BACB
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
/unaudited/

	09/30/2026 EUR'000	12/31/2025 EUR'000
ASSETS		
Cash and balances with the Central Bank	617,301	231,496
Loans and advances to banks	49,133	36,050
Loans and advances to customers	1,195,468	960,896
Financial assets at FV through profit or loss	1,334	1,042
Debt instruments at FVOCI	130,447	85,581
Equity instruments at FVOCI	2,710	2,434
Debt instruments at amortised cost	81,105	84,738
Inventories	7,264	6,238
Assets held for sale	4,126	-
Investment properties	33,355	32,368
Other assets	12,520	4,197
Tangible and intangible assets	6,883	5,716
Advanced tax payments	6,684	5,538
Deferred tax asset	155	165
TOTAL ASSETS	**2,148,485**	**1,456,459**
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Deposits from banks	62	79
Deposits from customers	1,872,733	1,205,137
Current tax liabilities	14	2
Other liabilities	19,445	17,180
Debt securities in issue	30,598	30,706
Other borrowed funds	1,752	2,102
Deferred tax liabilities	29	-
TOTAL LIABILITIES	1,924,633	1,255,206
SHAREHOLDERS' EQUITY		
Share capital	12,592	12,624
Share premium	18,944	18,944
Reserves and retained earnings	192,214	168,142
Revaluation reserves	102	1,543
TOTAL SHAREHOLDERS' EQUITY	223,852	201,253
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,148,485**	**1,456,459**
OFF-BALANCE SHEET LIABILITIES		
Unutilized commitments on loans	123,229	91,237
Other off-balance sheet liabilities	78,596	73,756
	201,825	164,993

BACB

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

/unaudited/

INCOME	09/30/2026 EUR'000	09/30/2025 EUR'000
Interest income at EIR	54,217	41,194
Interest expense at EIR	(8,021)	(7,492)
Net interest income	**46,196**	**33,702**
Fee and commission income	9,596	6,823
Fee and commission expense	(1,029)	(722)
Fee and commission income, net	**8,567**	**6,101**
FX trade net income	1,009	1,768
Dividend income	12	15
Net gains(loss) on financial assets at at FVP&L	99	131
Net gains(loss) on debt instruments at FVOCI	57	44
Net gains(loss) on debt instruments at amortised cost	38	-
Exchange differences, net	43	78
Other operating income	850	725
Other operating expenses	(417)	(1,652)
Gain recognised in a business combination	3,733	-
Net operating income before impairment	**60,187**	**40,912**
Impairment on financial assets	(6,823)	(3,547)
Personnel expenses	(12,290)	(8,028)
Depreciation and amortization	(2,589)	(1,925)
Administrative Expenses	(12,212)	(7,849)
PROFIT BEFORE TAX	**26,273**	**19,563**
Tax (expense)	(2,233)	(1,994)
PROFIT FOR THE YEAR	**24,040**	**17,569**
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss		
Fair value changes on equity instruments at fair value through OCI	73	43
Items that may be reclassified subsequently to profit or loss		
Fair value changes on debt instruments at FVOCI	(1,510)	525
Reclassification to profit or loss	(4)	(44)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	**(1,441)**	**524**
TOTAL COMPREHENSIVE INCOME	**22,599**	**18,093**

BACB

CONSOLIDATED CASH FLOW STATEMENT
/unaudited/

Cash flows from operating activities	09/30/2026 EUR'000	09/30/2025 EUR'000
Profit for the period	**24,040**	**17,569**
Adjustments to reconcile net income to net cash provided by operating activities:		
Tax expense	2,233	1,994
Depreciation and amortization	2,589	1,925
Impairment on financial assets	6,698	3,359
Other non-cash items included in profit or loss	2,132	161
Result on disposal of investment properties	(22)	893
Changes in operating assets and operating liabilities		
Net change in restricted funds	112	481
Net change in loans to customers	(133,984)	(77,747)
Net change in financial assets at FVP&L	(4)	17
(Increase) / decrease in assets held for sale, net	(126)	3,685
(Increase) in other assets	(3,952)	(3,701)
Increase in deposits from banks and customers	442,515	16,284
Increase in other liabilities	2,269	781
Net cash from /(used in) operating activities before taxes	**344,500**	(34,299)
Income tax paid	(2,363)	(7,023)
Net cash from /(used in) operating activities	**342,137**	**(41,322)**
Cash flows from investing activities		
Purchases of debt instruments at amortized cost and FA at FVOCI	(141,214)	(82,931)
Proceeds from sold/matured debt instruments at amortized cost and FA at FVOCI	130,284	85,358
Proceeds from an acquisition of a subsidiary	69,433	-
Purchases of tangible and intangible assets	(950)	(507)
Proceeds from sale of tangible and intangible assets	33	54
Proceeds from sale of of investment properties	1,616	5,872
Net cash from investing activities	**59,202**	**7,846**
Cash flows from financing activities		
Repayments of other borrowed funds	(350)	(725)
Payments under lease agreements	(1,950)	(1,524)
Net cash used in financing activities	**(2,300)**	**(2,249)**
Net effect of exchange rate changes on cash and cash equivalents	(41)	(3,984)
Net change in cash and cash equivalents	**398,998**	**(39,709)**
Cash and Cash Equivalents at Beginning of Year	**265,538**	**293,577**
Cash and Cash Equivalents at the end of period	**664,536**	**253,868**
Interest paid	*7,860*	*7,632*
Interest received		
Received dividents	*51*	*15*

