognized at fair value through other comprehensive income, amounted to 137.1 million euros, or 7.7% of total assets, compared to 88 million euros and a 6% share at the end of 2025. The portfolio of securities recognized in other comprehensive income consists of 58.4% high-quality government securities of the Republic of Bulgaria, 35.2% of high-quality government securities issued by foreign governments, and 6.4% of corporate bonds During the reporting period, BACB AD purchased three issues with a total face value of 23.6 million euros issued by the Republic of Bulgaria and nine issues with a total face value of 60 million U.S. dollars issued by the United States. During the same period, six U.S. bond issues totaling $50 million and one bond issue of the Republic of Bulgaria with a face value of 6.4 million euros matured, and corporate bonds worth 4 million euros were sold. During the reporting period, investments in securities held at fair value through other comprehensive income at Tokuda Bank EAD were also added as a result of the January 2026 acquisition of 100% of the capital of Tokuda Bank AD, including Bulgarian government bonds denominated in euros amounting to 7.3 million euros, foreign government bonds denominated in euros amounting to 4 million euros, foreign government bonds denominated in U.S. dollars amounting to 8.3 million euros, and corporate bonds denominated in euros amounting to 7.1 million euros. Equity instruments amount to 2.7 million euros and include a stake in the Bulgarian Stock Exchange (BSE) worth 286,000 euros (314,000 euros as of December 31, 2024), shares in the payment services company Paynetics AD worth 1,859 thousand euros, among others; shares in S.W.I.F.T. SC worth 52 thousand euros; and shares in Tixi AD, a company specializing in the development and management of electronic systems for public transportation and parking, worth 500 thousand euros.

As of June 30, 2026, the portfolio of debt instruments carried at amortized cost includes Bulgarian and foreign government bonds with fixed payments and maturities. During the first half of 2026, two issues with a face value of 23.5 million euros issued by the Republic of France and one issue issued by the United States with a face value of 5 million dollars matured at BACB, and corporate bonds worth 5 million euros were sold, while the portfolio was supplemented with two issues of U.S. government securities with a total face value of $10 million, one issue of government securities issued by the Republic of France with a face value of 13.5 million euros, and 200 bonds issued by Starkom Holding for 2 million euros. During the reporting period, investments in securities held by Tokuda Bank EAD, reported at amortized cost, 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 3.2 million euros, foreign government bonds denominated in euros in the amount of 4.8 million euros, and foreign government bonds denominated in U.S. dollars in the amount of 5.3 million euros. As a result, as of June 30, 2026, the portfolio of debt instruments carried at amortized cost amounted to 89.9 million euros, compared to 84.7 million euros at the end of 2025, representing a 6.1% increase. At the end of June 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 included, by management decision, BACB AD'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 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 that 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 June 30, 2025, amounted to 1,048 thousand euros, compared to 1,042 thousand euros as of December 31, 2025.

As of June 30, 2026, the Group also recognizes other marketable shares at fair value through profit or loss in the amount of 333 thousand euros, which were acquired as a result of the purchase in January 2026 of 100% of the capital of Tokuda Bank AD. Their fair value was determined based on market quotes as of the reporting date.

The consolidated financial statements are prepared for the BACB Group, which as of June 30, 2026, includes three wholly-owned subsidiaries—BACB Finance EAD, BACB Trade EAD, and Tokuda Bank EAD.

BAKB Finance EAD is a subsidiary of BAKB that provides financial services and performs support functions for the Bank. Through this subsidiary, BACB conducts leasing transactions as well as commercial and consumer lending transactions, using the company's own funds for this purpose and, when necessary, financing from the Bank. Since 2015, BACB Finance EAD has been registered as a financial institution in accordance with the procedures and conditions set forth in Regulation No. 26 of the Bulgarian National Bank.
BAKB Trade EAD is wholly owned by BAKB. The company was incorporated in 2013 with the scope of business being financial and commercial consulting services.

Business Combinations

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 arising from intragroup transactions and settlements are eliminated.

On January 12, 2026, BACB acquired 100% of the capital of Tokuda Bank EAD.

