

**PROCREDIT BANK (BULGARIA) EAD
SEPARATE FINANCIAL STATEMENTS
31 DECEMBER 2025**

The separate financial statements in English are a translation from the original, which was prepared in Bulgarian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the report takes precedence over this translation.

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Independent Auditors' Report

To the sole shareholder of ProCredit Bank (Bulgaria) EAD

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of ProCredit Bank (Bulgaria) EAD ("the Bank") as set out on pages 1 to 85, which comprise:

- the separate statement of financial position as at 31 December 2025
- and, for the year from 1 January 2025 to 31 December 2025:
- the separate statement of profit and loss
 - the separate statement of other comprehensive income
 - the separate statement of changes in equity
 - the separate statement of cash flows and
 - notes, comprising material accounting policies and other explanatory information ("the separate financial statements").

In our opinion, the accompanying separate financial statements give a true and fair view of the unconsolidated financial position of the Bank as at 31 December 2025, and of its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") 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 Auditors' Responsibilities for the Audit of the Separate Financial Statements section of our report.

We are independent of the Bank in accordance with International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), as applicable to audits of the separate financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the separate 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 financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the following key audit matter:

Expected credit losses ("ECL") related to loans and advances to customers

As at 31 December 2025, the separate financial statements include:

- Gross loans and advances to customers of BGN 3,764,069 thousand (31 December 2024: BGN 3,475,098 thousand) and related ECL allowance of BGN 82,003 thousand (31 December 2024: BGN 51,666 thousand), as disclosed in note 18 to the separate financial statements.
- Impairment charge for credit losses on loans and advances to customers recognized in the separate statement of profit and loss of BGN 27,379 thousand (2024: BGN 3,623 thousand), as disclosed in note 7 to the separate financial statements.

Also refer to the following notes to the separate financial statements:

- 3 (h) Loss allowance
- 4 (c) Credit risk

The key audit matter

Impairment allowances for loans and advances to customers (collectively, "loans", "exposures") represent the Bank's best estimate of expected credit losses ("ECL") associated with these exposures at the reporting date. Measurement thereof requires the Bank to make complex judgements and assumptions.

As described in note 3 (h), the expected credit losses have been determined in accordance with the Bank's accounting policies based on the requirements of IFRS 9 Financial Instruments ("IFRS 9"). As required by IFRS 9, the Bank estimates the expected credit losses considering a stage allocation of the loan exposures.

For performing exposures (stage 1 and stage 2 loans in the IFRS 9 hierarchy), as well as individually non-significant stage 3 (non-performing) exposures, the expected credit losses are determined based on statistical models using the Bank's historical debt service data and also forward-looking information and macroeconomic scenarios. The key assumptions in this area are, among other things, the probability of borrower's default ("PD"), the assessment of the amount non-recoverable from the borrower in the event of a

How the matter was addressed in our audit

Our audit procedures performed, where applicable, with the assistance of our financial risk management, valuation and IT audit specialists, included among others:

— Evaluating the appropriateness of the loan impairment accounting policies and related methods and models against the requirements of the relevant accounting standard, our business understanding and industry practice. As part of the above, we challenged the Management Board on whether the level of the methodology's sophistication is appropriate based on an assessment of the entity-level and portfolio-level factors;

— Making relevant inquiries of the Bank's risk management, internal audit and information technology (IT) personnel in order to obtain an understanding of the ECL estimation process, IT applications used therein, key data sources and assumptions used in the ECL model. Also, assessing and testing the Bank's IT control environment for access and program change;

— Testing the design, implementation and operating effectiveness of selected key controls over the approval, recording and monitoring of loans, including, but not limited to, the controls relating to the appropriateness of the

default ("loss given default", "LGD") and of the amount of exposure at default ("EAD").

For individually significant stage 3 exposures, expected credit losses are determined on an individual basis by means of a discounted cash flows analysis. The process involves subjectivity and reliance on a number of significant assumptions, including those in respect of the expected proceeds from the sale of any related collateral and minimum period for collateral disposal.

Given the above factors and complexities, we considered impairment of loans and advances to be associated with a significant risk of material misstatement in the separate financial statements, which required our increased attention in the audit and as such was determined to be a key audit matter.

classification of exposures into performing and non-performing, calculation of days past due, stage allocation and calculation of the ECL;

— For a sample of loans, critically assessing, by reference to the underlying loan documentation (updated financial indicators, repayment pattern, default events, forbore status) and through inquiry with the loan officers and credit risk management personnel, the existence of any triggers for classification to Stage 2 or Stage 3 as at 31 December 2025.

For ECLs estimated on a collective basis:

— Obtaining the Bank's relevant macroeconomic forecasts and critically assessing the forward-looking information and macroeconomic scenarios used in the calculation of the ECL, by means of corroborating inquiries of the Management Board and inspecting publicly available information;

— Challenging the collective PD, LGD and EAD parameters for a sample of the Bank's portfolios, by reference to, among other things, our own analysis of the Bank's data on past default occurrence, realized losses on those defaults, contractual cash flows and contractual lifetime;

— Recalculating the expected credit losses as of 31 December 2025 based on the Bank's ECL model for a sample of the Bank's portfolios.

For ECLs estimated on an individual basis:

— For loans classified as Stage 3, we challenged key assumptions in the Management Board's estimates of future cash flows used in the impairment calculation. This included evaluating the estimated time to sell and the realizable value of collateral by referencing underlying collateral agreements and appraisals. To independently assess their relevance and reliability, we compared the appraised values against market data on a sample basis.

For loan exposures in totality:

— Examining whether the Bank's ECL-related disclosures in the separate financial statements appropriately address the relevant quantitative and qualitative requirements of the applicable financial reporting framework.

Information Other than the Separate Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the separate annual activity report and the separate corporate governance declaration, prepared by management in accordance with Chapter Seven of the Accountancy Act, but does not include the separate financial statements and our auditors' report thereon.

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

In connection with our audit of the separate 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 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.

Additional Matters to be Reported under the Accountancy Act

In addition to our responsibilities and reporting in accordance with ISAs, in relation to the separate annual activity report and the separate corporate governance declaration, we have also performed the procedures added to those required under ISAs in accordance with the New and enhanced auditor's reports and auditor's communication Guidelines of the professional organisation of certified public accountants and registered auditors in Bulgaria, 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 an opinion about whether the other information includes the disclosures and reporting provided for in the applicable in Bulgaria Chapter Seven of the Accountancy Act and Art. 100(m), paragraph 8, where applicable, of the Public Offering of Securities Act.

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

Based on the procedures performed, our opinion is that:

- The information included in the separate annual activity report for the financial year for which the separate financial statements have been prepared is consistent with those separate financial statements.
- The separate annual activity report has been prepared in accordance with the requirements of Chapter Seven of the Accountancy Act.
- The separate corporate governance declaration for the financial year for which the separate financial statements have been prepared presents the information required under Chapter Seven of the Accountancy Act and Art. 100(m), paragraph 8, where applicable, of the Public Offering of Securities Act.

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

Management is responsible for the preparation of the separate financial statements that give a true and fair view in accordance with IFRS as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Bank'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 or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditors' Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate 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 auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 performing our audit and for our audit opinion as per the requirements of the Independent Financial Audit and Assurance of Sustainability Reporting Act, applicable in Bulgaria. When accepting and performing the joint audit engagement, in relation to which

we are reporting, we are also directed by the Guidelines for performing joint audit, issued on 13 June 2017 by the Institute of Certified Public Accountants in Bulgaria and by the Commission for Public Oversight of Statutory Auditors in Bulgaria.

Report on Other Legal and Regulatory Requirements

Additional reporting in relation to Ordinance No 58/2018 issued by the Financial Supervision Commission

Statement in relation Art. 11 of Ordinance No 58/2018 of Financial Supervision Commission ("FSC") on the requirements for protection of financial instruments and deposits of clients, for management of products and for granting or receiving remunerations, commissions, or other monetary or non-monetary benefits

Based on the audit procedures performed and the knowledge and understanding of the Bank's activity (Investment intermediary), in the course and context of our audit of the separate financial statements as a whole, we identified that the designed and implemented organization for safeguarding of customers' assets complies with the requirements of Art. 3 – 10 of Ordinance No 58 of the FSC and Art. 92-95 of the Markets of financial instruments Act in relation to the activities as an 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.

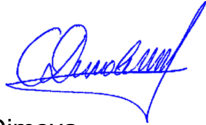
- KPMG Audit OOD and Baker Tilly Klitou and Partners EOOD were appointed as statutory auditors of the separate financial statements of the Bank for the year ended 31 December 2025 by the general meeting of shareholders held on 10 October 2025 for a period of one year. The audit engagement was accepted by signing the Joint Audit Engagement Letter on 6 November 2025.
- The audit of the separate financial statements of the Bank for the year ended 31 December 2025 represents sixth total uninterrupted statutory audit engagement for that entity carried out by KPMG Audit OOD and ninth total uninterrupted statutory audit engagement for that entity carried out by Baker Tilly Klitou and Partners EOOD.
- We hereby confirm that the audit opinion expressed by us is consistent with the additional report, provided to the Bank's audit committee, 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.

Sofia, 23 April 2026

For KPMG Audit OOD:

Registered under No. 045 in the Register
of the registered auditors



Sevdalina Dimova
*Authorised representative and registered auditor,
responsible for the audit*

45/A Bulgaria Boulevard
Sofia 1404, Bulgaria

For Baker Tilly Klitou and Partners EOOD:

Registered under No. 129 in the Register of the
registered auditors



Galina Lokmadjieva
*Authorised representative and registered auditor,
responsible for the audit*

5 Stara Planina Str., 5th floor
Sofia 1000, Bulgaria

Separate Statement of Profit or Loss

(all amounts expressed in thousands of BGN)

Notes Year ended 31 December

		2025	2024
Interest income calculated using the effective interest rate method	6	189,877	183,485
Other interest income	6	110	210
Interest and similar expenses	6	(36,879)	(31,597)
Net interest income		153,108	152,098
Fee and commission income	8	45,814	40,312
Fee and commission expenses	8	(13,672)	(10,488)
Net fee and commission income		32,142	29,824
Result from foreign exchange transactions	9a	16,087	11,944
Result from investment securities	9b	132	4,779
Other income	10a	2,704	3,171
Other expenses	10b	(1,267)	(2,092)
Personnel expenses	11	(43,673)	(39,870)
Administrative expenses	12	(62,292)	(55,865)
Loss allowance	7	(27,266)	(3,316)
Profit before income tax		69,675	100,673
Income tax expense	13	(5,582)	(17,412)
Profit for the year		64,093	83,261

These separate financial statements on pages 1 to 85 were approved by the Management Board and signed on its behalf by:

Rumyana Todorova
Executive Director and
Member of the Management Board
23 April 2026

Ivan Dachev
Executive Director and
Member of the Management Board

In accordance with an Independent Auditor's Report:

KPMG Audit OOD

Registered under No 045 in the Register of the registered auditors

Sevdalina Dimova
Registered Auditor responsible for the audit and
Authorised representative
For KPMG Audit OOD

Baker Tilly Klitou and Partners EOOD

Registered under No 129 in the Register of the registered auditors

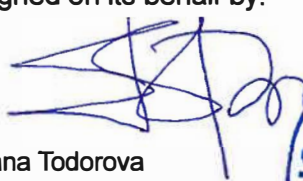
Galina Lokmadjieva
Registered Auditor responsible for the audit and
Authorised representative
For Baker Tilly Klitou and Partners EOOD

The notes set out on pages 6 to 85 form an integral part of these separate financial statements.

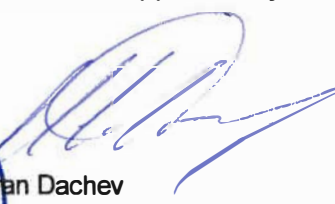
Separate Statement of Other Comprehensive Income*(all amounts expressed in thousands of BGN)***Notes** **Year ended 31 December**

	2025	2024
Profit for the year	64,093	83,261
Items that will not be reclassified to profit or loss		
Change in revaluation reserve from financial assets at fair value through other comprehensive income (shares), net of tax	-	(3,467)
Items that may be reclassified subsequently to profit or loss		
Change in revaluation reserve from financial assets at fair value through other comprehensive income (debt securities), net of tax	679	528
Other comprehensive income for the year, net of tax	679	(2,939)
Total comprehensive income for the year	64,772	80,322

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 Rumyana Todorova
 Executive Director and
 Member of the Management Board
 23 April 2026

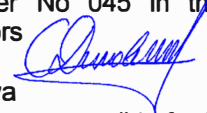



 Ivan Dachev
 Executive Director and
 Member of the Management Board

In accordance with an Independent Auditor's Report:

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Separate Statement of Financial Position

(all amounts expressed in thousands of BGN)

Notes

		31.12.2025	31.12.2024
ASSETS			
Cash and central bank balances	14	1,126,369	858,431
Loans and advances to banks	15	104,898	66,823
Investment securities	16	116,223	121,084
Investments in subsidiaries	17	8,632	8,632
Loans and advances to customers, net	18	3,682,066	3,423,432
Property, plant and equipment	19	55,707	53,508
Intangible assets	19	39,541	27,839
Derivative financial assets	26	8,275	7,024
Deferred tax assets	20	4,461	-
Other assets	21	40,911	13,495
Total assets		5,187,083	4,580,268
LIABILITIES			
Liabilities to banks	22	6,096	2,982
Liabilities to customers	23	4,436,448	3,874,266
Liabilities to financial institutions	24	229,120	244,600
Lease liabilities	25	14,091	16,471
Derivative financial liabilities	26	620	2,418
Other liabilities	27	8,330	6,660
Provisions	28	1,516	1,379
Current tax liabilities		1,058	6,076
Deferred tax liabilities	20	-	384
Total liabilities		4,697,279	4,155,236
EQUITY			
Share capital and share premium	29	265,497	265,497
Legal reserve		22,704	22,704
Retained earnings		200,392	136,299
Revaluation reserve		1,211	532
Total equity		489,804	425,032
Total equity and liabilities		5,187,083	4,580,268

These separate financial statements on pages 1 to 85 were approved by the Management Board and signed on its behalf by:

Rumyana Todorova
Executive Director and
Member of the Management Board
23 April 2026

Ivan Dachev
Executive Director and
Member of the Management Board

In accordance with an Independent Auditor's Report:

KPMG Audit OOD

Registered under No 045 in the Register of the registered auditors

Sevdalina Dimova
Registered Auditor responsible for the audit and
Authorised representative
For KPMG Audit OOD

Baker Tilly Klitou and Partners EOOD

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For Baker Tilly Klitou and Partners EOOD

The notes set out on pages 6 to 85 form an integral part of these separate financial statements.

Separate Statement of Changes in Equity

(all amounts expressed in thousands of BGN)

	Share capital	Share premium	Legal reserve	Retained earnings	Revaluation reserve	Total
Balance as of 1 January 2024	262,001	3,496	22,704	103,598	4,710	396,509
Comprehensive income for the year						
Change in revaluation reserve, net of taxes	-	-	-	-	(2,939)	(2,939)
Transfer	-	-	-	1,239	(1,239)	-
Profit for the year	-	-	-	83,261	-	83,261
Total comprehensive income for the year	-	-	-	84,500	(4,178)	80,322
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Capital increase	-	-	-	-	-	-
Distributed dividends	-	-	-	(51,799)	-	(51,799)
Total contributions by and distributions to owners	-	-	-	(51,799)	-	(51,799)
Balance as of 31 December 2024	262,001	3,496	22,704	136,299	532	425,032
Comprehensive income for the year						
Change in revaluation reserve, net of taxes	-	-	-	-	679	679
Profit for the year	-	-	-	64,093	-	64,093
Total comprehensive income for the year	-	-	-	64,093	679	64,772
Balance as of 31 December 2025	262,001	3,496	22,704	200,392	1,211	489,804

These separate financial statements on pages 1 to 85 were approved by the Management Board and signed on its behalf by:

Rumyana Todorova
Executive Director and
Member of the Management Board
23 April 2026



Ivan Dachev
Executive Director and
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The notes set out on pages 6 to 85 form an integral part of these separate financial statements.

Separate Statement of Cash Flows

(all amounts expressed in thousands of BGN)

	Notes	Year ended 31 December	
		2025	2024
Profit for the year		64,093	83,261
Non-cash items and transition to the cash flow from operating activities			
Loss allowance	7	27,266	3,316
Net result from derivative financial instruments		(175)	562
Depreciation	12	11,101	9,875
Unrealised gains from currency revaluation	9	(350)	(125)
Gains from Property, plant and equipment and intangible assets	10	(3)	(161)
Net interest income	6	(153,108)	(152,098)
Income tax expense	13	5,582	17,412
Increase/ decrease of assets and liabilities from operating activities after non-cash items			
Required reserve with the central bank		(51,141)	(32,323)
Loans and advances to customers		(288,968)	(498,105)
Derivative financial assets		(1,230)	2,267
Other assets		(27,437)	(3,221)
Short term liabilities to banks and financial institutions		3,114	(3,659)
Liabilities to customers		558,984	385,731
Derivative financial liabilities		(1,876)	405
Other liabilities		1,804	(619)
Interest received		189,026	185,602
Interest paid		(28,985)	(28,210)
Interest paid on lease liabilities		(560)	(401)
Income tax paid		(15,444)	(15,903)
Cash flow from/(used in) operating activities		291,693	(46,394)
Cash flows from investing activities			
Purchases of Property, plant and equipment and intangible assets		(24,416)	(21,554)
Income from sale of Property, plant and equipment and intangible assets		431	353
Securities purchased		(44,266)	(71,359)
Securities matured		49,067	67,389
Cash flow used in investing activities		(19,184)	(25,171)
Cash flow from financing activities			
Dividends paid		-	(51,799)
Proceeds from long term liabilities to banks and financial institutions		58,675	39,117
Repayments from long term liabilities to banks and financial institutions		(72,899)	(46,172)
Lease liabilities		(3,552)	(2,443)
Cash flow used in financing activities		(17,776)	(61,297)
Net increase/(decrease) in cash and cash equivalents		254,733	(132,862)
Cash and cash equivalents at the beginning of the year		471,627	604,489
Cash and cash equivalents at the end of year	14	726,360	471,627

These separate financial statements on pages 1 to 85 were approved by the Management Board and signed on its behalf by:

Rumyana Todorova
Executive Director and
Member of the Management Board
23 April 2026

Ivan Dachev
Executive Director and
Member of the Management Board

In accordance with an Independent Auditor's Report
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Galina Lokmadjieva
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The notes set out on pages 6 to 85 form an integral part of these separate financial statements.

1 Reporting entity

ProCredit Bank (Bulgaria) EAD ("ProCredit Bank", "the bank" or "the institution", UIC 130598160) was founded in October 2001 by an alliance of international development-oriented investors, many of which are shareholders in ProCredit Holding AG („ProCredit Holding") today. Since the beginning of 2013 the sole shareholder of the bank is ProCredit Holding.

The bank is part of the international group of financial institutions owned by ProCredit Holding. ProCredit Holding is the ultimate parent and ultimate controlling party of the ProCredit group of banks ("the ProCredit group"). The bank has three subsidiaries – ProCredit Properties EAD, ProCredit Education EAD and Private High School "Denis Diderot" EAD (referred to collectively as "the Group"), which are wholly owned.

The bank is supervised through a Supervisory Board consisting of five members and a Management Board consisting of six members as of 31 December 2025 which are elected for a period of three years.

ProCredit Bank is a development oriented full service bank, which aims to be a house bank for businesses and private clients. Business clients, serviced by the bank, are companies, agricultural producers and self-employed persons. They are categorised as Small and Medium enterprises (SMEs) in accordance to their business potential. Private clients are regular income receivers (salary, pension or other) and business owners. The bank strives to have comprehensive knowledge about its customers and to implement an individual approach and strategy for servicing each client, being based on the client's profile. Strategically, the bank focuses on production companies, agricultural producers, green and energy efficiency financing.

2 Basis of preparation

a Compliance with International Financial Reporting Standards

ProCredit Bank prepares its Separate Financial Statements in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee ("IFRS IC") as adopted by the European Union ("EU"). IFRSs as adopted by the EU is the commonly accepted name of the general purpose framework – the basis of accounting equivalent to the framework definition introduced by § 1, p. 8 of the Additional Provisions of the Accountancy Act "International Accounting Standards" (IASs). The financial statements were prepared on a separate basis according to the Accountancy Act. The users of these separate financial statements should review them together with the consolidated financial statements of the Group as at 31 December 2025 to be able to obtain full information on the financial position, financial result and changes in the financial position of the Group as a whole (ProCredit Bank (Bulgaria) EAD, ProCredit Properties EAD, ProCredit Education EAD and Private High School Denis Diderot EAD). The separate financial statements were approved by the Management Board on 23 April 2026.

The Separate Financial Statements comprise the Separate Statement of Profit or Loss, the Separate Statement of Other Comprehensive Income, the Separate Statement of Financial Position, the Separate Statement of Changes in Equity, the Separate Statement of Cash Flows and the Notes to the Separate Financial Statements.

The principle accounting policies have been consistently applied to all the years presented, unless otherwise stated. All amounts are presented in thousands of Bulgarian leva (BGN), unless otherwise stated. The fiscal year of the bank is the calendar year.

2 Basis of preparation (continued)

b Measurement basis

The separate financial statements have been prepared on a historical cost basis, except for the following:

- Financial assets and liabilities (including derivative instruments), measured at fair value.
- Assets held for sale - measured at fair value less costs to sell.
- Retirement benefit obligations – measured at present value of the retirement benefit obligation.

c Use of assumptions and estimates

The bank's financial reporting and its financial result are influenced by assumptions, estimates and management judgements, which necessarily have to be made in the course of preparation of the Separate Financial Statements. Actual results may differ from these estimates.

All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with applicable standards. Estimates and judgements are evaluated on continuous basis, and are based on past experience and other factors, including expectations with regard to future events and are considered appropriate under the given circumstances. The accuracy of accounting estimates and judgments is monitored regularly.

The bank makes estimates and judgments for the purposes of the accounting and disclosure. The resulting accounting estimates will, by definition, seldom equal the related actual results. Management judgements for certain items are especially critical for the bank's results and financial situation due to their materiality in amount. This applies to the following positions:

Impairment of credit exposures

Loss allowances are established in an amount equivalent to the expected loss for all financial assets recognised at amortised cost, for all debt instruments recognised at fair value with changes in fair value reported in Other Comprehensive Income (FVOCI), and for off-balance-sheet business. Expected credit losses are recorded in an approach with various stages. ProCredit Bank reports the balance sheet items "Central bank balances", "Loans and advances to banks", "Investment securities", "Loans and advances to customers" and "Other assets" net (including loss allowances). Further information on the bank's accounting policy on loan loss provisioning can be found in Note 4c.

Measurement of deferred tax asset

The bank recognises deferred tax assets only to the extent that it is probable that taxable profits will be available against which the tax-reducing effects can be utilised. The profit projection is based on the latest business planning as of December 2025 approved by the Supervisory Board of the bank and therefore reflects management's view of future business prospects. The tax planning period of the bank is five years. For details on the recognised amounts see notes 13 and 20.

Extension and termination options and critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

2 Basis of preparation (continued)

c Use of assumptions and estimates (continued)

For leases of premises, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the bank is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the bank is typically reasonably certain to extend (or not terminate).
- Otherwise, the bank considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset. Most extension options for offices leases have not been included in the lease liability, because the bank could replace the assets without significant cost or business disruption.

As at 31 December 2025 there are no potential future cash outflows which have been excluded from the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

The lease term is reassessed if an option is actually exercised (or not exercised) or the bank becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. During the current financial year, there was no financial effect of revising lease terms to reflect the effect of exercising extension and termination options.

d New and amended standards

(i) Standards, amendments and interpretations that are already effective

- Amendments to IAS 21: "Lack of Exchangeability" have no impact on the separate financial statements. The amendments are effective for annual periods beginning on or after 1 January 2025.

(ii) Standards, amendments and interpretations issued but not yet effective

- Amendments to IFRS 9 and IFRS 7: "Classification and Measurement of Financial Instruments" have a minor impact on the separate financial statements. with regard to additional disclosures on financial assets at fair value with changes in fair value recognised in other comprehensive income. The regulations for contractual terms that can change the timing or amount of payments, as well as for non-recourse financial assets, currently have no effect. The amendments are effective for annual periods beginning on or after 1 January 2026.
- Annual improvements to IFRS (Volume 11) with amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 have a minor impact on the separate financial statements. The amendments are effective for annual periods beginning on or after 1 January 2026.
- Amendments to IFRS 9 and IFRS 7: "Contracts Referencing Nature-dependent Electricity" have no impact on the separate financial statements. The amendments are effective for annual periods beginning on or after 1 January 2026.

2 Basis of preparation (continued)

d New and amended standards (continued)

- IFRS 18 “Presentation and Disclosure in Financial Statements” replaces IAS 1 and is expected to affect the presentation of the separate statement of profit or loss. This standard defines categories and subtotals for the consolidated statement of profit or loss. On the basis of an analysis of our business models and sources of income, we have concluded that our main business activities lie in the areas of “investing in financial assets” and “providing financing to customers.” In addition, there may be additional disclosure requirements for management-defined performance measures. The standard defines the guidelines on the aggregation and disaggregation of items. There are no material effects on the presentation of the separate statement of financial position or the separate statement of cash flows. IFRS 18 is effective for annual periods beginning on or after 1 January 2027.
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures” as well as amendments to IFRS 19 will not have an impact on the separate financial statements. This standard is, subject to the still pending EU endorsement, effective for annual periods beginning on or after 1 January 2027.
- Amendments to IAS 21: “Translation to a Hyperinflationary Presentation Currency” will not have an impact on the separate financial statements. This standard is, subject to the still pending EU endorsement, effective for annual periods beginning on or after 1 January 2027.

There was no early adoption of any standards, amendments and interpretations not yet effective.

3 Summary of material accounting policies

This note provides a list of the material accounting policies adopted in the preparation of these separate financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated.

a Foreign currency translation

(a) Functional and presentation currency

Items included in the separate financial statements are measured using the currency with which the entity operates in its primary economic environment (“the functional currency”). The financial statements are presented in Bulgarian leva (BGN), which is the bank’s functional and presentation currency. All amounts stated within the separate financial statements are presented in thousands of Bulgarian leva unless otherwise specified.

(b) Transactions and balances

Foreign currency assets and liabilities are translated into the functional currency using the closing exchange rates, and items of income and expenses are translated at the fixing at the moment of the operation. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Separate Statement of Profit or Loss (results from foreign exchange transactions).

3 Summary of material accounting policies (continued)

a Foreign currency translation (continued)

In the case of changes in the fair value of financial assets at fair value through other comprehensive income denominated in foreign currency a distinction is made between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. Translation differences on financial assets (debt instruments) at fair value through other comprehensive income are recognised in the Separate Statement of Profit or Loss.

Non-monetary items measured at historical cost denominated in foreign currency are translated at the exchange rate as of the date of the transaction.

As of 31 December 2025, monetary assets and liabilities denominated in foreign currency were translated into Bulgarian leva at the official central bank exchange rate: BGN 1.95583 for EUR 1 and BGN 1.66355 for USD 1 (2024: BGN 1.95583 for EUR 1 and BGN 1.88260 for USD 1).

b Interest income and expenses

Interest income and expenses for all interest-bearing financial instruments are recognised in profit or loss using the effective interest rate method in the period in which they arise. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the bank estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit loss (ECL). For purchased or originated credit-impaired (POCI) financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

The calculation of the effective interest rate includes transaction costs and fees paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating-rate instruments to reflect movements in market rates of interest.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Payments received in respect of written-off loans are not recognised in net interest income, but rather under "Loss allowances".

3 Summary of material accounting policies (continued)

c Fee and commission income and expenses

The bank provides banking services to private individuals and corporate customers (mainly SMEs), including account opening and management, provision of loan facilities, debit and credit cards, payment services in local and foreign currencies, cash operations on machines and others. Fees for ongoing account management are charged to the customer's account on a monthly basis. Transaction-based fees are charged to the customer's account when the transaction takes place. Servicing fees are charged on a monthly basis and are based on fixed rates reviewed by the bank. Fee and commission expenses concern fees incurred by the bank in dealings with other banks and are recognised on the date of the transaction.

Revenue from account service and servicing fees is recognised over time as the services are provided. Revenue related to transactions is recognised at the point in time when the transaction takes place.

d Result from foreign exchange transactions

"Results from foreign exchange transactions" refers primarily to the results of foreign exchange dealings with and for customers. The bank does not engage in any foreign currency trading on its own account. This position also includes unrealised foreign currency revaluation effects.

e Financial instruments

ProCredit Bank classifies its financial assets according to their underlying business model. Differentiation is made between the following business models:

- "Hold to collect": The financial assets are held with the aim of collecting the contractual cash flows through interest and principal payments (Solely Payments of Principal and Interest ("SPPI") conform;
- "Hold to collect and sell": The financial assets are held with the aim of both collecting the contractual cash flows and selling the financial assets;
- "Other": This business model is used for financial assets that are neither allocated to the "hold to collect" business model nor to the "hold to collect and sell" business model.

The bank's business models for financial assets are assessed on the basis of groups of financial assets (portfolios). The allocation to a business model is based on the actual circumstances at the time of the assessment. This is a discretionary decision by the management. The following criteria, among others, are taken into account:

- the business and risk strategy of ProCredit Bank (and ProCredit group);
- the way in which the development of the business model is evaluated and reported to the Management and the Supervisory Board of the bank;
- if there were sales in previous periods, the frequency, volume, timing and reasons for those sales as well as expectations regarding future sales activities.

As a result, the balance sheet items allocated to the "hold to collect" business model are: "Central bank balances", "Loans and advances to banks", "Loans and advances to customers" and "Other assets". "Investment securities" (which are debt securities) are allocated to the "hold to collect and sell" business model. Furthermore, some shares are allocated to the "hold to collect and sell" business model, included in the balance sheet under "Investment securities". "Derivative financial assets" are allocated to the "other" business model. A small amount of shares that are included in the balance sheet under "Investment securities" are also allocated to "other" business model.

3 Summary of material accounting policies (continued)

e Financial instruments (continued)

There is no offsetting of any financial assets and financial liabilities.

Subsequent recognition of financial liabilities is generally performed at amortised cost. Only derivative financial liabilities are recognised at fair value.

(a) Financial assets and financial liabilities at fair value through profit or loss

Financial assets allocated to the “Other” business model are recognised at fair value through profit or loss. This includes “Derivative financial assets” and shares. “Derivative financial liabilities” are recognised as financial liabilities at fair value through profit or loss.

Derivatives with a positive fair value at the balance sheet date are carried as financial assets and reported under “Derivative financial assets”. Derivatives with a negative fair value are carried as financial liabilities and are reported under “Derivative financial liabilities”. The bank designates certain derivatives as hedging instruments in qualifying hedging relationships (hedge accounting) in accordance with IFRS 9. At the inception of the hedging relationship, we formally document the relationship between the hedging instrument(s) and hedged item(s), including risk management objectives and strategies for undertaking the hedge, and the method of assessing effectiveness. The bank assess compliance with the effectiveness requirements both at the inception of the hedging relationship and on an ongoing basis.

Derivative financial instruments are initially recognised at fair value, and transaction costs are expensed in the Separate Statement of Profit or Loss. Purchases and sales of derivative financial instruments are recognised on the trade date – the date on which the bank commits to purchase or sell the instrument. Subsequently, the financial instruments are also carried at fair value. Gains and losses arising from changes in their fair value are immediately recognised in the Separate Statement of Profit or Loss of the period.

Derivative financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the bank has transferred legal rights and substantially all risks and rewards of ownership. Derivative financial liabilities are derecognised when they are extinguished – that is, when the obligation is discharged, cancelled or expired.

A small amount of shares included under the balance sheet position “Investment securities” are classified as FVTPL. In general, there is no intention to trade or sell these shares but can be sold if required. At initial recognition, they are recorded at fair value plus transaction costs. Subsequently they are carried at fair value. Gains and losses arising from changes in fair value are recognised in the Separate Statement of Profit or Loss of the period under “Result from investment securities”.

(b) Financial assets at amortised cost

A financial asset is classified “at amortised cost” when the financial asset is assigned to the “hold to collect” business model with the objective to solely collect contractual cash flow through interest and principal payment (SPPI conform). These arise when the bank provides capital directly to a contracting party with no intention of trading the receivable.

3 Summary of material accounting policies (continued)

e Financial instruments (continued)

These financial assets are initially recognised at fair value plus transaction costs; subsequently they are measured at amortised cost using the effective interest method. Expected credit losses are basically recognised using a three-stage model (see Note 3h for the accounting policy for impairment of credit exposures, as well as Notes 7 and 18). If the amount of the impairment loss decreases, the impairment allowance is reduced accordingly, and the amount of the reduction is recognised in the Separate Statement of Profit or Loss. The upper limit on the reduction of the impairment is equal to the gross carrying amount which would have been incurred as of the valuation date if there had not been any impairment. Loans and receivables are derecognised when the rights to receive cash flows from the financial assets have expired or where the group has transferred substantially all risks and rewards of ownership. In addition, when loans and receivables are restructured with substantially different terms and conditions, the original financial asset is derecognised and replaced with the new financial asset.

(c) Financial assets at fair value with changes in fair value recognised in Other Comprehensive Income

A financial asset is classified and recognised as “at fair value with changes in fair value recognised in Other Comprehensive Income” (“FVOCI financial instrument”), if the financial asset is allocated to a “hold to collect or sell” business model.

