# INTERIM REPORT ON THE OPERATIONS OF "BULGARIAN-AMERICAN CREDIT BANK" AD ON A CONSOLIDATED BASIS FOR THE first NINE MONTHS OF 2026

**SOFIA, OCTOBER 30, 2026**

## General Information

During the first nine months of 2026 (January–September 2026) Bulgarian-American Credit Bank AD (BACB, the Bank) continues 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 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.

In the second quarter of 2026, the economy demonstrated resilience despite the adverse impact of the energy shock. Growth is broad-based and encompasses numerous countries and sectors. This momentum is likely to continue into the third quarter. Industrial production continues to show stable results as government spending on defense and infrastructure increases. Consumer confidence has rebounded from its low point, contributing to a recovery in the services sector from the initial energy shock. An increase in artificial intelligence-related activities is observed in digital services, business investment, and exports. Looking ahead, the short-term growth forecast has improved compared to previous expert forecasts, primarily due to the resilience of private consumption and public spending. In the medium term, consumption is expected to be boosted by gradually falling energy prices and a stable labor market. Growth will continue to be driven by business and residential investment. Rising external demand should boost export growth, but this is being held back by competitiveness challenges and uncertainty regarding global trade policies. This outlook is reflected in the ECB staff's September 2026 macroeconomic projections for the euro area, which forecast average annual real GDP growth of 0.9% in 2026, 1.4% in 2027, and 1.5% in 2028.

The labor market continues to cool, but at a slower pace than in recent months. Companies continue to scale back hiring, leading to a slight slowdown in annual employment growth to 0.50% in the second quarter of 2026, compared with 0.53% in the first quarter and an average of 0.7% in 2025. At the same time, the adjustment in the size of the labor force appears to be gradual, with no significant increase in layoffs; as a result, the unemployment rate remains unchanged at 6.4% in July compared to June 2026. In addition, labor force growth slows in the second quarter compared with the first, partly due to a weaker inflow of migrants—an important driver of this growth during the 2022–2024 period. With the slowdown in employment growth and the acceleration in GDP growth, annual productivity growth rose slightly to 0.7% in the second quarter after posting zero growth in the first quarter. In the second quarter, productivity—excluding the effect of volatile Irish GDP data—also increased by 0.7% year-over-year, pointing to a sustained and strengthening recovery over the past few quarters. Short-term labor market indicators suggest that the weakening labor market may be showing the first signs of bottoming out. The monthly composite PMI employment index rose in August for the third consecutive month. The sub-indices for services and manufacturing rose, pointing to still subdued but slightly improving sentiment regarding employment, while the sub-index for construction declined. So far, the energy shock has not had a significant impact on wages. Annual growth in compensation per employee slowed to 3.3% in the second quarter of 2026, down from 3.5% in the first quarter of 2026.

According to Eurostat's preliminary estimate, HICP inflation in the euro area rose to 3.3% in August 2026, up from 2.9% in July (Figure 8). This increase was driven by a surge in energy inflation, alongside stable food inflation and a slight decline in HICPX inflation. The annual rate of change in energy prices rose sharply to 14.3% in August from 10.3% in July, due to a monthly increase in energy prices of 2.9% and a significant positive base effect. Food inflation stood at 1.2% in August, unchanged from July. Within the food component, inflation for processed foods declined slightly in August to 0.6% from 0.7% in July, while inflation for unprocessed foods rose to 2.7% from 2.4% over the same period. Month-over-month changes in unprocessed food prices were more significant than usual for August, likely due to some upward pressure caused by the hot and dry weather in Europe this summer. HICPX inflation fell slightly to 2.4% in August from 2.5% in July. This was due to a decline in services inflation—from 3.3% to 3.0%—which fully offset the increase in non-energy industrial goods inflation—from 0.9% to 1.2%. According to the ECB staff's September 2026 macroeconomic projections for the euro area, headline inflation is projected to average 3.0% in 2026, before falling to 2.5% in 2027 and to 2.1% in 2028. Compared with the Eurosystem staff macroeconomic projections for the euro area from June 2026, headline inflation for 2026 remains unchanged, while projections for 2027 and 2028 have been revised upward.