General Information	
Percentage of Shares Acquired	100%
Date of the transaction	January 2026
Financial result recognized in the Group's earnings as of:	January 1, 2026

Fair value of the acquired assets and liabilities

EUR'000	**Fair value**
Assets	
Cash and settlement accounts with the Bulgarian National Bank	60,152
Receivables from banks	38,156
Financial assets under the Special Purpose Vehicle (SPV)	265
Financial assets under the Special Scheme for Deposits and Loans	25,013
Debt instruments at amortized cost	13,011
Loans and receivables from customers	110,992
Investment property	2,597
Property, plant, and equipment and right-of-use assets	1,672
Intangible assets	773
Other assets	6,844
Total assets	**259,475**
Liabilities	
Bank deposits	24
Customer deposits	224,039
Other liabilities	1,776
Deferred tax liabilities	26

Subordinated debt	1,002
Total Liabilities	**226,867**
Acquired Net Assets	**32,608**
Compensation Paid	**28,875**
Gain on bargain purchase	**(3,733)**

A merger process is underway between Tokuda Bank EAD and BACB AD, which is expected to be completed within 2026. Management does not anticipate any adverse impact on the Bank's capital adequacy and liquidity. The primary objective of the business combination is to expand BAKB's market positions. BAKB considers the expansion of its market positions—including through the acquisition of another banking institution—to be key to maintaining a sustainable business model based on stable revenue / returns and with optimal and highly manageable costs, including by realizing the objective benefits of economies of scale, thereby ensuring the reliable achievement of strategic goals and stable long-term development.

A joint venture is an entity in which two or more parties exercise joint control. A jointly controlled asset is a joint venture in which the parties exercising joint control over the entity's operations have rights to its net assets. Joint control is the contractually arranged sharing of control over a joint venture, whereby decisions regarding its operations require the unanimous consent of the parties with joint control; that is, no single party can control the entity independently.
The Group accounts for the investment fund—IDS Fund AD, established in 2019 as a joint investment by the subsidiary "BAKB Finance" EAD and the largest shareholder in BAKB—"CIESAYEF" AD—as a joint venture.
Initially, the investment was recognized at cost; subsequently, it was adjusted in accordance with changes in the investor's share of the company's net assets following the acquisition, as well as with the identified impairment.
As of December 31, 2023, management, after analyzing the status of IDS Fund AD's investments and the results of its operations, and in view of the limited prospects for positive development, decided to divest from the investments 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 proceedings for IDS Fund AD was entered in the Commercial Register. As of June 30, 2026, the plan is in the process of being implemented, and the Company is not conducting any operational activities.

As of June 30, 2026, receivables from banks amounted to 52.5 million euros and accounted for 2.9% of total assets, compared to 36.1 million euros and a 2.5% share at the end of 2025. The reported increase of 16.4 million euros compared to the end of 2025 was primarily driven by a 1.4 million euro increase in demand deposits and a 15 million euro increase in time deposits.

Cash on hand and reserves held at the central bank increased by 6.3% to €246.2 million at the end of June 2026, compared to €231.5 million at the end of 2025, and their share of total assets amounted to 13.8% compared to 15.9% at the end of 2025. The reported increase was primarily due to funds in settlement accounts at the Bulgarian National Bank (BNB).

The Bank's tangible and intangible fixed assets increased by €1.9 million compared to the end of 2025, reaching a book value of €7.6 million, and their share of total assets amounted to 0.4%. As of June 30, 2026, the Group reported new fixed assets with a book value of 2.3 million euros, which were acquired as a result of the purchase in January 2026 of 100% of the capital of Tokuda Bank AD.

As of June 30, 2026, the acquired assets classified as "assets held for sale" and "investment properties," totaled 38.1 million euros, or 2.1% of total assets, compared to 32.4 million euros, 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 980 thousand euros and acquired assets classified as "assets held for sale" in the amount of 4,126 thousand euros. As of June 30, 2026, the Group reported new investment properties totaling 2,597 thousand euros, which were acquired as a result of the purchase in January 2026 of 100% of the capital of Tokuda Bank AD.

The sale of the acquired assets, as well as the management and administration of related activities, is handled and overseen by a specialized department within the Bank. To achieve the set objectives for the realization of the acquired assets, the Bank develops and implements a strategy for managing assets—collateral acquired from non-performing exposures—which includes a detailed three-year operational program, the implementation of which is monitored and controlled by the governing bodies. The asset management strategy—for collateral acquired from non-performing exposures—is subject to annual review and update by the Bank's management and supervisory bodies.

