

**DSK Bank AD**

**Separate and consolidated financial statements**

**For the year ended 31 December 2025,  
annual management report on the activity,  
declaration of corporate governance  
and independent auditors' report**

**Annual Report on the Activity  
of DSK Bank AD and the Companies of the Group for the year ending  
31 December 2025**

## General information

### DSK Bank - the parent company

DSK Bank (the “Bank”) was registered as a sole joint stock company with 100% state participation in January 1999. On October 29, 2003 OTP RT Bank, registered in the Republic of Hungary, acquired 100% of the capital of DSK Bank EAD.

In 2020 the subsidiaries Expressbank AD and Express Factoring EOOD merged into DSK Bank on the basis of merger transformation agreements entered in the Commercial Register on April 30, 2020 and September 30, 2020, respectively.

On April 30, 2020, DSK Bank issued new shares in favor of the non-controlling shareholders of the transforming Expressbank AD. As a result, the Bank was re-registered from a sole proprietorship (EAD) to a joint stock company (AD).

As of December 31, 2025 the consolidated financial statements of DSK Group include DSK Bank and its subsidiaries (commonly referred to as the Group).

### Companies in the Group

As at the end of 2025 the Group consists of DSK Bank, 5 subsidiaries and two associates.

DSK Bank EAD controls and has significant influence over the financial and operating activity of its subsidiaries. The financial statements of the subsidiaries are included in the consolidated financial statements of DSK Group as follows (the listed information shows the % of share of DSK Bank in the capital of the companies and the book value of the participation based on individual report):

- |                                      |                              |
|--------------------------------------|------------------------------|
| • PIC DSK Rodina                     | BGN 14,973 million (99,85%); |
| • OTP Leasing EOOD                   | BGN 67,313 million (100%)    |
| • dsk Ventures EAD                   | BGN 7,200 million (100%)     |
| • DSK Dom EAD                        | BGN 0,500 million (100%)     |
| • Regional Urban Development Fund AD | BGN 0,208 million (52%).     |

OTP Leasing EOOD is a sole owner of the capital of OTP Insurance Broker EOOD

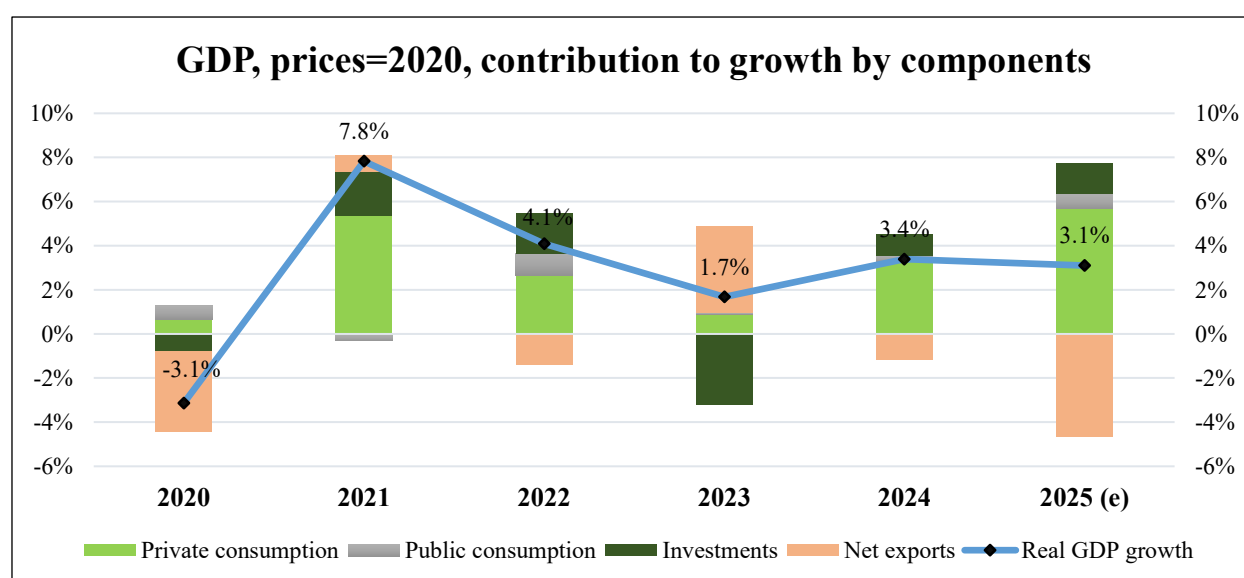
DSK Bank holds investments in associated companies based on book value in the individual report, as follows:

- |                         |                          |
|-------------------------|--------------------------|
| • Cash Services Company | BGN 2,965 million (25%). |
| • DSK Asset Management  | BGN 0,500 million (25%); |

## Macroeconomic environment

“The ‘normal’ that prevailed in the developed world for an entire decade after the global financial crisis has now been uprooted. The actions of global leaders are reshaping the new world order. The international environment is filled with uncertainty, while the financial world concluded 2025 relatively successfully. Central banks continued to pursue an accommodative monetary policy, albeit at a slower pace. Over the past year, the European Central Bank nearly achieved its primary statutory objective, namely price stability – annual inflation in the bloc stands at 2,1%, a level not observed in nearly five years. Against this backdrop, the European economy in recent quarters has shown increasingly clear signs of recovery after a period of stagnation and severe shocks, such as the energy crisis, inflationary pressure, and the sharp increase in interest rates. The main factors behind this are the cooling inflation, which contributes to a more tangible increase in households’ disposable income, which in turn leads to higher consumption of goods and services. In addition, the ambitious military modernization initiated on the continent creates an additional impulse for economic growth through an increase in public investment, stimulation of high-tech industries, and strengthening of intra-European industrial supply chains. This can be viewed as Europe’s response in the context of growing international uncertainty and geopolitical turbulence. And yet, energy resource prices continued to decline, with the most important benchmark in this regard – Brent crude oil – reporting a significant drop of 14%, reaching one of its lowest level in the past five years (\$69 per barrel). The stabilization of oil prices partially contributes to the observed disinflationary trend on a global scale.

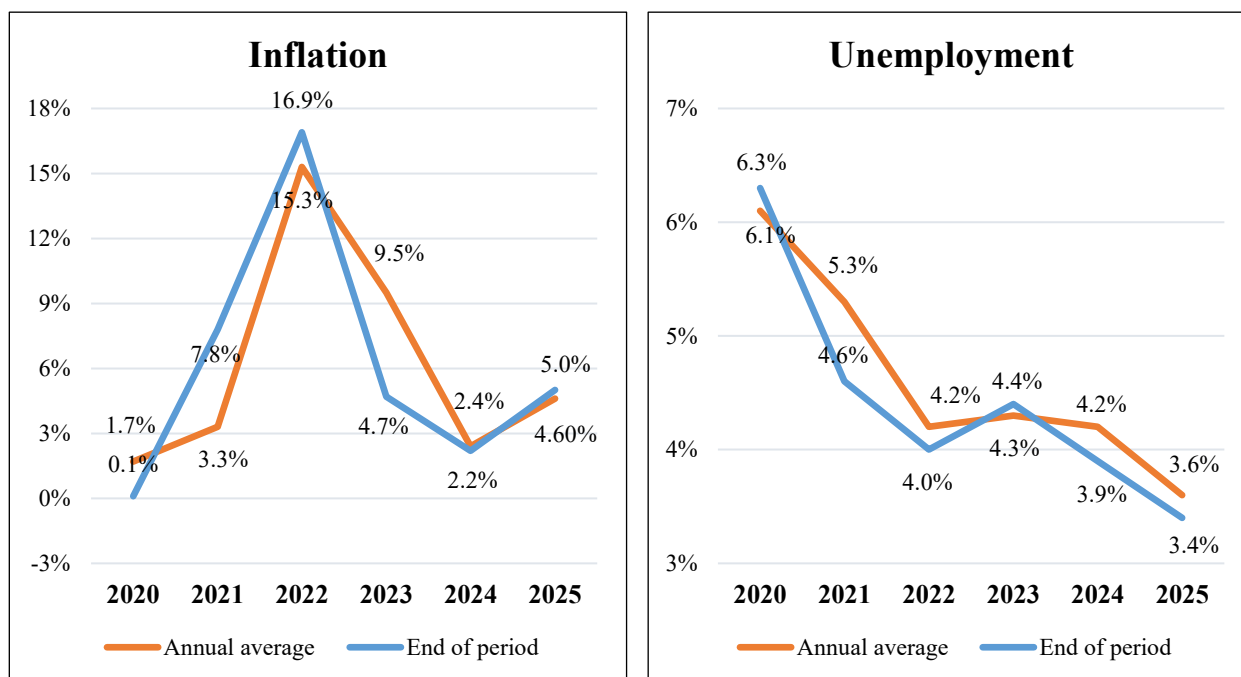
Bulgaria demonstrated resilient economic growth amid a continuously deteriorating international environment and political turbulence in the country during the final weeks of 2025. And yet, the Bulgarian economy recorded one of the highest growth rates in the EU, with expectations for the whole of 2025 around 3,1%. The important factors that determined this dynamic were mainly several, with the most significant being the ongoing strong fiscal policy, which continued to increase the disposable income of the population, which determined strong domestic demand for goods and services. Low interest rates on household lending continued to support domestic demand by stimulating consumption and the strong momentum in the housing segment. An additional positive factor for economic activity was the intensified investment activity of the public sector, concentrated mainly in the areas of defense and security, which led to higher capital expenditures and supported the related industries. In contrast, the most significant component of GDP with a negative contribution in 2025 remains net exports, formed under conditions of weakened exports and dynamically increasing imports. Exports contracted on an annual basis by -3,4%, with this decline largely due to temporarily reduced production activity of the largest exporter in the country as a result of a planned maintenance of production facilities. In addition, the oil refinery also exerted a negative impact on export performance, given the uncertainty surrounding the future development of the energy sector in Europe. For its part, imports recorded a noticeable increase (+5,1%), supported by sustained consumer demand for imported goods, which further deepened the negative contribution of the foreign trade balance to economic growth.



Bulgaria ended the past year with annual inflation of 5% according to the CPI (Consumer Price Index). Price pressures accelerated at the beginning of 2025 as a result of higher administratively regulated prices, while during the remainder of the year a leading role was played by strengthened domestic demand and rising labour costs. At the same time, energy resource prices remained relatively stable, without a significant contribution to the overall inflation dynamics. The average annual price of electricity in Bulgaria for the non-household segment in 2025 is BGN 206/MWh, increasing by 3% on an annual basis. The dynamics of natural gas are similar to those of electricity, despite the positive effect on the price mix from the contracted quantities of Azerbaijani natural gas delivered via the “Bulgaria – Greece (IGB)” interconnector, in accordance with the long-term contract with Azerbaijan. Concerns about high inflation in the month of January, in the context of the transition from the lev to the euro, did not materialize. NSI estimates for inflation in January 2026 show 0,6% on a monthly basis (CPI, previous month = 100), while annual inflation decreases from 5% in December 2025 to 3,5% in January 2026.

The labour market in Bulgaria continues to demonstrate a historically low level of unemployment – below 4%. Nevertheless, unemployment remains above its natural rate, mainly due to the presence of structural unemployment. Higher levels of unemployment are observed among individuals with primary or lower education, as well as in certain regions of the country. At the same time, employment among university graduates is high, and in Sofia unemployment is even below 2%, which highlights the strong regional and educational imbalances in the labor market. In the long term, the labor market will continue to experience a

growing shortage of labour, which in recent years has been partially offset through the import of workers from non-EU countries. These factors exert upward pressure on labour costs, with the average wage increasing by 12% on an annual basis in 2025.



Government debt at the end of 2025 amounts to BGN 61,5 billion (28,0% of GDP), increasing on an annual basis by BGN 14,1 billion. The balance of the Consolidated Fiscal Program (CFP) closed 2025 with a deficit amounting to BGN 6,8 billion or -3,0% of GDP.

Fiscal indicators	Unit	2020	2021	2022	2023	2024	2025
<b>Government balance (CFP)</b>	BGN bn	-3,5	-3,8	-1,3	-5,6	-6,1	-6,8
<b>Government deb</b>	BGN bn	27,5	31,2	36,1	40,5	47,4	61,5
<b>of which internal</b>	BGN bn	5,6	8,6	11,0	10,6	11,9	11,8
<b>of which external</b>	BGN bn	21,9	22,6	25,1	29,9	35,4	49,6
<b>% of GDP</b>							
<b>Government balance (CFP)</b>	%	-2,9	-2,7	-0,8	-3,0	-3,0	-3,0
<b>Government debt</b>	%	22,7	22,4	21,5	21,9	23,1	28,0
<b>of which internal</b>	%	4,7	6,2	6,5	5,7	5,8	5,4
<b>of which external</b>	%	18,1	16,2	14,9	16,2	17,3	22,6

In Bulgaria, the banking sector reports another strong financial year, with annual profit after tax amounting to BGN 3,6 billion. A slight decrease in profit is observed on an annual basis by 1,8%, mainly as a result of the narrowing interest spread, driven by the change in the monetary policy of central banks. The main source of revenue – net interest income – increased moderately by 1,3%, while the second most significant component – net fee and commission income – reported an increase of 10,1% on an annual basis. Total expenses in the banking system for 2025 amount to BGN 3,2 billion, with the leading item – personnel expenses – increasing by 10,4% compared to the previous year. More moderate growth rates are observed in operating expenses and depreciation (2,7%), while regulatory expenses even report a decline of 28,1%. Credit exposures and the deposit base continue to grow, in line with the faster-than-expected economic growth of the country. Credit activity among households demonstrates strong growth in 2025, supported by relatively low interest rates and strengthened domestic demand, but the outlook points to

more moderate dynamics in the coming years. The total volume of customer loans at the end of 2025 reaches BGN 127 billion, with the main contribution coming from household loans. The deposit base (customer deposits) increases to BGN 173 billion, with a key factor during the year being the adoption of the euro in the country. Non-performing credit exposures (with over 90 days past due) continue to decline and at the end of 2025 reach 1,8% of banks' total customer loan portfolio.

Key indicators*	Unit	Banking sector			DSK Bank		
		2024	2025	25/24 (YoY)	2024	2025	25/24 (YoY)
<b>Total assets</b>	BGN bn	192	227	18,5%	36	43	17,9%
<b>Customer loans</b>	BGN bn	111	127	15,0%	23	27	17,5%
<b>Customer deposits</b>	BGN bn	149	173	16,2%	29	35	20,4%
<b>Profit (after-tax)</b>	BGN bn	3,7	3,6	-1,8%	1,0	1,0	2,8%
<b>Return on equity (ROE)</b>	%	17,1	13,7	-3,4pp	20,9	19,4	-1,5pp
<b>Return on assets (ROA)</b>	%	2,0	1,7	-0,3pp	2,8	2,5	-0,3pp
<b>Non-performing customer loans</b>	%	2,0	1,8	-0,2pp	1,5	1,4	0,0pp
<b>Customer loans/Customer deposits (L/D)</b>	%	74,3	73,5	-0,7pp	78,1	76,2	-1,9pp
<b>Cost to Income (C/I)</b>	%	38,7	39,2	0,5pp	31,4	33,2	1,8pp
<b>Liquidity Coverage Ratio (LCR)</b>	%	241	281	40pp	345	303	-43pp
<b>Total capital ratio (CAR)</b>	%	22,7	23,4**	0,7pp	24,8	22,3	-2,6pp
<b>CET1 Capital ratio</b>	%	21,0	21,7**	0,7pp	22,5	20,3	-2,2pp

\* Due to rounding, percentage changes are calculated based on unrounded figures

\*\* The data is as of September 2025

## Summary

In the banking sector, DSK Bank is positioned in second place in terms of total assets, which at the end of 2025 amount to BGN 42 990 million and increase annually by BGN 6 529 million. DSK Bank ranks third in the credit market, having a market share of 19,7%, while in the deposit market it confirmed the second position with a market share of 19,5%, increasing the position by 0,4 pp compared to 2024.

For 2025 DSK Bank reports a profit after tax to the amount of BGN 1 012,7 million and the group reports BGN 1 040,4 million.

The Cost-to-Income as of December 2025 of the Bank is 32,7% and for the Group is 33,6%, which is significantly below the average level of the banking system in the country. This is a result of the continuing work efficiency improvement, good management of the investment policy and control over the current expenses.

During 2025 DSK Bank continues to offer traditional lending and deposit products for the households and retains its leading positions in this segment.

The main strategic priority of the Bank is to continue its digital and organizational transformation, which aims to provide even more advanced and high-quality digital products, with a focus on customer experience and efficiency.

DSK Bank continues to rely on its sustainable risk management framework, including regular monitoring and evaluation of risks by the relevant responsible units. The bank strictly adheres to both regulatory requirements and internal risk management policies.

Currently, there are no indications of increased risk in individual segments or products, nor concerning the quality of assets, liquidity, foreign exchange position, trading limits, or capital adequacy. All indicators remain within acceptable limits, which the bank is fully capable of meeting.

DSK Bank uses different types of financial instruments for the management of the liquidity and the market risks on its own account and supporting the customers.

The bank offers customers a range of financial instruments to manage currency and interest rate risk, including currency forwards, currency and interest rate swaps, and currency options. Positions arising from customer transactions are managed in accordance with the bank's market risk management policy and are generally hedged on the interbank market.

The Bank offers investment services on the account of customers complying with Markets in Financial Instruments Act and the respective legal acts on its implementation as:

- Ordinance № 38 from 21.05.2020 on the requirements to the activities of the investment intermediaries.
- Ordinance № 58 from 28.02.2018 of the Financial supervision commission (FSC) on the requirements for protection of the financial instruments and the monetary funds of clients, for management of products and offering or receiving of remunerations, commissions, other pecuniary or non-pecuniary benefits, as well as the approved internal rules related to those regulatory acts.

In accordance with applicable regulatory requirements, the Bank retains complete documentation related to the conclusion of customer contracts and the execution of customer orders, ensuring proper client identification in compliance with the Law on Measures Against Money Laundering. In addition, the Bank maintains accurate records and separate customer accounts for entrusted client assets, ensuring their clear segregation from the Bank's own financial instruments and enabling their proper identification at all times.

The performance of the administrative functions is strictly monitored (particularly those related to the interaction with external parties). Procurement is ensured for the entire branch network, whereas most of the supplier contracts are centralized and the orders, supplies and the respective expenses are closely monitored by the Head Office. Reports and other obligations toward external authorities and regulatory bodies are prepared and delivered timely and the compliance with all legislative requirements is monitored by Strategy, Finance and Operations division, Legal directorate and Compliance directorate. The operational risk is monitored and regular reports are prepared and submitted to the Operational risk management committee measuring the events and the realized losses and the corresponding potential losses, as well as proposing measures for limiting of the operational risk.

In 2025, DSK Bank did not have any research and development activities.

### **General information about the Management and the Structure of the Group**

**DSK Bank** is a fully licensed bank authorized to perform all banking operations according to the Bulgarian legislation. It is a universal commercial bank with prevailing activity in retail banking. DSK Bank has not acquired and does not own any of the Company's shares.

DSK Bank has a two-tier management system. The Governing bodies are: Supervisory Board (SB) and Management Board (MB).

As of December 31, 2025 DSK Bank is managed by a Supervisory Board and a Management Board respectively with the following members:

#### **Supervisory Board**

László Bencsik - Chairman of SB  
 László Wolf – Deputy Chairman of the SB  
 Violina Marinova - member of the SB  
 Edina Berlinger - member of the SB  
 Anthony Radev – member of the SB  
 Kalin Hristov - member of the SB  
 Tamas Bernat – member of the SB

#### **Management Board**

Tamas Hak-Kovacs - Chairperson of the Management Board and Chief Executive Officer  
 Slaveyko Slaveykov – member of the MB and Executive Director  
 Dorothea Nikolova-Ilicheva - member of the MB and Executive Director  
 Boyan Stefov – member of the MB and Executive Director  
 Dimitar Dilov – member of the MB and Executive Director  
 Mihail Komitsky – member of the MB and Executive Director  
 Tsvetoslav Dimov – member of the MB and Executive Director

**In the Management Board, there were no personal changes in 2025.**

**In the Supervisory Board the personal changes in 2025 were as follows:**

• With decision of the General Shareholders' Meeting dated 06.06.2025 Mrs. Zsuzsanna Bereczki was released and Mr. Kalin Hristov was elected as a member of the Supervisory Board of DSK Bank. With the decision it was determined that the changes in the composition of the Supervisory Board would come into force upon issuance of an approval by the BNB for Mr. Hristov to hold the position member of the Supervisory Board and registration of the changes in the Commercial register and register of NPLE. The approval of the Bulgaria National Bank based on Specific Instruction of ECB for Mr. Hristov to hold the position member of the Supervisory Board was issued on 29.07.2025 and the changes were registered in the Commercial Register and Register of Non-profit Legal entities on 06.08.2025.

**Changes as follows on 06.08.2025:**

The date of the term expires on 31.03.2026

László Wolf – country HUNGARY

Tamas Bernat – country HUNGARY

Kalin Dimitrov Hristov – country BULGARIA

Edina Berlinger - country HUNGARY

Anthony Radev – country HUNGARY

Violina Marinova - country BULGARIA

László Bencsik - country HUNGARY

In 2025, DSK Bank has no contracts under Art. 240b of the Commerce Act.

The total remuneration received by the management of DSK Bank during the year was in accordance with management contracts and amounted to BGN 7,2 million.

The total remuneration received by the management of DSK Group during the year was in accordance with management contracts and amounted to BGN 9,0 million.

**Participation of Management and Supervisory Board members of DSK Bank in the share capital as of 31.12.2025**

The Members of the Management and Supervisory Board do not participate in the share capital and do not have any rights to acquire shares and bonds of the company.

The participation of the Management Board members of DSK Bank in management and supervisory bodies of other companies by the end of 2025, as representatives of DSK Bank is as follows:

<b>Name</b>	<b>Company</b>	<b>Position</b>
Tamás Hák-Kovács	BORIKA AD dsk Ventures EAD PIC DSK-Rodina AD	Member of the BoD Member and Chairperson of the BoD Member and Chairperson of the SB
Slaveyko Slaveykov	DSK Dom EAD	Member and Chairperson of the BoD
Mihail Komitsky	OTP Leasing EOOD	Executive officer
Boyan Stefov	DSK Asset Management AD dsk Ventures EAD	Member of the SB Member of the BoD

The participation of the Supervisory board members of DSK Bank in management and supervisory bodies of other companies by the end of 2025:

Name	Company	Position
Antoni Radev	MOL Magyar Olaj-es Gazipari Nyrt Board member of Wizz Air Holdings Plc	Board member Board member
Tamás Bernat	Nova Kreditna Banka Maribor (NKBM), Slovenia	Member of the SB

The address of the Head Office of DSK Bank is 19 Moskovska str., 1036 Sofia.

As of the end of 31 December 2024 DSK Bank has 5 regional centers, 51 financial centers, 23 business centers and zones, 85 branches, 109 bank offices.

**The management bodies of the other companies in the Group as of end of 2025 are as follows:**

#### **PIC DSK - Rodina AD**

Two-tier management system.

#### **Management Board**

Svetoslav Spasov Velinov – member and Chairperson of the MB

Vladimir Evgeniev Nechev – member of the MB and CEO

Mihail Petrov Sotirov – member of the MB and Executive Director

Ivelin Sashev Gekov - member of the MB and Executive Director

#### **Supervisory Board**

Tamás Hák-Kovács - member and Chairperson of the SB

József Budai – member of the SB

Biser Hristov Petkov – independent member of the SB

The company is represented jointly by two Executive Directors.

No changes have occurred in the composition of the company's Management Board in 2025.

The following changes occurred in the composition of the company's Supervisory Board in 2025:

- With entry at the CRRNPLE dated 11.06.2025 Mr. József Budai was registered as a member of the Supervisory Board of the Company while Mr. Csaba Nagy was released as such.

The total remuneration received by the management during the year was in accordance with management contracts and amounted to BGN 0,61 million.

#### **dsk Ventures EAD**

One-tier management system

#### **Board of Directors**

Tamás Hák-Kovács – member and Chairperson of the BoD

Maya Sashova Angelova – member of the BoD and Executive Director

Boyan Filipov Stefov - member of the BoD

The company is represented by Maya Sashova Angelova – Executive Director.

The following changes occurred in the composition of the company's Board of Directors in 2025:

- With entry at the CRRNPLE dated 31.01.2025 Mr. Boyan Filipov Stefov was registered as a member of the Board of Directors of the company while Mr. Péter Endre Nagy was deregistered as such.

With entry at the CRRNPLE dated 04.04.2025 the mandate of the Board of Directors was prolonged by 5 years namely until 14.10.2030.

The total remuneration received by the management during the year was in accordance with management contracts and amounted to BGN 0,023 million.

### **DSK Dom EAD**

One-tier management system

#### **Board of Directors**

Slaveyko Lyubomirov Slaveykov - member and Chairperson of the BoD

Zlatina Sabeva Sabeva - member of the BoD and Executive Director

Plamena Plamenova Toteva - member of the BoD

The company is represented by Zlatina Sabeva Sabeva - Executive Director.

The following changes occurred in the composition of the company's Board of Directors in 2025:

- With entry at the CRRNPLE dated 27.08.2025 Zlatina Sabeva Sabeva was registered as a member of the Board of Directors and Executive Director of the Company and Evgeni Georgiev Evtimov was deregistered as such.

The total remuneration received by the management during the year was in accordance with management contracts and amounted to BGN 0,12 million.

### **OTP Insurance broker EOOD**

The company is represented by Vladimir Georgiev Ralchev – Executive officer.

No changes have occurred in the composition of the company's management bodies in 2025.

### **OTP Leasing EOOD**

The company is represented by Mihail Rumenov Komitsky - Executive officer.

No changes have occurred in the composition of the company's management bodies in 2025.

The total remuneration received by the management during the year was in accordance with management contracts and amounted to BGN 0,91 million.

### **Regional Urban Development Fund AD**

One - tier management system

**Board of Directors:**

Ivan Velinov Dragomirov – member and Chairperson of the BoD

Momchil Lyubomirov Momchilov – member of the BoD and Executive Director

Alis Kirkor Magardichyan – member of the BoD

Kamen Marinov Kolchev - member of the BoD

Anatoli Vladev Belchev - member of the BoD

The company is represented by Momchil Lyubomirov Momchilov - Executive Director.

No changes have occurred in the composition of the company's Board of Directors in 2025.

The total remuneration received by the management during the year was in accordance with management contracts and amounted to BGN 0,13 million.

**Financial result and profitability of DSK Bank**

For 2025 DSK Bank reported BGN 1 171,5 million BGN profit before tax, which increased by 2,4% compared to 2024, mainly as a result of higher net operating income 71,5 million BGN and 43,9 million increase of operating expenses.

The profit after tax for 2025 was BGN 1 012,7 million.

The net interest income amounted to BGN 1 336,1 million and it is higher by BGN 19,1 million or 1,4 % compared to 2024, mainly as a result from increase of interest income by BGN 2,3 million compared to 2024 as the interest income on loans increased by BGN 6,5 million and the interest income on loans and advances to banks decreased by BGN 63,9 million offset by higher income from Investments at amortised cost for the amount of BGN 63,1 million. The interest expenses decreased year-on-year by BGN 16,8 million mainly as a result of lower interest expenses on loans from banks and financial institutions supported by lower expenses from Subordinated debt.

The net non-interest income for 2025 amounted to BGN 576,1 million (a increase of 10,0% or BGN 52,4 million compared to 2024), which is mainly a result of the higher net fee and commission income BGN 38,5 million. Net income from trading and FX revaluation amounts to BGN 178,0 million increased by BGN 13,9 million compared to 2024.

The operating expenses (incl. personnel expenses, amortization, hired services, material expenses and other) result to BGN 625,8 million, and increased by BGN 55,1 million or 9,6% compared to 2024.

The average headcount of the Bank as of 31 December 2025 was 5 426 (31 December 2024: 5 267).

The assets per employee ratio increased from BGN 6,92 million as of the end of 2024 to BGN 7,92 million as of the end of 2025. The profit per employee ratio decrease from BGN 0,1874 million for 2024 to BGN 0,1866 million for 2025.

**Financial indicators of the Group**

For the year 2025 DSK Group reports profit before tax to the amount of BGN 1 210,3 million and increased by 3,5% compared to 2024 mainly as a result of higher operating income 83,7 million BGN and 42,6 million increase of operating expenses.

The profit after tax for 2025 was BGN 1 040,4 million.

The net interest income was BGN 1 387,8 million and it is higher by BGN 28,3 million or 2,1 % compared to 2024, mainly as a result of interest income on loans increased by BGN 15,6 million. The interest expenses decreased year-on-year by BGN 16,8 million mainly as a result of lower interest expenses on Subordinated debt 6,8 million supported by loans and deposits from banks and financial institutions.

The net non-interest income for 2025 amounted to BGN 605,5 million (increase of BGN 55,4 million compared to 2024), which is mainly a result of the higher net income from fees and commissions amount to BGN 462,7 million increased by BGN 49,1 million compared to 2024, supported by increase from net trading income BGN 6,3 million.

The operational expenses (including staff costs, depreciation, services and utilities) amount to BGN 669,8 million and increased by BGN 59,7 million or 9,8% on annual basis.

The average headcount of DSK Group by the end of 2025 is 5 773 (as of 31 of December 2024 - 5 622).

The assets per employee ratio increased from BGN 6,49 million as of the end of 2024 to BGN 7,48 million as of the end of 2025. The profit per employee ratio increased to BGN 0,180 million for 2025 compared to BGN 0,178 million for 2024.

### **Balance sheet indicators of DSK Bank**

DSK Bank holds an 18,9% market share of the total banking assets in the country as of the end of 2025, representing a slight decrease compared to the previous year (19,0%).

The gross loan portfolio (customer loans and advances) of DSK Bank as of 2025 end amounted to BGN 26 909,7 million and reported an annual growth of 17,5%.

The loans to individuals at gross book value before impairment amounted to BGN 17 003,1 million as of 31 December 2025 and increased year-over-year by BGN 3 002,7 million.

The market share of the Bank in terms of household loans as of December 2025 was 29,2%, declining the market position compared to a year ago (2024: 29,3%), as in consumer loans (incl. non-residential mortgage loans) was 34,4% (35,4% in 2024), and in housing loans – 26,5% (25,1% in 2024). The market share of non-financial enterprises as of December 2025 was 13,0% compared to 14,1% in 2024.

The wholesale loans (incl. budget loans) at gross book value before impairment amounted to BGN 9 906,6 million and reported year-over-year increase by 11.2%.

The impairment of the loan portfolio (customer loans and advances) as of 31.12.2025 was BGN 702,1 million (as of 31.12.2024: BGN 706,6 million).

Total customer deposits amount to BGN 35 334,3 million by end of 2025 and report an annual growth of 20,4%.

Household deposits as at the end of 2025 were BGN 27 929,3 million which is 21,3% growth compared to 2024.

The market share of the Bank in terms of household deposits as at the end of 2025 was 25.1% and increased compared to 2024 (24.9%).

Company deposits (incl. budget) amounted to BGN 7 079,5 million as at the end of 2025 and increased by 19,6% compared to 2024.

Deposits from financial institutions amounted to BGN 325,5 million and decreased by BGN 92,7 million compared to 2024.

### **Balance sheet indicators of the Group**

The gross loan portfolio (customer loans and advances) of DSK Group as of 2025 end amounted to BGN 25 046,6 million and reported an annual growth of 18,1%.

The loans to individuals at gross book value before impairment amounted to BGN 17 003,5 million as of 31 December 2025 and increased year-over-year by BGN 3 002,2 million.

The wholesale loans (incl. budget loans) at gross book value before impairment amounted to BGN 8 043,1 million and reported year-over-year increase by 11,5%.

The impairment of the loan portfolio (customer loans and advances) as of 31.12.2025 was BGN 683,9 million (as of 31.12.2024: BGN 691,9 million).

Total customer deposits amount to BGN 35 245,6 million by end of 2025 and report an annual growth of 20,5%.

Household deposits as at the end of 2025 were BGN 27 929,3 million which is 21,3% growth compared to 2024.

Company deposits (incl. budget) amounted to BGN 7 067,6 million as at the end of 2025 and increased by 19,7% compared to 2024.

Deposits from financial institutions amounted to BGN 248,7 million and decreased by BGN 76,7 million compared to 2024.

### Capital adequacy

DSK Bank constantly maintains a level of total capital adequacy, sufficient to cover the risks from its activity and to comply with the regulatory requirements. As of 31 December 2025 the total capital adequacy ratio on a standalone basis was 22,08%. In 2025 the Group provided BGN 463 million free capital above the SREP capital requirement and capital guidance and the combined capital buffer, incl. capital conservation buffer (BGN 575,1 million), systemic risk buffer (BGN 644,4 million), O-SII buffer (BGN 230 million) and the specific for the institution countercyclical buffer (BGN 453,2 million).

DSK Group constantly maintains a level of total capital adequacy, sufficient to cover the risks from its activity and to comply with the regulatory requirements. As of 31 December 2025 the total capital adequacy ratio on a consolidated basis was 22,53%. In 2025 the Group provided BGN 558,6 million free capital above the SREP capital requirement and capital guidance and the combined capital buffer, incl. capital conservation buffer (BGN 568,3 million), systemic risk buffer (BGN 636,1 million), O-SII buffer (BGN 227,3 million) and the specific for the institution countercyclical buffer (BGN 447,8 million).

### Credit risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's main income generating activity is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans and advances to customers and other banks (including related commitments to lend such as loan or credit card facilities), investments in debt securities and derivatives that are an asset position. The Group considers all elements of credit risk exposure such as counterparty default risk, geographical risk and sector risk for risk management purposes.

When identifying and measuring credit risk in the conditions of higher uncertainty caused by geopolitical contradictions and the other novel risks, the Group takes into account the specifics of individual customers and their ability to overcome the difficulties caused by novel risks (e.g. their ability to substitute the respective customers or suppliers in areas of military conflict; their resilience during longer periods of high energy prices and high inflation; their adaptability to changes in legislation and customer preferences, etc.). The Group monitors monthly whether a significant increase of credit risk has occurred. The assessment is performed either in the process of individual case-by-case monitoring and review of a given loan, or in the presence of indicators of increased credit risk, such as days past due, default on other loans in the retail individuals segment (as long as it does not trigger a cross-default), watchlist status, forbearance (as long as it does not trigger NPL classification it serves as a Stage 2 trigger). A significant increase of credit risk may be determined based on the behavioral model which uses up-to-date information on account history, status of other loans of the same customer owed to other financial institutions reporting to the Central Credit Registry.

In May 2024, the Group further improved the way, in which the result of the behavioral model affects the assessment of the presence or absence of a significant increase in credit risk since initial recognition, replacing the previously used probability of default for a horizon of 12 months from the date of probability assessment with the probability of default for the entire life of the obligation.

The result of the behavioral model influences the assessment of whether there has been a significant increase in credit risk compared to initial recognition. Instruments with low credit risk in the credit portfolio include all credit exposures classified as rating 1 under the group rating scale of OTP Bank (a rating scale from 1 to 10, where 10 corresponds to default).

The Bank supplements its assessment of whether there has been a significant increase in credit risk by calculating changes in the probability of default, which are influenced by factors reflecting the impact of emerging risks (inflation and interest rates, geopolitical risk and supply chain disruption risk, climate risks).

Management has identified exposures in the corporate segment that have experienced a significant increase in credit risk as a result of the impact of one or more of the above-mentioned factors, as well as due to strictly individual factors relating to specific clients. In the retail segment, the assessment has been performed based on portfolio-level assessments, behavioral models, and specific additional risk-increasing factors (for example, the existence of significant arrears to other creditors).

As of the end of 2025, the DSK Bank credit portfolio at amortized cost before impairment consists of loans to individuals and households (63%) and loans to enterprises, including budget organizations (37%). Within loans to individuals and households, risk is well diversified between consumer loans (41,6%) and mortgage-backed loans (58,4%).

The coverage ratio (ratio of coverage of the total loan portfolio from expected credit loss impairment) as of December 2025 was as follows:

Total loan portfolio – 2,6%

According to the classification of the portfolio quality by stages in compliance with IFRS 9 the coverage with impairment of each group is as follows:

- Stage 1 – 0,5%
- Stage 2 – 9,7%
- Stage 3 – 62,2%

As of the end of 2025 the credit performing exposures including those with increased credit risk (classified in stage 1 or stage 2) were 98,0%.

As of the end of 2025, the Group's credit portfolio at amortized cost before impairment consists of loans to individuals and households (68%) and loans to enterprises, including budget organizations (32%). Within loans to individuals and households, risk is well diversified between consumer loans (41,6%) and mortgage-backed loans (58,4%).

The coverage ratio (ratio of coverage of the total loan portfolio from expected credit loss impairment) as of December 2025 was as follows:

Total loan portfolio – 2,7%

According to the classification of the portfolio quality by stages in compliance with IFRS 9 the coverage with impairment of each group is as follows:

- Stage 1 – 0,5%
- Stage 2 – 9,6%
- Stage 3 – 62,1%

As of the end of 2025 the credit performing exposures including those with increased credit risk (classified in stage 1 or stage 2) were 97,9%.

During the entire year continued the work on taking intensified measures for improvement of the process of monitoring and management of the portfolio quality, including improvement in the procedures for monitoring and analysis of problem loans, improvement of the work of the inspectors for problem loans in the branch network, early identification of problem exposures and undertaking intensive actions on determination of the reasons and finding solutions in line with the changed circumstances considering at the same time the interest of the Group as well as of the borrowers.

As of 31.12.2025 non-performing exposures before impairment (includes budget loans) are 2,1 % for the Group and 2,0% for DSK Bank.

### Liquidity risk

Liquidity risk arises as a result of the need to secure funding for the Bank's activities and to manage its positions. It includes: the risk that the Bank may not be able to meet its obligations, and the risk of financial loss in the event of a forced sale of financial assets to ensure liquidity.

The objective of liquidity risk management in the Bank is to maintain a sufficient level of liquidity to meet the Bank's obligations as they fall due under both normal and stressed conditions, without incurring significant losses from the sale of liquid assets or from the use of more expensive funding.

The body responsible for liquidity management is the Asset and Liability Management Committee (ALCO). Key information on the Group's activities is regularly submitted to the Committee, forming the basis for liquidity management.

For liquidity analysis purposes, the Bank prepares a maturity table of assets and liabilities, in which cash flows from individual assets and liabilities are allocated across different time intervals depending on their contractual maturity dates.

Prudent liquidity management requires avoiding concentration of funds attracted from large depositors. An analysis of attracted funds is performed periodically, and diversification within the overall liabilities portfolio is monitored.

### **Interest rate risk**

Interest rate risk is the risk of incurring losses due to fluctuations in the levels of market (benchmark) interest rates. The Bank manages interest rate risk in the banking book and in the trading book separately.

The Bank's activities are exposed to the risk of fluctuations in interest rates to the extent that interest-bearing assets (including investments) and interest-bearing liabilities mature or are repriced at different times and to different degrees. In the case of assets and liabilities with floating interest rates, the Bank is exposed to the risk of adverse changes in market interest rate curves, although to a less extent.

Interest rate risk management procedures are applied from the perspective of the Bank's sensitivity to changes in interest rate levels. The actual effect depends on multiple factors, including the extent to which payments are made earlier or later than their contractual dates, as well as changes in interest rates arising from sensitivity across different time periods and currencies.

The Bank manages interest rate risk in the trading portfolio by limiting the level of risk through the establishment of interest sensitivity limits (BPV limits) by currency, time period, and issuer, as well as a bond turnover limit (holding period limit for securities in the trading portfolio), a maximum maturity limit for securities, and limits for Value at Risk (VaR), stop-loss limits for maximum loss amounts, and additional warning limits—loss alert levels and a limit for Expected Shortfall (ES).

The Bank analyzes interest rate risk in the banking book by classifying its financial assets and liabilities into time bands according to their sensitivity to changes in interest rates.

### **Exchange rate risk**

The Bank is exposed to exchange rate risk when conducting transactions with financial instruments denominated in foreign currencies.

As a result of the implementation of Currency Board in Bulgaria, the Bulgarian currency rate to the euro is fixed at 1,95583. The national reporting currency is the Bulgarian lev therefore the Group's financial results are affected by fluctuations in the exchange rates between the Bulgarian lev and currencies outside the Euro-zone.

The risk management policy aims to limit potential losses from adverse movements in foreign currency exchange rates other than the euro. The Bank manages foreign exchange risk in the trading portfolio centrally, in compliance with limits pre-approved by management for open foreign currency positions—both overall and by individual currency—daily and overnight open positions, stop-loss and Expected Shortfall (ES) limits, as well as VaR limits. The Bank's strategy is to minimize the impact of exchange rate fluctuations on its financial results. Information on the level of the net open foreign currency position in the trading portfolio and compliance with the approved limits, as well as the strategic euro position of the Asset and Liability Management function, is provided daily to management and periodically to ALCO and the Risk Committee. Limits for restricting foreign exchange risk are updated periodically based on analysis of market information and the Bank's internal business needs.

To measure the Bank's foreign exchange risk, a VaR model is used through the Market Risk Portal (MRP) system. The main characteristics of the model are: a historical simulation approach with a 99% confidence level and a 1-day holding period. Historical observations of exchange rate movements over 250 business days are used to derive the correlation matrix.

The VaR model used for the Bank's foreign currency position has its limitations, as losses may occur more frequently and in larger amounts than those projected by the model. Therefore, the quality of the VaR model is monitored through continuous back-testing.

With regard to monetary assets and liabilities denominated in foreign currencies that are not hedged, the Bank manages the net exposure by buying and selling foreign currency at spot rates when deemed appropriate, in compliance with the approved open currency position limits. The Bank is not exposed to significant foreign exchange risk in relation to transactions for which it applies hedge accounting in accordance with the requirements of IFRS 9.

### Operational risk

Operational risk is the risk of losses resulting from inadequate or ineffective internal processes, people and systems, or from external events, including legal risk.

In DSK Bank, it is managed by the Operational Risk Management Committee (ORMC) – a standing body to the Management Board composed of the heads of all business areas. The Committee meets at least once per quarter, reviews reports on the level of risk, makes operational decisions, and plans measures to mitigate identified risks, with a primary focus on prevention. It is supported by two specialized forums – one for operational risk and fraud, and one for ICT risk.

The operational risk management system is established at Group level in line with the OTP Banking Group model and is based on a decentralized approach. Heads of structural units identify and report occurred events and potential risks, which are assessed annually through self-assessments based on a standardized taxonomy. Both risks and the effectiveness of control mechanisms are evaluated, including through independent testing. Scenario analyses are also applied, along with a system of key risk indicators to monitor significant risk drivers.

The Bank applies established rules and procedures in compliance with European and national regulatory requirements and best practices. As of 2025, regulatory capital for operational risk is calculated under the new standardized approach pursuant to Regulation (EU) 2024/1623, and its adequacy is assessed annually within the internal capital adequacy assessment process and through stress testing. All new processes, products and systems are subject to prior operational risk assessment, including from an ICT risk perspective.

In 2024, a dedicated ICT Risk Management Department was established, performing the role of a second line of defense and further developing the ICT risk management framework in accordance with Regulation (EU) 2022/2554 (DORA). The unit is responsible for third-party risk management, business continuity and operational resilience in restructuring situations, organizes post-incident analyses, and reports regularly to management. Third-party risk management is implemented through a risk-based approach, including due diligence, contractual safeguards, and exit strategies for critical services.

The Group maintains a comprehensive business continuity management framework, including policies, rules, and crisis response plans, which are tested annually. In 2025, no events threatening business continuity were recorded, and one significant ICT incident was reported without material damage. A key priority during the year was preparation for accession to the euro area – a comprehensive risk assessment was carried out, additional measures were implemented, and a contingency response plan was developed. The year-end review confirmed the Bank's readiness for a smooth transition to the euro without significant impact on critical processes and customer service.

### Risk Management (hedging)

The Group uses derivatives as forward, futures, swap and option deals to manage an exposure to market risk or for trading.

The Group aims to manage risk and the objective of hedge accounting is to represent, in the financial statements, the effect of an Group's risk management activities that use financial instruments to manage exposures arising from particular risks that could affect profit or loss

Detailed information is presented in the annual separate and consolidated financial statement.

### Non-material resources

The Group continues to rely to a significant extent on its non-material resources to achieve sustainable growth, competitive advantages, and long-term trust among customers and society. Through targeted communication efforts, strategic positioning, transparency, and high ethical standards, the Bank/Group creates added value for all stakeholders.

Non-material resources cannot be physically measured, yet they play a key role in the Group's reputation, sustainability, and market positioning. In 2025, they include:

- **Brand reputation:** The reputation and strong brand remain among the most valuable non-material assets of DSK Bank as part of the OTP Group. Corporate image management is supported by systematic media monitoring – both daily and through quarterly reports prepared by the media monitoring agency, Perceptica, which provide an in-depth analysis of media presence, the nature of coverage, and key topics.

The Corporate Communications team works in close coordination with the business and market units to strategically position the Bank's and its subsidiaries' experts as opinion leaders on key economic, financial, and societal topics. This approach builds trust not only among the media but also with current and potential customers.

Communication related to the introduction of the euro serves as an example of a consistent and transparent approach, focused on keeping customers and the public informed, ensuring clarity, and providing reassurance. During the process, a comprehensive communication plan was followed, which included activities prior to the adoption of the euro (such as fee-free cash deposits and the provision of starter kits), during the process itself (real-time information on the switching of cards, channels, and ATMs), and after the adoption of the euro (the Bank's experts supported customers with useful information on cash deposits at ATMs and in branches).

- **Customer relationship:** Building and maintaining trust with customers is a core element of the Bank's image. Through effective communication about its products and services, as well as a consistent and responsible public presence, DSK Bank reinforces its position as a reliable financial partner.

An important part of these efforts is also maintaining strong professional relationships with colleagues across different units, as well as with the media, industry associations, and non-governmental organizations, which contribute to the positive perception of the Bank and support the sustainable development of customer relationships.

- **Knowledge capital:** The intellectual capital of DSK Bank and its subsidiaries is embodied in the expertise, knowledge, and experience of its employees. Through active collaboration between communication teams, business units, and expert functions, high-quality content, expert insights, and well-substantiated messages are delivered, enhancing the Bank and OTP Group's credibility and brand recognition.
- **Technology and innovation:** Within its communication strategy, the Bank consistently presents innovations and market trends based on real data and verified facts. This approach reinforces trust in the financial institution as a reliable source of information and expertise, as well as a leader in digital and innovative development within the banking sector.
- **Corporate culture, ethics and crisis management:** Ethical values and responsible behavior form the foundation of DSK Bank's corporate culture and are closely linked to the Group's Code of Ethics.

To maintain a high level of awareness among external and internal audiences, the Bank established and adopted a clearly defined crisis communication framework, developed in close collaboration with the Risk and Regulatory Compliance teams.

In situations involving limited or unavailable services, coordinated and timely reactive communication is implemented in accordance with OTP Group standards. This ensures transparency, protects the Bank's reputation, and maintains the trust of customers and partners.

## Sustainable Development

The Group recognizes its responsibility in advancing sustainable development by shaping innovative business practices that combine economic growth with positive environmental and social outcomes. In line with evolving EU policies and supervisory expectations, we continue to strengthen our role as an enabler of the transition toward a climate-resilient, low-carbon and inclusive economy. We strictly comply with applicable environmental and human rights legislation. We pursue ambitious goals towards carbon neutrality across our own operations, where our efforts are supported through various investments in energy efficiency improvements, green electricity sourcing, car fleet electrification, and the digitalization of processes to reduce resource consumption.

As a financial institution, we also play a central role in steering capital toward sustainable economic activities. The Group is committed to accelerating the green transition by expanding sustainable finance solutions, supporting climate-aligned and nature-positive investments, and promoting the uptake of energy-efficient housing, clean mobility, and resource-efficient business models. Through active engagement with our clients along their transition journey, we offer advisory support and tailored financial products that help address both their climate-related risks and emerging opportunities.

Our sustainable development efforts are further supported by a comprehensive framework for identifying, assessing, and managing environmental, social and governance risks. This includes the application of ESG Exclusion criteria, enhanced ESG due diligence throughout the client life cycle, and the deployment of advanced data-driven tools that strengthen our physical and transition risk assessments.

We are committed to responsible and sustainable banking that creates long-term value for customers, employees, communities, and the environment. Corporate Social Responsibility (CSR) is an integral part of the bank's business strategy, enabling us to

support society through community development initiatives, volunteering, sponsorships and donations. We also generate positive social impacts through our financial literacy program - #YouthPower, officially recognized by the Bulgarian Ministry of Education and Science, which equips young people with the knowledge and practical skills to confidently enter the financial world and make informed, responsible decisions.

Across the organization, we invest in building a strong culture of sustainability through a variety of learning modules, talent development and employee engagement initiatives, empowering our people to contribute meaningfully to the Group's long-term sustainability vision.

OTP Hungary will include in its consolidated sustainability report, within the competence of the parent company, its subsidiary DSK Bank and its subsidiaries: DSK DOM EAD, DSK Ventures, OTP Insurance Broker EOOD, OTP Leasing EOOD, POK DSK-Rodina AD, "Regional Fund for Urban Development" AD, DSK Asset Management EAD. The Consolidated Sustainability Report has been prepared in compliance with the European Sustainability Reporting Standards (ESRS) and in relation to the obligations following from Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 as regards corporate sustainability reporting.

In accordance with the Hungarian Accounting Act (Act C of 2000), the consolidated sustainability report and the assurance report as part of the annual report will be published by April 17, 2026 at the following link: <https://www.otpgroup.info/investor-relations/reports/annual>.

### **Investment program**

The investment program takes into consideration the value acquired capitalized and non-capitalized assets, excluding depreciation. Acquired PP&E and IA in separate and consolidated balance sheet represent a change in the net carrying amount, including depreciation, disposals and write-offs.

The investments of DSK Bank during the year amounted to BGN 64,1 million compared to BGN 73,8 million in the previous year. The investments in information technology were BGN 53,4 million and their share in the total investments of the Bank was 83% (for 2024 IT share was 87%).

The investments of DSK Group in 2025 amounted to BGN 65,4 million compared to BGN 75 million in the previous year. The investments in information technology were BGN 54,4 million and their share in the total investments of the Bank was 83% (for 2024 IT share was 87%).

The investment program includes the value of acquired capitalized and non-capitalized assets, excluding depreciation.

### **PIC DSK Rodina AD**

Pension Insurance Company DSK Rodina is licensed for performing activities on supplementary social insurance. It has registered and manages four pension insurance funds – Universal Pension Fund, Occupational Pension Fund, Voluntary Pension Fund and Voluntary Pension Fund under Occupational Schemes and two payment funds – Lifelong pension fund “DSK-Rodina” and Fund for term payments “DSK-Rodina”.

For the year 2025 DSK Rodina reported a profit after tax of BGN 43,5 million (2024: BGN 37,5 million). The revenues from the management funds amounted to BGN 68,3 million, which represented increase of 14% compared to the previous year.

At the end of 2025 the number of the insured individuals reached 1024 thousand, which was an increase of 1,4% compared to 2024. The net assets managed by the company rose to BGN 6 259,2 million, growing by 16% year-on-year. As of December 2025 DSK Rodina reached a market share in terms of number of insured individuals of 19,80% and 20,08% in terms of net managed assets (2024: respectively 19,81% и 20,15%).

### **OTP Leasing EOOD**

The company was established in 2005. Following the merge of Expressbank into DSK Bank, the Bank became a sole owner of its capital. OTP Leasing is a company specialized in the field of financial and operating leasing, offering its services to all sectors of the economy and industry, except for the time being to the real estate sector. Its main activity is financial leasing of production, construction and transport equipment, and cars.

The company is among the leading companies on the leasing market in Bulgaria, despite the increased competitive environment. The net financial lease portfolio of OTP Leasing at the end of 2025 amounted to BGN 1 961,3 million (2024: BGN 1 744,6 million). The realized profit for 2025 amounted to BGN 38,4 million (2024: BGN 30,8 million). The growth compared to the previous year was mainly driven by the higher volume of Leasing portfolio.

#### **dsk Ventures EAD**

In September 2016 DSK Mobile EAD was established in connection with DSK Bank's long-term strategy of digitalization of banking services and linking them to non-banking services in order to provide higher quality of complex banking products and services.

The company started operating activity in 2020. DSK Mobile EAD changes its name to dsk Ventures EAD, as of the date of entry of the change in the Commercial Register, namely on 11.11.2022.

In 2025, the company continued to develop its core business activities, focusing on urban transport payment services and business messaging services via Viber.

In the area of urban transport, dsk Ventures EAD continued to service the electronic ticket purchase system via bank cards. In 2025, the company reported a 17% increase in transaction volumes compared to 2024. The activity remained operationally stable and supported by an established cooperation model with key partners. The company also successfully renewed the agreement with Viber for the provision of the service of sending Viber messages. The business messaging service via Viber recorded a 29% increase in message volumes compared to 2024.

The reported profit after tax as of 31.12.2025 amounted to BGN 0,7 million (2024: BGN 0,6 million).

#### **DSK Dom EAD**

In August 2018 DSK Bank EAD established its subsidiary DSK Dom EAD with main activity credit intermediation. DSK Dom is a tied credit intermediary, working exclusively with DSK Bank and connecting directly or indirectly with the Bank the clients seeking credit financing.

DSK Dom has a wide network of representatives throughout the country (1 208 as of December 2025) offering its clients a broad range of housing and mortgage loans.

The realized profit after tax of DSK Dom for 2025 was BGN 0,592 million (2024: BGN 0,521 million).

#### **Regional Urban Development Fund AD**

The company was established in 2011, with scope of activity financing of projects, through lending or equity, with funds provided for the purposes of the implementation of targeted projects and programmes of the European Union. The financing is through long-term low-interest loans.

Following the merger of Expressbank with DSK Bank on 30.04.2020, DSK Bank became the main shareholder of the Fund (52% share in the capital).

The realized financial result in 2025 was a profit amounting to BGN 1,48 million (2024: BGN 0,83 million).

#### **Associates**

##### **Cash Services Company AD**

Cash Services Company was registered in 2007 with shareholders DSK Bank EAD, UniCredit Bulbank, Bulgarian National Bank and United Bulgarian Bank. In 2008 Raiffeisenbank has been incorporated as a shareholder. All shareholders have 20% share of the capital. In August 2019 Raiffeisenbank Bulgaria sold its shares to the other shareholders, and respectively their share in the capital of the company increased to 25%.

The company reported a profit after tax for 2025 amounting to BGN 3,61 million (2024: BGN 2,61 million).

**DSK Asset Management AD**

As of the end of 2025, "DSK Asset Management" AD manages nineteen funds with a total AUM of BGN 466,3 million (2024: BGN 370,9 million).

The products portfolio includes "DSK Conservative Fund" - a portfolio, based of debt instruments, mainly (government securities and corporate bonds) and limited exposure (max. up to 20%) to equity instruments; "DSK Standard" and "DSK Euro Asset" – bond funds, denominated in BGN and EUR, respectively; "DSK Balance" (balanced fund); "DSK Growth" and "DSK Global Companies" – equity funds.

A large product group of funds managed by the Company are those with the possibility of protecting the investment when it is held for a certain period: "DSK Stability - European Equities", "DSK Stability - European Equities 2", "DSK Stability - European Equities 3", "DSK Stability - European Equities 4", "DSK Stability - European Equities 5", "DSK Stability - European Equities 6", as well as "DSK Stability – Eurobonds", "DSK Stability – Eurobonds 2", "DSK Stability – Eurobonds 3", "DSK Stability – Eurobonds 4" and "DSK Stability – Eurobonds 5".

The company also manages "DSK Dynamics" - fund, which follows a flexible investment strategy "Absolute Return" and "DSK-OTP Premium Mix" - a fund of funds, with investments mainly in a mix of other funds, managed by "OTP Fund Management".

The reported profit after tax of the company for 2025 amounted to BGN 0,53 million (2024: BGN 0,37 million).

The company also manages "DSK Dynamics" - fund, which follows a flexible investment strategy "Absolute Return" and "DSK-OTP Premium Mix" - a fund of funds, with investments mainly in a mix of other funds, managed by "OTP Fund Management".

The reported profit after tax of the company for 2025 amounted to BGN 0,53 million (2024: BGN 0,37 million).

**Audit remuneration**

The joint and independent financial audit of the annual financial statements of DSK Bank and the Group is carried out by the registered auditors "Ernst & Young Audit" OOD and "BDO BULGARIA" OOD.