In general, “investment securities” are allocated to this business model. The cash flow criterion is checked individually. All debt investment securities fulfil the cash flow criterion (SPPI conform) but can be sold if required. Furthermore, a small amount of shares (also included under the position “Investment securities”) are allocated to this business model. In general, there is no intention to trade or sell these shares.

At initial recognition, the FVOCI financial instruments are recorded at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Subsequently they are carried at fair value. Gains and losses arising from changes in fair value are recognised in the Separate Statement of Other Comprehensive Income under “Revaluation reserve”. If the financial asset is derecognised or impaired (for details on impairment, see Note 3h), the cumulative gain or loss previously recognised in the “Revaluation reserve” is recognised in the Separate Statement of Profit or Loss. Interest calculated using the effective interest rate method and foreign currency gains and losses on monetary assets classified as FVOCI financial instruments are recognised in the Separate Statement of Profit or Loss. For the FVOCI equity instruments, any dividend payments are recognised in the Separate Statement of Profit or Loss, but not the accumulated value change on derecognition (no recycling).

Purchases and sales of FVOCI financial instruments are recorded as of the trade date. They are derecognised when the rights to receive cash flows from the financial assets have expired or when the bank has transferred substantially all risks and rewards of ownership.

(d) Other financial liabilities at amortised cost

Other financial liabilities at amortised cost are recognised initially at fair value net of transaction costs incurred. They are subsequently measured at amortised cost using the effective interest method. Any difference between proceeds net of transaction costs and the redemption value is recognised in the Separate Statement of Profit or Loss over the period of the debt instrument. Financial liabilities at amortised cost are derecognised when they are extinguished – that is, when the obligation is discharged, cancelled or expired.

3 Summary of material accounting policies (continued)

e Financial instruments (continued)

Fair value measurement principles

Upon acquisition, financial instruments are measured at fair value. In principle, this is the transaction price at the time they are acquired. Depending on their respective category, financial instruments are subsequently recognised either at fair value or at amortised cost. In general, financial instruments at fair value are measured on a recurring basis in the financial statements.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market between market participants at the measurement date.

ProCredit Bank applies the IFRS hierarchy to measure fair value. The hierarchy categorises the inputs used in the valuation techniques to measure fair value into three levels:

Level 1 Inputs

Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active if market transactions with the asset or liability occur there sufficiently frequently and in sufficient volumes to ensure the ongoing availability of pricing information.

Level 2 Inputs

Other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The valuation techniques applied are approximations of the current fair value of similar instruments and discounted cash flow analysis using observable market parameters.

Level 3 Inputs

Unobservable inputs for the asset or liability. If observable market interest rates are not available, internal rates are used as an input for a discounted cash flow model. These internal rates reflect the cost of funds, taking into account foreign currency effects and maturities as well as a risk margin. Internal rates are regularly compared to those applied for third-party transactions and are consistent with the parameters of an orderly transaction between market participants under market conditions at the measurement date.

f Investments in subsidiaries

Subsidiary is an entity controlled by the bank. Control over a subsidiary is achieved when ProCredit Bank is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Investments in subsidiaries are measured at cost less impairment. The bank recognises dividend income from its subsidiaries.

g Cash and cash equivalents

Cash and cash equivalents comprise balances with less than three months' maturity including: cash, balances with the Bulgarian National Bank ("BNB") and the Bank of Greece excluding the minimum required reserve, and amounts due from other banks.

Cash and central bank balances comprise cash and balances with the BNB and the Bank of Greece, recognised at their nominal value.

3 Summary of material accounting policies (continued)

h Loss allowance

The bank establishes loss allowance in an amount equivalent to the expected loss for all financial assets recognised at amortised cost, for all debt instruments recognised at fair value with changes in fair value reported in Other Comprehensive Income (FVOCI), and for off-balance-sheet financial instruments. In general, a three-stage model is used to report loss allowance. Estimates and assumptions are particularly necessary for determining which future-related macroeconomic factors are to be included. Furthermore, determining probabilities in the weighting of scenarios requires discretionary decisions.

ProCredit Bank sets aside loss allowance for the balance sheet items “Central bank balances”, “Loans and advances to banks”, “Loans and advances to customers”, “Investment securities” and for the financial assets under “Other assets”. These are generally recognised at net value within the corresponding balance sheet positions, except for the item “Investment securities” (debt securities), which are reported at fair value. The respective loss allowance is recognised in shareholders’ equity under “Revaluation reserve”.

Net change in loss allowance

The net change in loss allowance includes additions, reversals and change in loss allowance due to non-substantial modifications.

Recognition of loss allowance uses a three-stage model based on expected credit losses. Allocation to stages requires discretionary decisions to be made with regard to the definition of default, stage transfers and the determination of criteria as to whether there has been a significant increase in credit risk since recognition in the balance sheet:

- Stage 1: Financial assets are generally classified as “Stage 1” when they are recognised for the first time. ProCredit Bank establishes loss allowance in an amount equivalent to the expected credit losses that result from default events that are possible during a maximum of 12 months following the balance sheet date, insofar as there is no significant increase in credit risk since initial recognition.
- Stage 2: If credit risk increases significantly, the assets are classified as “Stage 2” and loss allowance is established in an amount equivalent to the expected credit losses over the entire remaining maturity.
- Stage 3: Defaulted financial assets are classified as “Stage 3” and loss allowance is likewise established in an amount equivalent to the expected credit losses over the entire remaining maturity. For significant exposures, loss allowance is determined on the basis of recoverable cash flows. For insignificant exposures, loss allowance is determined on the basis of portfolio-based parameters. Interest income is recognised at net book value (less loss allowance). Stage 3 also includes financial assets which are already impaired at initial recognition in the balance sheet (POCI). These financial assets are initially recognised at fair value and thus no loss allowance is established. Regardless of future changes in credit risk, POCI assets remain in Stage 3 until their derecognition.

For the “Other assets” position, loss allowance is established using the simplified approach. As a rule, loss allowance is recorded at initial recognition and on each subsequent reporting date in an amount equivalent to the expected credit losses during the total maturity period. For these generally short-term assets, the total maturity period has been set at 12 months.

Migration between the stages is possible in both directions, provided the grounds for the prior migration no longer exist. In the event that credit risk decreases, loss allowance already recorded is reversed.

3 Summary of material accounting policies (continued)

h Loss allowance (continued)

Substantial and non-substantial modification

Any changes of contractual cash flows that have not been agreed in the original contract with the client are considered as modification. To determine if the modification is substantial the bank takes into consideration all relevant qualitative and quantitative factors.

The following qualitative factors are considered as substantial modifications:

- change of the existing debtor of the credit facility (loan, Credit Line, Overdraft). Exception would be change within the same group of consolidated entities.
- modifications to the currency on which the financial instrument is denominated for future debt repayments. Exception constitutes currencies that are bound to another currency with a fixed exchange rate (BGN and EUR)
- contractual changes that are non-compliant with the SPPI criterion

The quantitative analysis, also called “10% NPV test”, is performed according to the principal requirements for the modification (IFRS 9 B3.3.6). That is, 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 asset. In case the change is less than 10%, the modification is classified as non-substantial modification and the difference between the present value of the modified cash flows and the gross carrying amount of the existing asset at the date of modification is the modification gain or loss recognised in profit or loss at the date of modification. In case the change is more than 10%, the modification is classified as substantial modification and leads to derecognition of the original asset and recognition of a new asset with gains or loss from derecognition recognised in the profit or loss.

Write-offs, recoveries and direct write-offs

When a loan is uncollectible, it is written off against the related loss allowance set aside. Such write-offs occur after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are recognised in the Separate Statement of Profit or Loss under “Loss allowance”.

Restructured credit exposures

Restructuring is defined as any modification of the terms and conditions of a credit exposure by agreement between the bank and the client to modify the payment plan of a credit exposure agreement in response to an increase in the current or future credit default risk associated with the client. Restructured credit exposures are assigned to Stage 3 at the moment of restructuring if either of the following conditions are met: the exposures is in arrears by more than 90 days, and/or cannot be expected to be repaid in full due to serious payment problems faced by the client. Otherwise, restructured loans are assigned to Stage 2.

3 Summary of material accounting policies (continued)

h Loss allowance (continued)

Assets acquired in exchange for loans (repossessed property)

Repossessed properties are non-financial assets acquired in exchange for loans as part of an orderly realisation and are reported as "Other assets". The asset acquired is recorded at the lower of its fair value less costs to sell and the carrying amount of the loan at the date of exchange. Repossessed properties are held for sale and no depreciation is charged for the respective assets. Any subsequent write-down of the acquired asset to fair value less costs to sell is recognised in the Separate Statement of Profit or Loss in "other expense". Any subsequent increase in the fair value less costs to sell, to the extent this does not exceed the cumulative write-down, is also recognised in "other income", together with any realised gains or losses on disposal.

i Intangible assets

Software and licences

Acquired or developed computer software is capitalised on the basis of the costs incurred to acquire or develop and bring to use the specific software. These costs are amortised on the basis of the expected useful lives. Software has an expected useful lifetime of 5 years and is tested for impairment if there are indications that impairment may have occurred. Computer software is carried at cost less accumulated amortisation less impairment losses. Amortization is calculated as follows:

Licences	7 years
Software	5 years

j Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment losses, as decided by the management. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Component parts of an asset are recognised separately if they have different useful lives or provide benefits to the enterprise in a different pattern.

Subsequent purchase or production costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Separate Statement of Profit or Loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate the depreciable amount of the asset over its useful live, as follows:

Buildings	40 years
Furniture	10 years
Leasehold improvements	10 years
Computers	5 years
Motor vehicles	5 years
Other fixed assets	7 years

The assets' residual carrying values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

3 Summary of material accounting policies (continued)

j Property, plant and equipment (continued)

In addition, all assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. The impairment is recognised within "administrative expenses".

Gains and losses on disposals are determined by comparing the proceeds with carrying amount and are recognised within "other income" or "other expenses" in the Separate Statement of Profit or Loss.

k Leases

ProCredit Bank as lessee

At contract initiation, the bank assesses whether the agreement constitutes or contains a lease. This is the case when the agreement grants the right to control the use of an identified asset for a specified period of time in return for a fee. The bank uses the option to account for each leasing component and all related non-leasing components as a single leasing component. ProCredit Bank recognises an asset for the right of use granted as well as a lease liability on the commencement date. The right of use is recognised at acquisition costs. These include the amount of the lease liability, plus all lease payments made at or before the commencement date, initial direct costs and estimated dismantling and removal costs, less any incentives received. The right of use is amortised on a straight-line basis until the end of the lease term. Any impairment losses are also taken into account. The lease liability is recognised at the present value of the lease payments not yet made at that time. The lease payments are discounted at the lessee's incremental borrowing rate of interest. They are subsequently measured at amortised cost using the effective interest method.

Short-term leases or leases on low-value assets are not recognised in the balance sheet; instead, the lease payments are recognised under administrative expenses in the separate statement of profit or loss over the term of the lease.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the bank. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The right-of-use asset is presented as part of "Property, plant and equipment" on the separate statement of financial position.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable.

The lease payments are discounted using the lessee's incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

3 Summary of material accounting policies (continued)

k Leases (continued)

Each lease payment is allocated between the liability and finance cost. Lease liabilities are subsequently measured using the effective interest method. The carrying amount of liability is remeasured to reflect any reassessment, lease modification or revised in-substance fixed payments.

The lease term is a non-cancellable period of a lease; periods covered by options to extend and terminate the lease are only included in the lease term if it is reasonably certain that the lease will be extended or not terminated.

Right-of-use assets are measured initially at cost comprising the following:

- The amount of the initial measurement of lease liability.

Subsequently, the right-of-use assets, are measured at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for remeasurement of the lease liability due to reassessment or lease modifications.

The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The amortisation periods for the right-of-use assets are as follows:

- Office premises: 10 years

(a) Bank's leasing activities

The bank leases office premises. Leases are negotiated on an individual basis, but in general contain similar terms and conditions (incl. termination and renewal rights). The main lease features are summarised below:

- Office premises in general rented for a period of 10 years. The lease payments are fixed.

(b) Extension and termination options

Extension and termination options are included in the leasing contracts. These are used to maximise operational flexibility in terms of managing the assets used in the bank's operations. For critical judgements in determining the lease term, please refer to Note 2.

(c) Low-value leases

The costs for low value leases are recognised on a straight-line basis during the reporting period. The total cost of low-value leases is disclosed in Note 25.

I Income taxes

Taxation has been provided for in the separate financial statements in accordance with Bulgarian legislation.

(a) Current income tax

Current tax is calculated on the basis of the taxable profit for the year, using the tax rates enacted at the reporting date and is recognised as an expense in the period in which taxable profits arise. Taxes other than on income are recorded under "administrative expenses".

3 Summary of material accounting policies (continued)

I Income taxes (continued)

(b) Deferred income tax

Deferred income tax is recognised in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Separate Financial Statements prepared in conformity with IFRS, as adopted by the EU. Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets and liabilities are determined using Bulgarian tax rates (and laws) that have been enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. The tax planning period is five years.

Changes of deferred taxes related to financial instruments carried at fair value are charged to the Separate Statement of Other Comprehensive Income. The presentation in the Separate Statement of Other Comprehensive Income is made on a net basis. At the time of sale, the respective deferred taxes are transferred to current income tax.

m Provisions

Provisions are recognised if:

- there is a present legal or constructive obligation resulting from past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation;
- and the amount can be reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow of resources will be required in a settlement is determined by considering the class of obligations as a whole.

Provisions for which the timing of the outflow of resources is known are measured at the present value of the expenditures, if the outflow will not be earlier than in one year's time. The increase in the present value of the obligation due to the passage of time is recognised as an interest expense. For the provisions for expected credit losses from off-balance sheet items and for provision for untaken vacation, the outflow of economic benefits is expected during the next one or two years.

Contingent liabilities, which mainly consist of certain guarantees and letters of credit issued for customers, are possible obligations that arise from past events. As their occurrence, or non-occurrence, depends on uncertain future events not wholly within the control of the bank, they are not recognised in the financial statements but are disclosed in the notes to the financial statements (see Note 31).

Employee entitlements to annual leave are recognised when they are accrued to employees. A provision is made for the estimated annual leave as a result of services rendered by employees up to reporting date.

3 Summary of material accounting policies (continued)

n Financial guarantee contracts

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. Subsequent to initial recognition, the bank's liabilities under such guarantees are measured at the higher of the initial measurement, less amortisation calculated to recognise in the Statement of Profit or Loss the fee income earned on a straight line basis over the life of the guarantee and the loss allowance determined in accordance with IFRS 9 at reporting date. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgement of the Management.

o Employee benefits

Defined benefit plans

The bank has an obligation to pay certain amounts to each employee who retires with the bank in accordance with Art. 222, § 3 of the Labour Code ("LC"). According to the regulations in the LC, when a labour contract of a bank employee, who has acquired a pension right, is ended, the bank is obliged to pay the employee compensation equivalent to two gross monthly salaries. In the event that the employee's length of service in the bank or in any entity from the group is equal to or exceeds 10 years, as of the date of retirement, then the compensation shall amount to six gross monthly salary payments. As of reporting date, the Management of the bank estimates the approximate amount of the potential expenditure for every employee based on a calculation performed by a qualified actuary using the projected unit credit method. The bank recognises all actuarial gains and losses arising from defined benefit plans in personnel expenses for the period.

4 Risk management

a Business model and business strategy

ProCredit Bank aims at being a leading partner providing a complete range of financial services for micro, small and medium enterprises (MSMEs), since these businesses have vital significance for the economic development and the creation of new jobs. The bank also focuses on serving private individuals who appreciate modern banking services, who have the capacity to save and who prefer to do their banking through electronic channels. ProCredit Bank functions in a responsible and transparent way, focusing on building long-term relationships with its clients and providing an inclusive range of professional and flexible business solutions, both for the businesses and private individuals. The main competitive advantages of ProCredit Bank are the personal approach to the individual needs of the clients and the high quality of the services provided.

By offering simple and accessible deposit facilities the bank promotes a culture of savings, which contributes to greater security and stability of households. At the same time ProCredit Bank does not offer complex financial products or asset management services. ProCredit Bank takes an individual approach to its clients, aiming to know their needs in order to develop a strategy for serving them effectively. The bank adheres to its concept of "Know your Customer", which is based on the assumption that if clients and their businesses are accurately identified, the bank will be able to provide to them the most suitable banking services. A strategic focus of the work with clients is on encouraging investments in energy efficiency, renewable energy, and environmental protection as well as funding production companies and agricultural producers. To achieve more efficient, effective and better-quality service, the bank provides 24-hour access to self-service as well as easily accessible internet and mobile banking applications.

The ProCredit Bank business strategy has two main purposes – to have a positive effect on the development of the economic and social environment, and to earn a commercial profit. The business model is straightforward, with asset-side operations dominated by credit issued to clients, while the liabilities basically comprise attracted funds from clients.

The business strategy is based on a focused approach to staff development. The bank carefully recruits and trains its staff to work responsibly and professionally with clients. ProCredit Bank is an institution based on professionalism, communication and trust and it aims at a high level of satisfaction both for the staff and the clients. To this effect, the bank makes significant investments in training its personnel.

The bank operates a branch in Thessaloniki, Greece offering full range of banking services to the local businesses and providing professional service and advice. The locations in Thessaloniki are equipped with modern self-service area available to customers 24 hours and 7 days a week.

b Risk management strategy

ProCredit Bank is exposed to risks in the course of its business activities. An informed and transparent approach to risk management is a central component of its socially responsible business model. This is also reflected in the risk culture and the risk appetite, resulting in decision-making processes that are well-balanced from a risk point of view.

By following a consistent group-wide approach to managing risks, the bank aims to ensure that its liquidity and capital adequacy continues to be sustainable and appropriate at all times, as well as to achieve steady results. The risk management principles and the risk strategy of the bank have not changed significantly compared to the previous year.

4 Risk management (continued)

b Risk management strategy (continued)

Overall, the last few years have been characterised by the presence of negative macroeconomic and geopolitical shocks. This trend is expected to continue, keeping uncertainty high. So far, these developments have had only a limited impact. Nevertheless, these factors have a substantial impact on risk management activities. The bank continues to carefully monitor the geopolitical and economic developments in order to assess their impact and take appropriate action in a timely manner, if necessary. In addition, the regulatory requirements for banks are constantly evolving. Overall, a tightening of requirements and expectations can be observed.

Even in light of the above-mentioned uncertainties, the bank's overall risk profile remains appropriate. This is based on an overall assessment of the individual risks, as presented in this risk report.

Risk Management System

The principles of the bank's business activity, as listed below, provide the foundation for its risk management. The consistent application of these principles significantly reduces the risks to which the bank is exposed.

Focus on core business

The business model is focused on: ProCredit Bank specialises in providing financial services to micro, small and medium businesses (MSMEs) and private clients. The bank applies strict selection criteria and performs a comprehensive analysis of its customers. This also includes an individual assessment of ESG (Environmental, Social and Governance) aspects for all business customers. Income is generated primarily in the form of interest income from lending and fee income from account operations and payments. All of the bank's other operations are performed mainly in support of the core business. ProCredit Bank assumes mainly customer credit risk, interest rate risk, operational risk and liquidity risk in the course of its operations. The bank avoids or largely limits all additional risks involved in banking operations.

Diversification and transparent services

ProCredit Bank's strategic focus as a "Hausbank" for MSMEs and private clients entails a high degree of diversification in both lending and deposit activities. This diversification extends across different countries and regions (urban and rural areas), different customer groups (MSMEs, private customers) and a multitude of economic sectors. Furthermore, a central feature of the business model is the commitment to providing customers with clear and transparent financial services. These approaches make a significant contribution to risk mitigation.

4 Risk management (continued)

b Risk management strategy (continued)

Careful staff selection and training

Sustainable and responsible banking requires committed employees who identify with ProCredit Bank's values and actively implement them in their daily work. Accordingly, the bank attaches great importance to careful staff selection and continuing professional development. ProCredit standards in this area are based on mutual respect, a high degree of personal responsibility, long-term commitment and loyalty to the institution, as well as an open and transparent culture of communication. From a risk perspective, well-trained employees who think critically and voice their opinions openly play a key role in identifying, managing and reducing risks.

Organisation of risk management and risk reporting

The overall responsibility for risk management is assumed by the Management Board of ProCredit Bank, which defines the strategic guidelines for risk management, continuously monitors the bank's risk profile and, when necessary, decides on appropriate measures to manage risk. The risk controlling function required by MaRisk is headed by a member of the Management Board. Risk management is supported conceptually and implemented operationally by the General Risk Department, Anti Money Laundering and Compliance Department, Credit Risk Department, Collection of Problematic Receivables Department, Transaction monitoring and Fraud prevention Department and various risk management and finance functions. Various committees support and advise the Management in the performance of the risk management function. The compliance function and Internal Audit report directly to the Management Board.

The General Risk Assessment Committee, Credit Risk Management Committee, Operational Risk Management Committee and ESG Risk Management Committee develop the framework for risk management decision taking bodies and monitor the risk profile of the bank and the individual risks. This includes the monitoring of individual risk positions and limit compliance. The Asset and Liability Committee (ALCO) is responsible for monitoring the liquidity reserve and liquidity management and the internal and regulatory capital adequacy of the bank, coordinating measures aimed at securing funding for ProCredit Bank.

The rules regulating risk management at the bank are part of the internal regulations and determine:

- The process and the purposes of risk management at the bank;
- The structure, composition and powers of the competent internal bodies of the bank, their activities and the measures they undertake;
- The employees' duties related to monitoring, reporting, management and analysis of various risks;
- The establishment and functioning of internal control systems and the competences of the relevant management levels and of the regular staff for taking part in risk management.

Strong risk awareness on the part of all employees is a core element of risk management. This awareness supports the ability of organisational units and committees to provide timely information to the Management on relevant risk events and on the risk profile of the bank. Training programmes are conducted to strengthen capacity in all areas of risk management. Moreover, regular group-wide meetings and training events are held to support the exchange of best practices and the development and enhancement of risk management.

4 Risk management (continued)

b Risk management strategy (continued)

Risk positions are analyzed regularly, discussed intensively and documented in standardised reports. The General Risk Department reports regularly to the different risk functions at ProCredit Holding, and the Supervisory Board is informed on at least a quarterly basis about all risk-relevant developments. Monitoring of the bank's risk situation is carried out through a review of these reports and of additional information generated. If necessary, additional ad-hoc reporting occurs for specific topics. The aim is to achieve transparency on the material risks and to be aware at an early stage if potential problems might be arising.

Internal control system, compliance and auditing

The bank has a compliance management system supported by the bank's Code of Conduct, which is binding for all staff, and by its approach to staff selection and training. Legal and Compliance Department bears responsibility for the implementation of a group-wide system to ensure fulfilment of all regulatory requirements. ProCredit Bank has a compliance function, which bears responsibility for adhering to national banking regulations and reports regularly and on an ad-hoc basis to the Management of the bank and to ProCredit Holding. Any conduct, which is inconsistent with the established rules, can be reported (also anonymously) both to an e-mail address established for the ProCredit group, or to an e-mail address on a local level.

Processes and procedures have been implemented to ensure adequate internal control. This system is based on the principles of segregation of duties, dual control and the separation of front and back office for all risk-relevant operations up to the management level; this ensures that risk management and risk control are performed independently of front-office functions.

As part of the internal control system, risk assessments are performed annually in order to identify and evaluate material risks and to assess the adequacy of the control processes. Risk mitigation measures are defined for the areas identified as high risk. The results of the risk assessments are compared with the operational risk events recorded in the Risk Event Database, which may indicate possible further control deficiencies. In addition, early warning indicators have been defined, in order to identify areas of banking business with increased fraud risk. To complete the internal control system, all new products and/or activities, as well as outsourcing activities, need to be analysed to identify and manage potential risks before implementation.

The concept of three lines of defense is of central importance for risk management and risk culture, as it establishes that appropriate risk management and protection against undesirable risks is not limited to the risk functions.

- The bank has revenue-generating business units that form the first line of defense for the internal control system. Control and risk management responsibility lies with the set procedures for client onboarding, client risk classification and client due diligence. The control duties in the first line of defense also underscore the dual responsibility of these departments, which both generate business and at the same time keep watch on the associated risks and controls.
- The second line of defense comprises the various risk management and compliance functions in the bank, such as the various risk and control teams, managing financial, operational and credit risks, and compliance and AML. Their core tasks include reporting risk-relevant information and incidents and monitoring all types of financial and non-financial risks. By defining group-wide minimum standards, ProCredit Holding strengthens the second line of defense in all ProCredit institutions in accordance with German and EU regulatory standards. ProCredit Holding also ensures that these requirements are embedded in the ProCredit group's policies and procedures.

4 Risk management (continued)

b Risk management strategy (continued)

- The third line of defense is composed of the Internal Audit Department of the bank, which is supported by Group Audit at ProCredit Holding. Group Audit is responsible for quality assurance, monitoring and technical guidance of the third line of defense in the ProCredit banks. The internal audit function carries out risk assessments of the bank at least once per year in order to arrive at a risk-based annual audit plan. On this basis, it independently audits and assesses the appropriateness and effectiveness of the internal control system and the risk management system. The Internal Audit Department reports to the bank's Audit and Risk Committee, which generally meets on a quarterly basis.

Furthermore, there are additional external control levels that complement the ProCredit Bank's three existing internal lines of defense. These include external auditors and banking supervisory authorities.

Key elements of risk management

The risk appetite provides the framework for risk management. This is a conscious decision about the extent to which the bank is prepared to take risks in order to achieve its strategic objectives. The risk appetite is defined for all material risks and is presented in the risk strategy. ProCredit Bank's strong awareness of environmental and sustainability aspects (ESG risks) also informs this process.

Risk management comprises identifying, quantifying, managing, monitoring, controlling and reporting risks. In managing risks, the bank takes account of the German supervisory "Minimum Requirements for Risk Management" (MaRisk), of relevant publications by national and international regulatory authorities and of the knowledge of the markets acquired over many years. The mechanisms designed to hedge and mitigate risks are monitored regularly to ensure their effectiveness, and the procedures and methods used to manage risks are subject to ongoing further development. The key elements of risk management in ProCredit Bank are presented below:

- The risk strategy addresses all of the material risks arising from the implementation of the business strategy and defines the objectives and measures of risk management.
- The annually conducted risk inventory ensures that all material and non-material risks are identified and, if necessary, considered in the strategies and risk management processes;
- All risks assumed are managed to always ensure an adequate level of capital, in both the normative and economic perspective, as well as adequate liquidity levels at all times;
- All ProCredit institutions apply a single common risk management framework, which defines group-wide minimum standards. The risk management policies and standards are approved by the Management of ProCredit Bank and are updated at least annually. These specify the responsibilities at bank and establish minimum requirements for managing, monitoring and reporting;
- Monitoring and control of material risks and possible risk concentrations is carried out using comprehensive analysis tools. For all material risks, early warning indicators (reporting triggers) and limits are set and the corresponding utilisation is monitored. The effectiveness of the chosen measures, limits and methods is continuously checked;
- Regular stress tests are performed for all material risks; stress tests are carried out for each individual risk category as well as across all risk categories;

4 Risk management (continued)

b Risk management strategy (continued)

- Regular and ad-hoc reporting is carried out on the risk profile, including detailed descriptions and commentaries;
- Suitable processes and procedures for an effective internal control system are in place. This is built around the principles of segregation of duties, dual control and, for all risk-relevant operations, the separation of front and back office up to the management level; this ensures that risk management and risk control are performed independently of front-office functions;
- All new or significantly changed products/services, business processes, instruments, IT systems or organisational structures undergo a thorough analysis (New Risk Approval process) before being implemented or used for the first time. This also applies to activities in new markets and via new distribution channels. This ensures that new risks are assessed and all necessary preparations and tests are completed prior to the introduction of a new or significantly changed product for the first time.

Management of Individual Risks

The material risks for ProCredit Bank are credit risk, market risks (foreign currency risk and interest rate risk), liquidity and funding risk, operational risk, risks arising from money laundering, terrorist financing and other acts punishable by law, business risk and model risk.

ESG risks are environmental, social or corporate governance events or conditions whose occurrence may have an actual or potential negative impact on financial position and financial performance as well as on reputation. The bank deliberately does not give separate treatment to ESG risks, as it would hardly be possible to isolate such risks. Managing ESG risks is an integral part of the business strategy. ESG risks can have a material impact on all of the identified risks, contributing as a factor in their materiality. ESG risks have the greatest impact on credit risk arising from business with clients, i.e. the impact that ESG risks have on the clients and the corresponding business models and thus on their ability to survive.

The management of material risks in the ProCredit group is described in greater detail in the following section.

c Credit risk

The bank defines credit risk as the risk that losses will be incurred if the party to a transaction cannot fulfil its contractual obligations at all, not in full or not on time. Within overall credit risk the bank distinguishes between customer credit risk, counterparty risk (including issuer risk) and country risk. Credit risk is the most significant risk facing ProCredit Bank, and customer credit exposures account for the largest share of that risk.

4 Risk management (continued)

c Credit risk (continued)

Maximum exposure to credit risk

Exposure types	31 Dec 2025	31 Dec 2024
Loans and advances to banks	104,898	66,823
Investment securities	113,890	118,691
Fixed interest rate debt securities	113,890	118,691
Loans and advances to customers, net	3,682,066	3,423,432
Loans and advances to customers, net	3,682,066	3,423,432
Other assets	11,779	7,895
Other financial assets	11,779	7,895
Contingent liabilities and commitments	794,900	766,495
Guarantees	132,762	106,487
Letters of credit	1,951	719
Credit commitments (revocable loan commitments)	660,187	659,289

Customer credit risk

The key objectives of credit risk management are to achieve high loan portfolio quality, low risk concentrations within the loan portfolio and appropriate coverage of credit risks with loan loss provisions. Thanks to the diversification of operations across Bulgaria and Greece and to the experience that ProCredit Bank has gained over the past years, the bank has extensive expertise with which to limit customer credit risk effectively.

ProCredit Banks serves a clear target group. It ranges from relatively small business clients with increasingly formalised structures to larger SMEs as well as private individuals. For the lending operations, the bank applies the following principles, among others:

- Intensive analysis of the debt capacity and repayment capacity of borrowers, taking account for expected future cash flows as well as assessing ESG aspects;
- Carefully documenting credit risk analyses and processes conducted during lending operations, ensuring that the analyses performed can be understood by knowledgeable third parties;
- Avoiding over indebtedness among the loan clients;
- Building a long-term relationship with the client, maintaining regular contact and documenting the development of the exposure in the regular monitoring reports;
- Monitoring the repayment of credit exposures;
- Applying closely customer-oriented, intensified loan management in the event of arrears;
- Collateral realisation in the event of insolvency.

4 Risk management (continued)

c Credit risk (continued)

The framework for managing customer credit risk is presented in the relevant policies and standards. The policies specify, among other things, the responsibilities for managing credit risk, the principles for the organisation of the lending business, the principles involved in lending operations, and the framework for the valuation of collateral for credit exposures. The standards contain detailed explanations of the bank's lending operations with business clients and private clients and of the range of credit offered. They also set forth the rules governing restructuring, risk provisioning and write-offs. Thus, the policies and standards define risk-mitigating measures for the pre-disbursement phase (credit risk assessment, consideration of ESG aspects) and the post-disbursement phase (e.g. regular monitoring of the financial situation, review of early warning indicators, and both intensified and problem loan management).

The bank divides its credit exposures into the following categories: micro, small and medium-sized business credit exposures and credit exposures to private clients. Micro exposures are up to EUR 100,000; Small exposures are between EUR 100,000 and EUR 750,000. There are two sub-categories of Small credit exposures: Lower Small credit exposures up to EUR 250,000 and Upper Small credit exposures, which do not exceed EUR 750,000. Medium exposures are above EUR 750,000. There are two sub-categories of Medium credit exposures: Lower Medium credit exposures are credit exposures that do not exceed EUR 1,500,000 and Upper Medium credit exposures are credit exposures over EUR 1,500,000. Depending on the client category to which the respective credit exposure is assigned, different credit risk assessment processes are applied. These processes differ from one another in terms of the following attributes: The degree of segregation of duties, type of information that provides the basis for the credit analysis, criteria for credit decisions, and collateral requirements. A strict separation of front and back office functions up to the management level is applied for exposures over EUR 500,000.

The experience of the bank has shown that a thorough creditworthiness assessment constitutes the most effective form of credit risk management. The credit decisions are therefore based predominantly on an analysis of the client's financial situation and creditworthiness. ProCredit Bank maintains regular contact with its clients, including regular on-site visits to ensure that the bank gives adequate consideration to their specific risk profile and needs. For private customers, the assessment is mainly based on the amount and source of income and their overall debt.

Assessment of ESG risks as part of credit risk

The materiality assessment of ESG risks as drivers of traditional risk types showed that ESG risks can contribute to the materiality of customer credit risk.

The credit risk assessment takes ESG risks into account at all levels of the lending and monitoring process. At the start of the lending process, potential borrowers are checked against bank's Exclusion List, the Screening List for Category A projects and Protected areas. This screening ensures that ProCredit Bank does not enter into business relationships with customers whose economic activities have an adverse impact on the environment and society, as defined in the Exclusion List.