**Bulgaria**

Real GDP growth in 2025 reached 3.1%. GDP growth for the January–June 2026 period reached 2.8% and was driven by domestic demand, while exports declined. Real GDP growth of 3% is expected for the full year. By the end of the year, growth in household consumption and investment is projected to slow, partly due to base effects following the high growth recorded in the second half of the previous year. At the same time, the weaker growth in domestic demand will be offset by growth in exports. The gradual acceleration in goods exports is expected to continue through the end of the year, accompanied by moderate growth in imports. The net contribution of foreign trade to GDP growth this year will be negative. Economic growth will slow to 2.5% in 2027. The pace of export growth will accelerate due to an expected improvement in external demand. Growth in household consumption will be more moderate, in line with income trends. A slight decline in investment is 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 decline in public investment following the expiration of the Recovery and Resilience Plan. In 2028 and 2029, economic growth is projected to be 2.4%.

In 2025, the rate of employment growth will increase significantly, reaching 2.2% for 2025. In the first half of 2026, labor market indicators show mixed trends. The forecast for employment growth in 2026, at 0.5%, remains close to the Ministry of Finance's spring forecast of 0.6%. Expectations for employment growth in the coming years have been revised downward more significantly, with the 2027 forecast adjusted to 0.2% from 0.4% in the spring forecast. In 2028 and 2029, employment is expected to remain around the level reached in 2027, i.e., to remain unchanged. For 2026, the unemployment rate is projected to be 3.4% and to remain around that level in the following years. Nominal growth in compensation per employee reached 7.1% in the first half of 2026, compared with 11.2% for the same period the previous year. In 2026, labor income growth is expected to slow, with the rate of increase reaching 8.5% in nominal terms. In the first half of 2026, real labor productivity increased by 2.4%, and in 2027–2029, growth rates are expected to remain close to those of 2026.

As a result of the military conflict in the Middle East, the blockade of the Strait of Hormuz, and the associated sharp rise in crude oil and natural gas prices since 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 4.8% according to the HICP, while the increase in consumer prices at the end of the year is projected to reach 6.1%. Average annual inflation for 2027 is expected to be higher, reaching 4.0%. The rise in consumer prices will slow to 2.6% by December 2027. The contribution of services will remain the leading factor in shaping the overall index, but it will decline in line with the expected weaker growth in labor income and the corresponding slowdown in consumption growth. Food inflation is expected to accelerate somewhat due to expectations of rising international food prices and the spillover effects of higher energy and fertilizer prices this year. In the last two years of the forecast period, average annual inflation is expected to continue to slow to 2.6% in 2028 and 2.4% in 2029.

**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 | 3.0 | 3.4 | 3.2 | 3.1 |
| European Economy – EU (real growth, %) | 1.1 | 1.6 | 1.2 | 1.4 | 1.6 | 1.5 |
| Exchange rate (USD/EUR) | 1.08 | 1.13 | 1.16 | 1.16 | 1.16 | 1.16 |
| Brent crude oil price (USD/barrel) | 80.7 | 69.0 | 90.9 | 80.5 | 74.7 | 72.4 |
| Price of non-energy raw materials (in USD, %) | 2.0 | 2.6 | 8.7 | 3.2 | -1.1 | -0.5 |
| 3-month EURIBOR [%] | 3.3 | 2.0 | 2.3 | 2.5 | 2.3 | 2.3 |
| Gross Domestic Product | | | | | | |
| GDP (million euros) | 104,767 | 116,018 | 130,459 | 141,302 | 150,819 | 160,013 |
| GDP (real growth, %) | 3.4 | 3.1 | 3.0 | 2.5 | 2.4 | 2.4 |
| Consumption | 4.6 | 7.6 | 5.2 | 3.5 | 3.4 | 2.9 |
| Gross fixed capital formation | 1.5 | 11.4 | 5.8 | -0.7 | 2.0 | 3.5 |
| Exports of goods and services | 1.8 | -2.1 | 0.5 | 3.7 | 3.6 | 3.5 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Imports of goods and services | 3.9 | 5.9 | 7.2 | 3.8 | 4.7 | 4.6 |
| Labor Market and Prices | | | | | | |
| Employment (SNA, growth, %) | 1.1 | 2.2 | 0.5 | 0.2 | 0.0 | 0.0 |
| Unemployment rate (NRS, %) | 4.2 | 3.5 | 3.4 | 3.4 | 3.4 | 3.4 |
| Compensation per employee (%) | 14.1 | 10.4 | 8.5 | 6.2 | 5.3 | 5.2 |
| GDP deflator (%) | 7.2 | 7.4 | 9.1 | 5.7 | 4.2 | 3.6 |
| Average annual inflation (HICP, %) | 2.6 | 3.5 | 4.8 | 4.0 | 2.6 | 2.4 |
| Balance of Payments | | | | | | |
| Current account (% of GDP) | -0.5 | -5.7 | -6.4 | -5.8 | -5.1 | -5.1 |
| Trade balance (% of GDP) | -4.8 | -8.0 | -9.2 | -8.9 | -8.8 | -9.0 |
| Foreign Direct Investment (% of GDP) | 2.7 | 3.7 | 3.8 | 3.7 | 3.8 | 3.8 |
| Monetary sector | | | | | | |
| Receivables from businesses (%) | 10.1 | 10.9 | 12.7 | 10.5 | 9.9 | 9.3 |
| Receivables from households (%) | 20.8 | 21.1 | 19.7 | 14.9 | 11.2 | 9.7 |