The accrued amounts for DSK Bank (BGN 2,11 million) for 2025 for the services provided by the independent auditors are the following:

- independent financial audit - BGN 1,58 million;
- review of interim financial statements – BGN 0,51 million;
- other services, non-related to audit – BGN 0,02 million.

The accrued amounts for the Group (BGN 2,51 million) for 2025 for the services provided by the independent auditors are the following:

- independent financial audit - BGN 1,92 million;
- review of interim financial statements – BGN 0,51 million;
- other services, non-related to audit – BGN 0,08 million.

### Events after the reporting period

According to the Introduction of the Euro in the Republic of Bulgaria Act, effective from 01 January 2026, the Euro becomes the official currency and a legal means of payment in Bulgaria. The official conversion rate is 1.95583 BGN for 1 EUR.

The introduction of the Euro as an official currency in Republic of Bulgaria represents a change in the functional currency of the Bank which is presented prospectively and does not represent an event after the end of the reporting period which requires correction in the separate and consolidated financial statements for the year ended 31 December 2025.

As of the date of this separate and consolidated financial statement the registered share capital of DSK Bank is converted from BGN to EUR and amounts to EUR 678 945 219.12, distributed in 132 865 992 ordinary dematerialized shares by name with voting right with nominal amount EUR 5.11 each. The difference between the registered capital as of 31 December 2025, recalculated in EUR by the official conversion rate and the amount of the registered share capital in EUR amounts to EUR 387 811 and is accounted for as increase in the retained earnings in 2026.

As of the date of this separate and consolidated financial statement, the financial collateral granted to the Bulgarian National Bank for preliminary supply with Euro banknotes and coins, has been fully unblocked.

After 01 January 2026 the Bank maintains minimum reserves according to the requirements of the European Central Bank. The amount of the minimum reserves, has been changed to 1% of the reserves base, comprising comprised of deposits of the Bank received, following the methodology of the European Central Bank.

On 28 February 2026, USA and Israel launched coordinated military attacks over the territory of the Islamic Republic of Iran, which resulted in a sharp escalation of the conflict in the Middle East. In the days that followed, Iran retaliated by launching missiles and drones against Israel and a few other Persian Gulf countries. The military strikes disrupted the oil flows through the Strait of Hormuz, which led to significant fluctuations on international markets, including a rise in oil and natural gas prices.

Although management has not identified any direct negative effects on the Bank's operations as of the date of these separate and consolidated financial statements, it is monitoring closely the development of the conflict, including the potential impact of prolonged military actions on the economic environment, the increased fuel prices, the inflation and the possible side effects of disrupted trade relations.

On 12 March 2026 the Bank received a new loan to the amount of EUR 775 000 thousand from OTP Bank for the purpose of securing the minimum requirements for equity and eligible liabilities. The interest rate is 3-month EURIBOR plus mark-up. The maturity date is 11 April 2031.

There are no other significant events identified after the end of the reporting period.

### Major goals for 2026:

The management of the Bank has defined the following priorities for the business year 2026:

- Dominate our markets through customer obsession and innovation;
- Digital prowess to match bank scale and ability in the branch channel.

### The major goals of the companies from the Group are as follows:

**Pension insurance company "DSK-Rodina"** plans to increase its market share both in terms of number of clients and assets under management, while focusing on the clients' satisfaction. More functionalities on our modern corporate website, including digitalization of processes will be presented, together with expanded loyalty program for the insured persons. More efforts on improving the financial literacy of the clients are planned, by means of easily accessible materials and video content, professional consulting of the new pensioners about the pension products in the payout phase.

**OTP Leasing** – the company plans to expand its activity and to continue to be among the leaders on the leasing domestic market. The major challenges in front of the management team of OTP Leasing AD in the next year will be the implementation of adequate policy with respect to the challenges of the economic environment, focused mainly on preserving the excellent quality of the leasing portfolio while maintaining optimal profitability.

Regarding to the above stated, the Company's and Group management plans to concentrate its efforts on the strict monitoring of the existing leasing contracts, increasing the risk profile requirements of all potential leasing customers, while at the same time trying to expand the achieved market share.

**DSK Dom** - affirming DSK Dom as the largest credit intermediary in Bulgaria with the most numerous agent network; sustainable growth of mortgage loan sales; maintaining high quality loan portfolio;

**dsk Ventures** - in 2026 will continue efforts to improve the quality of the service for purchasing an electronic ticket by bank card, focusing on the collection of unsuccessfully collected amounts due to various reasons. We do not expect any significant growth in terms of number of transactions as the service is already popular enough. The service for purchase of an electronic ticket through a bank card in the public transport is expected to be launched in other cities.

**Regional Urban Development Fund** - In 2026 Fund's efforts will be focused on management and monitoring of UDF North and JESSICA existing loan portfolios as well as negotiating and distributing available recycled funds of UDF North financial instrument.

The Annual Report on the Activity of DSK Bank AD and the Companies of the Group for 2025 is approved by the Management Board on 16 March 2026.

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Tamas Hak-Kovacs

*Chief Executive Officer*

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Tsvetoslav Dimov

*Executive Director*

**CORPORATE MANAGEMENT DECLARATION**  
**According to Art. 40 of the Accountancy Act and Art. 100n POSA**

**1. Information as per Art.100n, para.8, item 1, letter “a” POSA**

DSK Bank AD follows duly the National code of corporate management published on the website of the Bulgarian Stock Exchange in compliance with Art. 40 of the Accountancy Act and Art.100n of the POSA;

**2. Information as per Art.100n, para.8, item 3 POSA**

Description of the main characteristics of the internal control and risk management systems of the credit institution (a public interest entity) in regard to the financial reporting process:

The internal control system of DSK Bank is based on the efficient internal governance and internal control framework that includes clear organizational structure and well-functioning independent units for risk management, regulatory compliance, including AML/CFT compliance and internal audit, having the necessary powers, status and resources to fulfil their functions. The risk management units and the regulatory compliance unit, including AML/CFT compliance unit are subject to review by the internal audit unit.

The heads of the internal control functions can act autonomously and independently, as well as to express their considerations and to warn the managing authority of supervisory function, if necessary, when an unfavourable development of any risk has or may have influence on the Bank.

The established internal control framework of DSK Bank AD ensures:

- a. the performance of efficient and effective operations;
- b. reasonable fulfilment of activity;
- c. appropriate detection, measurement and mitigation of the risks the Bank is exposed to;
- d. reliability of financial and non-financial information and reporting;
- e. compliance with laws and bylaws, regulatory requirements, and internal policies, procedures, rules and decision implemented by the institution.

The process of Bank operating activity includes also the fulfilment of internal financial control – preliminary, current and subsequent. Systems of internal control on the financial reporting are integrated within the Bank activity.

The preliminary control is performed for all types of accounting operations and precedes the fulfilment of the accounting operations, aiming to ensure their lawful realization.

The current control of operations with high level of operational risk is carried out during the processing and aims at ongoing elimination of deviations from the established rules and order for performing and documenting the accounting operations, ensuring their lawful fulfilment, timely correction of mistakes made, etc.

The subsequent control covers all actions and measures, aiming to find out the illegal actions and operations, omissions and errors, misuses, waste and other irregularities that are present despite the measures undertaken during the preliminary and current control.

The internal control environment established in the Bank ensures the reliability of the reporting information. The control functions on the financial reporting cover: organizational and operating independence of the unit responsible for the financial reporting from the business departments; coherence between the organizational structure and the control and management processes for the related risks in a way of clear definition of responsibilities; integrated information systems enabling the option for preparation of detailed reports and enquiries; developed framework of procedures and rules related to financial reporting and information security; definition and adherence to the levels of approval and system of internal control processes.

Part of the structure of DSK Bank AD is the **Risk Management Division**, which main tasks are related to: maintaining an adequate policy for risk undertaking and risk assessment methodology, in compliance with the risk appetite and the adopted risk strategy; organization and provision of adequate system for measuring, reporting and efficient risk management; planning and management of the fulfilment of projects in the field of risk management; provisioning of regulatory and internal reporting related to the management of credit, market and operational risk; assessment and monitoring of environmental, social and governance related risks (ESG risks).

The risk control and management in the Bank is determined depending on the risk appetite and Bank's capabilities to perform monitoring on the risks undertaken by it. For these purposes, DSK Bank AD has clearly defined competency levels according to the type and total amount of the risk to be undertaken in regard to client/ counterparty and client's group. The risk management units performing control activities in the credit process, are independent from the business units.

The Bank uses internal rating system for assessing the creditworthiness of its clients.

In addition to client and counterparty limits, DSK Bank also limits the concentration of its exposures through sectoral limits for the companies. The sectoral limits are determined according to the methodology appendix to the Procedure for setting sectoral limits. They are approved by the Credits and Limits Council and controlled by the Risk Management Division. Review or update of limits could be proposed in case of change of the business plan for the risk exposures to the companies- clients of the Bank, in case of changes in the macroeconomic framework; risks, which cause or could cause a significant influence on the development of the companies from that sector, respectively, on the financial indicators of the sectors or in case of business expanding beyond the approved annual plan.

The Risk Management Division exercises control functions also with respect to the management of non-financial risks by applying methods to measure expected and unexpected losses as well as by applying policies and mechanisms to mitigate such risks.

For ensuring proper management of the Climate and Environmental risks, the Bank has implemented Climate and Environmental Risk Policy and General Rules for ESG Risk Assessment, considering both physical and transition risk drivers. The framework is tailored to meet the specific characteristics of the Bank's various portfolios - corporate, retail, and leasing - ensuring that the approach is both holistic and adaptable to different types of clients. A key improvement is the enhanced ESG Due Diligence process for corporate clients, which considers economic sector-specific vulnerabilities and client's transition plans. The ESG risk assessment process integrates sustainability considerations directly into Loan Origination and Monitoring, with evaluation of both the client and transaction ESG risk. This dual-layered evaluation allows the Bank to classify credit exposures more effectively, identify potential ESG risks at an early stage and tailor the terms of financing or monitoring requirements accordingly. This proactive approach reinforces DSK Bank's commitment to sustainable financing while also safeguarding its portfolio against ESG-related vulnerabilities.

In the market risk field position limits, stop-loss limits, VaR limits, etc. are used which support the appropriate management of these risks. Compliance with the counterparty limits is ensured through their integration in the system for treasury transactions, thus playing the role of preventive control. Market Risk Management unit performs a subsequent control of the market limits (VaR, Stop loss, BPV). There are established specialized analytic environments within the Bank Group, which allow for timely monitoring and management of the risks. There is an escalation system in case of limit violation, and specific terms are defined for undertaking corrective measures in case of violation. The limits themselves are subject to regular review and update depending on the changes in the business plans and the business environment.

The Bank has implemented a reliable system for identification, registration and subsequent update of all events occurring and causing financial damages, as well as for events that could have influence on the image and reputation of the Bank. The information gathered is regularly analysed and presented to the competent bank management authorities, in order to take adequate measures to limit and prevent the occurrence of such events. Response emergency plans are developed for cases of extraordinary circumstances, so as to allow preserving the Bank's operational capacity and limiting the financial and reputation effects of these events' occurrence.

The Division performs independent monitoring of the functioning of risk management mechanisms, including Internal Control System, to strengthen and facilitate the implementation of stable risk management framework and to ensure compliance with internal rules, policies and risk strategy, as well as with external regulatory requirements.

**Compliance Directorate** ensures proper risk identification, measurement and management in relation to the regulatory compliance, which DSK Bank may suffer as result of incompliance with the applicable laws, supervisory requirements, codes of conduct and standards in the fields of compliance applicable for the banking activity. The directorate exercises the control on the adherence to the existing legal framework, the supervisory requirements and the internal acts of DSK Bank and OTP Group, including the Code of Ethics, Rules for conflict of interests, personal data protection, application of sanction programs, etc. The unit performs a compliance assessment for the product proposals in regard to the existing legal framework, and, if appropriate, in regard to all known pending changes in the legislation and the supervisory requirements. Compliance Directorate provides methodical support and exercise control on the activity of DSK Bank in its capacity of an investment mediator, and proposes measures for eliminating the inconsistencies in this field.

Compliance Directorate through *Anti-Money Laundering and Combating the Financing of Terrorism Methodology Department*, Due Diligence Team and Monitoring Department:

- Is a second level of control and defence that ensures the identification, measurement and management of the money laundering and terrorist financing risk that DSK Bank may incur as a result of non-compliance with applicable laws, regulations, supervisory requirements and guidelines, codes of conduct, international standards and guidelines, as well as applicable group policies and regulations in the field.
- Has been designated as the specialized service unit within the meaning of Art. 106 of the MAML Act and is managed by the Head of the Compliance Directorate, to whom the management body in its management function has assigned the role of an employee in a senior management position under Art. 106 of the MAML Act and the role of a compliance officer responsible in the field of prevention of money laundering and terrorist financing, in the meaning of p. 4.2 of guidelines EBA/GL/2022/05 from 14.06.2022.
- Organizes, coordinates, manages and supervises the activities related to the prevention of money laundering and financing of terrorism in DSK Bank, in accordance with the above-mentioned national, international and group legal framework.
- Provides methodical assistance and controls the activities of DSK Bank's subsidiaries, instructing them on measures to eliminate inconsistencies in the field of prevention of money laundering and terrorist financing.

*Internal Control of Investment Activity Department* within the Regulatory Compliance Directorate is the unit responsible for verifying compliance under Article 43 of Regulation No. 38 of May 21, 2020 on the requirements for the activities of investment intermediaries, which performs the function of compliance with the regulatory requirements under Article 67(1) of the Financial Instruments Markets Act in the Bank in its capacity as an investment intermediary. The department operates independently of other units and exercises constant control over compliance by the persons entrusted with the management of the Bank and by all other persons working under contract for the Bank in its capacity as an investment intermediary with the regulatory requirements for the Bank's activities as an investment intermediary.

**Internal Audit Directorate** is a structural unit for independent internal audit.

The organizational positioning ensures independency in planning and performing the internal audit activity, and the reporting is carried out at highest management level – Management Board, Audit Committee, Supervisory Board, Internal Audit Directorate of OTP Bank Hungary and General Shareholders' Meeting.

The purpose, powers and responsibilities of Internal Audit Directorate are regulated by the Internal Audit Charter, Rules for Strategic and Annual Planning, Rules for conducting internal audit engagements, Rules for quality assurance and improvement of internal audit function. The Internal Framework is in compliance with the applicable stipulations of: the Bulgarian National Bank Act, Credit Institutions Act, Regulation № 10 of Bulgarian National Bank dated 24 April 2019 on the organization, management and internal control of banks, Financial Supervision Commission Act, Act on the public offering of securities, Act on the special investment purpose companies, Act on the implementation of measures against market misuse with financial facilities, Financial Facilities Markets Acts.

The activity is process oriented and the focus is determined by the risk assessment of the processes based on three years audit cycle, including outsourced activities and DSK Bank subsidiaries; by the expectations of the senior management, by the strategic plan and business plan of the Bank and the business continuity plan; by the priorities of bank regulators; the budget and the investment policy of the Bank; centrally coordinated audits of the Internal Audit Directorate of OTP Bank; results from previous audits.

### **3. Information as per Art.100n, para. 8, item 4 POSA**

Information as per Article 10, paragraph 1, letters “c”, “d”, “e”, “g” and “j” of Regulation 2004/25/EC of the European Parliament and the Council dated 21 April 2004 regarding the merger proposals:

- 3.1. DSK Bank AD has no shareholders possessing shares with special control rights;
- 3.2. DSK Bank AD has no restrictions implemented on the shareholders' vote rights;
- 3.3. The rules used for regulating the appointment or change of the members of the Management Board and the Supervisory Board and amendments of the Articles of Association are:
  - The Articles of Association of DSK Bank AD;
  - The Governance Rules of DSK Bank AD and Section V. Decision-making Mechanism thereto;
  - Policy On Suitability Assessment of members of Management Board / Board of Directors, Supervisory Board, executive officers, and key function holders of DSK Bank and Banking group;
  - Rules for conflict of interests.
- 3.4. The powers of the Supervisory Board and the Management Board of DSK Bank AD are defined in:
  - The Articles of Association of DSK Bank AD;
  - The Governance Rules of DSK Bank AD and Section V Decision-making Mechanism thereto.
- 3.5. The Supervisory Board and the Management Board of DSK Bank AD have no right to make decision for shares emission or redemption.

### **4. Information as per Art.100n, para.8, item 5 POSA**

Composition and functioning of the administrative, management and Supervisory Boards and the committees thereto:

- 4.1. The composition and the requirements on the composition of the management and supervisory bodies, the Audit Committee, the Risk Committee, the Nomination Committee, the Remuneration Committee, the Assets and Liabilities Committee, the Investment Committee, the Product development, pricing and sales Committee, the Credits and Limits Council, the Work-out Committee, the Data and Analytics Committee, the Operational Risk Management Committee, the Retail Credit Risk Committee, the Corporate Credit Risk Committee, the Resolution Committee, the ESG Committee, the Ethics Committee, Crisis Management Committee and Anti-Financial Crime Committee are defined in:
  - The Articles of Association of DSK Bank AD;
  - Governance Rules of DSK Bank AD;
  - Rules of operation of the relevant committee and other internal acts of the Bank.

#### **4.1.1. Composition of the Supervisory Board**

The Supervisory Board consists of at least 3 and no more than 7 members meeting the requirements of Art.10 and Art.11 of the CIA, regulations of the BNB for their implementation and Guidelines of the European Banking Authority (EBA).

One third of the members of the Supervisory Board are independent as per the meaning of Art. 10a, para. 2 of the CIA and EBA Guidelines .

#### **4.1.2. Composition of the Management Board**

The Management Board consists of at least 3 and no more than 9 members meeting the requirements of Art.10 and Art.11 of the CIA, regulations of the BNB for their implementation and EBA Guidelines.

4.1.3. Composition of the Audit Committee

The Committee shall consist of no less than three members, elected and released with a decision of the General Shareholders' Meeting of the Bank on the basis of a proposal by the chairperson of the Bank's Management Board. A proposal for a member of the Audit Committee may also be made by the Chairperson of the Supervisory Board or by a shareholder. The members of the Audit Committee shall meet the requirements of the Independent Financial Audit and Assurance of Sustainability Reporting Act, as most of the Committee members, including its chairperson, must be persons who are external to the Bank and independent.

4.1.4. Composition of the Risk Committee, the Nomination Committee, the Remuneration Committee

The three committees shall consist of at least three members elected by the Supervisory Board of the Bank among its members, the majority (at least two) of the members of each of the Committees must be independent within the meaning of Art. 10a, para. 2 CIA and according to Guidelines of EBA in these regards. The Chairperson of the Risk Committee may not be at the same time the Chairperson of the Nomination Committee, the Remuneration Committee or the Audit Committee, as well as the Chairperson of the Supervisory Board of the Bank.

4.1.5. The members of the committees to the Management Board are determined in the Governance Rules of the Bank by positions among DSK Bank's employees.

4.2. The functioning of the management and supervisory bodies and committees of DSK Bank AD is defined in:

- The Governance Rules of DSK Bank AD;
- The Rules of operation of the Supervisory Board;
- The Rules of operation of the Management Board;
- The Statute of the Audit Committee;
- The Rules of operation of the Risk Committee;
- The Rules of operation of the Nomination Committee;
- The Rules of operation of the Remuneration Committee;
- The Rules of operation of the Assets and Liabilities Committee;
- The Rules of operation of the Investment Committee;
- The Rules of operation of the Product Development, Pricing and Sales Committee;
- The Rules of operation of the Credits and Limits Council;
- The Rules of operation of the Work-out Committee;
- The Rules of operation of the Data and Analytics Committee;
- The Rules of operation of the Operational Risk Management Committee;
- The Rules of operation of Retail Credit Risk Committee;
- The Rules operation of Corporate Credit Risk Committee;
- Rules for Resolution Specific Governance of DSK Bank AD;
- The Rules of operation of ESG Committee;
- Rules of operation of the Ethics Committee;

- Rules of operations of the Crisis Management Committee;
- Rules of operations of the Anti-Financial Crime Committee.

4.3. The functions of the **Supervisory Board** of the Bank are as follows:

- Performs overall supervision over the legality and expediency of the Bank's activity and the work of its executive bodies;
- Monitors the implementation of decisions of the General Shareholders' Meeting and of the Management Board;
- Oversees and monitors management decision-making and actions;
- Exercises effective oversight of the activity of the Management Board, including monitoring and scrutinising its individual and collective performance and the implementation of the Bank's strategy and objectives;
- Constructively challenges and critically reviews proposals and information provided by members of the Management Board, as well as its decisions;
- Establishes risk, remuneration and nomination committees;
- Ensures and periodically assesses the effectiveness of the institution's internal governance framework and takes appropriate steps to address any identified deficiencies;
- Oversees and monitors that the Bank's strategic objectives, organisational structure and risk strategy, its risk appetite and risk management framework, as well as other policies and the disclosure framework are implemented consistently;
- Monitors that the risk culture of the institution is implemented consistently;
- Oversees the implementation and maintenance of corporate culture and values to identify, manage and mitigate actual and potential conflicts of interest;
- Oversees the integrity of financial information and reporting, and the internal control framework, including an effective and sound risk management framework;
- Reviews and approves the quarterly reports of the Management Board on its activities, including on changes to the organisational and management structure of the Bank and amendments to the Decision-making Mechanism, made during the reporting period, as well as on the execution of the strategy and the business plan; undertaking corrective action in cases of short-fall;
- Ensures that the heads of internal control functions are able to act independently and, regardless the responsibility to report to other internal collective bodies, business lines or units, can raise concerns and warn the Supervisory Board directly, where necessary, when adverse risk developments affect or may affect the Bank;
- Oversees and monitors Internal Audit function with support of Audit Committee;
- The interaction between the Supervisory Board and the internal control functions and its tasks in respect of those functions, apart from the present rules, are regulated on one hand in the rules of procedure of the Supervisory Board, its committees and the Audit Committee, and on the other hand in the internal acts regulating the activity of each of the internal control functions;
- The Supervisory Board performs its functions by exercising the following powers:
  1. At its discretion, requests from the Management Board information or reports on each issue relevant to the activities of the Bank.
  2. Approves:
    - 1) Business strategy, including the strategic and annual business plan and budget of the Bank, capital plan and funding plan;
    - 2) Risk Strategy, including Risk Appetite Framework;
    - 3) Environmental, Social and Governance (ESG) Strategy;
    - 4) Non-Performing Loans Strategy.
    - 5) Compliance strategy including anti-money laundering and combating the financing of terrorism strategy.
    - 6) other strategic documents, in case of regulatory requirement or necessity;
    - 7) the rules of operation of the Management Board;
    - 8) fundamental internal rules and policies, if provided for in the present Governance rules.
  3. Adopts:
    - 1) policies regulating the individual and collective suitability assessments of the members of the Management Board and Supervisory Board and of the persons holding key positions in the Bank, containing also rules on the composition and continuity of the members of the boards.
    - 2) remuneration policy;
    - 3) diversity policy;

- 4) rules of operation of the Supervisory Board.
- 5) internal framework, stipulating the activity of the Internal Audit Function, the strategic and annual plan, the annual budget, the annual and mid-term training and education plan, as well as the annual and mid-term recruitment plan of the Internal Audit Function;
- 6) other internal acts, in case of regulatory requirement or necessity;
4. Elects and dismisses the members of the Management Board and determines their remuneration and mandate. The changes in the membership of the Management Board shall not be acted upon without the prior approval of the BNB.
5. Approves the decisions of the Management Board on:
  - 1) election and dismissal of the Chairperson and any Deputy Chairperson (if elected) of the Management Board, the Chief Executive Officer and the Executive directors.
  - 2) commence or cease activity within the granted banking license;
  - 3) fundamental changes in the organisational and management structure of the Bank, specified in these Governance Rules and opening and closing down branches within the meaning of the Commercial Code;
  - 4) the establishment of other funds in addition to the mandatory ones and for determining the conditions for the use of such funds;
  - 5) granting internal loans if provided by law or internal regulations of the Bank;
  - 6) establishment of companies;
  - 7) acquisition and disposal of shares and stakes of the Bank in banks and other companies, held for investment purposes as specified in the present Governance Rules;
6. Calls the General Shareholders' Meeting and of the Management Board.
7. Reviews and submits for approval to the General Shareholders' Meeting, the annual financial statements, the report for the activity of the Bank and the proposal of the Management Board for the allocation of profit.
8. Elects among its members, the members of the Nomination Committee, the Risk Committee and the Remuneration Committee (the Committees), supporting the activity of the Supervisory Board, and adopts their rules of procedure, containing among others:
  - role and functions of the committee;
  - way of working and operational rules;
  - contributors to the activity of the committee, collaboration and interaction between: the contributors and the committee, the committee and the other committees, including the Audit Committee, between the committee and the internal control functions and the committee and the Supervisory Board;
  - methods for effective control by the Supervisory Board regarding the activities and decisions of the committee;
  - regular reporting of the committee body to the Supervisory Board.
9. Acknowledges the provided to the Bank elements of the resolution plan as well as other information provided by the Single Resolution Board in relation to the resolution and resolution planning processes.  
Acknowledges the working programme for implementation of the working priorities defined by the Single Resolution Board and monitors the implementation status of the working priorities.
10. Monitors the compliance with the minimum requirements for capital adequacy and leverage ratio as well with the minimum requirements for own funds and eligible liabilities (MREL), as well as the internal capital adequacy assessment.
11. Gives prior approval to the appointment and dismissal of the Head of the Internal Audit Function after obtaining recommendation from the Audit Committee, approves his/ her remuneration and bonus and sets objectives for and assesses his/ her performance.
12. Performs other functions as provided for by law, the Articles of Association, the present Governance rules and other internal regulations of the Bank and shall give an opinion on any issue referred to it by the General Shareholders' Meeting.

4.4. The functions of the **Management Board** of the Bank are as follows:

1. Defines and adopts the strategies of the Bank, including but not limited to:
  - 1) Business strategy, including the strategic and annual business plan and budget of the Bank;
  - 2) Risk strategy, including the levels of risk appetite and risk tolerance, risk management framework;
  - 3) Environmental, Social and Governance (ESG) Strategy;
  - 4) Non-Performing Loans Strategy.

- 5) Compliance strategy including anti-money laundering and combating the financing of terrorism strategy.
  - 6) other strategic documents, in case of regulatory requirement or necessity;
2. Defines, adopts and/or discusses, and/or reviews key policies, rules, methodologies, assessments and procedures of DSK Bank, makes decisions in compliance with the applicable legal and regulatory framework to ensure adequate and effective internal governance and performance of Bank's activities, including but not limited to:
- 1) for the organizational structure, activity and functioning of the internal control in the Bank, that shall include the independent risk management function, compliance function, including anti-money laundering and combating the financing of terrorism compliance function and internal audit function, as the interaction between the Management Board and the internal control functions and its tasks in respect of those functions, apart from the present rules, are regulated on one hand in the rules of procedure of the Management Board, its committees, and on the other hand in the internal acts regulating the activity of each of the internal control functions;
  - 2) for internal capital and regulatory capital management, for preparation of the Internal capital adequacy assessment process (ICAAP), which presents the adequacy of the regulatory and internal capital to cover the risks related to the Bank's activity, that is subject of adoption by the Management Board;
  - 3) for liquidity management as well for the liquidity management plan in the event of a liquidity crisis, for preparation of Internal liquidity adequacy assessment process (ILAAP), that is subject of adoption by the Management Board;
  - 4) for management of risks, including: credit risk, operational risk, market risk, liquidity risk, interest rate risk in the banking book, credit spread risk in the banking book, business and strategic risks and other risks considered material, as well as the methodologies for determination of risk-taking limits and for evaluation of risk exposures;
  - 5) Reviews information and is accountable for the compliance with the minimum requirements for capital adequacy and leverage ratio as well with the minimum requirements for own funds and eligible liabilities (MREL).  
Monitors the internal capital adequacy assessment.
  - 6) for establishment and maintenance of risk culture in the Bank that addresses the risk awareness and risk-taking behaviour;
  - 7) for the establishment of corporate culture and values in DSK Bank, which fosters responsible and ethical behaviour;
  - 8) for avoidance of conflicts of interest;
  - 9) for internal alert submission;
  - 10) for ensuring the integrity of the accounting and financial reporting systems;
  - 11) for ensuring the financial and operational controls and compliance with the law and relevant standards;
  - 12) for planning methodologies and planning process, and of controlling principles;
  - 13) the income policy implementation rules of the Bank and the Banking group.
  - 14) discusses the Internal Framework (internal acts levels 1 and 2 ), stipulating the activity of the Internal Audit Function, as well as other topics related to the Internal Audit Function if provided in the internal framework of the Bank.
3. Makes decisions in respect of implementation and carrying out the Bank's strategies and policies.
4. Makes decisions for commence or cease activity within the granted banking license.
5. Makes decisions for the election and dismissal of the Chairman and any Deputy Chairman (if elected) of the Management Board, the Chief Executive Officer and Executive directors.
6. Reviews the quarterly financial statements of the Bank and signs off and submits the annual financial statement for approval to the General Shareholders' Meeting through the Supervisory Board.
7. Monitors compliance with the risk appetite limits at Bank/DSK Group level by receiving and analyzing monthly Risk Appetite Statement (RAS) monitoring report; approves mitigation actions/action plans in case of limit breaches according to Risk Appetite Framework.

8. Acknowledges the provided to the Bank elements of the resolution plan as well as other information provided by the Single Resolution Board in relation to the resolution and resolution planning processes.
9. Approves the work programme for implementation of the working priorities defined by the Single Resolution Board and acknowledges information on the implementation status of the working priorities.
10. Proposes through the Supervisory Board to the General Shareholders' Meeting a method for allocation of the annual profit by determining the part payable to the Reserves fund and other funds, as well as the part payable as dividend or to be used for capital increase.
11. Proposes to the General Shareholders' Meeting the selection of two auditing companies, to conduct joint audit of the Bank's annual financial statements and of the supervisory statements, determined by the BNB.
12. Calls the General Shareholders' Meeting.
13. Adopts Rules of procedure of the Management Board.
14. Is responsible for exercising effective control over the senior executives, subordinated direct to the Chief Executive Officer and to the Heads of Divisions.
15. Makes decisions on changes of the organisational and management structure of the Bank, consisting of opening and/or closing of fundamental and/or independent units in the Bank's structure and opening and closing down branches within the meaning of the Commercial Code.
16. Makes decisions on granting internal loans, large loans and other loans if provided by law or internal regulations of the Bank.
17. Makes decisions on obtaining of loans and credit lines by the Bank and placement of collateral, incl. for third parties.
18. Oversees the process of disclosure and communications with external stakeholders and competent authorities.
19. Makes decisions for establishment of companies, for the acquisition and disposal of shares and stakes in companies.
20. Makes decisions to exercise the rights attaching to the Bank's participation in companies, concerning increase and decrease of the capital, transformation, termination of the activity and liquidation of the company.
21. Makes decisions for appointment of a procurator.
22. Makes decisions for establishment of other funds in addition to the mandatory ones and determines the conditions for the use of such funds.
23. Reports on its activity at least once quarterly to the Supervisory Board, including on changes to the organisational and management structure of the Bank and amendments to the Decision-making Mechanism, made during the reporting period, as well as on the execution of the strategy and the business plan; undertake corrective action in cases of short-fall.
24. Reports forthwith to the Chairman of the Supervisory Board all the circumstances that may be reasonably considered to have a significant impact on the Bank or its operations.
25. Adopts decisions for:
  - 1) establishment of collective bodies that shall support the activity of the Management Board;
  - 2) defines their role, composition and functions;
  - 3) adopts rules of procedure of the collective bodies, supporting the activity of the Management Board, containing:
    - way of working and procedural rules;
    - contributors to the activity of the collective body, collaboration and interaction between: the contributors and the collective body, the collective body and the other collective bodies, if applicable, between the collective body and the internal control functions and the collective body and the Management Board;
    - methods for effective control by the Management Board regarding the activities and decisions of the collective body;

- regular reporting of the collective body to the Management Board.

26. Makes any other decisions to the Bank's activity as provided for by law, the Articles of Association, the present Governance Rules or any other internal regulations of the Bank or if it considers for necessary to make such decisions and they are not within the exclusive competence of the General Shareholders' Meeting or the Supervisory Board.

4.5. Functions of the **Audit Committee** of the Bank are as follows:

- To oversee the process of financial reporting and to submit recommendations and proposals in order to ensure its integrity and to oversee the establishment of accounting policies by the Bank;
- To monitor the effectiveness of the internal control system in respect of internal audit activity as regards the financial reporting in the bank;
- To monitor the effectiveness of the internal control system in respect of the risk management system, the compliance activity and prevention of money laundering and financing of terrorism activity, with regard to the financial reporting in the bank;
- To monitor the statutory audit of the annual individual and consolidated financial statements by taking into consideration the findings and conclusions of the Commission for Public Supervision of the Registered Auditors in relation to the inspections of the registered auditor's work made, aiming at ensuring its quality;
- To inform the Managing Board for the results of the statutory audit and to clarify in what way the statutory audit has contributed to the reliability of the financial report, as well as the Audit Committee's role in this process;
- To review and monitor the independence of the registered auditors in accordance with statutory requirements, including the expediency of the provision to the bank of non-forbidden non-audit services, by providing approval in advance for the conclusion of contracts for such services with the registered auditor;
- To notify the Commission for Public Supervision of the Registered Auditors and the Managing Board of the Bank within 7 days following each approval given for the conclusion of contracts for non-forbidden non-audit services and each approval given in accordance with Art. 66, para. 3 of the Independent Financial Audit Act;
- To be responsible for the procedure for the selection of registered auditors, and to recommend to the Management Board to propose to the General Shareholders' Meeting their appointment, respectively to postpone withdrawal of registered auditor;
- To recommend to the Management Board to propose to the General Shareholders' Meeting the early dismissal of registered auditor if there are reasonable grounds for their dismissal;
- To report its activity to the General Shareholders' Meeting;
- To prepare and to present to the Commission for Public Supervision of the Registered Auditors until 31 May an annual report of its activities;
- To periodically monitor the existence of arrangements ensuring the completeness and accuracy of data related to restructuring activities and provided to the resolution authorities, from the perspective of the reporting of the work performed by Internal Audit function on this regard;
- Performs other activities and makes decisions, provided for in the internal acts of the Bank and the regulatory framework.
- The Committee, respectively and as applicable, shall perform the functions above under items 1 to 5 inclusive and the activities as per the Statute of the Audit Committee also in respect of the sustainability reporting and the statutory sustainability assurance engagements, unless the Bank meets the legal conditions for exemption from the obligation to prepare a sustainability report and a consolidated sustainability report.

4.6. The functions of the **Risk Committee, the Nomination Committee, the Remuneration Committee** of the Bank are as follows:

- **The Risk Committee** provides advice to the Supervisory Board and the Management Board on the Bank's overall current and future strategy and risk appetite, and its operation is detailed in the Governance Rules and Rules of Operation of the Risk Committee of DSK Bank AD.

- **The Nomination Committee** performs selection of nominees for members of the the Management board/ Board of directors and the supervisory board, executive directors and key employees, persons holding key positions in DSK Bank and its subsidiaries, and its operation is detailed in the Governance Rules and Rules of Operation of the Nomination Committee of DSK Bank AD.
- **The Remuneration Committee** provides the opportunity to take competent and independent decisions regarding remuneration policies and practices, as well as the incentives created through them for risk, capital and liquidity management, assists the Supervisory Board in exercising supervision over the implementation of the Remuneration Policy, practices and processes related to it, conducts a periodic review of the Remuneration Policy and, if necessary, makes proposals for changes, and its operation is detailed in the Governance Rules and Rules of Operation of the Remuneration Committee of DSK Bank AD.

#### 4.7. Functions of the Committees to the Management Board:

- **The Assets and Liabilities Committee** implements control over the management of assets and liabilities of the Bank aiming at achieving maximum return in line with the approved by the Management Board budget targets and risk appetite, and its operation is detailed in the Governance Rules and Rules of Operation of the Assets and Liabilities Committee of DSK Bank AD.
- **The Investment Committee** reviews and approves investment decisions, contractual relationships, operational and investment expenses, and other related decisions, ensuring that they are necessary, justified, and aligned with the Bank's strategic priorities, as its operation is detailed in the Governance Rules and Rules of Operation of the Investment Committee of DSK Bank AD.
- **The Product Development, Pricing and Sales Committee** manages and develops products, services and bundles of products and services while optimising their profitability for the Bank with the goal of satisfying the clients' needs, maintaining leadership positions, increasing the Bank's competitiveness, and increasing the customer base, as its operation is detailed in the Governance Rules and Rules of Operation of the Product Development, Pricing and Sales Committee of DSK Bank AD.
- **The Credits and Limits Council** is responsible for the decision-making in connection with ensuring the optimal risk-benefit balance in line with the strategy of the Bank on lending to larger corporate clients and with regulating of the state and counterparty risk, which the Bank assumes when concluding deals with countries and financial institutions, as its operation is detailed in the Governance Rules and Rules of Operation of the Credits and Limits Council of DSK Bank AD.
- **The Work-out Committee** is responsible for management and restructuring of non-performing loans, as its operation is detailed in the Governance Rules and Rules of Operation of the Work-out Committee of DSK Bank AD.
- **The Data and Analytics Committee** is responsible for the management and development of the data received and processed in connection with the overall activities of the Bank, as its operation is detailed in the Governance Rules and Rules of Operation of the Data and Analytics Committee of DSK Bank AD.
- **The Operational Risk Management Committee** monitors the level of operational risk and the efficiency of the control environment in DSK Bank and the companies of the group by proposing adequate risk mitigating measures and how to optimize the internal control mechanisms, as its operation is detailed in the Governance Rules and Rules of Operation of the Operational Risk Management Committee of DSK Bank AD.
- **The Retail Credit Risk Committee** is responsible for monitoring and management of the Retail loan portfolio of private individuals and Small Business segment for DSK Bank and the Leasing Entities, as its operation is detailed in the Governance Rules and Rules of Operation of the Retail Credit Risk Committee of DSK Bank AD.
- **The Corporate Credit Risk Committee** is responsible for credit risk monitoring and management of the loan portfolio for the corporate segments – clients to Corporate Banking Division and Purchase Finance and Bancassurance Division, as its operation is detailed in the Governance Rules and Rules of Operation of the Corporate Credit Risk Committee of DSK Bank AD.

- **The Resolution Committee** is Responsible for the coordination and implementation of tasks arising in Resolution Situation phase in accordance with the Rules for Resolution Specific Governance of DSK Bank AD.
- **The ESG Committee** is responsible for climate and environmental risk management, as its operation is detailed in the Governance Rules and Rules of Operation of the ESG Committee of DSK Bank AD.
- **The Ethics Committee** supports the Bank in the review and assessment of ethical issues and concerns that arise in the workplace. The committee also provides guidance and advice to management and staff on ethical matters as its operation is detailed in the Governance Rules and Rules of Operation of the Ethics Committee of DSK Bank AD.
- **The Crisis Management Committee** is a permanent body that leads and coordinates the strategic response of DSK Bank AD in the event of major incidents, crisis or emergency situations or disasters, ensuring timely solutions, effective communication and protection of people, assets and reputation as its operation is detailed in the Governance Rules and The Rules of operations of the Crisis Management Committee.
- **The Anti-Financial Crime Committee** ensures effective implementation of AML/CFT and other financial crime prevention strategies, monitors and strengthens the Bank's activities for establishment of sustainable anti-financial crime culture, and support cross-functional collaboration to mitigate financial crime risks across the institution as its operation is detailed in the Governance Rules and Rules of operations of the Anti-Financial Crime Committee.

#### 5. Information as per Art.100n, para.8, item 6 POSA

Description of the diversity policy applied in regards to the administrative, management and supervisory bodies:

DSK Bank ensures the diversity in way of:

- Balanced gender and age structure on all levels of management and control;
- Educational level and various fields of knowledge (finances, law, IT) in compliance with the national regulatory requirements;
- Appropriate professional experience for the relevant positions in compliance with the regulatory requirements.

The diversity in DSK Bank is related to the continuity between the traditions in historical aspect and the rapid adaption to the new technologies in the field of the financial services.

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Tamás Hák-Kovács  
*Chief Executive Director*

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Tsvetoslav Dimov  
*Executive Director*

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**Building a better  
working world**

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## Independent auditors' report

### To the shareholders of "DSK BANK" AD

## Report on the Audit of the Separate and Consolidated Financial Statements

### Opinion

We have audited the accompanying separate and consolidated financial statements of "DSK Bank" AD (the Bank) and its subsidiaries (together the Group), which comprise the separate and consolidated statement of financial position as at 31 December 2025, and the separate and consolidated statement of profit and loss, separate and consolidated statement of comprehensive income, separate and consolidated statement of changes in equity and separate and consolidated statement of cash flows for the year then ended, and notes to the separate and consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying separate and consolidated financial statements give a true and fair view of the financial position of the Bank and the Group as at 31 December 2025, and of the financial performance of the Bank and the Group and the cash flows of the Bank and the Group for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union (EU).

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the separate and consolidated Financial Statements section of our report. We are independent of the Bank and the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Bulgaria. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the separate and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the separate and consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the separate and consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying separate and consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
<p><b>Impairment of loans and advances to customers</b></p> <p>The Bank's and the Group's disclosures about impairment of loans and advances to customers are included in Note 4.1. "Impact of novel risks on estimates and judgements", Note 7.4. "Credit risk" and Note 28 "Loans and advances to customers" to the separate and consolidated financial statements</p> <p>Loans and advances to customers represent a significant part (61%) of the total assets of the Bank and (56%) of the total assets of the Group as at 31 December 2025 with aggregate gross carrying amount of BGN 26 909 727 thousand on a separate basis and BGN 25 046 664 thousand on a consolidated basis respectively and accumulated loss allowance of BGN 702 124 thousand on a separate basis and BGN 683 948 thousand on a consolidated basis respectively. The Bank and the Group apply impairment model based on expected credit losses ("ECL") in accordance with the requirements of IFRS 9 "Financial Instruments".</p> <p>The application of such an impairment model in the determination of loss allowance for loans and advances to customers requires the Bank's and the</p>	<p><i>In this area, our audit procedures included, among others:</i></p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the process of determining the loss allowance for loans and advances to customers, including the models applied for calculation of ECL on collective and individual basis as well as whether the key assumptions and judgments used therein are in accordance with the requirements of IFRS 9 on a Bank level and Group level.</li> <li>• We reviewed and assessed the adequacy, and the consistency of application of the methodology and models used by the Bank and the Group to identify loan losses in accordance with IFRS 9 requirements.</li> <li>• We obtained understanding and</li> </ul>

Group's Management to exercise a significant degree of judgment due to the high level of complexity, specifically with respect to determining the amount of the expected credit losses as disclosed in Note 4.1. "Impact of novel risks on estimates and judgements" and Note 7.4. "Credit risk". The key assumptions, parameters and areas of judgement in the assessment of expected credit losses are related to the development of quantitative and qualitative criteria for:

- identification of significant increase of credit risk (SICR) criteria for staging of loans to clients (Stage 1: Exposures with no SICR, Stage 2: Exposures with SICR but no objective evidence for impairment and Stage 3: Exposures with objective evidence for impairment);
- determining the probability of default/loss (PD/PL), the loss given default or loss (LGD/LGL) and the exposure at default or loss (EAD);
- incorporating forward looking information (FLI) of macro-economic factors considering multiple scenarios in ECL estimation.

A higher degree of estimation uncertainty is inherent in calculating ECLs for loans and advances to customers in Stages 1 and 2, assessed for impairment collectively in view of the Bank's and the Group's availability of sufficient and adequate historical data from internal and external sources for back testing and calibrating the precision of PD/PL and LGD/LGL estimates in the impairment model. In addition, the determination of ECLs for loans and advances to customers on a separate and a consolidated basis is related to significant management judgments and assumptions as well depending on the customer's risk category and the credit product used, ranges of possible scenarios based on their outcomes for timing and amount of cash

assessed the internal controls at entity's level with respect to the development and application of the impairment models, including the model documentation and the update frequency of update and reasonableness of the parameters and macro indicators applied.

- We obtained an understanding and performed walkthrough of the processes and the key internal controls over the monitoring and loan loss allowance estimation of loans to corporate and retail clients of the Bank and the Group in accordance with the requirements of IFRS 9 focusing on additional monitoring procedures and the result from the measures applied by the Bank and the Group based on the specific consequences from the expected deterioration of the macro-economic indicators and on any changes as a result of the calibration of the methodology for calculation of ECL, including novel risks. We involved our internal IT specialists to assess and test the IT general controls over these processes of the Bank and the Group.
- We assessed the design and tested the operating effectiveness of the controls over the monitoring process and assessment for impairment of loans and advances to customers.
- With the involvement of our credit risk experts, we performed independent calculation of the parameters applied in the loss allowance models and performed review of the calculation logic for compliance with Bank's and the Group's impairment calculation models. For a sample of loans from different risk categories we have recalculated the amount of impairment based on the relevant input data.

flows from future collections, including from the sale of respective collaterals.

As a result of the heightened uncertainty on a global scale associated with emerging novel risks developing reliable estimates and applying judgments has faced new challenges. The ECL model is forward-looking and is based on a probability-weighted approach. Measurement of ECLs at each reporting period reflects reasonable and supportable information about past events, current conditions, and forecasts of future events and economic conditions. Determining of the different macroeconomic scenarios and assigning probabilities to these scenarios requires significant management judgment. The Bank applies expert credit judgment to adjust modelled ECL results when it becomes evident that known or expected risk factors and information were not considered in the credit rating and modelling process. In order to reflect novel risks, the Bank has introduced methodologies, which support the measurement and reporting of novel risks.

In 2025 the Bank and the Group have addressed the uncertainties via reassessing the assumptions used in the model macro-economic indicators that influence the determination of probability of default/loss (PD/PL), the scenarios used in calculation of the ECL and enhancing its credit risk monitoring procedures to distinguish the cases/indications that are related to long-term financial difficulties of the borrowers from those that represent temporary liquidity difficulties.

- With the involvement of our credit risk experts, we analysed and assessed the adequacy of management judgments in relation to probability of default/ probability of loss (PD/PL) and the estimated amount of loss given default/ loss given loss (LGD/LGL) in the context of the specifics of the Bank's and the Group's loan portfolio and the availability of the internal historical and forward-looking information for parameters development, including novel risk. Further, we assessed for reasonableness the PD/PL and LGD/LGL calculations by examining support for the key assumptions used and data sources, including for consideration of the available historic information on the impacts stemming from the deteriorated macro-economic indicators.
- We performed analytical procedures and tests of details and analyses, based on a sample of loans and advances to customers, for which the Bank and the Group have not identified objective evidence of impairment, to assess their adequate classification in the respective risk category (stage) by the Bank and the Group.
- For a risk-based sample of loans and advances to customers that are subject to individual impairment assessment by the Bank and the Group and focusing on those with the most significant potential impact on the separate and consolidated financial statements (phase 3), we specifically assessed the Bank's and the Group's assumptions and judgments on the classification of these based on the criteria defined by the Bank and the Group and the expected future cash flows, including

Due to the significance of the loans and advances to customers as an item in the Bank's and the Group's separate and consolidated financial statements, and the complexity of the specific models and calculations, the large number of significant judgments and high degree of inherent uncertainty in estimation involved in the impairment model under IFRS 9, we have determined this matter to be a key audit matter.

the realizable value of collateral based on our own understanding and available market information, including the impact from the consequences of the deterioration of the macro-economic indicators.

- We performed subsequent events procedures focused on the development of the risk-based sample of loans and advances to customers, after the reporting period date, to assess the Bank's and the Group's assumptions on the expected future cash flows.
- We assessed the relevance, completeness and adequacy of the disclosures for the impairment of loans and advances to customers under the requirements of IFRS 9.

### **Information Other than the Separate and Consolidated Financial Statements and Auditor's Report Thereon**

Management of the Bank is responsible for the other information in the separate and consolidated financial statements. The other information, which we have obtained prior the date of our auditor's report, comprises the management report, including the corporate governance statement prepared by management in accordance with Chapter Seven of the Accountancy Act, but does not include the separate and consolidated financial statements and our auditor's report thereon.

Our opinion on the separate and consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, unless and to the extent explicitly specified in our report.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Separate and Consolidated Financial Statements**

Management of the Bank is responsible for the preparation and presentation of the separate and consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards, as adopted by the EU, and for such internal control as management

determines is necessary to enable the preparation of individual and consolidated financial statements that is free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, management is responsible for assessing the Bank's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank and/or the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance of the Bank are responsible for overseeing the Bank's and the Group's financial reporting process as a whole.

### **Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate and consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management of the Bank.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's and/or the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence

obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank and/or the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves true and fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Bank regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

We are jointly and severally responsible for the performance of our audit and for the expressed by us audit opinion as per the requirements of the IFAASRA applicable in Bulgaria. In accepting and executing the joint audit engagement, in connection with which we report hereby, we also have followed the Guidance on Performing a Joint Audit issued on 13 June 2017 by the Institute of Certified Public Accountants in Bulgaria and the Commission for Public Oversight of Statutory Auditors in Bulgaria.

## **Report on Other Legal and Regulatory Requirements**

### ***Additional Matters to be Reported under the Accountancy Act***

In addition to our responsibilities and reporting in accordance with ISAs, described above in the *Information Other than the Separate and Consolidated Financial Statements and Auditor's Report Thereon* section, in relation to the management report, including the corporate governance statement, we have also performed the procedures added to those required under ISAs in accordance with the Guidelines on New and Expanded Auditor's Reports and Auditor's Communication of the professional organisation of certified public accountants and registered auditors in Bulgaria, i.e. the Institute of Certified Public Accountants (ICPA). These procedures refer to testing the existence, form and content of

this other information to assist us in forming opinions about whether the other information includes the disclosures and reporting provided for in Chapter Seven of the Accountancy Act and in the Public Offering of Securities Act applicable in Bulgaria.

*Opinion in connection with Art. 37, paragraph 6 of the Accountancy Act*

Based on the procedures performed, our opinion is that:

- a) The information included in the management report on a separate and consolidated level referring to the financial year for which the separate and consolidated financial statements have been prepared is consistent with those separate and consolidated financial statements.
- b) The management report has been prepared in accordance with the requirements of Chapter Seven of the Accountancy Act.
- c) The corporate governance statement referring to the financial year for which the separate and consolidated financial statements have been prepared presents the information required under Chapter Seven of the Accountancy Act and Art. 100 (m), paragraph 8 of the Public Offering of Securities Act.

***Reporting in accordance with Ordinance №58/2018 of Financial Supervision Commission***

*Statement in accordance with article 11 of Ordinance №58/2018 of FSC on the requirements for protection of the financial instruments and cash funds of clients, for management of goods and for providing or receipt of remuneration, commissions, other cash and non-cash benefits*

On the basis of the performed audit procedures and the obtained understanding for the activity of the Bank and during the performance of our audit of the financial statements of the Bank, the created and applied organization in relation with the fiduciary assets is in accordance with the requirements of article 3-10 of Ordinance №58 of FSC and article 92-95 of Markets in Financial Instruments Act, on the activity of the Bank in its role as investment intermediary.

***Reporting in accordance with Art. 10 of Regulation (EU) No 537/2014 in connection with the requirements of Art. 59 of the Independent Financial Audit and Assurance of Sustainability Reporting Act***

In accordance with the requirements of the Independent Financial Audit and Assurance of Sustainability Reporting Act in connection with Art. 10 of Regulation (EU) No 537/2014, we hereby additionally report the information stated below.

- Ernst & Young Audit OOD and BDO BULGARIA OOD were appointed as statutory auditors of the separate and consolidated financial statements of the Bank and the Group for the year ended 31 December 2025 by the general meeting of shareholders held on 28 March 2025 for a period of one year.
- The audit of the separate and consolidated financial statements of the Bank and the Group for the year ended 31 December 2025 represents fifth total uninterrupted statutory audit engagement for that Bank and Group carried out by Ernst & Young Audit

OOD and ninth total uninterrupted statutory audit engagement for that Bank and Group carried by BDO BULGARIA OOD.

- We hereby confirm that the audit opinion expressed by us is consistent with the additional report, provided to the audit committee of “DSK Bank” AD, in compliance with the requirements of Art. 60 of the Independent Financial Audit and Assurance of Sustainability Reporting Act.
- We hereby confirm that we have not provided the prohibited non-audit services referred to in Art. 64 of the Independent Financial Audit and Assurance of Sustainability Reporting Act.
- We hereby confirm that in conducting the audit we have remained independent of the Bank and the Group.

Audit Firm Ernst & Young Audit OOD  
with registration number 108:

Audit Firm BDO BULGARIA OOD with  
registration number 015:

Nikolay Garnev  
Legal Representative

Valia Iordanova  
Legal Representative

Nikolay Garnev  
Registered Auditor in charge of the audit

Valia Iordanova  
Registered Auditor in charge of the audit

Sofia, Bulgaria  
16 March 2026

**Separate and consolidated statement of profit or loss**  
**For the year ended 31 December 2025**

<i>In thousands of BGN</i>	Note	Separate		Consolidated	
		2025	2024	2025	2024
Interest income calculated using the effective interest rate method		1 466 055	1 463 770	1 517 452	1 505 988
Interest expense calculated using the effective interest rate method		(129 924)	(146 714)	(129 642)	(146 432)
<b>Net interest income</b>	10	<b>1 336 131</b>	<b>1 317 056</b>	<b>1 387 810</b>	<b>1 359 556</b>
Fee and commission income		483 839	428 239	557 506	492 546
Fee and commission expense		(85 776)	(68 654)	(94 801)	(78 953)
<b>Net fee and commission income</b>	11	<b>398 063</b>	<b>359 585</b>	<b>462 705</b>	<b>413 593</b>
Net trading income	12	(18 229)	137 309	(15 884)	140 030
Net income from equity financial instruments at FVTPL	13	(1 277)	(1 072)	(957)	(826)
Net gains from realisation of financial assets measured at amortised cost	14	34 195	27 195	34 195	27 107
Net gain/ (loss) from foreign exchange		83 349	(73 982)	83 342	(73 989)
Other operating income, net	15	80 011	74 701	42 110	44 150
<b>Operating income</b>		<b>1 912 243</b>	<b>1 840 792</b>	<b>1 993 321</b>	<b>1 909 621</b>
Impairment losses on financial assets, net	16	(111 145)	(125 141)	(110 124)	(128 749)
Impairment gain/ (loss) on non-financial assets, net	17	504	(98)	470	(98)
Net expense from provisions	39	(4 244)	(850)	(4 583)	(2 171)
Personnel expenses	18	(326 560)	(271 556)	(348 036)	(290 933)
Depreciation and amortisation	19	(63 678)	(59 283)	(72 183)	(66 856)
Other expenses	20	(235 598)	(239 921)	(249 608)	(252 349)
Loss on disposal of subsidiaries	21.2	-	(5)	-	(58)
Share of profit of associates, accounted for using the equity method	46	-	-	1 011	742
<b>Profit before tax</b>		<b>1 171 522</b>	<b>1 143 938</b>	<b>1 210 268</b>	<b>1 169 149</b>
Income tax expense	22	(158 838)	(156 861)	(169 846)	(165 144)
<b>Profit for the year from continuing operations</b>		<b>1 012 684</b>	<b>987 077</b>	<b>1 040 422</b>	<b>1 004 005</b>
<b>Attributable to:</b>					
Owners of the parent				1 039 648	1 002 453
Non-controlling interest				774	1 552

The separate and consolidated statement of profit or loss is to be read together with the Notes from 1 to 49 forming an integral part of these separate and consolidated financial statements.

The separate and consolidated financial statements are authorised for issue by the Management Board and signed on behalf of DSK Bank AD on 16 March 2026.

\_\_\_\_\_  
Tamás Hák-Kovács  
*Chief Executive Director*

\_\_\_\_\_  
Tsvetoslav Dimov  
*Executive Director*

\_\_\_\_\_  
Lazarina Pencheva  
*Compiler*

Separate and Consolidated Financial statements for which Ernst & Young Audit OOD with registered number 108 and Registered Auditor in charge of the audit Nikolay Garnev and BDO BULGARIA OOD with registered number 015 and Registered Auditor in charge of the audit Valia Iordanova have issued auditors' report dated 16 March 2026.