4 Risk management (continued)

c Credit risk (continued)

Furthermore, all business customers are categorised according to the potential environmental impacts and risks of their activities. Depending on the environmental risk category and the volume of the credit exposure, clients are subject to a more comprehensive environmental and social assessment that also includes risks and impacts related to governance and climate change aspects of their business model. In the case of project financing for renewable energies, the scope of the environmental and social assessment depends on the type of technology and the installed capacity. Regardless of the size of the loan exposure and the environmental risk category, a 'social check' is carried out for all business customers, examining the social, health and safety aspects in connection with occupational safety and the impact on the local community. When analysing the financial situation and assessing the creditworthiness of borrowers, the possible impact of risks inherent in their industry and other factors identified in the environmental and social assessment are taken into account.

Key risk indicators (KRIs) have been defined to measure and monitor the impact of ESG risks on customer credit risk in the loan portfolio. These are monitored in the quarterly risk report in order to identify and review portfolio concentrations with increased ESG risk at an early stage.

Approval process for credit exposures

All credit decisions are taken by credit committee. Its members have approval limits that reflect their expertise and experience. Granting of medium credit exposures is carried out exclusively by credit committees at the bank's head offices. If the exposures are particularly significant on account of their size, the decision is confirmed by the Supervisory Board of the bank, usually following a positive vote issued by the responsible Group Credit Risk Management team at ProCredit Holding.

The most important basis for decision-making within the credit committee is the proposal for the financing and collateral structure, which is tailored to the customers' needs and dependent on their risk profile. In this context, the main parameters that affect the security are the loan exposure, maturity of the loan, quality of the documentation, provided by the client, and risk classification.

The credit risk management policies limit the possibility for unsecured credit operations. Depending on the risk profile and the maturity of the exposure, loans may also be disbursed without being fully collateralised. As a general rule, credit exposures are covered with collateral security, mostly through immovable property.

As a rule, the valuation of collateral is based on assessments conducted by external, independent experts. In order to ensure that a reduction in the value of the collateral is detected at an early stage and appropriate measures can be taken, plausibility checks of the collateral value are performed when there are indicators of impairment and at least annually. Assessments are updated at regular intervals, with plausibility checks being carried out by specialised ProCredit bank staff.

Based on the bank's collateralisation requirements, securing loans with immovable properties is among the most important instruments for limiting credit risk. Although the largest share is concentrated in real estate, its distribution by individual purpose, location and associated market is diversified across regions and economic sectors, similar to the distribution of the loan portfolio of the bank. In this context, the concentration risk via collateral is considered to be low. The distribution of the loans and advances to customers by type of collateral is presented in the table below:

4 Risk management (continued)

c Credit risk (continued)

Collateral held	31 Dec 2025	31 Dec 2024
Mortgage	49%	46%
Guaranties from the EIF	18%	18%
Machines and vehicles	13%	15%
Cash collateral	4%	5%
Other types of collateral	6%	7%
Without collateral	10%	9%
Total	100%	100%

The table below sets out the carrying amount and the value of identifiable collateral held against loans and advances to corporate customers measured at amortised cost, other than reverse sale-and-repurchase agreements. For each loan, the value of disclosed collateral is capped at the nominal amount of the loan that it is held against.

	2025		2024	
	Gross carrying amount	Collateral	Gross carrying amount	Collateral
Stages 1 and 2	3,571,677	2,718,195	3,438,565	2,568,050
Stage 3 & POCI	192,392	104,263	36,533	26,588

The following table stratifies credit exposures housing loans to retail customers by ranges of loan-to-value (LTV) ratio. LTV is calculated as the ratio of the gross amount of the loan to the 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 based on the collateral value at origination updated based on changes in house price indices.

LTV ratio	31 Dec 2025	31 Dec 2024
Less than 50%	67,484	73,996
51%-70%	89,034	68,863
71%-90%	165,250	106,313
90%-100%	40,777	45,377
More than 100%	32,891	50,630
Total	395,436	345,179

The Bank provides financing to small and medium-sized enterprises under several European and national guarantee programs. Initial support was provided through the JEREMIE initiative, followed by the InnovFin SME Guarantee Facility and the SME Initiative Guarantee Facility, both launched in 2016. Sub-loans granted under these schemes are partially guaranteed by the European Investment Fund (EIF). In 2020, the InnovFin program was extended to include COVID-19 support measures, and new guarantee programs with the EIF were introduced for Bulgaria and Greece. In 2021, additional programs were launched under the Pan-European Guarantee Fund, and in Greece the Bank entered into a guarantee agreement with the Hellenic Development Bank (HDB). Between 2023 and 2025, further guarantee agreements were signed under InvestEU with the EIF for both Bulgaria and Greece, as well as with the EBRD in 2025. The total customers loan portfolio outstanding under the programs described above were BGN 711,354 thousand as of end 2025 (2024: BGN 676,077 thousand).

4 Risk management (continued)

c Credit risk (continued)

In 2023, ProCredit Bank concluded a financial guarantee agreement with the European Investment Fund covering a portfolio of business loans in the amount of EUR 300 million. The transaction is a synthetic securitisation in which the bank transfers credit risk through financial guarantee. In 2025 a new agreement was signed for the additional amount of EUR 250 million.

Early risk detection and monitoring

The early identification of rising credit risks is an integral part of all credit-related processes. This enables the prompt identification and assessment of potential financial difficulties for the bank's customers. This risk analysis is carried out at the individual client level as well as at the portfolio and sub-portfolio level, e.g. for specific industries or geographic regions. This is always based on up-to-date and relevant information, including customer financial data and market-specific developments.

As part of the process for the early identification of risks, there is a comprehensive list of early warning indicators, including triggers for watchlist, that take into account both quantitative and qualitative risk characteristics. These are recorded in the bank and monitored at portfolio level.

Some of these indicators are customer-specific, including declining account turnover and balances, high utilisation of credit lines and overdraft facilities over a longer period of time, and payment arrears or structural changes in business operations. In addition, the bank analyses potential risks based on macroeconomic factors, such as those arising from specific economic sectors or geographic regions. These risk factors can lead to a targeted limitation of exposures to certain client groups. If an increase in credit risk cannot be ruled out, the respective clients are added to a watch list; this entails closer monitoring and thus acts as a preliminary stage of intensified management. The regular recording and evaluation of these early warning indicators is essential for the management of the loan portfolio, the early identification of potential loan defaults and the introduction of suitable countermeasures to mitigate risk. Reports on affected portfolios are given on an ongoing basis to the corresponding branch management, the bank's head office and, in aggregated form, to ProCredit Holding. Special risk-relevant events with potential effects on larger parts of the credit portfolio, such as a significant increase in interest rates, require further analyses and corresponding measures.

Relevant credit risk events

The bank continuously monitors its loan portfolio for potential risk-relevant developments that could have a direct or indirect impact on the business activities and loan portfolio. In 2025, the bank introduced a process for the structured monitoring of all such events, including centralisation of reporting and risk management for such events to ProCredit Holding. Several macroeconomic developments were identified as negative factors influencing credit risk and the repayment capacity of our customers. The bank continues to take such effects and the high degree of uncertainty into account as part of a general negative outlook. However, the uncertainty caused by existing global conflicts and political tensions remains high. Furthermore, additional market disruptions are possible, such as in energy supply and pricing developments or the imposition of tariffs, leading to a potential trade war. Many of these developments were exacerbated in part by a deterioration in the global security situation, including the war against Ukraine and conflict in the Middle East, reinforcing the continued negative outlook.

4 Risk management (continued)

c Credit risk (continued)

Risk and quality-dependent treatment

On the basis of asset quality indicators, the loan portfolio is divided into categories: performing, underperforming and default. This categorisation is based on a risk classification system that takes account for repayment arrears as well as other risk characteristics, including the initiation of bankruptcy or legal proceedings, restructurings or collateral liquidations by other banks. In addition, other factors which indicate a significant deterioration of the economic situation of the client can also play a role. The portfolio indicators allow for a clear overview of the quality of the bank's portfolio, and represent one of the most important tools for the credit risk management process. The indicators and the associated internal processes are defined in accordance with the requirements of the European Banking Authority. The categories are as follows:

- **The performing loan portfolio** shows no signs of a potential risk increase. Although some exposures show early warning signals, these may not necessarily result in a risk increase being determined. These exposures are allocated to Stage 1 except the exposures that show significant increase of credit risk which are allocated to Stage 2.
- **The underperforming loan portfolio** comprises exposures showing increased credit risk. This can be caused by temporary payment difficulties (30-90 days) or restructuring, or by a deterioration in the financial circumstances of clients, as expressed through an adjustment of the risk classification. Nevertheless, the bank still assesses full repayment of the exposure to be possible, e.g. after restructuring. These exposures are allocated to Stage 2 except the exposures that don't show significant increase of credit risk which are allocated to Stage 1.
- **The default loan portfolio (Stage 3)** comprises all exposures in default, pursuant to the regulatory definition of default (Regulation (EU) No. 575/2013 under (EU) 2019/876 (CRR II), Art. 178), that have shown lasting payment difficulties (over 90 days) or other indications. These include, among other factors, when the borrower is highly unlikely to meet their loan obligations to the bank in full or when insolvency proceedings have been initiated.

Once a higher risk of default is identified for a credit exposure, it is placed under intensified management and assigned to the underperforming category. Particularly for the business clients, this centres around close communication, identification of the source of higher credit default risk and close monitoring of business activities. For private customers, any changes in the income or debt situation are investigated in more detail by initiating contact. Decisions on measures to reduce the default risk for individual credit exposures are taken by the authorised decision-making bodies (e.g. Credit Committee on Restructuring) for the credit exposures in question. In addition, specialised recovery officers may be called in to support the intensified management of the credit exposure. One of the first steps in managing the exposure is to determine the current economic and financial situation of the client, as this is the most important basis for decisions on whether or not the exposure can be restructured. The aim is to take such decisions at an early stage, while the chances of stabilisation are high and before the exposure enters an advanced phase of payment delay. When a credit exposure is classified as defaulted, specialised officers take over dealings with these loans. Based on the prospects for the customer, a strategy is developed with the goal of either restructuring or winding down the exposure. These officers are supported by the legal department of the respective bank. In the event of collateral realisation, items are sold through liquidation to a third party at the highest possible price, typically via public auction. The majority of collateral acquired consists of tangible assets such as land or buildings.

4 Risk management (continued)

c Credit risk (continued)

Loss allowance

The expected credit loss (ECL) model pursuant to IFRS 9 is the central element of the approach to quantifying loss allowance for both on- and off-balance sheet financial instruments and continues to be optimised. The calculated loss allowances are determined based on the expected credit losses for several future default scenarios. This represents the combined sum of the probability-weighted results from the scenarios. ECL estimates are based on reliable information about past events, current conditions and projections of future economic conditions. A detailed description of the model specifications is provided below.

Three-stage approach

As with all debt instruments, loans and advances to customers are also broken down into the three stages described below, based on the development of credit risk since initial recognition. A specific methodology is applied for each stage in order to determine impairment. During the term of an exposure, movement is possible between the stages.

- **Stage 1** comprises exposures for which credit risk as of the reporting date has not significantly increased since initial recognition, and for which there is thus no indication of a trigger for allocation to Stage 2 or Stage 3; this also includes exposures which have been re-assigned to Stage 1 from other stages. Generally, all exposures are allocated to Stage 1 upon initial recognition, with the exception of those categorised as POCI (Purchased or Originated Credit Impaired). For Stage 1 exposures, the expected credit losses arising from possible default events within a period of up to 12 months following the reporting date are recognised in expenses. For receivables with a remaining term of less than 12 months, the shorter contractual maturity is applied.
- **Stage 2** comprises exposures for which credit risk as of the reporting date has significantly increased since initial recognition (Significant increase in credit risk – SICR), but for which there are no objective indications of impairment; this also includes exposures which have been re-assigned to Stage 2 from Stage 3. Loss allowances are established in an amount equivalent to the expected credit losses over the entire remaining maturity.
- **Stage 3** includes all defaulted exposures (except POCI); i.e. as of the reporting date, there are objective indications of impairment. The respective calculation of loss allowances is performed based on the expected credit losses over the entire remaining maturity considering 100% probability of default.
- **POCI** exposures refer to defaulted exposures; however, they are recorded separately and are differentiated from other exposures in Stage 3 in the recognition of loss allowances.

Calculation of ECL

Expected credit losses are calculated using the following main parameters:

Exposure at default (EAD)

EAD is the expected exposure amount at the time of a loan default; it is derived from the currently outstanding receivable from the customer and possible future changes under the applicable contractual conditions. Thus, the EAD consists of the expected exposures (including credit risk from off-balance sheet business) at the time of default. For exposures with regular repayment plans, the modelled EAD is adjusted for the expected possibility of early repayment based on historical observations and on scenarios for the development of the economic environment and associated future forecasts. For potential exposures that may arise in the future from the utilisation of existing credit commitments, such as credit lines or overdraft facilities, conversion factors are estimated based on empirical analysis of historical data; for payment guarantees and letters of credit, a conversion factor of 100% or 50%, respectively, is set on the basis of professional judgment.

4 Risk management (continued)

c Credit risk (continued)

Probability of default (PD)

The probability of a loan default within a certain period of time is derived from historical default events. These data include the time, type and amount of default as well as information about the characteristics of the customer from our internal risk classification system. The parameters are country-specific and differentiate the risk levels of exposures according to the customer segments defined at bank level. The bank uses statistical models, developed by ProCredit Holding, to analyse the collected data and make forecasts for the expected PD based on scenarios for the development of the economic environment (PiT estimate). In addition, the PDs over the remaining lifetime of an exposure are estimated.

Loss given default (LGD)

The LGD reflects the expected extent of the loss from a defaulted credit exposure. The figure comprises the probability of recovery from the default and the estimated recovery rates for both scenarios (recovery/non-recovery). The recovery rates are calculated from the discounted cash flows based on historical data on funds received from defaulted customers and on the realisation of collateral and guarantees. The estimated probabilities and recovery rates are modelled as forward-looking forecasts that account for the assumed scenarios about the development of the economic environment.

Input data for the assessment of credit risk parameters are based on multi-year data histories for all borrowers in the bank. The influence of customer-specific risk characteristics and macroeconomic factors on the selected parameters is determined through regression analysis. The multi-stage selection process for relevant macroeconomic factors, which address various dimensions of the economic environment (economic performance, inflation, unemployment, interest rate environment, currency strength, energy prices), is based on professional discretion, their statistical significance and economic relevance. The selection process is validated annually. Publications of the International Monetary Fund (IMF), the Economist Intelligence Unit (EIU) and the European Central Bank (ECB) are used as data sources for the historical data and forecasts of the following relevant macroeconomic factors: GDP, inflation, unemployment rate, lending rate, purchasing power parity, gas and oil price index. In order to establish the ECL parameters, a probability-weighted average value is calculated based on various scenarios for the macroeconomic factors.

The calculation of loss allowances is automated and parameter-based for exposures in Stage 1 and Stage 2 as well as individually insignificant Stage 3 exposures. Loss allowances for individually significant Stage 3 exposures are estimated by credit analysts.

The current macroeconomic forecasts from the IMF World Economic Outlook Database and the EIU were used in establishing loss allowances. The parameters are calculated by weighting the three scenarios (base/pessimistic/optimistic), with the base scenario normally weighted at 50%, pessimistic scenario – 40% and optimistic scenario – 10%. The weighting was adjusted to reflect the assessment of a currently tense macroeconomic situation.

Bulgaria	GDP growth in %			Change in credit interest rate in %	Change in purchasing power parity rate in %			Weight
	2025	2026	2027	2025	2025	2026	2027	
Baseline scenario	3.0	3.1	2.8	0.0	-16.2	-6.2	1.8	50%
Pessimistic scenario	5.1	5.2	4.9	-0.5	-35.4	-25.4	-17.4	40%
Optimistic scenario	1.7	1.7	1.5	0.9	1.9	11.9	19.9	10%

4 Risk management (continued)

c Credit risk (continued)

The sensitivity of loss allowances is analysed in terms of the influence of relevant macroeconomic factors. Sensitivity is calculated by simultaneously increasing or decreasing all the applied macroeconomic model factors, depending on the expected direction of the factor's impact, in order to simulate positive or negative macroeconomic conditions. The following table presents the loss allowances for the bank with the respective macroeconomic changes.

<i>in BGN thousands</i>	Year	Loss allowance 100% Baseline scenario	Loss allowance 100% Optimistic scenario	Loss allowance 100% Pessimistic scenario	Loss allowance Weighted (50%/10%/40%)
Total loss allowance	2025	79,113	72,474	87,997	82,003

The calculations and the relevant macroeconomic factors used in the analyses for 2024 are:

Bulgaria	GDP growth in %		Inflation rate in %	Change in credit interest rate in %	Change in purchasing power parity rate in %		Weight
	2024	2025	2025	2025	2024	2025	
Baseline scenario	2.3	2.5	2.5	-0.4	6.4	3.3	50%
Pessimistic scenario	1.0	1.2	6.8	0.5	8.0	4.9	40%
Optimistic scenario	4.4	4.6	-1.1	-0.9	2.9	-0.2	10%

<i>in BGN thousands</i>	Year	Loss allowance 100% Baseline scenario	Loss allowance 100% Optimistic scenario	Loss allowance 100% Pessimistic scenario	Loss allowance Weighted (50%/10%/40%)
Total loss allowance	2024	49,342	39,986	57,492	51,666

Changes in the above assumptions can lead to changes in the calculated loss allowances over time. The ProCredit group acknowledges that discretionary decisions of the Management and estimation uncertainties can have a significant impact on the establishment of loss allowances for collectively and individually assessed exposures. Such discretion is based on the applied definition of default, the approach to determining a significant increase in credit risk (SICR) and the selected macroeconomic factors.

Significant increase in credit risk

When determining whether or not a significant increase in credit risk (SICR) has occurred, both quantitative and qualitative information is used.

The quantitative test for SICR consists of a comparison between the expected PD over the remaining lifetime as of the reporting date and the expected PD over the corresponding time period at initial recognition. A significant increase in credit risk is deemed to exist if the difference between these two PDs exceeds a certain limit by a factor of 2.5. In this case, the respective financial instrument is transferred from Stage 1 to Stage 2. Conversely, a transfer from Stage 2 to Stage 1 is possible once the associated credit risk is no longer significantly elevated.

4 Risk management (continued)

c Credit risk (continued)

In addition, qualitative criteria are used for SICR decisions. A transfer from Stage 1 to Stage 2 is made when one of the following criteria is met:

- Contractual payments are past due by more than 30 days but not more than 90 days.
- Classification of the loan as “restructured” (forbearance) pursuant to internal policies (adjustment of contractually agreed conditions).
- Classification of the loan in risk classes 6 or 7, which are associated with an increase in credit risk.
- Recognition of a possible increase in credit risk based on information from the early warning system (watch list).

Impaired credit exposures

If a credit exposure is deemed to be impaired, it is transferred to Stage 3 accordingly. The definition of impairment according to IFRS 9 corresponds to the definition used for the Defaulted portfolio in internal risk management, and thus also the regulatory definition of default (Regulation (EU) No. 575/2013 under (EU) 2019/876 (CRR II), Art. 178). This default definition is applied to all exposures which are part of the loan portfolio of the bank. The bank considers an exposure to be impaired if at least one of the criteria of the default definition is met and the expected cash flows have been negatively impacted to such an extent that full repayment of the receivable can no longer be assumed.

When establishing Stage 3 loss allowances, a distinction is drawn between individually significant and individually insignificant credit exposures; the threshold is EUR 250,000 (for all exposures to a client or a group of related parties). For indications of impairment of significant exposures, an individual assessment is performed to determine loss allowances, taking account for probability-weighted expected inflows in various scenarios, including collateral liquidation. For individually insignificant exposures, loss allowances are determined using parameters for the collective assessment of credit risk with the ECL model.

Returning an exposure from Stage 3 to a lower stage is possible if the customer can settle outstanding debts in full without recourse to collateral realisation. Unrestructured loans can be returned no sooner than three months after they are assigned to Stage 3 and a determination is made that repayment ability has improved. Restructured loans can be returned no sooner than 12 months after they are assigned to Stage 3 and a determination is made that repayment ability has improved. No migration between stages is possible for POCI exposures.

Purchased or Originated Credit Impaired (POCI) assets

In line with IFRS guidelines, the bank performs separate recognition of POCI (Purchased or Originated Credit Impaired) exposures. Within the institution's business model, the acquisition of impaired exposures is not permitted. Accordingly, POCI exposures can only arise in the course of a new negotiation through significant modification of the contractually agreed cash flows. For POCI exposures, no allowances for impairment are made at the time of initial recognition. In subsequent periods, all changes with regard to the expected losses over the remaining maturity period (lifetime ECL) are recognised as an expense in the income statement and reported accordingly as loss allowances for these exposures.

4 Risk management (continued)

c Credit risk (continued)

Changes to contractual terms (modifications) and forbearance

Changes to the originally agreed contractual conditions of an exposure are possible, in particular with the aim of improving the prospects of repayment and, if possible, avoiding default, foreclosure or the realisation of collateral. If financial difficulties are identified for the customer at the time of the modifications, they are classified as a forbearance measure. This has an impact on the risk classification, the stage and thus on the calculated loss allowance. The bank uses qualitative and quantitative factors to determine the existence of financial difficulties and the existence of a substantial modification of contractual conditions. As a quantitative factor, the net present value of cash flows is determined in order to assess the changed conditions of an exposure (net present value test). In the event of a substantial change, the original contract is derecognised and a new exposure is recognised at the fair value at the time of modification. In the case of a non-substantial change, the gain or loss is recognised through profit or loss.

Write-offs

When a loan is uncollectible, it is written off against the corresponding loss allowance which has been set aside, provided there is no justified expectation of repayment. The direct and indirect costs of actively managing credit exposures that have not been written off must be in proportion to the size of the outstanding exposure.

For exposures of any size, the banks carry out an individual assessment of the justified feasibility of repayments. Based on the assessment, the banks may decide to write off the exposure or continue to actively manage the exposure in order to allow for further repayment of the loan. A portion of written-off exposures are still subject to enforcement activities.

The following table provides an overview of the respective gross and net exposure amounts and loss allowances for financial assets, broken down by stages:

	Stage1	Stage 2	Stage 3	POCI	Total
As of 31 Dec 2025	12 month ECL	Lifetime ECL	Lifetime ECL		
Gross outstanding amount	3,318,695	252,982	191,947	445	3,764,069
Loss allowances	(11,092)	(8,717)	(62,140)	(54)	(82,003)
Carrying amount	3,307,603	244,265	129,807	391	3,682,066

	Stage1	Stage 2	Stage 3	POCI	Total
As of 31 Dec 2024	12 month ECL	Lifetime ECL	Lifetime ECL		
Gross outstanding amount	3,188,843	249,722	36,014	519	3,475,098
Loss allowances	(15,060)	(23,476)	(13,098)	(32)	(51,666)
Carrying amount	3,173,783	226,246	22,916	487	3,423,432

4 Risk management (continued)

c Credit risk (continued)

The following table presents gross and net exposures, broken down according to economic sector and by stage.

As of 31 December 2025	Business loans					Private loans			Total
	Wholesale and retail trade	Agriculture, forestry and fishing	Production	Transportation and storage	Other economic activities	Housing	Investment loans and OVDs	Other	
Stage 1									
Gross outstanding amount	557,782	536,430	452,090	157,382	1,031,305	391,663	76,036	116,007	3,318,695
Loss allowances	(1,530)	(2,408)	(1,299)	(444)	(3,193)	(1,222)	(368)	(628)	(11,092)
Carrying amount	556,252	534,022	450,791	156,938	1,028,112	390,441	75,668	115,379	3,307,603
Stage 2									
Gross outstanding amount	21,720	48,346	36,058	2,934	133,182	2,976	1,161	6,605	252,982
Loss allowances	(282)	(1,262)	(786)	(89)	(5,739)	(65)	(101)	(393)	(8,717)
Carrying amount	21,438	47,084	35,272	2,845	127,443	2,911	1,060	6,212	244,265
Stage 3									
Gross outstanding amount	6,641	2,821	14,785	506	163,118	797	374	2,905	191,947
Loss allowances	(2,457)	(1,164)	(5,649)	(295)	(49,809)	(279)	(298)	(2,189)	(62,140)
Carrying amount	4,184	1,657	9,136	211	113,309	518	76	716	129,807
POCI									
Gross outstanding amount	-	-	-	-	445	-	-	-	445
Loss allowances	-	-	-	-	(54)	-	-	-	(54)
Carrying amount	-	-	-	-	391	-	-	-	391

As of 31 December 2024	Business loans					Private loans			Total
	Wholesale and retail trade	Agriculture, forestry and fishing	Production	Transportation and storage	Other economic activities	Housing	Investment loans and OVDs	Other	
Stage 1									
Gross outstanding amount	508,829	561,457	451,930	143,952	1,038,029	343,995	58,698	81,953	3,188,843
Loss allowances	(1,750)	(2,912)	(2,115)	(578)	(5,494)	(1,054)	(426)	(731)	(15,060)
Carrying amount	507,079	558,545	449,815	143,374	1,032,535	342,941	58,272	81,222	3,173,783
Stage 2									
Gross outstanding amount	10,695	41,758	14,636	1,170	179,409	628	509	917	249,722
Loss allowances	(221)	(861)	(413)	(7)	(21,933)	(16)	(7)	(18)	(23,476)
Carrying amount	10,474	40,897	14,223	1,163	157,476	612	502	899	226,246
Stage 3									
Gross outstanding amount	7,958	2,046	12,748	526	11,039	556	43	1,098	36,014
Loss allowances	(2,150)	(911)	(4,455)	(204)	(4,318)	(206)	(16)	(838)	(13,098)
Carrying amount	5,808	1,135	8,293	322	6,721	350	27	260	22,916
POCI									
Gross outstanding amount	-	3	-	-	516	-	-	-	519
Loss allowances	-	(3)	-	-	(29)	-	-	-	(32)
Carrying amount	-	-	-	-	487	-	-	-	487

Credit risk at the portfolio level is assessed on a quarterly basis and, if necessary, more frequently. This includes an analysis of portfolio structure and quality, restructured exposures, write offs, the coverage ratio (risk provisions in relation to past-due portfolio) and concentration risk.

Concentration risk in the customer loan portfolio is limited by a high degree of diversification. This diversification is a consequence of lending to small and medium businesses in various economic sectors and to private clients. Geographically, the loans and advances to customers are disbursed to clients, which are Bulgarian or Greek residents.

4 Risk management (continued)

c Credit risk (continued)

In addition, ProCredit Bank limits the concentration risk of its portfolios by means of the following requirements: large credit exposures (those exceeding 10% of regulatory capital) require the coordination with the ProCredit Group Credit Risk Management Committee and approval of the Supervisory Board of the bank. No large credit exposure may exceed 25% of regulatory capital, and the sum of all large credit exposures may not exceed 150% of its regulatory capital. The largest credit exposure of the bank was 24% of the regulatory capital as of end 2025.

Continuous training of the staff ensures that credit risk is properly evaluated whenever a loan is issued, and that credit exposures are closely observed throughout their lifetime and, if necessary, that appropriate measures are taken in a timely manner.

4 Risk management (continued)

c Credit risk (continued)

The bank monitors concentration of risk by economic sector and geographic location. Analyses of concentrations of credit risk is shown below. Business loans include loans for business purposes (working capital or investments) disbursed to MSMEs. Business loans include agricultural loans as well as business overdrafts and revolving loans. Loans to Private clients include consumer and housing loans as well as consumer overdrafts and credit card receivables.

As of 31 December 2025	Gross loans ≤50,000 EUR	Gross loans >50,000 ≤ 250,000 EUR	Gross loans >250,000 ≤ 500,000 EUR	Gross loans >500,000 ≤ 1,500,000 EUR	Gross loans >1,500,000 EUR	Total gross loans
Business loans	332,012	538,911	916,424	585,987	792,211	3,165,545
Wholesale and retail trade	64,634	109,938	184,379	147,589	79,603	586,143
Agriculture, forestry and fishing	110,193	156,854	188,176	79,045	53,329	587,597
Production	38,756	88,719	158,703	109,233	107,522	502,933
Transportation and storage	35,400	43,474	42,865	28,391	10,692	160,822
Electricity, gas, steam and air conditioning supply	9,809	16,148	113,834	47,790	300,726	488,307
Construction and real estate	17,414	45,908	120,011	106,886	142,751	432,970
Hotel, restaurant and catering	9,796	13,151	24,012	25,721	38,396	111,076
Other economic activities	46,010	64,719	84,444	41,332	59,192	295,697
Private loans	282,731	206,349	95,211	11,040	3,193	598,524
Housing	101,461	191,848	87,894	11,040	3,193	395,436
Investment loans and OVDs	56,079	14,334	7,158	-	-	77,571
Others	125,191	167	159	-	-	125,517
Customer loan portfolio (gross)	614,743	745,260	1,011,635	597,027	795,404	3,764,069

As of 31 December 2024	Gross loans ≤50,000 EUR	Gross loans >50,000 ≤ 250,000 EUR	Gross loans >250,000 ≤ 500,000 EUR	Gross loans >500,000 ≤ 1,500,000 EUR	Gross loans >1,500,000 EUR	Total gross loans
Business loans	312,880	506,052	887,517	529,061	751,191	2,986,701
Wholesale and retail trade	62,457	104,389	171,539	121,567	67,530	527,482
Agriculture, forestry and fishing	107,616	160,121	197,027	80,787	59,713	605,264
Production	36,413	83,904	163,599	100,219	95,179	479,314
Transportation and storage	34,342	32,743	41,258	27,926	9,379	145,648
Electricity, gas, steam and air conditioning supply	10,719	16,055	121,709	55,382	309,891	513,756
Construction and real estate	15,375	42,504	103,158	82,645	110,692	354,374
Hotel, restaurant and catering	7,053	12,869	19,346	22,102	37,314	98,684
Other economic activities	38,905	53,467	69,881	38,433	61,493	262,179
Private loans	231,363	180,466	72,193	4,375	-	488,397
Housing	106,286	168,540	65,978	4,375	-	345,179
Investment loans and OVDs	42,052	11,596	5,602	-	-	59,250
Others	83,025	330	613	-	-	83,968
Customer loan portfolio (gross)	544,243	686,518	959,710	533,436	751,191	3,475,098

4 Risk management (continued)

c Credit risk (continued)

The tables below presents the customer loan portfolio and contingent liabilities and commitments split by risk classification, applied by the bank.

As of 31 December 2025

Loans and advances to customers	Stage 1	Stage 2	Stage 3	POCI	Total
Grades 1-5: Performing	2,373,858	57,638	-	-	2,431,496
Grades 6-7: Underperforming	-	118,445	-	-	118,445
Grade 8: Credit-impaired	-	-	185,256	445	185,701
Non-rated exposures	944,837	76,899	6,691	-	1,028,427
Gross carrying amount	3,318,695	252,982	191,947	445	3,764,069

As of 31 December 2024

Loans and advances to customers	Stage 1	Stage 2	Stage 3	POCI	Total
Grades 1-5: Performing	2,275,764	62,530	-	-	2,338,294
Grades 6-7: Underperforming	-	183,952	-	-	183,952
Grade 8: Credit-impaired	-	-	31,794	519	32,313
Non-rated exposures	913,079	3,240	4,220	-	920,539
Gross carrying amount	3,188,843	249,722	36,014	519	3,475,098

As of 31 December 2025

Contingent liabilities and commitments (Note 31)	Stage 1	Stage 2	Stage 3	IAS 37 contracts	Total
Grades 1-5: Performing	635,788	11,518	-	91,839	739,145
Grades 6-7: Underperforming	-	2,455	-	3,760	6,215
Grade 8: Credit-impaired	-	-	36	-	36
Non-rated exposures	47,154	360	22	1,968	49,504
Gross carrying amount	682,942	14,333	58	97,567	794,900

As of 31 December 2024

Contingent liabilities and commitments (Note 31)	Stage 1	Stage 2	Stage 3	IAS 37 contracts	Total
Grades 1-5: Performing	634,385	9,692	1,578	73,951	719,606
Grades 6-7: Underperforming	-	1,993	-	3,750	5,743
Grade 8: Credit-impaired	-	-	592	-	592
Non-rated exposures	39,377	220	44	913	40,554
Gross carrying amount	673,762	11,905	2,214	78,614	766,495

4 Risk management (continued)

c Credit risk (continued)

The following table breaks down the Bank's financial instruments at their carrying amounts, as categorized by geographical region as of 31 December:

As of 31 December 2025	Bulgaria	Greece	Germany	Luxembourg	Total
Assets					
Loans and advances to banks	12,936	3,283	88,679	-	104,898
Investment debt securities (FVOCI)	59,600	-	54,290	-	113,890
Loans and advances to customers, net	2,956,420	725,646	-	-	3,682,066
Other financial assets	7,995	3,784	-	-	11,779
Total assets	3,036,951	732,713	142,969	-	3,912,633

Contingent liabilities and commitments (Note 31)	733,021	61,879	-	-	794,900
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As of 31 December 2024	Bulgaria	Greece	Germany	Luxembourg	Total
Assets					
Loans and advances to banks	695	8	66,120	-	66,823
Investment debt securities (FVOCI)	18,694	-	79,960	20,037	118,691
Loans and advances to customers, net	2,666,209	757,223	-	-	3,423,432
Other financial assets	6,096	1,799	-	-	7,895
Total assets	2,691,694	759,030	146,080	20,037	3,616,841

Contingent liabilities and commitments (Note 31)	717,632	48,863	-	-	766,495
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Credit related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees, which represent irrevocable assurance that the bank will make the payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans and guarantees. With respect to credit risk on commitments to extend credit, the bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total commitments since commitments to extend credit are contingent upon customers maintaining specific credit standards.

d Counterparty risk, including issuer risk

The bank defines counterparty risk, including issuer risk, as the risk that a counterparty/issuer cannot fulfil its contractual obligations at all, not in full or not on time. Counterparty risk in the bank mainly arises from keeping highly liquid assets for the purpose of managing liquidity. There are also structural exposures towards the BNB and the Bank of Greece in the form of mandatory minimum reserves.