BACB
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the period 01.01.2026 - 30.09.2026

EUR'000

	Share capital	Share premiun	Fair value reserve	Revaluation reserve on own properties	Retained earnings and other reserves	Total
Shareholders' equity at 31 December 2024	**12,624**	**18,944**	**1,036**	**139**	**149,871**	**182,614**
Profit for the year	-	-	-	-	18,271	18,271
Net change in fair value of equity instruments at FVOCI	-	-	62	-	-	62
Net change in fair value of debt instruments at FVOCI	-	-	350	-	-	350
Reclassification to profit or loss on derecognition of debt instruments at FVOCI	-	-	(44)	-	-	(44)
Other comprehensive income, net of tax	-	-	368	-	-	368
Total comprehensive income	-	-	**368**	**-**	**18,271**	**18,639**
Distribution of dividends	-	-	-	-	0	0
Shareholders' equity at 31 December 2025	**12,624**	**18,944**	**1,404**	**139**	**168,142**	**201,253**
Profit for the period	-	-	-	-	24,040	24,040
Net change in fair value of equity instruments at FVOCI	-	-	73	-	-	73
Net change in fair value of debt instruments at FVOCI	-	-	(1,510)	-	-	(1,510)
Reclassification to profit or loss on derecognition of debt instruments at FVOCI	-	-	(4)	-	-	(4)
Other comprehensive income, net of tax	-	-	(1,441)	-	-	(1,441)
Total comprehensive income	-	-	**(1,441)**	**-**	**24,040**	**22,599**
Adjustment of registered capital due to a change in reporting currency from BGN to EUR	**(32)**	**-**	**-**	**-**	**32**	**-**
Shareholders' equity at 30 September 2026	**12,592**	**18,944**	**(37)**	**139**	**192,214**	**223,852**

BACB
Sofia

SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as of 30 September 2026
/unaudited/

Accounting policy

The consolidated financial statements present the financial condition of the Group consisting of Bulgarian-American Credit Bank (BACB) and its subsidiaries and joint ventures as one reporting entity. The Group's accounting policy has been developed in compliance with the Bulgarian legislation regulating the accounting and banking activity, including the Accounting Act, the Law on Credit Institutions, BNB regulations and instructions and is disclosed in the 2025 audited consolidated financial statements.

On 12 January 2026, BACB acquired 100% of the capital of Tokuda Bank EAD. The Company is defined as a subsidiary.

A merger of Tokuda Bank EAD into BACB AD is underway. For consolidation purposes, the investment has been accounted for as a business combination, and from the date of acquisition, the financial statements of Tokuda Bank EAD are consolidated using the full consolidation method.

In 2026, the Group consistently applies the accounting policy disclosed in the audited annual consolidated financial statements for 2025, considering the amendments to IFRS adopted by the EU and effective for annual periods beginning on or after 1 January 2025, as set out in the notes to the annual audited consolidated financial statements for 2025.

Pursuant to the Law on the Introduction of the Euro in the Republic of Bulgaria, as of 1 January 2026, the euro became the official currency and legal tender in Bulgaria. The official exchange rate has been set at 1.95583 BGN for 1 EUR. The introduction of the euro as the official currency of the Republic of Bulgaria represents a change in the Group's functional currency, which, in accordance with the requirements of the applicable accounting standards, has been applied prospectively in the reporting period beginning on 1 January 2026. The Group did not report any material effects from the conversion of opening balances into euro as of 1 January 2026 or from the process of changing the functional currency.

These consolidated unaudited interim financial statements as of 30 September 2026, are prepared in the new functional currency – euro. All amounts are in thousands of euros, unless otherwise stated. The comparable figures for the previous reporting period have been translated into euro at the fixed exchange rate set by the law.

The unaudited consolidated financial statements as of 30 September 2026 have been prepared in all material aspects in accordance with the requirements of IAS 34 *Interim financial reporting.*

Selected Notes

Cash and balances with the Central Bank

	30-09-2026	31-12-2025
Cash on hand	14,295	11,503
Balances with the Central Bank	603,006	219,993
Cash and balances with the Central Bank	617,301	231,496

Cash and cash equivalents reported in the consolidated statement of cash flows

For consolidated statement of cash flows purposes cash and cash equivalents include:

	30-09-2026	31-12-2025
Cash and balances with the Central Bank	617,301	231,496
Loans and advances to banks maturing within 3 months	49,135	36,054
Less: Other restricted funds	(1,900)	(2,012)
Cash and cash equivalents	664,536	265,538

The amounts paid to other banks under reverse repo arrangements are included in cash equivalents as they are held for the purpose of meeting short-term cash commitments. The blocked funds on accounts with other banks serve as security for financial guarantees or letter of credits issued by the Group. The amounts, securing payments to card operators, are determined based on the volume of transactions in a certain period of time and these have the nature of guarantees, which can be used to cover payments made, in case of non-performance by the Bank.