Audit company „Ernst and Young Audit“ OOD	Audit company „BDO BULGARIA“ OOD

**Separate and consolidated statement of comprehensive income**  
**For the year ended 31 December 2025**

<i>In thousands of BGN</i>	<b>Separate</b>		<b>Consolidated</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
<b>Profit for the year</b>	<b>1 012 684</b>	<b>987 077</b>	<b>1 040 422</b>	<b>1 004 005</b>
<i>Items that may be reclassified subsequently to profit or loss</i>				
Movement in the investment revaluation reserve for debt instruments measured at fair value through other comprehensive income	12 031	17 129	12 031	17 130
(Loss)/ profit on revaluation of hedging instruments	(53)	1 718	(53)	1 718
Income tax related to OCI items that may be reclassified subsequently to profit or loss	(1 794)	(2 483)	(1 794)	(2 483)
<b>Total items that may be reclassified subsequently to profit or loss</b>	<b>10 184</b>	<b>16 364</b>	<b>10 184</b>	<b>16 365</b>
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Movement in revaluation reserve for equity instruments designated at fair value through other comprehensive income	(118)	9 805	(118)	9 805
Revaluation of land and buildings	5 529	(312)	5 529	(312)
Remeasurements of net defined benefit liability	(1 088)	(1 310)	(1 098)	(1 320)
Income tax related to OCI items that will not be reclassified subsequently to profit or loss	(576)	(749)	(576)	(749)
<b>Total items that will not be reclassified subsequently to profit or loss</b>	<b>3 747</b>	<b>7 434</b>	<b>3 737</b>	<b>7 424</b>
<b>Other comprehensive income for the year, net of tax</b>	<b>13 931</b>	<b>23 798</b>	<b>13 921</b>	<b>23 789</b>
<b>Total comprehensive income</b>	<b>1 026 615</b>	<b>1 010 875</b>	<b>1 054 343</b>	<b>1 027 794</b>
<b>Attributable to:</b>				
Owners of the parent			1 053 569	1 026 242
Non-controlling interest			774	1 552

The separate and consolidated statement of comprehensive income is to be read together with the Notes from 1 to 49 forming an integral part of these separate and consolidated financial statements.

The separate and consolidated financial statements are authorised for issue by the Management Board and signed on behalf of DSK Bank AD on 16 March 2026.

\_\_\_\_\_  
 Tamás Hák-Kovács  
*Chief Executive Director*

\_\_\_\_\_  
 Tsvetoslav Dimov  
*Executive Director*

\_\_\_\_\_  
 Lazarina Pencheva  
*Compiler*

Separate and Consolidated Financial statements for which Ernst & Young Audit OOD with registered number 108 and Registered Auditor in charge of the audit Nikolay Garnev and BDO BULGARIA OOD with registered number 015 and Registered Auditor in charge of the audit Valia Iordanova have issued auditors' report dated 16 March 2026.

Audit company „Ernst and Young Audit“ OOD	Audit company „BDO BULGARIA“ OOD

**Separate and consolidated statement of financial position**  
**As at December 2025**

<i>In thousands of BGN</i>	Note	Separate		Consolidated	
		31.12.2025	31.12.2024	31.12.2025	31.12.2024
<b>Assets</b>					
Cash and current accounts with the Central Bank and other banks	23	7 161 015	5 809 877	7 161 383	5 810 098
Financial assets held for trading	24	23 912	21 125	91 797	112 478
Derivative financial instruments	24	39 918	79 652	39 918	79 652
Investments at fair value through profit or loss	29	1 304	2 581	2 280	3 623
Assets held for sale	25	-	4 079	-	1 716
Investments at fair value through other comprehensive income	29	600 874	769 144	600 874	769 144
Loans and advances to banks	26	1 650 169	1 795 473	1 650 169	1 795 473
Net receivables from finance lease	27	-	-	1 961 308	1 744 568
Loans and advances to customers	28	26 207 603	22 204 662	24 362 716	20 520 082
Investments at amortised cost	29	6 319 699	4 960 244	6 319 699	4 960 244
Current tax assets	22	90 083	-	90 083	-
Investments in associates	46	93 659	93 659	6 626	5 615
Goodwill	30	77 372	77 372	78 547	78 547
Investment property	31	-	-	17 640	18 083
Right-of-use assets	32	14 219	16 511	13 194	14 778
Property, plant and equipment	33	425 644	414 533	466 748	445 039
Intangible assets	34	86 878	82 216	91 182	87 920
Deferred tax assets	40	-	-	545	470
Other assets	35	197 465	129 829	239 006	167 664
<b>Total assets</b>		<b>42 989 814</b>	<b>36 460 957</b>	<b>43 193 715</b>	<b>36 615 194</b>
<b>Liabilities</b>					
Deposits from banks	36	17 798	26 777	17 798	26 777
Derivative financial instruments	24	33 798	54 829	33 798	54 829
Deposits from customers	37	35 334 287	29 352 820	35 245 627	29 249 108
Loans from banks and financial institutions	36	1 369 667	1 369 976	1 489 517	1 493 275
Lease liabilities	38	14 429	16 688	13 382	14 928
Current tax liabilities	22	-	42 128	4 979	44 690
Other liabilities	41	224 968	149 593	259 391	176 715
Provisions	39	70 501	66 889	70 562	66 609
Deferred tax liabilities	40	19 180	19 054	19 180	19 054
Subordinated debt	42	449 841	449 841	449 841	449 841
<b>Total liabilities</b>		<b>37 534 469</b>	<b>31 548 595</b>	<b>37 604 075</b>	<b>31 595 826</b>

Separate and Consolidated Financial statements for which Ernst & Young Audit OOD with registered number 108 and Registered Auditor in charge of the audit Nikolay Garnev and BDO BULGARIA OOD with registered number 015 and Registered Auditor in charge of the audit Valia Iordanova have issued auditors' report dated 16 March 2026.

Audit company „Ernst and Young Audit“ OOD	Audit company „BDO BULGARIA“ OOD

**Separate and consolidated statement of financial position**  
**As at 31 December 2025**  
**(continued)**

<i>In thousands of BGN</i>	Note	<b>31.12.2025</b>	<b>31.12.2024</b>	<b>31.12.2025</b>	<b>31.12.2024</b>
<b>Shareholder's equity</b>					
Share capital	43	1 328 660	1 328 660	1 328 660	1 328 660
Reserves	43	3 089 644	2 576 485	3 150 028	2 627 971
Retained earnings		1 037 041	1 007 217	1 109 925	1 062 036
<b>Equity attributable to the owners of the parent</b>		<b>5 455 345</b>	<b>4 912 362</b>	<b>5 588 613</b>	<b>5 018 667</b>
Non-controlling interest		-	-	1 027	701
<b>Total shareholder's equity</b>		<b>5 455 345</b>	<b>4 912 362</b>	<b>5 589 640</b>	<b>5 019 368</b>
<b>Total liabilities and shareholder's equity</b>		<b>42 989 814</b>	<b>36 460 957</b>	<b>43 193 715</b>	<b>36 615 194</b>

The separate and consolidated statement of financial position is to be read together with the Notes from 1 to 49 forming an integral part of these separate and consolidated financial statements.

The separate and consolidated financial statements are authorised for issue by the Management Board and signed on behalf of DSK Bank AD on 16 March 2026.

\_\_\_\_\_  
Tamás Hák-Kovács  
*Chief Executive Director*

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Tsvetoslav Dimov  
*Executive Director*

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Lazarina Pencheva  
*Compiler*

Separate and Consolidated Financial statements for which Ernst & Young Audit OOD with registered number 108 and Registered Auditor in charge of the audit Nikolay Garnev and BDO BULGARIA OOD with registered number 015 and Registered Auditor in charge of the audit Valia Iordanova have issued auditors' report dated 16 March 2026.

Audit company „Ernst and Young Audit“ OOD	Audit company „BDO BULGARIA“ OOD

**Separate and consolidated statement of cash flows**  
**For the year ended 31 December 2025**

<i>In thousands of BGN</i>	Notes	<b>Separate</b>		<b>Consolidated</b>	
		<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
<b>Cash flow from operating activities</b>					
Profit before taxation from continuing operations		1 171 522	1 143 938	1 210 268	1 169 149
<i>Adjustments for:</i>					
Impairment losses on financial assets, net	16	111 145	125 141	110 124	128 749
Impairment (gain)/ loss on non-financial assets	17	(504)	98	(470)	98
Depreciation and amortization	19	63 678	59 283	72 183	66 856
Net losses/ (gains) from operations with investments	12,13	19 506	(136 237)	16 841	(139 204)
Net (gains)/ losses from foreign exchange		(83 349)	73 982	(83 342)	73 989
Net interest income	10	(1 336 131)	(1 317 056)	(1 387 810)	(1 359 556)
Dividend income	15	(61 330)	(49 694)	(2 781)	(3 111)
Loss on disposal of subsidiaries	21.2	-	5	-	58
Share of profit of associates	46	-	-	(1 011)	(742)
Net expense from provisions		4 244	850	4 583	2 171
Other non-cash changes		427	(1 527)	(3 380)	873
<b>Net cash flow used in operating activities before movements in operating assets and liabilities</b>		<b>(110 792)</b>	<b>(101 217)</b>	<b>(64 795)</b>	<b>(60 670)</b>
<b>Movements in operating assets</b>					
(Increase)/ decrease in securities held for trading		(1 887)	(17 728)	23 982	(34 093)
Decrease in loans and advances to banks		150 907	1 140 723	150 907	1 140 720
Increase in loans and advances to customers		(4 096 902)	(2 322 705)	(3 938 240)	(2 046 974)
Increase in finance lease receivables		-	-	(216 740)	(188 264)
(Increase)/ decrease in other assets		(1 810)	118 845	(6 105)	129 244
<b>Movements in operating liabilities</b>					
Decrease in deposits from banks		(8 261)	(39 438)	(8 261)	(39 438)
Decrease in loans from banks and financial institutions		(211)	(770)	(3 660)	(6 611)
Increase in deposits from customers		6 113 125	2 860 244	6 127 945	2 782 697
Decrease in other liabilities		(25 060)	(7 596)	(17 695)	(7 203)
<b>Net cash flow from operating activities after movements in operating assets and liabilities</b>		<b>2 019 109</b>	<b>1 630 358</b>	<b>2 047 338</b>	<b>1 669 408</b>
Interest received		1 488 317	1 532 871	1 542 380	1 562 649
Interest paid		(130 362)	(145 871)	(129 875)	(145 859)
Income tax paid		(293 409)	(113 400)	(302 075)	(119 468)
Receipts from/ (payments to) own pension funds and other pension companies		-	-	9	(41)
<b>Net cash flow from operating activities</b>		<b>3 083 655</b>	<b>2 903 958</b>	<b>3 157 777</b>	<b>2 966 689</b>

Separate and Consolidated Financial statements for which Ernst & Young Audit OOD with registered number 108 and Registered Auditor in charge of the audit Nikolay Garnev and BDO BULGARIA OOD with registered number 015 and Registered Auditor in charge of the audit Valia Iordanova have issued auditors' report dated 16 March 2026.

Audit company „Ernst and Young Audit“ OOD	Audit company „BDO BULGARIA“ OOD

**Separate and consolidated statement of cash flows**  
**For the year ended 31 December 2025**  
(continued)

<i>In thousands of BGN</i>	Note	2025	2024	2025	2024
<b>Cash flow from investing activities</b>					
Acquisition of property, plant and equipment, and intangible assets		(74 018)	(76 830)	(95 895)	(88 575)
Sales of property, plant and equipment, and intangible assets		10 554	16 195	16 390	16 195
Purchase of securities		(2 231 814)	(3 516 534)	(2 231 814)	(3 516 534)
Sale of securities		997 040	909 130	997 426	909 130
Dividends received		59 885	47 405	1 336	822
Acquisition of additional interest in a subsidiary	21.1	-	(15 627)	-	(15 627)
Sale of a subsidiary, net of cash disposed	21.2	-	820	-	(2 332)
<b>Net cash flow used in investing activities</b>		<b>(1 238 353)</b>	<b>(2 635 441)</b>	<b>(1 312 557)</b>	<b>(2 696 921)</b>
<b>Cash flow from financing activities</b>					
Loans and subordinated debt received	45	-	293 375	-	293 375
Dividends paid		(483 368)	(558 017)	(483 896)	(560 127)
Repayment of the lease liabilities	45	(7 648)	(7 560)	(6 891)	(6 806)
<b>Net cash flow used in financing activities</b>		<b>(491 016)</b>	<b>(272 202)</b>	<b>(490 787)</b>	<b>(273 558)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>		<b>1 354 286</b>	<b>(3 685)</b>	<b>1 354 433</b>	<b>(3 790)</b>
<b>Effect of foreign exchange rate changes</b>		<b>(3 655)</b>	<b>4 204</b>	<b>(3 655)</b>	<b>4 204</b>
<b>Cash and cash equivalents at the beginning of the year</b>	45	<b>5 810 597</b>	<b>5 810 078</b>	<b>5 810 818</b>	<b>5 810 404</b>
<b>Cash and cash equivalents at the end of the year</b>	45	<b>7 161 228</b>	<b>5 810 597</b>	<b>7 161 596</b>	<b>5 810 818</b>

The separate and consolidated statement of cash flows is to be read together with the Notes from 1 to 49 forming an integral part of these separate and consolidated financial statements.

The separate and consolidated financial statements are authorised for issue by the Management Board and signed on behalf of DSK Bank AD on 16 March 2026.

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Tamás Hák-Kovács  
Chief Executive Director

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Tsvetoslav Dimov  
Executive Director

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Lazarina Pencheva  
Compiler

Separate and Consolidated Financial statements for which Ernst & Young Audit OOD with registered number 108 and Registered Auditor in charge of the audit Nikolay Garnev and BDO BULGARIA OOD with registered number 015 and Registered Auditor in charge of the audit Valia Iordanova have issued auditors' report dated 16 March 2026.

Audit company „Ernst and Young Audit“ OOD	Audit company „BDO BULGARIA“ OOD

**Separate and consolidated statement of changes in equity  
for the year ended 31 December 2025**

Separate	Share capital	Statutory and other reserves	Revaluation reserve -land and buildings	Revaluation reserve from financial assets	Defined benefit pension reserve	Share-based payment reserve	Retained earnings	Total
<i>In thousands of BGN</i>								
<b>Balance as of 1 January 2024</b>	<b>1 328 660</b>	<b>1 991 507</b>	<b>143 655</b>	<b>(24 290)</b>	<b>(2 147)</b>	<b>290</b>	<b>1 022 185</b>	<b>4 459 860</b>
<b>Total comprehensive income</b>								
Profit for the year	-	-	-	-	-	-	987 077	987 077
Other comprehensive income	-	-	(281)	25 258	(1 179)	-	-	23 798
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(281)</b>	<b>25 258</b>	<b>(1 179)</b>	<b>-</b>	<b>987 077</b>	<b>1 010 875</b>
Transfer of revaluation reserve from land and buildings, net of tax	-	-	(3 817)	-	-	-	3 817	-
Transfer of share-based payment reserve	-	-	-	-	-	(290)	290	-
Distribution of profit for reserves	-	447 779	-	-	-	-	(447 779)	-
Distribution of dividends	-	-	-	-	-	-	(558 373)	(558 373)
<b>Balance as of 31 December 2024</b>	<b>1 328 660</b>	<b>2 439 286</b>	<b>139 557</b>	<b>968</b>	<b>(3 326)</b>	<b>-</b>	<b>1 007 217</b>	<b>4 912 362</b>
<b>Total comprehensive income</b>								
Profit for the year	-	-	-	-	-	-	1 012 684	1 012 684
Other comprehensive income	-	-	4 976	9 934	(979)	-	-	13 931
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>4 976</b>	<b>9 934</b>	<b>(979)</b>	<b>-</b>	<b>1 012 684</b>	<b>1 026 615</b>
Transfer of revaluation reserve from land and buildings, net of tax	-	-	(4 233)	-	-	-	4 233	-
Distribution of profit for reserves	-	503 461	-	-	-	-	(503 461)	-
Distribution of dividends	-	-	-	-	-	-	(483 632)	(483 632)
<b>Balance as of 31 December 2025</b>	<b>1 328 660</b>	<b>2 942 747</b>	<b>140 300</b>	<b>10 902</b>	<b>(4 305)</b>	<b>-</b>	<b>1 037 041</b>	<b>5 455 345</b>

Separate and Consolidated Financial statements for which Ernst & Young Audit OOD with registered number 108 and Registered Auditor in charge of the audit Nikolay Garnev and BDO BULGARIA OOD with registered number 015 and Registered Auditor in charge of the audit Valia Iordanova have issued auditors' report dated 16 March 2026.

Audit company „Ernst and Young Audit“ OOD	Audit company „BDO BULGARIA“ OOD

**Separate and consolidated statement of changes in equity  
for the year ended 31 December 2025 (continued)**

Consolidated	Share capital	Statutory and other reserves	Revaluation reserve - land and buildings	Revaluation reserve from financial assets	Defined benefit pension reserve	Share-based payment reserve	Retained earnings	Total Equity attributable to the owners of the parent	Non-controlling interest	Total equity
<i>In thousands of BGN</i>										
<b>Balance as of 1 January 2024</b>	<b>1 328 660</b>	<b>2 035 605</b>	<b>143 655</b>	<b>(24 291)</b>	<b>(2 203)</b>	<b>290</b>	<b>1 080 083</b>	<b>4 561 799</b>	<b>6 666</b>	<b>4 568 465</b>
<b>Total comprehensive income</b>										
Profit for the year	-	-	-	-	-	-	1 002 453	1 002 453	1 552	1 004 005
Other comprehensive income	-	-	(281)	25 259	(1 189)	-	-	23 789	-	23 789
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(281)</b>	<b>25 259</b>	<b>(1 189)</b>	<b>-</b>	<b>1 002 453</b>	<b>1 026 242</b>	<b>1 552</b>	<b>1 027 794</b>
Transfer of revaluation reserve from land and buildings, net of tax	-	-	(3 817)	-	-	-	3 817	-	-	-
Transfer of share-based payment reserve	-	-	-	-	-	(290)	290	-	-	-
Distribution of profit for reserves	-	454 948	-	-	-	-	(454 948)	-	-	-
Distribution of dividends	-	-	-	-	-	-	(558 373)	(558 373)	(2 142)	(560 515)
Acquisition of non-controlling interest (Note 21.1)	-	-	-	-	-	-	(10 960)	(10 960)	(4 667)	(15 627)
Disposal of a subsidiary (Note 21.2)	-	-	-	-	-	-	-	-	(708)	(708)
Other movements	-	285	-	-	-	-	(326)	(41)	-	(41)
<b>Balance as of 31 December 2024</b>	<b>1 328 660</b>	<b>2 490 838</b>	<b>139 557</b>	<b>968</b>	<b>(3 392)</b>	<b>-</b>	<b>1 062 036</b>	<b>5 018 667</b>	<b>701</b>	<b>5 019 368</b>
<b>Total comprehensive income</b>										
Profit for the year	-	-	-	-	-	-	1 039 648	1 039 648	774	1 040 422
Other comprehensive income	-	-	4 976	9 934	(989)	-	-	13 921	-	13 921
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>4 976</b>	<b>9 934</b>	<b>(989)</b>	<b>-</b>	<b>1 039 648</b>	<b>1 053 569</b>	<b>774</b>	<b>1 054 343</b>
Transfer of revaluation reserve from land and buildings, net of tax	-	-	(4 233)	-	-	-	4 233	-	-	-
Distribution of profit for reserves	-	512 360	-	-	-	-	(512 360)	-	-	-
Distribution of dividends	-	-	-	-	-	-	(483 632)	(483 632)	(448)	(484 080)
Other movements	-	9	-	-	-	-	-	9	-	9
<b>Balance as of 31 December 2025</b>	<b>1 328 660</b>	<b>3 003 207</b>	<b>140 300</b>	<b>10 902</b>	<b>(4 381)</b>	<b>-</b>	<b>1 109 925</b>	<b>5 588 613</b>	<b>1 027</b>	<b>5 589 640</b>

The separate and consolidated statement of changes in equity is to be read together with the Notes from 1 to 49 forming part of these separate and consolidated financial statements.

The separate and consolidated financial statements are authorised for issue by the Management Board and signed on behalf of DSK Bank AD on 16 March 2026.

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Audit company „Ernst and Young Audit“ OOD	Audit company „BDO BULGARIA“ OOD

## **1. Legal status and governance**

DSK Bank AD (The Bank or DSK Bank) was incorporated on 2 March 1951 in Bulgaria as a centralised deposit accepting institution under the name State Savings Bank. In 1998, when the Act of DSK transformation was passed, DSK Bank EAD was transformed into a commercial bank. Later the Bank receives a full banking license to operate as a commercial bank issued by the Bulgarian National Bank.

The Bank is a joint-stock company registered with the Trade Register of Republic of Bulgaria with UIC 121830616. The head office and registered address is 19 Moskovska str., Oborishte district, Sofia.

The majority shareholder of the Bank is OTP Bank Nyrt, registered in Republic of Hungary, holding 99.92% of the capital of DSK Bank AD as at 31 December 2025 and 31 December 2024.

The Bank has a two-tier system – Management Board and Supervisory Board.

As of 31 December 2025, those charged with governance are the Supervisory Board and the Audit Committee.

As of 31 December 2025, the members of the Supervisory Board are: László Bencsik – Chairman of the Supervisory Board; László Wolf, Violina Marinova, Tamas Bernath, Anthony Radev, Edina Berlinger and Kalin Hristov.

As of 31 December 2025, the Management of the Bank is represented by the Management Board composed by, namely: Tamás Hák-Kovács – Chairman of the Management Board and CEO; Slaveyko Slaveykov, Boyan Stefov, Dorothea Nikolova, Dimitar Dilov, Mihail Komitski and Tsvetoslav Dimov – Members of the Management Board and Executive Directors.

According to the Law on Credit Institutions, the Bank statute regulations and its legal registration, the Bank is duly represented simultaneously by two Executive Directors.

An Audit Committee is functioning within the Bank and is in charge of monitoring the work of external auditors, internal audit performance, risk management, accounting activities and financial reporting. As of 31 December 2025, the Audit Committee is composed of: Chairman Dragomir Vuchev; members - Zoltan Tuboly, Daniela Petrova and Yordan Karabinov.

The consolidated financial statements comprise DSK Bank AD, and its subsidiaries listed in Note 5.3 below (“the Bank”, “the Group”).

## **2. Basis of measurement**

The separate and consolidated financial statements of the Bank have been prepared on the historical cost basis except for the derivative financial instruments, financial assets and financial liabilities held for trading and financial assets measured at fair value through other comprehensive income, which are carried at fair value, and land and buildings that are stated at revalued amounts.

The management has made an assessment of the ability of the Bank and the Group to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the ability of the Bank and the Group to continue as a going concern. The Bank and the Group continue to settle their liabilities as they become due, maintain liquidity and meet capital requirements. Therefore, the financial statements continue to be prepared on a going concern basis.

## **2.1. Statement of compliance and presentation**

These separate and consolidated financial statements have been prepared in accordance with all IFRS accounting standards as issued by the International Accounting Standards Board (IASB) and endorsed by the Commission of European Union (EU). The “IFRS accounting standards” reporting framework is in substance the national accounting framework, namely the International Accounting Standards (IAS) as adopted by EU, which is regulated by the Accountancy Act and defined in point 8 of its Additional Provisions.

The Bank and the Group prepare separate financial statements in accordance with the requirements of Art. 27, Section I of Chapter 7 and consolidated financial statements in accordance with the requirements of Art. 31, Section IV of Chapter 7 of the Accountancy Act, respectively. In 2025, the presentation of both statements was revised, and they were included and presented together in one document in order to achieve better comparability. These separate and consolidated financial statements contain both statements prepared by the Bank and the Group in accordance with the requirements of the Accountancy Act.

The Bank and the Group present their statements of financial position in order of liquidity of the assets and liabilities.

## **2.2. Functional and presentation currency**

These separate and consolidated financial statements are presented in BGN, which is the functional currency of the Bank and the Group. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

## **2.3. Comparative information**

The comparative information presented in these separate and consolidated financial statements is for one preceding year.

Whenever necessary, comparative data is being reclassified (and recalculated), in order to achieve coherence and comparability according to changes in the presentation for the current year. In these separate and consolidated financial statements, comparative information has been amended, mostly in Notes 7.4.8.3, 7.4.10.2, 7.4.10.6 and 8.2, in order to achieve better presentation and disclosure.

## **2.4. Impact of novel risks on financial reporting**

The geopolitical situation has been dynamic throughout 2025 without any prospects for reaching stability in the years to come. According to the report of the World Economic Forum issued in January 2026, concerns about state-based armed conflicts are rising and geoeconomic confrontation is intensifying. There is a high risk of aggravation of existing conflicts such as those in Ukraine, the Middle East, or Sudan, and these conflicts can increase the migration pressure over other countries. Societal polarization, censorship, paralyzing of institutions are becoming more probable. The effect can be magnified by any indecent application of AI. In the long-term, environmental concerns are prevailing as environmental risks can provoke unprecedented migration waves and socio-economic crises.

The policy of the United States of America only adds uncertainty related to applicable economic barriers to free trade. It is unclear whether agreements reached in the past can be sustainable in the future. Military rhetoric threatens the unity and the principles of the NATO defense mechanism. In Bulgaria and Europe, the strong division of society; the lack of, temporary or fragile, coalition majorities as well as the enhanced influence of nationalist political movements, have been profoundly shaping the investment climate. In addition to disruption of the usual supply chains, the main consequences of this uncertainty include shortages and fluctuations in the prices of raw materials (particularly oil), exchange rate volatility, destruction and loss of assets, increased energy costs, prolonged periods of inflation above targeted levels (determined by central banks), increased interest rates and others.

General geopolitical uncertainty leads to economic uncertainty and affects all economic entities, regardless of whether they have direct exposures in any of the countries affected in the form of assets, markets, or partners. Political sanctions are also imposed, which prevent travel, commercial exchanges, international payments, access to and disposal of own cash and equivalents and other assets.

Financial reporting challenges cover a range of topics, including the validity of the going concern assumption; forecasting future cash flows; fair value measurement; use of estimates and judgements; recoverability of assets and amount of expected credit losses; classification of assets and liabilities into current and non-current in the statement of financial position; change in the classification of financial assets as a result of a change in the business model; need for disclosures related to asset restrictions, e.g. blocked funds as a result of imposed sanctions; modification of leases; effectiveness of hedging relationships; restructuring etc.

Considering this uncertainty, the expected credit losses as at the end of 2025 reflect a management overlay for the corporate clients exposed directly or indirectly to a medium or high risk arisen from the tariffs imposed by the US administration. The effect is approximately BGN 29 million accrued on receivables from corporate clients classified in Stage 1 under IFRS 9.

OTP Group applies a prudent approach by introducing a climate risk overlay in the calculation of expected credit loss under IFRS 9. The purpose of the overlay is to provide a temporary solution until more robust models integrating climate risks become available.

The effects of geopolitical uncertainty and novel risks on the elements of the separate and consolidated financial statements, estimates and judgements, and Group risk management policies are disclosed in Notes 4.1, 4.5, and 4.6.

### **3. New standards and amendments to existing standards and interpretations**

#### **3.1. Initial application of new amendments to existing standards and interpretations effective for the current reporting period**

The following amendments to existing standards and interpretations issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period:

- Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability* adopted by the EU on 12 November 2024 (effective for annual periods beginning on or after 1 January 2025).

The adoption of these amendments to the existing standards has not led to any material changes to the separate and consolidated financial statements.

#### **3.2. Amendments to existing standards issued by IASB and adopted by the EU but not yet effective**

As of the date of authorisation of these separate and consolidated financial statements, the following new standards, amendments to existing standards or interpretations are issued by IASB and adopted by the EU, but are not yet effective:

- Annual Improvements Volume 11 adopted by the EU on 9 July 2025 (effective for annual periods beginning on or after 1 January 2026);
- Amendments to IFRS 9 and IFRS 7: *Contracts Referencing Nature-dependent Electricity* adopted by the EU on 30 June 2025 (effective for annual periods beginning on or after 1 January 2026);
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) adopted by the EU on 27 May 2025 (effective for annual periods beginning on or after 1 January 2026).
- IFRS 18 *Presentation and Disclosure in Financial Statements* adopted by the EU on 13 February 2026 (effective for annual periods beginning on or after 1 January 2027).

The Bank does not apply any of these standards or interpretations earlier than their effective date.

### **3.3. New standards and amendments to existing standards issued by IASB but not yet adopted by the EU**

At present, IFRS accounting standards as adopted by the EU do not significantly differ from those adopted by IASB, except for the following new standards, amendments to existing standards and new interpretations, which have not yet been adopted by EU as at the date of approval of these separate and consolidated financial statements:

- IFRS 19 Subsidiaries without Public Accountability: Disclosure (effective for annual periods beginning on or after 1 January 2027);
- Amendments to IFRS 19 Subsidiaries without Public Accountability: *Disclosure* (effective for annual periods beginning on or after 1 January 2027);
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: *Transition to Hyperinflationary Presentation Currency* (effective for annual periods beginning on or after 1 January 2027);
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sales or Contributions of Assets Between an Investor and its Associate or Joint Venture (the effective date has been postponed for indefinite time).

IFRS 18 Presentation and Disclosure in Financial Statements supersedes IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including obligatory subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. There are specific presentation requirements for entities, such as DSK Bank, that have specified main business activities (either providing finance to customers or investing in specific types of assets, or both). The standard also requires disclosure of newly defined management-defined performance measures.

Currently management believes that the new standards and amendments to the existing standards would not impact significantly the separate and consolidated financial statements of the Bank in the period of initial application, except for IFRS 18. As of the date of these financial statements management has started the process of evaluation of the impact of IFRS 18 on the primary financial statements of the Bank and the notes thereto. The initial expectations of management are IFRS 18 to lead to a change in the structure of the statement of profit or loss; reclassification of certain items of income and expenses in the statement of profit or loss; disaggregation of one type of income or expense previously presented on one line into multiple profit or loss lines; adding new disclosures in the notes to the financial statements; reconciliation of the restated amounts as per IFRS 18 to the amounts presents under IAS 1 for the preceding period in the year of initial application.

## **4. Use of estimates and judgements**

The preparation of financial statements requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

#### **4.1. Impact of novel risks on estimates and judgements**

As described in Note 2.4 above, as a result of the heightened uncertainty on a global scale associated with emerging novel risks increasing the overall level of uncertainty, developing reliable estimates and applying judgment has faced new challenges. ECL accounting has become particularly difficult in the current circumstances and requires significant judgment. The ECL model is forward-looking and is based on a probability-weighted approach. Measurement of ECLs at each reporting period reflects reasonable and supportable information about past events, current conditions, and forecasts of future events and economic conditions. During this period of greater economic uncertainty, it is very difficult to forecast future events and the macroeconomic inputs used in ECL modelling. Determining macroeconomic scenarios and assigning probabilities to these scenarios requires significant judgment. The Bank applies expert credit judgment to adjust modelled ECL results when it becomes evident that known or expected risk factors and information were not considered in the credit rating and modelling process. As a result of the novel risks and the uncertain economic environment, financial institutions are faced with new challenges in measurement of ECLs especially due to the fact that key inputs in the models do not always encompass periods marked by such uncertainty. In order to reflect novel risks, the Bank has introduced methodologies, which support the measurement and reporting of novel risks.

#### **4.2. Exercise of control over investment and pension funds**

The Bank's subsidiary DSK Rodina Pension Company AD manages Universal Pension Fund, Professional Pension Fund, Voluntary Pension Fund, Voluntary Pension Fund with Occupational Schemes, Lifelong Pension Guarantee Fund and Deferred Payment Fund, which are excluded from the Consolidated Financial Statements of the Group as these funds are managed by the entity on behalf of third parties and acts as an agent for the investors.

#### **4.3. Expected credit losses from financial assets**

The Bank regularly assesses its financial instruments for impairment. Management determines the adequacy of the allowances based upon reviews of individual loans and placements, recent loss experience, current economic conditions, the risk characteristics of the various categories of loans and other pertinent factors. The use of three stage model is implemented for the purposes of the IFRS accounting standards as adopted by the EU. The impairment methodology is used to classify financial instruments in order to determine whether credit risk has significantly increased since initial recognition and to identify credit-impaired assets. For credit-impaired instruments, or instruments with a significant increase in credit risk, lifetime expected losses will be recognized.

In order to reflect the possible and expected effects of novel risks and taking into consideration best practices, the Bank has developed and applied methodologies linking the factors affected by the respective risks, to risk parameters, which influence the measurement of ECLs either directly, or through classification based on a significant increase in credit risk.

The estimate of the expected credit losses from government bonds carried at fair value through other comprehensive income and government bonds at amortised cost is based on a model which includes the credit rating and the probability of default of the respective country.

#### **4.4. Accounting for acquisition of subsidiaries**

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The application of the acquisition method requires significant assumptions and estimates with respect to determining the acquisition date and the recognition and measurement of the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree, as well as the recognition and measurement of goodwill. The applied management assumptions and judgements are based on the share purchase agreements terms, other relevant documents and the application of industry accepted valuation models.

#### **4.5. Fair value of financial instruments, not traded on active markets**

In case when fair values of financial assets and liabilities in the statement of financial position cannot be obtained from active markets, these are defined through different measurement techniques using models. The basic data for these models is extracted from indicators observed where possible on financial markets; otherwise, assumptions are made for establishing of fair values. These assumptions take into consideration factors related to liquidity, volatility for long – term derivatives and discount ratios, pre – term repayments and probabilities of default for asset – backed securities.

The past 2025 year was marked by the military conflict between Russia and Ukraine, as well as the political situation in the USA. The economic data of USA and the policy of the administration of President Donald Trump were the key topics. Central banks continued their policies of decreasing interest rates in 2025. Markets expect the Federal Reserve to further decrease the base rates in 2026. The European Central Bank is expected to maintain the base rates in 2026 at the levels prevailing at the end of 2025. Market movements depend on many market participants` expectations about the social and economic processes and trends, which will be the main factors for the companies` performance and the market as a whole. Inflation is expected to remain stable, escalation of the military conflicts to be avoided, and interest rates to normalize.

#### **4.6. Revaluation of land and buildings**

The Bank applies the revaluation model to land and buildings using the services of licensed appraisers to perform the valuations. The appraisers use appropriate valuation methods and techniques using observable market data, to the extent such data is readily available and accessible. When there are significant non-observable inputs in the valuation model, the fair value will be sensitive to any changes of those inputs.

In 2025, the economic slowdown and the military conflict in Ukraine have continued to influence the domestic real estate market although to a lesser degree than in previous years. The real estate market continued to expand with steady rising of the prices of residential properties. The demand for commercial properties is not so high with Sofia and the biggest regional centers having been the most active markets for such properties. In the rest of the country, demand for commercial and office spaces has been weaker.

In 2025 the Bank performed a revaluation of land and buildings, as a result of which a net increase of revaluation reserve has been reported (Note 43.3.1). The valuation techniques and key assumptions used for determining the fair values are disclosed in Note 33.

#### **4.7. Provisions for litigation**

The management assesses the risks and the probability of negative outcome of litigations against the Bank, and accrues provisions in cases when a higher than 50% probability of unfavourable outcome for the Bank or in case of potential risks of increase in claims of the Bank`s customers concerning contract payments for products and services (Note 39).

#### **4.8. Impairment of goodwill and intangible assets**

In order to determine the recoverable amount of goodwill and the intangible assets recognized in business combinations, the Bank uses models, incorporating future cash flows and a number of assumptions, including discount rates, customer churn rate, useful life of intangible assets, etc. For the future cash flows, the Bank uses the budgets approved by management which reflect current and expected market conditions. The macroeconomic and geopolitical situation raise significant uncertainty as to the reasonableness of judgements used in determining the recoverable amount of goodwill and intangible assets, as well as the eventual need for impairment.

#### **4.9. Impact of the climate risk on estimates and judgements**

Based on assessment of the materiality of climate-related and environmental risks, the Bank incorporates climate-related and ecological matters in its estimates and analyses. This process may contribute to increasing the level of uncertainty inherent to estimates and judgments. The assessment includes a wide range of possible impacts on the Bank due to both physical risks and risks of transition to a net-zero economy, to which the Bank and its customers are exposed. Climate risk and the risk of natural disasters tend to materialize through the traditional risks monitored by the Bank. The most recent analysis of the materiality of these risks prepared by the Bank over different time spans (short-term – up to 1 year; medium-term up to 5 years; long-term – over 5 years) shows that the following risks are likely to have the most significant impact over the business model and operations of the Bank:

- Physical risks – floods, heat, drought, forest fire, shortage of water supply.
- Transition risks – changes in the policies of governments, regulators and institutions; technological development; sustainability reporting requirements.

These climate-related risks materialize mostly through traditional risks such as credit risk, operational risk (including reputational risk), and business and strategic risk.

- Credit risk - customers with exposure to climate risk may have a resultant deterioration in creditworthiness or underlying collateral received from them may decrease in value, and a consequential impact on ECL. Transition risks may result also from government or institutional policy changes, with consequential credit quality deterioration in sectors or countries affected. The Bank has performed an analysis and identified the sectors in its corporate portfolio representing medium-, medium to high or high transition risk (reflecting the overall level of risk, including both transition risk and financial risk associated with the customer location and collateral provided). The results of the analysis are used for determining risk indicators, which are incorporated in credit assessment and subsequent monitoring of customers.
- Operational risk – physical risks, especially the risk of floods, may impact the Bank's operations (for example, the branch network, data processing and data storage facilities, infrastructure) and cause a long-term damage as climate continues to change. Considering the wide network of branches and ATM machines, it is still a matter of concern, although short-term impacts are mitigated by insurance coverage. The results of the physical risk analysis are used to determine risk indicators monitored by the Bank, which are integrated in the risk management framework (for example, operational risk indicators for natural disasters).
- Business and strategic risk – climate- and natural-disaster risks are integrated in the Bank's key processes related to provisioning and capital adequacy assessment. These risks are part of the wider strategy for risk management aligned to the requirements of IFRS 9. In relation to capital adequacy, the Bank has developed and implemented additional capital add-ons covering climate- and natural-disaster risks from economic perspective.
- Fair value measurement - the Bank has assumed that any climate change variables incorporated in fair value measurement are those that market participants would consider when pricing the asset or liability, in line with IFRS 13 Fair Value Measurement. Consequently, the Bank concluded that climate risk has been adequately reflected in the fair value of its assets and liabilities.

Currently, climate-related risks have an impact on loan loss provisions by manifesting as risks related to collateral provided by customers and risks related to the business operations of customers engaged with such activity. Management is closely monitoring relevant changes and developments in climate-related regulations.

## 5. Basis of consolidation

The consolidated financial statements of the Bank incorporate the separate financial statements of the Bank and those of the entities controlled by the Bank (its subsidiaries) as of 31 December each year. Control is achieved when the Bank:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Bank has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Bank considers all relevant facts and circumstances in assessing whether or not the Bank's voting rights in an investee are sufficient to give it power, including:

- the size of the Bank's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Bank, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Bank has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Bank obtains control over the subsidiary and ceases when the Bank loses control over the subsidiary. Specifically, the results of subsidiaries over which control is acquired or lost during the year are included in the consolidated statement of profit or loss from the date the Bank gains control until the date when the Bank ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the owners of the Bank and to the respective non-controlling interests (NCI). Total comprehensive income of the subsidiaries is attributed to the owners of the Bank and to the NCI even if this results in the NCI having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Bank's accounting policies.

In the consolidated financial statements, the financial information of the subsidiaries is consolidated under the 'full consolidation' method, line-by-line. The investments of the parent company are eliminated against its share in the equity of the subsidiaries at the date of acquisition. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation, with the exception of foreign currency gains and losses on intragroup monetary items denominated in a foreign currency of at least one of the parties.

Non-controlling interest (NCI) is initially measured at at the NCI's proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of NCI is the amount of those interests at initial recognition plus the NCI's share of subsequent changes in equity.

Changes in the Bank's interests in subsidiaries already controlled, that have not resulted in a loss of control, are accounted for as equity transactions. The carrying amount of the controlling and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Parent Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (1) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (2) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

## **5.1. Accounting for business combinations**

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. Applying the acquisition method requires:

- a. identifying the acquirer;
- b. determining the acquisition date;
- c. recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
- d. recognising and measuring goodwill or a gain from a bargain purchase.

### **5.1.1. Recognition principles**

At the acquisition date, the Group (the acquirer) recognizes and classifies the acquiree's identifiable assets, liabilities and contingent liabilities on the basis of the contractual terms, economic conditions, its operating or accounting policies and other pertinent conditions as they exist at the acquisition date.

At the acquisition date the identifiable assets, liabilities and contingent liabilities assumed, are recognized at their fair values. Any direct costs attributable to the business combination are recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss.

If the initial accounting for a business combination is provisional by the end of the reporting period in which the combination occurs, the Group reports provisional amounts (with a certain degree of estimation) for the items for which the accounting is still in progress. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

### **5.1.2. Goodwill**

Goodwill arising in a business combination is measured as the excess of the sum of the consideration transferred over the participation of the acquirer in the fair value of the identifiable assets, liabilities and the contingent liabilities of the acquiree. If the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

## 5.2. Accounting for business combinations of entities under common control

Business combinations of entities under common control are transactions whereby the combining entities are ultimately controlled by the same party both before and after the transaction, and control is not transitory.

In the separate financial statements, the legal merger of an entity previously acquired represents a business combination under IFRS 3 that should be accounted for under the acquisition method, and the acquired identifiable net assets are recognized at their carrying amounts from the consolidated financial statements as at the merge date,

In the consolidated financial statements the legal merger of a subsidiary into its parent company DSK Bank is reported as a common control transaction in the consolidated financial statements, which does not affect the Group structure from the Group's perspective. Accordingly, common control transactions are out of the scope of IFRS 3 for the purposes of the consolidated financial statements. For this reason, the Group management applies its own judgement in the selection and application of such accounting policies, which provide the most appropriate, relevant and reliable financial information in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

The Group has elected to apply the so called "pooling of interests method" in accounting for common control transactions, including merger of subsidiaries that have been consolidated prior to the merger. Under this method, the carrying amounts of assets and liabilities of the merging company as per the consolidated financial statements become assets and liabilities of the successor entity (the Bank), while the consolidated financial statements remain unchanged after the merger. When the non-controlling shareholders of the merging entity become shareholders in DSK Bank, it is accounted for as a transaction between owners. The Group continues to report the goodwill recognized on the acquisition of the merging subsidiary, however allocated to the already united (merged) cash generating unit.

## 5.3. Subsidiaries

In the separate financial statements, investments in subsidiaries are accounted for at cost in accordance with IAS 27 *Separate Financial Statements*, except for investments classified as held for sale in accordance with IFRS 5 *Non-current Assets held for Sale and Discontinued Operations*. Subsequent to initial recognition, investments in subsidiaries are reviewed for impairment. If there is objective evidence that an investment is impaired, impairment loss is recognised in the separate statement of profit or loss under the "Net loss on non-financial assets" line item.

As of 31 December 2025 and 2024 DSK Bank has the following fully consolidated subsidiaries:

Entity	Main activity	Effective ownership interest %	
		31-December-2025	31-December-2024
DSK Rodina Pension Company AD	Pension fund management	99.85%	99.85%
OTP Insurance Broker EOOD	Insurance brokerage	100.00%	100.00%
dsk Ventures EAD	Marketing, development and implementation of information systems	100.00%	100.00%
DSK Dom EAD	Credit intermediary	100.00%	100.00%
OTP Leasing EOOD	Finance lease	100.00%	100.00%
Regional Urban Development Fund AD	Financing of urban development projects	52.00%	52.00%

OTP Insurance Broker EOOD is owned directly by OTP Leasing EOOD as of 31 December 2025 and 2024.

#### **5.4. Associates**

An associate is an entity over which the Bank has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

In the separate financial statements, investments in associates are accounted for at cost in accordance with IAS 27 *Separate Financial Statements*, except for investments classified as held for sale in accordance with IFRS 5 *Non-current Assets held for Sale and Discontinued Operations*. Subsequent to initial recognition, investments in associates are reviewed for impairment. If there is objective evidence that an investment is impaired, impairment loss is recognised in the separate statement of profit or loss under the "Net loss on non-financial assets" line item.

In the consolidated financial statements, investments in associates are accounted for under the equity method. Equity accounting involves recognition of the Bank's share of the total recognized gains and losses of associates for the year in the statement of profit or loss. Similarly, the Bank's share in the changes in the statement of comprehensive income of associates after acquisition is recognized and presented as a movement in comprehensive income in the consolidated statement of comprehensive income. The Bank's interest in the associates is carried in the statement of financial position at an amount that reflects its share of the net assets of the associate.

As of 31 December 2025 and 2024, DSK Bank owns 25% of the share capital of Cash Services Company AD and DSK Asset Management AD and exercises significant influence over the financial and operating policies of these companies (Note 46).

### **6. Summarised information about the accounting policy applied**

#### **6.1. Interest income and expenses recognition**

Interest income and expenses reported in the statement of profit or loss include:

- interest on financial assets and liabilities at amortised cost calculated using the effective interest rate method;
- interest on securities at fair value through other comprehensive income calculated using the effective interest rate method.

The effective interest rate (EIR) is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability to the gross carrying amount of the financial asset or the amortised cost of the financial liability. When calculating the effective interest rate, the Bank estimates future cash flows considering all contractual terms of the financial instrument without taking into account expected credit losses.

The calculation of the EIR includes all fees paid or received as well as discounts and premiums which are an integral part of the EIR. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

*Interest income on receivables classified in Stage 3 and purchased credit-impaired receivables, including with delays in payments over 90 days on a collective assessment basis*

For these financial assets, the Bank recognizes interest on the basis of the net amortized cost of the receivables. For this purpose, a corrective adjustment is calculated for the difference between the contractually accrued interest on the basis of EIR on the gross value of the financial asset and the calculated interest on the EIR basis of the amortized cost of the asset less the loss allowance for expected credit losses.

*Interest income on receivables classified in Stage 3 and purchased credit-impaired receivables including with delays in payments over 90 days on individual assessment basis with credit impairment based on unwinding when the receivable is expected to be covered by the contractual cash flows from collateral or other cash flows.*

For these financial assets, the Bank recognizes interest on the basis of the discounted unwinding cash flows by accruing an adjustment for the difference between the contractually accrued interest on the basis of EIR on the gross value of the financial asset and the difference between the present values of the unwinding cash flows in the separate reporting periods discounted with the EIR. The adjustment is reported in the income statement as a decrease of interest income.

## 6.2. Foreign currency transactions

Upon initial recognition, each foreign currency transaction is reported in the functional currency (Bulgarian Lev) by applying the exchange rate at the date of the transaction to the amount of the foreign currency. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rate ruling at the reporting date. Non-monetary assets and liabilities carried at cost and denominated in a foreign currency are reported in the functional currency using the historical exchange rate at the date of the transaction.

The foreign exchange differences arising on settlement of monetary items, or translation of monetary items at rates different from those at which they were initially recognized, are recognized in the statement of profit or loss under the heading "Net trading income".

## 6.3. Fees and commissions

Fees and commission income, including account servicing fees, investment management fees, sales commission, guarantees, and letter of credit fees are recognised as the related services are performed.

Fees and commission expenses related mainly to transaction and service fees, which are expensed as the services are received.

### Performance obligations and revenue recognition policies

Fee type	Nature and timing of satisfaction of performance obligations, and the significant payment terms	Revenue recognition under IFRS accounting standards as adopted by the EU
<b>Fees and commissions related to payment transactions</b>	<p>The Bank provides to its customers a variety of services, related to withdrawals and depositing funds into bank accounts, payments in local and foreign currency, according to which different fees are applied.</p> <p>In the case of transaction – based fees (for example in the case of cash withdrawal either a POS/ATM payment fee or a fee for cash withdrawal in the Bank's offices is charged, etc.) the fee is due immediately after the transaction takes place or once per month. The fee is usually defined in % of the transaction amount with a pre – defined fixed minimum amount.</p> <p>For services resulting in bank transfer of money, the fee is charged when the transaction takes place. These fees are defined in fixed amount or in %.</p> <p>The Bank performs a regular pricing review of applicable fees and commissions.</p>	Transaction-based fees are charged when the transaction takes place or monthly at the end of the month.
<b>Fees and commissions related to credit deals</b>	<p>The Bank offers a number of account management services for both retail and companies, and also provides its clients with various types of credit cards charged at differentiated levels.</p> <p>Fees related to these services are mainly connected with account management, credit card issuing, annual bank card fees and other fees for usual account services.</p> <p>Annual bank card fees are defined as fixed amount depending on the card type. The Bank performs a regular pricing review of applicable fees and commissions.</p>	<p>Fees for current account management services are on a monthly basis.</p> <p>Fees on one – off services are charged at the moment of service delivery.</p>

<b>Fee type</b>	<b>Nature and timing of satisfaction of performance obligations, and the significant payment terms</b>	<b>Revenue recognition under IFRS accounting standards as adopted by the EU</b>
<b>Fees and commissions related to deposit deals</b>	<p>The Bank offers a wide range of account management services to both individuals and enterprises, for which respective fees are charged, in addition they are provided with various debit cards charged differently.</p> <p>Fees related to these services are mainly connected with account opening and closing fees, management fees, online banking, debit card issuing, monthly fees for debit card services and other fees for usual account services.</p> <p>Fees for current account management services are charged to the customer on a monthly basis. They are usually fixed to an amount depending on the package program or the category of the client.</p> <p>Monthly and annual fees on bank cards are set in fixed amounts. They depend on the type of the bank card.</p> <p>Fees for one – off services of occasional type are charged in the moment the client makes use of the service. These fees can be fixed or determined in %.</p> <p>The Bank regularly reviews applied fees.</p>	<p>Fees for current account management services are on a monthly basis.</p> <p>Fees on one – off services are charged at the moment of service delivery.</p>
<b>Other fees and commissions</b>	<p>Fees reported in the “Other fees” category are fees for safekeeping of money or valuables in the safe boxes of the public treasury issuing of bank certificate, issuing of bank reference, photocopies of documents, etc.</p> <p>These fees concern long – term services provision (bank safekeeping) or one – off administrative services.</p> <p>Fees and deductions related to asset management of DSK Rodina are reported in this category. They include fees from security contributions, initial charges, investment fees and others.</p> <p>Fees and deductions related to asset management of Group funds are fixed in % and are defined according to the local legal requirements and the rules of procedure of the respective pension fund.</p>	<p>Long – term service fees related to the period the client takes benefit of this service.</p> <p>One – off fees are charged on the moment of service delivery.</p> <p>Revenues are recognized along the time, as the contract progress is measured on the basis of time elapsed (on a linear basis - monthly).</p>

#### **6.4. Net trading income**

Net trading income comprises gains net from losses related to trading assets and liabilities, and includes all realised and unrealised fair value changes, interest, and foreign exchange rate differences. Net trading income includes foreign currency exchange rate differences on investment financial assets.

#### **6.5. Government grants**

Government grants are not recognised until there is a reasonable assurance that the Bank will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Bank recognises as expenses the related costs for which the grants are intended to compensate. Government grants are reported in Other operating income in the Statement of profit or loss.

Government grants whose primary condition is that the Bank should purchase, construct, or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Bank with no future related costs are recognised in profit or loss in the period in which they become receivable.

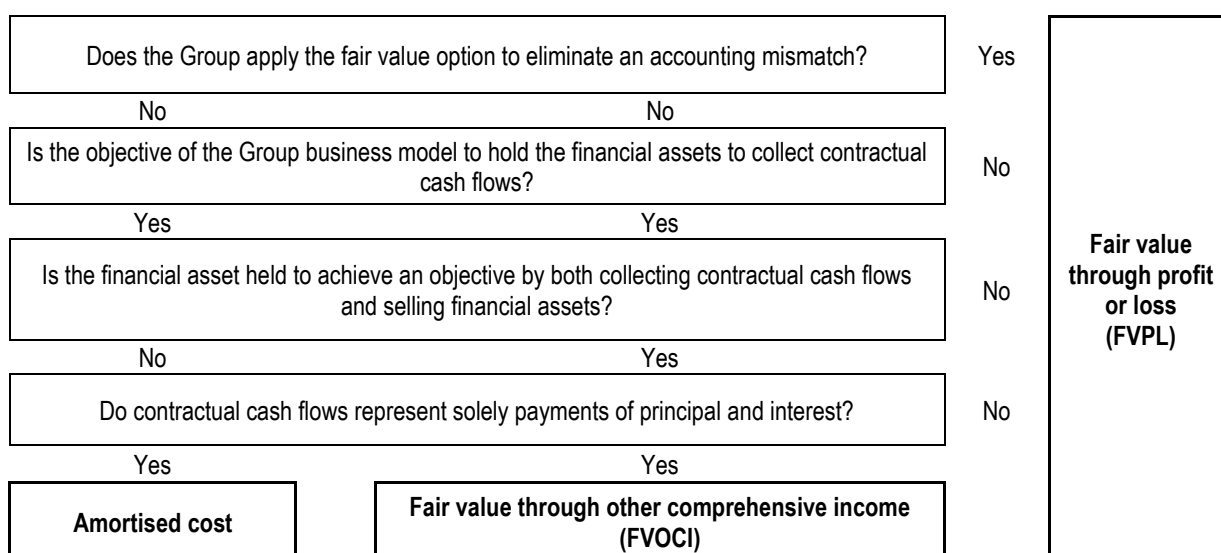
The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

## 6.6. Financial instruments

### 6.6.1. Classification

In accordance with the IFRS 9 Financial Instruments (IFRS 9), the Bank classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the following two conditions: (1) the Group business model for managing the financial assets and (2) the contractual cash flow characteristics of the financial asset.

The process for determining the classification is illustrated by the following scheme:



### 6.6.2. Business model for financial assets management

The business model is determined at a level that reflects how Banks of financial assets are managed together to achieve a particular business objective.

The business model does not depend on the intentions of the management with respect to a separate instrument.

The Bank can have more than one business model for managing its financial instruments. The Bank can hold one portfolio of investments that it manages in order to collect contractual cash flows and another portfolio of investments that it manages in order to sell to realize fair value changes.

Depending on the strategy and the risk profile, the Bank has identified the following business models for managing financial assets:

- Business model whose objective is to hold financial assets in order to collect contractual cash flows (held to collect);
- Business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (held to collect and sell);
- Business model that aims to realise cash flows through the sale of financial assets.

The Bank may have the same type of instrument in all three categories, depending on the asset management model.

### **6.6.3. Recognition**

Regular way purchases and sales of financial assets are recognized and derecognized, as applicable, using trade date accounting. Trade date is the date on which the Bank becomes party to the contractual provisions of the instrument.

Loans and receivables from customers are recognized when the funds are transferred to the customers. Deposits received are recognized when the funds are transferred to the Bank.

Unconditional receivables and payables are recognised as assets or liabilities when the Bank becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash.

Assets to be acquired and liabilities to be incurred as a result of a firm commitment to purchase or sell goods or services are generally not recognised until at least one of the parties has performed under the agreement. Further details of the Bank's policy are provided in 6.12 Loans and advances and 6.13 Receivables under factoring arrangements.

Planned future transactions, no matter how likely, are not assets and liabilities because the Bank has not become a party to a contract.

### **6.6.4. Initial measurement**

At initial recognition, financial assets and financial liabilities reported at fair value through profit or loss, are measured at fair value. The initial measurement of the other financial instruments is also based on fair value, except that it is adjusted with the transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability, respectively. Trade receivables that do not contain a significant financing component are measured at their transaction price.

The best evidence of the fair value at the initial recognition is the transaction price (i.e. the fair value of the consideration given or received). If the Bank determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the financial instrument is initially measured at fair value, adjusted for the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data, or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Bank on the basis of the net exposure to either market or credit risk, are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure.

The Bank has reported its financial liabilities in all relevant liabilities lines of the Statement of financial position, except for Current tax liabilities, Provisions and Deferred tax liabilities.

### **6.6.5. Subsequent measurement**

#### ***Amortised cost measurement***

The amortized cost (net amortized cost) at a certain date includes the cost of: outstanding principal, accrued interest receivables/payables, non-amortized discount, premium and fees participating as part of the exposure of the financial instrument upon acquisition and element in determining the EIR and the amount of the accumulated write-off for interest or credit impairment.

The cumulative interest corrective is derecognized from the amortized cost and is recognized as interest income. Recognition of interest corrective as interest income is made after the receivable is fully repaid by the debtor or in forming of a negative amortized cost thereon.