4 Risk management (continued)

d Counterparty risk, including issuer risk (continued)

Typically, the bank's counterparties are the BNB, the Bank of Greece, the Bulgarian Government and commercial banks. The main exposures are account balances, short-term time deposit accounts (TDAs), highly liquid securities, and, on a very limited scale, simple derivative instruments for liquidity management and hedging purposes (mostly interest rate swaps and foreign currency forwards and swaps). The bank limits counterparty and issuer risk within through its conservative investment strategy.

The framework for managing the counterparty risk is approved by the Management of the bank and is specified in the respective policies and standards. These define counterparty risk, specify the responsibilities at bank level, and establish minimum requirements for managing, monitoring and reporting. Both the ALCO and the General Risk Assessment Committee are involved in decisions made with regard to counterparty risk.

Counterparty risk is managed according to the principle that the bank's liquidity must be placed securely and, to the greatest extent possible, in a diversified manner. While the bank tries to generate income from these assets, the overriding objective is to ensure secure placement and timely availability, i.e. risk considerations predominate. For this reason, the bank only works with carefully selected reliable banks which normally have high credit ratings, typically places its money for short terms (up to three months, but typically shorter) and uses only a very limited number of simple financial instruments.

Issuer risk is likewise managed according to these principles. The bank is prohibited from engaging in speculative trading. As a matter of principle, only highly liquid securities are bought, typically with a maximum maturity of three years at fixed-interest rates or five years for Bulgarian sovereign bonds. BGN liquidity is predominantly placed at the BNB or invested in Bulgarian sovereign bonds. EUR or USD, on the other hand, are generally invested in the Bank of Greece (only EUR), ProCredit Bank Germany or securities issued by multilaterals internationally rated at least AA-. The impact of market price changes on the bank is limited.

The liquid assets other than physical cash of the bank were placed as follows:

Counterparty	31 Dec 2025	in %	31 Dec 2024	in %
Central banks	1,060,810	83%	816,623	81%
Mandatory reserves	505,009	39%	453,868	45%
Other cash equivalents	555,801	44%	362,755	36%
Banking groups	104,898	8%	66,823	7%
Foreign banks	91,962	7%	66,128	7%
Local banks	12,936	1%	695	0%
Securities issued by Bulgarian Government	59,600	5%	18,694	2%
Securities issued by other institutions	54,290	4%	99,997	10%
Total	1,279,598	100%	1,002,137	100%

4 Risk management (continued)

d Counterparty risk, including issuer risk (continued)

The table below presents an analysis of debt securities and banks placements by rating agency designation, based on the credit assessments of the rating agency Fitch:

As of 31 Dec 2025

Rating	Debt instruments	Loans and advances to banks	Total
AA- to AAA	54,290	17,452	71,742
BBB- to BBB+	59,600	87,446	147,046
Total	113,890	104,898	218,788

As of 31 Dec 2024

Rating	Debt instruments	Loans and advances to banks	Total
AA- to AAA	99,997	26	100,023
BBB- to BBB+	18,694	66,797	85,491
Total	118,691	66,823	185,514

Exposure to a counterparty is impaired if one or more events with an adverse effect on the expected future cash flows have occurred. Examples of such events are a breach of contract (such as default or overdue payment), significant financial difficulties of the counterparty, or a significant deterioration of the external rating. None of positions shown was past due nor showed any signs of impairment as of 31 December 2025. They are thus assigned to Stage 1 (performing). The bank has established provisions in accordance with IFRS 9 requirements (see also notes 14-18 to the separate financial statements).

The exposure towards counterparties and issuers is managed on the basis of a limit system, as is the case for customer credit risk. ProCredit Bank concludes transactions only with counterparties that have previously been carefully analysed and for which a limit has been approved. The total limit for banks or banking groups is also set, with a distinction being made between banks and banking groups based in an Organisation of Economic Cooperation and Development (OECD) country and those outside of the OECD. The typical maximum maturity of the bank's term deposits is three months; longer maturities must be approved. Approval is required before any investments in securities. The bank's counterparty risk is quantified and analysed regularly as part of the internal capital adequacy calculation. When calculating the risk- and term-adjusted exposure, all exposures towards counterparties are taken into account.

e Market risk

Market risks comprise the risk of potential losses from shifts in market prices, such as exchange rates or other parameters which influence prices. Relevant market risks for ProCredit Bank are foreign currency risk and interest rate risk in the banking book. The bank manages market risks in such a way that their impact is as limited as possible from an overall risk perspective. In accordance with the bank risk strategy, foreign currency risk and interest rate risk may not be incurred for speculative purposes. Foreign currency and interest rate derivatives are used exclusively for hedging or liquidity purposes. ProCredit Bank is non-trading book institution.

Interest rate benchmark reform

ProCredit Bank (Bulgaria) EAD is not directly exposed to the Interest rate benchmark reform, which is globally undertaken and leads to replacement of key international reference rates. The bank does not have credit facilities or financial instruments, which are linked to interbank offered rates (IBORs) or EONIA.

4 Risk management (continued)

e Market risk (continued)

The bank applies the following reference interest indexes for credit facilities with a variable interest rate: 3-month EURIBOR and 6-month EURIBOR. Respectively, the financial instruments of the bank, which have variable interest rates, are also linked to EURIBOR with different tenors.

Foreign currency risk

The bank defines foreign currency risk as the risk that the bank incurs losses due to exchange rate fluctuations. Foreign currency risk can have adverse effects on income and can lead to a decline in regulatory capital ratios.

The framework for managing the foreign currency risk is approved by the Management of the bank and is specified in the respective policies and standards. These define foreign currency risk, specify the responsibilities at bank level, and establish minimum requirements for managing, monitoring and reporting. Both the ALCO and the General Risk Assessment Committee are involved in decisions made with regard to currency risk.

Results are impacted negatively when the volume of the assets and liabilities denominated in foreign currencies do not match and the exchange rates move unfavourably. The key risk indicator that captures the balance sheet discrepancy for each currency is the open currency position (OCP). Limits for OCP are set at bank level. The total OCP is calculated as the sum of the absolute values of the individual currency positions and is limited to 10% of the bank's capital, unless deviation from this limit has been approved by the ProCredit Group ALCO or ProCredit Group Risk Management Committee. A threshold of 7.5% of the ProCredit Bank's capital has been defined as an early warning indicator for the total OCP, and $\pm 5\%$ for each individual currency OCP.

ProCredit Bank operates in an environment, where the local currency is stable because of the currency board in Bulgaria. It guarantees that in a mid-term no fluctuations of the local currency to the EUR exchange rate are expected. As almost all of the assets and liabilities are denominated either in local currency or in EUR, the exposure of the bank toward foreign currency risk is insignificant. ProCredit Bank's overall net foreign currency position (excluding EUR, to which the BGN is pegged) is virtually kept at 0% of the capital (as of 31.12.2025 the value was 0.2%) and the foreign currency risk is immaterial.

4 Risk management (continued)

e Market risk (continued)

The table below summarizes the bank's exposure to foreign currency exchange rate risk.

As of 31 December 2025	BGN	EUR	USD	Other	Total
Assets					
Cash and central bank balances	326,619	798,665	1,085	-	1,126,369
Loans and advances to banks	-	37,074	60,747	7,077	104,898
Investment securities	50,904	9,957	55,362	-	116,223
Loans and advances to customers, net	2,149,044	1,533,020	2	-	3,682,066
Derivative financial assets	-	8,275	-	-	8,275
Other financial assets	4,897	6,831	4	47	11,779
Total financial assets	2,531,464	2,393,822	117,200	7,124	5,049,610
Liabilities					
Liabilities to banks	-	6,096	-	-	6,096
Liabilities to customers	2,655,429	1,654,166	119,400	7,453	4,436,448
Liabilities to financial institutions	-	229,120	-	-	229,120
Lease liabilities	10,931	3,160	-	-	14,091
Derivative financial liabilities	-	620	-	-	620
Other financial liabilities	3,113	2,930	4	-	6,047
Total financial liabilities	2,669,473	1,896,092	119,404	7,453	4,692,422
Net balance sheet position	(138,009)	497,730	(2,204)	(329)	357,188
Contingent liabilities and commitments (Note 31)	551,294	242,744	862	-	794,900
Open spot transactions	-	(3,046)	2,643	405	2
As of 31 December 2024					
Assets					
Cash and central bank balances	295,525	561,091	1,815	-	858,431
Loans and advances to banks	-	14,135	47,039	5,649	66,823
Investment securities	19,897	49,125	52,062	-	121,084
Loans and advances to customers, net	1,939,666	1,483,745	21	-	3,423,432
Derivative financial assets	-	7,024	-	-	7,024
Other financial assets	5,302	2,589	4	-	7,895
Total financial assets	2,260,390	2,117,709	100,941	5,649	4,484,689
Liabilities					
Liabilities to banks	-	2,982	-	-	2,982
Liabilities to customers	2,268,564	1,496,564	102,382	6,756	3,874,266
Liabilities to financial institutions	-	244,600	-	-	244,600
Lease liabilities	12,886	3,585	-	-	16,471
Derivative financial liabilities	-	2,418	-	-	2,418
Other financial liabilities	2,495	2,030	5	-	4,530
Total financial liabilities	2,283,945	1,752,179	102,387	6,756	4,145,267
Net balance sheet position	(23,555)	365,530	(1,446)	(1,107)	339,422
Contingent liabilities and commitments (Note 31)	542,405	222,380	1,710	-	766,495
Open spot transactions	-	3,142	(1,964)	(1,186)	(8)

4 Risk management (continued)

e Market risk (continued)

Interest rate risk in the banking book

Interest rate risk is the risk that changes in market interest rates will have a negative impact on the economic value, interest income and, ultimately, the capital of the group. It includes the gap risk, the basis risk and the option risk. The aim of interest rate risk management in the ProCredit group is to keep the differences between repricing maturities for assets and liabilities as small as possible in all currencies.

The framework for managing the interest rate risk is approved by the Management of the bank and is specified in the respective policies and standards. These define interest rate risk, specify the responsibilities at bank level, and establish minimum requirements for managing, monitoring and reporting. General Risk Assessment Committee is responsible for all key decisions regarding interest rate risk management, and this committee analyses, at least quarterly, the interest rate risk profile of the bank.

In order to manage interest rate risk, ProCredit Bank primarily issues variable-rate loans. In this way, the repricing maturities of assets can be better matched to the repricing maturity of liabilities, even when liabilities have shorter maturities than loans. In order to grant variable-rate loans in a transparent manner, the bank uses a publicly available interest rate as a benchmark when adjusting the interest rates.

The measurement, monitoring, limiting and management of interest rate risk is based on economic value impact (EVI) and P&L-oriented indicators. The risk is measured on a regular basis, at least quarterly. The assets and liabilities are distributed across time buckets according to the contractual terms, thereby aggregating individual contracts into homogeneous groups. Sight deposits are included in the gap analyses as non-interest bearing. Interest-bearing savings accounts with unspecified contractual fixed interest are included in the gap analysis according to analyses of historical data. In addition, regularly updated assumptions on planned business developments are used to calculate the P&L indicator.

Included in the table below are the bank's assets and liabilities, presented as discounted future cash flows, categorised by the earlier of contractual repricing or maturity dates. Total undiscounted cash flows consist of principal and interest amounts, which are due. The credit risk factors (provisions) are also taken into consideration. The provisioned amounts are deducted proportionally from the cash flows. The table below summarises the bank's exposure to interest rate risk.

4 Risk management (continued)

e Market risk (continued)

As of 31 December 2025	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Non- interest bearing	Total un- discounted cash flows	Total carrying amount
Assets								
Cash and central bank balances	773,983	-	-	-	-	352,386	1,126,369	1,126,369
Loans and advances to banks	98,191	-	-	-	-	6,702	104,893	104,898
Investment securities	14,914	1,122	30,079	73,283	-	1,653	121,051	116,223
Loans and advances to customers, net	189,190	246,137	1,284,957	1,223,921	1,281,239	-	4,225,444	3,682,066
Derivative financial assets	8,275	-	-	-	-	-	8,275	8,275
Other financial assets	-	-	-	-	-	11,780	11,780	11,779
Total financial assets	1,084,553	247,259	1,315,036	1,297,204	1,281,239	372,521	5,597,812	5,049,610
Liabilities								
Liabilities to banks	5,169	-	-	-	-	927	6,096	6,096
Liabilities to customers	1,602,012	177,200	629,899	93,300	1,959	1,932,388	4,436,758	4,436,448
Liabilities to financial institutions	14,847	9,954	155,263	69,333	705	-	250,102	229,120
Lease liabilities	229	457	2,655	9,456	1,294	-	14,091	14,091
Derivative financial liabilities	620	-	-	-	-	-	620	620
Other financial liabilities	-	-	-	-	-	6,047	6,047	6,047
Total financial liabilities	1,622,877	187,611	787,817	172,089	3,958	1,939,362	4,713,714	4,692,422
Interest sensitivity gap	(538,324)	59,648	527,219	1,125,115	1,277,281	(1,566,841)	884,098	357,188
As of 31 December 2024								
	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Non- interest bearing	Total un- discounted cash flows	Total carrying amount
Assets								
Cash and central bank balances	373,978	-	-	-	-	484,453	858,431	858,431
Loans and advances to banks	61,180	-	-	-	-	5,643	66,823	66,823
Investment securities	962	10,336	54,951	49,621	9,786	277	125,933	121,084
Loans and advances to customers, net	162,949	216,111	1,244,215	1,145,043	1,126,326	-	3,894,644	3,423,432
Derivative financial assets	7,024	-	-	-	-	-	7,024	7,024
Other financial assets	-	-	-	-	-	7,895	7,895	7,895
Total financial assets	606,093	226,447	1,299,166	1,194,664	1,136,112	498,268	4,960,750	4,484,689
Liabilities								
Liabilities to banks	2,640	-	-	-	-	342	2,982	2,982
Liabilities to customers	1,417,765	152,020	549,881	89,624	1,899	1,663,693	3,874,882	3,874,266
Liabilities to financial institutions	75,731	9,931	78,261	97,456	394	-	261,773	244,600
Lease liabilities	211	429	2,533	10,890	2,408	-	16,471	16,471
Derivative financial liabilities	2,418	-	-	-	-	-	2,418	2,418
Other financial liabilities	-	-	-	-	-	4,530	4,530	4,530
Total financial liabilities	1,498,765	162,380	630,675	197,970	4,701	1,668,565	4,163,056	4,145,267
Interest sensitivity gap	(892,672)	64,067	668,491	996,694	1,131,411	(1,170,297)	797,694	339,422

4 Risk management (continued)

e Market risk (continued)

Interest rate risk is quantified on the basis of economic value impact and on the basis of the 12-month P&L effect. Modelled country-specific, risk-free yield curves are used in a multi-curve approach to discount the cash flows. The bank assumes a +/- parallel shift of the yield curves. For EUR and USD the interest rate shock is ± 200 basis points, whereas for domestic currencies the magnitude of the shock is derived on the basis of a historical analysis, with a minimum interest rate shock set at ± 200 basis points. Limits are set in relation to regulatory capital for the economic value impact and in relation to the forecast net interest income for the P&L effect. Both indicators remained within their limits.

31 Dec 2025		31 Dec 2024	
Economic value impact	12 month P&L effect	Economic value impact	12 month P&L effect
(8,241)	(30,638)	(7,878)	(20,413)

f Liquidity and funding risk

Liquidity and funding risk addresses the ProCredit Bank's short- and long-term ability to meet its financial obligations in a complete and timely manner, even in stress situations.

The framework for managing ProCredit Bank's liquidity and funding risk is approved by the Management of the bank and is specified in the respective policies and standards. These define liquidity risk, specify the responsibilities at bank level, and establish minimum requirements for managing, monitoring and reporting. The ALCO is responsible for key operational decisions regarding liquidity management. Selected liquidity risk indicators are reported and presented each month in detail to the ProCredit Group Risk Management Committee.

The bank assesses short-term liquidity risk on the basis of a liquidity gap analysis, among other instruments, and the bank monitors this risk using numerous indicators. These include both a 30-day liquidity indicator (Sufficient Liquidity Indicator, SLI) and a survival period, as well as the minimum liquidity ratio stipulated by CRR (Liquidity Coverage Ratio, LCR). The SLI measures whether institutions have sufficient liquidity in relation to the expected inflows and outflows of funds in the next 30 days. The survival period is the timeframe during which the bank is able to fulfil all payment obligations, despite reduced liquidity inflows and elevated outflows. The calculation applies outflows derived from historical analyses of deposit movements in the bank. LCR indicates whether the bank has sufficient liquidity to cover the net outflows expected in the next 30 days, even in the event of a specified severe economic shock scenario. Early warning indicators are also defined and monitored.

Market-related, institution-specific (idiosyncratic), combined and longer-term stress tests are conducted monthly and ad hoc to make sure that the bank keeps sufficient liquid funds to meet its obligations, even in difficult times. Moreover, the bank has a contingency plan. If unexpected circumstances arise and an individual bank from ProCredit group proves not to have sufficient liquid funds, ProCredit Holding would step in as a "lender of last resort". ProCredit Holding keeps an adequate liquidity reserve available for this purpose. The amount of the liquidity reserve is determined on the basis of group stress tests and monitored on a regular basis. In addition, ProCredit Holding has developed a liquidity contingency plan.

4 Risk management (continued)

f Liquidity and funding risk (continued)

The liquidity of the bank is managed on a daily basis by the respective responsible units, based on the ALCO-approved cash flow projections, and is monitored by risk management and ALCO.

The liquidity situation of ProCredit Bank remained adequate and stable over the course of the year. This was mainly due to a strong increase in deposits as well as loan utilisation under funding agreements with international financial institutions. The bank had sufficient liquidity available at all times in 2025 to meet all financial obligations in a timely manner.

4 Risk management (continued)

f Liquidity and funding risk (continued)

The following table shows the undiscounted cash flows of the financial assets and financial liabilities of the bank according to their remaining contractual maturities.

Maturity analysis for financial assets and financial liabilities

As of 31 December 2025	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Gross nominal amount	Total carrying amount
Assets							
Cash and central bank balances	1,126,519	-	-	-	-	1,126,519	1,126,369
Loans and advances to banks	104,898	-	-	-	-	104,898	104,898
Investment securities	1,606	1,057	762	3,819	-	7,244	116,223
Loans and advances to customers, net	128,067	240,907	1,117,400	1,543,928	1,177,768	4,208,070	3,682,066
Derivative financial assets	-	-	-	-	8,275	8,275	8,275
Other financial assets	11,779	-	-	-	-	11,779	11,779
Total financial assets	1,372,869	241,964	1,118,162	1,547,747	1,186,043	5,466,785	5,049,610
Liabilities							
Liabilities to banks	6,096	-	-	-	-	6,096	6,096
Liabilities to customers	3,496,471	158,843	673,687	118,509	-	4,447,510	4,436,448
Liabilities to financial institutions	1,526	4,053	20,054	173,738	1,814	201,185	229,120
Lease liabilities	229	457	2,655	9,455	1,295	14,091	14,091
Derivative financial liabilities	-	-	-	-	620	620	620
Other financial liabilities	6,047	-	-	-	-	6,047	6,047
Total financial liabilities	3,510,369	163,353	696,396	301,702	3,729	4,675,549	4,692,422
Liquidity gap	(2,137,500)	78,611	421,766	1,246,045	1,182,314	791,236	357,188
Contingent liabilities and commitments							
	794,900	-	-	-	-	794,900	794,900
As of 31 December 2024							
Assets							
Cash and central bank balances	858,672	-	-	-	-	858,672	858,431
Loans and advances to banks	66,823	-	-	-	-	66,823	66,823
Investment securities	962	8,209	42,779	62,906	11,077	125,933	121,084
Loans and advances to customers, net	104,774	209,731	1,086,621	1,517,921	1,047,114	3,966,161	3,423,432
Derivative financial assets	-	-	-	-	7,024	7,024	7,024
Other financial assets	7,895	-	-	-	-	7,895	7,895
Total financial assets	1,039,126	217,940	1,129,400	1,580,827	1,065,215	5,032,508	4,484,689
Liabilities							
Liabilities to banks	2,982	-	-	-	-	2,982	2,982
Liabilities to customers	3,050,555	135,509	601,519	98,848	-	3,886,431	3,874,266
Liabilities to financial institutions	1,788	4,296	18,668	241,555	5,614	271,921	244,600
Lease liabilities	211	429	2,533	10,890	2,408	16,471	16,471
Derivative financial liabilities	-	-	-	-	2,418	2,418	2,418
Other financial liabilities	4,530	-	-	-	-	4,530	4,530
Total financial liabilities	3,060,066	140,234	622,720	351,293	10,440	4,184,753	4,145,267
Liquidity gap	(2,020,940)	77,706	506,680	1,229,534	1,054,775	847,755	339,422
Contingent liabilities and commitments							
	766,495	-	-	-	-	766,495	766,495

Liabilities to customers with maturity up to 1 month include all sight and saving deposits amounting to BGN 3,343,225 thousand (2024: BGN 2,935,423 thousand). The bank's management expects that these funds will not be withdrawn at the same time or within the period in which they are reflected. Additionally, an analysis of depositors' behaviour revealed that 82% of term deposits at maturity date were not withdrawn but automatically renegotiated under similar terms and conditions.

4 Risk management (continued)

f Liquidity and funding risk (continued)

Funding risk is the danger that additional funding cannot be obtained, or can only be obtained at higher costs. It therefore covers parts of the non-systemic effect of interest rate changes. This risk is mitigated by the fact that the bank finances its lending operations primarily through customer deposits; nonetheless, its deposit-taking operations focus on the target group of business clients and private clients/savers, with whom the bank establishes strong relationships. These are supplemented by long-term credit lines from international financial institutions (IFIs). The funding of the bank has proven to be resilient even in times of stress. As of end-December 2025, the largest funding source was deposits with BGN 4,436 million and liabilities to international financial institutions are the second-largest source of funding, accounting for BGN 229 million.

The bank manages, measures and limits funding risk through business planning, maturity gap analysis and several indicators. The funding needs of the bank, identified in the business planning process, are monitored and regularly reviewed. ALCO monitors the progress of all individually significant transactions with external funding providers, especially international financial institutions. ProCredit Holding and the ProCredit Bank in Germany also offer bridge financing. A key indicator for limiting funding risk is the deposit concentration indicator. In addition, funding via the interbank market is limited by two indicators (share of interbank liabilities and overnight liabilities in total liabilities).

g Operational risk management

In line with CRR, the bank defines operational risk as the risk of loss resulting from inadequate or failed internal processes, people or systems (e.g. failure of data-processing systems, embezzlement, human error, faulty processes, structural weaknesses, insufficient monitoring) or from external events (e.g. criminal activities, natural disasters). This definition includes in particular fraud risk, ICT risk, legal risk, reputational risk and outsourcing risk. Operational risk management aims to identify, analyse and assess all material risks at an early stage and to avoid their recurrence.

The bank has an assigned operational risk management role to ensure the effective implementation of the operational and fraud risk management framework within the institution. In addition, the Operational Risk Assessment Committee ("ORAC") serves as decision-making body for operational risk matters. A centralised and decentralised reporting procedure ensures that the Management as well as other members of the ORAC receive regular comprehensive reports on operational risks to serve as a basis for their decisions. Operational risk is accounted for and monitored within the scope of the group's capital adequacy calculation in the economic approach.

One of the key components of operational risk management is the detailed recording of risk events arising from operational risks. In this context, a Risk Event Database (RED) was developed to ensure that all risk events above certain monetary threshold identified in ProCredit group and in the bank with realised or potential losses from operational risks are recorded, analysed and communicated effectively. Through this uniform, pre-defined structure for the documentation of risk events, it is ensured that adequate attention is paid to the implementation of necessary corrective and/or preventive measures for reducing or avoiding operational and fraud risk.

4 Risk management (continued)

g Operational risk management (continued)

In addition, operational risk and fraud risk assessments are carried out annually in the bank. This broad risk assessment aims to identify the potential risks and the implemented risk mitigation controls within all processes in the bank, if a higher level of risk is identified in certain area action plans are developed and their implementation is closely monitored. In contrast to the ex-post analysis of risk events as recorded in the RED, these risk assessments are systematically performed in order to identify and evaluate key risks and to assess the adequacy of the control processes. Risk mitigation measures are defined for the areas identified as high risk. These two control components complement each other and provide an overall picture of the operational risk profile for the bank.

In addition, early warning indicators (Key Risk Indicators for fraud) have been defined for the bank, in order to identify areas of banking business with increased fraud risk. The early warning indicators are analysed regularly and, where needed, preventive measures are agreed upon.

To complete the management of operational risk, all new products, processes, instruments and/or activities need to pass through a New Risk Approval (NRA) process before being implemented or used for the first time. An NRA is required to ensure that all new risks are assessed and all necessary preparations and tests are completed prior to implementation. In relation to the outsourced activities, a risk assessment is carried out of the provider and to the services, which are outsourced in order the impact of potential failure to be measured and the risk to be recognized and if necessary mitigated with certain action plans and mitigation measures.

The bank has defined detailed guidelines and standards to ensure the confidentiality, availability and integrity of all information and information-processing IT systems requiring protection. Regular controls of information security and business continuity are part of existing processes and procedures. ProCredit Bank carries out a classification of its information assets and conducts a risk assessment on its critical information assets each year. The business continuity framework ensures that these risks are understood by all members of staff, that critical processes are identified and that resources are allocated to restore operations, in line with the prioritisation of processes. Starting from 2025 the ProCredit Bank is compliant with the requirements of the Digital Operational Resilience Act in its ICT processes (DORA).

A key element of the risk assessment is the evaluation of outsourcing. The bank is following the latest EBA (EBA/GL/2019/02) and MaRisk regulations regarding outsourcing of services. The bank maintains a register of all outsourced activities and conducts evaluation of risk on each outsourced process. On an annual basis the bank conducts monitoring of all outsourcing arrangements, which is fully in line with the EBA Guidelines on outsourcing arrangements. KPI Assessment is performed, based on the results of the annual monitoring, which further complements to the risk overview related to outsourcing.

h Risks arising from money laundering, terrorist financing and other acts punishable by law

Responsible behaviour is an integral part of the bank's values-oriented business model. This is reflected in the Code of Conduct for the bank's employees as well as in the contents of the introductory courses for new staff and in the curricula of the ProCredit academies. The prevention of money laundering, terrorist financing and fraud is a key component of the bank's self-perception. This is illustrated by the criteria used to select customers and by the few cases of internal fraud within the ProCredit group as a whole.

4 Risk management (continued)

h Risks arising from money laundering, terrorist financing and other acts punishable by law (continued)

The bank has implemented the ProCredit group-wide guidelines on the prevention of money laundering and terrorist financing, which in many respects are stricter than the legal requirements prevailing in the individual countries of operation of the ProCredit group. As the ProCredit group is supervised by the German financial supervisory authorities, the bank implements the requirements stipulated by the German Money Laundering Act, as well as the requirements applicable at Bulgarian and European level.

The bank's ethical responsibility is documented in the form of its Code of Conduct and Exclusion List, which contain the core rules and regulations that all employees of ProCredit banks are obliged to observe. The group-wide guidelines on the prevention of money laundering, terrorist financing and fraudulent activities, together with their subordinate directives, specify how these basic rules are to be implemented in practice.

Besides identifying all contracting parties and clarifying the purpose of the business relationship, the collection of client data also entails identifying the beneficial owner of all funds that are managed in customer accounts. Beneficial owners are natural persons who substantially profit from a business structure, even if they are not personally in evidence during the bank's business relationship with a client.

ProCredit Bank uses specialized software to identify payments that give cause for suspicion of money laundering, terrorist financing or fraud. Anti-money laundering officers work closely with the responsible law enforcement authorities and report regularly to the ProCredit Group Anti-Money Laundering (AML) Officer at ProCredit Holding, who in turn is the main contact for supervisory and law enforcement authorities in Germany and other countries.

i Capital management

Capital management in the bank is guided by the principle that the institution shall not at any time incur greater risks than it is able to bear. The capital management framework of the bank has the following objectives:

- Compliance with regulatory capital requirements (normative perspective);
- Ensuring internal capital adequacy (economic perspective);
- Compliance with the internally defined capital requirements and creation of a sufficient capital buffer to ensure that the bank is able to act;
- Support for the bank in implementing the plans for sustainable growth.

The capital adequacy is monitored using different indicators for which early warning indicators and limits have been established. The indicators include capital adequacy calculation in accordance with CRR requirements, a Tier 1 leverage ratio in accordance with CRR and a calculation of capitalisation in the economic perspective (i.e. internal capital adequacy assessment process – ICAAP). ProCredit Bank is subject to the requirements imposed by the respective national supervisory authorities. The capital management of ProCredit Bank is governed by specific policies and monitored on a monthly basis by the Management.

Ensuring that the bank maintains sufficient capitalisation in the economic perspective at all times is a key element of the bank's risk management and capital management processes. In the context of the economic perspective, the capital needs arising from the bank's specific risk profile are compared with the available capital resources to assure that the institution's capitalisation is sufficient at all times. Capitalisation in the economic perspective was adequate at all times during the course of 2025.

4 Risk management (continued)

i Capital management (continued)

The methods the bank uses to calculate the amount of economic capital required to cover the different risks the bank is exposed are based on statistical models, provided that appropriate models are available. The included material risks and the limits set for each risk reflect the specific risk profile of the bank and are based on the annually conducted risk inventory. The following risks are included in the internal capital adequacy calculation: credit risk (comprising customer credit risk and counterparty risk); foreign currency risk; interest rate risk; operational risk.

Capitalisation in the normative perspective

The normative perspective analyses whether regulatory and supervisory capital requirements have been met on a continuous basis. This was the case at all times during the reporting period.

Capital requirements, implemented in Bulgaria through Capital Requirements Directive IV and Regulation 575/2013 (CRR), have been binding for the bank. As per Art. 92 of Regulation 575/2013, the minimum capital requirement for the overall capital adequacy ratio is 8% of the total risk exposure. Added to this requirement are the capital buffers, which the BNB demands that the banks maintain as per Regulation No. 8 on the capital buffers of banks. The buffers and the respective requirement towards the bank are as follows as nominal requirements:

- Capital conservation buffer in the form of Common Equity Tier 1 equal to 2.5% of total risk exposure amount;
- Systemic risk buffer in the form of Common Equity Tier 1 capital equal to 3.0% of the total risk exposures in Bulgaria;
- Countercyclical capital buffer in the form of Common Equity Tier 1 capital equal to 2.0% of the credit risk exposures in Bulgaria.
- Countercyclical capital buffer in the form of Common Equity Tier 1 capital equal to 0.25% of the credit risk exposures in Greece.

After adding the weighted capital buffers to the capital requirements, the minimum requirement amounts to 14.7% as of 31.12.2025 according to the regulatory framework applicable for ProCredit Bank. The bank's internal capital management policy sets a stricter limit for the total capital adequacy ratio with a reporting trigger of 16.2% and a limit of 15.7% (as of 31.12.2025).

When defining the capital requirements for the purposes of calculation of capital adequacy as per Regulation 575/2013, the bank adheres to the following:

- Capital requirements for credit risk and counterparty risk – Standardised approach as per Part Three, Section II, Chapter 2 of Regulation 575/2013 is used for exposure classes. Credit risk mitigation techniques are applied in the calculation of capital requirements for credit risk. Risk amounts arising from credit risk are reduced in part through the recognition of guarantees from the European Investment Fund (EIF), cash collaterals and mortgages on immovable property.
- Capital requirements for operational risk – Standardized approach as per part Three, Section III, Chapter 3 of Regulation 575/2013. Compared to the regulatory capital requirements for operational risk, which amount to BGN 16.3 million as of end 2025, the average annual loss according to data recorded in the Risk Event Database in the last three years amounted to BGN 232 thousand.

4 Risk management (continued)

i Capital management (continued)

As ProCredit Bank is a non-trading book institution, which moreover does not engage in transactions involving commodities, foreign currency risk is the only market risk to be considered. However, ProCredit Bank does not calculate a capital requirement for currency risk, as the overall net foreign currency position (excluding EUR) is virtually kept very close to 0% of the capital (as of 31.12.2025 the value was 0.2%, which is less than minimum threshold of 2% according to Regulation 575/2013).