Loans and advances to banks

	30-09-2026	31-12-2025
Current accounts with other banks	7,834	6,394
Deposits with other banks	39,401	27,648
Other restricted funds	1,900	2,012
Loans and advances to banks	49,135	36,054
Less: ECL allowance	(2)	(4)
Loans and advances to banks, net	49,133	36,050

Loans and advances to customers

The information on loans and advances to customers as of 30 September 2026 and 31 December 2025 is presented in the tables bellow:

	30-09-2026	31-12-2025
Loans and advances to customers	1,241,838	1,002,959
Less: ECL allowance	(46,370)	(42,063)
Loans and advances to customers, net	1,195,468	960,896

Type of Customer	30-09-2026	31-12-2025
Individuals	382,232	309,246
Businesses	859,606	693,713
Loans and advances to customers	1,241,838	1,002,959
Less: ECL collective	(4,038)	(3,230)
Less: ECL individual	(42,332)	(38,833)
Loans and advances to customers, net	1,195,468	960,896

The Group classifies all loans and advances to customers as financial assets measured at amortised cost as the management believes they all meet the two conditions stated in IFRS 9:

- The loan is managed in a business model whose objective is to hold financial assets to collect contractual cash flows
- The contractual terms of the financial asset give rise to cash flows that are payments of principal and interest only

All loans and advances are recorded on the balance sheet when cash is disbursed to borrowers. The Group records the unutilized loan commitments off the balance sheet.

The Group applies the expected credit loss model in IFRS 9 on its loans and advances, as described in the accounting policy notes to the last audited consolidated financial statement for 2025. The risk classification of loans and advances is set in 3 stages depending on risk characteristics and credit risk level.

Information on risk classification of loans and advances and accumulated ECL allowance as of 30 September 2026 and 31 December 2025 is presented in the tables bellow:

Gross carrying amount as of 30-09-2026	Stage1	Stage2	Stage3	TOTAL
1. Neither past due nor impaired				
1.1. Individually assessed	474,695	61,890	-	536,585
High class	*56,043*	*0*	-	*56,043*
Medium class	*418,652*	*46,702*	-	*465,354*
Low class	-	*15,188*	-	*15,188*
1.2. Collectively assessed	446,952	13,880	-	460,832
2. Past due not impaired				
2.1. Individually assessed	66,458	31,135	-	97,593
2.2. Collectively assessed	19,788	10,832	-	30,620
3.1. Impaired - individually assessed	-	-	113,461	113,461
3.2. Impaired - collectively assessed	-	-	2,747	2,747
TOTAL	**1,007,893**	**117,737**	**116,208**	**1,241,838**

Gross carrying amount as of 31-12-2025	Stage1	Stage2	Stage3	TOTAL
1. Neither past due nor impaired				
1.1. Individually assessed	441,135	14,876	-	456,011
High class	*57,311*	-	-	*57,311*
Medium class	*383,824*	*14,789*	-	*398,613*
Low class	-	*87*	-	*87*
1.2. Collectively assessed	319,165	294	-	319,459
2. Past due not impaired				
2.1. Individually assessed	80,231	28,902	-	109,133
2.2. Collectively assessed	11,488	6,926	-	18,414
3.1. Impaired - individually assessed	-	-	97,578	97,578
3.2. Impaired - collectively assessed	-	-	2,364	2,364
TOTAL	**852,019**	**50,998**	**99,942**	**1,002,959**

Information on changes in risk classifications of loans and advances and accumulated ECL allowance as of 30 September 2026 and 31 December 2025 is presented in the tables bellow:

Changes in the gross carrying amount in 2026	Stage1	Stage2	Stage3	TOTAL
Amounts at 1 January 2026	852,019	50,998	99,942	1,002,959
New assets originated	387,018	33,564	13,802	434,384
Assets repaid	(171,488)	(5,989)	(13,191)	(190,668)
Transfer to Stage 1	8,024	(7,793)	(231)	-
Transfer to Stage 2	(57,354)	61,914	(4,560)	-
Transfer to Stage 3	(10,326)	(14,957)	25,283	-
Amounts written off	-	-	(4,837)	(4,837)
Amounts at 30 September 2026	**1,007,893**	**117,737**	**116,208**	**1,241,838**

Changes in the gross carrying amount in 2025	Stage1	Stage2	Stage3	TOTAL
Amounts at 1 January 2025	761,232	57,123	85,203	903,558
New assets originated	333,743	1,546	4,644	339,933
Assets repaid	(206,927)	(12,737)	(17,653)	(237,317)
Transfer to Stage 1	5,195	(5,127)	(68)	-
Transfer to Stage 2	(30,407)	30,800	(393)	-
Transfer to Stage 3	(10,817)	(20,607)	31,424	-
Amounts written off	-	-	(3,215)	(3,215)
Amounts at 31 December 2025	**852,019**	**50,998**	**99,942**	**1,002,959**