### ***Fair value measurement***

The Bank measures fair values of financial instruments using hierarchy methods that reflect the significance of the inputs used in making the fair value measurements:

Level 1: Quoted market price (unadjusted) in an active market for identical assets or liabilities. Fair values of financial assets and financial liabilities which are traded on active markets with access to market information are based on the quoted market prices or the closing prices.

Level 2: Valuation techniques for financial instruments based on market data either direct (i.e. such as quoted prices) or indirect (i.e. inputs from the prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. The Bank measures the fair values using the valuation technique based on the net present value. The calculation of NPV is based on market yield curves and credit spreads where it is required for the corresponding instrument. The aim of the measurement methods is to define the fair value which reflects the value of the financial instrument as of the reporting date, which would have been defined by direct market players.

Level 3: Valuation techniques using significant unobservable inputs for financial assets and liabilities.

At each reporting date the Bank reviews the categories of financial instruments and assesses the need for transfer between the levels in the hierarchy of the fair values.

### ***Fair value measurement through other comprehensive income***

Gain or loss attributable to a financial asset measured at fair value through other comprehensive income is recognized in other comprehensive income, except for gains or losses on impairment and foreign exchange gains or losses until the asset is derecognised or reclassified.

Upon derecognition of the financial asset, cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Interest calculated using the effective interest method is recognized in profit or loss.

When assessing a financial asset at fair value through other comprehensive income, the amounts recognized in profit or loss are the same as those that would have been recognised in profit or loss if the financial asset had been measured at amortised cost.

Gain or loss associated with investments in equity instruments measured at fair value in other comprehensive income is recognized in other comprehensive income, including foreign exchange gains or losses until the financial asset is derecognised or reclassified. Amounts recognized in other comprehensive income are not subsequently transferred to profit or loss. The Bank may transfer the accumulated profit or loss within equity. Dividends on these investments are recognized in profit or loss.

### ***Fair value measurement through profit or loss***

A gain or loss on a financial asset or financial liability that is measured at fair value shall be recognised in the statement of profit or loss unless:

- it is part of a hedging relationship;
- it is an investment in an equity instrument and the Bank has elected to recognize the gains and losses on the instrument in other comprehensive income;
- it is a financial liability designated as at fair value through profit or loss and the Bank should present changes in fair value resulting from a change in its own credit risk in other comprehensive income; or
- it is a financial asset measured at fair value through other comprehensive income.

#### **6.6.6. Derecognition**

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset on a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Bank is recognised as a separate asset or liability.

The Bank takes decision for full write-off of financial asset when it is: classified as loss and entirely impaired. Uncollectable are receivables that cannot be collected due to legal obstacles or the applicable collection methods are economically unjustified, the criteria for classification of the receivable as uncollectable are regulated in detail in internal rules. If any of the criteria for uncollectable receivables under the rules exist, the receivable shall be classified as uncollectable, and it is derecognized from the balance sheet. In specific cases it is possible a decision to be taken for the receivable to be reported off-balance sheet.

In addition, the Bank also derecognizes receivables not classified as uncollectable, but not expected to be fully recovered, and in case of collateralized receivables the liquidation cash flow is expected to be zero. In such cases receivables are carried off-balance sheet only.

Derecognition of a receivable can be in the form of either a full, or a partial, write-off depending on the assessment of the potential recovery of the respective receivable.

The amount of the risk exposure, which is subject to a partial write-off, is defined as the difference between the book value of the gross balance sheet exposure and the maximum amount, which may be collected under the relevant risk exposure. Partial write-off can only be accounted for up to the maximum recovery. The maximum recovery is the maximum amount that can be collected for the relevant risk exposure defined as the recovery amount under the most optimistic scenario over a reasonable period of time (5-10 years). Depending on the type of the exposure, the Bank applies different methods for determining the amounts subject to a partial write-off.

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Bank enters into transactions whereby it transfers assets recognised on its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised from the statement of financial position. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

In transactions in which the Bank neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, it derecognises the asset if it does not retain control over the asset. The rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate. In transfers in which control over the asset is retained, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions the Bank retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised in its entirety if it meets the criteria for derecognition. An asset or liability is recognised for the servicing contract, depending on whether the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the service.

#### **6.6.7. Offsetting**

Financial assets and liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards.

#### **6.6.8. Impairment of financial assets**

The Bank records an allowance for expected credit loss for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts, in this section, all referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9.

The assessment of credit risk is performed on a collective or individual basis for a group or sub-group of financial instruments.

When assessing credit risk, the Bank classifies loans granted in stages depending on the level of the existing risk, as follows:

- ✓ Stage 1 - includes performing loans without a significant increase in credit risk after initial recognition. The impairment of these assets is based on the probability of default of the debtor over the next 12 months or for a shorter period if the life of the instrument is less than one year;
- ✓ Stage 2 - includes assets with a significant increase in credit risk after initial recognition. In this case, the expected credit losses are calculated over the life of the asset;
- ✓ Stage 3 - includes assets, the substantial part of which overdue for more than 90 days and for which the probability to be repaid in full is considered by the Bank very low. The expected credit losses for these instruments are also calculated over their entire life.
- ✓ Purchased or originated credit-impaired (POCI) financial assets – these assets are credit-impaired on their initial recognition (see also Note 6.6.11). With respect to them, the Bank recognizes cumulative changes in the expected credit losses over the entire life of the instrument subsequent to initial recognition.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event, i.e. when the counterparty has not made a payment that has become payable by contract (over 90 days);
- the Bank, for economic or contractual reasons relating to the borrower's financial difficulty, has granted to the borrower a concession that the Bank would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event identifying evidence of credit impairment. Instead, the combined effect of several events may have caused financial assets to become credit impaired.

The Bank estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument. The cash flows that are considered shall include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. There is a presumption that the expected life of a financial instrument can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the expected life of a financial instrument, the Bank uses the remaining contractual term of the financial instrument.

Credit loss is the difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

Credit-adjusted effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial asset to the amortised cost of a financial asset that is a purchased or originated credit-impaired financial asset.

When calculating the credit-adjusted effective interest rate, the Bank estimates the expected cash flows by considering all contractual terms of the financial asset (for example, prepayment, extension, call and similar options) and expected credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts. Transaction costs are the incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

#### **6.6.9. Reclassification**

When, and only when, the Bank changes its business model for managing financial assets, the Bank reclassifies financial assets. In these cases all affected financial assets are reclassified prospectively from the reclassification date. The Group does not restate previously recognised gains, losses (including impairment gains or losses) or interest.

Financial liabilities are never reclassified.

#### **6.6.10. Modification**

##### Modification of financial assets

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, but results in a material change in the net present value of the asset, the Bank recalculates the gross carrying amount of the financial asset. The Bank considers significant a NPV change by more than 1% as a result of the modification/renegotiation and this change is not related to a change in market prices. In these cases, the Bank recalculates the gross carrying amount of the financial asset and shall recognise a modification gain or loss in profit or loss, such as:

- The gross carrying amount of the financial asset shall be recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets);
- The adjustment to the gross carrying amount is the difference between the present value of the modified cash flow discounted to the agreed EIR and the present value of the modified cash flow on the recalculated new EIR. This adjustment is reflected in a corrective account and a one-time effect on profit or loss and is amortized as interest income/expense over the remaining term of the modified financial asset.

When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of the modified financial asset, the modified asset is considered a 'new' financial asset.

##### Modification of financial liabilities

A substantial modification of the terms of an existing financial liability or a part of it shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

#### **6.6.11. Purchased credit-impaired financial assets**

Purchased financial asset is an asset which is credit-impaired on initial recognition.

The Bank classifies the purchased credit-impaired financial assets as measured at amortized cost following the conditions for classification described in Note 6.6.1 above.

Amortised cost is the amount at which the credit-impaired financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation between that initial amount and the amount at the maturity date, which for purchased credit-impaired financial assets is calculated by applying the credit-adjusted effective interest rate (Note 6.6.8).

The Bank only recognises the cumulative changes in lifetime expected credit losses since initial recognition as a loss allowance for purchased or originated credit-impaired financial assets. At each reporting date, the Bank shall recognise in profit or loss the amount of the change in lifetime expected credit losses as an impairment gain or loss. The Bank recognises favourable changes in lifetime expected credit losses as an impairment gain, even if the lifetime expected credit losses are less than the amount of expected credit losses that were included in the estimated cash flows on initial recognition.

#### **6.7. Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash balances on hand and cash deposited with the Central Bank, nostro accounts, and short-term highly liquid receivables from banks with original maturity of up to three months, gross of impairment.

#### **6.8. Financial assets and liabilities held for trading**

Trading assets and liabilities that are measured at fair value through profit or loss in accordance with the business model within which they are managed.

All changes in fair value are recognised as part of net trading income in profit or loss.

#### **6.9. Non-current assets classified as held for sale and discontinued operations**

The Bank classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense. The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position. Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

#### **6.10. Investments in securities**

Investments in securities are initially measured at fair value and subsequently accounted for depending on their classification depending on the business model (Note 6.6.2).

#### **6.11. Derivatives**

The Bank uses derivatives as forward, futures, swap and option deals to manage an exposure to market risk or for trading. All derivatives are recognised as financial assets held for trading or financial liabilities at the trade date. The changes in market value of derivatives are recognised in the Statement of profit or loss. For derivatives designated as hedging instruments see further below.

The objective of hedge accounting is to represent, in the financial statements, the effect of a Bank's risk management activities that use financial instruments to manage exposures arising from particular risks that could affect profit or loss (or other comprehensive income, in the case of investments in equity instruments for which the Bank has elected to present changes in fair value in other comprehensive income).

A derivative measured at fair value through profit or loss may be designated as a hedging instrument, except for some written options.

A non-derivative financial asset or a non-derivative financial liability measured at fair value through profit or loss may be designated as a hedging instrument unless it is a financial liability designated as at fair value through profit or loss for which the amount of its change in fair value that is attributable to changes in the credit risk of that liability is presented in other comprehensive income.

For a hedge of foreign currency risk, the foreign currency risk component of a non-derivative financial asset or a non-derivative financial liability may be designated as a hedging instrument provided that it is not an investment in an equity instrument for which the Bank has elected to present changes in fair value in other comprehensive income.

A hedged item can be a recognised asset or liability, an unrecognised firm commitment, a very probable forecast transaction or a net investment in a foreign operation.

A hedging relationship qualifies for hedge accounting only if all the following criteria are met:

- The hedging relationship consists only of eligible hedging instruments and eligible hedged items;
- At the inception of the hedging relationship there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge;
- The hedging relationship meets all of the following hedge effectiveness requirements: (1) there is an economic relationship between the hedged item and the hedging instrument; (2) the effect of credit risk does not dominate the value changes that result from that economic relationship; and (3) the hedge ratio of the hedging relationship is the same as the ratio used internally by the entity for risk management purposes.

The Bank applies hedge accounting to hedging relationships that meet the qualifying criteria in paragraph 6.4.1 of IFRS 9.

Rebalancing refers to the adjustments made to the designated quantities of the hedged item or the hedging instrument of an already existing hedging relationship for the purpose of maintaining a hedge ratio that complies with the hedge effectiveness requirements. Rebalancing is accounted for as a continuation of the hedging relationship. On rebalancing, the hedge ineffectiveness of the hedging relationship is determined and recognised immediately before adjusting the hedging relationship. Adjusting the hedge ratio allows the Bank to respond to changes in the relationship between the hedging instrument and the hedged item that arise from their underlyings or risk variables.

The Bank shall discontinue hedge accounting prospectively only when the hedging relationship (or a part of a hedging relationship) ceases to meet the qualifying criteria (after taking into account any rebalancing of the hedging relationship, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. For this purpose, the replacement or rollover of a hedging instrument into another hedging instrument is not an expiration or termination if such a replacement or rollover is part of, and consistent with, the entity's documented risk management objective.

## **6.12. Loans and advances**

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Bank does not intend to sell immediately or in the near future term. They include loans and advances to banks and loans and advances to customers.

When the Bank purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date ("reverse repo"), the arrangement is accounted for as a loan or advance, and the underlying asset is not recognised in the statement of financial position.

Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured in accordance with the business model and the result from the test whether the contractual cash flows represent solely payments of principal and interest (SPPI test).

### 6.13. Receivables under factoring arrangements

Upon initial recognition, receivables under factoring contracts are recognised at fair value, including costs directly attributable to the acquisition of the financial asset. Subsequently, receivables are carried at amortised cost, less any costs of impairment. Factoring receivables are derecognised when the derecognition criteria applicable to financial assets are met.

#### *Non-recourse factoring receivables*

Pursuant to the non-recourse factoring contract, the supplier (Assignor) transfers to the Factor receivables originating from a contract for the sale of goods and provision of services concluded between the supplier and its customers (the Debtors). The Bank recognises its non-recourse factoring receivables by measuring them initially at fair value depending on the level of risks and benefits assumed associated with the ownership of the receivables being transferred.

A local factoring is a factoring of receivables from commercial activity carried out on the territory of Bulgaria.

#### *Recourse factoring receivables*

Recourse factoring receivables are reported up to the amount paid, which is the advance provided to customers with whom factoring contracts have been concluded.

Factoring receivables are included in the loans and advances to customers in the statement of financial position.

### 6.14. Property, plant and equipment

The Bank applies a policy to measure subsequently land and buildings at revalued amounts under the allowed alternative approach in IAS 16 *Property, plant, and equipment*.

Items of land and buildings are stated at fair value determined periodically by a professional registered valuer. The revaluation of assets is carried asset by asset based on proportional calculation of the book value of the asset and the accumulated for it depreciation as of the date of revaluation. When the carrying amount of assets is increased as a result of revaluation, the increase is credited directly as revaluation reserve. When the carrying amount of assets is decreased as a result of revaluation, the decrease is recognized as a decrease of previous revaluation reserve and any excess is recognized as an expense in the statement of profit or loss.

Items of fixtures and fittings and other tangible assets are stated in the statement of financial position at their acquisition cost less accumulated depreciation.

Depreciation is provided on a straight-line basis designed to write down the cost of property, plant, and equipment over their expected useful life.

The annual rates of depreciation used by the Bank are as follows:

	<b>Separate</b>	<b>Consolidated</b>
	<b>2025</b>	<b>2025</b>
	%	%
Buildings	2-4	2-4
Leasehold improvements depending on the duration of the contract	10-33.33	10-33.33
Machines and equipment	4-50	4-50
Motor cars	-	20-33.33
Vehicles (without motor cars)	10	10-33.33
Computers, according to their class	20-25	20-33.33
Fixtures and fitting and other depreciable fixed assets	15-50	6.67-50

The Bank's subsidiary OTP Leasing EOOD leases assets (machinery and equipment and vehicles) under operating lease agreements. Such assets are depreciated over the term of the respective lease agreement.

The expected useful lives of property, plant and equipment are reviewed at the end of each reporting period and in case of significant deviations from expected term of use of the assets, the useful life is revised prospectively.

An item of property, plant and equipment is derecognized from the statement of financial position when it is permanently retired from active use and no future benefits are expected from its use, or it is sold. The gain or loss on sale is determined as the difference between sales proceeds and the carrying amount of the asset at the date of disposal. It is reported net under the heading "Other operating income, net" on the face of the statement of profit or loss for the year. The revaluation reserve of the sold item of land and buildings is transferred directly to retained earnings in the statement of changes in equity.

#### **6.15. Investment property**

Investment properties are presented in the financial statements at historical cost less accumulated depreciation and impairment losses.

Depreciation is charged on a straight-line basis at a depreciation rate of 4% over the estimated useful life of the asset.

Rental income from investment property is recognised as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from other property is recognised as other income.

#### **6.16. Intangible assets**

Intangible assets, which are acquired by the Bank, are stated at cost less accumulated amortization and any impairment losses. Intangible assets can be acquired as part of a business combination transaction or acquired separately.

Amortization of intangible assets is calculated on a straight-line basis over the expected useful life of the asset, except for an asset acquired in a business combination (customer base), which is amortized using the reducing balance method.

The annual rates of amortization are as follows:

	<b>Separate</b>	<b>Consolidated</b>
	<b>2025</b>	<b>2025</b>
	<b>%</b>	<b>%</b>
Computer software, according to class and useful life	20-50	10-50
Assets acquired in business combinations	35	12.5-35

An intangible asset is derecognized from the statement of financial position when it is permanently retired from active use and no future benefits are expected from its use, or it is sold. The gain or loss on sale is determined as the difference between sales proceeds and the carrying amount of the asset at the date of disposal. It is reported net under the heading "Other operating income, net" on the face of the statement of profit or loss for the year.

#### **6.17. Impairment of non-financial assets**

At each reporting date, the Bank reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

When an asset has a revaluation reserve, impairment loss is accounted for as a decrease of such reserve until it is depleted. If the decrease in the value of the asset exceeds the revaluation reserve, the excess is charged to the statement of profit or loss.

For assets that have no revaluation reserve, impairment losses are recognised in profit or loss statement. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed.

For assets other than reputation, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## **6.18. Leasing**

### **6.18.1. General provisions**

Upon initial recognition, the Bank determines whether a contract is a lease or contains a lease component. A contract is a lease or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Bank reassesses whether a contract is or contains a lease only if the terms and conditions of the contract are changed.

### **6.18.2. Accounting for the lease when the Bank is a lessee**

On the commencement date, the Bank recognizes a right-of-use asset and a lease liability. The Group measures the right-of-use asset at cost. The cost of the right-of-use asset includes:

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date, less any lease incentives received;
- (c) any initial direct costs incurred by the lessee; and
- (d) an estimate of costs to be incurred by the Bank in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

At the commencement date, the Bank measures the lease liability at the present value of the lease payments that are not paid at that date.

The Bank includes prolongation options as part of the lease contracts of buildings with a shorter, irrevocable period (from three to five years).

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Bank uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- (a) fixed payments, less any lease incentives receivable;
- (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

- (c) amounts expected to be payable by the lessee under residual value guarantees;
- (d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- (e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Bank measures the right-of-use asset applying a cost model. The right-of-use asset is measured at cost:

- (a) less any accumulated depreciation and any accumulated impairment losses; and
- (b) adjusted for any remeasurement of the lease liability.

If the lease transfers ownership of the underlying asset to the Bank by the end of the lease term or if the cost of the right-of-use asset reflects that the Bank will exercise a purchase option, the Bank depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Bank depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

After the commencement date, the Bank measures the lease liability by:

- (a) increasing the carrying amount to reflect interest on the lease liability;
- (b) reducing the carrying amount to reflect the lease payments made; and
- (c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

Interest on the lease liability in each period during the lease term shall be the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. The periodic rate of interest is the discount rate implicit in the lease, if that rate can be readily determined, or the Bank's incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined or if applicable the revised discount rate.

After the commencement date, the Bank remeasures the lease liability to reflect changes to the lease payments. The Bank recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Bank recognises any remaining amount of the remeasurement in profit or loss.

The Bank recognizes a right-of-use asset and lease liability for all lease contracts (a unified balance approach) with two exceptions:

- (a) short term leases - up to 12 months; and
- (b) leases for which the underlying asset is of low value. The Bank assumes that assets amounting up to BGN 10 000 are low-value assets.

For short-term lease or lease, the underlying asset of which is of low value, the Bank recognizes the related lease payments as an expense on a straight-line basis over the term of the lease.

The effects of lease contracts of the Bank as lessee are disclosed in Notes 10, 15, 19, 32 and 38.

### **6.18.3. Accounting for the lease when the Bank is a lessor**

The Bank as a lessor classifies each of its leases as either an operating lease or a finance lease.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset and as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

Typical indicators, considered by the Bank for determining if all significant risks and benefits have been transferred include: present value of minimum lease payments in comparison with the fair value of the lease asset at the beginning of the lease contract, the term of the lease contract in comparison with the economic life of the leased out asset and also whether the lessee will acquire ownership over the leased asset at the end of the term of finance lease.

Lease classification is made at the date of the lease contract and is reassessed only if there is a lease modification. Changes in estimates (for example, changes in estimates of the economic life or of the residual value of the underlying asset), or changes in circumstances (for example, default by the lessee), do not give rise to a new classification of a lease for accounting purposes.

#### *Minimum lease payments*

Minimum lease payments are the payments that the lessee will or may be required to make during the term of the lease contract. From the Bank's point of view minimum lease payments also include the residual value of the asset guaranteed by a third party, not related to the Bank, provided that such party is financially capable of fulfilling its commitments under the guarantee or under the repurchase agreement. In the minimum lease payments, the Bank also includes the cost of exercising the option, which the lessee has for the purchase of the asset, as at the beginning of the lease contract it is to a large extent certain that the option will be exercised. Minimum lease payments do not include conditional rents, as well as costs of services and taxes to be paid by the Bank and subsequently re-invoiced to the lessee.

#### *Initial and subsequent measurement*

Initially the Bank recognizes a receivable under finance lease, equal to its net investment, which includes the present value of minimum lease payments and any unsecured residual value for the Bank. The present value is calculated by discounting the minimum lease payments due by the inherent to the lease contract interest rate. Initial direct costs are included in the calculation of the claim under finance lease. During the term of the lease contract the Bank accrues financial income (income from interest on finance lease) on net investment. Received lease payments are treated as a reduction of net investment (repayment of principal) and recognition of financial income in a manner to ensure a constant rate of return on net investment. Consequently, the net investment in finance lease contracts is presented net, after deduction of expected credit loss.

### **6.19. Assets acquired from collaterals**

Acquired assets, which prior to their acquisition were held as collateral of loans granted, are classified by the Group as investment property and other assets. Upon the initial acquisition of these assets, the Bank's management makes judgements regarding their classification, based on its intentions and possibilities for future use and/or disposal. According to the Bank's accounting policy, assets classified as other assets acquired from collaterals, are subsequently measured at the lower of cost and net realizable value.

### **6.20. Inventories**

The measuring of inventories at their acquisition is of the amount of purchase, which includes the sum of all purchase and processing costs, as well as other expenses, incurred in connection with the delivery of inventories to their current location and condition.

The used cost formula is "first in - first out" (FIFO).

Inventories are presented in the statement of financial position at the lower of cost and net realizable value. For this reason, annually, as at the date of the Bank's financial statements, an estimation of the net realizable value of these assets is performed based on the most reliable existing data at the valuation date.

### **6.21. Provisions**

The provisions under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* are liabilities with unspecified term and amount.

Provision shall be recognized under IAS 37 in the financial statements of the Bank when:

- The Bank has a present obligation (legal or constructive) as a result of past events;
- Probability exists that to repay the obligation, an outflow of economic benefits will be required; and
- A reliable measurement can be performed of the amount of liability.

Provision is also recognized and measured for commitments to extend credit and for warranties arising from banking activities based on IFRS 9 *Financial Instruments*. For calculation of provisions under IFRS 9 is used credit conversion factor, which shows the proportion of the undrawn facility that will be probably funded.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Provisions shall be reviewed at the end of each reporting period to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision shall be reversed.

A provision shall be used only for expenditures for which the provision was originally recognised.

## **6.22. Deposits and loans received**

Deposits and loans are the Bank's sources of debt funding.

After initial recognition, the Bank measures interest-bearing loans and borrowings at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liability is derecognized, as well as through the process of amortization based on the effective interest rate.

This category mainly relates to deposits received, loans received and subordinated term debt. Additional information is provided in Notes 36, 37 and 42.

When the Bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date ("repo"), the arrangement is accounted for as a deposit, and the underlying asset continues to be recognised in the Bank's financial statements.

## **6.23. Capital and reserves**

### **6.23.1. Share capital**

The share capital is presented at the par value of the shares issued and subscribed by the shareholders of DSK Bank AD.

### **6.23.2. Reserves**

Reserves are comprised of legal and other reserves and retained earnings, revaluation reserves of financial assets, revaluation reserve of properties and defined benefit pension reserve.

More information for the Bank's reserves is provided in Note 43.

## **6.24. Contingent liabilities**

Contingent liabilities are:

- Unused funds on loans and credit lines authorized by the Bank;
- Possible obligations of the Bank arising from past events and whose existence can be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that cannot be entirely controlled by the Bank; or
- A current liability arising from past events, however, unrecognized because it is improbable that an outflow of resources including economic benefits will be required for its repayment or the amount of obligation cannot be identified reliably enough.

Contingent liabilities of the Bank usually arise from:

- Claims against the Bank on cases enforced by clients, counterparties and employees of the Bank;
- Taxation risks obligations;
- Possible claims against the Bank related to ownership;
- Other potential obligations – on contracts with counterparties which under certain circumstances would lead to cash outflows from the Bank and others.

## **6.25. Income taxes**

### **6.25.1. Current and deferred taxes**

Tax on the profit for the year comprises current tax and deferred tax. Tax on the profit is recorded in the statement of profit or loss except to the extent that it relates to items recognized directly to equity, in which case it is recognized in equity. Current tax comprises tax payable calculated on the basis of the expected taxable income for the year, using the tax rates effective or enacted by the statement date, and any adjustment of tax payable for previous years.

Deferred tax is provided using the statement of financial position liability method on all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is calculated on the basis of the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. The effect on deferred tax of any changes in tax rates is charged to the statement of profit or loss, except to the extent that it relates to items previously charged or credited directly to equity.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and tax credits can be utilized.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to income taxes levied on the Bank by the same tax authority.

The entities in the Group do not have legal reason to off-set their deferred tax assets and liabilities.

### **6.25.2. Top-up tax (Pillar Two corporate tax)**

Effective from 01 January 2024, amendments to the Corporate Income Tax Act (CITA) were introduced, which established a global minimum level of taxation for multinational enterprise groups (MNEs) and large-scale domestic groups at the rate of 15%. These amendments are in the context of the Pillar Two Model Rules of the Organization for Economic Cooperation and Development (OECD) in accordance with the agreement reached at a global and European level, which started with the initiative against base erosion and profit shifting (BEPS) to address the tax challenges arising from the digitalisation of the economy.

The Pillar Two Model Rules introduced the following new tax measures for levying MNEs and large-scale domestic groups with a minimum level of tax (global minimum corporate tax):

- Qualified Domestic Top-up Tax Rule
- Income Inclusion Rule
- Underpayment Tax Rule

The Pillar Two tax measures can impose a minimum level of tax on income generated in each jurisdiction, in which MNEs and large-scale domestic groups operate.

By means of these new measures, an additional tax will be levied in a given jurisdiction, whenever the effective tax rate determined in that jurisdiction according to the Pillar Two rules falls below the minimum rate of 15%.

## **6.26. Employee benefits**

### **6.26.1. Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligations to pay any further amounts. The Government of Bulgaria is responsible for providing pensions in Bulgaria under a defined contribution pension plan. The Bank's contributions to the defined contribution pension plan are recognised as an employee benefit expense in statement of profit or loss in the periods during which services are rendered by employees.

### **6.26.2. Defined benefit plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Bank's net obligation with respect to defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value.

The Bank has obligation to pay certain amounts to each employee who retires with the Bank in accordance with Art.222, § 3 of the Labour Code in Bulgaria. According to these regulations in the LC, when a labor contract of a company's employee, who has acquired a pension right, is ended, the Bank is obliged to pay compensations amounted to two gross monthly salaries. In case the employee's length of service in the company, or in the Bank to which the company belongs, equals to or is greater than 10 or more years, as at retirement date, then the compensation amounts to six gross monthly salaries. If the employee has been working continuously for DSK Bank for a certain period the Collective Labour Contract adopts the next compensations: from ten to fifteen years – the severance payment is seven gross monthly salaries; more than fifteen years – the severance payment is eight gross monthly salaries. As at the reporting date the Management of the Bank estimates the approximate amount of the potential expenditures for every employee based on a calculation performed by a qualified actuary using the projected unit credit method. The estimated as at year end amount of the obligation and the main assumptions, on the base of which the estimation of the obligation has been made, is disclosed to the financial statements in Note 39.

The Bank recognises actuarial gain or loss arising from defined benefit plans in the statement of comprehensive income.

### **6.26.3. Termination benefits**

Termination benefits are recognised as an expense when the Bank is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Bank has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

### **6.26.4. Short-term employee benefits**

Short-term employee benefit obligations are not discounted and are recognized as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably. The Bank recognises as a liability the undiscounted amount of the estimated costs related to unused annual paid leave expected to be used by the employees in subsequent periods.

## 7. Risk management disclosures

### 7.1. Structure and functions of the Risk Management Unit

The credit risk management of the Bank is the main responsibility of the units taking the risk as the first line of defense. It is also subject to independent oversight exercised by Risk Management Division. The final stage of collection of non-performing receivables is out of the scope of the business units and is performed by the Collection Division, which, again, is subject to the independent oversight of the Risk Management Division.

Risk Management Division comprises the following units:

- Credit Risk - Corporate Clients Directorate having functions related to independent assessment and approval of exposures to corporate clients, while maintaining low level of credit risk as well as functions related to regular monitoring of business clients;
- Retail Credit Risk Directorate, having functions related to maintaining of adequate mechanisms of assessment, monitoring and management of credit risk, and exercising control over loan application approval based on an acceptable level of risk, in the Individuals and Small Business segments, as well as preparation and validation of models for credit risk assessment and analysis of the loan portfolio;
- Strategic Risk Management Directorate having functions related to building and management of the risk appetite framework of DSK Bank; management of the counterparty, market and liquidity risks; maintaining an adequate internal regulatory framework and delivery of regulatory reports on the assumed risk, and improvement of the risk management and risk reporting practices;
- Credit Risk Monitoring and Innovation Risk Directorate exercising regular credit risk monitoring of customers other than individuals; exercising control over individually provisioned loans; and developing solutions aimed to facilitate the processes of risk monitoring and risk management;
- Credit Control and Administration Department having functions related to implementation of credit utilization control of business clients;
- Non-financial Risk Management Directorate engaged with implementing methods of adequate measurement of expected and unexpected losses in the field of non-financial risks, as well as policies and mechanisms for decreasing and maintaining those risks within the limits of the risk appetite and tolerance.
- Climate and Environmental Risk Directorate engaged with climate and environmental risk management and integration of these risks in the risk framework of the Group; improvement of data management and ensuring of compliance with the regulatory requirements;
- Lease Transactions Risk Management Department engaged with risk management of lease transactions within the Risk Management Division in accordance with the Governance Rules of the Bank;
- Internal Control System Department engaged with internal control management through a process-oriented and risk-based approach in defining and assessing controls, aimed at continuous improvement of controls in accordance with the strategic goals of the Bank.

Collection Division:

The Head of the Collection Division is also a member of the Management Board. In accordance with the ECB Guidance to banks on non-performing loans, the Collection Division is operationally independent from the units responsible for loan origination and classification. The division includes 4 units responsible for different segments of non-performing loans, namely:

- Retail collection Directorate – has functions related to receivables collection, determining the principles and standards for management of non-performing loans of individuals portfolio;
- Business Clients and Leasing collection Directorate – has functions related to management of non-performing receivables of business clients and leasing, as well as related exposures of individuals, determining the management methodology and organizes the collection process;
- Real Estate Department – carries out functions related to sale, acquisition and management of real estate acquired, collaterals of non-performing loans, as well as supports voluntary sales or building a strategy for management of non-performing loans with real estate collaterals;
- Analysis, reporting and relations with partners Directorate – carries out functions related to preparation of management and regulatory reporting and building a concept and operating information flow and analyses related to management of non-performing loans. The process in the last stage of the management of non-performing loans portfolio, as well as write-off, management assignment and sale of non-performing loans packages to external agencies are also within the unit's functions.

In 2025 the division continued to implement upgrades in the processes and management systems of non-performing loans which led to significant increase of efficiency, channeling the steps at all management stages, achieving more structured and timely clearing of non-performing loans portfolio.

In 2025 all recommendations of the European Central Bank as a result of supervisory inspection performed in 2023 on the activity of the division focused on management of non-performing loans, were closed without any remarks or additional requirements.

The various risks, to which the Bank is exposed, as well as the approaches taken to manage those risks, are described below.

## **7.2. Liquidity risk**

Liquidity risk occurs as a result of the necessity to provide general funding for the Bank's activities and the management of its positions. It includes both the risk of being unable to settle liabilities and the risk of a financial loss caused by forced sale of financial assets in order to provide liquidity.

The goal of liquidity risk management of the Bank is to ensure that it will always have sufficient level of liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses from selling liquid assets or expensive financing.

The executive Body, responsible for managing the liquidity is Asset and Liability Committee (ALCO).

To analyze the liquidity, the Bank prepares a maturity table for assets and liabilities, in which the cash flow from different assets and liabilities are distributed in different time bands, according to their payment date.

The following tables present the liabilities of the Bank distributed by their remaining expected term to maturity based on their contractual dates of repayment into relevant maturity zones based on undiscounted cash outflows.

**Residual contractual maturities of liabilities as of 31 December 2025**

Separate							
<i>In thousands of BGN</i>	Carrying amount	Gross nominal flow	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years
<b>Liabilities</b>							
Deposits from banks	17 798	17 798	3 733	-	-	14 065	-
Derivative financial instruments	33 798	33 798	4 544	12 039	17 215	-	-
Deposits from customers	35 334 287	35 335 282	33 692 797	714 529	902 564	25 392	-
Loans from banks and financial institutions	1 369 667	1 561 935	-	16 527	109	1 428 196	117 103
Lease liabilities	14 429	14 941	574	1 146	4 532	8 545	144
Other liabilities	224 968	224 968	141 463	1 179	926	81 400	-
Provisions	70 501	70 501	7 751	5 213	45 386	11 331	820
Deferred tax liabilities	19 180	19 180	-	-	-	19 180	-
Subordinated debt	449 841	709 729	-	9 031	-	-	700 698
<b>Total liabilities</b>	<b>37 534 469</b>	<b>37 988 132</b>	<b>33 850 862</b>	<b>759 664</b>	<b>970 732</b>	<b>1 588 109</b>	<b>818 765</b>
Unused loan commitments	-	3 934 776	994 269	416 360	1 875 898	645 639	2 610
<b>Total liabilities and commitments</b>	<b>37 534 469</b>	<b>41 922 908</b>	<b>34 845 131</b>	<b>1 176 024</b>	<b>2 846 630</b>	<b>2 233 748</b>	<b>821 375</b>

Consolidated								
<i>In thousands of BGN</i>	Carrying amount	Gross nominal flow	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	Without maturity
<b>Liabilities</b>								
Deposits from banks	17 798	17 798	3 733	-	-	14 065	-	-
Derivative financial instruments	33 798	33 798	4 544	12 039	17 215	-	-	-
Deposits from customers	35 245 627	35 246 622	33 604 137	714 529	902 564	25 392	-	-
Loans from banks and financial institutions	1 489 517	1 790 082	2 645	21 558	23 548	1 505 378	236 953	-
Lease liabilities	13 382	13 946	628	1 255	2 499	9 420	144	-
Current tax payable	4 979	4 979	-	374	4605	-	-	-
Other liabilities	259 391	259 391	145 540	1 947	30 071	81 513	-	320
Provisions	70 562	70 562	7 751	5 213	45 447	11 331	820	-
Deferred tax liabilities	19 180	19 180	-	-	-	19 180	-	-
Subordinated debt	449 841	709 729	-	9 031	-	-	700 698	-
<b>Total liabilities</b>	<b>37 604 075</b>	<b>38 166 087</b>	<b>33 768 978</b>	<b>765 946</b>	<b>1 025 949</b>	<b>1 666 279</b>	<b>938 615</b>	<b>320</b>
Unused loan commitments	-	3 932 268	984 523	416 882	1 880 332	647 921	2 610	-
<b>Total liabilities and commitments</b>	<b>37 604 075</b>	<b>42 098 355</b>	<b>34 753 501</b>	<b>1 182 828</b>	<b>2 906 281</b>	<b>2 314 200</b>	<b>941 225</b>	<b>320</b>

Residual contractual maturities of liabilities as of 31 December 2024

Separate							
	Carrying amount	Gross nominal flow	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years
<i>In thousands of BGN</i>							
<b>Liabilities</b>							
Deposits from banks	26 777	26 777	17 076	-	-	9 701	-
Derivative financial instruments	54 829	54 829	8 474	18 050	16 208	12 097	-
Deposits from customers	29 352 820	29 354 292	27 761 447	560 031	1 002 066	30 748	-
Loans from banks and financial institutions	1 369 976	1 458 981	-	576	-	1 092 628	365 777
Lease liabilities	16 688	17 195	808	1 179	4 962	10 183	63
Current tax payable	42 128	42 128	42 128	-	-	-	-
Other liabilities	149 593	149 593	81 020	967	18 227	49 379	-
Provisions	66 889	66 889	15 719	4 574	31 761	14 530	305
Deferred tax liabilities	19 054	19 054	-	-	-	19 054	-
Subordinated debt	449 841	771 623	-	-	-	-	771 623
<b>Total liabilities</b>	<b>31 548 595</b>	<b>31 961 361</b>	<b>27 926 672</b>	<b>585 377</b>	<b>1 073 224</b>	<b>1 238 320</b>	<b>1 137 768</b>
Unused loan commitments	-	3 063 730	1 368 104	256 995	1 129 753	304 840	4 038
<b>Total liabilities and commitments</b>	<b>31 548 595</b>	<b>35 025 091</b>	<b>29 294 776</b>	<b>842 372</b>	<b>2 202 977</b>	<b>1 543 160</b>	<b>1 141 806</b>

Consolidated								
	Carrying amount	Gross nominal flow	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	Without maturity
<i>In thousands of BGN</i>								
<b>Liabilities</b>								
Deposits from banks	26 777	26 777	17 076	-	-	9 701	-	-
Derivative financial instruments	54 829	54 829	8 474	18 050	16 208	12 097	-	-
Deposits from customers	29 249 108	29 250 580	27 657 735	560 031	1 002 066	30 748	-	-
Loans from banks and financial institutions	1 493 275	1 582 280	-	576	-	1 092 628	489 076	-
Lease liabilities	14 928	15 435	781	1 120	4 694	8 777	63	-
Current tax liabilities	44 690	44 690	42 128	420	431	1 711	-	-
Other liabilities	176 715	176 715	85 533	1 395	40 025	49 493	-	269
Provisions	66 609	66 609	15 719	4 574	31 906	14 105	305	-
Deferred tax liabilities	19 054	19 054	-	-	-	19 054	-	-
Subordinated debt	449 841	771 623	-	-	-	-	771 623	-
<b>Total liabilities</b>	<b>31 595 826</b>	<b>32 008 592</b>	<b>27 827 446</b>	<b>586 166</b>	<b>1 095 330</b>	<b>1 238 314</b>	<b>1 261 067</b>	<b>269</b>
Unused loan commitments	-	3 000 680	1 368 104	256 995	1 066 703	304 840	4 038	-
<b>Total liabilities and commitments</b>	<b>31 595 826</b>	<b>35 009 272</b>	<b>29 195 550</b>	<b>843 161</b>	<b>2 162 033</b>	<b>1 543 154</b>	<b>1 265 105</b>	<b>269</b>

The tables below set out the remaining expected maturities of the Bank's assets and liabilities based on their contractual dates of repayment. The tables do not reflect adjustments by maturity buckets, depending on the retention periods of funds borrowed from clients. The Bank manages the maturity gap between assets and liabilities by maintaining a liquidity buffer consisting of high-quality liquid assets. Such assets can be sold or pledged as collateral as necessary, for the purpose of covering liabilities.

**Maturity analysis of assets and liabilities as of 31 December 2025**

<b>Separate</b>	<b>Carrying amount</b>	<b>Up to 1 month</b>	<b>From 1 to 3 months</b>	<b>From 3 months to 1 year</b>	<b>From 1 to 5 years</b>	<b>Over 5 years</b>	<b>Without maturity</b>
<i>In thousands of BGN</i>							
<b>Assets</b>							
Cash and current accounts with the Central Bank and other banks	7 161 015	7 161 015	-	-	-	-	-
Trading financial assets	23 912	107	144	27	21 693	1 941	-
Derivative financial instruments	39 918	4 366	10 797	23 771	474	510	-
Investments at fair value through profit or loss	1 304	-	-	-	-	-	1 304
Investments at fair value through other comprehensive income	600 874	556	77 547	138 472	342 297	-	42 002
Loans and advances to banks	1 650 169	3 734	395 054	85 106	1 166 275	-	-
Loans and advances to customers	26 207 603	616 333	894 299	4 154 085	9 476 666	11 066 220	-
Investments at amortised cost	6 319 699	22 786	404 289	98 891	2 495 091	3 298 642	-
Tax assets	90 083	-	-	18 017	72 066	-	-
Investments in subsidiaries and associates	93 659	-	-	-	-	-	93 659
Goodwill	77 372	-	-	-	-	-	77 372
Right-of-use assets	14 219	-	-	-	-	-	14 219
Property, plant and equipment	425 644	-	-	-	-	-	425 644
Intangible assets	86 878	-	-	-	-	-	86 878
Other assets	197 465	161 866	1 006	25 047	9 546	-	-
<b>Total assets</b>	<b>42 989 814</b>	<b>7 970 763</b>	<b>1 783 136</b>	<b>4 543 416</b>	<b>13 584 108</b>	<b>14 367 313</b>	<b>741 078</b>
<b>Derivatives assets</b>							
Trading:	36 277						
Outflow		(132 446)	(185 158)	(513 233)	-	-	-
Inflow		102 782	185 989	555 980	-	-	-
Hedge accounting:	3 641						
Outflow		-	-	(729)	-	-	-
Inflow		570	-	636	-	-	-
<b>Total derivatives</b>	<b>39 918</b>	<b>(29 094)</b>	<b>831</b>	<b>42 654</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Maturity analysis of assets and liabilities as of 31 December 2025 (continued)**

<b>Separate</b>	<b>Carrying amount</b>	<b>Up to 1 month</b>	<b>From 1 to 3 months</b>	<b>From 3 months to 1 year</b>	<b>From 1 to 5 years</b>	<b>Over 5 years</b>	<b>Without maturity</b>
<i>In thousands of BGN</i>							
<b>Liabilities</b>							
Deposits from banks	17 798	3 733	-	-	14 065	-	-
Derivative financial instruments	33 798	4 544	12 039	17 215	-	-	-
Deposits from customers	35 334 287	33 692 679	714 009	902 212	25 387	-	-
Loans from banks and financial institutions	1 369 667	-	478	109	1 271 290	97 790	-
Lease liabilities	14 429	548	1 099	4 356	8 426	-	-
Current tax payable	-	-	-	-	-	-	-
Other liabilities	224 968	141 463	1 179	926	81 400	-	-
Provisions	70 501	7 751	5 213	45 386	11 331	820	-
Deferred tax liabilities	19 180	-	-	-	19 180	-	-
Subordinated debt	449 841	-	-	-	-	449 841	-
<b>Total liabilities</b>	<b>37 534 469</b>	<b>33 850 718</b>	<b>734 017</b>	<b>970 204</b>	<b>1 431 079</b>	<b>548 451</b>	<b>-</b>
Unused loan commitments	-	994 269	416 360	1 875 898	645 639	2 610	-
<b>Total liabilities and commitments</b>	<b>37 534 469</b>	<b>34 844 987</b>	<b>1 150 377</b>	<b>2 846 102</b>	<b>2 076 718</b>	<b>551 061</b>	<b>-</b>
<b>Derivatives liabilities</b>							
Trading:	33 798						
Outflow		(101 398)	(178 901)	(542 037)	-	-	-
Inflow		130 916	178 882	500 382	-	-	-
<b>Total derivatives</b>	<b>33 798</b>	<b>29 518</b>	<b>(19)</b>	<b>(41 655)</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Maturity analysis of assets and liabilities as of 31 December 2025 (continued)**

Consolidated	Carrying amount	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	Without maturity
<i>In thousands of BGN</i>							
<b>Assets</b>							
Cash and current accounts with the Central Bank and other banks	7 161 383	7 161 383	-	-	-	-	-
Trading financial assets	91 797	258	18 231	300	71 067	1 941	-
Derivative financial instruments	39 918	4 366	10 797	23 771	474	510	-
Investments at fair value through profit or loss	2 280	-	-	-	-	-	2 280
Investments at fair value through other comprehensive income	600 874	556	77 547	138 472	342 297	-	42 002
Loans and advances to banks	1 650 169	3 734	395 054	85 106	1 166 275	-	-
Net receivables from finance lease	1 961 308	70 097	96 977	398 319	1 371 425	24 490	-
Loans and advances to customers	24 362 716	616 486	829 008	4 173 569	7 623 392	11 120 261	-
Investments at amortised cost	6 319 699	22 786	404 289	98 891	2 495 091	3 298 642	-
Tax assets	90 083	-	-	18 017	72 066	-	-
Investments in associates	6 626	-	-	-	-	-	6 626
Goodwill	78 547	-	-	-	-	-	78 547
Investment property	17 640	-	-	-	-	-	17 640
Right-of-use assets	13 194	-	-	-	-	-	13 194
Property, plant and equipment	466 748	-	-	-	-	-	466 748
Intangible assets	91 182	-	-	-	-	-	91 182
Deferred tax assets	545	-	-	-	-	-	545
Other assets	239 006	158 478	2 924	52 868	24 736	-	-
<b>Total assets</b>	<b>43 193 715</b>	<b>8 038 144</b>	<b>1 834 827</b>	<b>4 989 313</b>	<b>13 166 823</b>	<b>14 445 844</b>	<b>718 764</b>
<b>Derivatives assets</b>							
Trading:	36 277						
Outflow		(132 446)	(185 158)	(513 233)	-	-	-
Inflow		102 782	185 989	555 980	-	-	-
Hedge accounting:	3 641						
Outflow		-	-	(729)	-	-	-
Inflow		570	-	636	-	-	-
<b>Total derivatives</b>	<b>39 918</b>	<b>(29 094)</b>	<b>831</b>	<b>42 654</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Maturity analysis of assets and liabilities as of 31 December 2025 (continued)**

<b>Consolidated</b>	<b>Carrying amount</b>	<b>Up to 1 month</b>	<b>From 1 to 3 months</b>	<b>From 3 months to 1 year</b>	<b>From 1 to 5 years</b>	<b>Over 5 years</b>	<b>Without maturity</b>
<i>In thousands of BGN</i>							
<b>Liabilities</b>							
Deposits from banks	17 798	3 733	-	-	14 065	-	-
Derivative financial instruments	33 798	4 544	12 039	17 215	-	-	-
Deposits from customers	35 245 627	33 604 019	714 009	902 212	25 387	-	-
Loans from banks and financial institutions	1 489 517	-	478	109	1 271 290	217 640	-
Lease liabilities	13 382	600	1 201	2 298	9 283	-	-
Current tax payable	4 979	-	374	4 605	-	-	-
Other liabilities	259 391	145 540	1 947	30 071	81 513	-	320
Provisions	70 562	7 751	5 213	45 447	11 331	820	-
Deferred tax liabilities	19 180	-	-	-	19 180	-	-
Subordinated debt	449 841	-	-	-	-	449 841	-
<b>Total liabilities</b>	<b>37 604 075</b>	<b>33 766 187</b>	<b>735 261</b>	<b>1 001 957</b>	<b>1 432 049</b>	<b>668 301</b>	<b>320</b>
Unused loan commitments	-	984 523	416 882	1 880 332	647 921	2 610	-
<b>Total liabilities and commitments</b>	<b>37 604 075</b>	<b>34 750 710</b>	<b>1 152 143</b>	<b>2 882 289</b>	<b>2 079 970</b>	<b>670 911</b>	<b>320</b>
<b>Derivatives liabilities</b>							
Trading:	33 798						
Outflow		(101 398)	(178 901)	(542 037)	-	-	-
Inflow		130 916	178 882	500 382	-	-	-
<b>Total derivatives</b>	<b>33 798</b>	<b>29 518</b>	<b>(19)</b>	<b>(41 655)</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Maturity analysis of assets and liabilities as of 31 December 2024**

**Separate**

	Carrying amount	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	Without maturity
<i>In thousands of BGN</i>							
<b>Assets</b>							
Cash and current accounts with the Central Bank and other banks	5 809 877	5 809 877	-	-	-	-	-
Trading financial assets	21 125	6 193	-	6 315	3 785	4 832	-
Derivative financial instruments	79 652	13 340	29 890	19 931	15 610	881	-
Investments at fair value through profit or loss	2 581	-	-	-	-	-	2 581
Non-current assets classified as held for sale	4 079	-	-	4 079	-	-	-
Investments at fair value through other comprehensive income	769 144	14 983	9 316	145 259	470 433	88 481	40 672
Loans and advances to banks	1 795 473	3 687	177	1 223 610	567 999	-	-
Loans and advances to customers	22 204 662	652 334	1 121 027	3 623 274	8 152 784	8 655 243	-
Investments at amortised cost	4 960 244	24 986	-	123 912	2 070 517	2 740 829	-
Investments in subsidiaries and associates	93 659	-	-	-	-	-	93 659
Goodwill	77 372	-	-	-	-	-	77 372
Right-of-use assets	16 511	-	-	-	-	-	16 511
Property, plant and equipment	414 533	-	-	-	-	-	414 533
Intangible assets	82 216	-	-	-	-	-	82 216
Other assets	129 829	99 225	924	21 107	8 573	-	-
<b>Total assets</b>	<b>36 460 957</b>	<b>6 624 625</b>	<b>1 161 334</b>	<b>5 167 487</b>	<b>11 289 701</b>	<b>11 490 266</b>	<b>727 544</b>
<b>Derivatives assets</b>							
Trading:	55 241						
Outflow		(479 188)	(246 543)	(172 891)	(272 506)	(768)	-
Inflow		514 363	247 848	183 590	293 686	-	-
Hedge accounting:	24 411						
Outflow		-	(173 587)	(855)	-	-	-
Inflow		748	188 260	1 274	-	-	-
<b>Total derivatives</b>	<b>79 652</b>	<b>35 923</b>	<b>15 978</b>	<b>11 118</b>	<b>21 180</b>	<b>(768)</b>	<b>-</b>

**Maturity analysis of assets and liabilities as of 31 December 2024 (continued)**

<b>Separate</b>							
	<b>Carrying amount</b>	<b>Up to 1 month</b>	<b>From 1 to 3 months</b>	<b>From 3 months to 1 year</b>	<b>From 1 to 5 years</b>	<b>Over 5 years</b>	<b>Without maturity</b>
<i>In thousands of BGN</i>							
<b>Liabilities</b>							
Deposits from banks	26 777	17 076	-	-	9 701	-	-
Derivative financial instruments	54 829	8 474	18 050	16 208	12 097	-	-
Deposits from customers	29 352 820	27 760 627	559 820	1 001 628	30 745	-	-
Loans from banks and financial institutions	1 369 976	-	576	-	1 076 026	293 374	-
Lease liabilities	16 688	781	1 132	4 781	9 932	62	-
Current tax payable	42 128	42 128	-	-	-	-	-
Other liabilities	149 593	81 020	967	18 227	49 379	-	-
Provisions	66 889	15 719	4 574	31 761	14 530	305	-
Deferred tax liabilities	19 054	-	-	-	19 054	-	-
Subordinated debt	449 841	-	-	-	-	449 841	-
<b>Total liabilities</b>	<b>31 548 595</b>	<b>27 925 825</b>	<b>585 119</b>	<b>1 072 605</b>	<b>1 221 464</b>	<b>743 582</b>	<b>-</b>
Unused loan commitments	-	1 368 104	256 995	1 129 753	304 840	4 038	-
<b>Total liabilities and commitments</b>	<b>31 548 595</b>	<b>29 293 929</b>	<b>842 114</b>	<b>2 202 358</b>	<b>1 526 304</b>	<b>747 620</b>	<b>-</b>
<b>Derivatives liabilities</b>							
Trading:	54 829						
Outflow		(171 176)	(168 392)	(280 837)	(293 686)	-	-
Inflow		141 761	167 472	264 364	272 291	-	-
<b>Total derivatives</b>	<b>54 829</b>	<b>(29 415)</b>	<b>(920)</b>	<b>(16 473)</b>	<b>(21 395)</b>	<b>-</b>	<b>-</b>

**Maturity analysis of assets and liabilities as of 31 December 2024 (continued)**

**Consolidated**

<i>In thousands of BGN</i>	<b>Carrying amount</b>	<b>Up to 1 month</b>	<b>From 1 to 3 months</b>	<b>From 3 months to 1 year</b>	<b>From 1 to 5 years</b>	<b>Over 5 years</b>	<b>Without maturity</b>
<b>Assets</b>							
Cash and current accounts with the Central Bank and other banks	<b>5 810 098</b>	5 809 519	-	-	-	-	579
Trading financial assets	<b>112 478</b>	6 193	40 216	34 896	18 827	12 346	-
Derivative financial instruments	<b>79 652</b>	13 340	29 890	19 931	15 610	881	-
Investments at fair value through profit or loss	<b>3 623</b>	-	-	-	-	-	3 623
Assets held for sale	<b>1 716</b>	-	-	1 716	-	-	-
Investments at fair value through other comprehensive income	<b>769 144</b>	14 983	9 316	145 259	470 433	88 481	40 672
Loans and advances to banks	<b>1 795 473</b>	3 687	177	1 223 610	567 999	-	-
Net receivables from finance lease	<b>1 744 568</b>	59 663	81 605	384 987	1 187 763	30 550	-
Loans and advances to customers	<b>20 520 082</b>	655 545	837 779	3 526 833	6 792 822	8 707 103	-
Investments at amortised cost	<b>4 960 244</b>	24 986	-	123 912	2 070 517	2 740 829	-
Investments in associates	<b>5 615</b>	-	-	-	-	-	5 615
Goodwill	<b>78 547</b>	-	-	-	-	-	78 547
Investment property	<b>18 083</b>	-	-	-	-	-	18 083
Right-of-use assets	<b>14 778</b>	-	-	-	-	-	14 778
Property, plant and equipment	<b>445 039</b>	-	-	-	-	-	445 039
Intangible assets	<b>87 920</b>	-	-	-	-	-	87 920
Deferred tax assets	<b>470</b>	-	-	411	59	-	-
Other assets	<b>167 664</b>	105 251	1 899	35 273	25 241	-	-
<b>Total assets</b>	<b>36 615 194</b>	<b>6 693 167</b>	<b>1 000 882</b>	<b>5 496 828</b>	<b>11 149 271</b>	<b>11 580 190</b>	<b>694 856</b>
<b>Derivatives assets</b>							
Trading:	55 241						
Outflow		(479 188)	(246 543)	(172 891)	(272 506)	(768)	-
Inflow		514 363	247 848	183 590	293 686	-	-
Hedge accounting:	24 411						
Outflow		-	(173 587)	(855)	-	-	-
Inflow		748	188 260	1 274	-	-	-
<b>Total derivatives</b>	<b>79 652</b>	<b>35 923</b>	<b>15 978</b>	<b>11 118</b>	<b>21 180</b>	<b>(768)</b>	<b>-</b>

**Maturity analysis of assets and liabilities as of 31 December 2024 (continued)**

<b>Consolidated</b>							
	<b>Carrying amount</b>	<b>Up to 1 month</b>	<b>From 1 to 3 months</b>	<b>From 3 months to 1 year</b>	<b>From 1 to 5 years</b>	<b>Over 5 years</b>	<b>Without maturity</b>
<i>In thousands of BGN</i>							
<b>Liabilities</b>							
Deposits from banks	26 777	17 076	-	-	9 701	-	-
Derivative financial instruments	54 829	8 474	18 050	16 208	12 097	-	-
Deposits from customers	29 249 108	27 656 915	559 820	1 001 628	30 745	-	-
Loans from banks and financial institutions	1 493 275	-	576	-	1 076 026	416 673	-
Lease liabilities	14 928	754	1 073	4 513	8 526	62	-
Current tax liabilities	44 690	42 128	420	431	1 711	-	-
Other liabilities	176 715	85 533	1 395	40 025	49 493	-	269
Provisions	66 609	15 719	4 574	31 906	14 105	305	-
Deferred tax liabilities	19 054	-	-	-	19 054	-	-
Subordinated debt	449 841	-	-	-	-	449 841	-
<b>Total liabilities</b>	<b>31 595 826</b>	<b>27 826 599</b>	<b>585 908</b>	<b>1 094 711</b>	<b>1 221 458</b>	<b>866 881</b>	<b>269</b>
Unused loan commitments	-	1 368 104	256 995	1 066 703	304 840	4 038	-
<b>Total liabilities and commitments</b>	<b>31 595 826</b>	<b>29 194 703</b>	<b>842 903</b>	<b>2 161 414</b>	<b>1 526 298</b>	<b>870 919</b>	<b>269</b>
<b>Derivatives liabilities</b>							
Trading:	54 829						
Outflow		(171 176)	(168 392)	(280 837)	(293 686)	-	-
Inflow		141 761	167 472	264 364	272 291	-	-
<b>Total derivatives</b>	<b>54 829</b>	<b>(29 415)</b>	<b>(920)</b>	<b>(16 473)</b>	<b>(21 395)</b>	<b>-</b>	<b>-</b>

### 7.3. Market risk

Market risk is the risk that changes in market prices – such as interest rates, equity prices, foreign exchange rates – will affect the Bank's income or the value of its holdings of financial instruments.