The regulatory capital ratios are calculated by dividing the capital by the amount of the risk-weighted assets; when calculating each ratio, only the respective capital components are considered (of the Common Equity Tier 1 capital, of the Tier 1 capital and of the overall capital adequacy). The bank's regulatory capital ratios are presented below:

Regulatory capital	2025	2024
Common Equity Tier 1 capital	324,560	308,199
Total regulatory capital	324,560	308,199
Risk Weighted Assets		
Risk Weighted Assets for Credit Risk	1,361,053	1,490,418
Risk Weighted Assets for Operational Risk	203,169	207,367
Total Risk Weighted Assets	1,564,222	1,697,785
Capital ratios		
Common Equity Tier 1 capital	20.7%	18.2%
Tier 1 capital	20.7%	18.2%
Total capital	20.7%	18.2%

The Common Equity Tier 1 capital of the bank is composed of subscribed capital, reserves and retained earnings. Deductions are made for intangible assets, additional valuation adjustments for balance sheet items recognised at fair value, investment in non-financial subsidiary undertakings, NPL and other deductions related to credit risk corrections. ProCredit Bank increased Common Equity Tier 1 capital by including retained earnings in 2025. The capital adequacy increased as the bank concluded a new synthetic securitisation agreement with EIF, which provides a guarantee for BGN 489 million.

Synthetic securitization agreement

On 20.06.2023, ProCredit Bank (Bulgaria) EAD signed a synthetic securitization agreement with the European Investment Fund, according to which ProCredit Bank is the originator and beneficiary, while the EIF is the provider of credit protection. The purpose of the agreement is to provide a guarantee commitment, which includes a guarantee for a senior tranche and a mezzanine tranche of a synthetic securitization. The synthetic securitization agreement complies with the requirements of Part Three, Title II, Chapter 5 Securitization of Regulation (EU) No. 575/2013, with the bank retaining a significant net economic interest, which in all cases is not less than 5%. The final date of the agreement is 30.06.2043, and for the period until 30.06.2025, ProCredit Bank was able to include reference credit exposures to the portfolio that is the subject of synthetic securitization, up to the size of the initial reference portfolio.

4 Risk management (continued)

i Capital management (continued)

On 09.12.2025, ProCredit Bank (Bulgaria) EAD signed a second synthetic securitization agreement with the European Investment Fund, according to which ProCredit Bank is the originator and beneficiary, while the EIF is the provider of credit protection. The agreement provides a guarantee commitment, which includes a guarantee for a senior tranche and a mezzanine tranche of a synthetic securitization. The synthetic securitization agreement complies with the requirements of Part Three, Title II, Chapter 5 Securitization of Regulation (EU) No. 575/2013, with the bank retaining a significant net economic interest, which in all cases is not less than 5%. The final date of the agreement is 31.12.2043, and for the period until 31.12.2026, ProCredit Bank can include reference credit exposures to the portfolio that is the subject of synthetic securitization, up to the size of the initial reference portfolio.

The bank implemented the synthetic securitization agreements to optimize its regulatory capital and take advantage of lending opportunities by structuring a synthetic securitization to achieve the transfer of significant risk in respect of a portfolio of SME, corporate and private individuals' exposures created by the bank in carrying out her usual activity. The synthetic securitization risk transfer was achieved using a credit risk reduction instrument (synthetic securitization). From a regulatory point of view, the loan portfolios remain on ProCredit Bank's balance sheet, while the guarantee transfers significant credit risk to the EIF and accordingly reduces the risk-weighted amounts of the securitized exposures. The bank may claim guarantee payments in respect of the guaranteed loan portfolio allocated to senior and mezzanine tranches.

The deals have the following structure of the financial guarantee as of 31.12.2025:

First deal:

Tranche	Tranche value	Share	Guarantee	Reserved % (total for the deal)
First	389,744	84.04%	100%	
Intermediate	62,267	13.43%	100%	
Subordinated	11,736	2.53%	0%	
Total	463,747	100.00%		9%

Second deal:

Tranche	Tranche value	Share	Guarantee	Reserved % (total for the deal)
First	367,469	82.72%	100%	
Intermediate	66,490	14.97%	100%	
Subordinated	10,269	2.31%	0%	
Total	444,228	100.00%		24%

The value of the financial guarantee agreements does not change in response to changes in certain indicators. Fees payable are not variable based on credit ratings or credit index. Therefore, the guarantees do not meet the criteria to be classified as a derivative. The agreements require EIF to reimburse ProCredit Bank for credit losses from the designated loan portfolio. The agreements are therefore treated as financial guarantee agreements.

Within IFRS, financial guarantee agreements are referred to as credit enhancements. The accounting treatment depends on whether the credit enhancement is considered an integral part of the loan.

4 Risk management (continued)

i Capital management (continued)

If the financial guarantee is an integral part of the loan, the following settings are applicable:

a) guarantee costs are treated as transaction costs and included in the effective interest rate and b) expected cash flows are included in the measurement of expected credit losses.

Determining whether a guarantee is an integral part of the loan agreement involves professional judgment. The following indicators can be taken into account to assess whether there is a link between the loan and the financial guarantee agreement:

- the guarantee is part of the contractual terms of the loan,
- there is a connection when the guarantee and the loan is concluded, i.e. the loan would not be concluded without the guarantee,
- the loan cannot be transferred without the guarantee,
- the credit enhancement of the loan is required by local laws and regulations,
- the loan and guarantee are traded as a package on the market,
- the guarantee was concluded at the same time or shortly after the loan was disbursed.

The financial guarantee agreement between ProCredit and EIF does not meet the criteria mentioned above, as it covers an already agreed loan portfolio that is allowed to be adjusted from time to time (by reduction, corrections, removal, replenishment). If new loans replenish the securitized portfolio during the replenishment period, this will happen after they are disbursed. This means that the lending proceeds regardless of the existence of the agreement and that the financial guarantee contract is not an integral part of the loan portfolio. Therefore, fee expenses are not included in the effective interest rate and expected cash flows are not included in the calculation of expected credit losses.

If the financial guarantee is not an integral part of the loan, IFRS 9 does not provide guidance on the accounting treatment of financial guarantees received. The decision of ProCredit Bank is to report the received guarantees as a right of recovery in respect of the credit loss under IAS 37. Therefore, the bank recognizes an asset when it is almost certain that the credit loss will be settled by the EIF. In all other cases, the financial guarantee contract is an off-balance sheet item and is not recognized as an asset. Fee expense for off-balance sheet positions is amortized over the term of the guarantee as part of Fee and commission expenses in the Statement of profit or loss.

j Internal control system and risk management system in the financial reporting process

The internal control system and risk management system in ProCredit Bank's financial reporting process comprises the principles, procedures and measures for the effective, cost-efficient and rule-compliant application of financial reporting requirements. The main risks in due and proper financial reporting are the improper representation of financial position and financial performance or delayed publication. The internal control system in the financial reporting process is subject to the general principles of the bank's risk management approach and is thus an integral component of the risk management system.

Primary responsibility for the internal control system and risk management system in the financial reporting process, and thus for its effectiveness and monitoring, lies with the Management. The Management establishes the general principles and defines areas of responsibility. Finance function implements the requirements of the Management and defines the specific parameters within the framework provided. Operational Risk Management identifies and assesses risks on a regular basis. Risk assessment comprises an evaluation of operational and fraud risks as well as a review of the effectiveness of the respective controls. If necessary, appropriate measures are defined and implemented in order to limit the risks identified.

4 Risk management (continued)

i Internal control system and risk management system in the financial reporting process (continued)

The financial reporting process aims to standardise, to the greatest extent possible, the application of the main international financial reporting standards and related processes. The ProCredit group Accounting & Taxes function establishes the accounting manual, which applies throughout the group, and defines the material processes in the respective policies, taking account for the principle of dual control. The processes for report preparation are largely automated and the functionalities of the key IT applications have been defined on a centralised basis. IT permissions are defined and regularly monitored in accordance with the respective policies.

The financial reporting process is supported by a multi-step control system. This ensures compliance with legal requirements and the implementation of internal policies. The units in the bank prepare information relevant for financial reporting with the support of IT applications which are uniform throughout the bank. The information packages from units in the bank are reviewed, taking account for the dual control principle, and then subject to standardised quality checks.

In addition, Internal Audit supports the Management and the Supervisory Board in their control functions through independent and objective risk-oriented audits. Regular audits are performed on the financial reporting processes to determine whether they are effective, orderly and cost efficient.

5 Fair values of financial assets and liabilities

The following table summarises the carrying amounts and fair values the financial assets and liabilities in the bank's statement of financial position, distributed in the respective hierarchical levels in accordance to the methods used for determining of the fair value.

As of 31 December 2025				Fair value hierarchy		
Financial assets	Category*	Carrying amount	Fair value	Level 1	Level 2	Level 3
Cash	AC	65,709	65,709	65,709	-	-
Central bank balances	AC	1,060,660	1,060,810	-	1,060,810	-
Loans and advances to banks	AC	104,898	104,898	-	104,898	-
Investment securities (Bonds)	FVOCI	113,890	113,890	28,148	85,742	-
Investment securities (Shares)	FVOCI	1,261	1,261	-	-	1,261
Investment securities (Shares)	FVTPL	1,072	1,072	1,072	-	-
Loans and advances to customers, net	AC	3,682,066	3,737,215	-	-	3,737,215
Derivative financial assets	FV	8,275	8,275	-	8,275	-
Other financial assets	AC	11,779	11,779	-	11,779	-
Total		5,049,610	5,104,909	94,929	1,271,504	3,738,476

Financial liabilities	Category	Gross carrying amount	Total fair value	Level 1	Level 2	Level 3
Liabilities to banks	AC	6,096	6,096	-	-	6,096
Liabilities to customers	AC	4,436,448	4,440,075	-	3,373,588	1,066,487
Liabilities to financial institutions	AC	229,120	228,362	-	-	228,362
Lease liabilities	AC	14,091	14,091	-	14,091	-
Derivative financial liabilities	FV	620	620	-	620	-
Other financial liabilities	AC	6,047	6,047	-	6,047	-
Total		4,692,422	4,695,291	-	3,394,346	1,300,945

As of 31 December 2024				Fair value hierarchy		
Financial assets	Category*	Carrying amount	Fair value	Level 1	Level 2	Level 3
Cash	AC	42,049	42,049	42,049	-	-
Central bank balances	AC	816,382	816,623	-	816,623	-
Loans and advances to banks	AC	66,823	66,823	-	66,823	-
Investment securities (Bonds)	FVOCI	118,691	118,691	51,393	67,298	-
Investment securities (Shares)	FVOCI	1,262	1,262	-	-	1,262
Investment securities (Shares)	FVTPL	1,131	1,131	1,131	-	-
Loans and advances to customers, net	AC	3,423,432	3,491,764	-	-	3,491,764
Derivative financial assets	FV	7,024	7,024	-	7,024	-
Other financial assets	AC	7,895	7,895	-	7,895	-
Total		4,484,689	4,553,262	94,573	965,663	3,493,026

Financial liabilities	Category*	Carrying amount	Fair value	Level 1	Level 2	Level 3
Liabilities to banks	AC	2,982	2,982	-	-	2,982
Liabilities to customers	AC	3,874,266	3,874,570	-	2,957,377	917,193
Liabilities to financial institutions	AC	244,600	244,984	-	-	244,984
Lease liabilities	AC	16,471	16,471	-	16,471	-
Derivative financial liabilities	FV	2,418	2,418	-	2,418	-
Other financial liabilities	AC	4,530	4,530	-	4,530	-
Total		4,145,267	4,145,955	-	2,980,796	1,165,159

* categories: FV - At Fair value; AC - Amortised cost; FVOCI - fair value through other comprehensive income; FVTPL - fair value through profit & loss

5 Fair values of financial assets and liabilities (continued)

(i) Cash

The fair value of the assets matches their carrying amount.

(ii) Loans and advances to banks

Loans and advances to banks include inter-bank placements. The fair value of floating rate placements and overnight deposits is their carrying amount. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and remaining maturity.

(iii) Investment securities

The bank's portfolio of government securities is carried at fair value using the Level 1 inputs that are quoted market prices (unadjusted) in active markets for identical instruments. A small part of the investment securities includes equity securities where observable market prices are not available (SWIFT and Borika-Bankservice shares).

(iv) Loans and advances to customers

Loans and advances are net of impairment allowance. The fair value of loans and advances represents the discounted amount of estimated future cash flows using the interest rates currently offered by the bank for similar risk and maturity. Difference in fair values and carrying amounts represents the changes in the current market interest rates.

(v) Financial liabilities

The fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand. The estimated fair value of fixed interest-bearing deposits and other borrowings without quoted market price is based on discounted cash flows using interest rates for similar risk and maturity.

If observable market rates are not available to determine the fair value of financial liabilities measured at amortised cost, ProCredit Group Treasury rates are used as an input for a discounted cash flow model. These are presented as level 3 input factors. ProCredit Group Treasury rates are determined taking into consideration the cost of capital depending on currencies and maturities plus a risk margin that depends on an internal risk rating for each institution within the ProCredit group (incl. ProCredit Bank (Bulgaria) EAD). Internal rates are regularly compared to those applied for third party transactions and are therefore in compliance with an orderly transaction between market participants at the measurement date under current market conditions.

6	Net interest income	2025	2024
	Interest income calculated using the effective interest rate method		
	Loans and advances to customers	168,741	154,958
	Loans and advances to banks	10,586	18,734
	Investment securities	4,788	3,040
	Derivatives in qualifying hedging relationship	5,762	6,753
	Total interest income calculated using the effective interest rate method	189,877	183,485
	Interest income from derivatives	110	210
	Total interest income	189,987	183,695
	Interest and similar expenses		
	Liabilities to customers	19,714	14,421
	Liabilities to banks and financial institutions	11,169	12,152
	Lease liabilities	717	590
	Derivatives in qualifying hedging relationship	5,216	4,344
	Interest expenses for derivatives	63	90
	Total interest and similar expenses	36,879	31,597
	Net interest income	153,108	152,098

Included in "Interest income from loans and advances to customers" for 2025 is BGN 2,926 thousand of accrued interest on impaired loans (2024: BGN 1,940 thousand).

7	Loss allowance	2025	2024
	Net loss of allowances for central bank balances	(91)	17
	Net reversal of allowances for investment securities	17	(1)
	Net loss/(reversal) of allowances for off-balance sheet positions	(60)	(518)
	Net loss of allowances for other assets	21	195
	Allowances for loans and advances to customers:		
	• Net loss of allowances for loans and advances to customers	30,406	6,406
	• Recovery of written-off loans	(1,863)	(2,079)
	• Direct write-offs	198	196
	• Modification	(571)	(122)
	• Income from unrecognized interest IFRS 9	(791)	(778)
	Total loss allowance	27,266	3,316

8 Net fee and commission income	2025	2024
Fee and commission income		
Opening and account maintenance fees	12,781	10,800
Loan related fees	7,662	7,714
Debit/credit cards	10,536	8,160
Payment services	7,219	7,070
Cash operations on machines	3,618	3,470
Insurance fees	1,232	1,196
Loan management	9	32
Others	329	254
Total fee and commission income from contracts with customers	43,386	38,696
Letters of credit and guarantees	2,428	1,616
Total fee and commission income	45,814	40,312
Fee and commission expense	2025	2024
Guarantees for EIF programs	7,831	6,285
Debit/credit cards	4,754	3,221
Correspondent accounts	849	647
Others	238	335
Total fee and commission expense	13,672	10,488
Net fee and commission income	32,142	29,824
Loan related fees include: fees for changes in loan conditions; prepayment fees; commitment fees; loan application fees; collateral appraisal fees.		
9a Result from foreign exchange transactions	2025	2024
Currency transactions	15,737	11,819
Net gains from currency revaluation	350	125
Total result from foreign exchange transactions	16,087	11,944
9b Result from investment securities	2025	2024
Sale of investment securities	-	4,562
Revaluation of investment securities	132	217
Total result from investment securities	132	4,779

10 Other income/ Other expenses	2025	2024
a) Other income		
Income from non-financial services	2,070	1,759
Reversal of impairment of repossessed property	6	834
Income from derivative financial instruments	174	-
Dividends from investment securities	75	98
Income from sale of own property	3	161
Income from management services to subsidiaries	17	17
Other operating income	359	302
Total other income	2,704	3,171
b) Other expenses	2025	2024
Loss from derivative financial instruments	-	562
BNB fees	943	827
Other expenses related to repossessed property	19	24
Fee for keeping of funds of closed inactive accounts	60	76
Loss from sale of repossessed property	-	16
Other operating expenses	245	587
Total other expenses	1,267	2,092

“Dividends from investment securities” includes the dividend received by entities in which the bank has non-controlling interest. “BNB fees” includes banking supervision fee, payment supervision fee and restructuring fee, paid to Bulgarian National Bank.

11 Personnel expenses	2025	2024
Salary expenses	37,503	34,590
Pension costs	2,708	2,396
Other social security costs	2,911	2,528
Other employee costs	551	356
Total personnel expenses	43,673	39,870

12 Administrative expenses	2025	2024
Depreciation fixed and intangible assets (Note 19)	11,101	9,875
Non-income tax	9,918	9,687
Consultancy, legal and audit services	9,018	6,428
Communication and transport costs	8,902	6,601
Marketing, advertising and representation	4,945	4,011
Other professional services	3,492	4,596
Payments to Deposit Insurance Fund and Bank Restructuring Fund	2,751	3,716
IT expenses	2,359	2,151
Security services	2,163	1,787
Maintenance and utilities	1,924	1,578
Training	1,857	3,171
Operating lease rentals	1,040	94
Other administrative expenses	2,822	2,170
Total administrative expenses	62,292	55,865

The amounts accrued in 2025 for the services provided by the registered auditors for statutory joint independent financial audit are as follows: for KPMG Audit OOD: BGN 133 thousand excluding VAT, for Baker Tilly Klitou and Partners EOOD: BGN 47 thousand excluding VAT. In 2025 the bank was charged with amounts for other non-statutory audit services provided by KPMG Audit OOD at a total amount of BGN 96 thousand excluding VAT and by Baker Tilly Klitou and Partners EOOD: BGN 15 thousand excluding VAT.

Other non-statutory audit services performed by KPMG Audit OOD are as follows:

- Audit of the special purpose financial information of ProCredit Bank (Bulgaria) EAD prepared as of and for the year ended 31 December 2025 in accordance with the accounting instructions of ProCredit Holding AG to the components subject to consolidation;
- Review of the special purpose financial information of ProCredit Bank (Bulgaria) EAD prepared as of and for the period ended 30 June 2025 and 30 September 2025 in accordance with the accounting instructions of ProCredit Holding AG to the components subject to consolidation;
- Audit in accordance with the International Standards on Auditing of the interim financial statements prepared under the International Financial Reporting Standards for the period ended 30 June 2025;
- Procedures in relation to the bank's internal control environment in accordance with the requirements of article 76, par. 7, p. 1 of the Law of the credit institutions and article 5 of Ordinance 14 of the Bulgarian National Bank for 2025.

Other non-statutory audit services performed by Baker Tilly Klitou and Partners EOOD are as follows:

- Audit in accordance with the International Standards on Auditing of the interim financial statements prepared under the International Financial Reporting Standards for the period ended 30 June 2025;
- Procedures in relation to the bank's internal control environment in accordance with the requirements of article 76, par. 7, p. 1 of the Law of the credit institutions and article 5 of Ordinance 14 of the Bulgarian National Bank for 2025.

For 2024 the accrued amount for the provided audit and non-audit services by the external auditors were BGN 266 thousand excluding VAT.

13 Income tax expense	2025	2024
Current income tax	10,427	17,197
Deferred income tax (Note 20)	(4,845)	215
Total income tax expenses	5,582	17,412

The tax on the operating profit differs from the theoretical amount that would arise using the basic tax rate as follows:

	2025	2024
Profit before income tax	69,675	100,673
out of which in Greece	2,655	26,403
Theoretical tax in Greece	(1,273)	9,757
Theoretical tax at a tax rate of 10% (2024: 10%)	6,702	7,427
Tax effect from non-taxable income	(7)	(5)
Tax effect of expenses not deductible for tax purposes	160	233
Total income tax expense	5,582	17,412

The effective tax rate for 2025 is: 8.0% (2024: 17.3%).

14 Cash and central bank balances	2025	2024
Cash in hand	65,709	42,049
Central bank balances (excl. mandatory reserve)	555,801	362,755
Loss allowances for cash and central bank balances	(150)	(241)
Mandatory reserve deposits	505,009	453,868
Total cash and central bank balances	1,126,369	858,431
Loans and advances to banks with a maturity up to 3 months	104,893	66,823
Minimum reserve with central bank, which does not qualify as cash for the statement of cash flows	(505,009)	(453,868)
Loss allowances for cash and central bank balances	150	241
Central bank balances which do not qualify as cash or cash equivalents for the statement of cash flows	(43)	-
Cash and cash equivalents for the statement of cash flows	726,360	471,627

14 Cash and central bank balances (continued)

The following table discloses the central bank balances by three stages for the purpose of expected credit losses measurement as of 31 December 2025.

Central bank balances

	Stage 1	Stage 2	Stage 3	POCI	Total
Gross outstanding amount as at 1 Jan 2024	809,513	-	-	-	809,513
Derecognition	-	-	-	-	-
Increase in placements	7,110	-	-	-	7,110
Gross outstanding amount as at 31 Dec 2024	816,623	-	-	-	816,623
Derecognition	-	-	-	-	-
Increase in placements	244,187	-	-	-	244,187
As at 31 Dec 2025	1,060,810	-	-	-	1,060,810

Loss allowances for cash and central bank balances

	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 Jan 2024	(224)	-	-	-	(224)
Release due to derecognition	-	-	-	-	-
Increase in credit risk	(17)	-	-	-	(17)
Balance at 31 Dec 2024	(241)	-	-	-	(241)
Release due to derecognition	-	-	-	-	-
Decrease in credit risk	91	-	-	-	91
As at 31 Dec 2025	(150)	-	-	-	(150)

15 Loans and advances to banks

	2025	2024
Current accounts	104,898	66,823
Total loans and advances to banks	104,898	66,823

15 Loans and advances to banks (continued)

The following table discloses the loans and advances to banks balances by three stages for the purpose of expected credit losses measurement as of 31 December 2025.

Loans and advances to banks

	Stage 1	Stage 2	Stage 3	POCI	Total
Gross outstanding amount as at 1 Jan 2024	178,398	-	-	-	178,398
New financial assets originated	-	-	-	-	-
Derecognition	(14,166)	-	-	-	(14,166)
Decrease in placements	(97,409)	-	-	-	(97,409)
Gross outstanding amount as at 31 Dec 2024	66,823	-	-	-	66,823
New financial assets originated	4,955	-	-	-	4,955
Derecognition	-	-	-	-	-
Increase in placements	33,120	-	-	-	33,120
As at 31 Dec 2025	104,898	-	-	-	104,898

Loss allowances for loans and advances to banks

	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 Jan 2024	-	-	-	-	-
New financial assets originated	-	-	-	-	-
Increase in credit risk	-	-	-	-	-
Balance at 31 Dec 2024	-	-	-	-	-
New financial assets originated	-	-	-	-	-
Decrease in credit risk	-	-	-	-	-
As at 31 Dec 2025	-	-	-	-	-

16 Investment securities

	As of 31 December 2025		
	Listed	Unlisted	Total
Bulgarian Government debt securities	59,600	-	59,600
Debt securities of other institutions	54,290	-	54,290
Shares	1,072	1,261	2,333
Total investment securities	114,962	1,261	116,223

	As of 31 December 2024		
	Listed	Unlisted	Total
Bulgarian Government debt securities	18,694	-	18,694
Debt securities of other institutions	99,997	-	99,997
Shares	1,131	1,262	2,393
Total investment securities	119,822	1,262	121,084

The shares represent investments in local and foreign financial intermediary institutions.

16 Investment securities (continued)

The following table discloses the debt securities by three stages for the purpose of expected credit losses measurement as of 31 December 2025.

Investment securities

	Stage 1	Stage 2	Stage 3	POCI	Total
Gross outstanding amount as at 1 Jan 2024	109,055	-	-	-	109,055
New financial assets originated	67,716	-	-	-	67,716
Derecognition	(61,723)	-	-	-	(61,723)
Increase	3,643	-	-	-	3,643
Gross outstanding amount as at 31 Dec 2024	118,691	-	-	-	118,691
New financial assets originated	49,072	-	-	-	49,072
Derecognition	(49,067)	-	-	-	(49,067)
Decrease	(4,806)	-	-	-	(4,806)
As at 31 Dec 2025	113,890	-	-	-	113,890

Loss allowances for investment securities

	Stage 1	Stage 2	Stage 3	POCI	Total
Gross outstanding amount as at 1 Jan 2024	-	-	-	-	-
New financial assets originated	-	-	-	-	-
Derecognition	-	-	-	-	-
Increase in credit risk	(12)	-	-	-	(12)
Gross outstanding amount as at 31 Dec 2024	(12)	-	-	-	(12)
New financial assets originated	(19)	-	-	-	(19)
Derecognition	1	-	-	-	1
Decrease in credit risk	1	-	-	-	1
As at 31 Dec 2025	(29)	-	-	-	(29)

The movement of the shares are presented in the table below:

	2025	2024
Opening balance	2,393	8,713
Disposals	-	(5,666)
Gains/ (losses) from changes in FV	-	(768)
Foreign currency revaluation	(60)	114
Closing balance	2,333	2,393

17 Investments in subsidiaries

The bank owns the total share capital of ProCredit Properties EAD, which co-owns (together with the bank) the head office building of the group. The registered capital of the company is divided into 10 shares with a nominal value of BGN 5,000 each. All shares confer equal voting power and are fully paid. The total investment of the bank in the company is BGN 419 thousand (2024: BGN 419 thousand).

The bank owns the total share capital of ProCredit Education EAD. The registered capital of the company is divided into 8,000,000 shares with a nominal value of BGN 1 each. All shares confer equal voting power and are fully paid. The total investment of the bank in the company is BGN 8,163 thousand (2024: BGN 8,163 thousand).

17 Investments in subsidiaries (continued)

The bank owns the total share capital of Private High School “Denis Diderot” EAD. The company was founded in 2021. The registered capital of the company is divided into 50,000 shares with a nominal value of BGN 1 each. All shares confer equal voting power and are fully paid. The total investment of the bank in the company is BGN 50 thousand (2024: BGN 50 thousand).

18 Loans and advances to customers, net	2025	2024
Total gross loans and advances	3,764,069	3,475,098
Less provision for impairment	(82,003)	(51,666)
Total loans and advances to customers, net	3,682,066	3,423,432

The following table discloses the changes in the gross carrying amount and credit loss allowance for loans and advances to customers carried at amortised cost between the beginning and the end of the reporting period.

18 Loans and advances to customers, net

Loans and advances to customers – Business loans					
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross outstanding amount as at 1 January 2024	2,402,705	166,544	23,614	601	2,593,464
New financial assets originated	1,021,729	-	-	-	1,021,729
Modification of contractual cash flows of financial assets	123	9	15	-	147
Derecognition	(306,136)	(63,573)	(1,688)	-	(371,397)
Write-offs	-	-	(1,111)	-	(1,111)
Changes in interest accrual	1,155	228	965	-	2,348
Changes in the principal and disbursement fee amount	(279,272)	26,822	(5,946)	(83)	(258,479)
Transfer from Stage 1 to Stage 2	(436,422)	436,422	-	-	-
Transfer from Stage 1 to Stage 3	(3,635)	-	3,635	-	-
Transfer from Stage 2 to Stage 1	302,673	(302,673)	-	-	-
Transfer from Stage 2 to Stage 3	-	(16,985)	16,985	-	-
Transfer from Stage 3 to Stage 2	-	874	(874)	-	-
Transfer from Stage 3 to Stage 1	1,278	-	(1,278)	-	-
Gross outstanding amount as at 31 Dec 2024	2,704,198	247,668	34,317	518	2,986,701
New financial assets originated	1,018,217	-	-	-	1,018,217
Modification of contractual cash flows of financial assets	203	322	27	-	552
Derecognition	(415,919)	(52,882)	(3,388)	-	(472,189)
Write-offs	-	-	(93)	-	(93)
Changes in interest accrual	(151)	594	1,528	-	1,971
Changes in the principal and disbursement fee amount	(346,076)	(16,247)	(7,218)	(73)	(369,614)
Transfer from Stage 1 to Stage 2	(457,095)	457,095	-	-	-
Transfer from Stage 1 to Stage 3	(1,562)	-	1,562	-	-
Transfer from Stage 2 to Stage 1	232,441	(232,441)	-	-	-
Transfer from Stage 2 to Stage 3	-	(162,515)	162,515	-	-
Transfer from Stage 3 to Stage 2	-	646	(646)	-	-
Transfer from Stage 3 to Stage 1	732	-	(732)	-	-
Gross outstanding amount as at 31 Dec 2025	2,734,988	242,240	187,872	445	3,165,545

18 Loans and advances to customers, net (continued)

Loss allowances for loans and advances to customers – Business loans

	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 January 2024	(17,910)	(11,651)	(12,727)	(94)	(42,382)
New financial assets originated	(7,931)	-	-	-	(7,931)
Release due to derecognition	742	2,531	1,081	-	4,354
Transfer from Stage 1 to Stage 2	2,998	(2,998)	-	-	-
Transfer from Stage 1 to Stage 3	69	-	(69)	-	-
Transfer from Stage 2 to Stage 1	(2,134)	2,134	-	-	-
Transfer from Stage 2 to Stage 3	-	2,273	(2,273)	-	-
Transfer from Stage 3 to Stage 2	-	(121)	121	-	-
Transfer from Stage 3 to Stage 1	(6)	-	6	-	-
Increase in credit risk	(6,909)	(45,141)	(8,678)	-	(60,728)
Decrease in credit risk	18,231	29,535	9,405	61	57,232
Usage of allowance	-	-	1,097	-	1,097
Increase due to modification without derecognition	-	-	(2)	-	(2)
Decrease due to modification without derecognition	-	-	-	-	-
Balance at 31 Dec 2024	(12,850)	(23,438)	(12,039)	(33)	(48,360)
New financial assets originated	(5,813)	-	-	-	(5,813)
Release due to derecognition	697	450	1,221	-	2,368
Transfer from Stage 1 to Stage 2	2,743	(2,741)	-	-	2
Transfer from Stage 1 to Stage 3	12	-	(12)	-	-
Transfer from Stage 2 to Stage 1	(1,320)	1,320	-	-	-
Transfer from Stage 2 to Stage 3	-	42,280	(42,280)	-	-
Transfer from Stage 3 to Stage 2	-	(11)	11	-	-
Transfer from Stage 3 to Stage 1	(5)	-	5	-	-
Increase in credit risk	(5,742)	(40,102)	(10,115)	(22)	(55,981)
Decrease in credit risk	13,403	14,087	3,773	-	31,263
Usage of allowance	-	-	69	-	69
Increase due to modification without derecognition	-	(6)	(9)	-	(15)
Decrease due to modification without derecognition	-	-	1	-	1
As at 31 Dec 2025	(8,875)	(8,161)	(59,375)	(55)	(76,466)

Loans and advances to customers – Private loans

	Stage 1	Stage 2	Stage 3	POCI	Total
Gross outstanding amount as at 1 January 2024	377,400	6,277	827	-	384,504
New financial assets originated	187,251	-	-	-	187,251
Modification of contractual cash flows of financial assets	(27)	2	-	-	(25)
Derecognition	(34,893)	(788)	(10)	-	(35,691)
Write-offs	-	-	(149)	-	(149)
Changes in interest accrual	107	5	49	-	161
Changes in the principal and disbursement fee amount	(46,687)	(857)	(110)	-	(47,654)
Transfer from Stage 1 to Stage 2	(5,618)	5,618	-	-	-
Transfer from Stage 1 to Stage 3	(301)	-	301	-	-
Transfer from Stage 2 to Stage 1	7,293	(7,293)	-	-	-
Transfer from Stage 2 to Stage 3	-	(910)	910	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
Transfer from Stage 3 to Stage 1	121	-	(121)	-	-
Gross outstanding amount as at 31 Dec 2024	484,646	2,054	1,697	-	488,397
New financial assets originated	233,704	-	-	-	233,704
Modification of contractual cash flows of financial assets	13	6	-	-	19
Derecognition	(57,751)	(640)	(324)	-	(58,715)
Write-offs	-	-	-	-	-
Changes in interest accrual	2	21	126	-	149
Changes in the principal and disbursement fee amount	(63,698)	(1,194)	(138)	-	(65,030)
Transfer from Stage 1 to Stage 2	(20,575)	20,575	-	-	-
Transfer from Stage 1 to Stage 3	(258)	-	258	-	-
Transfer from Stage 2 to Stage 1	7,172	(7,172)	-	-	-
Transfer from Stage 2 to Stage 3	-	(3,329)	3,329	-	-
Transfer from Stage 3 to Stage 2	-	421	(421)	-	-
Transfer from Stage 3 to Stage 1	451	-	(451)	-	-
Gross outstanding amount as at 31 Dec 2025	583,706	10,742	4,076	-	598,524