**Statistical data published through September 7, 2026, were used in preparing this forecast.*
*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 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 2.26% compared to the second quarter of 2026, reaching a total of 1,113.5 million euros. The total net growth in new loans granted during the period was 2.61%.

The loan portfolio in the SME and Corporate Clients segment amounted to 675.9 million euros, representing a net increase of 2.00% (+13.3 million euros) compared to the second quarter. The Corporate Banking Division, together with the Business Centers, achieved 108% of its budget for new loan portfolio growth, with the corporate segment meeting 98% of its target and the SME segment 116%.
This portfolio's share of the Bank's total loan portfolio is 63.16%, compared to 63.31% at the end of the second quarter of the year. The Bank's market share in lending to legal entities is 2.29%, with a strategic target of 2.5%–3.0%.

With regard to funds attracted from corporate clients, as of September 30, 2026, the total amount was 630.7 million euros, representing an increase of 116.19% compared to the end of the second quarter, driven by a 127.89% rise in demand deposits, and a 78.39% increase in time deposits. Regardless of the portfolio dynamics, the Bank maintained a market share of 2.18%, which exceeds the strategic target of 2.0%.

In line with the Bank's strategy, the legacy corporate loan portfolio was reduced by 1.71% during the quarter, with its share of the Bank's total portfolio decreasing from 0.56% as of June 30, 2026 to 0.54% as of September 30, 2026, and reached 5,995 million euros at the end of the third quarter.

Amid a globally uncertain economic environment, influenced by inflation trends and geopolitical tensions, at the end of the third quarter, non-performing exposures to legal entities in BACB's portfolio—managed by specialized units for the collection of non-performing exposures—decreased by 3.01% compared to the second quarter of 2026. As a

share of the total loan portfolio, non-performing exposures decreased by 0.31% compared to June 30, 2026, to 5.62%.

During the period, the Corporate Banking division focused its efforts on implementing strategic priorities for the development of the corporate business by increasing funding, boosting lending activity, and strengthening credit risk management. In this regard, targeted actions were taken to analyze the funding base, track maturing deposits, and identify potential clients to attract new business. Work continues on optimizing the terms of deposit products and banking service packages, as well as on developing new solutions for working capital financing and issuing bank guarantees.
At the same time, monitoring of exposures in economic sectors with a higher risk profile has been strengthened, while systematic control over key processes has been maintained, including the management of past-due exposures, the renewal of contractual relationships and preferential terms, as well as the achievement of business objectives within the commercial network.
During the period, initiatives to improve the efficiency of customer relationship teams (CRT) continued, with the aim of optimizing the administrative workload and increasing the time devoted to developing customer relationships, attracting new business, and capitalizing on business opportunities.