Exposure to market risk is managed in accordance with the limits for different risks set by the respective competent authority.

DSK Bank applies and monitors the stop/loss limits and triggers of the trading book and acts in accordance with relevant internal procedures if the limits are reached.

The Bank holds a limited number of trading assets with the aim of profiting from price fluctuations and assisting clients with investment and hedging needs by taking positions according to approved products and risk limits in accordance with the Bank's risk appetite. As presented in the table below, the credit quality of the credit exposure, based on Moody's credit ratings, is good, therefore management believes that the exposure to market risk of the assets held for trading is not significant:

<i>In thousands of BGN</i>	<b>Separate</b>		<b>Consolidated</b>	
	<b>31.12.2025</b>	<b>31.12.2024</b>	<b>31.12.2025</b>	<b>31.12.2024</b>
Government bonds				
Rated Aaa	-	-	10 039	30 579
Rated Aa3	-	-	25 599	32 835
Rated Baa1	23 912	21 125	56 159	49 064
<b>Total</b>	<b>23 912</b>	<b>21 125</b>	<b>91 797</b>	<b>112 478</b>

#### 7.3.1. Interest rate risk and credit spread risk

The interest rate risk is the risk of bearing a loss due to fluctuations in market (reference) interest rates. The Bank manages separately the interest rate risk in the bank portfolio and the risk in its trading book.

Bank's activities are subject to the risk of interest rate fluctuations to the extent that interest-earning assets (including investments) and interest-bearing liabilities mature or undergo changes in their interest rates at different times and to a different degree. In cases of assets and liabilities with floating interest rates, the Bank is exposed to a risk of adverse changes in the market interest curves, however to a lower degree.

Interest rate risk management activities are conducted in the context of the Bank's sensitivity to interest rate changes. The actual effect will depend on a number of factors, including the degree to which repayments are made earlier or later than the contracted dates as well as variations in the interest rate, caused by the sensitivity to different periods and currencies.

The Bank manages the interest rate risk in its trading book and limits the risk level through defining limits for interest rate sensitivity (BPV limits) by currencies, time periods and issuers, as well as a limit for the period of holding the securities in the trading book (Bond Turnover limit), limit for the maximum term until maturity of the securities, as well as limits for Value at Risk (VaR), Stop-loss limits for the maximum amount of loss and additional triggers - warning levels for loss, limit for the expected loss (Expected Shortfall - ES).

The Bank analyses the interest risk of the bank book, by classifying its financial assets and liabilities in time areas according to their sensitivity to the changes of interest rates.

Exposure to interest rate risk as of 31 December 2025

Separate							
	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 2 years	Over 2 years	Non- interest- bearing	Total
<i>In thousands of BGN</i>							
<b>Cash and current accounts with the Central Bank and other banks</b>	<b>160 284</b>	-	-	-	-	<b>7 000 731</b>	<b>7 161 015</b>
Fixed rate	2 274	-	-	-	-	-	2 274
Floating rate	158 010	-	-	-	-	-	158 010
Non-interest bearing	-	-	-	-	-	7 000 731	7 000 731
<b>Trading financial assets</b>	<b>107</b>	<b>144</b>	<b>27</b>	<b>7 426</b>	<b>16 208</b>	-	<b>23 912</b>
Fixed rate	107	144	27	7 426	16 208	-	23 912
<b>Derivative financial instruments</b>	<b>1 934</b>	<b>5 979</b>	<b>4 752</b>	-	-	<b>27 253</b>	<b>39 918</b>
Floating rate	1 934	5 979	4 752	-	-	-	12 665
Non-interest bearing	-	-	-	-	-	27 253	27 253
<b>Investments at fair value through profit or loss</b>	-	-	-	-	-	<b>1 304</b>	<b>1 304</b>
Non-interest bearing	-	-	-	-	-	1 304	1 304
<b>Investments at fair value through other comprehensive income</b>	<b>556</b>	<b>77 547</b>	<b>138 473</b>	<b>217 514</b>	<b>124 783</b>	<b>42 001</b>	<b>600 874</b>
Fixed rate	556	77 547	138 473	217 514	124 783	-	558 873
Non-interest bearing	-	-	-	-	-	42 001	42 001
<b>Loans and advances to banks</b>	<b>3 734</b>	<b>979 451</b>	<b>87 127</b>	<b>446 218</b>	<b>133 639</b>	-	<b>1 650 169</b>
Fixed rate	3 734	391 474	87 127	446 218	133 639	-	1 062 192
Floating rate	-	587 977	-	-	-	-	587 977
<b>Loans and advances to customers</b>	<b>25 692 844</b>	<b>104 395</b>	<b>130 868</b>	<b>81 742</b>	<b>197 754</b>	-	<b>26 207 603</b>
Fixed rate	20 523	104 395	130 868	81 742	197 754	-	535 282
Floating rate	25 672 321	-	-	-	-	-	25 672 321
<b>Investments at amortised cost</b>	<b>22 785</b>	<b>404 289</b>	<b>98 891</b>	<b>405 275</b>	<b>5 388 459</b>	-	<b>6 319 699</b>
Fixed rate	22 785	404 289	98 891	405 275	5 388 459	-	6 319 699
<b>Total interest sensitive assets</b>	<b>25 882 244</b>	<b>1 571 805</b>	<b>460 138</b>	<b>1 158 175</b>	<b>5 860 843</b>	<b>7 071 289</b>	<b>42 004 494</b>
Fixed rate	49 979	977 849	455 386	1 158 175	5 860 843	-	8 502 232
Floating rate	25 832 265	593 956	4 752	-	-	-	26 430 973
Non-interest bearing	-	-	-	-	-	7 071 289	7 071 289

Exposure to interest rate risk as of 31 December 2025 (continued)

Separate (continued)							
	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 2 years	Over 2 years	Non- interest- bearing	Total
<i>In thousands of BGN</i>							
<b>Deposits from banks</b>	<b>385</b>	-	-	<b>14 064</b>	-	<b>3 349</b>	<b>17 798</b>
Fixed rate	-	-	-	14 064	-	-	14 064
Floating rate	385	-	-	-	-	-	385
Non-interest bearing	-	-	-	-	-	3 349	3 349
<b>Derivative financial instruments</b>	<b>1 310</b>	<b>6 101</b>	<b>1 316</b>	-	<b>1</b>	<b>25 070</b>	<b>33 798</b>
Floating rate	1 310	6 101	1 316	-	1	-	8 728
Non-interest bearing	-	-	-	-	-	25 070	25 070
<b>Deposits from customers</b>	<b>34 911 763</b>	<b>394 498</b>	<b>28 026</b>	-	-	-	<b>35 334 287</b>
Fixed rate	1 265 391	394 498	28 026	-	-	-	1 687 915
Floating rate	33 646 372	-	-	-	-	-	33 646 372
<b>Loans from banks and financial institutions</b>	-	<b>1 369 667</b>	-	-	-	-	<b>1 369 667</b>
Floating rate	-	1 369 667	-	-	-	-	1 369 667
<b>Lease liabilities</b>	<b>548</b>	<b>1 098</b>	<b>4 356</b>	<b>4 063</b>	<b>4 364</b>	-	<b>14 429</b>
Fixed rate	241	459	1 832	1 837	914	-	5 283
Floating rate	307	639	2 524	2 226	3 450	-	9 146
<b>Subordinated debt</b>	-	<b>449 841</b>	-	-	-	-	<b>449 841</b>
Floating rate	-	449 841	-	-	-	-	449 841
<b>Total interest sensitive liabilities</b>	<b>34 914 006</b>	<b>2 221 205</b>	<b>33 698</b>	<b>18 127</b>	<b>4 365</b>	<b>28 419</b>	<b>37 219 820</b>
Fixed rate	1 265 632	394 957	29 858	15 901	914	-	1 707 262
Floating rate	33 648 374	1 826 248	3 840	2 226	3 451	-	35 484 139
Non-interest bearing	-	-	-	-	-	28 419	28 419

Exposure to interest rate risk as of 31 December 2025 (continued)

Consolidated							
<i>In thousands of BGN</i>	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 2 years	Over 2 years	Non- interest- bearing	Total
<b>Cash and current accounts with the Central Bank and other banks</b>	<b>160 652</b>	-	-	-	-	<b>7 000 731</b>	<b>7 161 383</b>
Fixed rate	2 642	-	-	-	-	-	2 642
Floating rate	158 010	-	-	-	-	-	158 010
Non-interest bearing	-	-	-	-	-	7 000 731	7 000 731
<b>Trading financial assets</b>	<b>258</b>	<b>18 231</b>	<b>300</b>	<b>30 758</b>	<b>42 250</b>	-	<b>91 797</b>
Fixed rate	258	18 231	300	30 758	42 250	-	91 797
<b>Derivative financial instruments</b>	<b>1 934</b>	<b>5 979</b>	<b>4 752</b>	-	-	<b>27 253</b>	<b>39 918</b>
Floating rate	1 934	5 979	4 752	-	-	-	12 665
Non-interest bearing	-	-	-	-	-	27 253	27 253
<b>Investments at fair value through profit or loss</b>	-	-	-	-	-	<b>2 280</b>	<b>2 280</b>
Non-interest bearing	-	-	-	-	-	2 280	2 280
<b>Investments at fair value through other comprehensive income</b>	<b>556</b>	<b>77 547</b>	<b>138 473</b>	<b>217 514</b>	<b>124 783</b>	<b>42 001</b>	<b>600 874</b>
Fixed rate	556	77 547	138 473	217 514	124 783	-	558 873
Non-interest bearing	-	-	-	-	-	42 001	42 001
<b>Loans and advances to banks</b>	<b>3 734</b>	<b>979 451</b>	<b>87 127</b>	<b>446 218</b>	<b>133 639</b>	-	<b>1 650 169</b>
Fixed rate	3 734	391 474	87 127	446 218	133 639	-	1 062 192
Floating rate	-	587 977	-	-	-	-	587 977
<b>Net receivables from finance lease</b>	<b>70 097</b>	<b>96 977</b>	<b>398 319</b>	<b>469 591</b>	<b>926 324</b>	-	<b>1 961 308</b>
Fixed rate	8 622	11 928	48 991	57 757	113 932	-	241 230
Floating rate	61 475	85 049	349 328	411 834	812 392	-	1 720 078
<b>Loans and advances to customers</b>	<b>23 694 600</b>	<b>106 187</b>	<b>141 907</b>	<b>102 773</b>	<b>197 767</b>	<b>119 482</b>	<b>24 362 716</b>
Fixed rate	20 523	104 395	130 868	81 742	197 754	-	535 282
Floating rate	23 674 077	1 792	11 039	21 031	13	-	23 707 952
Non-interest bearing	-	-	-	-	-	119 482	119 482
<b>Investments at amortised cost</b>	<b>22 785</b>	<b>404 289</b>	<b>98 891</b>	<b>405 275</b>	<b>5 388 459</b>	-	<b>6 319 699</b>
Fixed rate	22 785	404 289	98 891	405 275	5 388 459	-	6 319 699
<b>Total interest sensitive assets</b>	<b>23 954 616</b>	<b>1 688 661</b>	<b>869 769</b>	<b>1 672 129</b>	<b>6 813 222</b>	<b>7 191 747</b>	<b>42 190 144</b>
Fixed rate	59 120	1 007 864	504 650	1 239 264	6 000 817	-	8 811 715
Floating rate	23 895 496	680 797	365 119	432 865	812 405	-	26 186 682
Non-interest bearing	-	-	-	-	-	7 191 747	7 191 747

Exposure to interest rate risk as of 31 December 2025 (continued)

Consolidated (continued)							
	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 2 years	Over 2 years	Non- interest- bearing	Total
<i>In thousands of BGN</i>							
<b>Deposits from banks</b>	<b>385</b>	-	-	<b>14 064</b>	-	<b>3 349</b>	<b>17 798</b>
Fixed rate	-	-	-	14 064	-	-	14 064
Floating rate	385	-	-	-	-	-	385
Non-interest bearing	-	-	-	-	-	3 349	3 349
<b>Derivative financial instruments</b>	<b>1 310</b>	<b>6 101</b>	<b>1 316</b>	-	<b>1</b>	<b>25 070</b>	<b>33 798</b>
Floating rate	1 310	6 101	1 316	-	1	-	8 728
Non-interest bearing	-	-	-	-	-	25 070	25 070
<b>Deposits from customers</b>	<b>34 823 103</b>	<b>394 498</b>	<b>28 026</b>	-	-	-	<b>35 245 627</b>
Fixed rate	1 215 358	394 498	28 026	-	-	-	1 637 882
Floating rate	33 607 745	-	-	-	-	-	33 607 745
<b>Loans from banks and financial institutions</b>	-	<b>1 369 667</b>	-	-	-	<b>119 850</b>	<b>1 489 517</b>
Floating rate	-	1 369 667	-	-	-	-	1 369 667
Non-interest bearing	-	-	-	-	-	119 850	119 850
<b>Lease liabilities</b>	<b>490</b>	<b>981</b>	<b>3 892</b>	<b>3 679</b>	<b>4 340</b>	-	<b>13 382</b>
Fixed rate	183	342	1 368	1 453	890	-	4 236
Floating rate	307	639	2 524	2 226	3 450	-	9 146
<b>Subordinated debt</b>	-	<b>449 841</b>	-	-	-	-	<b>449 841</b>
Floating rate	-	449 841	-	-	-	-	449 841
<b>Total interest sensitive liabilities</b>	<b>34 825 288</b>	<b>2 221 088</b>	<b>33 234</b>	<b>17 743</b>	<b>4 341</b>	<b>148 269</b>	<b>37 249 963</b>
Fixed rate	1 215 541	394 840	29 394	15 517	890	-	1 656 182
Floating rate	33 609 747	1 826 248	3 840	2 226	3 451	-	35 445 512
Non-interest bearing	-	-	-	-	-	148 269	148 269

Exposure to interest rate risk as of 31 December 2024

Separate	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 2 years	Over 2 years	Non-interest-bearing	Total
<i>In thousands of BGN</i>							
<b>Cash and current accounts with the Central Bank and other banks</b>	<b>423 304</b>	-	-	-	-	<b>5 386 573</b>	<b>5 809 877</b>
Floating rate	423 304	-	-	-	-	-	423 304
Non-interest bearing	-	-	-	-	-	5 386 573	5 386 573
<b>Trading financial assets</b>	<b>6 207</b>	<b>15</b>	<b>6 396</b>	-	<b>8 507</b>	-	<b>21 125</b>
Fixed rate	6 207	15	6 396	-	8 507	-	21 125
<b>Derivative financial instruments</b>	<b>4 812</b>	<b>12 196</b>	<b>10 019</b>	-	<b>15</b>	<b>52 610</b>	<b>79 652</b>
Floating rate	4 812	12 196	10 019	-	15	-	27 042
Non-interest bearing	-	-	-	-	-	52 610	52 610
<b>Investments at fair value through profit or loss</b>	-	-	-	-	-	<b>2 581</b>	<b>2 581</b>
Non-interest bearing	-	-	-	-	-	2 581	2 581
<b>Investments at fair value through other comprehensive income</b>	<b>15 649</b>	<b>11 483</b>	<b>146 774</b>	<b>215 231</b>	<b>339 335</b>	<b>40 672</b>	<b>769 144</b>
Fixed rate	15 649	11 483	146 774	215 231	339 335	-	728 472
Non-interest bearing	-	-	-	-	-	40 672	40 672
<b>Loans and advances to banks</b>	<b>3 687</b>	<b>177</b>	<b>1 223 610</b>	<b>492 305</b>	<b>75 694</b>	-	<b>1 795 473</b>
Fixed rate	3 687	177	1 223 610	492 305	75 694	-	1 795 473
<b>Loans and advances to customers</b>	<b>21 764 161</b>	<b>92 371</b>	<b>119 338</b>	<b>60 599</b>	<b>168 193</b>	-	<b>22 204 662</b>
Fixed rate	67 080	92 371	119 338	60 599	168 193	-	507 581
Floating rate	21 697 081	-	-	-	-	-	21 697 081
<b>Investments at amortised cost</b>	<b>36 808</b>	<b>35 593</b>	<b>152 387</b>	<b>420 410</b>	<b>4 315 046</b>	-	<b>4 960 244</b>
Fixed rate	36 808	35 593	152 387	420 410	4 315 046	-	4 960 244
<b>Total interest sensitive assets</b>	<b>22 254 628</b>	<b>151 835</b>	<b>1 658 524</b>	<b>1 188 545</b>	<b>4 906 790</b>	<b>5 482 436</b>	<b>35 642 758</b>
Fixed rate	129 431	139 639	1 648 505	1 188 545	4 906 775	-	8 012 895
Floating rate	22 125 197	12 196	10 019	-	15	-	22 147 427
Non-interest bearing	-	-	-	-	-	5 482 436	5 482 436

Exposure to interest rate risk as of 31 December 2024 (continued)

Separate (continued)	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 2 years	Over 2 years	Non- interest- bearing	Total
<i>In thousands of BGN</i>							
<b>Deposits from banks</b>	<b>508</b>	-	-	<b>9 701</b>	-	<b>16 568</b>	<b>26 777</b>
Fixed rate	-	-	-	9 701	-	-	9 701
Floating rate	508	-	-	-	-	-	508
Non-interest bearing	-	-	-	-	-	16 568	16 568
<b>Derivative financial instruments</b>	<b>2 618</b>	<b>12 121</b>	<b>2 520</b>	-	-	<b>37 570</b>	<b>54 829</b>
Floating rate	2 618	12 121	2 520	-	-	-	17 259
Non-interest bearing	-	-	-	-	-	37 570	37 570
<b>Deposits from customers</b>	<b>29 073 408</b>	<b>224 553</b>	<b>54 859</b>	-	-	-	<b>29 352 820</b>
Fixed rate	1 436 171	224 553	54 859	-	-	-	1 715 583
Floating rate	27 637 237	-	-	-	-	-	27 637 237
<b>Loans from banks and financial institutions</b>	-	<b>1 369 976</b>	-	-	-	-	<b>1 369 976</b>
Floating rate	-	1 369 976	-	-	-	-	1 369 976
<b>Lease liabilities</b>	<b>781</b>	<b>1 131</b>	<b>4 780</b>	<b>5 008</b>	<b>4 988</b>	-	<b>16 688</b>
Fixed rate	450	499	2 146	2 274	1 916	-	7 285
Floating rate	331	632	2 634	2 734	3 072	-	9 403
<b>Subordinated debt</b>	-	<b>449 841</b>	-	-	-	-	<b>449 841</b>
Floating rate	-	449 841	-	-	-	-	449 841
<b>Total interest sensitive liabilities</b>	<b>29 077 315</b>	<b>2 057 622</b>	<b>62 159</b>	<b>14 709</b>	<b>4 988</b>	<b>54 138</b>	<b>31 270 931</b>
Fixed rate	1 436 621	225 052	57 005	11 975	1 916	-	1 732 569
Floating rate	27 640 694	1 832 570	5 154	2 734	3 072	-	29 484 224
Non-interest bearing	-	-	-	-	-	54 138	54 138

Exposure to interest rate risk as of 31 December 2024 (continued)

Consolidated							
	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 2 years	Over 2 years	Non- interest- bearing	Total
<i>In thousands of BGN</i>							
<b>Cash and current accounts with the Central Bank and other banks</b>	<b>423 524</b>	-	-	-	-	<b>5 386 574</b>	<b>5 810 098</b>
Fixed rate	220	-	-	-	-	-	220
Floating rate	423 304	-	-	-	-	-	423 304
Non-interest bearing	-	-	-	-	-	5 386 574	5 386 574
<b>Trading financial assets</b>	<b>6 207</b>	<b>40 231</b>	<b>34 977</b>	<b>9 241</b>	<b>21 822</b>	-	<b>112 478</b>
Fixed rate	6 207	40 231	34 977	9 241	21 822	-	112 478
<b>Derivative financial instruments</b>	<b>4 812</b>	<b>12 196</b>	<b>10 019</b>	-	<b>15</b>	<b>52 610</b>	<b>79 652</b>
Floating rate	4 812	12 196	10 019	-	15	-	27 042
Non-interest bearing	-	-	-	-	-	52 610	52 610
<b>Investments at fair value through profit or loss</b>	-	-	-	-	-	<b>3 623</b>	<b>3 623</b>
Non-interest bearing	-	-	-	-	-	3 623	3 623
<b>Investments at fair value through other comprehensive income</b>	<b>15 649</b>	<b>11 483</b>	<b>146 774</b>	<b>215 231</b>	<b>339 335</b>	<b>40 672</b>	<b>769 144</b>
Fixed rate	15 649	11 483	146 774	215 231	339 335	-	728 472
Non-interest bearing	-	-	-	-	-	40 672	40 672
<b>Loans and advances to banks</b>	<b>3 687</b>	<b>177</b>	<b>1 223 610</b>	<b>492 305</b>	<b>75 694</b>	-	<b>1 795 473</b>
Fixed rate	3 687	177	1 223 610	492 305	75 694	-	1 795 473
<b>Net receivables from finance lease</b>	<b>59 663</b>	<b>81 605</b>	<b>384 987</b>	<b>422 968</b>	<b>795 345</b>	-	<b>1 744 568</b>
Fixed rate	5 266	7 203	33 979	37 331	70 198	-	153 977
Floating rate	54 397	74 402	351 008	385 637	725 147	-	1 590 591
<b>Loans and advances to customers</b>	<b>19 920 397</b>	<b>94 513</b>	<b>129 800</b>	<b>71 548</b>	<b>182 226</b>	<b>121 598</b>	<b>20 520 082</b>
Fixed rate	67 080	92 371	119 338	60 599	168 193	-	507 581
Floating rate	19 853 317	2 142	10 462	10 949	14 033	-	19 890 903
Non-interest bearing	-	-	-	-	-	121 598	121 598
<b>Investments at amortised cost</b>	<b>36 808</b>	<b>35 593</b>	<b>152 387</b>	<b>420 410</b>	<b>4 315 046</b>	-	<b>4 960 244</b>
Fixed rate	36 808	35 593	152 387	420 410	4 315 046	-	4 960 244
<b>Total interest sensitive assets</b>	<b>20 470 747</b>	<b>275 798</b>	<b>2 082 554</b>	<b>1 631 703</b>	<b>5 729 483</b>	<b>5 605 077</b>	<b>35 795 362</b>
Fixed rate	134 917	187 058	1 711 065	1 235 117	4 990 288	-	8 258 445
Floating rate	20 335 830	88 740	371 489	396 586	739 195	-	21 931 840
Non-interest bearing	-	-	-	-	-	5 605 077	5 605 077

Exposure to interest rate risk as of 31 December 2024 (continued)

Consolidated (continued)							
	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 2 years	Over 2 years	Non- interest- bearing	Total
<i>In thousands of BGN</i>							
<b>Deposits from banks</b>	<b>508</b>	-	-	<b>9 701</b>	-	<b>16 568</b>	<b>26 777</b>
Fixed rate	-	-	-	9 701	-	-	9 701
Floating rate	508	-	-	-	-	-	508
Non-interest bearing	-	-	-	-	-	16 568	16 568
<b>Derivative financial instruments</b>	<b>2 618</b>	<b>12 121</b>	<b>2 520</b>	-	-	<b>37 570</b>	<b>54 829</b>
Floating rate	2 618	12 121	2 520	-	-	-	17 259
Non-interest bearing	-	-	-	-	-	37 570	37 570
<b>Deposits from customers</b>	<b>28 969 696</b>	<b>224 553</b>	<b>54 859</b>	-	-	-	<b>29 249 108</b>
Fixed rate	1 422 580	224 553	54 859	-	-	-	1 701 992
Floating rate	27 547 116	-	-	-	-	-	27 547 116
<b>Loans from banks and financial institutions</b>	-	<b>1 369 976</b>	-	-	-	<b>123 299</b>	<b>1 493 275</b>
Floating rate	-	1 369 976	-	-	-	-	1 369 976
Non-interest bearing	-	-	-	-	-	123 299	123 299
<b>Lease liabilities</b>	<b>724</b>	<b>1 015</b>	<b>4 256</b>	<b>4 831</b>	<b>4 102</b>	-	<b>14 928</b>
Fixed rate	393	383	1 622	2 097	1 030	-	5 525
Floating rate	331	632	2 634	2 734	3 072	-	9 403
<b>Subordinated debt</b>	-	<b>449 841</b>	-	-	-	-	<b>449 841</b>
Floating rate	-	449 841	-	-	-	-	449 841
<b>Total interest sensitive liabilities</b>	<b>28 973 546</b>	<b>2 057 506</b>	<b>61 635</b>	<b>14 532</b>	<b>4 102</b>	<b>177 437</b>	<b>31 288 758</b>
Fixed rate	1 422 973	224 936	56 481	11 798	1 030	-	1 717 218
Floating rate	27 550 573	1 832 570	5 154	2 734	3 072	-	29 394 103
Non-interest bearing	-	-	-	-	-	177 437	177 437

The equity instruments measured at fair value through other comprehensive income (Note 29), are presented as non-interest bearing assets in the tables above.

The non-interest bearing deposits from customers include mostly deposits for guarantees, letters of credit, etc.

Financial assets and liabilities in the table above are grouped by the earlier of the next contractual repricing date or maturity date.

The Bank manages the interest rate risk in the banking book (IRRBB) in accordance with the requirements of the European Banking Authority (EBA). The Bank measures the exposure to the IRRBB by calculating two main indicators – change in the net interest income (earning based indicator) and change in the economic value of equity (value-based indicator) under the interest rate scenarios specified in the EBA guidelines. They represent the sensitivity of the Bank’s earnings and equity to market interest rates changes. In calculating the indicators, the Bank makes business assumptions, including product characteristics, behavioral characteristics, early repayment, valuation ratios and modelling of deposits. The Bank has approved a risk appetite and limits for both indicators, and they are monitored and reported to management on a regular basis. Based on this approach for management of the interest rate risk in the banking book the effect on equity and net interest income from the supervisory outlier test, parallel shift of interest rates by 200 bp, is presented in the table below:

<i>Effect in thousands of BGN</i>	Separate			
	Net interest income		Equity	
	200 bp increase	200 bp decrease	200 bp increase	200 bp decrease
As at 31 December 2025	(2 135)	(96 758)	(252 413)	141 574
As at 31 December 2024	36 318	(76 427)	412 222	90 434

<i>Effect in thousands of BGN</i>	Consolidated			
	Net interest income		Equity	
	200 bp increase	200 bp decrease	200 bp increase	200 bp decrease
As at 31 December 2025	(2 655)	(114 295)	(239 497)	100 951
As at 31 December 2024	37 259	(91 859)	402 667	96 299

The Bank is exposed to credit spread risk in the banking book (CSRBB). CSRBB is a risk of loss or decrease in capital due to changes of the market price for credit risk, for liquidity and for potentially other characteristics of credit-risky instruments, which is not captured by another existing prudential framework such as IRRBB or by expected credit / (jump-to-) default risk.

The Bank manages its CSRBB by setting limits and performing regular stress tests on its portfolios of financial instruments.

The Bank expects the Euro adoption to influence favourably the interest rate risk. The Euro interest market is much more developed and offers additional instruments for management and hedging of interest rate risk than the Bulgarian Lev market, which was less developed.

### **7.3.2. Currency risk**

The Bank is exposed to currency risk when conducting transactions with financial instruments denominated in foreign currencies.

As a result of the implementation of Currency Board in Bulgaria, the Bulgarian currency rate to the euro is fixed at 1.95583. The national reporting currency is the Bulgarian lev therefore the Bank’s financial results are affected by fluctuations in the exchange rates between the Bulgarian lev and currencies outside the Euro-zone.

The risk management policy is aimed at limiting the possible losses from negative fluctuations of foreign currencies rates different from euro. The Group senior management sets limits on maximum open positions - total and per currency, daily and overnight open positions, stop-loss limit and expected shortfall, as well as VaR (Value at Risk) to manage the Bank's exchange rate risk for the trading portfolio. Bank's strategy is to minimize the impact from the changes of exchange rates on financial results. The net open currency positions in the trading portfolio and the compliance with the approved limits by currency, as well as the strategic position of Assets and Liabilities Management in EUR are reported to management on a daily basis, and periodically to ALCO and the Risk Committee. The limits for restricting the exchange rate risk are periodically renewed based on analysis of market information and the inner needs of the Bank.

The Bank applies VaR methodology through a MRP (Market Risk Portal) system for market risk observation to measure the exchange rate risk. Basic characteristics of this model are: historical with 99% level of confidence and 1 day retention. To bring out a correlation matrix, the Bank uses historical observations for exchange rate changes for 250 working days.

The statistics of the model for 2025 and 2024 are as follows:

<b>Separate and Consolidated</b>		
<i>In thousands of BGN</i>	<b>2025</b>	<b>2024</b>
At 31 December	21	48
Average for the period	28	26
Maximum for the period	120	240
Minimum for the period	2	2

The VaR model used to measure the total exchange rate exposure of the Bank has some limitations such as the possibility of losses with greater frequency and with larger amount, than the expected ones. For this purpose, the quality of the VaR model is continuously monitored through back-testing the VaR results.

To assess the currency risk in extreme conditions, stress test of the trading portfolio exchange rate exposure is used, based on potential changes of the currency rates provided by the Market Risk Department of OTP Bank.

For monetary assets and liabilities denominated in foreign currencies that are not hedged, the Bank manages the net exposure by buying and selling foreign currencies at spot rates when considered appropriate, keeping approved limits for open currency position. Exposure to exchange rate risk arising from transactions, to which the Bank applies hedge accounting according to IFRS 9, is not significant. Analysis of the hedged items and hedging instruments is provided in Notes 12 and 24.2.

The sensitivity to currency risk is estimated by stressing any net open currency position, except for Euro/BGN currency position. The stress factors are determined on the basis of the largest 20-day movements in the EUR/USD rate, recorded during the COVID pandemic and the Russia-Ukraine war, adjusted by the correlation of such rate with the relevant currencies, as well as by its relative volatility. The effect on the capital is calculated as the resulting stress factor is applied to the net currency position and, accordingly, the result of the stress is net.

The Bank focuses on business with clients (foreign exchange trading) as transactions with clients are closed on the interbank market. Therefore, open currency positions for separate currencies, and the effects of stress are immaterial.

#### **7.4. Credit risk**

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Bank. The Bank's main income generating activity is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans and advances to customers and other banks (including related commitments to lend such as loan or credit card facilities), investments in debt securities and derivatives that are an asset position. The Bank considers all elements of credit risk exposure such as counterparty default risk, geographical risk and sector risk for risk management purposes.

##### **7.4.1. Significant increase in credit risk**

The Bank monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Bank will measure the loss allowance based on lifetime rather than 12-month ECL.

When identifying and measuring credit risk in the conditions of higher uncertainty caused by geopolitical contradictions and the other novel risks, the Bank takes into account the specifics of individual customers and their ability to overcome the difficulties caused by novel risks (e.g. their ability to substitute the respective customers or suppliers in areas of military conflict; their resilience during longer periods of high energy prices and high inflation; their adaptability to changes in legislation and customer preferences, etc.). The Bank monitors monthly whether a significant increase of credit risk has occurred. The assessment is performed either in the process of individual case-by-case monitoring and review of a given loan, or in the presence of indicators of increased credit risk, such as days past due, default on other loans in the retail individuals segment (as long as it does not trigger a cross-default), watchlist status, forbearance (as long as it does not trigger NPL classification it serves as a Stage 2 trigger). A significant increase of credit risk may be determined based on the behavioral model which uses up-to-date information on account history, status of other loans of the same customer owed to other financial institutions reporting to the Central Credit Registry, etc. The result of the behavioral model affects the assessment of the presence or absence of a significant increase in credit risk since initial recognition. Instruments with a low credit risk in the credit portfolio are all credit exposures falling into rating 1 on the Group scale of the Bank of OTP Bank (a scale with grades from 1 to 10, where 10 means in default). The Bank further improved its assessment of indications for a significant increase in credit risk by adding to the probability of default measurement other factors reflecting novel risks (inflation, interest rates, geopolitical risk, supply chain disruption risk, climate risk).

The management determined the corporate segment exposures with a significant increase in credit risk due to one or more of the listed above factors, as well as of strictly individual factors related to the separate customers. In the retail segment the assessment is based on portfolio valuations, behavioral models and specific additional factors increasing risk (e.g. availability of material overdue amounts to other creditors).

#### **7.4.2. Unlikelihood-to-pay assessment**

The Bank performs a monthly unlikelihood to pay assessment to all the credit exposures. In the retail segment this assessment is mostly driven by standardized criteria such as an objective criterion for cross-default (when it represents a significant part of the total exposure of the debtor), legal procedures against the borrower, constraints on accounts, etc. For corporate clients, case-by-case analysis and monitoring checks are also applied.

In accordance with the guidance of EBA, the objective criterion for default is based on the number of consecutive days for which there is a past due amount above a materiality threshold. Apart from the objective criterion for the number of consecutive days and a past due amount above a materiality threshold, the Bank performs an unlikelihood-to-pay assessment based on additional factors (distrains, restructuring with a significant change in NPV of an asset, individual judgement in case of corporate exposures).

#### **7.4.3. Nature and scope of the systems for risk assessment – models for credit risk assessment**

When determining the credit risk of a deal, the Bank uses statistical and/or expert models to assess the credibility of the client, thus providing a common standard for credit risk assessment. Based on the result from the application of such models, the client or the deal is classified in a certain risk pool.

The credit risk assessment models at the Bank are developed taking into account the specifics of each customer segment, based mainly on the application of statistical approaches. For client segments, where historical data and/or volumes are insufficient, the Bank uses expert models for credit risk assessment. The responsibility for the modelling is with the Risk Management Division, which is independent from the business divisions. These models are not used for estimation of expected credit loss in view of impairment/provision calculations; however, the results of the models can influence the Bank's assessment of whether there has been a significant increase in credit risk.

Currently the models developed and used in the risk management process of the Bank are three major types:

- Application PD models

The purpose of the application PD model is to provide a reliable tool (quantitative measurement) for prediction of the future debt service by customers applying for credit. The Application PD model uses client data, which is available at the point of loan application, such as demographic data, credit history and behaviour within the Bank for individuals or financial data for companies.

Calculated PD value represents the probability of default as a percentage from 0% to 100% during the 12-month period following the approval.

The application PD models are used for the assessment of probability of default when applying for credit for the following client segments:

- Individuals, requesting mass products in the retail banking – mortgage backed loans, revolving loans, consumer, quick and POS loans;
- Business clients in the Small Business segment;
- Corporate clients, excluding financial institutions, municipalities, public sector entities, commercial factoring and project financing clients.
- Behavioural PD model

The purpose of the behavioural PD model is to provide a reliable tool for prediction of the future debt servicing based on the client's behaviour, when using the products of the Bank and servicing its debt obligations.

Based on the calculated PD result, which represents the probability of default as a percentage from 0% to 100% during the 12 month- period following the calculation, the clients and their exposures are classified into pre-defined risk categories (ratings according to the group scale of OTP Bank). According to an internal methodology adopted by the OTP Bank, the probability of default occurring for the remaining life of the asset is also assessed.

The purpose of the behavioral model is to serve as a tool for ongoing analysis of the future probability of default at the portfolio level, as well as for the identification of early warning signals, respectively to determine whether there has been a significant increase in credit risk compared to the initial recognition of the asset.

- Model assisting the collection of problem loans (Collection Model)

The purpose of the model is to distinguish problem loans for which the delay to undertake measures could probably lead to subsequent deterioration of the exposure of the Bank. When based on the model high probability for deterioration of certain exposures is estimated, the Bank undertakes actions to collect it with the aim for minimisation of risk.

- Expert model

The expert models for assessment of customers applying for credits are based on the experts' expectations regarding the reasonable parameters to be used, their weights and cut-off levels. Finally, a matrix is determined, which provides the basis for pooling the customers into risk Banks. The Bank uses expert models when it is impossible to develop a statistical model due to insufficient transactions and/or defaults as well as when brand new products are created or a new segment becomes a target, when it is not possible an available statistical model to be applied.

The Bank has expert models for the municipalities segment, the public sector entities segment and for individual deals assessment for the specialized lending segment.

The credit risk assessment models are subject to periodical review and are updated on an ongoing basis.

#### **7.4.4. Expected Credit Loss measurement (ECL)**

The key inputs used for measuring ECL are:

- probability of default or loss (PD/PL);
- loss given default or loss (LGD/LGL); and
- exposure at default or loss (EAD).

These figures are generally derived from internally developed statistical models within OTP Bank and historical data. They are adjusted to reflect probability-weighted forward-looking information.

PD/PL is an estimate of the likelihood of default or loss over a given time horizon. It is estimated at a point in time. The calculation is based on statistical migration models and assessed using models tailored to the various categories of counterparties and exposures. These statistical models are based on market data (where available), as well as internal data comprising both quantitative and qualitative factors. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates. The estimation is based on current conditions, adjusted to consider estimates of future conditions that will impact PD/PL.

LGD/LGL is an estimate of the financial loss arising on the fact that a receivable is classified as receivable in default or loss. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, considering cash flows from any collateral and other sources of repayment. The LGD/LGL models for secured assets consider forecasts of future collateral valuation considering sale discounts, time to realisation of collateral, cross-collateralisation and seniority of claim, cost of realisation of collateral and collected amounts with an origin different from the collateral provided. LGD models for unsecured assets consider time of recovery, recovery rates and seniority of claims. The calculation is on a discounted cash flow basis, where the cash flows are discounted by the original EIR of the financial instrument.

EAD is an estimate of the exposure at a future default or loss date, considering expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities. The Bank's modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that are permitted by the current contractual terms, such as amortisation profiles, early repayment or overpayment, changes in utilisation of undrawn commitments and credit mitigation actions taken before default or loss. The Bank uses EAD models that reflect the characteristics of the portfolios.

The Bank measures ECL considering the risk of default over the maximum contractual period (including extension options) over which the entity is exposed to credit risk and not a longer period, even if contact extension or renewal is common business practice. However for financial instruments such as credit cards, revolving credit facilities and overdraft facilities that include both a loan and an undrawn commitment component, the Bank's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Bank's exposure to credit losses to the contractual notice period. For such financial instruments the Bank measures ECL over the period that it is exposed to credit risk and ECL would not be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period. These financial instruments do not have a fixed term or repayment structure and have a short contractual cancellation period. However, the Bank does not enforce in the normal day-to-day management the contractual right to cancel these financial instruments. This is because these financial instruments are managed on a collective basis and are canceled only when the Bank becomes aware of occurrence of a default at the facility level. This longer period is estimated considering the credit risk management actions that the Bank expects to take to mitigate ECL, e.g. reduction in limits or cancellation of the loan commitment.

The measurement of ECL is based on probability weighted average credit loss. As a result, the measurement of the loss allowance should be the same regardless of whether it is measured on an individual basis or a collective basis (although measurement on a collective basis is more practical for large portfolios of items).

Expected credit losses are measured in a way that reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes,
- the time value of money, and
- reasonable and supportable information that is available without undue cost of effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

As of 31 December 2025, DSK Bank applies four macro scenarios for the calculation of expected credit losses for the collectively impaired loans portfolio. The weight of the most optimistic among the scenarios is 10%, and on the base case scenario is 50%. A new scenario is added which assumes poor economic stress with 25% weight. The severe stress scenario has 15% weight and assumes a shock similar to that of 2009.

- In case only the optimistic scenario would apply, ECL would be 23.6% lower than the actual for 31 December 2025;
- In case only the baseline stress scenario would apply, ECL would be 12.8% lower than the actual for 31 December 2025;
- In case only the poor economic stress scenario would apply, ECL would be 3.3% higher than the actual for 31 December 2025;

- In case only the severe stress scenario would apply, ECL would be 53.1% higher than the actual for 31 December 2025.

#### **7.4.5. Individual and collective assessment of expected credit losses**

The following exposures are subject to collective impairment:

- all retail banking exposures, including POCI;
- receivables with an insignificant amount on an individual basis, which are not managed individually in the Collection of receivables Department, including POCI;
- receivables of a significant amount on an individual basis not classified as Stage 3 (non-performing), including POCI;
- commercial factoring receivables.

#### **7.4.6. Bankings based on shared risk characteristics**

For the purpose of collective ECL determination financial instruments are Banked on the basis of shared credit risk characteristics:

- instrument type;
- credit risk ratings;
- collateral type;
- date of initial recognition;
- internal rating;
- sector in the economy to which the debtor belongs;
- segment in which the debtor falls;
- the value of collateral in correlation towards the financial asset receivable if it has an impact on the expected loss (for example, loan-to-value ratios).

The groups are reviewed on a regular basis to ensure that each group is comprised of homogenous exposures.

#### **7.4.7. Credit quality**

The Bank monitors credit risk per class of financial instrument.

An analysis of the Bank's credit risk concentrations per class of financial asset is provided in the following tables. Unless specifically indicated, for financial assets, the amounts in the table represent carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

**7.4.7.1. Cash at banks and loans and advances to banks at amortised cost**

<i>In thousands of BGN</i>	<b>Separate</b>		<b>Consolidated</b>	
	<b>31.12.2025</b>	<b>31.12.2024</b>	<b>31.12.2025</b>	<b>31.12.2024</b>
<b>Concentration by sector</b>				
Central bank	6 045 166	4 890 171	6 045 166	4 890 171
Other banks	1 934 536	2 233 667	1 934 904	2 233 888
<b>Total</b>	<b>7 979 702</b>	<b>7 123 838</b>	<b>7 980 070</b>	<b>7 124 059</b>
<b>Concentration by region</b>				
Europe	7 941 160	7 099 348	7 941 528	7 099 569
North America	35 570	22 502	35 570	22 502
Asia	2 858	1 755	2 858	1 755
Australia	114	233	114	233
<b>Total</b>	<b>7 979 702</b>	<b>7 123 838</b>	<b>7 980 070</b>	<b>7 124 059</b>

The concentration of credit risk of the Bank and the Group as of 31 December 2025 is represented by the carrying amount of the largest exposure to one commercial bank, decreased with the collateral received which amounts to BGN 1 452 246 thousand (2024: BGN 1 802 589 thousand).

**7.4.7.2. Loans and advances to customers at amortised cost**

<i>In thousands of BGN</i>	<b>Separate</b>		<b>Consolidated</b>	
	<b>31.12.2025</b>	<b>31.12.2024</b>	<b>31.12.2025</b>	<b>31.12.2024</b>
<b>Concentration by sector</b>				
<b>Retail:</b>				
Mortgages	9 862 483	7 568 241	9 862 483	7 568 241
Other retail loans	6 716 991	6 049 096	6 717 416	6 050 017
<b>Corporate:</b>				
Agriculture and forestry	284 304	324 343	312 146	357 378
Construction	556 219	471 820	559 166	471 820
Financial and insurance activities	2 112 337	1 946 620	114 549	103 597
Hotels and catering	222 299	244 651	222 299	244 651
Manufacturing	3 478 081	2 862 170	3 506 236	2 887 135
Real estate activities	807 837	764 333	821 991	775 697
State and local government	198 980	64 504	255 414	127 395
Trade and services	1 270 109	1 215 532	1 288 782	1 235 371
Transport and communications	298 489	353 886	298 565	353 970
Other industry sectors	399 474	339 466	403 669	344 810
<b>Total</b>	<b>26 207 603</b>	<b>22 204 662</b>	<b>24 362 716</b>	<b>20 520 082</b>
<b>Concentration by region</b>				
Europe	26 171 017	22 161 807	24 326 130	20 477 227
North America	7 576	10 127	7 576	10 127
Asia	23 817	21 235	23 817	21 235
Africa	2 549	10 464	2 549	10 464
Australia	48	69	48	69
South America	2 596	960	2 596	960
<b>Total</b>	<b>26 207 603</b>	<b>22 204 662</b>	<b>24 362 716</b>	<b>20 520 082</b>

As of 31 December 2025, 21% of the carrying amount of loans and advances to corporate clients of the separate financial statement of the Bank are concentrated in one client (2024: 21%). The concentration of credit risk to corporate clients of the Group according to the consolidated financial statement as of 31 December 2025 is 2% (2024: 2%).

The exposure to the top 5 retail clients amounts to 0.10% and 0.09% of the carrying amount of loans to clients in the retail segment as of 31 December 2025 and 2024, respectively on both separate and consolidated basis. Such exposures are fully collateralised.

**7.4.7.3. Finance lease receivables**

<i>In thousands of BGN</i>	<b>Consolidated</b>	
	<b>31.12.2025</b>	<b>31.12.2024</b>
<b>Concentration by sector</b>		
<b>Retail:</b>		
Households	576 160	454 525
<b>Corporate:</b>		
Agriculture and forestry	90 263	103 916
Construction	188 236	149 310
Financial activities	8 082	4 558
Hotels and catering	16 529	11 953
Manufacturing	143 748	143 184
Real estate activities	15 437	12 403
Trade and services	291 195	309 753
Transport and communications	402 080	375 073
Administrative and Support Service Activities	129 831	103 285
Other industry sectors	99 747	76 608
<b>Total</b>	<b>1 961 308</b>	<b>1 744 568</b>
<b>Concentration by region</b>		
Europe	1 961 308	1 744 568
<b>Total</b>	<b>1 961 308</b>	<b>1 744 568</b>

As of 31 December 2025, the largest exposure to one customer has a carrying amount of BGN 52 966 thousand (2024: BGN 34 655 thousand), which represents 2.7% of the total net receivables under finance leases (2024: 2%).

**7.4.7.4. Investments in securities**

<i>In thousands of BGN</i>	<b>Separate</b>		<b>Consolidated</b>	
	<b>31.12.2025</b>	<b>31.12.2024</b>	<b>31.12.2025</b>	<b>31.12.2024</b>
<b>Concentration by sector</b>				
<i>Investments in instruments measured at fair value through other comprehensive income</i>				
Government bonds	558 872	728 472	558 872	728 472
Equity instruments	42 002	40 672	42 002	40 672
<i>Investments in instruments mandatory measured at fair value through profit or loss</i>				
Equity instruments	342	322	1 318	1 364
Corporate debt securities	962	2 259	962	2 259
<i>Investments in instruments measured at amortized cost</i>				
Government bonds	5 671 933	4 398 519	5 671 933	4 398 519
Corporate debt securities	545 676	446 682	545 676	446 682
Debt securities issued by the European Investment Bank	102 090	115 043	102 090	115 043
<b>Total</b>	<b>6 921 877</b>	<b>5 731 969</b>	<b>6 922 853</b>	<b>5 733 011</b>
<b>Concentration by region</b>				
Europe	6 691 712	5 457 394	6 692 688	5 458 436
North America	98 477	125 187	98 477	125 187
Asia	131 688	149 388	131 688	149 388
<b>Total</b>	<b>6 921 877</b>	<b>5 731 969</b>	<b>6 922 853</b>	<b>5 733 011</b>

The carrying amount of the Group's investments in securities represents the assets' maximum exposure to credit risk.

As of 31 December 2025, and 2024 the government bonds in both separate and consolidated financial statement include BGN 2 794 999 thousand and BGN 2 147 282 thousand, respectively, issued by one issuer.

Corporate debt securities valued at amortized cost as of 31 December 2025 and 2024 represent an exposure to a related party as disclosed in Note 47.

The Bank diversifies the undertaken credit risks through the application of sector risk limits. The sector risk limits system is based on a methodology, which considers historical data related to the development of the respective industries. Despite this the methodology for determining sector limits provides a top limit of the maximum share of the total business portfolio which could be allowed as risk in certain industry sector. This limits the concentration risk. Reaching the maximum share leads to application of more restrictive requirements during the process of risk taking (including higher level of approval) or to a decrease of credits in certain industry sector.

#### 7.4.7.5. Loan commitments and financial guarantee contracts

<i>In thousands of BGN</i>	Separate		Consolidated	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
<b>Concentration by sector</b>				
<b>Retail:</b>				
Collateralised by mortgage	332 126	188 005	332 126	188 005
Other retail loans	587 567	470 264	587 567	470 264
<b>Corporate:</b>				
Agriculture and forestry	95 107	98 096	95 107	98 096
Construction	585 240	823 953	585 240	825 568
Financial and insurance activities	46 442	98 488	33 559	30 140
Hotels and catering	68 027	36 335	68 027	36 335
Manufacturing	1 272 601	1 008 731	1 274 551	1 008 731
Real estate activities	256 352	54 885	258 098	54 885
State and local government	84 598	68	84 598	68
Trade and services	875 800	897 076	879 340	898 318
Transport and communications	253 248	187 155	253 248	187 155
Other industry sectors	448 990	110 928	449 511	110 969
<b>Total</b>	<b>4 906 098</b>	<b>3 973 984</b>	<b>4 900 972</b>	<b>3 908 534</b>
<b>Concentration by region</b>				
Europe	4 905 438	3 973 127	4 900 312	3 907 677
North America	53	55	53	55
Asia	438	654	438	654
Africa	107	91	107	91
Oceania	34	34	34	34
South America	28	23	28	23
<b>Total</b>	<b>4 906 098</b>	<b>3 973 984</b>	<b>4 900 972</b>	<b>3 908 534</b>

#### 7.4.8. Credit risk exposures per class of financial asset, internal rating and stage

The Bank uses an internal credit rating system, according to which customers are rated from 1 to 10 using internal grades as follows:

Grade	Grade description	Probability of default (PD)	
		Low PD bound	High PD bound
1	Low risk	0%	0.26%
2	Low risk	0.27%	0.53%
3	Low risk	0.54%	0.92%
4	Moderate risk	0.93%	1.55%
5	Moderate risk	1.56%	2.61%
6	Moderate risk	2.62%	4.35%
7	Increased risk	4.36%	8.06%
8	Increased risk	8.07%	19.77%
9	High risk	19.78%	99.99%
10	Default	100%	100%

The tables below provide an analysis of the Bank's credit risk exposure per class of financial asset, stage and internal credit rating used by the Bank for monitoring and management of credit risk, without considering the effects of any collateral or other credit enhancements. Unless specifically indicated, financial assets are presented at their carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively. Municipalities and public-sector entities (PSE) are reported separately as they are assessed by means of expert models different from the statistical models used for the rest of the clients.

**7.4.8.1. Cash at banks and loans and advances to banks at amortised cost**

<i>In thousands of BGN</i>	<b>Separate</b>					
	<b>31.12.2025</b>			<b>31.12.2024</b>		
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Total</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Total</b>
Grades 1-3: Low risk	7 980 334	-	7 980 334	7 126 428	-	7 126 428
Grades 4-6: Moderate risk	309	69	378	173	189	362
<b>Total gross carrying amount</b>	<b>7 980 643</b>	<b>69</b>	<b>7 980 712</b>	<b>7 126 601</b>	<b>189</b>	<b>7 126 790</b>
Loss allowance	(1 009)	(1)	(1 010)	(2 950)	(2)	(2 952)
<b>Carrying amount</b>	<b>7 979 634</b>	<b>68</b>	<b>7 979 702</b>	<b>7 123 651</b>	<b>187</b>	<b>7 123 838</b>

<i>In thousands of BGN</i>	<b>Consolidated</b>					
	<b>31.12.2025</b>			<b>31.12.2024</b>		
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Total</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Total</b>
Grades 1-3: Low risk	7 980 702	-	7 980 702	7 126 649	-	7 126 649
Grades 4-6: Moderate risk	309	69	378	173	189	362
<b>Total gross carrying amount</b>	<b>7 981 011</b>	<b>69</b>	<b>7 981 080</b>	<b>7 126 822</b>	<b>189</b>	<b>7 127 011</b>
Loss allowance	(1 009)	(1)	(1 010)	(2 950)	(2)	(2 952)
<b>Carrying amount</b>	<b>7 980 002</b>	<b>68</b>	<b>7 980 070</b>	<b>7 123 872</b>	<b>187</b>	<b>7 124 059</b>

**7.4.8.2. Loans and advances to customers at amortised cost**

<b>Separate</b>	<b>31.12.2025</b>					<b>31.12.2024</b>				
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>
<i>In thousands of BGN</i>										
Grades 1-3: Low risk	18 028 655	433 899	-	633	18 463 187	14 073 640	378 789	-	888	14 453 317
Grades 4-6: Moderate risk	4 723 020	1 121 459	-	155	5 844 634	4 699 328	1 186 301	-	261	5 885 890
Grades 7-8: Increased risk	384 716	667 896	-	312	1 052 924	476 651	868 399	-	187	1 345 237
Grade 9: High risk	17 878	209 535	-	70	227 483	22 793	148 711	-	107	171 611
Grade 10: Default	-	-	526 147	3 792	529 939	-	-	472 915	9 932	482 847
Municipality, PSE	51 572	-	-	-	51 572	58 495	-	-	-	58 495
Not rated	665 196	74 792	-	-	739 988	427 372	86 505	-	1	513 878
<b>Total gross carrying amount</b>	<b>23 871 037</b>	<b>2 507 581</b>	<b>526 147</b>	<b>4 962</b>	<b>26 909 727</b>	<b>19 758 279</b>	<b>2 668 705</b>	<b>472 915</b>	<b>11 376</b>	<b>22 911 275</b>
Loss allowance	(129 176)	(242 011)	(327 319)	(3 618)	(702 124)	(114 527)	(283 640)	(298 871)	(9 575)	(706 613)
<b>Carrying amount</b>	<b>23 741 861</b>	<b>2 265 570</b>	<b>198 828</b>	<b>1 344</b>	<b>26 207 603</b>	<b>19 643 752</b>	<b>2 385 065</b>	<b>174 044</b>	<b>1 801</b>	<b>22 204 662</b>

**7.4.8.2. Loans and advances to customers at amortised cost (continued)**

<b>Consolidated</b>										
<i>In thousands of BGN</i>	<b>31.12.2025</b>					<b>31.12.2024</b>				
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>
Grades 1-3: Low risk	16 048 579	441 048	-	633	16 490 260	12 281 015	407 689	-	888	12 689 592
Grades 4-6: Moderate risk	4 750 239	1 136 234	-	155	5 886 628	4 699 328	1 186 301	-	261	5 885 890
Grades 7-8: Increased risk	389 450	673 362	-	312	1 063 124	476 651	868 399	-	187	1 345 237
Grade 9: High risk	17 878	209 535	-	70	227 483	22 793	148 711	-	107	171 611
Grade 10: Default	-	-	527 378	3 792	531 170	-	-	474 008	10 330	484 338
Municipality, PSE	108 011	-	-	-	108 011	121 392	-	-	-	121 392
Not rated	665 196	74 792	-	-	739 988	427 372	86 505	-	1	513 878
<b>Total gross carrying amount</b>	<b>21 979 353</b>	<b>2 534 971</b>	<b>527 378</b>	<b>4 962</b>	<b>25 046 664</b>	<b>18 028 551</b>	<b>2 697 605</b>	<b>474 008</b>	<b>11 774</b>	<b>21 211 938</b>
Loss allowance	(110 181)	(242 492)	(327 657)	(3 618)	(683 948)	(98 975)	(283 934)	(299 312)	(9 635)	(691 856)
<b>Carrying amount</b>	<b>21 869 172</b>	<b>2 292 479</b>	<b>199 721</b>	<b>1 344</b>	<b>24 362 716</b>	<b>17 929 576</b>	<b>2 413 671</b>	<b>174 696</b>	<b>2 139</b>	<b>20 520 082</b>

**7.4.8.3. Finance lease receivables**

<b>Consolidated</b>					
<i>In thousands of BGN</i>	<b>31.12.2025</b>				
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>
Grades 1-3: Low risk	1 144 598	220 455	-	-	1 365 053
Grades 4-6: Moderate risk	530 713	41 135	-	-	571 848
Grade 10: Default	-	-	57 143	94	57 237
Municipality, PSE	1 966	-	68	-	2 034
<b>Total gross carrying amount</b>	<b>1 677 277</b>	<b>261 590</b>	<b>57 211</b>	<b>94</b>	<b>1 996 172</b>
Loss allowance	(3 789)	(11 738)	(19 243)	(94)	(34 864)
<b>Carrying amount</b>	<b>1 673 488</b>	<b>249 852</b>	<b>37 968</b>	<b>-</b>	<b>1 961 308</b>

<b>Consolidated</b>					
<i>In thousands of BGN</i>	<b>31.12.2024</b>				
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>
Grades 1-3: Low risk	1 045 740	121 331	-	-	1 167 071
Grades 4-6: Moderate risk	427 973	128 272	1 158	57	557 460
Grade 10: Default	-	-	52 344	1 543	53 887
Municipality, PSE	462	-	93	-	555
<b>Total gross carrying amount</b>	<b>1 474 175</b>	<b>249 603</b>	<b>53 595</b>	<b>1 600</b>	<b>1 778 973</b>
Loss allowance	(4 122)	(10 931)	(17 812)	(1 540)	(34 405)
<b>Carrying amount</b>	<b>1 470 053</b>	<b>238 672</b>	<b>35 783</b>	<b>60</b>	<b>1 744 568</b>

**7.4.8.4. Investments in securities measured at fair value through other comprehensive income**

<b>Separate and Consolidated</b>		
<i>In thousands of BGN</i>	<b>31.12.2025</b>	<b>31.12.2024</b>
	<b>Stage 1</b>	<b>Stage 1</b>
Grades 1-3: Low risk	567 986	750 335
Grades 4-6: Moderate risk	32 888	18 809
<b>Total fair value</b>	<b>600 874</b>	<b>769 144</b>
Loss allowance	(402)	(774)

**7.4.8.5. Investments in securities measured at amortized cost**

Separate and Consolidated					
<i>In thousands of BGN</i>	31.12.2025		31.12.2024		
	Stage 1	Total	Stage 1	Stage 3	Total
Grades 1-3: Low risk	5 942 831	5 942 831	4 561 947	-	4 561 947
Grades 4-6: Moderate risk	382 963	382 963	391 817	-	391 817
Grade 10: Default	-	-	-	29 923	29 923
<b>Total gross carrying amount</b>	<b>6 325 794</b>	<b>6 325 794</b>	<b>4 953 764</b>	<b>29 923</b>	<b>4 983 687</b>
Loss allowance	(6 095)	(6 095)	(5 489)	(17 954)	(23 443)
<b>Total carrying amount</b>	<b>6 319 699</b>	<b>6 319 699</b>	<b>4 948 275</b>	<b>11 969</b>	<b>4 960 244</b>

**7.4.8.6. Loan commitments and financial guarantee contracts**

Separate								
<i>In thousands of BGN</i>	31.12.2025 r.				31.12.2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Grades 1-3: Low risk	1 874 360	56 698	-	1 931 058	2 230 111	13 525	-	2 243 636
Grades 4-6: Moderate risk	2 071 096	200 939	-	2 272 035	1 127 728	288 698	-	1 416 426
Grades 7-8: Increased risk	332 891	78 090	-	410 981	134 094	69 442	-	203 536
Grade 9: High risk	145	1 769	-	1 914	283	680	-	963
Grade 10: Default	-	-	981	981	-	-	1 480	1 480
Municipality, PSE	30	-	-	30	658	-	-	658
Not rated	288 185	914	-	289 099	106 041	1 244	-	107 285
<b>Total amount committed</b>	<b>4 566 707</b>	<b>338 410</b>	<b>981</b>	<b>4 906 098</b>	<b>3 598 915</b>	<b>373 589</b>	<b>1 480</b>	<b>3 973 984</b>
Loss allowance	(27 898)	(18 847)	(122)	(46 867)	(20 461)	(24 356)	(295)	(45 112)

**7.4.8.6 Loan commitments and financial guarantee contracts (continued)**

Consolidated								
<i>In thousands of BGN</i>	31.12.2025 r.				31.12.2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Grades 1-3: Low risk	1 869 234	56 698	-	1 925 932	2 164 661	13 525	-	2 178 186
Grades 4-6: Moderate risk	2 071 096	200 939	-	2 272 035	1 127 728	288 698	-	1 416 426
Grades 7-8: Increased risk	332 891	78 090	-	410 981	134 094	69 442	-	203 536
Grade 9: High risk	145	1 769	-	1 914	283	680	-	963
Grade 10: Default	-	-	981	981	-	-	1 480	1 480
Municipality, PSE	30	-	-	30	658	-	-	658
Not rated	288 185	914	-	289 099	106 041	1 244	-	107 285
<b>Total amount committed</b>	<b>4 561 581</b>	<b>338 410</b>	<b>981</b>	<b>4 900 972</b>	<b>3 533 465</b>	<b>373 589</b>	<b>1 480</b>	<b>3 908 534</b>
Loss allowance	(27 812)	(18 847)	(122)	(46 781)	(20 036)	(24 356)	(295)	(44 687)

**7.4.9. Loss allowance or provision by type of exposure**

The next table summarizes the loss allowance and provisions by type of exposure as of 31 December 2025 and 2024:

<i>In thousands of BGN</i>	Separate		Consolidated	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
Cash at banks	(213)	(720)	(213)	(720)
Loans and advances to banks at amortised cost	(797)	(2 232)	(797)	(2 232)
Loans and advances to customers at amortised cost	(702 124)	(706 613)	(683 948)	(691 856)
Receivables from finance lease	-	-	(34 864)	(34 405)
Securities at fair value through other comprehensive income and securities at amortised cost	(6 497)	(24 217)	(6 497)	(24 217)
Loan commitments and financial guarantee contracts	(46 867)	(45 112)	(46 781)	(44 687)
<b>Total</b>	<b>(756 498)</b>	<b>(778 894)</b>	<b>(773 100)</b>	<b>(798 117)</b>

**7.4.10. Movement of the gross carrying amount and expected credit loss**

The tables below summarize the movement of the gross carrying amount and the corresponding expected credit losses (ECLs) of the financial assets, as well as the movement of financial guarantee exposures and loan commitments, and the provisions thereon, for the years ending 31 December 2025 and 2024 by type of exposure.