18 Loans and advances to customers, net (continued)

Loss allowances for loans and advances to customers – Private loans

	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 January 2024	(3,555)	(102)	(465)	-	(4,122)
New financial assets originated	(1,559)	-	-	-	(1,559)
Release due to derecognition	330	12	5	-	347
Transfer from Stage 1 to Stage 2	59	(59)	-	-	-
Transfer from Stage 1 to Stage 3	78	-	(78)	-	-
Transfer from Stage 2 to Stage 1	(76)	76	-	-	-
Transfer from Stage 2 to Stage 3	-	156	(156)	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
Transfer from Stage 3 to Stage 1	(2)	-	2	-	-
Increase in credit risk	(491)	(214)	(737)	-	(1,442)
Decrease in credit risk	3,005	90	222	-	3,317
Usage of allowance	-	-	147	-	147
Increase due to modification without derecognition	-	-	-	-	-
Decrease due to modification without derecognition	-	-	-	-	-
Balance at 31 Dec 2024	(2,211)	(41)	(1,060)	-	(3,312)
New financial assets originated	(1,343)	-	-	-	(1,343)
Release due to derecognition	309	10	216	-	535
Transfer from Stage 1 to Stage 2	136	(138)	-	-	(2)
Transfer from Stage 1 to Stage 3	2	-	(2)	-	-
Transfer from Stage 2 to Stage 1	(34)	34	-	-	-
Transfer from Stage 2 to Stage 3	-	67	(67)	-	-
Transfer from Stage 3 to Stage 2	-	(59)	59	-	-
Transfer from Stage 3 to Stage 1	(5)	-	5	-	-
Increase in credit risk	(770)	(578)	(2,590)	-	(3,938)
Decrease in credit risk	1,698	146	673	-	2,517
Usage of allowance	-	-	-	-	-
Increase due to modification without derecognition	-	-	-	-	-
Decrease due to modification without derecognition	-	-	-	-	-
As at 31 Dec 2025	(2,218)	(559)	(2,766)	-	(5,543)

19 Property, plant and equipment and Intangible assets

	Land and buildings	Business and office equipment	ROU assets – buildings	Intangible assets	Total
Cost					
Balance as of 1 Jan 2024	24,669	25,964	18,267	31,217	100,117
Acquisitions	3,011	4,833	6,751	13,710	28,305
Disposals	(639)	(1,426)	(18)	(147)	(2,230)
Balance as of 31 Dec 2024	27,041	29,371	25,000	44,780	126,192
Depreciation					
Balance as of 1 Jan 2024	5,782	10,496	6,906	13,824	37,008
Depreciation for the period	841	3,363	2,417	3,254	9,875
Accumulated depreciation of disposal	(639)	(1,244)	(18)	(137)	(2,038)
Balance as of 31 Dec 2024	5,984	12,615	9,305	16,941	44,845
Carrying amounts					
Balance as of 1 Jan 2024	18,887	15,468	11,361	17,393	63,109
Balance as of 31 Dec 2024	21,057	16,756	15,695	27,839	81,347
Cost					
Balance as of 1 Jan 2025	27,041	29,371	25,000	44,780	126,192
Acquisitions	6,353	2,650	1,015	15,413	25,431
Disposals	(1)	(360)	(1,118)	(9,284)	(10,763)
Balance as of 31 Dec 2025	33,393	31,661	24,897	50,909	140,860
Depreciation					
Balance as of 1 Jan 2025	5,984	12,615	9,305	16,941	44,845
Depreciation for the period	920	3,332	3,163	3,686	11,101
Accumulated depreciation of disposal	-	(306)	(769)	(9,259)	(10,334)
Balance as of 31 Dec 2025	6,904	15,641	11,699	11,368	45,612
Carrying amounts					
Balance as of 1 Jan 2025	21,057	16,756	15,695	27,839	81,347
Balance as of 31 Dec 2025	26,489	16,020	13,198	39,541	95,248

20 Deferred tax assets/(liabilities)

The deferred income taxes relate to the following temporary differences:

	2025	2024
Deferred tax assets		
Reposessed properties	103	104
Unused staff holiday time and retirement benefit provision	79	59
Right of use assets	79	72
Loan loss provisions	4,784	-
Other temporary differences	-	31
Total deferred tax assets	5,045	266
Deferred tax liabilities		
Property, plant and equipment	538	604
Other temporary differences	46	46
Total deferred tax liabilities	584	650
Net deferred tax assets/(liabilities)	4,461	(384)

The following table analyses the change in deferred taxes:

	2025	2024
Unused staff holiday time and retirement benefit provision	20	(26)
Reposessed properties	(1)	(111)
Right of use assets	7	14
Loan loss provisions	4,784	-
Property, plant and equipment	66	(92)
	(31)	-
Total change in deferred taxes (Note 13)	4,845	(215)

21 Other assets

	2025	2024
Accounts receivable	9,940	6,631
Prepayments	3,614	5,901
Unauthorized overdrafts	1,839	1,264
Tax receivables	26,270	430
Loss allowance for account receivables	(752)	(731)
Total other assets	40,911	13,495

As of 31 December 2025 the Bank has no recognised reposessed properties. The valuation policy for such assets provides for their recognition at the lower of the previous carrying amount of the written-off loan and the expected selling price less cost to sell. Reconciliation of the carrying amount of reposessed property is presented in the following table:

21 Other assets (continued)

Reposessed property	2025	2024
Balance as of 1 January	-	-
Additions	-	-
(Sales)	(6)	(819)
(Impairment)/Reversal of impairment of reposessed property	6	819
Balance as of 31 December	-	-

Fair values of reposessed property is established on the basis of internal calculations. The bank considers the following valuation techniques:

- Cost approach. It considers the current replacement costs of building the property, including the cost of transportation, installation and start-up.
- Income approach. It considers the present value of the net cash flows expected to be generated from the facility, taking into account the planned EBITDA growth rate and budgeted capital expenditure growth rate; the expected net cash flows are discounted using a risk-adjusted discount rate.
- Sales comparison approach. It considers direct comparison with the offered prices of similar properties.

The following table discloses the other financial assets balances by three stages for the purpose of expected credit losses measurement as of 31 December 2025.

Other financial assets

	Stage 1	Stage 2	Stage 3	POCI	Total
Gross outstanding amount as at 1 Jan 2024	7,631	-	-	-	7,631
New financial assets originated	7,895	-	-	-	7,895
Derecognition	(7,631)	-	-	-	(7,631)
Gross outstanding amount as at 31 Dec 2024	7,895	-	-	-	7,895
New financial assets originated	11,779	-	-	-	11,779
Derecognition	(7,895)	-	-	-	(7,895)
As at 31 Dec 2025	11,779	-	-	-	11,779

Loss allowances for other assets

	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 January 2024	(536)	-	-	-	(536)
New financial assets originated	(731)	-	-	-	(731)
Release due to derecognition	536	-	-	-	536
Balance at 31 Dec 2024	(731)	-	-	-	(731)
New financial assets originated	(752)	-	-	-	(752)
Release due to derecognition	731	-	-	-	731
As at 31 Dec 2025	(752)	-	-	-	(752)

22 Liabilities to banks	2025	2024
Current accounts	6,096	2,982
Total liabilities to banks	6,096	2,982

The current accounts include liabilities to ProCredit Bank Germany for BGN 6,090 thousand (2024: BGN 2,967 thousand).

23 Liabilities to customers	2025	2024
Current accounts		
- private individuals	524,472	417,946
- legal entities	1,388,114	1,238,352
Total current accounts	1,912,586	1,656,298
Saving accounts		
- private individuals	730,309	587,852
- legal entities	707,735	702,894
Total saving accounts	1,438,044	1,290,746
Term deposit accounts		
- private individuals	580,744	485,777
- legal entities	482,116	431,110
Total term deposit accounts	1,062,860	916,887
Payments in transit	22,958	10,335
Total liabilities to customers	4,436,448	3,874,266

24 Liabilities to financial institutions

Institution	Final year of maturity	2025	2024
European Bank for Reconstruction and Development (EBRD)	2029, 2031	77,835	79,206
ProCredit Holding	2027	60,048	60,060
European Fund for Southeast Europe (EFSE)	2029, 2030	58,639	58,522
European Investment Bank (EIB)	2028	32,111	45,140
European Investment Fund (EIF)	2026	487	1,672
Total liabilities to financial institutions		229,120	244,600

The loan agreement with the European Investment Fund is under the JEREMIE program aimed towards co-financing of small and medium enterprises. The bank was in compliance with the covenants included in the respective loan agreements in 2025. The loans, received by financial institutions, are not collateralized by the bank.

25 Lease liabilities

The bank as a lessee

The bank leases a number of branch premises. The leases typically run for a period of 10 years. There are few leases for long-term apartment and warehouse rentals needed to support the bank's activities.

The bank also leases short-term apartment and parking space rentals, IT equipment and water dispensers. These leases are short-term and/or leases of low-value items. The bank has elected not to recognise right-of-use assets and lease liabilities for these leases.

25 Lease liabilities (continued)

Lease liabilities can be analysed as follows:

	2025	2024
Total lease liabilities	14,091	16,471
	2025	2024
Short-term lease liabilities	3,341	3,173
Long-term lease liabilities	10,750	13,298
Total lease liabilities	14,091	16,471
	2025	2024
Minimum lease payments		
Up to 1 year	3,761	3,644
Between 1 and 5 years	10,783	12,548
More than 5 years	1,670	3,063
Total minimum lease payments	16,214	19,255
Reduced by the amounts representing finance costs	(2,123)	(2,784)
Present value of the minimum lease payments	14,091	16,471
	2025	2024
Interest expense on lease liabilities	717	590
Expense relating to leases of low-value assets	1,040	790
Total expenses related to leases	1,757	1,380

The Bank had total cash outflows for leases of BGN 4,112 thousand in 2025 (BGN 2,844 thousand in 2024).

26 Derivative financial assets and liabilities

Derivative financial assets and liabilities represent the net position of discounted interest payments from interest rate swaps with ProCredit Bank (Germany). Derivative financial assets and liabilities are presented in the table below.

	31.12.2025		
		Fair value	
	Nominal amount	Assets	Liabilities
Interest rate swaps	131,513	8,275	620
Total	131,513	8,275	620

	31.12.2024		
		Fair value	
	Nominal amount	Assets	Liabilities
Interest rate swaps	138,718	7,024	2,418
Total	138,718	7,024	2,418

Hedge accounting

The bank designates interest rate swaps as hedging instruments in hedging relationships (hedge accounting) in accordance with IFRS 9. These are used to hedge against changes in the fair value of fixed-interest loans attributable to interest rate risk (micro fair value hedge).

26 Derivative financial assets and liabilities (continued)

The bank hedges the fixed-interest underlying transactions with pay-fixed/receive-floating interest rate swaps in the context of micro-hedges. Underlying and hedging transactions enter into a hedging relationship in full. The critical terms of the hedging instrument and the hedged item match or are closely aligned.

	2025		2024	
	Assets	Liabilities	Assets	Liabilities
Risk exposure				
Interest rate				
Designated in fair value hedges	8,211	620	6,880	2,418
Total interest rate derivatives	8,211	620	6,880	2,418

Risk category	Maturity 2025			Maturity 2024		
	Less than 1 year	1-5 years	More than 5 years	Less than 1 year	1-5 years	More than 5 years
Interest rate risk						
Hedge of loans and advances						
Nominal amount	-	-	129,189	-	-	135,252
Average fixed interest rate	-	-	3.9%	-	-	4.0%

Fair value hedges

The amounts relating to items designated as hedging instruments and hedge ineffectiveness at 31 December 2025 were as follows.

	2025		Line item in the statement of financial position where the hedging instrument is included	Change in fair values used for calculating hedge ineffectiveness	Ineffectiveness recognised in profit or loss	Line item in profit or loss that includes hedge ineffectiveness
	Nominal amount	Carrying amount				
		Assets	Liabilities			
Interest rate risk						
Hedge of loans and advances						
Interest rate swaps – hedge of loans and advances to customers	129,189	8,211	620	Derivative financial assets (liabilities)	3,129	Other income
					236	

The amounts relating to items designated as hedged items at 31 December 2025 were as follows.

					2025	
Carrying amount		Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item		Line item in the statement of financial position in which the hedged item is included	Change in values used for calculating hedge ineffectiveness	Accumulated amount of fair value hedge adjustments remaining in the statement of financial position for any hedged items that have ceased to be adjusted for hedging gains and losses.
Assets	Liabilities	Assets	Liabilities			
Loans and advances to customers	121,055	-	(8,017)	-	Loans and advances to customers	(2,487)

26 Derivative financial assets and liabilities (continued)

The amounts relating to items designated as hedging instruments and hedge ineffectiveness at 31 December 2024 were as follows.

	2024		Line item in the statement of financial position where the hedging instrument is included	Change in fair values used for calculating hedge ineffectiveness	Ineffectiveness recognised in profit or loss	Line item in profit or loss that includes hedge ineffectiveness
	Nominal amount	Carrying amount				
		Assets	Liabilities			
Interest rate risk						
Hedge of loans and advances						
Interest rate swaps – hedge of loans and advances to customers	135,252	6,880	2,418	Derivative financial assets (liabilities)	(2,502)	(451)
						Other expenses

The amounts relating to items designated as hedged items at 31 December 2024 were as follows.

	2024		Line item in the statement of financial position in which the hedged item is included	Change in values used for calculating hedge ineffectiveness	Accumulated amount of fair value hedge adjustments remaining in the statement of financial position for any hedged items that have ceased to be adjusted for hedging gains and losses.
	Assets	Liabilities			
Carrying amount	Assets	Liabilities	Assets	Liabilities	
Loans and advances to customers	129,085	-	(5,530)	-	Loans and advances to customers
					1,971

27 Other liabilities	2025	2024
Creditors	5,912	4,366
Non-income taxes payable	2,283	2,130
Internal accounts	135	164
Total other liabilities	8,330	6,660

The other financial liabilities are presented in positions “Creditors” and “Internal accounts” in the table above.

28 Provisions	2025	2024
Provisions for losses from off-balance sheet items	754	813
Provisions for unused staff holiday time	155	90
Provisions for post-employment benefits	607	476
Total provisions	1,516	1,379

28 Provisions (continued)

Obligations for defined benefit retirement compensation

The estimated amount of the obligation as at each reporting date and the expenses for retirement compensation recognised are based on an actuarial report (see below information on actuarial assumptions). The defined benefit plan (obligation for compensation upon retirement) is an unfunded plan.

Movement in the present value of the defined benefit obligations

	2025	2024
Defined benefit obligations as of 1 January	476	366
Current service costs	43	37
Actuarial (gains)/losses from changes in financial and demographic assumptions	68	58
Interest cost	20	15
Defined benefit obligations as of 31 December	607	476

Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	2025	2024
Discount rate as of 31 December	3.93%	3.93%
Future salary increases	5.00%	5.00%
Inflation rate	5.00%	5.00%

29 Equity

Share capital and share premium

At the end of 2025 the capital of the bank consists of registered capital and share premium. The registered capital of BGN 262,001 thousand is divided into 262,001 thousand shares (2024: 262,001 thousand shares) with a nominal value of BGN 1 each. All shares confer equal voting power and are fully paid. The shareholder of the bank's capital is ProCredit Holding. The share premium is BGN 3,496 thousand (2024: BGN 3,496 thousand).

Retained earnings and reserves

Legal and other reserves – the reserves have been distributed from the net profit of the bank in compliance with the Commercial Law, article 246. The funds in these reserves could only be used for covering of current loss and loss from previous years.

Revaluation reserve – comprise accumulated revaluation by fair value of financial assets at fair value through other comprehensive income.

Retained earnings – comprise the retained profits of the bank. In 2025 the bank did not distribute dividends (2024: BGN 51,799 thousand).

30 Reconciliation of movements of liabilities to cash flows arising from financing activities

	Banks	Customers	Liabilities to Financial institutions	Lease liabilities	Other liabilities	Share capital	Equity Reserves	Retained earnings	Total
Balance at 1 Jan 2024	6,641	3,484,805	251,076	11,975	15,498	265,497	27,414	103,598	4,166,504
Proceeds from liabilities to banks and institutions	-	-	39,117	-	-	-	-	-	39,117
Repayment of liabilities to banks and institutions	-	-	(46,170)	(2,443)	-	-	-	-	(48,613)
Dividend paid	-	-	-	-	-	-	-	(51,799)	(51,799)
Total changes from financing cash flows	-	-	(7,053)	(2,443)	-	-	-	(51,799)	(61,295)
Other changes									
Liability-related									
Short term liabilities to banks and institutions	(3,659)	-	-	-	-	-	-	-	(3,659)
Income tax expense	-	-	-	-	17,412	-	-	-	17,412
Income tax paid	-	-	-	-	(15,903)	-	-	-	(15,903)
Liabilities to customers	-	385,731	-	-	-	-	-	-	385,731
Unrealised gains/ losses from currency revaluation	-	1,635	-	-	-	-	-	-	1,635
Increase in lease liabilities	-	-	-	6,750	-	-	-	-	6,750
Decrease in other liabilities	-	-	-	-	(215)	-	-	-	(215)
Interest expense	992	14,421	11,160	590	4,434	-	-	-	31,597
Interest paid	(992)	(12,326)	(10,583)	(401)	(4,309)	-	-	-	(28,611)
Total liability-related other changes	(3,659)	389,461	577	6,939	1,419	-	-	-	394,737
Equity-related									
Revaluation of investment securities, net of taxes	-	-	-	-	-	-	(2,939)	-	(2,939)
Transfers of revaluation reserve to other net equity items from equities at Fair Value through OCI	-	-	-	-	-	-	(1,239)	1,239	-
Profit for the year	-	-	-	-	-	-	-	83,261	83,261
Total equity-related other changes	-	-	-	-	-	-	(4,178)	84,500	80,322
Balance as at 31 Dec 2024	2,982	3,874,266	244,600	16,471	16,917	265,497	23,236	136,299	4,580,268
Proceeds from liabilities to banks and institutions	-	-	58,675	-	-	-	-	-	58,675
Repayment of liabilities to banks and institutions	-	-	(72,899)	(3,552)	-	-	-	-	(76,451)
Dividend paid	-	-	-	-	-	-	-	-	-
Total changes from financing cash flows	-	-	(14,224)	(3,552)	-	-	-	-	(17,776)
Other changes									
Liability-related									
Short term liabilities to banks and institutions	3,114	-	-	-	-	-	-	-	3,114
Income tax expense	-	-	-	-	5,582	-	-	-	5,582
Income tax paid	-	-	-	-	(15,444)	-	-	-	(15,444)
Liabilities to customers	-	558,984	-	-	-	-	-	-	558,984
Unrealised gains/ losses from currency revaluation	-	(5,156)	-	-	-	-	-	-	(5,156)
Increase in lease liabilities	-	-	-	1,015	-	-	-	-	1,015
Increase in other liabilities	-	-	-	-	4,390	-	-	-	4,390
Interest expense	509	19,714	10,660	717	5,279	-	-	-	36,879
Interest paid	(509)	(11,360)	(11,916)	(560)	(5,200)	-	-	-	(29,545)
Total liability-related other changes	3,114	562,182	(1,256)	1,172	(5,393)	-	-	-	559,819
Equity-related									
Revaluation of investment securities, net of taxes	-	-	-	-	-	-	679	-	679
Profit for the year	-	-	-	-	-	-	-	64,093	64,093
Total equity-related other changes	-	-	-	-	-	-	679	64,093	64,772
Balance at 31 Dec 2025	6,096	4,436,448	229,120	14,091	11,524	265,497	23,915	200,392	5,187,083

31 Contingent liabilities and commitments

Off-balance sheet commitments

The following table indicates the contractual amounts of the bank's off-balance sheet financial instruments that commit it to extend credit to customers:

	2025	2024
Commitments to extend credit	660,187	659,289
Letters of credit and letters of guarantee	134,713	107,206
Total contingencies and commitments	794,900	766,495

Loss allowances for financial off-balance sheet commitments

	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 Jan 2024	(981)	(276)	(75)	-	(1,332)
New financial assets originated	(916)	-	-	-	(916)
Release due to derecognition	102	24	18	-	144
Transfers between stages	(79)	110	(31)	-	-
(Increase)/Decrease in credit risk	1,166	91	33	-	1,290
Balance at 31 Dec 2024	(708)	(51)	(55)	-	(814)
New financial assets originated	(653)	-	-	-	(653)
Release due to derecognition	52	13	28	-	93
Transfers between stages	(23)	30	(7)	-	-
(Increase)/Decrease in credit risk	668	(58)	10	-	620
As at 31 Dec 2025	(664)	(66)	(24)	-	(754)

32 Related party transactions

ProCredit Holding is the sole shareholder, the ultimate parent and ultimate controlling party of the bank. The bank pays commitment fee under the stand-by line agreement. Banks from ProCredit Holding group keep current accounts placements with the bank, which are disclosed in Note 22.

The volumes of related party transactions outstanding at year end, and associated expenses and income for the year are as follows:

Transactions/balances with ProCredit Holding	2025	2024
Other income earned	289	265
Liabilities at the end of the period	60,119	60,211
Interest expense incurred	2,161	2,167
Other expenses incurred	5,420	4,550
out of which fee expenses to Stand-by line	-	17

32 Related party transactions (continued)

Transactions with subsidiaries	2025	2024
Loans and advances at the end of the period	11,411	11,934
Interest income earned	382	414
Other income earned	7	5
Liabilities at the end of the period	23	63
Lease liabilities at the end of the period	4,013	4,921
Other expenses incurred	1,085	1,084
Transactions/balances with other ProCredit group entities	2025	2024
Loans and advances at the end of the period	95,697	73,091
Interest income earned	6,744	10,085
Other income earned	2,857	105
Liabilities at the end of the period	6,736	5,539
Interest expense incurred	5,535	4,707
Other expenses incurred	3,459	6,078

In 2025 the total compensation of key management personnel was BGN 2,577 thousand (2024: BGN 2,021 thousand). The compensation is remuneration only and there are no other compensations of the key management.

33 Other information required by law

ProCredit Bank (Bulgaria) EAD has one branch in Greece. The branch was founded in 2015 and is providing full range of banking services. The headquarters of the bank and its administration are located at Sofia, 26 Todor Aleksandrov Blvd, while the branch in Greece is located at Thessaloniki 57001, Thermi Business Center, St. Kazantzidi 47. In the table below is presented more information required by the Law on Credit Institutions, article 70, paragraph 6 and 7.

As of 31 Dec 2025	ProCredit Bank (Bulgaria) EAD	ProCredit Bank (Bulgaria) EAD - Thessaloniki Branch
Turnover	202,907	58,150
Number of employees	587	40
Operating result before taxes	69,675	2,655
Tax expenses	5,582	(1,273)
Return on average assets	1.3%	0.3%
State subsidies	38	-

As of 31 Dec 2024	ProCredit Bank (Bulgaria) EAD	ProCredit Bank (Bulgaria) EAD - Thessaloniki Branch
Turnover	199,724	62,786
Number of employees	602	41
Operating result before taxes	100,673	26,403
Tax expenses	17,412	9,757
Return on average assets	1.9%	1.4%
State subsidies	40	-

34 Subsequent events

At a meeting held on 8 July 2025, the Economic and Financial Affairs Council (ECOFIN) of the European Union adopted three legal acts, thereby formalizing Bulgaria's accession to the euro area as of 2026. The Council approved Council Decision (EU) 2025/1407 on the adoption of the euro by Bulgaria, a Council Regulation amending Regulation (EC) No 974/98 on the introduction of the euro in Bulgaria, and a Council Regulation amending Regulation (EC) No 2866/98 on the conversion rate to the euro for Bulgaria. Thus, as of 1 January 2026, Bulgaria will adopt the euro at a conversion rate of 1 euro = 1.95583 leva, which corresponds to the current central rate in the exchange rate mechanism (ERM II).

On 28 February 2026, a joint operation by the United States and Israel against strategic targets in Iran commenced. As a result, leading global financial markets are experiencing volatility and uncertainty due to the conflict, as well as a lasting impact on energy prices. The effect of the war in the Middle East on the global economy will depend on its duration and the extent of damage to infrastructure and industries in the region, in particular on whether the increases in energy prices will be short-term or prolonged. The conflict may have a significant impact on the global economy across a number of indicators, including inflation, economic growth and others. The Bank is monitoring the situation and is continuously analysing and assessing the potential consequences and effects of the conflict on its operations, assets and prospects.

There are no significant post balance sheet events with effect on the separate financial statements as of 31 December 2025.

Separate Annual Activity Report of the Management of ProCredit Bank (Bulgaria) EAD for 2025

Description of the activity

ProCredit Bank (Bulgaria) EAD (“ProCredit Bank” or the “bank”) was established in October 2001 as a result of the founding meeting of shareholders — namely the European Bank for Reconstruction and Development (“EBRD”), the International Finance Corporation (“IFC”), ProCredit Holding AG (“ProCredit Holding”), Deutsche Investitions-und Entwicklungsgesellschaft (DEG) and Commerzbank AG. The bank was registered with the Sofia City Court as a Bulgarian joint-stock company on 28 September 2001. Since the beginning of 2013, the sole owner of the capital of the bank is ProCredit Holding.

ProCredit Holding is the parent company of the bank and supervises its activities.

The bank is supervised by a Supervisory Board comprising five members and managed by a Management Board comprising six members elected for a period of three years.

ProCredit Bank supports development and provides full range of banking services. The bank provides services to both business clients and private individuals. In its activities, ProCredit Bank adheres to several basic principles: transparency in communication with clients; consumer lending is not encouraged; only services that are based on both an understanding of the client’s profile and an in-depth financial analysis are provided. This responsible approach to banking enables the establishment of long-term partnerships with clients based on mutual trust and cooperation.

In dealing with business clients, ProCredit Bank focuses on micro, small and medium-sized enterprises, as it believes that they create jobs and make a vital contribution to the economies in which they operate. By offering understandable and affordable deposits and other banking services and promoting a savings culture for private individuals, ProCredit Bank strives to build a culture of savings and responsibility that contributes to greater stability and security in the households.

The bank structures its clients according to their business potential, the groups being – business clients: micro, small and medium-sized enterprises, and private individuals. Business clients, that receive services from ProCredit Bank, include commercial companies, agricultural producers and self-employed persons, while the focus on individuals is on regular income earners and business owners. The bank strives to have a detailed knowledge of its clients in terms of business model, business development and investment plans, as it aims at being able to apply to each client an individual approach, as well as a long-term strategy for the services it provides. The bank’s strategic focus is on manufacturing companies, agricultural producers, financing of projects in the field of energy efficiency, environmental protection and renewable energy. ProCredit Bank also focuses on serving private individuals who appreciate modern banking services, who have the capacity to save and who prefer to do their banking through electronic channels (direct banking strategy).

The bank’s shareholder expects a sustainable return on investment over the long term, and short-term profit maximisation is not the goal. ProCredit Bank invests heavily in the training and development of its employees in order to create an open and productive working atmosphere and to provide professional and competent customer service.

As of the end of 2025, the bank’s operations were carried out through its headquarters in Sofia, 6 branches and 9 retail centers in Bulgaria and 1 branch and 1 retail center in Thessaloniki (Greece). The branch network covers the main business regions of the Republic of Bulgaria and thus the bank offers a full range of banking services throughout the country.

Separate Annual Activity Report (continued)

Development and results from operations in 2025

In 2025, ProCredit Bank continued its efforts to improve efficiency in its operations while focusing on expanding the capacity for providing qualitative and competent service as well as on building long-term relationships with its clients. The bank operates an adequate institutional structure in the form of specialised departments and close communication between them and the head office and the branch network. The changes in the processes in the bank aim at increasing the efficiency and quality of work of the institution. The following main developments occurred in 2025:

- There was a stable increase in the loan and deposit portfolio of the main target groups of clients – micro, small and medium-sized enterprises and private individuals; the growth in the total loan portfolio in 2025 was 7.6%, whereas the total deposit portfolio grew by 14.5%. The results achieved with respect to the main business segments were based on the optimised and focused process of attracting customers and approval of financing, on the development of individual strategies for dealing with companies and individuals, as well as on the focused efforts of the bank to attract the entire banking business of its customers and to increase clients' activity regarding banking operations. The share of loans classified in Stage 3 according to IFRS 9 increased to 5.1% as of 31 December 2025 compared to 1.1% as of 31 December 2024. This was caused by the reclassification of several loans for the construction of photovoltaic parks for construction of photovoltaic parks. Excluding these effects, the share of non-performing loans would have been 1.1% as of 31.12.2025. The bank continues to apply intensive monitoring of its loan portfolio and deals, considering the impact of the external factors on the economic sector as well as the liquidity and earnings situation of the respective company.
- The bank continued its structured and focused approach in attracting new business and private clients and their overall banking business, as the total number of clients increased by 15.4% in 2025 compared to the end of 2024 (the growth was 11% in 2024). This was facilitated by the developed and improved infrastructure, ensuring the implementation of the concept of direct banking (including the possibilities for remote identification and onboarding of customers, as well as for attracting customers through digital channels). Simultaneously, the average monthly number of performed main banking operations from one client also increased in 2025 compared to 2024. These developments proved the resilience and sustainability of the bank's business model.
- Investments were made in the development of new functionalities of the information systems. The possibilities for performing electronic banking operations were extended as ProCredit Bank's internet banking system (ProBanking), mobile application (ProCredit Mobile) and digital (online) portal were continuously developed and updated in 2025. The developments are directed to onboarding and servicing of clients (business and private), providing digital solutions for bank operations and optimization of internal processes. The bank's digital support centre continued to provide highly professional servicing and to play a key role in the process of attracting customers. Remote identification and onboarding is used to serve current and new customers, and this technology allows the extension of customer service in an efficient and secure way providing opportunity for remote electronic signing of relevant documents. As of the end of 2025 virtually 100% of clients operations are performed electronically (via ProBanking; mobile banking; card transactions; ATM transactions).

Separate Annual Activity Report (continued)

Development and results from operations in 2025 (continued)

- Projects related to environmental management were implemented, such as: continuing financing of green investments; conducting awareness-raising and staff training campaigns, as well as sharing an internal newsletter; the bank took part in a number of events related to the topics of sustainable development and environmental protection. Although there was a significant reduction of the RE project financing in Greece due to gradual change of the governmental policy, the total green loan portfolio increased in 2025 by 4% with focus environmental measures and energy efficiency. In 2025 ProCredit Bank continued to provide the usage of a CO2 calculator that is developed for all companies who are willing to calculate their carbon footprint. The calculator is free of charge and can be used from all interested companies, no matter if they are bank's clients or not.
- The bank conducted a number of marketing and image campaigns and activities aimed at attracting new customers (businesses and individuals). Also, the institution participated in a number of authoritative public and financial forums. This significantly supported the bank's efforts to increase its customer base.

In addition to its clients, ProCredit Bank builds long-term relationships with its employees. This starts from the outset – with a serious and transparent selection process for future employees. The aim is to attract dedicated individuals who understand and support the way the bank operates and are willing to contribute to the common good. All future employees of the bank are subject to the same selection process. During the programme, participants acquire knowledge and skills in both banking and communication and analytical thinking disciplines. The course includes classes in theory and practical training. The institution adheres to a responsible approach to staff that is applied by the entire ProCredit Group, respects its ethical values and does not tolerate discrimination. ProCredit Bank is convinced that this guarantees successful future cooperation with employees as well as an open and stimulating work environment. The bank is strongly committed to providing opportunities for continuous training and development of staff at all levels. Along with internal career growth, these opportunities contribute to building a strong and motivated team. In order to meet the requirements for the responsibilities of management positions, all managers must attend courses at the ProCredit Group's academies. In 2025, the bank invested BGN 1,857 thousand in the training of its employees (2024: BGN 3,171 thousand).

In 2025, ProCredit Bank reaffirmed its commitment to the development of the Bulgarian business and to the promotion of a savings culture and practice of building family assets among households in the country. The bank continued to actively provide new loans and to support the implementation of various business projects of its clients. The new business in the form of newly extended loans in 2025 amounted to BGN 1,739 million (2024: BGN 1,646 million) (including undrawn commitments), and the net loan portfolio recorded a 7.6% increase on the level at the end of 2025 (2025: BGN 3,682 million, 2024: BGN 3,423 million). As a result of the bank's deliberate efforts to develop a savings culture among its customers, as well as to attract their entire banking business, in 2025 customer deposits recorded a solid increase compared to the previous year. The increase was 14.5% compared to the end of 2025, and as of 31 December 2025 the total deposit base amounted to BGN 4,436 million (31 December 2024: BGN 3,874 million). It is important to note the growth of BGN 416 million (or 14.1%) registered in current and FlexSave accounts. Total assets increased by 13.2% compared to the end of 2025 and reached BGN 5,187 million as of end 2025 (2024: BGN 4,580 million). The active clients, serviced by ProCredit Bank at the end of 2025, were 73,000.

ProCredit Bank has a strategic focus on providing services to manufacturing companies, as they have the opportunity for sustainable development and their operations have a significant effect on employment in individual regions. More than 550 such companies were financed in 2025; the total value of the loans granted amounted to BGN 267 million in 2025.

Separate Annual Activity Report (continued)

Development and results from operations in 2025 (continued)

The bank retained its leading position on the Bulgarian financial market in terms of servicing agricultural producers; it had more than 3,100 clients as of end 2025 who are farmers. In 2025, loans disbursed to agricultural producers amounted to BGN 266 million. The bank is among the leading credit institutions in the country by this indicator.

Another focus of the bank's operations during the year in respect of business clients was the participation in joint programmes with providers of guarantee programs for supporting lending to enterprises such as the European Investment Fund (EIF); National Guarantee Fund (NGF). As of the end of 2025, over 9,000 loans in the amount of EUR 1.5 billion have been granted under joint programmes with such partners. ProCredit Bank will continue to further expand its cooperation with providers under guarantee programmes in 2026 (e.g. under the InvestEU program).

An important aspect of the bank's operations is its commitment to activities aimed at protecting the environment, improving energy efficiency and reducing the ecological footprint. All banks within the ProCredit Group set high standards in terms of the impact of their operations on the environment. ProCredit banks have a three-pronged approach to challenges, related to the protection of the environment:

First pillar: Internal environmental management system: an approach to better understand and improve the sustainable energy consumption and the bank's environmental impact has been introduced in the bank's internal organisation of work.