Liabilities

As of June 30, 2026, funds raised from banks amounted to 53 thousand euros, representing a decrease of 26 thousand euros compared to the end of 2025 (December 31, 2025: 79 thousand euros).

Deposits from businesses and individuals increased by 309.8 million euros to 1,515 million euros as of June 30, 2026, representing a 96.7% share of total liabilities of 1,205.1 million euros, compared to a 96% share at the end of 2025. A 25.7% increase was reported, driven by growth in funds raised from individuals and corporate clients and a decline in funds raised from non-bank financial institutions; part of this change was also a result of the acquisition in January 2026 purchase of 100% of the capital of Tokuda Bank AD.

On December 23, 2022, BAKB issued a series of unsecured bonds in the amount of 15 million euros; the bonds were issued to meet the requirements for own capital and eligible liabilities, in accordance with the provisions 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 every six months 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 15,000,000 euros. 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 June 30, 2026, the Group's liabilities under issued debt securities, including accrued interest, amounted to 30,110, thousand euros (2025: 30,706 thousand euros).

The "Other Borrowings" line item includes a liability under a credit line 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 10 million euros. As of June 30, 2026, reported liabilities to the BDB, including accrued interest, amounted to 1,752 thousand euros (2025: 2,102 thousand euros).

As of June 30, 2026, an increase of 2,472 thousand euros was reported under "other liabilities," and their share of total liabilities decreased to 1.3% (2025: 1.4%).

Equity

As of June 30, 2026, there were essentially no changes in 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, divided into 24,691,313 ordinary book-entry shares, each with voting rights and a par value of 1 lev. With the introduction of the euro as the official currency, the par value of one share in leva is converted to 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 June 30, 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 euro, for a total value of 12,592,569.63 euro. In accordance with applicable accounting standards, the translation differences on the registered capital in the amount of 31,898.24 euros have been recognized in retained earnings from prior years.

The Group's "Reserves and Retained Earnings" account increased by the realized profit as of June 30, 2026, in the amount of 15,346 thousand euros, and by 32 thousand euros—differences from the restatement of the registered capital due to the transition to the euro, effective as of January 1, 2026.

The "revaluation reserves" line 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 established for the Bank's own buildings used in its operating activities. As of June 30, 2026, a decrease of 546 thousand euros was reported.

Overview of the Financial Position as of June 30, 2026

The data presented below as of June 30, 2026, is on a consolidated basis for the BACB Group (BACB, BACB Finance EAD, BACB Trade EAD, and Tokuda Bank EAD).

As of June 30, 2026, the Group reported a net income of 15,346 thousand euros after taxes, compared to a net income of 12,802 thousand euros for the same period in 2025, representing a 19.9% increase. This result is attributable both to an increase in net operating income before impairment of 12,672 thousand euros and to an increase in expenses related to the impairment of financial assets amounting to 3,430 thousand euros, an increase in administrative expenses of 3,440 thousand euros, personnel expenses of 3,000 thousand euros, and an increase in depreciation expenses of 450 thousand euros.

A comparison of revenue from core operations (interest income) for the two periods shows an increase from 6,729 thousand euros to 34,379 thousand euros. Interest income from lending activities accounts for the largest share—78.5%. Reported revenue from interbank deposits amounted to 3,757.8 thousand euros, compared to 1,936.5 thousand euros at the end of June of the previous year. Interest income from the securities portfolios held increased by 400 thousand euros, totaling 3,651 thousand euros at the end of June 2026, compared to 3,251 thousand euros at the end of June 2025.

As of June 30, 2026, interest expense decreased by 224 thousand euros compared to the amount reported for the same period of the previous year, totaling 4,760 thousand euros, compared to 4,984 thousand euros a year ago. A decrease was reported in interest expenses to banks by 160 thousand euros, interest expenses on customer funds by 40.9 thousand euros, expenses on other borrowings—by 13.6 thousand euros, and expenses on lease agreements accounted for in accordance with IFRS 16—by 16.9 thousand euros. Interest on bond loans increased slightly compared to June 30, 2025, and amounted to 979 thousand euros .