**7.4.8.6 Movement of the gross carrying amount and expected credit loss of cash at banks and loans and advances to banks at amortised cost**

Separate	2025						2024					
	Stage 1		Stage 2		Total		Stage 1		Stage 2		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
<i>In thousands of BGN</i>												
<b>As at 1 January</b>	<b>7 126 601</b>	<b>(2 950)</b>	<b>189</b>	<b>(2)</b>	<b>7 126 790</b>	<b>(2 952)</b>	<b>8 138 317</b>	<b>(3 001)</b>	<b>199</b>	<b>(4)</b>	<b>8 138 516</b>	<b>(3 005)</b>
Increase due to change in credit risk	-	(71)	-	-	-	(71)	-	(704)	-	-	-	(704)
Decrease due to change in credit risk	-	1 005	-	-	-	1 005	-	-	-	-	-	-
New financial assets originated or purchased	3 907 134	(611)	-	-	3 907 134	(611)	1 108 258	(613)	-	-	1 108 258	(613)
Financial assets that have been derecognised	(3 053 092)	1 618	(120)	1	(3 053 212)	1 619	(2 119 974)	1 368	(10)	2	(2 119 984)	1 370
<b>As at 31 December</b>	<b>7 980 643</b>	<b>(1 009)</b>	<b>69</b>	<b>(1)</b>	<b>7 980 712</b>	<b>(1 010)</b>	<b>7 126 601</b>	<b>(2 950)</b>	<b>189</b>	<b>(2)</b>	<b>7 126 790</b>	<b>(2 952)</b>

**7.4.8.6 Movement of the gross carrying amount and expected credit loss of cash at banks and loans and advances to banks at amortised cost (continued)**

Consolidated												
	Stage 1		2025 Stage 2		Total		Stage 1		2024 Stage 2		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
<i>In thousands of BGN</i>												
<b>As at 1 January</b>	7 126 822	(2 950)	189	(2)	7 127 011	(2 952)	8 138 639	(3 001)	199	(4)	8 138 838	(3 005)
Increase due to change in credit risk	-	(71)	-	-	-	(71)	-	(704)	-	-	-	(704)
Decrease due to change in credit risk	-	1 005	-	-	-	1 005	-	-	-	-	-	-
New financial assets originated or purchased	3 907 284	(611)	-	-	3 907 284	(611)	1 108 268	(613)	-	-	1 108 268	(613)
Financial assets that have been derecognised	(3 053 095)	1 618	(120)	1	(3 053 215)	1 619	(2 120 085)	1 368	(10)	2	(2 120 095)	1 370
<b>As at 31 December</b>	<b>7 981 011</b>	<b>(1 009)</b>	<b>69</b>	<b>(1)</b>	<b>7 981 080</b>	<b>(1 010)</b>	<b>7 126 822</b>	<b>(2 950)</b>	<b>189</b>	<b>(2)</b>	<b>7 127 011</b>	<b>(2 952)</b>

**7.4.10.2. Movement of the gross carrying amount and expected credit loss of loans and advances to customers at amortised cost**

Separate	2025									
	Stage 1		Stage 2		Stage 3		POCI		Total	
<i>In thousands of BGN</i>	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
<b>As at 1 January</b>	<b>19 758 279</b>	<b>(114 527)</b>	<b>2 668 705</b>	<b>(283 640)</b>	<b>472 915</b>	<b>(298 871)</b>	<b>11 376</b>	<b>(9 575)</b>	<b>22 911 275</b>	<b>(706 613)</b>
Transfer to stage 1	707 684	(66 350)	(703 188)	64 976	(4 496)	1 374	-	-	-	-
Transfer to stage 2	(918 857)	6 161	955 279	(18 190)	(36 422)	12 029	-	-	-	-
Transfer to stage 3	(74 274)	543	(107 958)	18 711	182 232	(19 254)	-	-	-	-
Increase due to utilization and/or change in credit risk	785 225	(7 933)	111 049	(72 569)	4 422	(119 514)	154	(162)	<b>900 850</b>	<b>(200 178)</b>
Decrease due to partial repayments and/or change in credit risk	(1 907 836)	80 421	(325 282)	50 380	(40 951)	14 167	(1 509)	1 291	<b>(2 275 578)</b>	<b>146 259</b>
Written off and sold	(473)	26	(193)	158	(125 386)	125 386	(4 763)	4 763	<b>(130 815)</b>	<b>130 333</b>
New financial assets purchased or originated, according to their classification at the end of the year	8 743 139	(50 570)	520 301	(65 809)	77 862	(37 588)	-	-	<b>9 341 302</b>	<b>(153 967)</b>
Reclassified from investments at amortised cost	-	-	-	-	30 181	(12 072)	-	-	<b>30 181</b>	<b>(12 072)</b>
Currency revaluation of matured securities	-	-	-	-	(5 642)	5 077	-	-	<b>(5 642)</b>	<b>5 077</b>
Fully repaid financial assets	(3 221 850)	23 053	(611 132)	63 972	(28 568)	1 947	(296)	65	<b>(3 861 846)</b>	<b>89 037</b>
<b>As at 31 December</b>	<b>23 871 037</b>	<b>(129 176)</b>	<b>2 507 581</b>	<b>(242 011)</b>	<b>526 147</b>	<b>(327 319)</b>	<b>4 962</b>	<b>(3 618)</b>	<b>26 909 727</b>	<b>(702 124)</b>

**7.4.10.2. Movement of the gross carrying amount and expected credit loss of loans and advances to customers at amortised cost (continued)**

	Consolidated									
	2025									
	Stage 1		Stage 2		Stage 3		POCI		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
<i>In thousands of BGN</i>										
<b>As at 1 January</b>	<b>18 028 551</b>	<b>(98 975)</b>	<b>2 697 605</b>	<b>(283 934)</b>	<b>474 008</b>	<b>(299 312)</b>	<b>11 774</b>	<b>(9 635)</b>	<b>21 211 938</b>	<b>(691 856)</b>
Transfer to stage 1	712 379	(66 426)	(707 825)	65 045	(4 554)	1 381	-	-	-	-
Transfer to stage 2	(924 738)	6 193	961 535	(18 378)	(36 797)	12 185	-	-	-	-
Transfer to stage 3	(74 814)	546	(109 525)	18 796	184 339	(19 342)	-	-	-	-
Increase due to utilization and/or change in credit risk	730 548	(5 926)	111 067	(72 744)	4 430	(119 593)	154	(162)	<b>846 199</b>	<b>(198 425)</b>
Decrease due to partial repayments and/or change in credit risk	(1 928 291)	80 581	(330 592)	50 572	(42 749)	14 319	(1 509)	1 291	<b>(2 303 141)</b>	<b>146 763</b>
Written off and sold	(473)	26	(193)	158	(125 386)	125 386	(5 161)	4 823	<b>(131 213)</b>	<b>130 393</b>
New financial assets purchased or originated, according to their classification at the end of the year	8 270 852	(45 951)	524 304	(66 007)	78 116	(37 633)	-	-	<b>8 873 272</b>	<b>(149 591)</b>
Reclassified from investments at amortised cost	-	-	-	-	30 181	(12 072)	-	-	<b>30 181</b>	<b>(12 072)</b>
Currency revaluation of matured securities	-	-	-	-	(5 642)	5 077	-	-	<b>(5 642)</b>	<b>5 077</b>
Fully repaid financial assets	(2 834 661)	19 751	(611 405)	64 000	(28 568)	1 947	(296)	65	<b>(3 474 930)</b>	<b>85 763</b>
<b>As at 31 December</b>	<b>21 979 353</b>	<b>(110 181)</b>	<b>2 534 971</b>	<b>(242 492)</b>	<b>527 378</b>	<b>(327 657)</b>	<b>4 962</b>	<b>(3 618)</b>	<b>25 046 664</b>	<b>(683 948)</b>

**7.4.10.2. Movement of the gross carrying amount and expected credit loss of loans and advances to customers at amortised cost (continued)**

Separate										
2024										
	Stage 1		Stage 2		Stage 3		POCI		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
<i>In thousands of BGN</i>										
<b>As at 1 January</b>	<b>17 908 064</b>	<b>(141 657)</b>	<b>2 276 183</b>	<b>(219 061)</b>	<b>466 100</b>	<b>(280 748)</b>	<b>18 387</b>	<b>(12 086)</b>	<b>20 668 734</b>	<b>(653 552)</b>
Transfer to stage 1	702 422	(60 804)	(697 721)	59 160	(4 701)	1 644	-	-	-	-
Transfer to stage 2	(997 181)	9 060	1 038 911	(24 365)	(41 730)	15 305	-	-	-	-
Transfer to stage 3	(50 476)	475	(75 074)	13 218	125 550	(13 693)	-	-	-	-
Increase due to utilization and/or change in credit risk	807 372	(6 395)	199 451	(107 469)	15 884	(98 034)	348	(1 465)	<b>1 023 055</b>	<b>(213 363)</b>
Decrease due to partial repayments and/or change in credit risk	(1 913 790)	92 064	(290 129)	26 676	(40 982)	19 952	(2 746)	102	<b>(2 247 647)</b>	<b>138 794</b>
Written off and sold	(58 675)	590	(1 830)	130	(75 764)	75 764	(3 210)	3 210	<b>(139 479)</b>	<b>79 694</b>
New financial assets purchased or originated, according to their classification at the end of the year	7 090 351	(45 006)	539 467	(62 556)	81 513	(39 701)	-	-	<b>7 711 331</b>	<b>(147 263)</b>
Reclassified from investments at amortised cost	-	-	-	-	2 530	(1 518)	-	-	<b>2 530</b>	<b>(1 518)</b>
Fully repaid financial assets	(3 729 808)	37 146	(320 553)	30 627	(55 485)	22 158	(1 403)	664	<b>(4 107 249)</b>	<b>90 595</b>
<b>As at 31 December</b>	<b>19 758 279</b>	<b>(114 527)</b>	<b>2 668 705</b>	<b>(283 640)</b>	<b>472 915</b>	<b>(298 871)</b>	<b>11 376</b>	<b>(9 575)</b>	<b>22 911 275</b>	<b>(706 613)</b>

**7.4.10.2. Movement of the gross carrying amount and expected credit loss of loans and advances to customers at amortised cost (continued)**

Consolidated										
2024										
	Stage 1		Stage 2		Stage 3		POCI		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
<i>In thousands of BGN</i>										
<b>As at 1 January</b>	<b>16 467 668</b>	<b>(124 022)</b>	<b>2 281 266</b>	<b>(219 644)</b>	<b>466 366</b>	<b>(280 855)</b>	<b>18 809</b>	<b>(12 149)</b>	<b>19 234 109</b>	<b>(636 670)</b>
Transfer to stage 1	704 078	(60 979)	(699 377)	59 335	(4 701)	1 644	-	-	-	-
Transfer to stage 2	(1 023 389)	9 075	1 065 119	(24 380)	(41 730)	15 305	-	-	-	-
Transfer to stage 3	(50 523)	475	(76 348)	13 405	126 871	(13 880)	-	-	-	-
Increase due to utilization and/or change in credit risk	776 650	(6 128)	199 451	(107 518)	15 884	(98 255)	348	(1 465)	<b>992 333</b>	<b>(213 366)</b>
Decrease due to partial repayments and/or change in credit risk	(1 925 934)	89 866	(292 397)	26 801	(41 476)	20 026	(2 770)	105	<b>(2 262 577)</b>	<b>136 798</b>
Written off and sold	(58 675)	590	(1 830)	130	(75 764)	75 764	(3 210)	3 210	<b>(139 479)</b>	<b>79 694</b>
New financial assets purchased or originated, according to their classification at the end of the year	6 179 781	(37 240)	542 452	(62 707)	81 513	(39 701)	-	-	<b>6 803 746</b>	<b>(139 648)</b>
Reclassified from investments at amortised cost	-	-	-	-	2 530	(1 518)	-	-	<b>2 530</b>	<b>(1 518)</b>
Fully repaid financial assets	(3 041 105)	29 388	(320 731)	30 644	(55 485)	22 158	(1 403)	664	<b>(3 418 724)</b>	<b>82 854</b>
<b>As at 31 December</b>	<b>18 028 551</b>	<b>(98 975)</b>	<b>2 697 605</b>	<b>(283 934)</b>	<b>474 008</b>	<b>(299 312)</b>	<b>11 774</b>	<b>(9 635)</b>	<b>21 211 938</b>	<b>(691 856)</b>

**7.4.10.3. Movement of the gross carrying amount and expected credit loss of finance lease receivables**

Consolidated	2025									
	Stage 1		Stage 2		Stage 3		POCI		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
<i>In thousands of BGN</i>										
<b>As at 1 January</b>	1 474 175	(4 122)	249 603	(10 931)	53 595	(17 812)	1 600	(1 540)	1 778 973	(34 405)
Transfer to stage 1	52 122	(2 783)	(50 221)	2 180	(1 901)	603	-	-	-	-
Transfer to stage 2	(106 776)	337	110 329	(1 217)	(3 553)	880	-	-	-	-
Transfer to stage 3	(15 281)	60	(13 335)	886	28 616	(946)	-	-	-	-
Increases due to change in credit risk	-	(22)	-	(3 468)	-	(5 612)	-	(144)	-	(9 246)
Decreases due to change in credit risk	-	4 210	-	2 590	-	3 300	-	29	-	10 129
Written off and sold	-	-	-	-	(403)	403	(1 543)	1 543	(1 946)	1 946
New financial assets purchased or originated, according to their classification at the end of the year	761 687	(1 847)	85 835	(3 673)	3 277	(1 093)	143	-	850 942	(6 613)
Financial assets that have been derecognised	(488 650)	378	(120 621)	1 895	(22 420)	1 034	(106)	18	(631 797)	3 325
<b>As at 31 December</b>	<b>1 677 277</b>	<b>(3 789)</b>	<b>261 590</b>	<b>(11 738)</b>	<b>57 211</b>	<b>(19 243)</b>	<b>94</b>	<b>(94)</b>	<b>1 996 172</b>	<b>(34 864)</b>

**7.4.10.3. Movement of the gross carrying amount and expected credit loss of finance lease receivables (continued)**

	Consolidated									
	Stage 1		Stage 2		2024 Stage 3		POCI		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
<i>In thousands of BGN</i>										
<b>As at 1 January</b>	<b>1 345 332</b>	<b>(6 301)</b>	<b>190 846</b>	<b>(12 355)</b>	<b>51 719</b>	<b>(13 029)</b>	<b>1 908</b>	<b>(1 816)</b>	<b>1 589 805</b>	<b>(33 501)</b>
Transfer to stage 1	83 096	(4 419)	(81 572)	4 003	(1 524)	416	-	-	-	-
Transfer to stage 2	(151 214)	924	154 866	(1 901)	(3 652)	977	-	-	-	-
Transfer to stage 3	(9 778)	56	(12 532)	1 306	22 310	(1 362)	-	-	-	-
Increases due to change in credit risk	-	(5)	-	(3 616)	-	(6 842)	-	(22)	-	(10 485)
Decreases due to change in credit risk	-	6 807	-	2 957	-	1 248	-	2	-	11 014
Written off and sold	-	-	-	-	(741)	741	(234)	234	(975)	975
New financial assets purchased or originated, according to their classification at the end of the year	672 389	(2 060)	84 383	(4 244)	2 585	(1 022)	23	-	759 380	(7 326)
Financial assets that have been derecognised	(465 650)	876	(86 388)	2 919	(17 102)	1 061	(97)	62	(569 237)	4 918
<b>As at 31 December</b>	<b>1 474 175</b>	<b>(4 122)</b>	<b>249 603</b>	<b>(10 931)</b>	<b>53 595</b>	<b>(17 812)</b>	<b>1 600</b>	<b>(1 540)</b>	<b>1 778 973</b>	<b>(34 405)</b>

**7.4.10.4. Movement of the fair value and expected credit loss of investments in securities measured at fair value through other comprehensive income**

Separate and Consolidated				
<i>In thousands of BGN</i>	2025 Stage 1		2024 Stage 1	
	Fair value	ECL	Fair value	ECL
<b>As at 1 January</b>	<b>769 144</b>	<b>(774)</b>	<b>932 032</b>	<b>(2 239)</b>
Increases due to change in credit risk	-	(15)	-	-
Decreases due to change in credit risk	-	114	-	703
Fair value net change	(183)	-	34 418	-
New financial assets originated or purchased	1 471	-	2 816	-
Financial assets that have been derecognised	(169 558)	273	(200 122)	762
<b>As at 31 December</b>	<b>600 874</b>	<b>(402)</b>	<b>769 144</b>	<b>(774)</b>

**7.4.10.5. Movement of the gross carrying amount and expected credit loss of investments in securities carried at amortised cost**

Separate and Consolidated						
<i>In thousands of BGN</i>	Stage 1		2025 Stage 3		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
	<b>As at 1 January</b>	<b>4 953 764</b>	<b>(5 489)</b>	<b>29 923</b>	<b>(17 954)</b>	<b>4 983 687</b>
Increases due to change in credit risk	-	(198)	-	-	-	(198)
Decreases due to change in credit risk	-	1 509	-	5 882	-	7 391
Net change in the amortised cost	(46 162)	-	258	-	(45 904)	-
New financial assets originated or purchased	1 555 203	(2 000)	-	-	1 555 203	(2 000)
Reclassified to loans and advances	-	-	(30 181)	12 072	(30 181)	12 072
Financial assets that have been derecognised	(137 011)	83	-	-	(137 011)	83
<b>As at 31 December</b>	<b>6 325 794</b>	<b>(6 095)</b>	<b>-</b>	<b>-</b>	<b>6 325 794</b>	<b>(6 095)</b>

Separate and Consolidated						
<i>In thousands of BGN</i>	Stage 1		2024 Stage 3		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
	<b>As at 1 January</b>	<b>2 131 814</b>	<b>(4 227)</b>	<b>32 167</b>	<b>(10 989)</b>	<b>2 163 981</b>
Increases due to change in credit risk	-	(420)	-	(8 483)	-	(8 903)
Decreases due to change in credit risk	-	1 907	-	-	-	1 907
Net change in the amortised cost	32 199	-	286	-	32 485	-
New financial assets originated or purchased	2 844 058	(2 854)	-	-	2 844 058	(2 854)
Reclassified to loans and advances	-	-	(2 530)	1 518	(2 530)	1 518
Financial assets that have been derecognised	(54 307)	105	-	-	(54 307)	105
<b>As at 31 December</b>	<b>4 953 764</b>	<b>(5 489)</b>	<b>29 923</b>	<b>(17 954)</b>	<b>4 983 687</b>	<b>(23 443)</b>

**7.4.10.6. Movement of loan commitments and financial guarantee contracts, and the provisions for loan commitments and financial guarantee contracts**

**Separate**

	2025							
	Stage 1		Stage 2		Stage 3		Total	
	Outstanding exposure	ECL	Outstanding exposure	ECL	Outstanding exposure	ECL	Outstanding exposure	ECL
<i>In thousands of BGN</i>								
<b>As at 1 January</b>	<b>3 598 915</b>	<b>(20 461)</b>	<b>373 589</b>	<b>(24 356)</b>	<b>1 480</b>	<b>(295)</b>	<b>3 973 984</b>	<b>(45 112)</b>
Transfer to stage 1	151 644	(10 591)	(151 629)	10 589	(15)	2	-	-
Transfer to stage 2	(232 408)	1 459	232 610	(1 490)	(202)	31	-	-
Transfer to stage 3	(550)	2	(528)	33	1 078	(35)	-	-
Increases due to change in exposure and/or credit risk	438 670	(3 112)	53 093	(6 722)	95	(53)	<b>491 858</b>	<b>(9 887)</b>
Decreases due to change in exposure and/or credit risk	(894 830)	14 923	(174 118)	4 705	(785)	54	<b>(1 069 733)</b>	<b>19 682</b>
New loan commitments originated or purchased, according to their classification at the end of the year	2 495 024	(15 855)	123 799	(8 436)	52	(3)	<b>2 618 875</b>	<b>(24 294)</b>
Financial assets that have been derecognised	(989 758)	5 737	(118 406)	6 830	(722)	177	<b>(1 108 886)</b>	<b>12 744</b>
<b>As at 31 December</b>	<b>4 566 707</b>	<b>(27 898)</b>	<b>338 410</b>	<b>(18 847)</b>	<b>981</b>	<b>(122)</b>	<b>4 906 098</b>	<b>(46 867)</b>

**7.4.10.6. Movement of loan commitments and financial guarantee contracts, and the provisions for loan commitments and financial guarantee contracts  
(continued)**

<b>Consolidated</b>	<b>2025</b>							
	<b>Stage 1</b>		<b>Stage 2</b>		<b>Stage 3</b>		<b>Total</b>	
	<b>Outstanding exposure</b>	<b>ECL</b>	<b>Outstanding exposure</b>	<b>ECL</b>	<b>Outstanding exposure</b>	<b>ECL</b>	<b>Outstanding exposure</b>	<b>ECL</b>
<i>In thousands of BGN</i>								
<b>As at 1 January</b>	<b>3 533 465</b>	<b>(20 036)</b>	<b>373 589</b>	<b>(24 356)</b>	<b>1 480</b>	<b>(295)</b>	<b>3 908 534</b>	<b>(44 687)</b>
Transfer to stage 1	151 644	(10 591)	(151 629)	10 589	(15)	2	-	-
Transfer to stage 2	(232 408)	1 459	232 610	(1 490)	(202)	31	-	-
Transfer to stage 3	(550)	2	(528)	33	1 078	(35)	-	-
Increases due to change in exposure and/or credit risk	438 670	(3 111)	53 093	(6 722)	95	(53)	<b>491 858</b>	<b>(9 886)</b>
Decreases due to change in exposure and/or credit risk	(839 142)	14 581	(174 118)	4 705	(785)	54	<b>(1 014 045)</b>	<b>19 340</b>
New loan commitments originated or purchased, according to their classification at the end of the year	2 502 558	(15 853)	123 799	(8 436)	52	(3)	<b>2 626 409</b>	<b>(24 292)</b>
Financial assets that have been derecognised	(992 656)	5 737	(118 406)	6 830	(722)	177	<b>(1 111 784)</b>	<b>12 744</b>
<b>As at 31 December</b>	<b>4 561 581</b>	<b>(27 812)</b>	<b>338 410</b>	<b>(18 847)</b>	<b>981</b>	<b>(122)</b>	<b>4 900 972</b>	<b>(46 781)</b>

**7.4.10.6. Movement of loan commitments and financial guarantee contracts, and the provisions for loan commitments and financial guarantee contracts (continued)**

	Separate							
	2024							
	Stage 1		Stage 2		Stage 3		Total	
<i>In thousands of BGN</i>	Outstanding exposure	ECL	Outstanding exposure	ECL	Outstanding exposure	ECL	Outstanding exposure	ECL
<b>As at 1 January</b>	<b>3 673 134</b>	<b>(25 692)</b>	<b>222 278</b>	<b>(12 023)</b>	<b>1 360</b>	<b>(379)</b>	<b>3 896 772</b>	<b>(38 094)</b>
Transfer to stage 1	56 916	(2 672)	(56 672)	2 539	(244)	133	-	-
Transfer to stage 2	(373 427)	2 672	373 546	(2 691)	(119)	19	-	-
Transfer to stage 3	(3 450)	26	(222)	7	3 672	(33)	-	-
Increases due to change in exposure and/or credit risk	404 841	(2 229)	66 986	(10 212)	249	(184)	<b>472 076</b>	<b>(12 625)</b>
Decreases due to change in exposure and/or credit risk	(1 040 229)	11 055	(311 515)	4 123	(3 131)	34	<b>(1 354 875)</b>	<b>15 212</b>
New loan commitments originated or purchased, according to their classification at the end of the year	1 841 368	(11 052)	139 274	(9 197)	151	(18)	<b>1 980 793</b>	<b>(20 267)</b>
Financial assets that have been derecognised	(960 238)	7 431	(60 086)	3 098	(458)	133	<b>(1 020 782)</b>	<b>10 662</b>
<b>As at 31 December</b>	<b>3 598 915</b>	<b>(20 461)</b>	<b>373 589</b>	<b>(24 356)</b>	<b>1 480</b>	<b>(295)</b>	<b>3 973 984</b>	<b>(45 112)</b>

7.4.10.6. Movement of loan commitments and financial guarantee contracts, and the provisions for loan commitments and financial guarantee contracts (continued)

	Consolidated							
	2024							
	Stage 1		Stage 2		Stage 3		Total	
<i>In thousands of BGN</i>	Outstanding exposure	ECL	Outstanding exposure	ECL	Outstanding exposure	ECL	Outstanding exposure	ECL
<b>As at 1 January</b>	<b>3 467 514</b>	<b>(23 962)</b>	<b>222 278</b>	<b>(12 023)</b>	<b>1 360</b>	<b>(379)</b>	<b>3 691 152</b>	<b>(36 364)</b>
Transfer to stage 1	56 916	(2 672)	(56 672)	2 539	(244)	133	-	-
Transfer to stage 2	(373 427)	2 672	373 546	(2 691)	(119)	19	-	-
Transfer to stage 3	(3 450)	26	(222)	7	3 672	(33)	-	-
Increases due to change in exposure and/or credit risk	404 841	(2 229)	66 986	(10 212)	249	(184)	<b>472 076</b>	<b>(12 625)</b>
Decreases due to change in exposure and/or credit risk	(1 034 286)	10 875	(311 515)	4 123	(3 131)	34	<b>(1 348 932)</b>	<b>15 032</b>
New loan commitments originated or purchased, according to their classification at the end of the year	1 844 128	(11 051)	139 274	(9 197)	151	(18)	<b>1 983 553</b>	<b>(20 266)</b>
Financial assets that have been derecognised	(828 771)	6 305	(60 086)	3 098	(458)	133	<b>(889 315)</b>	<b>9 536</b>
<b>As at 31 December</b>	<b>3 533 465</b>	<b>(20 036)</b>	<b>373 589</b>	<b>(24 356)</b>	<b>1 480</b>	<b>(295)</b>	<b>3 908 534</b>	<b>(44 687)</b>

**7.4.11. Loans and advances to customers by past due status**

The table below provides an analysis of the gross carrying amount of loans and advances to customers by past due status.

<i>In thousands of BGN</i>	Separate				Consolidated			
	31.12.2025		31.12.2024		31.12.2025		31.12.2024	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
0-30 days	26 378 634	(381 551)	22 441 882	(413 305)	24 514 080	(362 977)	20 741 226	(398 177)
31-60 days	91 139	(22 593)	84 455	(20 047)	91 795	(22 689)	84 687	(20 074)
61-90 days	45 314	(14 920)	39 285	(12 406)	45 649	(15 024)	39 800	(12 621)
91-180 days	72 433	(35 328)	70 495	(37 209)	72 881	(35 474)	71 038	(37 331)
More than 180 days	322 207	(247 732)	275 158	(223 646)	322 259	(247 784)	275 187	(223 653)
<b>Total</b>	<b>26 909 727</b>	<b>(702 124)</b>	<b>22 911 275</b>	<b>(706 613)</b>	<b>25 046 664</b>	<b>(683 948)</b>	<b>21 211 938</b>	<b>(691 856)</b>

**7.4.12. Modified and forborne loans**

As a result of the Bank's forbearance activities financial assets might be modified.

The table below includes the assets that were modified and, therefore, treated as forborne during the period:

<b>Separate and Consolidated</b>		
<i>In thousands of BGN</i>	31.12.2025	31.12.2024
Amortised cost before modification of financial assets modified during the period	191 150	268 726
Amortised cost after modification of financial assets modified during the period	202 963	264 317

The tables below show the gross carrying amount of previously modified financial assets for which loss allowance has changed to 12mECL measurement during the period:

<b>Separate and Consolidated</b>				
<i>In thousands of BGN</i>	31.12.2025		31.12.2024	
	Gross carrying amount	ECL	Gross carrying amount	ECL
Facilities that have cured since modification and are now measured using 12mECL (Stage 1)	11 251	51	40 172	203
Facilities that reverted to (Stage 2/3) LTECL having once cured	73 686	18 912	128 218	25 304

The following tables provide a summary of the Bank's forborne assets:

<b>Separate</b>									
<b>31.12.2025</b>									
	Gross carrying amount of loans and advances to customers	Performing loans - Stage 2			Non-performing loans - Stage 3			Total forborne loans	Forbearance ratio
		Modification	Refinancing	Total performing forborne loans	Modification	Refinancing	Total nonperforming forborne loans		
<i>In thousands of BGN</i>									
<b>Loans and advances to customers</b>									
Corporate lending	9 906 646	109 726	9 719	119 445	13 219	1 954	15 173	134 618	1.36%
Consumer lending	7 072 516	6 472	141 893	148 365	7 677	112 728	120 405	268 770	3.80%
Residential mortgages	9 930 565	13 196	4 996	18 192	30 129	9 475	39 604	57 796	0.58%
<b>Total</b>	<b>26 909 727</b>	<b>129 394</b>	<b>156 608</b>	<b>286 002</b>	<b>51 025</b>	<b>124 157</b>	<b>175 182</b>	<b>461 184</b>	<b>1.71%</b>

<b>Consolidated</b>									
<b>31.12.2025</b>									
	Gross carrying amount	Performing loans - Stage 2			Non-performing loans - Stage 3			Total forborne loans	Forbearance ratio <sup>1</sup>
		Modification	Refinancing	Total performing forborne loans	Modification	Refinancing	Total nonperforming forborne loans		
<i>In thousands of BGN</i>									
<b>Loans and advances to customers</b>									
Corporate lending	8 043 142	109 726	9 719	119 445	13 219	1 954	15 173	134 618	1.67%
Consumer lending	7 072 957	6 472	141 893	148 365	7 677	112 728	120 405	268 770	3.80%
Residential mortgages	9 930 565	13 196	4 996	18 192	30 129	9 475	39 604	57 796	0.58%
<b>Total</b>	<b>25 046 664</b>	<b>129 394</b>	<b>156 608</b>	<b>286 002</b>	<b>51 025</b>	<b>124 157</b>	<b>175 182</b>	<b>461 184</b>	<b>1.84%</b>

Separate									
31.12.2024									
	Gross carrying amount of loans and advances to customers	Performing loans - Stage 2			Non-performing loans - Stage 3			Total forbore loans	Forbearance ratio
		Modification	Refinancing	Total performing forbore loans	Modification	Refinancing	Total nonperforming forbore loans		
<i>In thousands of BGN</i>									
<b>Loans and advances to customers</b>									
Corporate lending	8 910 935	110 353	85 939	196 292	16 658	1 916	18 574	214 866	2.41%
Consumer lending	6 359 548	6 220	114 898	121 118	9 741	103 411	113 152	234 270	3.68%
Residential mortgages	7 640 792	21 791	7 952	29 743	41 527	11 227	52 754	82 497	1.08%
<b>Total</b>	<b>22 911 275</b>	<b>138 364</b>	<b>208 789</b>	<b>347 153</b>	<b>67 926</b>	<b>116 554</b>	<b>184 480</b>	<b>531 633</b>	<b>2.32%</b>

Consolidated									
31.12.2024									
	Gross carrying amount	Performing loans - Stage 2			Non-performing loans - Stage 3			Total forbore loans	Forbearance ratio <sup>1</sup>
		Modification	Refinancing	Total performing forbore loans	Modification	Refinancing	Total nonperforming forbore loans		
<i>In thousands of BGN</i>									
<b>Loans and advances to customers</b>									
Corporate lending	7 210 637	110 353	85 939	196 292	17 056	1 916	18 972	215 264	2.99%
Consumer lending	6 360 509	6 220	114 898	121 118	9 741	103 411	113 152	234 270	3.68%
Residential mortgages	7 640 792	21 791	7 952	29 743	41 527	11 227	52 754	82 497	1.08%
<b>Total</b>	<b>21 211 938</b>	<b>138 364</b>	<b>208 789</b>	<b>347 153</b>	<b>68 324</b>	<b>116 554</b>	<b>184 878</b>	<b>532 031</b>	<b>2.51%</b>

<sup>1</sup> The forbearance ratio is calculated as total forbore loans divided by the gross carrying amount of loans and advances to customers.

**Separate**

<i>In thousands of BGN</i>	31.12.2025						31.12.2024					
	Gross amount of forborne loans			ECL allowance			Gross amount of forborne loans			ECL allowance		
	Stage 2	Stage 3	Total	Stage 2	Stage 3	Total	Stage 2	Stage 3	Total	Stage 2	Stage 3	Total
<b>Loans and advances to customers</b>												
Corporate lending	119 445	15 173	134 618	19 945	8 331	28 276	196 292	18 574	<b>214 866</b>	38 365	13 820	<b>52 185</b>
Consumer lending	148 365	120 405	268 770	40 247	71 709	111 956	121 118	113 152	<b>234 270</b>	31 377	63 264	<b>94 641</b>
Residential mortgages	18 192	39 604	57 796	980	21 522	22 502	29 743	52 754	<b>82 497</b>	1 899	29 151	<b>31 050</b>
<b>Total</b>	<b>286 002</b>	<b>175 182</b>	<b>461 184</b>	<b>61 172</b>	<b>101 562</b>	<b>162 734</b>	<b>347 153</b>	<b>184 480</b>	<b>531 633</b>	<b>71 641</b>	<b>106 235</b>	<b>177 876</b>

**Consolidated**

<i>In thousands of BGN</i>	31.12.2025						31.12.2024					
	Gross amount of forborne loans			ECL allowance			Gross amount of forborne loans			ECL allowance		
	Stage 2	Stage 3	Total	Stage 2	Stage 3	Total	Stage 2	Stage 3	Total	Stage 2	Stage 3	Total
<b>Loans and advances to customers</b>												
Corporate lending	119 445	15 173	134 618	19 945	8 331	28 276	196 292	18 972	<b>215 264</b>	38 365	13 880	<b>52 245</b>
Consumer lending	148 365	120 405	268 770	40 247	71 709	111 956	121 118	113 152	<b>234 270</b>	31 377	63 264	<b>94 641</b>
Residential mortgages	18 192	39 604	57 796	980	21 522	22 502	29 743	52 754	<b>82 497</b>	1 899	29 151	<b>31 050</b>
<b>Total</b>	<b>286 002</b>	<b>175 182</b>	<b>461 184</b>	<b>61 172</b>	<b>101 562</b>	<b>162 734</b>	<b>347 153</b>	<b>184 878</b>	<b>532 031</b>	<b>71 641</b>	<b>106 295</b>	<b>177 936</b>

### 7.4.13. Mortgage lending

The Bank holds residential properties as collateral for the mortgage loans the Bank grants to its customers. The Bank monitors its exposure to retail mortgage lending using the LTV ratio, which is calculated as the ratio of the gross amount of the loan - or the amount committed for loan commitments - to the discounted value of the collateral. The valuation of the collateral excludes any adjustments for obtaining and selling the collateral. The value of the collateral for residential mortgage loans is typically based on the collateral value at origination, updated based on changes in house price indices and the application of a discount factor. For credit-impaired loans the value of collateral is based on the most recent appraisals. The tables below show the exposures from mortgage loans by ranges of LTV.

Separate and Consolidated				
<i>In thousands of BGN</i>	31.12.2025		31.12.2024	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
<b>LTV ratio</b>				
Less than 50%	2 295 670	(5 908)	1 603 250	(4 392)
51-70%	2 390 486	(5 787)	1 892 266	(5 168)
71-90%	3 045 506	(8 967)	2 377 473	(6 995)
91-100%	1 414 994	(3 405)	1 208 128	(3 186)
More than 100%	703 392	(2 405)	468 076	(2 036)
<b>Total</b>	<b>9 850 048</b>	<b>(26 472)</b>	<b>7 549 193</b>	<b>(21 777)</b>

### Credit impaired - mortgage lending

Separate and Consolidated				
<i>In thousands of BGN</i>	31.12.2025		31.12.2024	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
<b>LTV ratio</b>				
Less than 50%	34 544	(11 320)	31 820	(11 714)
51-70%	12 443	(3 982)	16 713	(5 450)
71-90%	9 556	(4 533)	13 431	(6 597)
91-100%	3 312	(1 986)	4 251	(2 705)
More than 100%	20 662	(19 789)	25 384	(24 308)
<b>Total</b>	<b>80 517</b>	<b>(41 610)</b>	<b>91 599</b>	<b>(50 774)</b>

### Loan commitments - Mortgage lending

<b>Separate and Consolidated</b>				
<i>In thousands of BGN</i>	31.12.2025		31.12.2024	
	Amount committed	Loss allowance	Amount committed	Loss allowance
<b>LTV ratio</b>				
Less than 50%	37 401	(52)	19 583	(23)
51-70%	44 337	(62)	23 157	(38)
71-90%	47 555	(74)	31 323	(50)
91-100%	18 752	(36)	12 368	(24)
More than 100%	184 081	(410)	101 574	(282)
<b>Total</b>	<b>332 126</b>	<b>(634)</b>	<b>188 005</b>	<b>(417)</b>

#### 7.4.14. Assets obtained by taking possession of collateral

In 2025 the Bank acquired real estate pledged as collateral for loans amounting to BGN 496 thousand. Acquisition of assets from collateral has not been reported in 2024. The Bank's policy is to acquire real estate pledged as collateral to protect itself against market price fluctuations and perform a careful assessment of whether the property can be realized at a reasonable price. The main purpose is to realise collateral on a timely basis and at the best possible price.

#### 7.4.15. Loans and advances to banks and customers by type of collateral

The table below presents information about the gross amount of loans and advances to banks and customers allocated by the type of collateral received and to the amount of the collateral coverage:

<i>In thousands of BGN</i>	Separate		Consolidated	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
Secured by residential and commercial mortgages	10 644 634	8 313 912	10 676 556	8 316 104
Cash collateral	50 135	48 992	50 135	49 001
Government securities	218 746	353 164	221 229	355 647
Other types of collateral	5 551 958	6 117 257	5 657 846	6 257 249
Without collateral	18 424 966	15 204 740	16 421 978	13 360 948
<b>Total</b>	<b>34 890 439</b>	<b>30 038 065</b>	<b>33 027 744</b>	<b>28 338 949</b>

Other types of collateral comprise tangible collateral, guaranties from credit institutions pledge over receivable and personal guaranties for loans.

Included in loans and advances and collateral held are the receivables on repurchase agreements. The table below represents the carrying amount of repurchase agreements and the fair value of collateral held.

<b>Separate and Consolidated</b>				
<i>In thousands of BGN</i>	31.12.2025		31.12.2024	
	Carrying amount	Collateral	Carrying amount	Collateral
Repo receivables from banks	218 746	237 417	353 164	363 473
<b>Total</b>	<b>218 746</b>	<b>237 417</b>	<b>353 164</b>	<b>363 473</b>

## **7.5. Non-financial risks**

Operational risk means the risk of loss resulting from inadequate or malfunctioning internal processes, persons and systems or from external events, and includes legal risk.

The management of operational risk at the Bank is coordinated by the Operational Risk Management Committee (ORMC), which is a permanent consultative body subordinated to the Management Board (MB) and involves the heads of all divisions of the Bank. Chairman of the ORMC is the Head of the Risk Management Division. The meetings are held quarterly, discussing the level of operational risk and operational decisions are taken that are not assigned to the competence of the Management Board or other bodies and measures for mitigation/elimination of operational risks are planned. The main focus of ORMC activity is the prevention of operational risks by implementing a comprehensive approach, aiming at limiting preconditions, leading to operational events occurrence. The reports about the level of operational risk reviewed at the ORMC are then forwarded to the MB of the Group with a proposal for decisions to be taken based on these reports that are within its powers. In its operations, the ORMC is supported by the Operational and Fraud risk Management Forum and the Information and Communication Technology Risk Forum. The meetings of the forums are held monthly.

The responsibility for the development of the Operational risk management system is assigned to Operational Risk Management Department as part of the Non-financial Risk Management Directorate, which is part of the Risk Management Division, independent from the business units.

DSK Group has implemented a unified system for identification and management of operational risk, built on the model of OTP Bank Group. It is based on the collection of data on operational events that have occurred in the Bank, analysis of the potential effect of such occurrences, and periodic information to management on the level of operational risk. The process was developed based on the declaration of information by the heads of independent structural units in the Bank, responsible for operational risk management in their units, according to the adopted decentralized approach to operational risk management in OTP Bank Group.

Potential risks are reviewed as part of the business processes and for this reason they must be identified in the self-assessment of the Bank's units. These risks are classified based on the standardized taxonomy of operational risks annually. The methodology for identification of potential risks is based on a decentralized assessment performed by experts in the various sections/ units of the Group, who are supported by the expertise of the Operational Risk Management Section. Related controls are also assessed in addition to identified risks during the annual self-assessment seminars. Additionally, key controls are tested independently for the purpose of assessing their adequacy.

As part of this process, the so-called scenario analyses are prepared, aimed to evaluate the potential effects on the financial position of the Bank and the Bank's processes, at a certain change in the risk factors associated with probable occurrence of an event with catastrophic consequences.

Additionally, the actual level of operational risk is monitored based on a Key Risk Indicator system which covers the main risk factors caused the significant operational risk losses and interruption in the critical business processes.

The developed rules and procedures for monitoring and evaluation of operational risk are in line with the requirements of EU and Bulgarian legislation, the standards of the OTP Group and best banking practice in operational risk management.

Similarly, and in accordance with the internal normative rules, the models used in the Bank are subject to annual risk assessment.

Another method for evaluation of operational risk is calculating the potential loss arising from the use of information and communication technology (ICT risk) and namely disruptions of availability and expected functioning of the Bank's information and communication services and systems used.

Prior to the implementation of a new process, new system or new product, the latter shall be analyzed and evaluated from the operational risk's viewpoint. This evaluation shall be prepared by the unit involved in the implementation and shall be forwarded to the Operational Risk Management Section for further evaluation and analysis. In cases when IT systems are implemented, the assessment shall be made by the unit(s) which has (have) defined the business requirements of the development with the methodological cooperation of ICT Risk Management Section.

For the purposes of calculation of the regulatory capital for operational risk on separate and consolidated basis, from 2025 the Bank applies the new standardized approach in accordance with Regulation (EU) 2024/1623 of the European Parliament and of the Council of 31 May 2024 amending Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor and particularly the component of the business indicator, calculated according to article 313. Its sufficiency is reviewed annually in the process of Internal Capital Adequacy Analysis. In addition, an internal methodology for performing stress tests has been developed and applied, which assesses the adequacy of the allocated capital for operational risk of the Group.

Annually, the Bank performs a product review, focusing on conducting improper sales practices which would lead to financial loss and customer trust loss.

Annual internal training on the topic for operational risk is conducted for all employees, aimed at raising awareness of identifying and limiting operational risks. Training is also mandatory for all new employees.

The units responsible for the management of the different types of risk carry out constant ex-post control on a sample basis and at different intervals to ensure compliance with the rules and procedures to ensure consistency, security and validity of the transactions. This type of control is mainly aimed at detecting operational human and technical errors, uncommitted actions by responsible officials or intentional misstatements. The results are reported to the Bank management regularly, and corrective actions taken.

The operational risk management system is subject to the annual Supervisory Review and Evaluation Process (SREP), regular inspections by the "Bank Supervision" Department of Bulgarian National Bank, "Internal audit" Directorate of DSK Bank and specialized audits initiated and conducted by a program of OTP Bank.

In 2024, a separate organizational unit was established within the Non-financial Risk Management Directorate, namely the Information and Communication Technology Risk Management Section (ICT), being the second control line regarding this type of risks and allocation of responsibilities related to this role with the Information Security Department to the Security Directorate. The purpose of the unit is to develop the ICT risk management framework in DSK Bank group as well as to establish controls over the monitoring, measurement, assessment and mitigation of those risks. Within the scope of the liabilities of the unit fall also the development, support and control of:

- The general framework for ICT risk management in accordance with the requirements of the Regulation (EU) 2022/2554 on digital operational resilience (Digital Operational Resilience Act – DORA);
- The framework for management of risks arising from third party service providers;
- The business continuity framework;
- The framework for operational resilience in case of restructuring.

The unit is directly involved in ICT risk assessment performed in the organization including risks from third party service providers and analysis of bank processes for the purpose of developing effective business continuity plans. The ICT risk management is performed by complying with ICT risk management policy and related Rules for evaluation of ICT risks.

The unit is engaged in organizing post-incident analyses aimed at identifying the reasons for incidents and taking measures for prevention of similar future incidents. The status of completion of the measures adopted is monitored quarterly. The unit reports regularly to the Bank's management on the level of risk and the respective risk mitigation measures at the monthly meetings of the ICT Risk Management Forum.

DSK Bank takes operational resilience as a strategic priority and key element of its long-term business and digital strategy. The goal is to guarantee continuity and reliability of the critical services of which customers, partners and society in general depend, even in case of crisis, technological failure or external threats such as cyber attacks, natural disasters and economic stress. The Bank considers the increasing role of technology and the complexity of the environment in which it operates and works actively for strengthening its technological and cyber resilience to maintain trust in the institution and the financial system. The operational resilience strategy of DSK Bank is aimed at building stable internal processes, capacity for timely reaction and restoring in case of disruptions, defense of client data and compliance with regulatory requirements. The Bank's purpose is not only to continue to provide basic services under any circumstances but also to inspire security and stability for the clients and the market.

Risks related to third-party suppliers of services are managed in DSK Group through the third-party assignment risk management framework. Suppliers of services are subject to due diligence checks and risk assessment following a risk-based approach. The Bank prepares and tests exit strategies for all key or important arrangements. The third-party supplier arrangements contain specific covenants which guarantee the rights of the Bank and ensure protection.

The ICT Risk Management Section plays a leading role in organizing the activities and ensuring continuity of the business during restructuring (Operational Continuity in Resolution - OCIR). It develops and maintains a mapping of services of significance and assessment of risks related thereto. The Financial Market Infrastructure (FMI) contingency plan and the communication plan are integral parts of the business continuity framework during restructuring.

The Group has an integral framework for Business continuity management which includes Policy, Rules for business continuity, Rules for communication in case of incidents and crisis, Rules for recovery in case of failure, and the corresponding plans – Plan for business continuity, Plan for recovery in case of failure, Plan for communication in case of incidents, Communication plan during reconstruction. The authority directly responsible for decision making during critical situation, is the Crisis management committee which reports to the Management Board and is convened extraordinarily in case of potentially significant incidents, crisis, disasters or other extraordinary events. The plan's efficiency is tested annually to determine the readiness of the Bank to respond in times of crisis and to ensure continuation of the Bank's operations. The test results are reported to the Management Board of the Bank.

In 2025, there are no registered operational or ICT events that could potentially jeopardize the Bank's activities. A single ICT incident has been categorized as significant and reported duly to the regulatory authority. For all so-called extraordinary operational events, or significant incidents, that have a material potential financial or reputational impact, action plans have been developed, and all necessary and sufficient measures have been taken to limit their impact as well as to reduce and eliminate the likelihood of their occurrence in the future.

Main strategic priority of the Group in 2025 was the preparation and successful completion of the program for adopting the single European currency Euro as a national currency. A complete evaluation of the risks related to the implementation of the program of joining the Eurozone has been performed in the period July-August 2025, including a thorough analysis of the relevant ICT risks and risks related to the cash management. As a result, additional measures for restraining the risks which exceeded the acceptable risk levels, defined in the Risk management framework of the Group, have been defined and implemented. At the same time, a Plan for reaction and recovery in case of incident or crisis related to the Euro migration process has been developed, tested and officially approved. The review and update of the risks evaluation performed in December 2025 confirmed that all risks identified were at the levels acceptable for the organization or were accepted by ORMC, provided for review respectively, and the Bank is in operational readiness to carry out the Euro migration without significant impact on the critical bank processes and quality of the customer service.

## 8. Capital Management

The Bank Group's regulatory capital requirements are based on CRD4 and the latest updates reflected in CRD6.

### 8.1 Regulatory capital

The Bank's regulatory capital for regulatory purposes as at 31 December 2025 and 2024 consists of:

- the Tier I capital which consists of the following major elements:
  - ordinary share capital;
  - regulatory and other reserves;
  - deductions for intangible assets adjusted with the accumulated prudential amortization of software and other regulatory adjustments relating to items that are included in equity or assets but are treated differently for capital adequacy purposes;
  - deduction in connection with insufficient provision coverage of non-performing exposures.
- the Tier II capital which consists of subordinated term debt qualified as a second-tier instrument (Note 42).

The Bank calculates the total capital adequacy (the 'Basel ratio') as a ratio between total own funds for solvency purposes and the total of the risk-weighted assets for credit, market, and operational risks. Tier I capital adequacy is the percentage ratio between the Tier I capital and the risk-weighted assets which due to the lack of additional Tier I capital is equal to the ratio of the common Tier I capital.

### 8.2 Capital ratios

<i>In thousands of BGN</i>	Separate		Consolidated	
	Basel IV 2025	Basel III 2024	Basel IV 2025	Basel III 2024
Tier 1 capital	4 630 250	4 320 879	4 670 740	4 362 063
<i>Common equity Tier 1 capital</i>	4 630 250	4 320 879	4 670 740	4 362 063
Tier 2 capital	449 841	449 841	449 841	449 841
<b>Own funds</b>	<b>5 080 091</b>	<b>4 770 720</b>	<b>5 120 581</b>	<b>4 811 904</b>
Credit risk capital requirement	1 665 314	1 486 984	1 637 575	1 455 806
Market risk capital requirement	1 548	532	2 879	1 149
Operational risk capital requirement	173 530	49 660	177 977	49 660
<b>Total requirement regulatory capital</b>	<b>1 840 392</b>	<b>1 537 176</b>	<b>1 818 431</b>	<b>1 506 615</b>
<b>Surplus of total capital</b>	<b>3 239 699</b>	<b>3 233 544</b>	<b>3 302 150</b>	<b>3 305 289</b>
CET1 capital ratio (%)	20.13%	22.49%	20.55%	23.16%
<b>Capital adequacy ratio (%)</b>	<b>22.08%</b>	<b>24.83%</b>	<b>22.53%</b>	<b>25.55%</b>

The policy of the Bank and the Group management and allocation of capital is determined by the Management Board. Allocation of capital between different operations and activities aims to optimise the profitability of the allocated capital. The process is managed by ALCO by reviewing the level of credit, market and operational risks undertaken by the Group. The Group, together with OTP Bank, performs internal analysis of the size, type and allocation of the required capital and assesses the need for an increase in regulatory required capital.

In 2025, CRR3/CRD6 effectively implemented the latest version of the Basel III international regulatory framework, known as Basel IV. The main changes in Basel IV include amendments to credit, operational, and market risk. The new approaches for calculating risk-weighted assets lead to their increase, respectively an increase in the absolute value of the additional capital buffers and the minimum capital requirements to cover the risk. The additional capital buffers were introduced with Basel III. The aim is to provide additional funds for the recovery and restructuring of banks in a crisis, as well as to preserve the accumulated until the moment capital reserves for preventing or reducing the effects of long-term non-cyclical or macroprudential risks that could cause disruptions in the financial system generally.