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. An agreement has been reached to extend the guarantee scheme and increase the individual guarantee percentage from 50% to 80%.
- The Bulgarian Association of Commercial Banks (BACB) implements the COSME Program Guarantee Scheme, the National Guarantee Fund (NGF), 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 implements an Operational Agreement to guarantee a portfolio of loans provided under the European Union's InvestEU Program, with the aim of supporting SME financing 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, posted very strong results in its lending activities. According to data from the Bulgarian National Bank (BNB), as of June 31, 2026, low-risk mortgage loans had increased by 6.17% compared to the end of the previous quarter. The growth in mortgage lending is driven by the Bank's excellent pricing terms and its personalized, customer-focused approach. Consumer loans, in turn, grew by 5.63% over the same period.
The market share of these two product segments in the banking system as of the end of June 2026 was 1.18% for mortgage loans and 0.96% 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 32.78% at the end of the third 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. The relocated office is now named "Mladost" 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 focuses 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; supported by various marketing activities, the product's popularity is increasing significantly. The product is 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 “Bianka” digital assistant has been enhanced with voice functionality for communication, providing convenience, speed, and up-to-date information about the bank’s products to customers who have difficulty using electronic services or who have visual impairments.
- BAKB is actively working to provide student loans 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 enables 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 and PopCard, online opening of “Everything’s Right” and “Online Deposit” accounts, an “Instant” online loan, and the online opening of a business account 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.

**Payments and payment services. Documentary operations.**

In the third quarter of 2026, the number of transfers decreased by 3% compared to the same period in 2025, while their total value increased by 142%. Foreign currency transfers increased by 20% in number and by 146% in value, while domestic transfers decreased by 6% in number and increased by 140% in value.
Fees and commissions collected (for accounts, transfers, documentary, and cash transactions) during the third quarter of 2026 totaled 1.8 million euros, representing an increase of 12 percent, or 200,000 euros, compared to the same period of the previous year. The increase was driven by cash transactions (up by 88,000 euros), accounts (up by 55,000 euros), documentary transactions (up by 27,000 euros), and payments (up by 24,000 euros)

**Card Business and Direct Banking Channels**

As of June 30, 2026, the positive net result from BACB’s card business amounted to over 339 thousand euros, marking a 3.26% decline compared to the result from the previous quarter. For the period, the Bank reported a total of 4,948 debit cards issued and renewed and 490 credit cards. Total turnover processed at POS terminals for the period exceeded 23 million euros, representing a 37% decrease compared to the previous quarter and a 26% increase compared to the same period in 2025.
During the period, a decision was made to implement a new platform for internet and mobile banking, provided by the vendor BS Technologies Ltd. Active work is underway to implement the solution, both as part of the process of migrating Tokuda Bank’s customers to BACB and to introduce new functionalities. The main focus in the card business remains the process of merging Tokuda Bank into BACB—the planned activities for issuing cards and configuring POS terminals and ATMs are being carried out on schedule.

**Review of Operations as of the Third Quarter of 2026**

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

*Selected Financial Ratios and Metrics*

| *In thousands of euros* | ***December 31, 2025 (audited)*** | ***September 30, 2025 (unaudited)*** | ***September 30, 2026 (unaudited)*** | *Change 09/2026 vs. 09/2025* |
|---|---|---|---|---|
| *Total assets* | ***1,456,459*** | ***1,428,903*** | ***2,148,485*** | *50.36%* |
| *Loans (net value)* | ***960,896*** | ***943,123*** | ***1,195,468*** | *26.76%* |
| *Deposits* | ***1,238,024*** | ***1,211,992*** | ***1,905,145*** | *57.19%* |
| *Equity* | ***201,253*** | ***200,707*** | ***223,852*** | *11.53%* |
| *Net interest income* | ***45,141*** | ***33,702*** | ***46,196*** | *37.07%* |
| *Net fee and commission income* | ***8,331*** | ***6,101*** | ***8,567*** | *40.41%* |
| *Loans/Deposits* | ***77.62%*** | ***77.82%*** | ***62.75%*** | |
| *Liquidity Coverage Ratio (LCR)* | ***150.80%*** | ***164.48%*** | ***192.96%*** | |
| *Capital Adequacy* | ***21.89%*** | ***23.49%*** | ***19.31%*** | |

*Operating Activities*

As of September 30, 2026, the Group’s assets totaled 2,148,485 thousand euros, representing an increase of 692 million euros, or 47.5%, compared to the audited figures for 2025.