Second pillar: Environmental risk management in lending: an environmental protection system based on a continuous evaluation of the loan portfolio (including the rejection of loan applications submitted by enterprises engaged in activities that are considered environmentally risky) has been implemented.

Third pillar: Promoting "green finance": ProCredit Bank aims to promote economic development that is as consistent as possible with the sustainable use of the environment. In practice, this means engaging in projects that are implemented in the following areas: (1) Improving energy efficiency; (2) Renewable energy production; (3) Measures having a favourable environmental impact. The bank builds the necessary administrative and expert capacity to enable it to be even more active in supporting its clients for the implementation of such projects.

The bank applies specially developed internal methodology that allows it to analyse and evaluate clients' investments in the field of energy efficiency, environmental protection and renewable energy production. In 2025, ProCredit Bank financed the implementation of "green" projects by both business clients and private individuals. The loans granted reached BGN 1 billion as of 31 December 2025, and the bank's "green" portfolio realised a total growth of 4% in 2025 compared to the end of 2024 (mainly driven by increase of the environmental measures and energy efficiency financing) and stood at 27% share in the total loan portfolio (31.12.2024: 28%). The financing of projects related to improving energy efficiency, environmental protection and renewable energy will continue to be in the focus of the bank's business in 2026.

Throughout the reporting year, ProCredit Bank continued to encourage its clients to use full banking services from the institution, and the various opportunities for electronic and cashless transactions such as internet banking, mobile banking, the use of bank cards and various devices available in the 24-hour service areas and communication with the digital support centre were key elements of the business strategy. This approach saves clients' time while allowing employees to focus on quality of service and customer consultations.

Separate Annual Activity Report (continued)**Development and results from operations in 2025 (continued)**

Regarding the quality of the bank's assets, as a result of the organised and structured approach to dealing with non-performing loans the level of such exposures is lower than the average for the banking system. As of 31 December 2025, exposures overdue by more than 90 days amounted to 0.6% of the total loan portfolio, while the similar indicator for the banking system as of the same date, according to data published by the BNB, was 1.7%. The value of one of the main indicators that the bank monitors in the process of credit risk management – the ratio of the amount of loans overdue by more than 30 days to the total loan portfolio – was 0.68% as of 31 December 2025 (31 December 2024: 0.62%).

Financial indicators

The financial indicators presented below are based on the annual separate financial statements prepared in accordance with the International Financial Reporting Standards (IFRS).

Statement of Profit and Loss**Net interest income**

The amount of net interest income reported during the financial year 2025 was BGN 153,108 thousand (2024: BGN 152,098 thousand); the change compared to the previous year is an increase of 0.7%.

Interest income: interest income is in the amount of BGN 189,987 thousand 88.9% of which comprised interest income from loans granted. Compared to 2024 (BGN 183,695 thousand), the total interest income has increased by 3.4% as a result of an increase in the loan portfolio and stable net interest margin in 2025.

Interest expenses: the total interest expenses in 2025 amounted to BGN 36,879 thousand (2024: BGN 31,597 thousand); the main portion of the interest expenses (53.5%) comprised interest accrued on funds deposited by clients and amounted to BGN 19,714 thousand (2024: BGN 14,421 thousand). The remaining interest expenses constituted interest on borrowings from banks, other financial institutions, derivatives and lease liabilities of BGN 17,165 thousand (46.5%) (2024: BGN 17,176 thousand). Compared to 2024, the total interest expenses increased by 16.7%. The bank utilized new loans from IFIs in amount of BGN 58,675 thousand in 2025, all of which are compliant with the requirements for eligible liabilities in accordance with the Law on the Recovery and Resolution of Credit Institutions and Investment Firms (LRRCIIF). This, combined with the general growth of the interest rates levels led to increase of the interest expenses.

Net fee and commission income

The reported net commission income amounted to a total of BGN 32,142 thousand (2024: BGN 29,824 thousand). The total increase was 7.8%.

Commission income: the total amount of commission income was BGN 45,814 thousand and registered increase of 13.6% compared to 2024 (BGN 40,312 thousand). The growth was driven by the increased number of customer accounts and banking operations as account maintenance fees, card fees, loan related fees, cash operations and money transfers had the largest contribution.

Separate Annual Activity Report (continued)

Financial indicators (continued)

Commission expenses: the total amount of commission expenses was BGN 13,672 thousand in 2025. Compared to 2024 (BGN 10,488 thousand), the total amount of charges paid increased by 30.4%. This was mainly due to increased fees for card transaction services and fees for off-balance sheet items.

Result from foreign exchange transactions

The net trading income in 2025 totaled BGN 16,087 thousand (2024: BGN 11,944 thousand) and registered increase of 34.7% driven by the growth of number and volume of customers' operations. The total net trading income includes gains from foreign exchange transactions and currency revaluations.

Other operating income/expenses

The income or expenses related to valuation, sale and administration of acquired assets, which were collateral for problematic exposures, are reported under this position. In 2025, the bank realised loss of BGN 13 thousand (2024: gain of BGN 810 thousand).

Expenses according to the Statement of Profit and Loss

Loss allowance of financial assets: in 2025 the bank accrued loss allowances in the amount of BGN 27,266 thousand (2024: BGN 3,316). The 2025 result was impacted by accruing additional allowances for individually assessed defaulted exposures and the parameters update, related to IFRS 9 provisioning model.

Operating expenses: the operating expenses of the bank in 2025 totaled BGN 105,965 thousand; this is a 10.7% increase on the 2024 amount (BGN 95,735 thousand). The main items, in which growth was realized, were: personnel expenses, consultancy, legal and audit cost, communication and transport costs, marketing and operating lease rentals services.

The breakdown of expenses by line items in the Statement of Profit and Loss for 2025 is as follows:

- personnel expenses: BGN 43,673 thousand (2024: BGN 39,870 thousand).
- depreciation of assets: BGN 11,101 thousand (2024: BGN 9,875 thousand).
- non-income tax expenses: BGN 9,918 thousand (2024: BGN 9,687 thousand)
- consultancy, legal and audit services: BGN 9,018 thousand (2024: BGN 6,428 thousand).
- communication and transport costs: BGN 8,902 thousand (2024: BGN 6,601 thousand).
- other operating expenses: BGN 23,353 thousand (2024: BGN 23,274 thousand).

Financial result

The financial result of the bank before tax amounted to BGN 69,675 thousand (2024: BGN 100,673 thousand), and after tax: BGN 64,093 thousand (2024: BGN 83,261 thousand). The bank reported 23% decrease in the net profit, driven by the increased loss allowances. The return on equity in 2025 was 14.0% (2024: 20.3%). By this indicator ProCredit Bank was slightly above the average for the banking system (13.7% in 2025).

Separate Annual Activity Report (continued)**Financial indicators (continued)****Statement of Financial Position****ASSETS**

As of 31 December 2025, the assets of ProCredit Bank at carrying amount had a value of BGN 5,187,083 thousand (2024: BGN 4,580,268 thousand); 13.2% increase on the previous year was reported driven by the growth of the customer loan and deposit portfolios.

Cash and central bank balances

The cash and central bank balances on 31 December 2025 amounted to BGN 1,126,369 thousand (31 December 2024: BGN 858,431 thousand). The change compared to the previous year is 31.2% increase.

Loans and advances to banks

Loans and advances to other banks as of 31 December 2025 amounted to BGN 104,898 thousand (31 December 2024: BGN 66,823 thousand). The change compared to the previous year is 57.0% increase. The loans and advances at the end of 2025 comprised cash in current accounts.

Investment securities

The value of investment securities as of 31 December 2025 was BGN 116,223 thousand (31 December 2024: BGN 121,084 thousand). They include two main groups of assets: (1) investments in government securities that are treated as a liquidity buffer (2025: BGN 113,890 thousand and 2024: BGN 118,691 thousand) and (2) shareholdings in companies performing financial intermediation activities (2025: BGN 2,333 thousand and 2024: BGN 2,393 thousand). The bank does not invest in financial instruments for the purpose of generating speculative profits and this is stipulated in its risk management strategy and policies.

At the end of 2025 the bank's liquid assets (cash and balances on accounts with central banks, loans and advances to other banks with remaining maturity of up to 7 days and investments in government securities) totaled BGN 1,345,157 thousand (2024: BGN 1,043,945 thousand). This was 28.9% increase compared to 2024. This corresponds to a higher level of the total liquid assets to customer deposits ratio which was 30.3% as of 31 December 2025 (31 December 2024: 26.9%). In 2026 the bank expects the loan portfolio growth to be financed by increase of the customer deposit portfolio, thus allowing to maintain the liquidity levels.

Loans to customers

The loans granted to customers have a major share in the bank's assets and as at 31 December 2025 the carrying amount of these assets was BGN 3,682,066 thousand, or 71.0% (2024: 74.7%) of the total assets. Compared to 2024 (BGN 3,423,432 thousand), the value of the loan portfolio increased by 7.6%. The growth achieved can be attributed to the active targeting and the strong strategic focus for providing services and financing to small and medium-sized enterprises with a formalised structure, high-quality management and a sustainable business model.

Separate Annual Activity Report (continued)**Financial indicators (continued)**

The bank's focus is on providing complete banking servicing to micro, small and medium-sized enterprises. Therefore, the loan portfolio of these clients has a dominant share in the total portfolio of ProCredit Bank – as of 31 December 2025 its value amounted to BGN 3,089,085 thousand, or 83.9% from the total loan portfolio. During the year, there was a growth of 5.1% compared to the end of 2024 (BGN 2,938,346 thousand). The housing loans to private individuals were another major focus. Their amount as of 31 December 2025 was BGN 393,870 thousand or 10.7%, and this portfolio realised a growth of 15% in 2025 (2024: BGN 343,903 thousand).

Fixed assets

The carrying amount of fixed tangible and intangible assets as of 31 December 2025 was BGN 95,248 thousand, increasing its value compared to the previous year (2024: BGN 81,347 thousand).

Other assets

As of 31 December 2025, the other assets of the bank amounted to BGN 40,911 thousand (2024: BGN 13,495 thousand). The change is 203.2% increase.

LIABILITIES**Liabilities to banks and institutions**

As of 31 December 2025 the total value of borrowings from banks and institutions was BGN 235,216 thousand. This amount included BGN 6,096 thousand in payables to banks and BGN 229,120 thousand in borrowings from international financial institutions. Compared to 2024 (BGN 247,582 thousand), the total amount of financing from these counterparties decreased by 5%. The bank utilised new funding from EBRD for BGN 58,675 thousand compliant with the requirements for eligible liabilities in accordance with the LRRCIIF and replacing funds from the same funding provider. ProCredit Bank repaid at maturity liabilities to EIB, EIF and EBRD.

Liabilities to customers

As of 31 December 2025 the funds deposited by customers of the bank amounted to BGN 4,436,448 thousand (2024: BGN 3,874,266 thousand). Compared to the previous year, the funds, deposited by customers, registered solid growth of 14.5%. The growth was driven by attracting business clients and individuals and their entire banking business, as well as to the opportunities for active management and use of the funds.

Equity

The bank's equity includes share capital and premium reserve in the amount of BGN 265,497 thousand (2024: BGN 265,497 thousand) and retained earnings and reserves in the amount of BGN 224,307 thousand (2024: 159,535 thousand). In 2025 the bank did not distribute dividends.

Separate Annual Activity Report (continued)

Financial indicators (continued)

The share capital of BGN 262,001 thousand is distributed in 262,001 thousand shares with a nominal value of BGN 1 each. Each share gives one voting right to its holder. The share capital of the bank is as follows:

Shareholder	2025		2024	
	Number of shares (thousand of shares)	Share (%)	Number of shares (thousand of shares)	Share (%)
ProCredit Holding	262,001	100.0%	262,001	100.0%
Total shares	262,001	100.0%	262,001	100.0%

Research and Development Activities

The bank does not carry out activities in the field of research and development.

Information about acquisition of own shares, required pursuant to Article 187e of the Commerce Act

The bank has not acquired its own shares.

Information pursuant to Article 247 of the Commerce Act

In 2025, the total remuneration of the members of the bank's Management Board amounted to BGN 2,577 thousand (2024: BGN 2,021 thousand). The members of the Supervisory Board do not receive remuneration from the bank.

The members of the Management Board and the Supervisory Board do not hold and have not carried out acquisition or transfer of shares or bonds of the bank in 2025.

The members of the Management Board and the Supervisory Board have the following participation in other companies (in accordance with the provisions of Article 247(2)(4) of the Commerce Act):

Members of the Supervisory Board

Hubert Spechtenhauser

- ProCredit Holding AG – chairperson of the Management Board
- ProCredit Bank Germany – chairperson of the Supervisory Board
- Banco ProCredit C.A. Ecuador – member of the Supervisory Board
- ProCredit Bank Serbia – member of the Supervisory Board

Separate Annual Activity Report (continued)

Members of the Supervisory Board (continued)

Gian Marco Felice

- ProCredit Holding AG – member of the Management Board
- ProCredit Bank Germany – member of the Supervisory Board
- ProCredit Bank Romania – chairperson of the Supervisory Board
- ProCredit Bank Serbia – chairperson of the Supervisory Board
- ProCredit Bank Ukraine – member of the Supervisory Board
- Banco ProCredit C.A. Ecuador – member of the Supervisory Board
- Quipu GmbH – chairperson of the Supervisory Board

Ben Knapen

- ProCredit Holding AG – member of the Supervisory Board
- ProCredit Bank Georgia – member of the Supervisory Board

Patrick Zeitingner

- ProCredit Holding AG – member of the Supervisory Board
- ProCredit Bank Serbia – member of the Supervisory Board

Karin Katerbau

- ProCredit Holding AG – member of the Supervisory Board
- Quipu GmbH – member of the Supervisory Board

Members of the Management Board

Kameliya Mineva, Chairperson

- ProCredit Education EAD – member of the Management Board
- ProCredit Razvitie Bulgaria AD – member of the Board of Directors
- ProCredit Properties EAD – member of the Supervisory Board
- Private High School “Denis Diderot” – member of the Supervisory Board
- Association ProCredit Health – member of the Management Board
- PV Energy OOD - owner with a 50% equity participation
- King invest 2024 OOD - owner with a 25% equity participation

Reni Peycheva

- ProCredit Education EAD – member of the Supervisory Board
- Private High School “Denis Diderot” – member of the Management Board
- Association ProCredit Health – member of the Management Board

Rumyana Todorova

- ProCredit Properties EAD – member of the Management Board
- ProCredit Razvitie Bulgaria AD – executive director and member of the Board of Directors
- Association ProCredit Health – member of the Management Board

Ivan Dachev

- ProCredit Razvitie Bulgaria AD – executive director and member of the Board of Directors
- Private High School “Denis Diderot” – member of the Supervisory Board
- ProCredit Properties EAD – member of the Supervisory Board
- Association ProCredit Health – member of the Management Board

Separate Annual Activity Report (continued)

Members of the Management Board (continued)

Silvena Bogdanova Bogoeva - Andreeva

- Private High School “Denis Diderot” – member of the Management Board
- ProCredit Education AD – member of the Management Board
- Association ProCredit Health – Chairperson of the Management Board

Nadezhda Ivanova Peneva

- Kolina Verde V1 OOD - owner with a 50% equity participation

In 2025 the members of the Supervisory Board and of the Management Board of the bank did not enter into contracts with the bank outside its normal course of business or contracts that substantially deviated from market conditions though being part of its normal course of business.

Significant events that occurred after the date of the annual financial statements

There are no significant post balance sheet events with effect on the separate financial statements as of 31 December 2025.

Structure of the bank

As of 31 December 2025 the bank operated with 6 branches and 9 retail centers on the territory of Bulgaria and 1 branch and 1 retail center in Greece (Thessaloniki). The headquarters of the bank and its administration are located at Sofia, 26 Todor Aleksandrov Blvd. The bank's staff as of 31 December 2025 consisted of 587 employees (excluding employees on maternity leave and employees involved in ancillary activities).

Financial instruments and management of financial risks

The financial instruments used by the bank, the policies for their measurement and presentation, as well as the bank's exposure to credit, market and liquidity risk are described in Note 4 of the annual separate financial statements.

Separate Annual Activity Report (continued)

Business model and organizational structure

ProCredit Bank is a growth-oriented bank and focuses on providing a full range of banking services to micro, small and medium-sized enterprises (MSMEs) and private individuals. The business model is based on socially responsible banking, which is implemented in a transparent and efficient manner and ensures sustainable profitability. To be the leading partner for the complete financial service of MSMEs, the bank specializes in providing professional and flexible banking services of high quality for MSMEs, their owners and employees and individuals with regular incomes. The bank's focus on the business segment underscores its commitment to job creation and economic development. The basis of competitive advantages is the individual approach and the high quality of services provided to customers. The bank focuses on building long-term relationships with its clients, which are based on mutual trust, open communication and shared values. This is implemented through a clear definition of target customers, a rational range of services provided to customers and modern and innovative channels through which our customers can communicate and transact. This approach is fully supported by comprehensive environmental management, a group-wide value-based recruitment and development policy and modern IT solutions. According to the established business strategy of the ProCredit group, the bank does not carry out any speculative operations.

Detailed information regarding the business model and strategy, main goals and organizational structure of ProCredit Bank is presented in the Corporate Governance Declaration and the Annual Activity Report.

Systematic approach for sustainable development of ProCredit Bank

The mission of ProCredit bank is to be the leading MSME bank -a preferred partner for private individuals following sustainable and impact-oriented banking practices. In doing so, the bank wants to generate long-term sustainable returns and create positive impact on society and the economy in which it operates.

1. Environmental development

Since its establishment, ProCredit Bank has been committed to monitoring the environmental and social impact of its activities. In the early years, the impact was mainly considered through the prism of risks in lending to customers, as this area has the most significant scale. The approach was developed into a proprietary environmental management system in 2011. The Sustainable Development Department (formerly the Environmental Protection and Green Projects Department) is responsible for this system. The department has been in existence since 2012.

The Bank's (EMS) system is divided into 3 areas:

- Pillar 1 – own consumption of resources;
- Pillar 2 – environmental and social risk in financing of clients;
- Pillar 3 – stimulation of sustainable investments among the Bank's clients.

The system was certified under ISO 14 001:2015 in 2016 and has since been audited annually with recertification every three years.

Separate Annual Activity Report (continued)

The Bank's Management Board, Sustainable Development Department, and heads of key departments at the Central Office are involved in the strategic development of the Bank's environmental and social goals. The goals set by ProCredit Holding are also followed. At least three Sustainability Committee Meetings are held annually with the participation of the above-mentioned stakeholders. Annual targets for the current year and a report on the results achieved in line with the targets are prepared each year. All Bank employees are committed to the successful implementation of the sustainability strategy.

The most important aspect through which the bank has an impact on the environment is through the loans it grants. To this end, since 2010, ProCredit Bank has been following the strategic document Group Standards for Managing Environmental & Social Impact of Lending. Through the strategy of this document, the Bank makes several distinctions – the first is by type of business. Some have lower environmental and social (E&S) risk, mainly economic activities in the trade and services sectors. Others have medium E&S risk, such as some manufacturing activities and agriculture, due to the nature of the raw materials used, the waste generated during the activity, and the risks associated with health and safety in the workplace. The third type of activities are high risk, and these companies should have the highest-quality procedures in place to ensure that they do not pollute the environment and that employees are sufficiently safe and their rights are protected and respected. To this end, the Bank, together with experts, has drawn up 36 individual manuals for each specific business sector, detailing what to look for when analysing this type of business. Employees who work with business customers are trained on how to use them. In addition, each business client is visited once a year to confirm the actual situation. For companies with higher exposures (over €3 million and over €5 million), the Bank requires an assessment of the business's impact on the environment and society, to be carried out by an external firm with experts relevant to the type of activity.

Another classification used by the Bank to monitor the impact of the loans it grants is based on their purpose. ProCredit Bank maintains a list of investments and activities that are sustainable and marks them as part of the Bank's green portfolio. The strategic document for this area dates from 2012 and is entitled - Group Guidelines for Green Finance and Group List of Eligible Green Investments. The methodology is science-based, developed with consultants from Germany, and regularly updated to reflect market developments. The criteria for green loans are described in the Green Bond issued at the ProCredit Group level.

The ProCredit Group is aware that the supply chain also has ethical, social, and environmental impacts. Positive impacts can be achieved by purchasing more responsible products or services and by working together with suppliers to positively influence mutual ethical, social, and environmental performance. The group's goal is to promote sustainable public procurement procedures and related products. The strategic document on this topic is the 2019 Group Guidelines Sustainable Suppliers. All suppliers are expected to adhere to the core values (the Code of Conduct) of the ProCredit Group. The Code of Conduct therefore forms the basis for any business relationship with any potential supplier.

Results

The first and most natural step is to take measures to influence the climate from the Bank's own infrastructure and offices. To this end, the Bank has limited the number of offices and digitized its working methods so that customers do not have to travel to an office for every service.

Separate Annual Activity Report (continued)

The Bank uses software to track in great detail the resources used according to their different purposes, certification, location, etc. The software is web-based and uniform for the entire ProCredit Group, which facilitates comparative analyses of the results to other banks. The software has 105 indicators, not all of which are used constantly, but depending on the location. The monthly indicators monitored are 30 in the categories of office resources (electricity, water, paper, waste by type), vehicles by type and fuel type (including electricity for electric vehicles), energy production from own photovoltaic installations, direct and indirect emissions from flights, heating, and others.

Since 2019, the Bank has been using 100% energy from renewable energy sources. Part of the energy is produced by the Bank's own photovoltaic system at its Head Office, and for the rest, guarantees of origin for electricity are purchased, which are recorded in the register of the Sustainable Energy Development Agency.

The energy consumption of vehicles is monitored. Most of the vehicle fleet has been replaced with electric vehicles, and by December 2025, 89% of all cars were electric. The electricity used to charge electric vehicles comes from the Bank's office network and is guaranteed to be green.

The results of the bank's optimizations can clearly be traced over the years:

Indicator/Year	2016	2017	2018	2019	2020
Electricity (kWh/m2)	167,0	157,8	132,9	114,7	108,3
Energy for transport (kWh/km)	0,565	0,529	0,509	0,473	0,529
Paper consumption (kg/client)	0,0978	0,0675	0,0656	0,1453	0,0592
Total scope 1 & 2 (tCO2eq)	1378	1178	859	233	133

Indicator/Year	2021	2022	2023	2024	2025
Electricity (kWh/m2)	104,1	93,3	99,5	115,3	116,9
Energy for transport (kWh/km)	0,467	0,473	0,465	0,438	0,330
Paper consumption (kg/client)	0,0780	0,0768	0,0929	0,0742	0,47
Total scope 1 & 2 (tCO2eq)	165	158	146	114	106

The slight increase in electricity consumption is related to the increase in the number of offices and the growing need for digital solutions, which require the appropriate power supply equipment. The increase in electricity consumption is also explained by the installation of a new high-efficiency heat pump, which provides both cooling and heating. However, all electricity consumed is guaranteed to be of green origin.

A sustainability questionnaire is sent to each of the regular suppliers and subcontractors with whom the Bank works, and it must be completed before a contract is signed with them. Based on the completed questionnaire, the Bank strives to select companies that are more socially responsible and have a more positive impact on the environment. In 2025, 39% of the suppliers who completed the questionnaire meet the criteria for a sustainable business model.

The next and significantly more substantial direction for increasing the positive impact on the climate is the loans granted by the Bank. These investments and businesses, which are recognized as sustainable for nature based on scientific methodology and partially aligned measures with the European Taxonomy, are analysed and marked as green loans. In 2025, the share of the green portfolio in the total portfolio will be 27.2%, and the amount of green loans will increase from €503 million in 2024 to €524 million.

Separate Annual Activity Report (continued)

The bank is actively working with international financial institutions (IFIs) to provide the Bulgarian economy with access to financial instruments that enable companies to change their way of working towards a more climate-resilient business. On average, 30% of all new partnerships with IFIs are for the granting of environmentally oriented loans.

Impact report

The bank actively uses international approaches and standards for reporting a sustainable business model. Currently, the Global Reporting Initiative (GRI) standard is used, and for the eighth consecutive year, a joint report is published at the ProCredit Group level. It follows the PCAF standard for reporting the carbon footprint of its loan portfolio and uses the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to assess the risks to the business from climate change, the results of which are published as part of the GRI impact report.

The GHG emission calculations for ProCredit Bank (Bulgaria) EAD according to the GHG Protocol classification are as follows:

- **Scope 1** includes greenhouse gases generated by the direct combustion of fuels in facilities owned by the Bank. This includes fuels used by vehicles with internal combustion engines. No generators running on fossil fuels are used, so there is no such combustion in the offices. For 2025, calculations show 77 tons of CO₂ equivalent for this scope;
- **Scope 2** includes emissions from other resources in the office such as electricity and heating. For 2025, calculations show 28 tons of CO₂ equivalent. All of this is offset by green electricity and guarantees from projects that capture/save CO₂ emissions. For central heating from a gas-fired thermal power plant (TPP) in the offices, guarantees are purchased to offset the greenhouse gases generated by the TPP. The project we support is in Bulgaria (the Kubratovo treatment plant near Sofia), where the emissions generated are actually offset in the same geographical region, which is an important factor in our belief in the purpose of the operation;
- **Scope 3** includes emissions from flights and emissions from investments that are financed – the largest item in the calculations. For 2025, emissions amount to 241 tons of CO₂eq, mainly generated by employee flights. The calculations for emissions from the bank's loan portfolio were not completed at the date of publication of this report. They will be available in the ProCredit Holding group report.

2. Social and employee issues

We invest time in the recruitment process because choosing the right person to fit into a team is one of the most important decisions.

We promote a positive working environment characterized by diversity, flat hierarchies and open communication, with the aim at retaining key personnel on a long-term basis. Our ethical approach to banking is fundamental and fully integrated into our corporate culture.

Among other things, we heavily promote independence and critical thinking, responsibility, gender equality, diversity and fairness among our staff. Our values are manifested in our Code of Conduct and form the ethical compass of the ProCredit group.

Separate Annual Activity Report (continued)

Our ethical responsibility is documented in our Code of Conduct, which contains the core principles that all employees of ProCredit are obliged to follow:

- personal integrity (honesty and integrity, fair and just treatment irrespective of differences, no discrimination or harassment, promotion of diversity);
- professionalism (personal responsibility, knowledge of policies and accuracy of information, internal control, respect for company property, use of the ProCredit name, confidential information, inside information and insider trading, outside activities, corruption and fraud);
- social responsibility (environmental awareness, anti-money laundering and “know your client”, customer relationships: ethical business practices, no discrimination);
- open communication (internal and external communication, conflicts of interest, speaking out);
- transparency (clear business conditions, clear HR structures).

The Code of Conduct is closely linked to the daily life of our staff and influences their dealing with clients, colleagues and public authorities.

In 2025, the focus of the training was placed on the core values of the Code of Conduct and their impact on our work and interactions with one another, ensuring that all ProCredit employees completed this important course.

The Code of Conduct is a binding document which forms an integral part of the employment contract and is therefore discussed intensively with all our staff.

Fair Recruiter and Employer

Both as recruiter and employer we follow strict self-imposed principles that leave no room for any types of class-based privileges, nor for improper bypasses based on either favoritism or discrimination.

Firstly, our standard recruitment process comprises several steps that all candidates have to go through. The key principle is meritocracy and it is based solely on the candidate’s attitude and qualifications.

Secondly, in addition to our experienced HR teams, many of our key staff and managers (who have also graduated from the ProCredit Management Academy) are involved in the process. All of the colleagues involved share their assessment of the candidates and reach a common decision based on clear arguments and discussions.

The entire recruitment process is conducted internally, as it is strategically important for us as a bank. We use specialized external agencies only for the key managerial positions, when it is necessary to reach a wider pool of highly qualified professionals.

Third, we invest time in the recruitment process because choosing the right person to fit into a team is one of the most important decisions we can ever take. When we hire people, we do not just look for experienced professionals who can simply step in and fill the open position. On the contrary, we do not shy away from hiring young graduates – including those with little or no professional experience – who want to establish a long-term relationship with us. We also hire from a wide variety of educational backgrounds, including sciences and the humanities. We are convinced that this organic diversity of profiles and experience provides us with a constructive, open-minded and innovative pool of approaches to solve issues and best serve our clients.

Separate Annual Activity Report (continued)

Regardless of whether candidates have prior experience or are taking their first steps in the banking sector, all new employees at ProCredit Bank participate in a structured four week integration program, which includes:

- a two week Onboarding training at our training center in Serbia, where groups are international and include new colleagues from all countries in which ProCredit operate;
- a one week Soft skills training conducted locally, focused on successful adaptation and effective communication in the workplace;
- an Introductory training, which familiarizes new colleagues with other departments, their activities and responsibilities, and helps establish communication channels between departments for shared projects and daily operational tasks.

This program ensures that every new colleague, regardless of their previous professional background, starts with a shared understanding of our values, standards, and way of working.

Our internship program remains an additional channel for attracting young talent and continues to provide opportunities for development and practical experience, contributing to the preparation of potential future colleagues.

All these elements support the development of a diverse team and reinforce our commitment to providing equal opportunities for candidates with different levels of experience and educational backgrounds.

Staff development

The Bank's approach to staff development focuses on building capacity through comprehensive training in knowledge and skills, regular performance reviews, and clearly defined career opportunities. Employees are the Bank's most important and valuable asset. The Bank takes pride in its comprehensive training program, which enables all employees to participate in multiple levels of training, rather than limiting such opportunities to selected staff only. The Bank provides continuous training to its employees at various levels within the banks as well as at the Academy in Germany.

Levels of training at ProCredit

Level 1 Onboarding program - integration program covering all aspects of our development-oriented banking approach, including social and environmental aspects. Mix of classroom and on-the-job training.

The Onboarding program is an opportunity for people who have different educational backgrounds and work experience to get to know ProCredit and how it works. It is conducted entirely in English and covers all aspects of our approach to banking as a development-oriented commercial banking group as well as social and environmental aspects which form part of our responsible attitude. The program is mixture of both theoretical and practical training. The theoretical part is held at the ProCredit Training Centre in Serbia. This is where the newcomers can meet colleagues from other ProCredit countries, discover new cultures and enjoy a unique learning experience aimed at smoothly integrating them into the institution's values and goals.

In 2025, we also developed a one week local module on core soft skills, including presentation skills, teamwork, critical thinking, communication, feedback, and more.

Separate Annual Activity Report (continued)

To facilitate communication in this international environment, the program is conducted in English, which is why English language skills are an important condition for participation. The practical side is conducted on the job.

Onboarding programme	Number of participants	Male	Female	Total number of training hours
2025	94	34	60	93 248
2024	66	29	37	63 360

Level 2 Specialist courses and workshops, advanced English training - in-depth training in the technical skills needed for specific positions, plus regional and group-level seminars. Regular courses in spoken and written English, the group's working languages.

Following the initial grounding, employees receive more in-depth training in the technical skills needed for their specific positions. The aim of these specialized courses is to enable our staff to offer proper financial advice to our clients. In this way, our new colleagues learn to appreciate the situation from the client's perspective and thus to determine which banking service will benefit the client most and how best to communicate the benefit.

These position-specific courses are complemented by regular workshops and seminars organized regionally or at group level, covering topics that are strategically and operationally important. This includes for instance the annual green training and AML training for all of our staff, as well as specific training programs such as the renewable energy training for staff involved in green lending; regular job-specific training for e.g. Client Advisers, Environmental Risk Officers, Credit Analysts, Contact Centre staff, etc. Another noteworthy example is the annual green training, which follows a structured approach, and depending on the topics, applies to both all staff and specialized positions.

To improve the professional dialogue between the ProCredit banks and ProCredit Holding, regular structured one-year staff exchange programs permit between 20 and 25 colleagues from the group's banks to spend a year in one of the teams at ProCredit Holding.

As English is the lingua franca of the group, a great deal of emphasis has always been placed on English proficiency. No staff member can understand the key policies and strategy documents, make valuable contribution to the numerous inter-bank working sessions, or participate in group-wide training programs without having a good command of English. Moreover, learning and using a foreign language creates openness, curiosity and an interest in the wider world. To honor our commitment to clear and successful communication on a group-wide level, as well as training and developing our staff, each year we send many colleagues to specialized multi-week English language courses in our ProCredit Academy in Germany. This process is open for sign-up for all colleagues who feel they need to improve their language competence.

ProCredit English language courses	Number of participants	Male	Female	Total number of training hours
2025	15	3	12	2960
2024	25	5	20	5040

Separate Annual Activity Report (continued)

Level 3 ProCredit Banker Academy - One-year course at ProCredit Academy combining humanities and banking topics. Serves to identify staff with strong management potential.

The ProCredit Banker Academy is a one-year course and a key component of the phased ProCredit Training program. It allows participants to construct an analytical framework with which they can address complex ideas and prepares them for further challenges both in their personal lives and in the bank. Attending the Banker Academy fosters both the personal and professional development of promising employees who identify with us and want to advance. Simultaneously, it serves to identify ProCredit staff with strong management potential and prepare them for their future career path advancements.

In 2025, the ProCredit Banker Academy continued to develop its talented employees, with both the number of participants and the total training hours remaining stable compared to 2024.

ProCredit Banker Academy	Number of participants	Male	Female	Total number of training hours
2025	13	4	9	7800
2024	12	3	9	7200

Level 4 ProCredit Management Academy – a two-year course at ProCredit Academy, preparing selected personnel for greater leadership responsibility.