By complying with the provisions of Bulgarian National Bank (BNB) Regulation 8 the Bank holds Capital conservation buffer of common equity Tier I equivalent to 2.5% of the amount of the total risk weighted exposures. With the same regulation, the BNB introduces a requirement to determine a capital buffer for systemic risk. Since its entry into force on 1 October 2014, the buffer has not been changed and amounts to 3% of risk-weighted exposures. The Bank holds its specific countercyclical capital buffer. The assessment of the buffer depends on the level of the reference indicator that BNB announces quarterly. Throughout the current and the previous year, the buffer maintains its level from the end of 2023 at 2%. The countercyclical capital buffer specific for the Bank as of 31 December 2025 and 2024 is 1.97% and 1.96%, respectively, on an individual and consolidated level. The combined capital buffer covers also the other systemically important institutions buffer, which BNB has calculated at 1.00% of the total risk exposures of the Bank.

According to a joint decision of the Bulgarian National Bank and Hungarian Central Bank, as a result of a supervisory review and assessment, as of 1 January 2025, the Bank should maintain an additional capital requirement changed to 2.30% from 1.85% for 2024, distributed between Tier I capital 75% and 56.25% of Common Equity Tier I capital. A Pillar II Guidance is set at 1.50% for 2024 and remains unchanged for 2025.

The ratio of the overall capital requirements (OCR) ratio and the Pillar II Guidance (P2G) is 20.07% as of 31 December 2025 and 19.52% as of 31 December 2024. The OCR and the P2G comprised of the Tier I capital is 17.50% as of 31 December 2025 and 17.07% as of 31 December 2024.

It is expected that in April 2026, the General Meeting of Shareholders will decide to capitalize part of the Bank's profit. The proposal is to allocate approximately BGN 155,246 thousand to the Reserve Fund, which will increase the Group's regulatory capital. As a result, the total capital adequacy ratio is expected to increase to 22.84% or BGN 3 413 067 thousand surplus on an individual basis and 23.29% and BGN 3 475 776 thousand on a consolidated basis, respectively.

## **9. Determining fair values**

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in the accounting policy. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The fair values of financial assets and financial liabilities which are traded on active markets and for which market information is available are based on quoted market prices or closing prices. The use of real market prices and information reduces the necessity for management assessment and assumptions as well as the uncertainty related to the determination of fair value. The availability of real market prices and information varies depending on the products and markets and changes based on the specific events and the general financial markets environment. For part of the other financial instruments (Level 2) the Bank defines fair value using a measurement method based on net present value (NPV). The calculation of the NPV is based on market yield curves and credit spreads where it is required for the corresponding instrument. The aim of the measurement methods is to define the fair value which reflects the value of the financial instrument as of the reporting date, which would have been defined by direct market players.

The Bank has an established control environment with regard to fair value measurement. The fair value of the financial instruments is determined independently from the front office by a unit for control of the market risk and the counterparty risk. The specific controls consist of control of the real price information and performing second measurement using different methods; process of revision and approving of new methods and changes in methods including measurement and back-testing of methods based on real market deals; analysis and research of significant daily dynamics as a result of assessments; revision of significant inside data which is not observed on the market.

The table below analyses financial instruments carried at fair value, at a fair value level.

### Separate

<i>In thousands of BGN</i>	31.12.2025				31.12.2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Assets</b>								
Trading financial assets	23 912	-	-	<b>23 912</b>	21 125	-	-	<b>21 125</b>
Derivative financial instruments	-	39 918	-	<b>39 918</b>	15	79 637	-	<b>79 652</b>
Investments at fair value through profit or loss	-	342	962	<b>1 304</b>	-	322	2 259	<b>2 581</b>
Investments at fair value through other comprehensive income	559 090	17 589	24 195	<b>600 874</b>	728 629	17 790	22 725	<b>769 144</b>
<b>Total</b>	<b>583 002</b>	<b>57 849</b>	<b>25 157</b>	<b>666 008</b>	<b>749 769</b>	<b>97 749</b>	<b>24 984</b>	<b>872 502</b>
<b>Liabilities</b>								
Derivative financial instruments	-	33 798	-	<b>33 798</b>	-	54 829	-	<b>54 829</b>
<b>Total</b>	<b>-</b>	<b>33 798</b>	<b>-</b>	<b>33 798</b>	<b>-</b>	<b>54 829</b>	<b>-</b>	<b>54 829</b>

### Consolidated

<i>In thousands of BGN</i>	31.12.2025				31.12.2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Assets</b>								
Trading financial assets	91 797	-	-	<b>91 797</b>	112 478	-	-	<b>112 478</b>
Derivative financial instruments	-	39 918	-	<b>39 918</b>	15	79 637	-	<b>79 652</b>
Investments at fair value through profit or loss	976	342	962	<b>2 280</b>	1 042	322	2 259	<b>3 623</b>
Investments at fair value through other comprehensive income	559 090	17 589	24 195	<b>600 874</b>	728 629	17 790	22 725	<b>769 144</b>
<b>Total</b>	<b>651 863</b>	<b>57 849</b>	<b>25 157</b>	<b>734 869</b>	<b>842 164</b>	<b>97 749</b>	<b>24 984</b>	<b>964 897</b>
<b>Liabilities</b>								
Derivative financial instruments	-	33 798	-	<b>33 798</b>	-	54 829	-	<b>54 829</b>
<b>Total</b>	<b>-</b>	<b>33 798</b>	<b>-</b>	<b>33 798</b>	<b>-</b>	<b>54 829</b>	<b>-</b>	<b>54 829</b>

The financial instruments which are not measured at fair value are analysed in the tables below by their level in the fair value hierarchy.

<b>Separate</b>		<b>31.12.2025</b>				
<i>In thousands of BGN</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total fair value</b>	<b>Total carrying amount</b>	
<b>Assets</b>						
Cash and current accounts with the Central Bank and other banks	831 482	6 329 533	-	7 161 015	7 161 015	
Loans and advances to banks	-	1 650 169	-	1 650 169	1 650 169	
Loans and advances to customers	-	-	26 536 219	26 536 219	26 207 603	
Investments at amortised cost	6 296 935	-	-	6 296 935	6 319 699	
<b>Liabilities</b>						
Deposits from banks	-	17 798	-	17 798	17 798	
Deposits from customers	-	35 334 291	-	35 334 291	35 334 287	
Loans from banks and financial institutions	-	1 411 046	-	1 411 046	1 369 667	
Lease liabilities	-	14 429	-	14 429	14 429	
Subordinated debt	-	546 714	-	546 714	449 841	

<b>Consolidated</b>		<b>31.12.2025</b>				
<i>In thousands of BGN</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total fair value</b>	<b>Total carrying amount</b>	
<b>Assets</b>						
Cash and current accounts with the Central Bank and other banks	831 482	6 329 901	-	7 161 383	7 161 383	
Loans and advances to banks	-	1 650 169	-	1 650 169	1 650 169	
Net receivables from finance lease	-	-	1 961 189	1 961 308	1 961 308	
Loans and advances to customers	-	-	24 777 169	24 777 169	24 362 716	
Investments at amortised cost	6 296 935	-	-	6 296 935	6 319 699	
<b>Liabilities</b>						
Deposits from banks	-	17 798	-	17 798	17 798	
Deposits from customers	-	35 245 631	-	35 245 631	35 245 627	
Loans from banks and financial institutions	-	1 530 896	-	1 530 896	1 489 517	
Lease liabilities	-	13 382	-	13 382	13 382	
Subordinated debt	-	546 714	-	546 714	449 841	

Separate					
<i>In thousands of BGN</i>	31.12.2024			Total fair value	Total carrying amount
	Level 1	Level 2	Level 3		
<b>Assets</b>					
Cash and current accounts with the Central Bank and other banks	481 512	5 328 365	-	5 809 877	5 809 877
Loans and advances to banks	-	1 795 473	-	1 795 473	1 795 473
Loans and advances to customers	-	-	22 211 963	22 211 963	22 204 662
Investments at amortised cost	4 871 492	-	11 902	4 883 394	4 960 244
<b>Liabilities</b>					
Deposits from banks	-	26 777	-	26 777	26 777
Deposits from customers	-	29 352 823	-	29 352 823	29 352 820
Loans from banks and financial institutions	-	1 369 976	-	1 369 976	1 369 976
Lease liabilities	-	16 688	-	16 688	16 688
Subordinated debt	-	449 841	-	449 841	449 841

Consolidated					
<i>In thousands of BGN</i>	31.12.2024			Total fair value	Total carrying amount
	Level 1	Level 2	Level 3		
<b>Assets</b>					
Cash and current accounts with the Central Bank and other banks	481 512	5 328 586	-	5 810 098	5 810 098
Loans and advances to banks	-	1 795 473	-	1 795 473	1 795 473
Net receivables from finance lease	-	-	1 746 236	1 746 236	1 744 568
Loans and advances to customers	-	-	20 659 316	20 659 316	20 520 082
Investments at amortised cost	4 871 492	-	11 902	4 883 394	4 960 244
<b>Liabilities</b>					
Deposits from banks	-	26 777	-	26 777	26 777
Deposits from customers	-	29 249 111	-	29 249 111	29 249 108
Loans from banks and financial institutions	-	1 493 275	-	1 493 275	1 493 275
Lease liabilities	-	14 928	-	14 928	14 928
Subordinated debt	-	449 841	-	449 841	449 841

The fair value of loans to non-financial institutions and other customers is estimated using valuation models, such as discounted cash flow techniques. Input into the valuation techniques includes expected lifetime credit losses, market interest rates and forecast analysis. The fair value of the impaired loans with a collateral backing is based on the valuated fair value of the collateral.

To improve the accuracy of the valuation, estimate loans are grouped into portfolios with similar characteristics such as product type, borrower type, maturity, currency, collateral type.

The fair value of deposits from customers is estimated using discounted cash flow techniques, applying the rates that are currently offered in the country for deposits of similar maturities and terms. The fair value of deposits payable on demand is the amount payable at the reporting date.

## 10. Net interest income

<i>In thousands of BGN</i>	Separate		Consolidated	
	2025	2024	2025	2024
<b>Interest income</b>				
Loans and advances to banks	159 677	223 586	159 677	223 586
Loans and advances to customers and finance lease receivables	1 131 164	1 124 707	1 182 561	1 166 925
Investments at fair value through other comprehensive income	13 926	16 676	13 926	16 676
Investments at amortised cost	161 288	98 195	161 288	98 195
Deposits from banks (negative interest)	-	606	-	606
<b>Total</b>	<b>1 466 055</b>	<b>1 463 770</b>	<b>1 517 452</b>	<b>1 505 988</b>
<b>Interest expense</b>				
Deposits from banks	(10 816)	(16 249)	(10 816)	(16 249)
Deposits from customers	(6 686)	(7 546)	(6 423)	(7 302)
Loans from banks and financial institutions	(74 162)	(77 611)	(74 170)	(77 611)
Lease liabilities	(308)	(305)	(281)	(267)
Subordinated debt	(37 773)	(44 596)	(37 773)	(44 596)
Loans and advances to banks (negative interest)	(178)	(402)	(178)	(402)
Loans and advances to customers (negative interest)	(1)	(5)	(1)	(5)
<b>Total</b>	<b>(129 924)</b>	<b>(146 714)</b>	<b>(129 642)</b>	<b>(146 432)</b>
<b>Net interest income</b>	<b>1 336 131</b>	<b>1 317 056</b>	<b>1 387 810</b>	<b>1 359 556</b>

Interest income from finance lease receivables is reported only on a consolidated basis.

## 11. Net fee and commission income

<i>In thousands of BGN</i>	Separate		Consolidated	
	2025	2024	2025	2024
<b>Fee and commission income</b>				
Card operations	123 312	113 492	123 156	113 492
Payment and settlement transactions	92 686	90 234	92 679	90 113
Opening and servicing of accounts	71 920	71 954	71 825	71 881
Mutual and pension funds management	-	-	68 263	59 663
Package programs	79 878	56 215	79 878	56 215
Credit related deals	39 623	36 694	43 120	39 521
Intermediary services	45 704	32 796	45 704	32 796
Guarantees and letters of credit	14 238	10 698	14 220	10 698
Securities transactions and custody services	6 807	6 424	6 807	6 424
Commercial factoring	5 564	5 678	5 564	5 678
Other	4 107	4 054	6 290	6 065
<b>Total</b>	<b>483 839</b>	<b>428 239</b>	<b>557 506</b>	<b>492 546</b>
<b>Fee and commission expense</b>				
Transaction costs	(73 165)	(58 026)	(73 284)	(58 026)
Guarantees and letters of credit	(2 162)	(2 160)	(2 162)	(2 160)
Securities transactions	(2 053)	(1 643)	(2 053)	(1 643)
Intermediary services	(1 602)	(1 568)	(1 594)	(1 568)
Credit related deals	(1 384)	(1 104)	(1 384)	(1 104)
Servicing of accounts	(835)	(730)	(3 331)	(2 908)
Commissions of insurance intermediaries	-	-	(5 722)	(7 401)
Other	(4 575)	(3 423)	(5 271)	(4 143)
<b>Total</b>	<b>(85 776)</b>	<b>(68 654)</b>	<b>(94 801)</b>	<b>(78 953)</b>
<b>Net fee and commission income</b>	<b>398 063</b>	<b>359 585</b>	<b>462 705</b>	<b>413 593</b>

Included in "other" are fees for issuing certificates and other reports, document processing fees, fees from insurance companies and others .

## 12. Net trading income

<i>In thousands of BGN</i>	Separate		Consolidated	
	2025	2024	2025	2024
Foreign exchange trading	67 337	99 968	67 281	99 954
Net interest income from securities held for trading	298	216	298	2 951
Securities trading and revaluation	602	512	3 003	512
Net (loss)/ gain on derivative instruments	(86 466)	36 613	(86 466)	36 613
<b>Total</b>	<b>(18 229)</b>	<b>137 309</b>	<b>(15 884)</b>	<b>140 030</b>

The net (loss)/ gain from derivatives in the table above also includes gains and losses arising from hedging of interest rate risk. The revaluation effect of derivative transactions that hedge repo transactions is reported in net gains/ (losses) from foreign exchange in the statement of profit or loss.

Additional information on net fair value hedge gains or losses is presented in the tables below:

Separate and Consolidated						
Hedged Risk	Hedged Items	Hedging Instruments	Hedged Items	Hedging Instruments	Hedge ineffectiveness recognised directly in profit or loss	Hedging Instruments Unrealised (losses)/ gains on foreign currency main spread, recognised in OCI
			Gains/ (losses) attributable to the hedged risk			
<i>In thousands of BGN</i>						
<b>2025</b>						
Interest Rate Risk	FVOCI Debt instruments	Interest rate swaps	3 135	(4 831)	(1 696)	-
Currency Risk	Repo receivables denominated in foreign currencies	Currency swaps	13 350	(16 167)	(2 817)	(53)
<b>2024</b>						
Interest Rate Risk	FVOCI Debt instruments	Interest rate swaps	5 627	(7 734)	(2 107)	-
Currency Risk	Repo receivables denominated in foreign currencies	Currency swaps	(48 127)	49 811	1 684	1 718

Additional information about the hedging is provided in Note 24.2.

### 13. Net income from equity financial instruments at FVTPL

The net income from equity financial instruments at FVTPL representing losses to the amount of BGN 1 277 thousand and BGN 1 072 thousand in the separate financial statements for 2025 and 2024, respectively, and BGN 957 thousand and BGN 826 thousand representing losses in the consolidated financial statements for 2025 and 2024, respectively, is a result only of measurement of equity instruments classified in this category at fair value (see Note 29).

### 14. Net gains from realisation of financial assets measured at amortised cost

<i>In thousands of BGN</i>	Separate		Consolidated	
	2025	2024	2025	2024
Collection of previously written off loans and receivables	25 355	24 215	25 355	24 215
Sales of financial assets	8 840	2 980	8 840	2 892
<b>Total</b>	<b>34 195</b>	<b>27 195</b>	<b>34 195</b>	<b>27 107</b>

The income from the sale of financial assets is as a result from sales of mostly non-performing loans.

**15. Other operating income, net**

<i>In thousands of BGN</i>	Separate		Consolidated	
	2025	2024	2025	2024
Dividend income	61 330	49 694	2 781	3 111
Income from card operators	7 161	9 255	7 161	9 255
Net gain on disposal of non-financial assets	3 544	4 209	3 544	5 006
Hired services	3 010	2 164	8 371	8 144
Operating lease	2 757	2 692	10 904	9 241
Government grants	673	508	673	508
Net (loss)/ gain from government bonds measured at fair value through other comprehensive income	(1 005)	2 740	(1 005)	2 740
Rental income from investment property	-	-	2 201	2 183
Other	2 541	3 439	7 480	3 962
<b>Total</b>	<b>80 011</b>	<b>74 701</b>	<b>42 110</b>	<b>44 150</b>

“Other” includes income from legal fees, tax credit recognized, penalties, vehicle registration fees, etc.

**16. Impairment losses on financial assets, net**

<i>In thousands of BGN</i>	Separate		Consolidated	
	2025	2024	2025	2024
Impairment loss on loans and factoring agreements and finance lease, net	(119 975)	(114 635)	(118 954)	(118 186)
Impairment gain/ (loss) on past due matured government bonds	506	(14 559)	506	(14 559)
Impairment gain/ (loss) on securities	5 593	(7 839)	5 593	(7 839)
Impairment gain on loans and receivables from banks	1 923	73	1 923	73
Impairment gain on POCI	2 583	11 684	2 583	11 688
Impairment (loss)/ gain on other assets	(1 775)	135	(1 775)	74
<b>Total</b>	<b>(111 145)</b>	<b>(125 141)</b>	<b>(110 124)</b>	<b>(128 749)</b>

**17. Impairment loss on non-financial assets, net**

<i>In thousands of BGN</i>	Separate		Consolidated	
	2025	2024	2025	2024
Impairment gain/ (loss) on tangible fixed assets	233	(34)	233	(34)
Impairment loss on intangible assets	-	-	(34)	-
Impairment gain/ (loss) on collaterals acquired	271	(64)	271	(64)
<b>Total</b>	<b>504</b>	<b>(98)</b>	<b>470</b>	<b>(98)</b>

The impairment (loss)/ gain on acquired collaterals is reflected in the carrying amount of those assets (Note 35).

## 18. Personnel expenses

<i>In thousands of BGN</i>	Separate		Consolidated	
	2025	2024	2025	2024
Wages and salaries	276 797	224 201	295 314	240 417
Social security contributions	48 077	45 722	50 449	47 859
Cash-settled share-based payments	1 348	1 311	1 348	1 311
Other	338	322	925	1 346
<b>Total</b>	<b>326 560</b>	<b>271 556</b>	<b>348 036</b>	<b>290 933</b>

The average number of full-time employees of the Bank is 5 426 and 5 267 for 2025 and 2024, respectively.

The average number of full-time employees of the Group is 5 773 and 5 622 for 2025 and 2024, respectively.

## 19. Depreciation and amortisation

<i>In thousands of BGN</i>	Note	Separate		Consolidated	
		2025	2024	2025	2024
Investment property	31	-	-	443	443
Right-of-use assets	32	7 349	7 259	6 656	6 577
Property, plant and equipment	33	29 089	26 481	35 437	31 914
Intangible assets	34	27 240	25 543	29 647	27 922
<b>Total</b>		<b>63 678</b>	<b>59 283</b>	<b>72 183</b>	<b>66 856</b>

## 20. Other expenses

<i>In thousands of BGN</i>	Separate		Consolidated	
	2025	2024	2025	2024
Hired services	155 177	148 440	165 344	153 096
Guarantee Funds contributions and supervisory charges	49 004	60 556	50 594	60 556
Materials	17 445	17 294	17 707	17 508
Expenses related to short-term leases	2 224	2 128	2 248	4 104
Expenses related to leases of low value assets	4 138	3 922	4 138	2 160
Other expenses	7 610	7 581	9 577	14 925
<b>Total</b>	<b>235 598</b>	<b>239 921</b>	<b>249 608</b>	<b>252 349</b>

Other expenses include irrecoverable VAT, leased vehicle registration fees, business trips, training, representative costs, etc.

The fees accrued in the separate and consolidated financial statement for the services provided by the independent financial auditors of the Group for 2025 include statutory audit fees to the amount of BGN 1 584 thousand and BGN 1 920 thousand, respectively (2024: BGN 1 606 thousand and BGN 1 894 thousand, respectively); review of interim financial information to the amount of BGN 510 thousand both on separate and consolidated basis (2024: BGN 308 thousand both on separate and consolidated basis), and fees for other non-audit related services to the amount of BGN 23 thousand and BGN 85 thousand, respectively (2024: BGN 27 thousand and BGN 83 thousand, respectively).

## 21. Acquisition of non-controlling interest and disposal of subsidiaries

### 21.1. Acquisition of non-controlling interest in DSK Leasing AD

In June 2024 the Group acquired the non-controlling interest of 39.98% in the capital of DSK Leasing AD and as a result became the sole owner of the entity. The purchase price of the shares is EUR 7 990 thousand.

The acquired additional interest reported in the consolidated financial statements for 2024 can be analyzed as follows:

	<b>2024</b>
<i>In thousands of BGN</i>	
Cash consideration paid to non-controlling shareholder	15 627
Carrying value of the additional interest in DSK Leasing AD	<u>(4 667)</u>
<b>Difference recognised in retained earnings</b>	<b><u><u>10 960</u></u></b>

### 21.2. Disposal of subsidiaries

#### *DSK Asset Management*

On 19 January 2024 the Group sold 41% of the shares in DSK Asset Management AD as a result of which the entity became an associate of the Group.

The net assets of the disposed entity are the following:

<i>In thousands of BGN</i>	<b>19-January-2024</b>
Cash	3 152
Tangible fixed assets and intangible assets	31
Deferred tax assets	46
Other assets	<u>383</u>
<b>Total assets</b>	<b><u><u>3 612</u></u></b>
Current tax payables	18
Leasing liabilities	6
Trade and other payables	<u>1 502</u>
<b>Total liabilities</b>	<b><u><u>1 526</u></u></b>
<b>Net assets</b>	<b><u><u>2 086</u></u></b>

The loss on disposal of the subsidiary reported in the separate financial statement of the Bank for 2024 can be analyzed as follows:

<i>In thousands of BGN</i>	<b>2024</b>
Consideration received	820
<i>less:</i>	
Net book value of the sold share of 41%	(823)
Valuation of the retained interest of 25% at fair value	(2)
<b>Loss on disposal of subsidiary</b>	<b><u>(5)</u></b>

The financial result of the disposal of the subsidiary, reported in the consolidated financial statement for 2024, is as follows:

<i>In thousands of BGN</i>	<b>2024</b>
Consideration received	820
Fair value of the retained interest	500
	<u>1 320</u>
<i>less:</i>	
Net assets disposed	2 086
Non-controlling interest	(708)
<b>Loss on disposal of subsidiary</b>	<b><u>(58)</u></b>

Net cash flows from the sale:

Consideration received	820
<i>less:</i>	
Cash of the disposed subsidiary	(3 152)
<b>Net cash outflow from the sale</b>	<b><u>(2 332)</u></b>

## 22. Income tax expense

<i>In thousands of BGN</i>	Separate		Consolidated	
	2025	2024	2025	2024
Current tax expense	(159 156)	(155 256)	(170 239)	(164 194)
Deferred tax benefit/ (expense) related to origination and reversal of temporary tax differences	318	(1 605)	393	(950)
<b>Total</b>	<b><u>(158 838)</u></b>	<b><u>(156 861)</u></b>	<b><u>(169 846)</u></b>	<b><u>(165 144)</u></b>

<i>In thousands of BGN</i>	Separate		Consolidated	
	2025	2024	2025	2024
Accounting profit	1 171 522	1 143 938	1 210 268	1 169 149
Income tax at the statutory corporate tax rate	(117 152)	(114 394)	(121 027)	(116 915)
Allowance for tax paid in foreign tax jurisdictions	839	2 647	839	2 647
Tax on permanent tax differences	5 558	4 444	508	440
Deduction for tax loss carryforwards	-	-	-	61
<b>Income tax expense at the applicable tax rate</b>	<b>(110 755)</b>	<b>(107 303)</b>	<b>(119 680)</b>	<b>(113 767)</b>
<b>Qualified domestic top-up tax</b>	<b>(48 083)</b>	<b>(49 558)</b>	<b>(50 166)</b>	<b>(51 377)</b>
<b>Total income tax expense</b>	<b>(158 838)</b>	<b>(156 861)</b>	<b>(169 846)</b>	<b>(165 144)</b>
Effective tax rate	13.56%	13.71%	14.03%	14.13%

Current taxes are calculated using a tax rate of 10% for 2025 and 2024. In addition, the Group accounts for additional domestic tax, effective from 01 January 2025, in accordance with the Law for Amendment of the Corporate Income Tax Act which is introducing a minimum global income tax of 15% for multinational groups of entities and large national enterprises whose annual consolidated revenue according to the consolidated financial statements is in excess of EUR 750 million for at least two of the four fiscal years immediately preceding the current fiscal year. According to the requirements of the Law, the Bank is in the scope of additional domestic taxation, which aims at levying the profits of affected entities with a top-up tax in order to reach an effective tax rate of 15%.

The movement of current income tax is the following:

<i>In thousands of BGN</i>	Separate		Consolidated	
	2025	2024	2025	2024
Tax (liability)/ asset, net on 1 January	(42 128)	3 179	(44 690)	3 487
Current tax expense - continuing operations	(159 156)	(155 256)	(170 239)	(164 194)
Current tax charged to the other comprehensive income	(2 009)	(3 421)	(2 009)	(3 421)
Current tax paid	293 409	113 400	302 075	119 468
Transfer from deferred tax and offset against other taxes	(33)	(30)	(33)	(30)
<b>Tax asset/ (liability), net on 31 December</b>	<b>90 083</b>	<b>(42 128)</b>	<b>85 104</b>	<b>(44 690)</b>

### 23. Cash and current accounts with the Central Bank and other commercial banks

<i>In thousands of BGN</i>	Separate		Consolidated	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
Cash on hand	831 482	481 512	831 482	481 512
Current accounts with the Central Bank	6 045 240	4 890 580	6 045 240	4 890 580
Current accounts with other banks	284 506	438 505	284 874	438 726
Less impairment loss allowances	(213)	(720)	(213)	(720)
<b>Total</b>	<b>7 161 015</b>	<b>5 809 877</b>	<b>7 161 383</b>	<b>5 810 098</b>

Included in cash on hand are cash in transfer and cash at ATMs.

The current account with the Central Bank is used for direct participation in the money and securities markets and for settlement purposes as well as for keeping funds for Group's participation in the Guarantee Mechanism of the System Processing Card-based Payment Transactions. Balances with the Central Bank also cover the minimum required reserves amounting to BGN 3 811 532 thousand and BGN 3 365 858 thousand as of 31 December 2025 and 2024, respectively. The Bank does not report penalty interest due to deficit or shortage or excess reserves. Minimum reserves as of 31 December 2025 and 2024 are regulated by the domestic legal framework and amount to 12% of the reserves base, comprising of Bank's deposits received. After the end of the reporting period the minimum reserves are calculated in accordance with the legal framework of the Eurosystem, as disclosed in Note 49.

The accumulated impairment as of 31 December 2025 amounting to BGN 213 thousand includes BGN 74 thousand of impairment of cash held at the Central Bank and BGN 139 thousand of impairment of cash at other banks.

The accumulated impairment as of 31 December 2024 amounting to BGN 720 thousand includes BGN 409 thousand of impairment of cash held at the Central Bank and BGN 311 thousand of impairment of cash at other banks.

Cash at OTP Group member banks is disclosed in Note 47.

## 24. Financial assets held for trading and derivative financial instruments

### 24.1. Financial assets held for trading

<i>In thousands of BGN</i>	Separate		Consolidated	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
Government securities – Republic of Bulgaria denominated in Bulgarian Leva	14 608	15 298	33 140	29 850
Government securities – Republic of Bulgaria denominated in foreign currencies	9 304	5 827	23 019	19 214
Foreign issuers' debt securities denominated in foreign currencies	-	-	35 638	63 414
<b>Total</b>	<b>23 912</b>	<b>21 125</b>	<b>91 797</b>	<b>112 478</b>

Government securities issued by the Bulgarian government comprise of securities denominated in BGN and EUR. The BGN denominated government securities earn interest as of 31 December 2024 between 0.00% and 3.25% (2024: between 0.00% and 3.10%) and government securities denominated in EUR earn interest between 0.375% and 4.875% (2024: between 3.63% and 5.75%).

As of 31 December 2025, government securities issued by foreign governments comprise of securities denominated in EUR which earn interest between 0.00% and 2.50% (2024: between 0.00% and 2.50%).

## 24.2. Derivative financial instruments

Separate and Consolidated						
<i>In thousands of BGN</i>	31.12.2025			31.12.2024		
	Carrying value		Notional amount	Carrying value		Notional amount
	Assets	Liabilities		Assets	Liabilities	
<b>Derivatives held for trading</b>						
Interest rate swaps	9 024	8 728	1 338 805	17 882	17 259	1 332 205
Foreign exchange contracts	23 475	21 336	1 526 133	24 812	25 172	1 414 123
Commodity swaps	3 778	3 734	129 457	12 547	12 398	640 731
<b>Total</b>	<b>36 277</b>	<b>33 798</b>	<b>2 994 395</b>	<b>55 241</b>	<b>54 829</b>	<b>3 387 059</b>
<b>Derivatives used as fair value hedging instruments</b>						
Interest rate swaps	3 641	-	214 493	9 160	-	293 109
Foreign exchange contracts	-	-	-	15 251	-	188 260
<b>Total</b>	<b>3 641</b>	<b>-</b>	<b>214 493</b>	<b>24 411</b>	<b>-</b>	<b>481 369</b>
<b>Total derivative financial instruments</b>	<b>39 918</b>	<b>33 798</b>	<b>3 208 888</b>	<b>79 652</b>	<b>54 829</b>	<b>3 868 428</b>

The fair value hedge contracts as of 31 December 2025 and 2024 are two types: 1) interest rate swaps, used to hedge interest rate risk, and 2) foreign exchange swaps used to hedge foreign currency risk. The hedged items are government bonds carried at FVTOCI and repurchase agreements.

The carrying amount of hedged items as of 31 December 2025 and 2024 is as follows:

Separate and Consolidated		
<i>In thousands of BGN</i>	31.12.2025	31.12.2024
Investments at fair value through other comprehensive income - government debt securities	214 952	290 253
Loans and advances to banks - repurchase agreements	-	181 164
<b>Total hedged items</b>	<b>214 952</b>	<b>471 417</b>

The derivative transactions with OTP Group are disclosed in Note 47.

Separate and Consolidated		
<i>In thousands of BGN</i>	2025	2024
(Loss)/ gain from changes in fair value used for calculating hedge ineffectiveness for the year (Note 12)	(20 998)	23 039
<i>In thousands of BGN</i>	31.12.2025	31.12.2024
Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item	(2 810)	(5 998)

The following table shows the average interest rates and the average FX rate of the Bank's hedging instruments used as of 31 December 2025 and 31 December 2024:

<b>Separate and Consolidated</b>		
<i>In thousands of BGN</i>	<b>31.12.2025</b>	<b>31.12.2024</b>
<b>Interest rate swaps</b>		
Notional amount	214 493	293 109
Average fixed interest rate	1.071%	1.002%
Average floating interest rate	2.525%	4.012%
<b>Foreign exchange contracts</b>		
Notional amount	-	188 260
Average exchange rate EUR/HUF	-	-
Average exchange rate USD/HUF	-	362

The Group believes that it is not exposed to a significant exchange rate risk in relation to hedged items as well as hedging instruments, as there are no open positions as of 31 December 2025 and 2024 due to the deals concluded and strategy applied (approved by OTP Group). The strategy applied covers the possible exchange rate risks arising from the transactions which the Bank enters into. The results from hedging transactions in accordance with IFRS 9 are reported in the Statement of Profit or Loss in lines "Interest income", "Net (loss)/gain from foreign exchange" and "Net trading income".

## 25. Assets held for sale

As of 31 December 2024, assets held for sale are properties that had been used in the operations of DSK Tours – in liquidation EOOD which ultimate successor is the Bank. Following the closure of this entity in 2023, the Group took a decision to dispose of these properties through sale.

As of 31 December 2025 the management believes that the criteria for classification in accordance with IFRS 5 of the assets still not sold are not met. As a result, the Group ceased their classification as held for sale and the properties are reclassified to the Land and buildings category (Note 33).

## 26. Loans and advances to banks

<b>Separate and Consolidated</b>		
<i>In thousands of BGN</i>	<b>31.12.2025</b>	<b>31.12.2024</b>
Deposits with domestic and foreign banks	1 413 025	1 439 096
Encumbered assets (Note 44.2)	19 195	5 445
Loans under repurchase agreements	218 746	353 164
Less impairment loss allowances	(797)	(2 232)
<b>Total</b>	<b>1 650 169</b>	<b>1 795 473</b>

The Group purchases financial instruments under agreements to sell them at future dates ("reverse repurchase agreements"). The instruments are presented as part of loans and advances to banks.

The loans and advances to banks – related parties are disclosed in Note 47.

## 27. Net receivables from finance lease

<b>Consolidated</b>		
<i>In thousands of BGN</i>	<b>31.12.2025</b>	<b>31.12.2024</b>
Gross receivables from finance lease	2 161 791	1 940 890
Unrealized financial income	(165 619)	(161 917)
<b>Net minimum lease payments</b>	<b>1 996 172</b>	<b>1 778 973</b>
Impairment	(34 864)	(34 405)
<b>Net receivables from finance lease</b>	<b>1 961 308</b>	<b>1 744 568</b>

Net receivables from finance leases are allocated as follows:

<b>Consolidated</b>		
<i>In thousands of BGN</i>	<b>31.12.2025</b>	<b>31.12.2024</b>
With maturity of up to 1 year	575 006	536 405
With maturity from 1 to 5 years	1 396 233	1 211 410
With maturity over 5 years	24 933	31 158
Impairment	(34 864)	(34 405)
<b>Net receivables from finance lease</b>	<b>1 961 308</b>	<b>1 744 568</b>

## 28. Loans and advances to customers

<i>In thousands of BGN</i>	<b>Separate</b>		<b>Consolidated</b>	
	<b>31.12.2025</b>	<b>31.12.2024</b>	<b>31.12.2025</b>	<b>31.12.2024</b>
<b>Individuals</b>				
Consumer loans	7 072 516	6 359 548	7 072 957	6 360 509
Housing and mortgage loans	9 930 565	7 640 792	9 930 565	7 640 792
<b>Companies</b>				
Working capital loans	3 317 102	2 942 100	3 247 790	2 928 272
Investment loans	6 073 645	5 594 573	4 223 014	3 845 206
Advances to clients under local and international factoring	264 632	265 538	264 632	265 538
<b>State and local government</b>	251 267	108 724	307 706	171 621
Less loss allowances	(702 124)	(706 613)	(683 948)	(691 856)
<b>Total</b>	<b>26 207 603</b>	<b>22 204 662</b>	<b>24 362 716</b>	<b>20 520 082</b>

The movement of the impairment for expected credit loss of loans and advances to customers is provided in Note 7.4.10.2 as a part of the credit risk management disclosure.

The line "State and local government" includes BGN 75 556 thousand and BGN 51 017 thousand of matured receivables on government securities, issued by the Russian Federation as of 31 December 2025 and 2024, respectively. The impairment of receivables is in the amount of BGN 51 645 thousand and BGN 45 156 thousand as of 31 December 2025 and 2024, respectively. The receivables were reclassified from investments and the reclassified amounts are disclosed in Note 7.4.10.2 and Note 7.4.10.5 as well.

The interest rates on loans as at 31 December 2025 are in the following range: receivables from individuals from 0.36% to 40.35%; receivables from companies from 0.70% to 16.00%; receivables from the State Budget included in line State and local government: from 1.84% to 5.35%.

The interest rates on loans as at 31 December 2024 are in the following range: receivables from individuals from 0.24% to 40.35%; receivables from companies from 0.71% to 16.00%; receivables from the State Budget included in the line "State and Local Government" above from 1.84% to 6.46%.

The loans sold to unrelated parties have a gross carrying amount of BGN 14 264 thousand and BGN 6 721 thousand for 2025 and 2024, respectively. The impairment of those sold in 2025 and 2024 was BGN 13 520 thousand and BGN 4 891 thousand, respectively. The total amount of written-off and sold loans in 2025 and 2024 is presented in Note 7.4.10.2.

## 29. Investments in securities

<i>In thousands of BGN</i>	<b>Separate</b>		<b>Consolidated</b>	
	<b>31.12.2025</b>	<b>31.12.2024</b>	<b>31.12.2025</b>	<b>31.12.2024</b>
<i>Investments in instruments measured at fair value through other comprehensive income</i>				
Equity instruments	42 002	40 672	42 002	40 672
Government debt securities	559 274	729 246	559 274	729 246
Less impairment loss allowances	(402)	(774)	(402)	(774)
<b>Total investments in instruments measured at fair value through other comprehensive income</b>	<b>600 874</b>	<b>769 144</b>	<b>600 874</b>	<b>769 144</b>
<i>Investments in instruments mandatory measured at fair value through profit or loss</i>				
Equity instruments	342	322	1 318	1 364
Corporate debt securities	962	2 259	962	2 259
<b>Total investments in instruments mandatory measured at fair value through profit or loss</b>	<b>1 304</b>	<b>2 581</b>	<b>2 280</b>	<b>3 623</b>
<i>Investments in instruments measured at amortized cost</i>				
Government debt securities	5 676 705	4 421 291	5 676 705	4 421 291
Corporate debt securities	546 986	447 333	546 986	447 333
Debt securities issued by the European Investment Bank	102 103	115 063	102 103	115 063
Less impairment loss allowances	(6 095)	(23 443)	(6 095)	(23 443)
<b>Total investments in instruments measured at amortized cost</b>	<b>6 319 699</b>	<b>4 960 244</b>	<b>6 319 699</b>	<b>4 960 244</b>
<b>Total</b>	<b>6 921 877</b>	<b>5 731 969</b>	<b>6 922 853</b>	<b>5 733 011</b>

Investments measured at FVTOCI include government bonds issued by central governments denominated in BGN with an applicable interest rate in the range between 0.0% and 2.25% (2024: 0.0% and 3.10%), denominated in EUR with an interest rate ranging between 0.38% and 3.00% (2024: 0.38% and 5.75%) and denominated in USD with an interest rate ranging between 2.25% and 3.25% (2024: 2.13% and 3.25%).

Investments measured at amortised cost include securities issued by central governments denominated in BGN with interest rate ranging between 0.0% and 3.25% (2024: 0.0% and 3.25%); denominated in EUR with interest rate ranging between 0.0% and 5.50% (2024: 0.0% and 5.75%) and denominated in USD with an interest rate ranging between 1.50% and 3.50% (2024: 1.50% and 3.50%). As of 31 December 2025, interest rates of corporate debt securities are between 3.00% and 4.25% (2024: 3.00% and 4.13%).

Corporate securities measured at amortized cost, issued by related parties, are disclosed in Note 47.

The securities pledged as collateral and blocked as of 31 December 2025 and 2024 are disclosed in Note 44.2.

Equity investments represent shares in domestic and foreign companies and financial institutions.

### 30. Goodwill

The Group's goodwill has arisen on acquisition of the following entities:

<i>In thousands of BGN</i>	Separate		Consolidated	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
Expressbank AD	77 372	77 372	77 372	77 372
DSK Rodina Pension Company AD	-	-	1 175	1 175
<b>Total</b>	<b>77 372</b>	<b>77 372</b>	<b>78 547</b>	<b>78 547</b>

The goodwill to the amount of BGN 77 372 thousand arose on the acquisition of Expressbank on 15 January 2019. Initially it was entirely allocated to the acquired bank as a cash-generating unit in the consolidated financial statements of DSK Bank for 2019. After the merger of Expressbank AD into DSK Bank on 30 April 2020, the combined bank is regarded as the new cash generating unit, to which the goodwill is allocated.

The goodwill to the amount of BGN 1 175 thousand arose on the acquisition of DSK Rodina pension Company and is allocated to this entity as a cash-generating unit.

As of 31 December 2025, the Group performed a test for impairment of goodwill allocated to the combined bank using a model whose key inputs are the cash flows of the combined bank for a three-year period. Based on the actual financial performance to November 2025, the Group prepared medium-term cash flow forecasts for the period 2026-2028. In preparing the calculations, the Group considered the actual worldwide economic situation, the expected economic growth for the following years, their possible effects on the financial sector, the plans for growth, which result from these, and the expected changes in the mentioned factors.

The calculations were performed under two methods, which have produced similar results, namely the free cash flow (FCF) method and the economic value-added (EVA) method.

#### *Present value calculation with the FCF method*

The FCF method calculates the value of a company by discounting their expected cash flows, which are determined by the Group on the basis of expected profits after tax. The method employs assumptions, such as discount rate, risk premium, long-term growth. For calculating the discount factor, the Group has used the risk-free rates of ten-year local government bonds. The risk premium is the one specific for Bulgaria, as published on damodaran.com. The growth rate used for calculation of the terminal value reflects the long-term economic expectations for Bulgaria. The company value is then calculated as the sum of the discounted cash flows of the explicit period, the present value of the terminal values and the initial free capital assuming an effective capital structure.

*Present value calculation with the EVA method*

The EVA method estimates the value of a company from the initial invested capital and the present value of the economic profit that the companies are expected to generate in the future. The Group creates positive economic profit/value if the profitability of the invested capital is higher than the normal profit – the profit that can be usually generated in the banking sector, which means that the company’s profitability exceeds the expected yield. The value of the Group was then calculated by deducting the cost of invested capital from the net profit for the year. The applied discount factor and the long-term growth rate are the same that are used in the FCF method.

A summary of key assumptions used in the model is presented below:

	<b>2026</b>	<b>2027</b>	<b>2028</b>
Discount rate	3.80%	3.80%	3.80%
Risk premium	6.00%	6.00%	6.00%

**Calculation of residual value:**

Long-term discount rate	3.80%
Long-term risk premium	6.00%
Long-term growth rate	3.00%

The Group performed a sensitivity analysis of the results of the test if the discount rate and the long-term growth rate changed from -1.5%/+1.5%. The calculations are not highly sensitive to changes within these ranges.

The calculated recoverable amount under both methods exceeds the carrying amount of net assets of DSK Group, being the cash-generating unit for the purposes of the test, by approximately 31%. As a result, management has concluded that goodwill is not impaired as of 31 December 2025.

**31. Investment property**

<b>Consolidated</b>		
<i>In thousands of BGN</i>	<b>31.12.2025</b>	<b>31.12.2024</b>
<b>Cost</b>		
Balance as of 01 January	22 512	22 512
<b>Balance as of 31 December</b>	<b>22 512</b>	<b>22 512</b>
<b>Depreciation</b>		
Balance as of 01 January	4 429	3 986
Charge for the period	443	443
<b>Balance as of 31 December</b>	<b>4 872</b>	<b>4 429</b>
<b>Net book value</b>	<b>17 640</b>	<b>18 083</b>

The fair value of the investment property determined by independent licensed external appraisers as of 31 December 2025 and 2024, is BGN 22 477 thousand and 21 103 thousand, respectively.

The last valuation of the investment property is determined according to independent appraisers' report dated 26 November 2025. The appraisers have used two valuation methods, namely the comparative value method (market analogy method) and the income method.

Under the market analogy approach, market prices of similar (analogous) assets are used, adjusted for the specifics of the investment property being valued. The analogous items are similar or identical to the ones being valued in terms of location, construction, and stage of completion.

The income approach reflects the capability of assets to generate rental income. The appraisal is based on the average market rents for similar properties, adjusted for possible losses from vacancies or uncollectible rents, housing costs, major repairs, taxes and charges and other costs. The major factors used in the model for adjusting the gross annual income are the following:

Operating costs, taxes, charges	5.00%
Loss of rentals risk	7.00%
Capitalisation rate	7.75%

The fair value of the property is the weighted average of the values determined by both methods. The fair value is categorised as Level 3 in the fair value hierarchy as per IFRS 13.

### 32. Right-of-use assets

<i>In thousands of BGN</i>	Separate					
	2025			2024		
	Land and buildings	Vehicles	Total	Land and buildings	Vehicles	Total
<b>Cost</b>						
<b>Opening balance</b>	36 230	5 300	41 530	34 939	4 981	39 920
Additions due to new contracts	1 089	-	1 089	2 827	318	3 145
Derecognition due to expired contracts	(651)	-	(651)	(1 643)	-	(1 643)
Changes from reassessment and modification	2 349	(36)	2 313	107	1	108
<b>Balance as of 31 December</b>	<b>39 017</b>	<b>5 264</b>	<b>44 281</b>	<b>36 230</b>	<b>5 300</b>	<b>41 530</b>
<b>Depreciation</b>						
<b>Opening balance</b>	22 655	2 364	25 019	21 209	1 300	22 509
Depreciation for the period	6 275	1 074	7 349	6 196	1 063	7 259
Derecognition due to expired contracts	(651)	-	(651)	(1 643)	-	(1 643)
Changes from reassessment and modification	(1 634)	(21)	(1 655)	(3 107)	1	(3 106)
<b>Balance as of 31 December</b>	<b>26 645</b>	<b>3 417</b>	<b>30 062</b>	<b>22 655</b>	<b>2 364</b>	<b>25 019</b>
<b>Net book value</b>						
<b>Opening balance</b>	13 575	2 936	16 511	13 730	3 681	17 411
<b>As of 31 December</b>	<b>12 372</b>	<b>1 847</b>	<b>14 219</b>	<b>13 575</b>	<b>2 936</b>	<b>16 511</b>

<i>In thousands of BGN</i>	<b>Consolidated</b>	
	<b>2025</b>	<b>2024</b>
	<b>Land and buildings</b>	<b>Land and buildings</b>
<b>Cost</b>		
<b>Opening balance</b>	<b>38 186</b>	<b>36 893</b>
Additions due to new contracts	1 089	2 828
Derecognition due to expired contracts	(708)	(1 642)
Changes from reassessment and modification	2 349	107
<b>Balance as of 31 December</b>	<b>40 916</b>	<b>38 186</b>
<b>Depreciation</b>		
<b>Opening balance</b>	<b>23 408</b>	<b>21 580</b>
Depreciation for the period	6 656	6 577
Derecognition due to expired contracts	(708)	(1 642)
Changes from reassessment and modification	(1 634)	(3 107)
<b>Balance as of 31 December</b>	<b>27 722</b>	<b>23 408</b>
<b>Net book value</b>		
<b>Opening balance</b>	<b>14 778</b>	<b>15 313</b>
<b>As of 31 December</b>	<b>13 194</b>	<b>14 778</b>

### 33. Property, plant and equipment

#### Movement of property, plant and equipment during the year 2025

<b>Separate</b>	<b>Land and buildings</b>	<b>IT equipment</b>	<b>Office equipment</b>	<b>Other assets</b>	<b>Total</b>
<i>In thousands of BGN</i>					
<b>Cost or revalued amount</b>					
<b>Balance as of 31 December 2024</b>	<b>542 725</b>	<b>134 939</b>	<b>99 691</b>	<b>19 194</b>	<b>796 549</b>
Additions	3	2 104	6	37 242	39 355
Transferred from non-current assets held for sale	4 099	-	-	-	4 099
Disposals	(12 805)	(11 007)	(2 299)	(2 044)	(28 155)
Transfers	1 008	36 673	7 264	(44 945)	-
Revaluation increase	14 678	-	-	-	14 678
Reintegrated impairment	2 987	-	-	-	2 987
<b>Balance as of 31 December 2025</b>	<b>552 695</b>	<b>162 709</b>	<b>104 662</b>	<b>9 447</b>	<b>829 513</b>
<b>Depreciation and impairment</b>					
<b>Balance as of 31 December 2024</b>	<b>198 926</b>	<b>94 373</b>	<b>88 405</b>	<b>312</b>	<b>382 016</b>
Charge for the period	9 706	16 077	3 285	21	29 089
Transferred from non-current assets held for sale	821	-	-	-	821
Disposals	(6 520)	(10 952)	(2 272)	(216)	(19 960)
Revaluation increase	9 149	-	-	-	9 149
Impairment charge	2 754	-	-	-	2 754
<b>Balance as of 31 December 2025</b>	<b>214 836</b>	<b>99 498</b>	<b>89 418</b>	<b>117</b>	<b>403 869</b>
<b>Net book value</b>					
<b>As of 31 December 2024</b>	<b>343 799</b>	<b>40 566</b>	<b>11 286</b>	<b>18 882</b>	<b>414 533</b>
<b>As of 31 December 2025</b>	<b>337 859</b>	<b>63 211</b>	<b>15 244</b>	<b>9 330</b>	<b>425 644</b>

**Movement of property, plant and equipment during the year 2025 (continued)**

<b>Consolidated</b>	<b>Land and buildings</b>	<b>IT equipment</b>	<b>Office equipment</b>	<b>Other assets</b>	<b>Assets under operating lease</b>	<b>Total</b>
<i>In thousands of BGN</i>						
<b>Cost or revalued amount</b>						
<b>Balance as of 31 December 2024</b>	<b>542 725</b>	<b>135 785</b>	<b>99 987</b>	<b>20 843</b>	<b>39 629</b>	<b>838 969</b>
Additions	1 832	2 188	20	37 603	19 361	<b>61 004</b>
Transferred from non-current assets held for sale	2 270	-	-	-	-	<b>2 270</b>
Disposals	(12 805)	(11 024)	(2 299)	(2 276)	(5 627)	<b>(34 031)</b>
Transfers	1 008	36 673	7 264	(44 945)	-	<b>-</b>
Revaluation increase	14 678	-	-	-	-	<b>14 678</b>
Impairment charge	2 987	-	-	-	-	<b>2 987</b>
<b>Balance as of 31 December 2025</b>	<b>552 695</b>	<b>163 622</b>	<b>104 972</b>	<b>11 225</b>	<b>53 363</b>	<b>885 877</b>
<b>Depreciation and impairment</b>						
<b>Balance as of 31 December 2024</b>	<b>198 926</b>	<b>95 045</b>	<b>88 544</b>	<b>1 095</b>	<b>10 320</b>	<b>393 930</b>
Charge for the period	9 706	16 195	3 332	238	5 966	<b>35 437</b>
Transferred from non-current assets held for sale	821	-	-	-	-	<b>821</b>
Disposals	(6 520)	(10 969)	(2 272)	(396)	(2 805)	<b>(22 962)</b>
Revaluation increase	9 149	-	-	-	-	<b>9 149</b>
Impairment charge	2 754	-	-	-	-	<b>2 754</b>
<b>Balance as of 31 December 2025</b>	<b>214 836</b>	<b>100 271</b>	<b>89 604</b>	<b>937</b>	<b>13 481</b>	<b>419 129</b>
<b>Net book value</b>						
<b>As of 31 December 2024</b>	<b>343 799</b>	<b>40 740</b>	<b>11 443</b>	<b>19 748</b>	<b>29 309</b>	<b>445 039</b>
<b>As of 31 December 2025</b>	<b>337 859</b>	<b>63 351</b>	<b>15 368</b>	<b>10 288</b>	<b>39 882</b>	<b>466 748</b>

**Movement of property, plant and equipment during the year 2024**

Separate					
<i>In thousands of BGN</i>	Land and buildings	IT equipment	Office equipment	Other assets	Total
<b>Cost or revalued amount</b>					
<b>Balance as of 31 December 2023</b>	<b>559 664</b>	<b>110 993</b>	<b>95 356</b>	<b>15 427</b>	<b>781 440</b>
Additions	-	327	191	45 082	<b>45 600</b>
Disposals	(23 255)	(3 302)	(1 185)	(2 748)	<b>(30 490)</b>
Transfers	6 317	26 921	5 329	(38 567)	-
Impairment charge	(1)	-	-	-	<b>(1)</b>
<b>Balance as of 31 December 2024</b>	<b>542 725</b>	<b>134 939</b>	<b>99 691</b>	<b>19 194</b>	<b>796 549</b>
<b>Depreciation and impairment</b>					
<b>Balance as of 31 December 2023</b>	<b>199 502</b>	<b>84 820</b>	<b>85 731</b>	<b>290</b>	<b>370 343</b>
Charge for the period	9 807	12 839	3 813	22	<b>26 481</b>
Disposals	(10 728)	(3 286)	(1 139)	-	<b>(15 153)</b>
Impairment charge	345	-	-	-	<b>345</b>
<b>Balance as of 31 December 2024</b>	<b>198 926</b>	<b>94 373</b>	<b>88 405</b>	<b>312</b>	<b>382 016</b>
<b>Net book value</b>					
<b>As of 31 December 2023</b>	<b>360 162</b>	<b>26 173</b>	<b>9 625</b>	<b>15 137</b>	<b>411 097</b>
<b>As of 31 December 2024</b>	<b>343 799</b>	<b>40 566</b>	<b>11 286</b>	<b>18 882</b>	<b>414 533</b>

Consolidated						
<i>In thousands of BGN</i>	Land and buildings	IT equipment	Office equipment	Other assets	Assets under operating lease	Total
<b>Cost or revalued amount</b>						
<b>Balance as of 31 December 2023</b>	<b>559 678</b>	<b>111 963</b>	<b>95 822</b>	<b>17 081</b>	<b>34 327</b>	<b>818 871</b>
Additions	-	453	202	45 510	10 276	<b>56 441</b>
Disposals	(23 269)	(3 552)	(1 366)	(3 181)	(4 974)	<b>(36 342)</b>
Transfers	6 317	26 921	5 329	(38 567)	-	-
Impairment charge	(1)	-	-	-	-	<b>(1)</b>
<b>Balance as of 31 December 2024</b>	<b>542 725</b>	<b>135 785</b>	<b>99 987</b>	<b>20 843</b>	<b>39 629</b>	<b>838 969</b>
<b>Depreciation and impairment</b>						
<b>Balance as of 31 December 2023</b>	<b>199 516</b>	<b>85 576</b>	<b>85 982</b>	<b>1 208</b>	<b>8 116</b>	<b>380 398</b>
Charge for the period, including discontinued operations	9 807	12 994	3 860	195	5 058	<b>31 914</b>
Disposals	(10 742)	(3 525)	(1 298)	(308)	(2 854)	<b>(18 727)</b>
Impairment charge	345	-	-	-	-	<b>345</b>
<b>Balance as of 31 December 2024</b>	<b>198 926</b>	<b>95 045</b>	<b>88 544</b>	<b>1 095</b>	<b>10 320</b>	<b>393 930</b>
<b>Net book value</b>						
<b>As of 31 December 2023</b>	<b>360 162</b>	<b>26 387</b>	<b>9 840</b>	<b>15 873</b>	<b>26 211</b>	<b>438 473</b>
<b>As of 31 December 2024</b>	<b>343 799</b>	<b>40 740</b>	<b>11 443</b>	<b>19 748</b>	<b>29 309</b>	<b>445 039</b>

“Land and buildings” include leasehold improvements to the amount of BGN 1 096 thousand and BGN 950 thousand as of 31 December 2025 and 2024, respectively, both separate and consolidated basis.

In “Other equipment” are included property, plant and equipment under construction and acquisition of property plant and equipment to the amount of BGN 9 169 thousand and BGN 18 916 thousand as of 31 December 2025 and 2024, respectively.

As of 31 December 2025, the gross carrying amount of fully depreciated property, plant and equipment that are still in use in the course of the Group's activities is as follows: buildings - to the amount of BGN 494 thousand, leasehold improvements - to the amount of BGN 8 684 thousand; IT equipment - to the amount of BGN 63 957 thousand, office equipment - to the amount of BGN 75 772 thousand, other equipment - to the amount of BGN 203 thousand.

As of 31 December 2024, the gross carrying amount of fully depreciated property, plant and equipment that are still in use in the course of the Group's activities is as follows: buildings - to the amount of BGN 457 thousand, leasehold improvements - to the amount of BGN 8 535 thousand; IT equipment - to the amount of BGN 53 829 thousand, office equipment - to the amount of BGN 73 408 thousand, other equipment - to the amount of BGN 4 514 thousand.

A market analysis of the fair values of land and buildings was performed by internal expert appraisers as at 31 December 2025 based on data provided by the Group and other public information sources. For the purposes of the analysis, a research of the real estate market has been performed and offers and actual market transactions concluded for the respective districts of the location of the assets have been reviewed.