At the end of the third quarter of 2026, the Group reported an increase in its loan portfolio at carrying value from 238.9 million euros to 1,241.8 million euros, representing a 23.8% increase compared to the volume at the end of 2025. Accumulated credit losses and loan impairments under IFRS 9 amounted to €46.4 million, providing 3.7% coverage of the loan portfolio, with a volume at the end of 2025 of €42.1 million, a coverage ratio of 4.2%, and a reported coverage ratio of 2.64% for the banking system as of June 30, 2026. As of September 30, 2026, loan impairment charges increased by 4.3 million euros compared to the end of 2025, representing a 10.2% increase. As of September 30, 2026, the net loan portfolio amounted to 1,195.5 million euros and accounted for 55.6% of total assets.

Since the beginning of 2025, the Group has granted new loans (net) totaling 134 million euros. During the reporting period, loans totaling 4,837 thousand euros were written off against provisions for loan losses.

As of September 30, 2026, loans more than 90 days past due accounted for 8.82% 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 September 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 September 30, 2026, the debt and equity financial assets held, which are measured at fair value through other comprehensive income, amounted to 133.2 million euros, or 6.2% 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 57.1% high-quality government securities of the Republic of Bulgaria, 36.3% high-quality government securities of foreign governments, and 6.6% 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 twelve issues with a total face value of 80 million U.S. dollars issued by the United States. During the same period, nine U.S. bond issues totaling $70 million matured, two bond issues issued by the Republic of Bulgaria with a face value of 9.2 million euros matured, and corporate bonds worth 4 million euros 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 7.2 million euros, foreign government bonds denominated in euros amounting to 4 million euros, foreign government bonds denominated in U.S. dollars amounting to 8.4 million euros, and corporate bonds denominated in euros amounting to 7.1 million euros. Equity instruments total 2.7 million euros and include a stake in the Bulgarian Stock Exchange (BSE) worth 299,000 euros (223, ,000 euros as of December 31, 2025), 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 September 30, 2026, the portfolio of debt instruments carried at amortized cost included Bulgarian and foreign government bonds with fixed payments and maturities. During the first nine months of 2026, three issues with a face value of 25.3 million euros issued by the French Republic and three U.S. issues with a face value of 15 million dollars, as well as one issue by the French Republic with a face value of 5 million euros, and corporate bonds worth 5 million euros were sold; the portfolio was supplemented with four issues of U.S. government securities with a total face value of 20 million U.S. dollars, one issue of government securities of the Republic of France with a face value of 13.5 million euros, and 200 bonds of 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 amounting to 3.1 million euros, foreign government bonds denominated in euros amounting to 2.7 million euros, and foreign government bonds denominated in U.S. dollars amounting to 5.4 million euros. As a result, as of September 30, 2026, the portfolio of debt instruments carried at amortized cost amounted to 81.1 million euros, compared to 84.7 million euros at the end of 2025, representing a 4.3% decline. At the end of September 2026, the share of total assets reached 3.8%, 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 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

September 30, 2025, amounted to 1,101 thousand euros, compared to 1,042 thousand euros as of December 31, 2025.
As of September 30, 2026, the Group also recognizes other marketable securities at fair value through profit or loss in the amount of 233 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 September 30, 2026, comprises 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 carries out leasing transactions, as well as commercial and consumer lending transactions, using the company's own funds and, when necessary, financing from the Bank. Since 2015, BAKB 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 equity 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 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 involving Tokuda Bank EAD and BACB AD is pending and 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 BACB's market positions. BACB 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 through the realization of objective 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 have 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 on its own.
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 the investments of IDS Fund AD 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 September 30, 2026, the plan is in the process of being implemented, and the Company is not conducting any operational activities.

As of September 30, 2026, receivables from banks totaled 49.1 million euros and accounted for 2.3% of total assets, compared with 36.1 million euros and a 2.5% share at the end of 2025. The reported increase of 13.1 million euros compared to the end of 2025 was primarily driven by a 1.3 million euro increase in demand deposits and an 11.8 million euro increase in time deposits.