As of June 30, 2026, net interest income amounted to 29,619 thousand euros, or 6,953 thousand euros more than reported for the same period the previous year, representing 73.2% of total operating revenue before impairment (June 2025 – 81.7%).

As of June 30, 2026, reported net fee and commission income was 1,652 thousand euros higher than the amount reported for the same period last year and amounted to 5,674 thousand euros, or 14% of total operating income before impairment, compared to a share of 14.5% as of June 30, 2025. The reported increase resulted from a larger increase in revenue and a more modest increase in fee expenses.

The Bank's holdings of Visa Inc. shares, accounted for at fair value through profit or loss, generated a positive result of 38 thousand euros at the end of June 2026, compared to a result of 124 thousand euros, which was also a positive result.

Gain on financial assets measured at fair value through other comprehensive income amounted to 57 thousand euros as of June 30, 2026 (June 2025: 44 thousand euros).

Gain on financial assets measured at amortized cost amounted to 38,000 euros as of June 30, 2026 (June 2025: 0).

As of June 30, 2026, revenue from foreign currency revaluations amounted to 29 thousand euros, compared to a positive result of 66 thousand euros for the same period of the previous year.

At the end of June 2026, net income from foreign currency trading amounted to 691 thousand euros, compared to net income of 1,113 thousand euros for the same period in 2025.

At the end of the second quarter of 2026, administrative expenses increased by 3,440 thousand euros compared to the same period last year, reaching 8,663 thousand euros. Personnel expenses rose, with an increase of 2,996 thousand euros compared to the end of June last year Administrative expenses include expenses for the Bank Deposit Guarantee Fund (BDGF) and administrative fees payable to the Bulgarian National Bank (BNB), the European Central Bank (ECB), and the European Stability Mechanism (ESM).

Depreciation expenses increased by 450 thousand euros as of June 30, 2026, including a 72 thousand euro increase in depreciation expenses for property, plant, and equipment, depreciation expenses for intangible fixed assets increased by 87 thousand euros, and depreciation expenses for right-of-use assets increased by 291 thousand euros.

Expenses for impairment of financial assets and modifications increased by 3,430 thousand euros compared to those reported at the end of June 2025 and amounted to 5,072 thousand euros.

The reported changes in all items from the statement of financial position as of June 30, 2026, listed 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 its funding sources and optimizing interest expenses in line with its strategy for meeting its liquidity needs.

As of the end of the second quarter of 2026, the Group maintained a strong deposit base, reporting a 25.7% increase in customer deposits compared to December 31, 2025. The Group's active deposit-taking operations contribute 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, completed in January 2026).

The ratio of gross customer loans to customer deposits was 81.4% as of June 30, 2026.

The Group's liquidity position remains stable, with liquid assets (cash on hand and in accounts at the Bulgarian National Bank, short-term loans and advances to banks, and liquid government securities) amounted to 457.9 million euros. The ratio of these liquid assets to total deposits (from customers and banks) as of June 30, 2026, was 30.19%.

As of June 30, 2026, cash holdings at the Bulgarian National Bank, in cash and at banks, increased by 31.1 million euros. During the period from the end of 2025 to June 30, 2026, the fair value of the Bank's debt instrument portfolio in its trading portfolio increased by 57% to €134.4 million (2025: €85.6 million). This increase is also a result of the acquisition in January 2026 of 100% of the capital of Tokuda Bank AD (an acquired portfolio of debt securities amounting to 26.7 million euros). At the end of June 2026, the portfolio of debt instruments carried at amortized cost reached €89.9 million, compared to €84.7 million at the end of 2025, representing an increase of 6.1% (including €13.2 million from acquired debt securities carried at amortized cost as a result of the January 2026 acquisition of 100% of the capital of Tokuda Bank AD.

From the beginning of 2025 through June 30, 2026, new investments in government securities totaling approximately 100 million euros 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 June 30, 2026, the Bank's government securities portfolio had a carrying amount of 211.7 million euros (2025: €157.7 million), allocated to the "held for collection of contractual cash flows and sale" portfolio with a carrying amount of €125.7 million and to the "held for collection of contractual cash flows" portfolio with a carrying amount of 86 million.