Changes in the ECL in 2026	Stage 1	Stage 2	Stage 3	TOTAL
Amounts at 1 January 2026	2,965	800	38,298	42,063
New assets originated	667	2,434	8,063	11,164
Assets repaid	(875)	(595)	(550)	(2,020)
Transfer to Stage 1	191	(166)	(25)	-
Transfer to Stage 2	(833)	1,060	(227)	-
Transfer to Stage 3	(66)	(205)	271	-
Amounts written off	-	-	(4,837)	(4,837)
Amounts at 30 September 2026	**2,049**	**3,328**	**40,993**	**46,370**

Changes in the ECL in 2025	Stage 1	Stage 2	Stage 3	TOTAL
Amounts at 1 January 2025	3,270	522	30,912	34,704
New assets originated	1,306	634	11,358	13,298
Assets repaid	(1,490)	(219)	(1,015)	(2,724)
Transfer to Stage 1	141	(87)	(54)	-
Transfer to Stage 2	(165)	217	(52)	-
Transfer to Stage 3	(97)	(267)	364	-
Amounts written off	-	-	(3,215)	(3,215)
Amounts at 31 December 2025	**2,965**	**800**	**38,298**	**42,063**

As of 30 September 2026, Loans and advances to customers include finance lease receivables as follows:

2026

	Up to 1 year	1 to 5 years	Over 5 years	Total
Gross investment in finance leases	2,623	2,358	3,571	8,552
Unearned future income on finance leases	(264)	(676)	(449)	(1,389)
Net minimum lease payments	2,359	1,682	3,122	7,163

2025

	Up to 1 year	1 to 5 years	Over 5 years	Total
Gross investment in finance leases	2,517	1,770	371	4,658
Unearned future income on finance leases	(197)	(137)	(49)	(383)
Net minimum lease payments	2,320	1,633	322	4,275

According to the requirements of IFRS 9, the Bank applies a model for determining the PIT PD, which in essence represents a development of macroeconomic forecasts (a result of 3 macroeconomic scenarios-conservative/realistic/optimistic) and relating the macroeconomic forecasts to the key risk parameters of the Bank /estimated probability of default with a 12-month horizon, estimated probability of default for the entire lifetime of the instrument). The impact of two macroeconomic parameters is reflected – a change in the GDP (for corporate exposures) and the unemployment rate (for the retail segment). When determining the macroeconomic scenarios, the Group uses the latest up-to-date forecasts for Bulgaria, from external sources, such as the European Commission, the IMF, the BNB, and the Ministry of Finance etc. Three scenarios have been modelled on this basis – optimistic, realistic and conservative, used to determine the impact, and the value of the PIT PD, respectively. Based on the latest actual forecasts for the development of the economy and the labor market in Bulgaria, the Group updated the macroeconomic scenarios as of 31 December 2025. The details of the scenarios applied are presented in the table below:

Parameter	Scenario	Weight	2025	2026	2027	Following years
GDP growth in %	Optimistic	25%	3.20%	3.09%	3.00%	2.74%
	Baseline	50%	3.10%	2.90%	2.64%	2.57%
	Conservative	25%	2.90%	2.58%	2.10%	2.40%
Unemployment rate in %	Optimistic	25%	3.40%	3.40%	3.30%	3.30%
	Baseline	50%	3.50%	3.50%	3.50%	3.40%
	Conservative	25%	3.80%	3.70%	3.70%	3.60%

The geopolitical events continue to exert a significant influence on the global economy in 2026, serving as a source of uncertainty and volatility in financial and commodity markets. The military conflict in the Middle East—along with the associated disruptions to the supply of oil and liquefied natural gas through the Strait of Hormuz—exacerbates energy price instability and inflationary pressure. Together with the ongoing war in Ukraine, trade tensions, and shifts in U.S. customs policy, these factors pose risks to supply chains, production costs, investment activity, and economic growth.

An additional source of risk stems from extreme weather events and other manifestations of physical climate risks, as well as risks associated with the transition to a low-carbon economy. Their impact varies across sectors and geographical regions and may manifest through operational disruptions, increased costs, a deterioration in the financial condition of borrowers, and a reduction in the value and liquidity of collateral. These circumstances underscore the importance of up-to-date forward-looking information and sound expert judgment in the assessment of credit risk and expected credit losses.

In assessing credit quality and determining impairment, the Bank applies a comprehensive approach that combines:

- The use of up-to-date macroeconomic forecasts from reliable external sources and their incorporation into the applicable scenarios for estimating expected credit losses, in accordance with the Bank's methodology and the relevant assessment horizon;
- Monitoring and analysis of the sensitivity of individual sectors to the identified risk factors, and an assessment of their potential impact on the credit quality of the respective sub-portfolios and individual exposures;
- Individual assessment of material exposures and exposures showing signs of increased credit risk, based on up-to-date financial information, cash flows, indebtedness, and debt-servicing capacity, including an analysis of the impact on the borrowers' key suppliers and customers;
- Consideration—where material to the assessment and where reliable information is available—of the energy efficiency of financed assets and collateral, their exposure to physical climate risks and transition risks, as well as the potential impact on the value of the collateral.