Cash on hand and reserves held at the central bank increased by 166.7% to 617.3 million euros at the end of September 2026, compared to 231.5 million euros at the end of 2025, and their share of total assets amounted to 28.7%, 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 1.2 million euros compared to the end of 2025, reaching a book value of 6.9 million euros, and their share of total assets amounted to 0.3%, compared to 0.4% at the end of 2025. As of September 30, 2026, the Group reported new fixed assets with a book value of 1.9 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 September 30, 2026, the acquired assets classified as "assets held for sale" and "investment properties," totaled 37.5 million euros, or 1.7% 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 1.6 million euros and acquired real estate classified as "investment property" amounting to 2.6 million euros, as well as real estate classified as "assets held for sale" amounting to 4.1 million euros. As of September 30, 2026, the Group reported new investment properties totaling 2.6 million 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 goals for the realization of the acquired assets, the Bank develops and implements an asset management strategy—for 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 September 30, 2026, funds raised from banks amounted to 62 thousand euros, representing a decrease of 17 thousand euros compared to the end of 2025 (December 31, 2025: 79 thousand euros).

Deposits from businesses and individuals increased by 667.6 million euros to 1,872.7 million euros as of September 30, 2026, representing 97.3% of total liabilities of 1,205.1 million euros, compared to a 96% share at the end of 2025. A 55.4% increase was reported, driven primarily by significant growth in funds raised from individuals and corporate clients and a negligible decline in funds raised from non-bank financial institutions; part of this change was also the 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 totaling 15 million euros; the bonds were issued to meet the requirements for equity 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 September 30, 2026, the Group's liabilities under issued debt securities, including accrued interest, amounted to 30,598, thousand euros (2025: 30,706 thousand euros).

The "Other Borrowings" line item 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 10 million euros. As of September 30, 2026, reported liabilities to the BBR, including accrued interest, amounted to 1,752 thousand euros (2025: 2,102 thousand euros).

As of September 30, 2026, an increase of 2,265 thousand euros was reported under "other liabilities," and its share of total liabilities decreased to 1% (2025: 1.4%).

*Equity*

As of September 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 allocated to retained earnings from prior years.

The Group's "Reserves and Retained Earnings" account increased by the realized profit as of September 30, 2026, in the amount of 24,040 thousand euros, and by 32 thousand euros—differences from the restatement of the registered capital due to the transition to the euro, effective 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 September 30, 2026, a decrease of 1,441 thousand euros was reported.

**Review of the Financial Position as of September 30, 2026**

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

As of September 30, 2026, the Group reported a net income of 24,040 thousand euros after taxes, compared to a net income of 17,569 thousand euros for the same period in 2025, representing a 36.8% increase. This result is attributable both to an increase in net operating income before impairment of 19,275 thousand euros and to a rise in expenses related to the impairment of financial assets amounting to 3,276 thousand euros, an increase in administrative expenses of 4,363 thousand euros, personnel expenses of 4,262 thousand euros, and an increase in depreciation expenses of 664 thousand euros.

A comparison of revenue from core operations (interest income) for the two periods shows an increase from 13,023 thousand euros to 54,217 thousand euros. Interest income from lending activities accounts for the largest share—76.9%. Reported interest income from interbank deposits amounted to 7,039.2 thousand euros, compared to 2,719.6

thousand euros at the end of September of the previous year. Interest income from the securities portfolio increased by 670.8 thousand euros, totaling 5,496 thousand euros as of the end of September 2026, compared to 4,825 thousand euros as of the end of September 2025.

As of September 30, 2026, interest expense increased by 529 thousand euros compared to the same period of the previous year, totaling 8,020.6 thousand euros, compared to 7,491.5 thousand euros a year earlier. A decrease was reported in interest expenses on other borrowings—by 19.4 thousand euros—and on lease agreements accounted for in accordance with IFRS 16—by 24.9 thousand euros. Interest on bond loans increased by 8.1 thousand euros compared to September 30, 2025, and amounted to 1,466.5 thousand euros . A more significant increase was observed in interest expenses on customer accounts, which rose by 565 thousand euros to 6,399 thousand euros.

As of September 30, 2026, net interest income amounted to 46,196 thousand euros, or 12,494 thousand euros more than the amount reported for the same period the previous year, and accounted for 76.8% of total operating revenue before impairment (September 2025 – 82.4%).

As of September 30, 2026, reported net fee and commission income was 2,466 thousand euros higher than the amount reported for the same period last year and totaled 8,567 thousand euros, or 14.2% of total operating income before impairment, compared to a 14.9% share as of September 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, resulted in a positive gain of 99 thousand euros as of the end of September 2026, compared to a gain of 131 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 September 30, 2026 (September 2025: 44 thousand euros).