Unrealized gains and losses from the revaluation of debt instruments at fair value through 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 through June 30, 2026, the gains recognized in connection with discontinued investments measured at fair value through other comprehensive income amounted to 57 thousand euros. From the beginning of 2026 through June 30, 2026, the recognized gains related to completed investments measured at amortized cost amounted to 38 thousand euros.
Interest income from debt instruments at fair value through other comprehensive income is recognized in profit or loss on a current basis; for the period from January 1, 2026, to June 30, 2026, it amounted to 2,154 thousand euros. Interest income from debt instruments carried at amortized cost is recognized in profit or loss on a current basis; for the period from January 1, 2026, to June 30, 2026, it amounted to 1,497 thousand euros.

Capital Resources

As of the end of June 2026, the Group reported equity that is commensurate with its risk profile and asset quality and sufficient to achieve its strategic objectives and execute its plan for the current year. As of June 30, 2026, the Group reported a total capital adequacy ratio of 18.81% and a Tier 1 capital adequacy ratio of 17.38%, significantly above the regulatory requirements.

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 BACB's website.

4. On March 31, 2026, the Supervisory Board of BACB decided to change the composition of the Management Board of BACB by relieving Ilian Petrov Georgiev of his duties as a member of the Management Board and Executive Director, effective April 1, 2026.

5. On April 15, 2026, the decisions we notified you of on April 1, 2026, were entered into the entry for "Bulgarian-American Credit Bank" AD in the Commercial Register and the Register of Non-Profit Legal Entities, maintained by the Registry Agency, namely, the dismissal of Mr. Ilian Petrov Georgiev as a member of the Management Board and Executive Director (Chief Executive Officer) of "Bulgarian-American Credit Bank" AD.
"Bulgarian-American Credit Bank" AD is always represented jointly by the executive directors Alexander Dimitrov Dimitrov and Loreta Ivanova Grigorova.
Furthermore, on April 15, 2026, , under the entry for "Bulgarian-American Credit Bank" AD in the Commercial Register and the Register of Non-Profit Legal Entities, the articles of association of "Bulgarian-American Credit Bank" AD, updated in accordance with the Law on the Introduction of the Euro in the Republic of Bulgaria, were published.
On April 14, 2026, the decisions we notified you of on April 1, 2026, were entered in the entry for "Tokuda Bank" EAD (a wholly-owned subsidiary of BACB) in the Commercial Register and the Register of Non-Profit Legal Entities,

namely, the dismissal of Mr. Ilian Petrov Georgiev as a member of the Management Board and CEO of Tokuda Bank EAD.
"Tokuda Bank" EAD is always represented jointly by the executive directors Alexander Dimitrov Dimitrov and Loreta Ivanova Grigorova.

6. On April 24, 2026, "BAKR – Credit Rating Agency" AD published information regarding the upgrade and confirmation of the ratings assigned to **"Bulgarian-American Credit Bank" AD**, as follows:

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

Financial Strength Rating	Initial rating as of July 26, 2016	Rating as of April 24, 2025	Rating as of April 24, 2026
Long-term rating	**BB**	**BB+**	**BB+**
Outlook	**Stable**	**Stable**	**Stable**
Short-term rating	**In**	**B**	**B**
Long-term rating on the national scale	**B+ (BG)**	**BBB+ (BG)**	**BBB+ (BG)**
Outlook	**Stable**	**Stable**	**Stable**
Short-term rating on the national scale	**V (BG)**	**A-2 (BG)**	**A-2 (BG)**

The assessment was based on the methodology for assigning bank ratings officially adopted by the rating agency "BACR – Credit Rating Agency" AD **(**https://bcra.eu/files/bank_methodology_2018_bg.pdf)

According to the published report, during the period under review, "Bulgarian-American Credit Bank" AD once again achieved relatively strong financial results, maintaining a favorable position on most of the profitability indicators examined relative to the averages for the banking system and the benchmark groups of banks. There was some deterioration in asset quality, linked to an increased volume of non-performing loans in the portfolio, which remain persistently at relatively higher levels compared to the banking system and with a lower level of coverage by loan loss provisions. The bank's capital and liquidity positions remain significantly above the minimum required levels.