Financial assets at fair value in profit or loss

This item presents the Group's investment in shares of Visa Inc. measured at fair value reflecting the fair value changes in profit or loss for the period. The Group acquired these shares as a result of its membership in VISA Europe, which has been sold to VISA Inc. In 2016, the process of selling 100% of the share capital of VISA Europe to VISA Inc. was finalized, with each member of VISA Europe receiving a corresponding proportional consideration. According to the covenants of the final transaction, a part of the consideration for the members of Visa Europe was paid in a form of a pre-defined number of Visa Inc convertible Series C preferred shares. The acquired 560 Series C preferred shares are subject to mandatory conversion into Class A ordinary shares /or Series A preferred shares, where applicable/ within a 12-year period at a certain ratio which is subject to review and adjustment over time under certain conditions.

The Class A and C ordinary shares, respectively Series A preferred shares are not subject to restrictions and can be freely transferred.

The fair value of the investment in VISA Inc. as of 30 September 2026 and 31 December 2025 is presented below:

Equity instruments at fair value through profit or loss	30-09-2026	31-12-2025
Visa Inc ordinary shares Class A	854	808
Visa Inc ordinary shares Class C	158	150
Visa Inc convertible preferred shares Series C	89	84
Total	1,101	1,042

The model for determination of the fair value of Series C convertible preferred shares is based on the information about the indicative conversion ratio to the Class A ordinary shares of Visa Inc., information about the quoted market value of the Class A ordinary shares and considers the lack of liquidity due to the restrictions for selling the investment within a 12-year period after closing the transaction. The model for measuring the fair value of Class C ordinary shares or Series A preferred shares is based on a fixed conversion ratio to the Class A ordinary shares of Visa Inc. and information about the quoted market value of the Class A ordinary shares. Unlike Series C shares, the ordinary shares Class C or the Series A preferred shares are not subject to a trading restriction, therefore the model does not include a discount for lack of liquidity.

As of 30 September 2026, the Group also reports other traded shares at fair value through profit or loss, in the amount of EUR 233 thousand, which were acquired as a result of the purchase of 100% of the capital of Tokuda Bank AD in January 2026. Their fair value is determined based on market quotes as of the reporting date.

Financial assets that are not measured at fair value through profit or loss

The Group applies the requirements of IFRS 9 and classifies its financial assets that are not measured at fair value through profit or loss, in one of the following categories, based on the business model within they are managed and their contractual cash flow characteristics:

- Debt instruments measured at FVOCI, with subsequent reclassification of changes in profit or loss at derecognition
- Equity instruments at FVOCI without subsequent reclassification of changes in profit or loss at derecognition
- Debt instruments measured at amortized cost

The following tables present information on the investments in securities as of 30 September 2026 and 31 December 2025:

	30-09-2026	31-12-2025
Debt instruments at FVOCI		
EUR Bulgarian Government Bonds	74,437	12,584
BGN Bulgarian Government Bonds	-	41,850
EUR Government Bonds of foreign countries	4,028	-
USD Government Bonds of foreign countries	43,373	25,515
EUR Corporate Bonds	8,609	5,632
Debt instruments at FVOCI	130,447	85,581
Incl. collateral on attracted funds from the state		
BGN Bulgarian Government Bonds	-	*14,623*
EUR Bulgarian Government Bonds	*50,503*	*4,117*
Total	*50,503*	*18,740*
Equity instruments at FVOCI		
Investments in Bulgarian company for payment services	1,859	1,664
Investment in shares of TIXI AD	500	500
BSE (Bulgarian Stock Exchange) shares	299	223
Other	52	47
Equity instruments at FVOCI	2,710	2,434

Debt instruments at amortised cost	30-09-2026	31-12-2025
EUR Bulgarian Government Bonds	10,205	5,128
BGN Bulgarian Government Bonds	-	3,775
EUR Government Bonds of foreign countries	26,077	38,705
USD Government Bonds of foreign countries	40,803	30,177
EUR Corporate Bonds	4,090	7,031
Less: ECL allowance	(70)	(78)
Debt instruments at amortised cost	81,105	84,738
Incl. collateral on attracted funds from the state		
EUR Bulgarian Government Bonds	*4,016*	*2,051*
BGN Bulgarian Government Bonds	-	*3,775*
EUR Government Bonds of foreign countries	-	*9,226*
Total	*4,016*	*15,052*

Unrealized gains and losses arising from changes in the fair value of debt investments at FVOCI are recognized in equity, net of taxes. When the securities are derecognized, the related accumulated fair value adjustments are included in the profit or loss for the period. The interest income on debt instruments at FVOCI for the period 1 January – 30 September 2026 amounts to EUR 3,278 thousand. The debt instruments at FVOCI are subject of impairment under IFRS 9 model. The ECLs on debt instruments at FVOCI do not reduce the carrying amount of the assets as in the statement of financial position they are presented at fair value. The accumulated ECLs allowance on such instruments is recognized in OCI with a corresponding charge to profit or loss. The accumulated loss recognized in OCI is recycled to profit or loss upon derecognition of the asset. As of 30 September 2026, all debt instruments at FVOCI are classified in Stage 1.