The gain on financial assets carried at amortized cost amounted to 38 thousand euros as of September 30, 2026 (September 2025 – 0).

As of September 30, 2026, income from foreign currency revaluations amounted to 43 thousand euros, compared to a positive result of 78 thousand euros for the same period of the previous year.

At the end of September 2026, net income from foreign currency trading amounted to 1,009 thousand euros, compared to net income of 1,768 thousand euros for the same period in 2025.

At the end of the third quarter of 2026, administrative expenses increased by 4,363 thousand euros compared to the same period last year, reaching 12,212 thousand euros. Personnel expenses rose by 4,262 thousand euros compared to the end of September last year Administrative expenses include expenses for the Bank Deposit Guarantee Fund (BDGF) and administrative fees payable to the Bulgarian National Bank (BNB), the ECB, and the ESM, totaling 1,420.4 thousand euros.

Depreciation expenses increased by 664 thousand euros as of September 30, 2026, including a 176 thousand euro increase in depreciation expenses for property, plant, and equipment, depreciation expenses for intangible fixed assets increased by 129 thousand euros, and depreciation expenses for right-of-use assets increased by 359 thousand euros.

Expenses for impairment of financial assets and modifications increased by 3,276 thousand euros compared to those reported at the end of September 2025 and amounted to 6,823 thousand euros.

The reported changes in all items from the statement of financial position as of September 30, 2026, listed above, are also affected by the amounts (positive and negative) resulting from the acquisition of 100% of the capital of Tokuda Bank AD in January 2026.

*Liquidity and Funding of Operations*

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

As of the end of the third quarter of 2026, the Group maintained a strong deposit base, reporting a 55.4% 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 66.3% as of September 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 808.9 million euros. The ratio of these liquid assets to total deposits (from customers and banks) as of September 30, 2026, was 43.15%.

As of September 30, 2026, cash holdings at the Bulgarian National Bank (BNB), in cash and at banks, increased by 398.9 million euros. During the period from the end of 2025 to September 30, 2026, the value of the portfolio of debt instruments measured at fair value in the Bank's trading book increased by 52% to €130.4 million (2025: €85.6 million). This increase was also driven by 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). As of the end of September 2026, the portfolio of debt instruments carried at amortized cost amounted to 81.1 million euros, compared to 84.7 million euros at the end of 2025, representing a decrease of 4.3% (including €11.1 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 September 30, 2026, new investments in government securities totaling approximately 140 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 September 30, 2026, the Bank's government securities portfolio had a carrying value of 198.9 million euros (2025: €157.7 million), allocated to the "held for collection of contractual cash flows and sale" portfolio with a carrying amount of €121.8 million and to the "held for collection of contractual cash flows" portfolio with a carrying amount of 77.1 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 written off, the revaluation result is included in profit or loss for the period. From the beginning of 2026 through September 30, 2026, recognized gains related to completed investments measured at fair value through other comprehensive income amounted to 57 thousand euros. From the beginning of 2026 through September 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 September 30, 2026, it amounted to 3,278 thousand euros. Interest income from debt instruments carried at amortized cost is recognized on a current basis in profit or loss; for the period from January 1, 2026, to September 30, 2026, it amounted to 2,218 thousand euros.

*Capital Resources*

As of the end of September 2026, the Group reported equity that is adequate for its risk profile and asset quality and sufficient to achieve its strategic objectives and execute the plan for the current year. As of September 30, 2026, the Group reported a total capital adequacy ratio of 19.31% and a Tier 1 capital adequacy ratio of 17.98%, 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 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, 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 incorporation 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, "BACR – 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 grade **BB+** and confirmation of its "Stable" outlook, confirmation of the short-term rating at grade **B**;
- 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 | **BB** | **BB** | **BB** |
| 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 has been 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 as a whole 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. 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 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 operations 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 annual financial statements of the Bulgarian-American Credit Bank 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 serve as a member of the Supervisory Board of BACB.

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 Karagiozova 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 BACB Management Board.
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 Law on Credit Institutions 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.

14. On July 30, 2026, BACB published preliminary unaudited individual and consolidated financial statements as of June 30, 2026, together with the corresponding interim management reports and a letter to shareholders.