The following factors could have a positive impact on the rating of "Bulgarian-American Credit Bank" AD: an improvement in portfolio quality and alignment with the average standards for the country's banking system; maintaining stable capital adequacy levels and improving liquidity; the successful integration of the acquired smaller banking institution ("Tokuda Bank").

The following factors could have a negative impact on the assigned rating: a further deterioration in the quality of the loan portfolio; a significant decline in capital adequacy and liquidity ratios; a deterioration in the quality of investments; and a decline in operating and/or financial results.

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

7. 2. On April 30, 2026, BACB published preliminary unaudited individual and consolidated financial statements as of March 31, 2026, along with the corresponding interim management reports and a letter to shareholders.

8. On May 19, 2026, the regular Annual General Meeting of Shareholders of "Bulgarian-American Credit Bank" AD, Unique Identification Code BACB19052026AGMS, was held, which adopted the following resolutions:

1. Approved: (a) the audited Annual Consolidated Financial Statements of BACB for 2025 and the Annual Consolidated Report of the Board of Directors on BACB's operations in 2025, accompanied by the Independent Auditors' Report; (b) the audited Annual Financial Statements of BACB on a standalone basis for 2025 and the Annual Report of the Management Board on BACB's activities on a standalone basis in 2025, accompanied by the Independent Auditors' Report; and (c) the Report on the Implementation of the Remuneration Policy at BACB in 2025.
2. Adopted a resolution that BACB's profit for the 2025 fiscal year, which after taxation amounts to 35,646,147.58 BGN (18,225,585.85 EUR), shall remain as "Retained Earnings from Previous Periods."
3. Selected "Ernst & Young Audit" Ltd., UIC 130972874, and "BDO Bulgaria" Ltd., UIC 030278596, as the auditing firms to conduct a joint independent financial audit of the Bulgarian-American Credit Bank's annual financial statements for 2026 on a standalone and consolidated basis.
4. Approved changes to the composition of the Supervisory Board of BACB, namely:
   (1) relieved Mr. Petar Georgiev Atanasov of his duties as a member of the Supervisory Board; and
   (2) elected Mr. David John Mack as a member of the Supervisory Board, with a term of office until May 19, 2031.

By Decision No. 184 of May 14, 2026, the Governing Council of the Bulgarian National Bank granted preliminary approval, pursuant to Article 11, paragraphs 2 and 3 of the Credit Institutions Act and Regulation No. 20 of the BNB, for Mr. David John Mack to assume the position of member of the Supervisory Board of the Bulgarian Association of Commercial Banks.

5. It adopted a resolution to re-elect Ms. Tsvetelina Borislavova Karagyozova and Mr. Martin Boychev Ganev as members of the Supervisory Board for a new five-year term ending on May 19, 2031.
6. It approved changes to the composition of the BACB Audit Committee, namely:
   (1) the removal of Mr. Petar Georgiev Atanasov from his position as a member of the Audit Committee; and

(2) the election of Mr. David John Mack as a member of the Audit Committee.

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

9. On May 26, 2026, changes to the composition of the Supervisory Board of “Bulgarian-American Credit Bank” AD were entered in the Commercial Register and the Register of Non-Profit Legal Entities, maintained by the Registry Agency, pursuant to resolutions of the General Meeting of Shareholders of BACB dated May 19, 2026, as follows:

1) Dismissal of Petar Georgiev Atanasov as a member of the Supervisory Board;
2) Election of David John Mack as a member of the Supervisory Board, with a term ending on May 19, 2031;
3) Re-election of Tsvetelina Borislavova Karagyozova and Martin Boychev Ganev for a new term as members of the Supervisory Board until May 19, 2031;

10. On June 2, 2026, the Supervisory Board of “Bulgarian-American Credit Bank” AD adopted a resolution to elect Mr. Ivan Ilianov Ivanov as a member of the Management Board of BACB.

By Decision No. 203 of May 26, 2026, the Management Board of the Bulgarian National Bank granted preliminary approval, pursuant to Article 11, paragraph 3, and in connection with paragraph 3 of the Credit Institutions Act and Regulation No. 20 of the BNB, for Mr. Ivan Ilianov Ivanov to assume the position of member of the Management Board of BACB.