The Group has elected to designate part of its equity investments as equity instruments at FVOCI, due to the fact that they are not held for trading. Unrealized gains and losses arising from changes in fair value of equity investments at FVOCI are recognized in revaluation reserve and are not recycled to profit or loss upon derecognition of the asset. The equity instruments at FVOCI are not subject of impairment under IFRS 9 and no ECL allowance is recognized for such assets. The fair value of investments in equity securities is determined based on evaluation models using direct or indirect market information.

The fair value of the BSE shares is based on quoted market prices as at the date of the financial statements.

As at 30 September 2026 the Group reports an investment in shares of Paynetix AD, whose main activity is providing of different payment services and innovative technological and digital payment solutions. As there are no direct market data available, the fair value of the investment in Paynetix is estimated applying the model of discounted cash flows. Under this model the expected future cash flows from the business activity of the company are discounted to their present value. The future cash flows have been calculated on the basis of the updated 10-year business plan of the company, using the discount rate of 27.56% which represents the weighted average cost of capital (WACC) calculated as of 30 June 2026.

For the valuation of the investment in the shares of TIXI AD the model of discounted cash flows has been applied as well. The future cash flows have been calculated on the basis of the updated 5-year business plan of the company. The weighted average cost of capital (WACC) which is stated at 22.4% as of 30 June 2026, has been used as a discount rate in the model.

The investments in debt instruments with fixed or determinable payments and fixed maturity, which the Group has the intention and ability to hold to maturity, are measured at amortised cost. The amortised cost is calculated using the effective interest rate and considering any discount or premium and fees on acquisition. The amortization is recognized as interest income in profit or loss for the period. The interest income on debt instruments at amortised cost for the period 1 January – 30 September 2026 amounts to EUR 2,217 thousand.

The debt instruments at amortized cost are subject of impairment under IFRS 9 model. The ECLs on debt instruments at amortized cost reduce the carrying amount of the assets in the statement of financial position, with a corresponding charge to profit or loss. As of 30 September 2026, all debt instruments at amortized cost are classified in Stage 1 and the cumulative ECL allowance is EUR 70 thousand.

As at 30 September 2026 some of BACB's investments in government bonds are pledged as collateral for attracted funds from the state budget, as disclosed in the tables above.

Bonds sold under agreements to repurchase at a specific future date (repo deals) are not derecognized from the statement of financial position. The corresponding cash received is reported as deposit to banks or customers depending on the counterparty in the contract. The difference between the sale and repurchase prices is treated as interest expense in the income statement and accrued over the life of the agreement.

Investment properties and assets held for sale

Under certain circumstances or following the foreclosure on loans that are in default the Group acquires properties that are held for future disposal. Such assets are classified as held for sale or as investment properties depending on management intention and possibility for near realization.

Investment properties are properties (land or building or both) held primarily to earn rentals or for capital appreciation or both and are not involved in the operating activity of the Group.

Investment properties are measured initially at cost, including transaction costs. For their measurement after initial recognition the Group elected to apply the fair value model. The fair value model in accordance with the *IAS 40 Investment properties* requires the investment properties to be stated at their fair value. No depreciation is accrued. A gain or loss arising from a change in the fair value of investment property is recognized in profit or loss for the period in which it arises. The fair value is measured in accordance with *IFRS 13 Fair value measurement,* and *IAS 40* states some additional requirements in respect of valuation of investment properties.

During the reporting period the Group sold properties classified as investment properties with a carrying amount of EUR 1,610 thousand. As of 30 June 2026, the Group reported new investment properties in the amount of EUR 2,597 thousand, which were acquired as a result of the purchase of 100% of the capital of Tokuda Bank AD in January 2026.

The book value of investment properties held at 30 September 2026 is EUR 33,355 thousand (2025: 32,368).

Real estate and other tangible assets acquired from disposal of collateral on foreclosed loans or assets acquired exclusively with a view to subsequent disposal in the near future are classified as assets held for sale and are initially measured at cost. The classification of properties as assets held for sale is made at initial recognition and depends on the Management intention and their plans for assets disposal. After initial recognition, such assets are measured at the lower of carrying amount or fair value less the cost to sell. No depreciation is accrued on such assets.

During the reporting period, the Group acquired real estate classified as assets held for sale.

The carrying amount of assets held for sale as of 30 September 2026 is EUR 4,126 thousand (2025: nil)

Tangible and intangible assets

Initially the items of tangible or intangible assets are recognized at cost, including all transaction costs. There are two alternatives for measurement after initial recognition – the cost model and the revaluation model. The Group presents its own office buildings at revalued amount and all other tangible and intangible assets using the cost model. During the reporting period no changes have been made to the expected terms and methods of depreciation compared to that applied in 2025.