15. On September 17, 2026, an Extraordinary General Meeting of Shareholders of "Bulgarian-American Credit Bank" AD, *Unique Identification Code BACB17092026EGMS*, was held, which adopted the following resolutions:
1. Approved the transformation by merger pursuant to Article 262 of the Commercial Code of "Tokuda Bank" EAD, UIC 813155318, into "Bulgarian-American Credit Bank" AD (BACB), as a result of which BACB, as the universal successor, acquires all assets and operations, including all rights and obligations, contractual relationships, and legal and factual relationships of Tokuda Bank, while Tokuda Bank ceases to exist and is dissolved without liquidation.

The merger shall take place provided that prior authorization for the transformation is obtained from the Bulgarian National Bank pursuant to Article 29, paragraph 1, item 3, in conjunction with Article 29b, paragraph 2, of the Credit Institutions Act, and following the receipt of prior approval from the Financial Supervision Commission ("FSC") pursuant to Article 124(1) of the Public Offering of Securities Act regarding the transformation agreement, under the terms of which the merger is carried out.
2. Approved the Transformation Agreement pursuant to Article 262e, in conjunction with Articles 262f and 262g of the Commercial Code, concluded between BACB AD and Tokuda Bank on June 9, 2026.

The resolutions of the General Meeting of Shareholders are part of the approvals required for the transformation under the Commercial Code by the corporate bodies of the acquiring bank, BACB. Shareholders, the public, and customers will be notified of the next steps in the process of finalizing the merger of Tokuda Bank into BACB.

16. On October 9, 2026, the Governing Council of the Bulgarian National Bank (BNB) decided to approve the transformation of "Tokuda Bank" EAD through a merger, pursuant to Article 262 of the Commercial Code, into the Bulgarian-American Credit Bank AD.
With the BNB's approval, the final regulatory condition for carrying out the transformation of "Tokuda Bank" EAD through a merger into BACB has been met. Approval by the Financial Supervision Commission ("FSC") pursuant to Article 124(1) of the Public Offering of Securities Act (POSA) for the Transformation Agreement concluded between BACB and Tokuda Bank EAD on June 9, 2026, was granted by a Decision of the FSC dated July 9, 2026. The Transformation Agreement was published in the Commercial Register on July 21, 2026, and on September 17, 2026,

the General Meeting of Shareholders of BACB (as the acquiring company) and the Sole Owner of the Capital of Tokuda Bank (the company being transformed) adopted resolutions approving it.
BAKB took the necessary steps to register the transformation of Tokuda Bank through a merger into BAKB with the Commercial Register (TRRYULNC), and the transformation takes effect as of the date of registration in the Commercial Register. Accordingly, information regarding the entry in the Commercial Register will be duly disclosed to ensure the legal effects of the merger and the subsequent technical integration of the two banks.
A special webpage has been set up for customers of both banks, accessible via the corporate websites of Tokuda Bank and BACB ( ), featuring key information—in the form of questions and answers—regarding the upcoming merger and integration of Tokuda Bank into BACB.

**Additional information for the first nine months 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 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, including the granting of loans, acceptance of deposits, and securities transactions.
More detailed information regarding 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 explanatory notes as of September 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 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 any shares they held 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, 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 September 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.

*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 September 30, 2026 | Percentage of votes at the General Meeting of Shareholders as of September 30, 2026 | Number of shares held (directly and indirectly) as of June 30, 2026 | Percentage of votes at the General Meeting of Shareholders as of June 30, 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 SIESAYEF AD (which holds 99.99% of the shares of SIESAYEF AD)—and | **Directly** holds 2,465,000 shares<br><br>**Indirectly** (through the controlled entity "SIESAYEF" AD) holds 11,277,473 shares | 9.98%<br><br>45.68% | **Directly** holds 2,465,000 shares<br><br>**Indirectly** (through the controlled **company** "SIESAYEF" AD) holds 11,277,473 shares | 9.98%<br><br>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 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.

*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 September 30, 2026 | Percentage of votes at the General Meeting of Shareholders as of September 30, 2026 | Number of shares held directly as of June 30, 2026 | Percentage of votes at the General Meeting of Shareholders as of June 30, 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, with its primary activity being the granting 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 a financial institution listed in the public register maintained by the BNB, whose primary activity is defined under Article 3 of the Law on Credit Institutions, 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 Law on Credit Institutions, and the quality of the Bank's credit assets.