The individual valuations are prepared by applying the Market approach (Sales comparison approach) for most properties and Income approach (Direct rental income capitalization approach) for properties for which sufficient data and grounds were identified in the process of analysis in order to consider the net rental income as a value indicator of the property as well. Under the market approach the value of the property is determined through direct comparison of the object valued with the market prices of other similar properties. Information has been used from sales offers or actual deals (in case such a deal has been found and valued as reliable) on the real estate market in the six months prior the valuation date. The sales price of the market analogue is adjusted with a market ratio. In order to restrain the valuation indefiniteness, the market adjustment ratios are limited within -50% and 50% and the extreme values of these ratios are applied carefully and mainly in the regions with small or no real estate market. Additionally, consistency of the analogues sample has been kept and the difference between the lowest and highest analogue should not exceed 25% (30%). In case where this condition could not be met, it is acceptable appraisers to use different weight ratios for separate analogues instead of ratio equal to one divided by the number of analogues used in the valuation. In addition, the price is adjusted with ratios for area, location, size (area); general adjustment ratio for incompliance, reflecting mainly the technical condition of the valued property towards selected analogues and weight ratio with which the selected analogues appear in the fair value. According to the analysis, some of the features of the properties affect the valuation in the appraiser's reports. Location and general incompliance are considered significant factors.

The main coefficients applied in the properties' revaluation are in the following range:

<b>Coefficient</b>	<b>Range</b>	
<b>Location</b>	0.75	1.35
<b>Size</b>	0.75	1.35
<b>General adjustment ratio for incompliance</b>	0.75	1.40

Based on the inputs in the valuation model used, the fair value of land and buildings is categorized as Level 3 in the fair value hierarchy. The fair value is sensitive to changes in the rate of return and the adjusting coefficients used, and may vary, in case these coefficients are decreased or increased.

### 34. Intangible assets

#### Movement of intangible assets during 2025

Separate				
	Software and licenses	2025 Customer base recognized in a business combination	Assets in the process of acquisition	Total
<i>In thousands of BGN</i>				
<b>Cost</b>				
<b>Opening balance</b>	196 879	69 836	16 196	282 911
Additions	73	-	34 591	34 664
Disposals	(16 235)	-	(2 694)	(18 929)
Transfers	32 415	-	(32 415)	-
<b>Balance as of 31 December</b>	<b>213 132</b>	<b>69 836</b>	<b>15 678</b>	<b>298 646</b>
<b>Amortization</b>				
<b>Opening balance</b>	136 126	64 569	-	200 695
Charge for the period	25 397	1 843	-	27 240
Disposals	(16 167)	-	-	(16 167)
<b>Balance as of 31 December</b>	<b>145 356</b>	<b>66 412</b>	<b>-</b>	<b>211 768</b>
<b>Net book value</b>				
<b>Opening balance</b>	60 753	5 267	16 196	82 216
<b>As of 31 December</b>	<b>67 776</b>	<b>3 424</b>	<b>15 678</b>	<b>86 878</b>

Consolidated				
	Software and licenses	2025 Assets recognized in business combinations	Other intangible assets	Total
<i>In thousands of BGN</i>				
<b>Cost</b>				
<b>Opening balance</b>	199 167	86 588	17 294	303 049
Additions	1 356	-	35 364	36 720
Disposals	(16 236)	-	(3 709)	(19 945)
Transfers	32 606	-	(32 606)	-
<b>Balance as of 31 December</b>	<b>216 893</b>	<b>86 588</b>	<b>16 343</b>	<b>319 824</b>
<b>Amortization and Impairment</b>				
<b>Opening balance</b>	137 909	77 133	87	215 129
Charge for the period	25 685	3 937	25	29 647
Impairment charge	34	-	-	34
Disposals	(16 168)	-	-	(16 168)
<b>Balance as of 31 December</b>	<b>147 460</b>	<b>81 070</b>	<b>112</b>	<b>228 642</b>
<b>Net book value</b>				
<b>Opening balance</b>	61 258	9 455	17 207	87 920
<b>As of 31 December</b>	<b>69 433</b>	<b>5 518</b>	<b>16 231</b>	<b>91 182</b>

### Movement of intangible assets during 2024

Separate				
	2024			
	Software and licenses	Customer base recognized in a business combination	Assets in the process of acquisition	Total
<i>In thousands of BGN</i>				
<b>Cost</b>				
<b>Opening balance</b>	148 640	69 836	33 571	252 047
Additions	99	-	31 131	31 230
Disposals	-	-	(366)	(366)
Transfers	48 140	-	(48 140)	-
<b>Balance as of 31 December</b>	<b>196 879</b>	<b>69 836</b>	<b>16 196</b>	<b>282 911</b>
<b>Amortization</b>				
<b>Opening balance</b>	113 419	61 733	-	175 152
Charge for the period	22 707	2 836	-	25 543
<b>Balance as of 31 December</b>	<b>136 126</b>	<b>64 569</b>	<b>-</b>	<b>200 695</b>
<b>Net book value</b>				
<b>Opening balance</b>	35 221	8 103	33 571	76 895
<b>As of 31 December</b>	<b>60 753</b>	<b>5 267</b>	<b>16 196</b>	<b>82 216</b>

Consolidated				
	2024			
	Software and licenses	Assets recognized in business combinations	Other intangible assets	Total
<i>In thousands of BGN</i>				
<b>Cost</b>				
<b>Opening balance</b>	150 933	86 588	34 081	271 602
Additions	350	-	31 784	32 134
Disposals	(256)	-	(431)	(687)
Transfers	48 140	-	(48 140)	-
<b>Balance as of 31 December</b>	<b>199 167</b>	<b>86 588</b>	<b>17 294</b>	<b>303 049</b>
<b>Amortization and Impairment</b>				
<b>Opening balance</b>	115 118	72 203	39	187 360
Charge for the period	22 944	4 930	48	27 922
Disposals	(153)	-	-	(153)
<b>Balance as of 31 December</b>	<b>137 909</b>	<b>77 133</b>	<b>87</b>	<b>215 129</b>
<b>Net book value</b>				
<b>Opening balance</b>	35 815	14 385	34 042	84 242
<b>As of 31 December</b>	<b>61 258</b>	<b>9 455</b>	<b>17 207</b>	<b>87 920</b>

As of 31 December 2025 and 2024, the gross carrying amount of fully amortized intangible assets that are still in use in the course of the Group's activities is to the amount of BGN 95 063 thousand and BGN 93 999 thousand, respectively.

### 35. Other assets

<i>In thousands of BGN</i>	<b>Separate</b>		<b>Consolidated</b>	
	<b>31.12.2025</b>	<b>31.12.2024</b>	<b>31.12.2025</b>	<b>31.12.2024</b>
Temporary accounts with clients	92 970	43 171	94 251	46 369
Clearing and bank settlement assets	55 403	51 124	55 403	51 124
Deferred expenses	30 573	15 560	37 368	28 115
Receivables for fees	8 435	7 731	14 765	13 047
Materials and spare parts	6 034	5 720	8 023	5 715
Receivables from litigation	4 598	4 764	4 598	4 764
Shortages of assets	3 212	2 871	3 212	2 871
Advances to suppliers	2 311	3 202	14 323	9 703
Acquired collaterals	510	768	510	768
Seized assets under leasing contracts	-	-	2 887	2 116
VAT refundable	-	-	9 920	7 763
Other assets	9 728	9 993	10 359	10 688
Impairment	(16 309)	(15 075)	(16 613)	(15 379)
<b>Total</b>	<b>197 465</b>	<b>129 829</b>	<b>239 006</b>	<b>167 664</b>

The accumulated impairment of other assets is mostly attributable to receivables for fees, receivables from litigation and writs, as well as shortages of assets. The movement of impairment for 2025 and 2024 is the following:

<i>In thousands of BGN</i>	<b>Separate</b>		<b>Consolidated</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
<b>Opening balance</b>	<b>15 075</b>	<b>15 727</b>	<b>15 379</b>	<b>17 140</b>
Charge for the year	3 873	4 867	4 177	5 171
Release for the year	(2 098)	(5 002)	(2 402)	(5 245)
Written off	(420)	(699)	(420)	(1 869)
Foreign exchange differences	(121)	182	(121)	182
<b>Closing balance</b>	<b>16 309</b>	<b>15 075</b>	<b>16 613</b>	<b>15 379</b>

### 36. Deposits from banks and loans from banks and financial institutions

<i>In thousands of BGN</i>	<b>Separate</b>		<b>Consolidated</b>	
	<b>31.12.2025</b>	<b>31.12.2024</b>	<b>31.12.2025</b>	<b>31.12.2024</b>
Current accounts	3 733	17 076	3 733	17 076
Deposits	14 065	9 701	14 065	9 701
<b>Total deposits from banks</b>	<b>17 798</b>	<b>26 777</b>	<b>17 798</b>	<b>26 777</b>
Loans from banks	1 369 559	1 369 657	1 369 559	1 369 657
Loans from financial institutions	108	319	119 958	123 618
<b>Total loans from banks and financial institutions</b>	<b>1 369 667</b>	<b>1 369 976</b>	<b>1 489 517</b>	<b>1 493 275</b>

As of 31 December 2025 and 2024 the loans from banks to the amount of BGN 1 369 559 thousand and BGN 1 369 657 thousand, respectively represent funds received from the parent company to meet the minimum requirements for equity and eligible liabilities (see Note 47).

The Group has received a long-term loan from the European Investment Fund under the “JEREMIE” program for the purpose of granting preferential interest loans to SMEs. As of 31 December 2025 and 2024 the BGN equivalent of the outstanding balance of the loan is BGN 108 thousand and BGN 319 thousand, respectively. Interest rates on loans vary from 1.56% to 1.76%. (for 2024 from 1.89% to 2.09%).

The Group has received financing from the Fund Manager of Financial Instruments in Bulgaria (FMFIB) under operating agreements with the purpose of providing finance to ultimate beneficiaries for urban development projects. The Group is entitled to receive a fee for managing the funds, which is determined on the basis of extended, and repaid, funds to, and from, the ultimate recipients of those funds. As of 31 December 2025, the Group's liability under the financing agreements is long-term and is BGN 119 850 thousand (2024: BGN 123 299 thousand), including BGN 24 154 thousand (2024: BGN 20 077 thousand) due for repayment in June 2035 and BGN 95 696 thousand (2024: BGN 103 222 thousand) with a term of repayment equal to the longest term contracted with an ultimate beneficiary plus three months.

The deposits received from related parties are disclosed in Note 47.

The Group has not had any defaults of principal or interest or other breaches with respect to its liabilities during the years 2025 and 2024.

### 37. Deposits from customers

<i>In thousands of BGN</i>	Separate		Consolidated	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
<b>Individuals</b>				
Term deposits	2 989 212	3 130 489	2 989 212	3 130 489
Demand deposits	24 940 038	19 886 622	24 940 038	19 886 622
<b>Companies</b>				
Term deposits	529 077	367 678	529 077	367 678
Demand deposits	6 192 268	5 247 573	6 180 390	5 236 574
<b>State Budget</b>				
Term deposits	42 933	65 100	42 933	65 100
Demand deposits	315 229	237 156	315 229	237 156
<b>Financial institutions</b>				
Term deposits	4 135	83 498	4 135	1 266
Demand deposits	321 395	334 704	244 613	324 223
<b>Total</b>	<b>35 334 287</b>	<b>29 352 820</b>	<b>35 245 627</b>	<b>29 249 108</b>

The interest rates on deposits as at 31 December 2025 are ranged as follows: deposits from individuals from 0% to 8.50%; deposits from companies from 0% to 3.77%; deposits from State Budget from 0% to 2.00%; deposits from financial institutions from 0.00% to 3.79%.

The interest rates on deposits as at 31 December 2024 are ranged as follows: deposits from individuals from 0% to 8.50%; deposits from companies from 0% to 4.38%; deposits from State Budget from 0% to 3.04%; deposits from financial institutions from 0.00% to 3.79%.

The deposits received from related parties are disclosed in Note 47.

### 38. Lease liabilities

<i>In thousands of BGN</i>	Separate		Consolidated	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
With maturity of up to 1 year	6 002	6 693	5 363	5 653
With maturity from 1 to 5 years	8 294	9 932	7 886	9 212
With maturity over 5 years	133	63	133	63
<b>Total lease liabilities</b>	<b>14 429</b>	<b>16 688</b>	<b>13 382</b>	<b>14 928</b>

The changes in lease liabilities for the years ending 31 December 2025 and 2024 are presented in Note 45.

### 39. Provisions

#### Movement in provisions during 2025

<b>Separate</b>	2025			
	Pension employment defined benefit obligations	Provisions for litigation and others	Provisions for guarantees, letters of credit, loan commitments and factoring	Total
<i>In thousands of BGN</i>				
<b>Opening balance</b>	<b>15 572</b>	<b>6 205</b>	<b>45 112</b>	<b>66 889</b>
Additions during the year	2 203	1 604	129 456	133 263
Reversal during the year	-	(1 451)	(127 568)	(129 019)
Amounts paid	(1 423)	(164)	-	(1 587)
Other movements	1 088	-	(133)	955
<b>Closing balance as of 31 December</b>	<b>17 440</b>	<b>6 194</b>	<b>46 867</b>	<b>70 501</b>

<b>Consolidated</b>	2025			
	Pension employment defined benefit obligations	Provisions for litigation and others	Provisions for guarantees, letters of credit, loan commitments and factoring	Total
<i>In thousands of BGN</i>				
<b>Opening balance</b>	<b>15 693</b>	<b>6 229</b>	<b>44 687</b>	<b>66 609</b>
Additions during the year	2 226	1 604	129 456	133 286
Reversal during the year	-	(1 474)	(127 229)	(128 703)
Amounts paid	(1 431)	(164)	-	(1 595)
Other movements	1 098	-	(133)	965
<b>Closing balance as of 31 December</b>	<b>17 586</b>	<b>6 195</b>	<b>46 781</b>	<b>70 562</b>

**Movement in provisions during 2024**

<b>Separate</b>				
	2024			
	Pension employment defined benefit obligations	Provisions for litigation and others	Provisions for guarantees, letters of credit, loan commitments and factoring	Total
<i>In thousands of BGN</i>				
<b>Opening balance</b>	13 844	15 802	38 094	67 740
Additions during the year	1 949	861	112 842	115 652
Reversal during the year	-	(9 109)	(105 693)	(114 802)
Amounts paid	(1 531)	(1 349)	-	(2 880)
Other movements	1 310	-	(131)	1 179
<b>Closing balance as of 31 December</b>	<b>15 572</b>	<b>6 205</b>	<b>45 112</b>	<b>66 889</b>

<b>Consolidated</b>				
	2024			
	Pension employment defined benefit obligations	Provisions for litigation and others	Provisions for guarantees, letters of credit, loan commitments and factoring	Total
<i>In thousands of BGN</i>				
<b>Opening balance</b>	13 946	15 826	36 364	66 136
Additions during the year	1 964	862	114 147	116 973
Reversal during the year	-	(9 109)	(105 693)	(114 802)
Amounts paid	(1 537)	(1 350)	-	(2 887)
Other movements	1 320	-	(131)	1 189
<b>Closing balance as of 31 December</b>	<b>15 693</b>	<b>6 229</b>	<b>44 687</b>	<b>66 609</b>

*Pension obligations for the payment of defined benefits and long-term benefits to employed persons*

The estimated amount of the obligation as at each reporting date and the expenses for retirement compensations recognised are based on an actuarial report (see below information on actuarial assumptions).

	Separate		Consolidated	
	2025	2024	2025	2024
<i>In thousands of BGN</i>				
<b>Liability recognized in the balance sheet as of January 1</b>	<b>15 572</b>	<b>13 844</b>	<b>15 693</b>	<b>13 946</b>
Cost recognized in the statement of profit or loss	2 203	1 949	2 226	1 964
Payments made during the period	(1 423)	(1 531)	(1 431)	(1 537)
Actuarial losses recognized in the statement of other comprehensive income, including:				
<i>Actuarial losses from changes in financial assumptions</i>	1 088	1 310	1 098	1 320
<i>Actuarial losses from changes in demographic assumptions</i>	691	1 334	695	1 341
<i>Actuarial losses/(gains) from experience adjustments</i>	7	25	8	25
	390	(49)	395	(46)
<b>Defined benefit obligations at 31 December</b>	<b>17 440</b>	<b>15 572</b>	<b>17 586</b>	<b>15 693</b>

**Expense recognised in profit or loss**

	Separate		Consolidated	
	2025	2024	2025	2024
<i>In thousands of BGN</i>				
Current service cost	1 494	1 265	1 511	1 275
Interest on obligation	654	616	660	621
Actuarial loss recognized	55	68	55	68
<b>Total</b>	<b>2 203</b>	<b>1 949</b>	<b>2 226</b>	<b>1 964</b>

**Actuarial assumptions**

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages):

	Separate		Consolidated	
	2025	2024	2025	2024
Discount rate at 31 December	3.50%	4.00%	3.50%	4.00%
Salary increase for the following year	10.30%	12.30%	10.29%	11.85%

**40. Deferred tax assets and liabilities**

Deferred income taxes for 2025 and 2024 are calculated on all temporary differences under the liability method using a tax rate of 10%. In accordance with the amendments to IAS 12 *Income Taxes* adopted by the EU in November 2023, the Bank has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and current tax liabilities, related to income taxes levied by the same tax authority and the Group intends to settle these current tax assets and liabilities on a net basis. An analysis of the Group's deferred tax assets and liabilities is presented below. The Group disclosed the deferred tax assets and liabilities after offsetting at the level of entity included in the consolidation as a separate tax subject, for which the offset criteria are met.

<i>In thousands of BGN</i>	<b>Separate</b>		<b>Consolidated</b>			
	<b>Deferred tax liabilities</b>		<b>Deferred tax assets</b>		<b>Deferred tax liabilities</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Retirement benefit obligations and other personnel liabilities	(5 691)	(4 180)	(414)	(349)	(5 691)	(4 180)
Business reorganisation	443	443	-	-	443	443
Financial assets	-	-	(26)	(38)	-	-
Fixed assets	25 913	23 857	1 049	947	25 913	23 857
Investment property	-	-	(702)	(702)	-	-
Provisions for litigation and others	(619)	(620)	(257)	(233)	(619)	(620)
Unused annual leave and other	(866)	(446)	(195)	(95)	(866)	(446)
<b>Net deferred tax (assets)/liabilities</b>	<b>19 180</b>	<b>19 054</b>	<b>(545)</b>	<b>(470)</b>	<b>19 180</b>	<b>19 054</b>

**Movement in deferred taxes:**

<i>In thousands of BGN</i>	<i>Note</i>	<b>Separate</b>	<b>Consolidated</b>	
		<b>Deferred tax liabilities</b>	<b>Deferred tax assets</b>	<b>Deferred tax liabilities</b>
<b>Balance on 1 January 2024</b>		<b>17 611</b>	<b>(248)</b>	<b>18 044</b>
Deferred tax expense/ (benefit)	22	1 605	(222)	1 172
Charged to equity		(162)	-	(162)
<b>Balance on 31 December 2024</b>		<b>19 054</b>	<b>(470)</b>	<b>19 054</b>
Deferred tax benefit	22	(318)	(75)	(318)
Charged to equity		444	-	444
<b>Balance on 31 December 2025</b>		<b>19 180</b>	<b>(545)</b>	<b>19 180</b>

#### 41. Other liabilities

<i>In thousands of BGN</i>	Separate		Consolidated	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
Money transfers for execution	91 363	58 252	91 363	58 252
Liabilities to personnel and management	48 117	30 287	52 682	33 898
Obligations under unilaterally terminated contracts	36 758	27 142	36 758	27 142
Liabilities to suppliers and customers	29 813	18 383	54 129	38 844
Liabilities under condition for financial asset refunding	2 601	3 518	2 601	3 518
Initially loaded euro banknotes and coins	1 981	-	1 981	-
Liabilities to customers related to purchase and repurchase of investments in mutual funds	1 265	836	1 265	836
Dividend payment obligations	948	684	1 098	914
Liabilities to insurers	258	120	3 004	120
Reserve for lifelong pension guarantee and voluntary pension reserve	-	-	320	268
VAT and other tax payables	-	-	130	230
Other	11 864	10 371	14 060	12 693
<b>Total</b>	<b>224 968</b>	<b>149 593</b>	<b>259 391</b>	<b>176 715</b>

Other liabilities include guarantee liabilities, fees received on loans in the process of being granted, etc.

#### 42. Subordinated debt

As of 31 December 2025, and 2024, the Bank received long-term loans from OTP Bank in the amount of EUR 230 000 thousand (BGN 449 841 thousand) divided into two loans of EUR 115 000 thousand. The main purpose of the loans is to strengthen the Bank's resources to improve capital adequacy. For this reason, the loans are agreed under the conditions that meet the requirements for their recognition as Pillar 2 instruments and are presented as subordinated term debt. Interest is determined as the three-month EURIBOR plus a mark-up and is at the rate of 7.060% and 9.000% on each of the two loans as of 31 December 2025 (7.743% and 9.683% as of 31 December 2024). As at 31 December 2025 the principal amount includes EUR 115 000 thousand due on 29 March 2033 and EUR 115 000 thousand due on 21 December 2032. Interest is paid quarterly.

#### 43. Share capital and reserves

##### 43.1. Face value of registered shares

As of 31 December 2025, and 2024 the share capital consists of 132 865 992 ordinary dematerialized registered voting shares with par value of BGN 10 each. The amount of the share capital entered into the Trade register after the end of the reporting period is disclosed in Note 49.

OTP Bank, incorporated in Hungary, is the owner of 99.92% of the share capital of DSK Bank as of 31 December 2025 and 2024.

The ultimate shareholders with over 5% stake of OTP Bank as of 31 December 2025 are as follows:

Name	Number of shares	Ownership	Voting rights
Hungarian Oil and Gas Company (MOL)	24 000 000	8.57%	8.97%
Groupama Group	14 269 102	5.10%	5.33%

#### **43.2. Statutory and other reserve**

Statutory and other reserves include statutory reserve according to local regulations and profits transferred to reserves according to decisions of the General Meeting of Shareholders. Statutory and other reserves in the consolidated statement of changes in equity include also the specialized reserves created under the provisions of the Social Security Code, which are used by DSK Rodina Pension Company AD to cover its obligations to individuals with additional pension insurance.

#### **43.3. Revaluation reserves**

##### **43.3.1. Revaluation reserve – land and buildings**

The properties revaluation reserve arises on the revaluation of land and buildings according to the revaluation model as per IAS 16. Such reserve is reported in the Statement of changes in equity net of deferred tax. Items of other comprehensive income included in the property's revaluation reserve will not be reclassified subsequently to profit or loss.

As at 31 December 2025 the Group reported an increase amounting to BGN 5 529 thousand and for 2024 the Group reported a decrease amounting to BGN 312 thousand, gross of tax, as a result of impairment of land and buildings on account of the revaluation reserves. The deferred tax effects on the reserve recognized directly in equity amount to BGN 553 thousand and BGN 31 thousand, respectively for 2025 and 2024.

For the years ending 31 December 2025 and 2024, revaluation reserve of land or buildings disposed, net of tax, to the amount of BGN 4 233 thousand and BGN 3 817 thousand, respectively, has been transferred directly to retained earnings due to sale of revalued assets.

##### **43.3.2. Revaluation reserve – financial assets**

The revaluation reserve of financial assets is comprised of the following:

- (a) Gains and losses from changes in the fair value of debt and equity instruments measured at fair value through other comprehensive income;
- (b) Current tax arisen from the reported gains and losses from changes in the fair value of debt and equity instruments measured at fair value through other comprehensive income;
- (c) Accumulated gains and losses recycled to profit or loss on changes in the fair value attributable to the hedged risk, or on disposal of debt instruments measured at FVTOCI, which have been designated as hedged items;
- (d) Expected credit losses on debt instruments measured at FVTOCI;
- (e) Foreign exchange gains and losses on equity instruments measured at FVTOCI;
- (f) Profit or loss on revaluation of hedging instruments.

No tax arising from the changes attributable to the hedged risk, expected credit losses or foreign exchange gains or losses on equity instruments, has been reported directly in equity.

#### **43.4. Defined benefit pension reserve**

The defined benefit pension reserve is comprised of actuarial gains and losses arisen on actuarial valuation of the retirement benefits performed by a licensed actuary as at the end of each reporting period (Note 39).

#### 44. Contingent assets and liabilities

##### 44.1. Off balance sheet liabilities

<i>In thousands of BGN</i>	<b>Separate</b>		<b>Consolidated</b>	
	<b>31.12.2025</b>	<b>31.12.2024</b>	<b>31.12.2025</b>	<b>31.12.2024</b>
Litigation against the Bank and other contingent liabilities	7 107	8 103	7 109	8 127
Bank guarantees and letters of credit	971 322	910 254	968 704	907 854
Factoring agreement commitments	27 644	18 293	27 644	18 293
Commitments for undrawn credit facilities	3 907 132	3 045 437	3 904 624	2 982 387
Commitments under term deals	3 182 882	3 824 099	3 182 882	3 824 099
Other	879	4 499	879	4 499
<b>Total</b>	<b>8 096 966</b>	<b>7 810 685</b>	<b>8 091 842</b>	<b>7 745 259</b>

The commitments under term deals represent commitments under interest rate, foreign currency and commodity derivative contracts. The contingent receivables related to those derivative contracts amount to BGN 3 184 881 thousand and BGN 3 838 142 thousand as of 31 December 2025 and 2024, respectively.

The off-balance sheet receivables from, and liabilities to, related parties are disclosed in Note 47.

##### **Legal claims and other contingent liabilities connected with claims against the Group**

The Legal claims against the Group include principal and legal interest, as well as other commitment liabilities connected with legal proceedings. For part of these legal claims the Bank's management believes that there is a probability of an unfavourable outcome. The Bank considers the probability of future cash outflows on other contingent liabilities as well as the probability of an increase in customers' claims against the Bank connected with payments on contracts for products and services provided by the Bank. Based on these assessments, provisions at the total amount of BGN 6 194 thousand and BGN 6 195 thousand (2024: BGN 6 205 thousand and BGN 6 229 thousand, respectively) are allocated in the separate and consolidated financial statement as at the end of 2025 and 2024, respectively (Note 39).

##### **Contingent liabilities on guarantees and letters of credit**

The Group provides financial guarantees and letters of credit to guarantee the performance of the commitments of its customers to third parties. These agreements have fixed limits and fixed terms of validity.

These commitments and contingent liabilities carry an off-balance sheet credit risk, with a provision for the proportion of the uncommitted commitment that is likely to be funded based on a credit conversion factor (Note 39).

##### 44.2. Assets pledged as collateral

As of 31 December 2025, and 2024 the Group has pledged assets as collateral as follows:

<b>Separate and Consolidated</b>		
<i>In thousands of BGN</i>	<b>31.12.2025</b>	<b>31.12.2024</b>
Securities measured at amortised cost	1 196 178	313 458
Securities measured at fair value through other comprehensive income	92 233	-
Financial assets at amortised cost	19 195	5 445
<b>Total</b>	<b>1 307 606</b>	<b>318 903</b>

The assets are disclosed at their net carrying amount at the respective reporting dates.

The blocked securities are additionally analysed as follows:

<b>Separate and Consolidated</b>		
<i>In thousands of BGN</i>	<b>31.12.2025</b>	<b>31.12.2024</b>
Securities pledged as financial collateral in favour of the Bulgarian National Bank	720 537	-
Securities pledged in favour of the Ministry of Finance	567 874	313 458
<b>Total</b>	<b>1 288 411</b>	<b>313 458</b>

As of 31 December 2025, the securities pledged as financial collateral in favour of the Bulgarian National Bank are related to a contract between DSK Bank and the Bulgarian National Bank for initial supply with Euro banknotes and coins. The financial collateral will be released at three equal parts on the settlement dates of the first, fourth and fifth basic operations for refinancing of the Eurosystem (see also Note 49).

Securities pledged in favour of the Ministry of Finance as collateral secure funds due to the State Budget under the Public Finance Act.

The financial assets at amortised cost represent deposits granted to banks as collateral of derivative deals and repo deals. Those granted to related parties are disclosed in Note 47.

#### **44.3. Operating leases – the Group as a lessor**

The Group has entered into operating lease agreements as a lessor of real estate and vehicles, and recognised income from rentals for 2025 and 2024 under those agreements as disclosed in Note 15.

The table below provides a maturity breakdown of the undiscounted cash flow payments, which are to be received in the future by the Group in its capacity as a lessor:

<i>In thousands of BGN</i>	<b>Separate</b>		<b>Consolidated</b>	
	<b>31.12.2025</b>	<b>31.12.2024</b>	<b>31.12.2025</b>	<b>31.12.2024</b>
In less than 1 year	907	852	11 230	19 439
Between 1 and 2 years	700	761	9 494	15 116
Between 2 and 3 years	408	466	9 181	10 119
Between 3 and 4 years	64	336	11 001	10 026
Between 4 and 5 years	30	45	3 193	3 705
More than 5 years	31	49	31	3 916
<b>Total undiscounted future lease payments</b>	<b>2 140</b>	<b>2 509</b>	<b>44 130</b>	<b>62 321</b>

#### 45. Additional information for the statement of cash flows

Gross cash and cash equivalents reported in the statement of cash flows can be analyzed as follows:

<i>In thousands of BGN</i>	<i>Note</i>	<b>Separate</b>		<b>Consolidated</b>	
Cash on hand	23	831 482	481 512	831 482	481 512
Balances with Central Bank	23	6 045 240	4 890 580	6 045 240	4 890 580
Receivables from banks with original maturity up to 3 months		284 506	438 505	284 874	438 726
<b>Total gross cash and cash equivalents</b>		<b>7 161 228</b>	<b>5 810 597</b>	<b>7 161 596</b>	<b>5 810 818</b>

The following table summarises the changes in the liabilities from financing activity, including cash flow-related changes and non-cash changes, and contains a reconciliation of opening and closing balances of the liabilities originating from financing activity in the statement of financial position.

#### Changes in liabilities related to financing activity for 2025:

<i>In thousands of BGN</i>	<b>Separate</b>		
	<b>Loans from banks and subordinated debt</b>	<b>2025 Lease liabilities</b>	<b>Total liabilities from financing activity</b>
<b>As of 1 January</b>	<b>1 819 498</b>	<b>16 688</b>	<b>1 836 186</b>
<i>Non-cash changes:</i>			-
Increase due to new contracts	-	1 089	<b>1 089</b>
Interest accrued	110 163	308	<b>110 471</b>
Changes from reassessment and modification	-	3 992	<b>3 992</b>
Total non-cash changes	110 163	5 389	<b>115 552</b>
<i>Cash flows from operating activities:</i>			
Interest paid on borrowings	(110 261)	-	<b>(110 261)</b>
<i>Cash flows from financing activities:</i>			
Payment of lease liabilities	-	(7 648)	<b>(7 648)</b>
Total cash flows	(110 261)	(7 648)	<b>(117 909)</b>
<b>As of 31 December</b>	<b>1 819 400</b>	<b>14 429</b>	<b>1 833 829</b>

<b>Consolidated</b>			
<i>In thousands of BGN</i>	<b>Loans from banks and subordinated debt</b>	<b>2025 Lease liabilities</b>	<b>Total liabilities from financing activity</b>
<b>As of 1 January</b>	<b>1 819 498</b>	<b>14 928</b>	<b>1 834 426</b>
<i>Non-cash changes:</i>			
Increase due to new contracts	-	1 089	1 089
Interest accrued	110 163	281	110 444
Changes from reassessment and modification	-	3 975	3 975
Total non-cash changes	<u>110 163</u>	<u>5 345</u>	<u>115 508</u>
<i>Cash flows from operating activities:</i>			
Interest paid on borrowings	(110 261)	-	(110 261)
<i>Cash flows from financing activities:</i>			
Payment of lease liabilities	-	(6 891)	(6 891)
Total cash flows	<u>(110 261)</u>	<u>(6 891)</u>	<u>(117 152)</u>
<b>As of 31 December</b>	<b><u>1 819 400</u></b>	<b><u>13 382</u></b>	<b><u>1 832 782</u></b>

**Changes in liabilities related to financing activity for 2024:**

<b>Separate</b>			
<i>In thousands of BGN</i>	<b>Loans from banks and subordinated debt</b>	<b>2024 Lease liabilities</b>	<b>Total liabilities from financing activity</b>
<b>As of 1 January</b>	<b>1 526 846</b>	<b>17 602</b>	<b>1 544 448</b>
<i>Non-cash changes:</i>			
Increase due to new contracts	-	3 145	3 145
Interest accrued	120 038	305	120 343
Changes from reassessment and modification	-	3 196	3 196
Total non-cash changes	<u>120 038</u>	<u>6 646</u>	<u>126 684</u>
<i>Cash flows from operating activities:</i>			
Interest paid on borrowings	(120 761)	-	(120 761)
<i>Cash flows from financing activities:</i>			
Loans received	293 375	-	293 375
Payment of lease liabilities	-	(7 560)	(7 560)
Total cash flows	<u>172 614</u>	<u>(7 560)</u>	<u>165 054</u>
<b>As of 31 December</b>	<b><u>1 819 498</u></b>	<b><u>16 688</u></b>	<b><u>1 836 186</u></b>

<b>Consolidated</b>			
<i>In thousands of BGN</i>	<b>Loans from banks and subordinated debt</b>	<b>2024 Lease liabilities</b>	<b>Total liabilities from financing activity</b>
<b>As of 1 January</b>	<b>1 526 846</b>	<b>15 489</b>	<b>1 542 335</b>
<i>Non-cash changes:</i>			
Increase due to new contracts	-	2 828	<b>2 828</b>
Interest accrued	120 038	267	<b>120 305</b>
Changes from reassessment and modification	-	3 150	<b>3 150</b>
Total non-cash changes	<u>120 038</u>	<u>6 245</u>	<u><b>126 283</b></u>
<i>Cash flows from operating activities:</i>			
Interest paid on borrowings	(120 761)	-	<b>(120 761)</b>
<i>Cash flows from financing activities:</i>			
Loans received	293 375	-	<b>293 375</b>
Payment of lease liabilities	-	(6 806)	<b>(6 806)</b>
Total cash flows	<u>172 614</u>	<u>(6 806)</u>	<u><b>165 808</b></u>
<b>As of 31 December</b>	<u><b>1 819 498</b></u>	<u><b>14 928</b></u>	<u><b>1 834 426</b></u>

Loans from banks, subordinated debt and the lease liabilities are disclosed in Notes 36, 42 and 38, respectively.

#### 46. Investments in subsidiaries and associates

The investments in subsidiaries and associates in the separate financial statement of the Bank are as follows:

<b>Separate</b>				
<i>In thousands of BGN</i>	<b>31.12.2025</b>		<b>31.12.2024</b>	
	<b>% ownership</b>	<b>Carrying amount</b>	<b>% ownership</b>	<b>Carrying amount</b>
DSK Rodina Pension Company AD	99.85%	14 973	99.85%	14 973
dsk Ventures EAD	100.00%	7 200	100.00%	7 200
DSK Dom EAD	100.00%	500	100.00%	500
OTP Leasing EOOD	100.00%	67 313	100.00%	67 313
Regional Urban Development Fund AD	52.00%	208	52.00%	208
<b>Total investments in subsidiaries</b>		<u><b>90 194</b></u>		<u><b>90 194</b></u>
Cash Services Company AD	25.00%	2 965	25.00%	2 965
DSK Asset Management AD	25.00%	500	25.00%	500
<b>Total investments in associates</b>		<u><b>3 465</b></u>		<u><b>3 465</b></u>
<b>Total investments in subsidiaries and associates</b>		<u><u><b>93 659</b></u></u>		<u><u><b>93 659</b></u></u>

An additional analysis of the investment in associates, valued at the equity method in the consolidated financial statement, is presented below:

Consolidated				
<i>In thousands of BGN</i>	<b>% ownership</b>	<b>31.12.2025</b>	<b>31.12.2024</b>	<b>Date of recognition</b>
Cash Services Company AD	25%	5 904	5 024	16.7.2007
DSK Asset Management AD	25%	722	591	19.1.2024
		<b>6 626</b>	<b>5 615</b>	

The movement of investments in associates is presented below:

Consolidated		
<i>In thousands of BGN</i>	<b>2025</b>	<b>2024</b>
<b>Balance as of 1 January</b>	<b>5 615</b>	<b>4 374</b>
Increase from retained interest	-	499
Share in profit for the current year	1 011	742
<b>Balance as of 31 December</b>	<b>6 626</b>	<b>5 615</b>

Below is a reconciliation between the net assets of the associates and their carrying amounts included in these consolidated financial statements as of 31 December:

Consolidated				
	<b>31.12.2025</b>		<b>31.12.2024</b>	
	<b>Cash Services Company AD</b>	<b>DSK Asset Management AD</b>	<b>Cash Services Company AD</b>	<b>DSK Asset Management AD</b>
Net assets	23 615	2 975	20 098	2 446
Group share %	25%	25%	25%	25%
Group share in net assets	5 904	743	5 024	612
Effect borne by the Group	-	(21)	-	(21)
Carrying amount of the investment	<b>5 904</b>	<b>722</b>	<b>5 024</b>	<b>591</b>

#### 47. Related party transactions

The Group has a controlling related party relationship with its parent company OTP Bank.

The Group has a related party relationship with its directors and executive officers, its subsidiaries and associates and the other companies within OTP Bank Group. The directors and executive officers are represented by the members of the Management Board and the Supervisory Board of the Bank, as well as the managing directors of the Bank's subsidiaries.

The related party transactions are based on contractual terms and conditions.

The related party transactions and balances as of and for the years ended 31 December 2025 and 2024 are as follows:

<b>Separate</b>	<b>As of, and for the year ending 31 December 2025</b>					<b>Total</b>
	<b>OTP Bank</b>	<b>Subsidiaries</b>	<b>Other OTP Group members</b>	<b>Associates</b>	<b>Directors and executive officers</b>	
<i>In thousands of BGN</i>						
<b>Income/ (Expenses)</b>						
Interest income	139 949	34 440	14 171	-	119	188 679
Interest expense	(110 305)	(323)	-	-	-	(110 628)
Fees and commissions income	68	7 167	48	2 031	10	9 324
Fees and commissions expenses	(620)	(1 551)	(1)	-	-	(2 172)
Net losses on trading activities	(26 724)	-	-	-	-	(26 724)
Loss from operations with securities	(3 004)	-	-	-	-	(3 004)
Dividend income	-	58 704	-	-	-	58 704
Income from rentals	-	414	-	64	-	478
Other operating income	1 479	1 432	52	47	-	3 010
Hired services	-	(26)	-	(14 137)	-	(14 163)
<b>Assets</b>						
Current accounts - gross carrying amount	44 249	-	83	-	-	44 332
Derivative financial instruments	18 858	-	-	-	-	18 858
Loans granted to customers, receivables banks - gross carrying amount	1 646 237	2 016 914	-	-	7 669	3 670 820
Corporate debt securities - gross carrying amount	-	-	402 893	-	-	402 893
Right of use assets - gross carrying amount	-	5 264	-	-	-	5 264
Other receivables	1 096	360	-	2 090	-	3 546
<b>Liabilities</b>						
Current and deposit accounts with DSK Bank	3 336	88 660	-	2 275	13 094	107 365
Derivative financial instruments	13 132	-	-	-	-	13 132
Leasing liabilities	-	1 908	-	-	-	1 908
Other liabilities	8 886	1 851	-	804	-	11 541
Loans received	1 369 559	-	-	-	-	1 369 559
Subordinated debt	449 841	-	-	-	-	449 841
<b>Conditional liabilities</b>						
Undrawn lines of credit and overdraft	-	10 265	-	-	498	10 763
Conditional liabilities on derivative financial instruments	1 275 451	-	-	-	-	1 275 451
Guarantees granted	456	2 618	-	-	-	3 074
<b>Conditional receivables</b>						
Conditional receivables on derivative financial instruments	1 296 140	-	-	-	-	1 296 140

Separate	As of, and for the year ending 31 December 2024					
	OTP Bank	Subsidiaries	Other OTP Group members	Associates	Directors and executive officers	Total
<i>In thousands of BGN</i>						
<b>Income/ (Expenses)</b>						
Interest income	192 319	46 991	14 211	-	10	253 531
Interest expense	(120 042)	(335)	(1)	-	-	(120 378)
Fees and commissions income	112	5 408	35	1 601	7	7 163
Fees and commissions expenses	(563)	(11)	(9)	-	-	(583)
Net losses on trading activities	(27 123)	-	-	-	-	(27 123)
(Loss)/Profit on disposal of subsidiaries	-	-	(5)	-	-	(5)
Dividend income	-	46 602	-	-	-	46 602
Income from rentals	-	353	-	64	-	417
Other operating income	3 194	739	73	43	-	4 049
Hired services	-	(48)	-	(12 468)	-	(12 516)
<b>Assets</b>						
Current accounts - gross carrying amount	7 617	-	677	-	-	8 294
Derivative financial instruments	48 107	-	-	-	-	48 107
Loans granted to customers, receivables banks - gross carrying amount	1 797 216	1 858 783	-	-	3 713	3 659 712
Corporate debt securities - gross carrying amount	-	-	402 815	-	-	402 815
Right of use assets - gross carrying amount	-	5 300	-	-	-	5 300
Other receivables	1 436	564	-	1 836	-	3 836
<b>Liabilities</b>						
Current and deposit accounts with DSK Bank	5 236	103 712	2 554	4 210	8 496	124 208
Derivative financial instruments	25 207	-	-	-	-	25 207
Other liabilities	6 212	130	-	585	-	6 927
Loans received	1 369 657	-	-	-	-	1 369 657
Subordinated debt	449 841	-	-	-	-	449 841
<b>Conditional liabilities</b>						
Undrawn lines of credit and overdraft	1 600	65 948	-	-	2 447	69 995
Conditional liabilities on derivative financial instruments	1 916 720	-	-	-	-	1 916 720
Guarantees granted	100	2 400	-	-	-	2 500
<b>Conditional receivables</b>						
Conditional receivables on derivative financial instruments	1 945 644	-	-	-	-	1 945 644

Consolidated	As of, and for the year ending 31 December 2025			
	OTP Bank	Other OTP Group members	Directors and executive officers	Total
<i>In thousands of BGN</i>				
<b>Incomes/ (Expenses)</b>				
Interest income	139 949	14 171	119	154 239
Interest expense	(110 305)	-	-	(110 305)
Fees and commissions income	68	48	10	126
Fees and commissions expenses	(620)	(1)	-	(621)
Net losses on trading activities	(26 724)	-	-	(26 724)
Loss from operations with securities	(3 004)	-	-	(3 004)
Other operating income	1 479	52	-	1 531
<b>Assets</b>				
Current accounts gross carrying amount	44 249	83	-	44 332
Derivative financial instruments	18 858	-	-	18 858
Loans granted to customers, receivables banks gross carrying amount	1 646 237	-	8 998	1 655 235
Corporate debt securities	-	402 893	-	402 893
Other receivables	1 096	-	-	1 096
<b>Liabilities</b>				
Current and deposit accounts with DSK Bank	3 336	-	14 439	17 775
Derivative financial instruments	13 132	-	-	13 132
Other liabilities	8 886	-	-	8 886
Loans received	1 369 559	-	-	1 369 559
Subordinated debt	449 841	-	-	449 841
<b>Conditional liabilities</b>				
Undrawn lines of credit and overdraft	-	-	590	590
Conditional liabilities on derivative financial instruments	1 275 451	-	-	1 275 451
Guarantees granted	456	-	-	456
<b>Conditional receivables</b>				
Conditional receivables on derivative financial instruments	1 296 140	-	-	1 296 140

**DSK Bank AD**  
*Separate and consolidated financial statements  
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<b>Consolidated</b>	<b>As of, and for the year ending 31 December 2024</b>			
<i>In thousands of BGN</i>	<b>OTP Bank</b>	<b>Other OTP Group members</b>	<b>Directors and executive officers</b>	<b>Total</b>
<b>Incomes/ (Expenses)</b>				
Interest income	192 319	14 211	10	206 540
Interest expense	(120 042)	(1)	-	(120 043)
Fees and commissions income	112	35	7	154
Fees and commissions expenses	(563)	(9)	-	(572)
Net losses on trading activities	(27 123)	-	-	(27 123)
Loss on disposal of subsidiaries	-	(5)	-	(5)
Other operating income	3 194	73	-	3 267
<b>Assets</b>				
Current accounts gross carrying amount	7 617	677	-	8 294
Derivative financial instruments	48 107	-	-	48 107
Loans granted to customers, receivables banks gross carrying amount	1 797 216	-	5 088	1 802 304
Corporate debt securities	-	402 815	-	402 815
Other receivables	1 436	-	-	1 436
<b>Liabilities</b>				
Current and deposit accounts with DSK Bank	5 236	2 554	9 304	17 094
Derivative financial instruments	25 207	-	-	25 207
Other liabilities	6 212	-	-	6 212
Loans received	1 369 657	-	-	1 369 657
Subordinated debt	449 841	-	-	449 841
<b>Conditional liabilities</b>				
Undrawn lines of credit and overdraft	1 600	-	2 534	4 134
Conditional liabilities on derivative financial instruments	1 916 720	-	-	1 916 720
Guarantees granted	100	-	-	100
<b>Conditional receivables</b>				
Conditional receivables on derivative financial instruments	1 945 644	-	-	1 945 644

DSK Bank has nostro accounts with OTP Bank denominated in EUR, USD, GBP, CHF and HUF with total balance as of 31 December 2025 to the amount of BGN 44 249 thousand and impairment thereon amounting to BGN 25 thousand. The Bank has nostro accounts with other OTP Bank Group members denominated in RUB and RSD with total balance as of 31 December 2025 to the amount of BGN 83 thousand and impairment thereon amounting to BGN 1 thousand.

DSK Bank has nostro accounts with OTP Bank denominated in EUR, USD, GBP, CHF and HUF with total balance as of 31 December 2024 to the amount of BGN 7 617 thousand and impairment thereon amounting to BGN 12 thousand. The Bank has nostro accounts with other OTP Bank Group members denominated in RUB and RSD with total balance as of 31 December 2024 to the amount of BGN 677 thousand and impairment thereon amounting to BGN 2 thousand.

As of 31 December 2025 DSK Bank has the following intragroup derivative deals:

- Interest rate swaps with OTP Bank Group members – assets BGN 8 235 thousand, liabilities BGN 4 199 thousand, notional amount BGN 864 597 thousand;
- Derivative deals for foreign exchange with OTP Bank Group members - assets BGN 9 358 thousand, liabilities BGN 6 433 thousand, notional amount BGN 366 818 thousand;
- Commodity swap deals with OTP Bank Group members - assets BGN 1 265 thousand, liabilities BGN 2 500 thousand, notional amount BGN 64 725 thousand.

As of 31 December 2024 DSK Bank has the following intragroup derivative deals:

- Interest rate swaps with OTP Bank Group members – assets BGN 18 453 thousand, liabilities BGN 8 343 thousand, notional amount BGN 931 063 thousand;
- Derivative deals for foreign exchange with OTP Bank Group members - assets BGN 21 693 thousand, liabilities BGN 12 370 thousand, notional amount BGN 694 198 thousand;
- Commodity swap deals with OTP Bank Group members - assets BGN 7 961 thousand, liabilities BGN 4 494 thousand, notional amount BGN 320 383 thousand.

The derivatives used for fair value hedge as of 31 December 2025 and 2024 are concluded with OTP Bank (Note 24.2).

As of 31 December 2025 the Group has the following intragroup loans and advances to banks:

- Deposits blocked in connection with derivative deals with OTP Bank denominated in EUR and USD amounting to BGN 615 thousand (Note 44.2);
- Deposits at OTP Bank denominated in EUR, USD and GBP to the total amount of BGN 1 413 026 thousand with original maturity up to five years and maturity date between 12 February 2026 and 13 October 2027. The interest rates vary between 2.87% and 4.4%;
- Receivables under repo deals with OTP Bank denominated in USD to the amount of BGN 218 749 thousand with original maturity of over 1 year and maturity dates between 30 June 2026 and 29 August 2029. The interest rates vary between 3.48% and 5.11%;
- Blocked funds as collateral of repo deals with OTP Bank in EUR amounting to BGN 13 847 thousand with original maturity over a year and maturity date 4 January 2027.

As of 31 December 2024, the Group has the following intragroup loans and advances to banks:

- Deposits blocked in connection with derivative deals with OTP Bank denominated in EUR and USD amounting to BGN 223 thousand (Note 45.2);
- Deposits at OTP Bank denominated in EUR, USD and GBP to the total amount of BGN 1 439 096 thousand with original maturity up to five years and maturity date between 30 May 2025 and 12 February 2026. The interest rates vary between 4.08% and 7.18%;
- Receivables under repo deals with OTP Bank denominated in HUF and USD to the amount of BGN 353 164 thousand with original maturity of over 1 year and maturity dates between 24 September 2025 and 21 August 2028. The interest rates vary between 3.97% and 6.76%;
- Blocked funds as collateral of repo deals with OTP Bank in EUR amounting to BGN 4 733 thousand with original maturity over a year and maturity date 4 January 2026.

As of 31 December 2025 and 2024 loans granted from DSK Bank to related parties are denominated in BGN and EUR, granted to the subsidiary OTP Leasing EOOD. The gross amount of the loans granted amounts to BGN 2 016 914 thousand and BGN 1 858 783 thousand as of 31 December 2025 and 2024, respectively. As of the end of the current year the short-term part of the loans amounts to BGN 69 313 thousand and the remainder of the balance is due between 2027 and 2031. The interest rates vary from 0.70% to 2.658%.

Corporate debt securities are mortgage bonds issued in December 2023 by OTP JELZALOGBANK RESVENY, a credit institution, with a nominal value of EUR 200 000 thousand and a fixed interest rate of 3.603%. The maturity date is 7 March 2029.

The deposits received from OTP Bank Group members represent loro accounts with DSK Bank denominated in BGN and EUR with total balance as of 31 December 2025 and 2024 to the amount of BGN 3 336 thousand and BGN 7 790 thousand, respectively.

As of 31 December 2025 and 2024 the Bank received loans from OTP Bank at the total amount of EUR 700 000 thousand. The interest rate on the loans is three-month EURIBOR plus a mark-up. As of 31 December 2025, the interest rates on loans vary between 3.220% and 6.420% (2024: from 3.903% and 7.103%). The maturity of the received loans is in the period 2027-2032. The closing balance also includes accrued interest in the amount of BGN 478 thousand (2024: BGN 576 thousand).

As of 31 December 2025 and 2024 the Bank has received loans from OTP Bank amounting to EUR 230 000 (BGN 449 841 thousand) classified as subordinated debt (see Note 42).

As of 31 December 2025 subsidiaries and associates have loro accounts with DSK Bank denominated in BGN and EUR amounting to BGN 88 660 thousand. Term deposits of subsidiaries and associates as of the end of the current year amount to BGN 2 275 thousand.

As of 31 December 2024 subsidiaries and associates have loro accounts with DSK Bank denominated in BGN and EUR amounting to BGN 25 690 thousand. Term deposits of subsidiaries and associates as of the end of the current year amount to BGN 82 232 thousand.

As of 31 December 2025 the Group has the following intragroup off-balance sheet liabilities and commitments:

- DSK Bank has issued guarantees to group members amounting to BGN 3 074 thousand.
- The commitment of the Bank on unutilized credit lines extended to group members amounts to BGN 10 265 thousand.
- The commitment of the Bank on derivative deals with group members amounts to BGN 1 275 451 thousand.
- The conditional receivables of the Bank from Group members on derivative financial instruments amount to BGN 1 296 140 thousand.

As of 31 December 2024 the Group has the following intragroup off-balance sheet liabilities and commitments:

- DSK Bank has issued guarantees to group members amounting to BGN 2 500 thousand.
- The commitment of the Bank on unutilized credit lines extended to group members amounts to BGN 65 948 thousand.
- The commitment of the Bank on derivative deals with group members amounts to BGN 1 916 720 thousand.

As of 31 December 2024 an overdraft of BGN 1 600 thousand has been granted on a current account of OTP Bank, which has not been utilised as of those dates.

The remuneration of the key management personnel for 2025 of DSK Bank includes short-term and long-term benefits amounting to BGN 7 187 thousand (2024: BGN 6 601 thousand), including share-based payments to the amount of BGN 1 256 thousand (2024: BGN 1 186 thousand) (Note 18).

The remuneration of the key management personnel for 2025 and 2024 of the Group includes short-term and long-term benefits amounting to BGN 9 017 thousand (2024: BGN 8 436 thousand), including share-based payments to the amount of BGN 1 256 thousand (2024: BGN 1 186 thousand).

#### **48. Disclosures required by the Law on Credit Institutions**

Pursuant to Art. 70, paragraph 6 of the Law on Credit Institutions, The Bank should disclose certain qualitative and quantitative indices.

The Bank has a full license for commercial banking, offering bank products and services.

The Group operates in the Republic of Bulgaria and does not have registered subsidiaries and branches outside the country.

Below is quantitative data for the Bank's operations:

<i>In thousands of BGN</i>	<b>Separate</b>		<b>Consolidated</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Operating income	1 912 243	1 840 792	1 993 321	1 909 621
Pre-tax profit	1 171 522	1 143 938	1 210 268	1 169 149
Income tax expense	(158 838)	(156 861)	(169 846)	(165 144)
Equivalent number of full-time employees, average	5 426	5 267	5 773	5 622
Return on assets (net profit to total assets)	2.57%	2.83%	2.63%	2.86%
Government grants received	673	508	673	508

The total assets used to determine the return on assets is the average of assets for four quarters.

DSK Bank carries out services in its capacity of an investment intermediary pursuant to the provisions of the Law on Public Offering of Securities (LPOS). As an investment intermediary, the Group has to follow certain requirements for the protection of its clients' interests pursuant to the Markets in Financial Instruments Act (FIMA), Ordinance 38 and Ordinance 58, issued by the Financial Supervision Commission. The Group has created and has been applying organisation related to signing and execution of contracts with clients, requiring information from clients, keeping record and storing clients' assets pursuant to the provision, and more specifically, to the requirements of Ordinance 38, Art. 28-31 and Ordinance 58, Art. 3-10. The Bank has developed internal control rules and procedures, in order to ensure compliance with the legislative framework described above.

#### **49. Events after the end of the reporting period**

According to the Introduction of the Euro in the Republic of Bulgaria Act, effective from 01 January 2026, the Euro becomes the official currency and a legal means of payment in Bulgaria. The official conversion rate is 1.95583 BGN for 1 EUR.

The introduction of the Euro as an official currency in Republic of Bulgaria represents a change in the functional currency of the Bank which is presented prospectively and does not represent an event after the end of the reporting period which requires correction in the separate and consolidated financial statements for the year ended 31 December 2025.

As of the date of this separate and consolidated financial statement the registered share capital of DSK Bank is converted from BGN to EUR and amounts to EUR 678 945 219.12, distributed in 132 865 992 ordinary dematerialized shares by name with voting right with nominal amount EUR 5.11 each. The difference between the registered capital as of 31 December 2025, disclosed in Note 43, recalculated in EUR by the official conversion rate and the amount of the registered share capital in EUR amounts to EUR 387 811 and is accounted for as increase in the retained earnings in 2026.

As of the date of this separate and consolidated financial statement, the financial collateral granted to the Bulgarian National Bank for preliminary supply with Euro banknotes and coins, disclosed in Note 44.2, has been fully unblocked.

After 1 January 2026 the Bank maintains minimum reserves according to the requirements of the European Central Bank. The amount of the minimum reserves, disclosed in Note 23, has been changed to 1% of the reserve base, comprised of deposits received, following the methodology of the European Central Bank.

On 28 February 2026, USA and Israel launched coordinated military attacks over the territory of the Islamic Republic of Iran, which resulted in a sharp escalation of the conflict in the Middle East. In the days that followed, Iran retaliated by launching missiles and drones against Israel and a few other Persian Gulf countries. The military strikes disrupted the oil flows through the Strait of Hormuz, which led to significant fluctuations on international markets, including a rise in oil and natural gas prices.

Although management has not identified any direct negative effects on the Bank's operations as of the date of these separate and consolidated financial statements, they are monitoring closely the development of the conflict, including the potential impact of prolonged military actions on the economic environment, the increased fuel prices, the inflation and the possible side effects of disrupted trade relations.

On 12 March 2026 the Bank received a new loan to the amount of EUR 775 000 thousand from OTP Bank for the purpose of securing the minimum requirements for own funds and eligible liabilities. The interest rate is 3-month EURIBOR plus mark-up. The maturity date is 11 April 2031.

There are no other significant events identified after the end of the reporting period.