11. On June 19, 2026, a change in the composition of the Management Board was entered in the entry for “Bulgarian-American Credit Bank” AD in the Commercial Register and the Register of Non-Profit Legal Entities, maintained by the Registry Agency, pursuant to a decision of the Supervisory Board of BACB dated June 2, 2026, namely:

1) The election of Ivan Ilianov Ivanov as a member of the Management Board of BACB.

12. On June 23, 2026, the Supervisory Board of “Bulgarian-American Credit Bank” AD (BACB) adopted a resolution to elect Ms. Aphrodite Dimitrova Milanova as a member of the Management Board of BACB.

By Decision No. 229 of June 15, 2026, the Management Board of the Bulgarian National Bank granted preliminary approval, pursuant to Article 11, paragraph 3, and in connection with paragraph 3 of the Credit Institutions Act and Regulation No. 20 of the BNB, for Ms. Aphrodite Dimitrova Milanova to assume the position of member of the Management Board of BACB.

13. On July 3, 2026, a change in the composition of the BACB Governing Council was entered in the Commercial Register and the Register of Non-Profit Legal Entities under the entry for “Bulgarian-American Credit Bank” AD, with Ms. Aphrodite Dimitrova Milanova registered as a new member of the BACB Management Board, pursuant to a decision of the BACB Supervisory Board dated June 23, 2026.

Additional information regarding the first report of 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 that occurred during the reporting period

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

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

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

The Bank enters into transactions with related parties solely 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 during the first half of 2026 (if any), is contained in the “Transactions with Related Parties” section of the Accounting Policy and the selected notes to the financial statements as of June 30, 2026.

No resolutions have been adopted regarding the conclusion, termination, or rescission of 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 amount equal to or exceeding 10 percent of the Bank’s equity.

As part of its regular activities related to 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 creation of a pledge on equity interests in commercial companies

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

II. *Information on Changes in BACB's Accounting Policies*

In 2026, BAKB consistently applied the accounting policies disclosed in the audited annual financial statements for 2025, taking into account 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 of Companies, with Tokuda Bank EAD being included in the BACB Group, which BACB acquired in its entirety on January 12, 2026. Thus, as of June 30, 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, Subitem "c" of Regulation No. 2 of the Financial Supervision Commission.
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 June 30, 2026**	**Percentage of votes at the General Meeting of Shareholders as of June 30, 2026**	**Number of shares held (directly and indirectly) as of March 31, 2026**	**Percentage of votes at the General Meeting of Shareholders as of March 31, 2026**
"SIESAYEF" AD (CSIF)	**Directly** holds 11,277,473 shares	45.67%	**Directly** holds 11,277,473 shares	45.67%
Tsvetelina Borislavova Karagyozova—directly and indirectly, as a person exercising control over the direct shareholder CSIF AD (which holds 99.99% of the shares of CSIF AD)—and	**Directly** owns 2,465,000 shares **Indirectly** (through the controlled **company** "SIESAYEF" AD) holds 11,277,473 shares	9.98% 45.68%	**Directly** holds 2,465,000 shares **Indirectly** (through the controlled **company** "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 provided above is derived from (1) the shareholders' 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. *Information 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 held directly as of June 30, 2026**	**Percentage of votes at the General Meeting of Shareholders**	**Number of shares held directly as of March 31, 2026**	**Percentage of votes at the General Meeting of Shareholders**

			as of June 30, 2026		as of March 31, 2026
Tsvetelina Borislavova Karagyozova	Chair of the Supervisory Board	2,465,000	9.98%	2,465,000	9.98%
Silvia Kirilova Kirilova	Member of the Board of Directors	1,600	0.006%	1,600	0.006%

VIII. Information on pending judicial, administrative, or arbitration proceedings concerning liabilities or claims amounting to at least 10 percent of the Bank's equity

The Bank and/or its subsidiaries are not parties to any 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 involving 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.

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 the provision of loans or other financing for its own account and at its own risk, and the public acceptance of deposits or other repayable funds.

BAKB's subsidiary, BAKB Finance EAD, is registered in the public register maintained by the BNB as a financial institution whose primary activity is defined under Article 3 of the Credit Institutions Act, including the granting of loans that are not funded through the public acceptance of deposits or other repayable funds.

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