For the purposes of its operating activity the Group rents office buildings and premises. As of 30 September 2026, the Group recognizes right-to-use assets in the total amount of EUR 2,601 thousand (2025: 2,855) relating to long term lease contracts. These assets are presented as tangible assets in the statement of financial position. From the beginning of 2026, the related depreciation expense for right-to-use assets is EUR 1,608 thousand. In case the lease contract is terminated before maturity, the right-to-use asset and the corresponding lease liability are derecognized, with any differences recognized directly to profit or loss for the period.

The Group uses the practical expedient in IFRS 16 *Leases* for short-term lease contracts and accounts for these contracts as operating leases with relevant rental expense in the profit or loss for the lease term.

As of 30 September 2026, the balance sheet value of the tangible and intangible assets is EUR 5,369 thousand (2025: 4,752) and EUR 1,514 thousand (2025: 964) respectively.

As of 30 September 2026, the Group reported new tangible and intangible assets with a carrying amount of EUR 2,297 thousand, which were acquired as a result of the purchase of 100% of the capital of Tokuda Bank AD in January 2026.

Business combinations, companies of the Group and joined ventures

As of 30 September 2026, BACB has 3 subsidiaries subject to consolidation – BACB Finance EAD, BACB Trade EAD and Tokuda Bank AD.

BACB Finance EAD is a fully owned subsidiary providing financial services and acting as supporting company for the banking activity. The subsidiary orientates its core business in providing finance lease, trade finance and

consumer loans to customers using its own funds or BACB financing if needed. In 2015 BACB Finance EAD was registered as a financial institution under the requirements of BNB Regulation #26.

BACB Trade EAD is a joint stock company 100% owned by BACB registered in 2013 with main activity financial and business consulting.

Business combinations

BACB prepares its consolidated financial statements in accordance with the applicable accounting standards. At acquisition the subsidiaries are accounted for by applying the purchase method according to the requirements of *IFRS 3 Business combinations.* Goodwill acquired in a business combination is presented in the consolidated balance sheet as an asset which is not amortized. Goodwill is tested for impairment annually in accordance with *IAS 36 Impairment of assets*. In case the net fair value of the assets acquired in a business combination exceeds the consideration paid for the transaction, the difference is recognized as a gain from a bargain purchase in the income statement for the period of the transaction. All inter-company transactions, balances and unrealized gains on inter-company transactions are eliminated in consolidation process.

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

General information	
Percentage of shares acquired	100%
Date of transaction	January 2026
Financial result recognized in the Group's results from:	1 January 2026

Fair value of assets and liabilities acquired

EUR'000	**Fair value**
ASSETS	
Cash and current accounts with the Central Bank	60,152
Bank receivables	38,156
Financial assets at FVPL	265
Financial assets at FVOCI	25,013
Debt instruments at amortized cost	13,011
Loans and receivables from customers	110,992
Investment properties	2,597
Property, equipment and right-to-use assets	1,672
Intangible assets	773
Other assets	6,844
Total assets	**259,475**
LIABILITIES	
Deposits from banks	24
Customer Deposits	224,039
Other liabilities	1,776
Deferred tax liabilities	26
Subordinated debt	1,002
Total liabilities	**226,867**
Net assets acquired	**32,608**
Consideration paid	**28,875**
Bargain Purchase	**(3,733)**

A process of merging Tokuda Bank EAD into BACB AD is underway, which is expected to be completed within the current 2026. Management does not expect an adverse impact on the Group's capital adequacy and liquidity. The main objective of the business combination is to expand BACB's market positions. Expanding market positions, including through the acquisition of another banking institution, is defined by BACB as key to maintaining a sustainable business model based on stable revenues/returns and at optimal and highly manageable costs, including by realizing the objective effects of "economies" of scale, respectively for reliable implementation of strategic goals and stable development in the long term.

Joined ventures

Joint arrangement is an arrangement of which two or more parties have joint control. Joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control, e.g. no one party could control the arrangement independently.

The Group considers as a joint venture its investment in “IDS Fund” AD, an investment fund established in 2019 as a joint investment of the subsidiary “BACB Finance” EAD and CSIF AD - the largest shareholder of BACB.

Initially the investment has been recorded at cost and adjusted thereafter for the post-acquisition change in the investor’s share of the investee’s net assets and the identified impairment.

As of 31 December 2023, the management has analyzed the state of the investments of IDS Fund and the results of the activity. Based on the analysis and in view of the limited opportunities for positive development, the management decided to proceed with the release of the investments and, together with the other shareholder, to prepare a plan for the voluntary liquidation of the company IDS Fund AD. As a result of this decision, the book value of the investment is reduced to zero. In 2024 a plan for liquidation has been prepared. On 15 October 2024, the start of the voluntary liquidation procedure of IDS Fund was entered in the Commercial Register. As of 30 September 2026, the Fund does not carry out operational activities.

Deposits from customers

The information on deposits from customers as of 30 September 2026 and 31 December 2025 is presented in the tables bellow:

	30-09-2026			31-12-2025		
By type of currency	Demand deposits	Term deposits	Total deposits	Demand deposits	Term deposits	Total deposits
in BGN	-	-	-	465,251	158,013	623,264
in EUR	1,210,463	551,149	1,761,612	304,530	190,299	494,829
in USD	34,703	75,366	110,069	39,263	47,781	87,044
Other	343	709	1,052	-	-	-
Total	1,245,509	627,224	1,872,733	809,044	396,093	1,205,137

	30-09-2026			31-12-2025		
By type of customer	Demand deposits	Term deposits	Total deposits	Demand deposits	Term deposits	Total deposits
Non-bank fin. institutions	80,326	5,634	85,960	87,349	5,591	92,940
Corporate	852,917	153,213	1,006,130	506,560	53,888	560,448
Individuals	312,266	468,377	780,643	215,135	336,614	551,749
Total	1,245,509	627,224	1,872,733	809,044	396,093	1,205,137

Debt securities in issue

On 23 December 2022 BACB issued an unsecured bonds issue in the amount of EUR 15,000,000. The bonds are issued to satisfy equity and eligible liabilities requirements in accordance with the provisions of the Recovery and Resolution of Credit Institutions and Investment Firms Act. The type of bonds issued – ordinary, interest-bearing, book-entry, registered, freely transferable, unsecured, non-convertible bonds. Maturity of the bonds issued is seven years and the total principal is payable at maturity. The interest rate is fixed and the interest amount is payable on six-month coupon payments. In June 2023, the bonds have been registered for trading on the Bulgarian Stock Exchange.

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

As of 30 September 2026, the Group's obligation related to debt securities in issue, including accrued interest, amounts to EUR 30,597 thousand (2025: 30,706 thousand).

Other borrowed funds

The amounts payable under agreements for short-term or long-term financing that are not deposits from customers are presented in the statement of financial position as *Other borrowed funds*.

Borrowed funds are initially recognized at cost, i.e. fair value of consideration received at the time the liability has been incurred, net of transaction costs. Borrowings are subsequently stated at amortized cost and any difference between net proceeds and the redemption value is recognized in the income statement over the period of the borrowing using the effective interest method.

In November 2018 the Group signed an agreement with BDB which is the first agreement for BDB under the EU COSME+ Program to support the small and medium-sized business in Bulgaria. COSME+ Program is implemented with the support of the European Fund for Strategic Investments. Its purpose is to facilitate the access to long-term and cheap financing for SME companies while reducing the requirements towards the collateral under the loans. Under the agreement the Group has received 10 million EUR for a 10-year period for providing investment loans, working capital and guarantees to its clients.

As of 30 September 2026, the obligation to BDB under the agreement, including accrued interest, amounts to EUR 1,752 thousand (2025: 2,102 thousand).

Share Capital and reserves

According to the Law on the Introduction of the Euro in the Republic of Bulgaria, as of 1 January 2026, the euro became the official currency and legal tender in Bulgaria. As of 1 January 2026, the registered capital of BACB amounted to BGN 24,691 thousand, distributed in 24,691,313 ordinary dematerialized shares, with voting rights and each with a nominal value of BGN 1. With the introduction of the euro as the official currency, the nominal value of one share in BGN is converted into EUR according to the rules of 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 EUR As of 30 September 2026, the registered capital of BACB is represented by 24,691,313 ordinary dematerialized shares, each with voting rights and a nominal value of EUR 0.51 or a total value of EUR 12,592,569.63. According to the applicable accounting standards, the differences from the recalculation of the registered capital in the amount of EUR 31,898 are attributed to retained earnings from previous years.

After the Bank's shares have been listed on the Bulgarian Stock Exchange – Sofia /BSE/ in April 2006 the ownership structure has been diversified among local and international investors. As of 30 September 2026, CSIF AD is the largest shareholder owning 45.67% of the registered share capital.

Related Party transactions

According to the IAS 24 *Related party disclosures,* parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The entities in the Group consider as related parties the members of their key management personnel and entities owned, controlled or significantly influenced by such persons.

The Group enters into transactions with related parties in the normal course of business. These transactions include mainly loans and deposits. The related parties with which the Bank carried out transactions during 2025 are as follows:

Related party	**Relationship**
CSIF AD	shareholder with significant control over BACB
Other related entities	entities that are controlled or significantly influenced by CSIF AD or a person of the key management personnel
Key management personnel	Members of the Supervisory Board and the Management Board of BACB

The transactions with the consolidated subsidiaries are eliminated for the purpose of this report.

The information on related parties' transactions and the related income and expense as of 30 September 2026 is summarized as follows:

EUR'000	Balance at 30 September 2026	Net income /(expense) on transactions with related parties
Loans and advances to customers	1,148	44
Deposits from customers-CSIF AD	3,754	(20)
Deposits from customers-management	8,943	(102)
Deposits from customers-other related entities	23,726	(126)
Other operating income	-	16
Administrative expenses – services	-	(752)
Off-balance sheet liabilities		
Unutilized commitments on loans	33	
Bank guarantees	138	

Taxation

Income tax expense is based on taxable profit for the year for any of the consolidated entities and includes deferred taxation. The nominal corporate tax rate for 2026 is 10%.

Other taxes that are not directly attributable to the income for the period are recognized as operating expense.