Like the Banker Academy, the two-year ProCredit Management Academy course has been continually adapted in response to the various challenges and changes in the environments in which we operate – be they organizational, economic, political or social. The aims of the Management Academy are to generate even greater comprehension of and identification with the company among staff, to win their active commitment to serving as multipliers of our values and our business policy, and – if the circumstances allow – to prepare them to assume even more challenging responsibilities within the company.

In 2025, the ProCredit Management Academy continued to develop the leadership potential of selected employees, with the number of participants and training hours remaining stable compared to 2024.

ProCredit Management Academy	Number of participants	Male	Female	Total number of training hours
2025	11	5	6	5700
2024 ¹	10	7	3	6000

Sustainability training

Training is an integral part of the development of all employees. Every year, the bank conducts internal training on various topics directly and indirectly related to work, ranging from a few hours to several days.

¹ A change has been made because, for 2024, only the participants who started in 2024 (a total of 4 people) had been included. Since the goal is to present the total number of training hours for the respective year, and we had three cohorts of participants in 2024, we updated the information to accurately reflect the actual number of training hours.

Separate Annual Activity Report (continued)

Each year, the bank holds meetings (in groups of 25 people) with all employees to discuss important ethical topics, combining the discussion with the guidelines set out in the Code of Conduct. In 2022, the topic of discussion is discrimination against the Uyghur community in Western China and allegations of forced labour in the production of products that we buy in Europe, respectively the Bank's decision to ban the financing of photovoltaic panels from companies associated with this region. In 2023 the topic discussed is gender equality and the added value of diversity in the views and needs of different social groups, which in 2024 is further developed into an awareness of the obstacles and challenges facing women and consideration of ways to address them in business. In 2025, the focus is on one of the core values of the Code of Conduct – communication and work ethics among colleagues.

In addition, annual sustainability training is provided to all employees. In 2025, three webinars were held covering the topics of sustainable transport and electric vehicle travel, sustainable products – cosmetics and food. In 2023, the terminology of EGS and everything important behind it was covered. In 2022, the topic was climate change, in 2021 biodiversity, and in 2020 the need for waste management.

Two trainings per year are conducted for employees who communicate with customers on the topic of sustainable business models, applicable solutions for the country, conditions for preferential financing of such investments, and understanding and correct communication of solutions (electric cars, photovoltaic installations, sustainable agriculture, energy efficiency, etc.).

Sustainability	Number of participants	Male	Female	Total number of training hours
2025	147	52	95	1176
2024	189	71	118	1512

Nothing mentioned above would be possible without having highly developed communication channels. These channels are diverse in nature, and it is everyone's responsibility to maintain them so that they remain open and effective. For example, every ProCredit staff member has a unique opportunity to meet with a representative of the management board to find out where they stand from an institutional perspective. This process is conducted through regular conversations between representatives of the management team and each individual employee.

Remuneration and equality among employees

The bank promotes gender equality, diversity and fairness among its staff. The women working in the bank are 64% of all the staff. In the table below is presented the distribution by age and gender at the end of 2025.

Gender	Age group				
	Under 25 years	25-34 years	35-44 years	45-54 years	over 55 years
Women	64%	56%	66%	71%	44%
Men	36%	44%	34%	29%	56%

Separate Annual Activity Report (continued)

At ProCredit, we ensure a clear and transparent salary structure that promotes fairness and trust among our employees. We apply a clear remuneration structure that new employees are introduced to as early as their onboarding training, where we provide a detailed explanation of the salary structure, including the steps employees take as they progress within the organization. Our goal is to create a work environment where everyone is aware of the criteria used to determine salary and the opportunities for growth within the bank. This approach strengthens trust and motivation among employees, encouraging both personal and professional development.

In the table below is presented the distribution by position and gender at the end of 2025.

Gender	Management positions	Expert positions
Women	60%	65%
Men	40%	35%

In 2025, 28 employees achieved horizontal career development. This reflects our commitment to investing in the growth and development of our staff by creating opportunities for both professional advancement and skill enhancement within the company. We believe that supporting the career progression of our employees is essential to building a motivated, skilled, and engaged workforce.

Feedback culture and Professional Growth at ProCredit Bank

At ProCredit Bank we believe that regular and constructive feedback is fundamental to the professional development and personal growth of our employees. In the spirit of open communication and mutual respect we hold two main feedback sessions with each employee on annual basis:

- meeting with the direct manager: this meeting provides an opportunity to discuss individual achievements, identify areas for improvement and set goals for future development;
- meeting with an external assessor: this meeting provides an objective and impartial perspective on the employees' work, focusing on their strengths and areas that require attention.

Through these regular meetings the bank aims to:

- support professional development: by identifying strengths and areas for improvement we encourage employees to grow and improve in their professional role;
- strengthen open communication: creating a space for open discussions about issues and challenges and enhance trust and collaboration between employees and management;
- set clear goals and expectations: by jointly defining goals and expectations, we provide a clear direction for the employees' future development;
- encourage engagement and motivation: when employees feel that their opinions are valued and that they have opportunities for growth they are more engaged and motivated in their work.

In addition to the main feedback sessions, we encourage an environment of open communication and ad hoc feedback on performance and teamwork whenever necessary both from the direct manager and among all team members.

In 2025, we also introduced integration meetings with all newly hired employees, conducted by the Human Resources department. Their purpose is to discuss first impressions of the working environment, processes, and the role itself, supporting smoother adaptation and the timely addressing of any questions that may arise.

Separate Annual Activity Report (continued)

Well - being and Benefits

At ProCredit, we care about the well-being of our employees and offer various programs and initiatives to help them stay active and maintain a healthy lifestyle. These include additional health insurance, a health fund for employees and their children, a gym in the Head office, sport cards and various sport events. In addition, we have implemented flexible working hours, the option to work from home, extra days of paid annual leave and clear expectations regarding workload, all of which promote a healthy work-life balance.

Our employees also enjoy additional benefits such as free training and courses, preferential financing conditions, team-building events, internal activities and extra financial incentives.

We are committed to ensuring that our benefits program is inclusive and accessible to all employees on permanent contracts, regardless of their role or location within the organization.

Sports initiatives and events

At ProCredit we actively support the sports engagement of our employees by providing opportunities to participate in various sports, including running, football and volleyball. Over the past year, our employees have participated in several significant events and initiatives:

- Plovdiv Hills in Markovo – an organized mountain running event that promotes an active lifestyle;
- Bike to Work – an internal initiative for the highest number of kilometers cycled within a month.

These initiatives demonstrate our commitment to the health and well-being of our employees, while simultaneously fostering a sense of community within the organization.

Health and safety working environment

ProCredit Bank operates a small number of offices, all maintained in excellent and attractive working conditions, with consistently clean premises, well maintained equipment, and modern office facilities. The Bank applies strict health and safety standards in the workplace. Annual training courses are conducted on employee safety during work, proper posture at the computer (given that this is a significant part of daily work), and other relevant topics. Additionally, external training such as first aid courses are regularly provided.

In 2025, a series of thematic webinars was organized for employees, focused on health, sustainability, and making informed choices in everyday life. The topics included:

- corrective gymnastics — focused on proper posture, prevention of back pain, and improved workplace ergonomics;
- chronic fatigue and immunity — aimed at raising awareness of the factors that influence overall health and energy balance;
- sustainable products for us and for nature — presented in two parts: “Cosmetics and Household Products”, emphasizing safe, eco friendly, and conscious choices; and “Food”, dedicated to healthy eating habits and identifying misleading information on product labels.

The Bank monitors and supports employee health by providing annual preventive medical examinations. In addition, all employees benefit from supplementary health insurance. Every employee may also participate in a fund (the ProCredit Health Association) created to support colleagues in need of expensive medical treatment. The Bank also contributes financially to the fund, proportionally to the individual contributions of participating employees.

Separate Annual Activity Report (continued)

Beyond financial compensation, employees have access to various non financial benefits: opportunities for working from home, rest and recreation areas at the Bank's headquarters—including a game room, gym, and more.

3. Human rights

ProCredit Bank has implemented a policy on diversity and inclusion, which is embedded in the organization's processes (operational activities) and the Code of Conduct.

ProCredit Bank applies a zero tolerance policy towards all forms of discrimination, inequality, and violations of human rights, thereby complying with all national and international regulations related to human rights.

In support of human rights, in 2021 the Bank announced that it would cease financing photovoltaic projects using solar panels manufactured by companies linked to China's Xinjiang region, as evidence showed significant human rights violations in the production of these components.

Social Responsibility

Decisions to support a charitable initiative are made after discussion among all members of the Management Board. Prior to that, an assessment and opinion are usually provided by a department with experience on the subject.

Typically, donations are related to infrastructure improvements, which is why the Administration department is an important part of the process of forming an opinion on a given initiative. For socially-oriented initiatives, the opinion is provided by the Human Resources department. For environmental projects, the Sustainable Development department provides the opinion.

Beneficiaries in recent years have included hospitals, universities, schools, forestry enterprises, private organizations/associations involved in reforestation and maintenance, waste collection, and others.

At ProCredit, we are committed to supporting socially significant initiatives. Our employees can voluntarily contribute with an unspecific amount of their monthly salary to the "PROtegni Raka" association, which works to support children with disabilities. The association was established in 2004 and has since helped over 2 200 children with funds exceeding 2,300,000 BGN. Through this we provide our employees with the opportunity to be part of positive changes in society and contribute to the well-being of children in vulnerable social conditions.

In 2025 we also organized a charity bazar, in which all employees actively participated. The bazar featured homemade dishes, and the funds raised from their sale were donated to the "PROtegni Raka" association

These initiatives demonstrate our socially responsible attitude and commitment to supporting the local community, while also fostering a sense of solidarity and unity among our employees.

In an effort to promote responsible waste management and contribute to public health, we organized a campaign to collect expired medicine for proper recycling. This initiative helped ensure that medications were disposed of safely and in an environmentally friendly manner, preventing harm to the environment and promoting better recycling practices within the bank.

Separate Annual Activity Report (continued)

We believe that social responsibility is an essential part of our corporate culture and we are constantly striving to create opportunities for our employees to actively support meaningful social causes.

Other social issues

In line with the Bank's strategy to provide the society with the necessary knowledge and education on topics related to sustainable development, in 2021 the Denis Diderot School, a subsidiary of ProCredit Bank (Bulgaria) EAD, opened its doors. The school is focused on educating young children to understand the interconnectedness of nature, people, and society. The establishment of the Denis Diderot School is an initiative that fully reflects ProCredit's commitment to education rooted in tolerance and curiosity, rational thinking and the scientific method, solidarity and openness, honesty and responsibility.

ProCredit Bank supports education in a diverse cultural environment by encouraging the integration of children from different communities and backgrounds, enabling their access to high quality education. The building fully complies with modern energy efficiency standards and features a natural architectural style using wood, stone, and glass, while an ozone-based system reduces carbon emissions.

4. Issues related to fight against the corruption and bribery. Protection of personal data.

Anti-corruption and bribery matters. Protection of personal data.

ProCredit bank policies are aimed to reduce corruption to zero level and prohibit bribery in any form, direct or indirect. The bank requires from its staff compliance with all applicable law to ensure ethical behavior, providing capacity to develop effective, accountable and transparent institution. All employees and managers of the ProCredit bank, as well as the customers, business partners and the public, bear the responsibility for noticing and clearly addressing illegal, fraudulent or unethical behavior.

ProCredit bank communicates anti-corruption and bribery policies to governance body members, employees and business partners publicly via the Code of Conduct.

Where applicable, mandatory anti-corruption clauses are always included in the contracts that the Bank enters into.

In compliance with regulatory requirements, the Bank has appointed a member of the Management Board to be responsible for compliance with the relevant requirements for the prevention of money laundering/terrorism, as well as a person responsible for compliance with sanctions in this area. A methodology for assessing the professional competence and reliability of employees in the AML/CFT unit has been adopted.

In 2025 the regulatory compliance policy was significantly amended to include provisions related to anti-bribery, corruption, fraud, conflict of interest management, protection of equal market opportunities, personal data protection, etc., in line with the Group's policy.

Separate Annual Activity Report (continued)

All employees are expected to raise concerns when they experience or witness unlawful, fraudulent or any other unethical behavior or violations of laws, policies or procedures. Thus, they are strongly encouraged to address such matters to their respective managers, Human Resources, Internal Audit, the compliance officers, or Management. Besides these internal channels of communication, all staff members as well as ProCredit Bank Bulgaria's business partners-legal entities and the general public are encouraged to raise issues of concern and speak up through the ProCredit Bank (Bulgaria) whistleblowing system or through a central communication channel at ProCredit Holding when they suspect potential wrongdoing or when they are confronted with conduct or situations that may raise ethical, legal or regulatory concerns, including environmental and social issues and where all indications of violations are processed consistently and without bias.

Compliance with the General Data Protection Regulation (GDPR) is a main priority of our business as a bank. To maintain the trust of our clients and suppliers, we process all personal data in a lawful and transparent manner and take appropriate measures to protect it.

We adhere to the following data protection principles:

- use of data only for the purpose for which it was collected;
- no more data is collected than is necessary for the relevant service;
- transparency regarding the data collected and used;
- deletion of data after the retention period.

Anti-money laundering and prevention of terrorist financing

In its activities, the Bank is guided by the requirements of the national legislation and the group policies and standards and the requirements and guidelines and recommendations of the European legal framework that have direct application such as the guidelines of the European Banking Authority (EBA) related to prevention, policies and the control mechanisms for the effective management of the risks of money laundering, terrorist financing (MI/FT) and sanctions compliance in the provision of access to financial services for which the Bulgarian National Bank has declared a commitment to implement and supervise (for example Guidelines EBA/GL/2024/01), delegated regulations and implementing regulations.

The Internal Rules of ProCredit Bank (Bulgaria) EAD define the overall organization for the prevention and control of money laundering, terrorist financing through the Bank, and compliance with sanctions requirements, as well as establish criteria enabling the identification of suspicious transactions and customers. The Bank strives to build long-term relationships with its customers based on open communication and mutual trust. Knowledge of customers' activities, the purpose of entering into a relationship with them and the origin of their funds forms the basis of the principles of responsible banking adhered to by the Bank. The strict observance and application of the principles set out in the 'Know Your Customer' policy and the Group Customer Due Diligence Standard lead to a high level of knowledge of the persons with whom the Bank maintains relationships and facilitate the prevention of money laundering, terrorist financing, and compliance with sanctions requirements.

Separate Annual Activity Report (continued)

5. International standards the bank follows and memberships

In order to strengthen the commitment to various topics related to environmental protection and social initiatives through ProCredit Holding, the bank is a member of several international environmental associations:

- United Nations Environment Partnership – Finance Initiative Principles for Responsible Banking AND Net-Zero Banking Alliance (UNEP FI)
- Science based targets initiative (SBTi)
- Partnership for Carbon Accounting Financials (PCAF)
- United Nations Global Compact
- Joint Impact Model (JIM)
- 2X Global
- Financial Alliance for Women

The following ESG ratings are held on group level:

- MSCI ESG Research, ESG Rating: A
- CDP Rating, Climate rating score: B

In 2024, ProCredit Bank Bulgaria developed a tool for calculating greenhouse gases from scope 1 and 2 for different sectors. The calculations were made in accordance with the principles for reporting greenhouse gas emissions set out in the Greenhouse Gas Protocol Corporate Standard. With this calculator, ProCredit presents its solution in support of small and medium-sized businesses, enabling Bulgarian companies to be aware of the carbon footprint of their activities and remain competitive on the international market. To present the tool, six events were organized throughout the country with the participation of more than 300 interested guests. In 2025, the carbon emissions calculator reached the final stage of development, covering the sectors of trade and services, agriculture, food and beverage industry, woodworking, metalworking and mechanical engineering, building construction and other manufacturing.

6. Awards and honors

In 2025, the Bank received two awards in the Green Event and ESG Leader categories in the "Greenest Companies in Bulgaria" competition organized by B2B Media. The Green Event award was received for a series of events in different cities across the country on the topic of "Sustainability – environmental, social and management opportunities for small and medium-sized enterprises (SMEs)", where participants received up-to-date information on the new European regulations and ESG reporting requirements. The CO2 calculator developed by ProCredit Bank was also presented at the events. With the second award, ProCredit Bank was recognized as an ESG Leader for its clear, long-term, and committed approach to the environment, social responsibility and good governance in relation to its own infrastructure and financing conditions that promote sustainable development.

Separate Annual Activity Report (continued)

Expected development of ProCredit Bank (Bulgaria) EAD and goals for 2026

The economic environment, shaped by significant international uncertainties poses serious challenges for the upcoming business and social development in 2026. Disruptions of economic activity and supply chains, inflationary pressures due to potentially rising food and energy prices, worsening of external conditions are part of the effects directly impacting economic activity. As the Bulgarian economy is open and dependent on external factors, it depends on the development of the external partners from the EU as well as on the optimal utilisation of the EU structural funds in order to perform positively.

Notwithstanding the above, Bulgarian banks started 2026 with high levels of liquidity and capitalisation and this largely implies stability for their clients. Considering the market situation, ProCredit Bank will take a prudent approach to lending to micro, small and medium-sized enterprises and private individuals, aiming to support the strengthening of their stability, improving efficiency and accelerating their development and growth. The bank applies a case-by-case and pragmatic approach to assessing the financial position of its clients in order to be able to offer the most optimal financing solution in terms of maintaining and improving creditworthiness.

The bank will maintain long-term relationships with its current and future clients by expanding and deepening its business relationships with them, thus aiming to be the leading partner as the “Hausbank” for private individuals, micro and small business clients and a significant banking partner for medium-sized businesses. It is also important to continue increasing the absolute number of business clients and thus improving diversification and confirming expanding its market position. ProCredit Bank plans solid and balanced growth in the loan portfolio with focus on micro and small business clients and private individuals as there are good opportunities to attract new clients while maintaining high-quality portfolio and interest margins overall. The areas of agricultural lending, green lending and lending to production companies hold special focus for the bank. Deposit portfolio of business customers is also planned to grow within the overall concept for attracting and increasing the turnover of the clients.

The bank wants to be an innovative partner as a reliable direct bank for private clients, offering all transaction services and flexible saving opportunities through accessible and secure electronic channels, and thereby secure a growing volume of deposits to finance the loan portfolio growth. A major objective for 2026 remains to increase the total number of private clients through an active and targeted acquisition strategy. Both deposit and loan portfolios of private customers will continue to grow through increase generated by both existing clients and through new clients attracted by the digital banking offer. The share of the private customers loan portfolio is expected to increase compared its current levels of the total portfolio.

In 2026, the main driver of the balance sheet development will be the planned operational growth in the gross loan portfolio, which will lead to increase in the interest income. However, in a continued uncertain market environment, maintaining margins stable by optimising the funding prices is an important challenge which the bank will face. The share of net fee income in operating income is projected to gradually increase its share in the total operating income in line with the expected growth of the business turnover and operations of the bank’s clients. At the same time, the high quality of the assets and the optimised structure of the bank will result in optimised impairment costs and administrative expenses. Liquidity and capital adequacy levels will be maintained with sufficient buffers in the long run.

Expected development of ProCredit Bank (Bulgaria) EAD and goals for 2026 (continued)

The bank's development strategy for 2026 is in line with its business philosophy: ProCredit Bank believes that open and active communication with customers, a responsible approach to day-to-day banking and the very good quality of the services provided make it one of the first choice banks for the client. ProCredit Bank also aims to become a reliable and main partner of companies and citizens in the implementation of projects in the field of "green finance" by applying a comprehensive methodology and expert potential for environmental financing as part of the bank's integrated approach to the environment especially in the financing of renewable energy projects and green activities such as waste management.

Management responsibilities

The annual separate financial statements for 2025 were prepared in accordance with the International Financial Reporting Standards and reflect fairly the property and financial position of the bank and its financial results for the reporting period. The annual separate financial statements were prepared on the going concern basis and the accounting policies of the bank were consistently applied, and all estimates and assumptions were made in accordance with the precautionary principle in the preparation of the separate financial statements for 2025.

The management is responsible for the correct keeping of accounting records, for the appropriate management of the assets and for taking necessary steps to prevent and detect potential fraud and other irregularities.

The separate annual activity report was approved by the Management Board and signed on its behalf by:


Rumyana Todorova
Executive Director and
Member of the Management Board
23 April 2026




Ivan Dachev
Executive Director and
Member of the Management Board

Separate corporate governance declaration

Documents of corporate management

ProCredit Bank (Bulgaria) EAD ("ProCredit Bank" or the "Bank") complies with the following documents with respect to its corporate governance:

1. **Articles of association (By-laws) of ProCredit Bank:** a fundamental document regulating the establishment and competences of the bank's main management bodies. The Articles of association are available for review by interested parties in the file of ProCredit Bank in the Commercial Register: (<https://portal.registryagency.bg/CR/Reports/VerificationPersonOrg>). The Articles of association were adopted by the General Meeting of Shareholders. As of 31 December 2025, the Articles of association can be amended only at the meetings of the Sole owner of the capital of the bank.
2. **Code of Conduct of ProCredit Group.** Corporate values form the foundation of the business ethics of the bank as part of ProCredit Group. The following principles guide the activities of ProCredit institutions: Transparency; Culture of open communication; Social responsibility and tolerance; High professional standards; Integrity and personal commitment. These principles are the backbone of ProCredit's corporate culture and are actively applied in the day-to-day work of the institution. They are described in the Code of Conduct of ProCredit (accessible at <https://www.procreditbank.bg/web/files/richeditor/coc-20221024-final.pdf>) which translates the Group's ethical principles into practical guidelines for the entire team of the bank.

In the past year 2025, ProCredit Bank complied without exception with the requirements of the documents listed above in relation to its corporate governance. The bank also complies with the National Corporate Governance Code, as appropriate (<http://www.bse-sofia.bg/?page=CodeGovernance>).

Information regarding the requirements set out in Article 10(1) of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004:

- Point (c) is not applicable to the bank because it does not have significant direct and indirect shareholdings (including indirect shareholdings through pyramid structures and cross-shareholdings) within the meaning of Article 85 of Directive 2001/34/EC.
- Point (d) is not applicable to the bank because it does not hold securities with special control rights.
- Point (f) is not applicable to the bank because it does not hold significant investments in other companies and there is no information regarding restrictions on voting rights.
- Point (h). The rules governing the appointment and replacement of members of the Management Board and the Supervisory Board and the amendment of the articles of association are set out in the Articles of association of the bank; the members of the Management Board are appointed by the Supervisory Board for a term of 3 years. The members of the Supervisory Board are appointed by the Sole owner of the capital for a term of 3 years. Decisions to amend the articles of association are taken by the Sole owner of the capital of the bank.
- Point (i). The powers of the members of the Management Board and the Supervisory Board, and in particular the power to issue or buy back shares, are set out in the Articles of association of the bank. Decisions to issue or buy back shares are taken by the Sole owner of the capital of the bank.

Separate corporate governance declaration (continued)

Management bodies

The management bodies of the bank are as follows:

- Management Board
- Supervisory Board.

ProCredit Bank has a two-tier management system.

Management Board

The bank is managed by Management Board which operates under the control of Supervisory Board. The Management Board comprises four to six members who are elected by the Supervisory Board for a term of three years. The relationships between the bank and each member of the Management Board are arranged by a management contract. The Management Board, upon the prior approval of the Supervisory Board, assigns to two or more of its members (Executive Directors) the day-to-day management and representation of the bank. The Executive Directors may authorise third parties to perform specific actions. A person who is a member of the Supervisory Board of the bank may not be a member of the Management Board. The Management Board has the following competencies:

1. arranges for the preparation of the annual financial statement and the report on the activity of the bank;
2. prepares the convening of the session of the Sole owner of the capital and prepare a proposal for the taking of decisions by the Sole owner of the capital;
3. prepares the periodic reports to the Supervisory Board;
4. enacts rules for the organisation of its activity and takes decisions regarding amendments to such rules (any decision under this point requires the prior consent of the Supervisory Board);
5. adopts an annual budget and an annual business plan relating to the activity of the bank (any decision under this point requires the prior consent of the Supervisory Board);
6. determines the structure and positions in the bank (any decision under this point requires the prior consent of the Supervisory Board);
7. decides on other issues, raised by the Chairperson or by another member of the Management Board;
8. makes decisions for opening and closing of branches and representations of the bank (any decision under this point requires the prior consent of the Supervisory Board);
9. takes decisions for the transfer or supplying for use of the whole commercial enterprise (any decision under this point requires the prior consent of the Supervisory Board);
10. makes decisions for disposing of assets whose total value for the current year exceeds half of the value of the bank's assets according to the latest audited annual financial statements (any decision under this point requires the prior consent of the Supervisory Board);
11. makes decisions for taking liabilities or providing collateral to one person or related persons, whose amount for the current year exceeds half of the value of the bank's assets according to the latest audited annual financial statements (any decision under this point requires the prior consent of the Supervisory Board);
12. approves the internal normative acts of the bank;
13. take decisions for the granting of credits in the cases of Article 45 of the Law on Credit Institutions;
14. takes decisions that lead to the formation of big exposures;
15. determines the business activity of the bank in accordance with the main policy guidelines adopted by the Sole owner of the capital and manages the daily operational activity of the bank in accordance therewith;
16. prepares proposals to the Sole owner of the capital for amendments to the By-laws or the main lines of the activity of the bank;
17. appoints and dismisses the officers of the bank and determines their remuneration;
18. decides on any other matter with respect to which, pursuant to the law or the by-laws, the Sole owner of the capital and the Supervisory Board do not have exclusive power to decide, and performs all other functions, entrusted to it by the Sole owner of the capital or the Supervisory Board.

Separate corporate governance declaration (continued)

Management bodies (continued)

The Management Board is convened at meetings at the request of any of its members or of the members of the Supervisory Board.

The Management Board takes its decisions by a simple majority of the members present and represented, except in the following cases: the decisions set out in points 8 to 11 and 13 above, as well as the decisions set out in point 14 in cases where the exposure exceeds 15 per cent of the bank's equity shall be taken unanimously by all members of the Management Board.

The decisions of the Management Board concerning the conclusion of transactions whose value exceeds 10% of the registered capital of the bank also require the prior consent of the Supervisory Board.

The Management Board reports to the Supervisory Board on its activities at least once every 3 months.

Supervisory Board

The Supervisory Board consists of four to six members, each with a term of three years. The relations between the bank and each member of the Supervisory Board are regulated by a contract. The members of the Supervisory Board are selected and dismissed by the Sole owner of the capital. The Supervisory Board elects a chairperson and a vice chairperson from among its members. The Supervisory Board does not participate in the management of the bank. It represents the bank only in its relationship with the Management Board. The Supervisory Board may, at any time, require that the Management Board submits information or a report on any matter concerning the bank. The Supervisory Board may also carry out any necessary investigations in performance of its duties, its members can have access to all the necessary information and documents, and it may use the services of experts.

Some decisions of the Management Board require the prior consent of the Supervisory Board. This is indicated in the section regarding the competences of the Management Board. The Supervisory Board examines the annual separate financial statements, the separate annual activity report of the bank and the proposal on the distribution of earnings and, after approving them, adopts a decision to convene a regular meeting of the Sole owner of the capital.

The Supervisory Board is required to hold meetings at least once every three (3) months. Members of the Management Board can participate in these meetings in an advisory capacity. The Supervisory Board makes decisions by a simple majority of the members represented at the meeting.

Avoiding conflict of interest

The procedures for avoiding and detecting conflicts of interest in relation to the members of the management bodies of ProCredit Bank are laid down in the Articles of association of the bank. The members of the Management Board and the Supervisory Board are obliged to put the interests of the bank and its clients above their own. They are required to declare and/or disclose information about their participation in commercial companies, as well as about any material commercial, financial or other business interest that they or their family members have in the entering into any commercial transaction with the bank.

Audit and internal control

The overall internal control of the bank is carried out by the Supervisory Board and the Management Board. The Supervisory Board controls the activities of the Management Board. The Management Board controls the activities of the individual structural units. The bank's activities are carried out on the basis of internal rules and procedures, as well as of the applicable legislation.

Separate corporate governance declaration (continued)

Management bodies (continued)

ProCredit Bank ensures functional independence between risk-taking departments and departments that perform risk assessment. According to the structure of the bank, the business processes are segregated by the units that assess the level of risk up to the level of members of the Management Board. In addition, the level of risk and the risk management decisions are assessed in the committees responsible for managing and assessing the individual types of risks; this involves objective control and monitoring of the bank's exposure to each risk.

Internal Audit Department operates in the bank and reports directly to the Sole owner of the capital (ProCredit Holding). Internal audit inspects all aspects of the bank's operations by performing process checks as well as checks for compliance of the activities performed with the statutory instruments, the articles of association and the internal regulations of the bank. The head of the Internal Audit Department informs the Management Board of the bank and the members of the Audit Committee of the bank of the results of the audits performed. At least three times a year, meetings of the Audit Committee are held at which the Internal Audit Department reports on its activity. The Audit Committee was established at the beginning of 2009 and its members are independent of the bank's Management Board.

The specialised audit firms that perform independent financial audit of the bank's financial statements are approved by the Sole owner of the capital following the submission of a reasoned request and as a result of a tender organised by the Management Board. The Audit Committee supervises internal audit activities and oversees the overall relationship with the external auditor, including the nature of non-audit services provided by specialised audit firms.

Main features of the internal control system and of the risk management system in connection with the financial reporting process

Control environment

The institution's business model and ethical values are a prerequisite for the existence of an adequate internal control environment within the bank. The business model has a clear focus on providing comprehensive banking services to small and medium-sized enterprises and private individuals through the provision of high-quality services. The focus on business clients with a clear vision and sustainable development means that ProCredit Bank builds with such clients long-term relationships based on understanding their needs and offering appropriate solutions while ensuring that there is no over-indebtedness.

As stated in the Code of Conduct of the ProCredit Group, the development concept and the approach to clients is linked with a great responsibility to the society in which the bank operates. Self-imposed ethical principles are also applied. These principles can only exist if they are effectively communicated, understood and accepted by all employees, and this is reflected in the careful selection and development of the bank's employees.

Risk management

ProCredit Bank understands that risk taking is an integral part of its business. Therefore, there are mechanisms in place to identify the various risks and assess their potential impact on the financial position and the achievement of the bank's business objectives. The awareness of both management and employees of the risks, the inherent conservative approach to risk management and the consistent implementation of diversification are an integral part of the business and risk strategy of the institution. In addition, the basic principles of the risk strategy (focus on core business; high level of transparency, simplicity and diversification; careful selection and intensive training of staff) contribute significantly to the effective management of the risks to which the bank is exposed.

Separate corporate governance declaration (continued)

Main features of the internal control system and of the risk management system in connection with the financial reporting process (continued)

Control activities

The control activities within the risk management strategy are documented in specially approved group policies, group standards and other documents that cover all material risks to which the bank is exposed and that support the carrying out the various operations in a secure manner, and the transactions are reflected in accordance with the requirements set out in the manual. Control activities are implemented at all levels and in all processes within the institution based on the four-eye and the segregation of duties principles. The basic organisational principle is the segregation, up to the level of the Management Board, of risk and business units, thus ensuring functional independence between the business departments that take the risk and the departments responsible for risk assessment.

Information and communication flows

Effective communication channels are in place to ensure the exchange of information within the horizontal and vertical organisational structure of the institution. Mechanisms have also been put in place to receive and share information from external sources (such as regulators, shareholders and clients), as well as for subsequent communication with these persons. The Management Board receives regular (daily, monthly and quarterly) reports on risk management. If new risk events, failure to comply with approved internal limits and increased likelihood of loss are identified, mechanisms for escalation and extraordinary reporting are applied.

Monitoring

Mechanisms for ongoing monitoring of the various activities as well as of the internal control systems have been developed and put in place in the bank. Monitoring is carried out both by the management and by the relevant responsible employees. The Internal Audit Department also conducts an independent evaluation of internal control systems in accordance with a plan approved by the Sole owner of the capital. Gaps identified in the internal control system are escalated and can be reported to the Management Board, the Supervisory Board or the Audit Committee.

Bodies responsible for preventive and ongoing risk management. Existing committees in the structure of the bank

An adequate risk identification, management and control system has been established in the bank. The committees responsible for managing the individual types of risks are at the core of this system and their main function is to create and maintain an adequate control environment based on the principles and mechanisms for identifying, defining, assessing, monitoring and controlling/mitigation of the individual types of risks. These committees are the main bodies that make corrective or preventative decisions aimed at minimising exposure to particular types of risk. The work of the committees is assisted by the Risk Management Department, Management Information System Department and other relevant departments that prepare risk indicators and provide analyses of relevant indicators and additional analyses to support management decisions in the area of risk control and management. The decisions made by the individual committees are approved by the Management Board.

The main committees that monitor, analyse and control the different types of risk include representatives of both the risk management and the business lines, as well as of the lines that perform administrative functions. This allows both a synergic effect of presenting different viewpoints on issues related to risk management and covering the different areas of activity and their impact on risk exposures. The main committees are as follows:

Separate corporate governance declaration (continued)

Bodies responsible for preventive and ongoing risk management. Existing committees in the structure of the bank (continued)

Assets and Liabilities Committee

The objective of the Assets and Liabilities Committee (ALCO) at ProCredit Bank is to identify, assess, discuss and manage financial risks which include liquidity and funding risk; market risk (including currency and interest rate risk); counterparty risk; capital adequacy. ALCO monitors the status and impact of the asset/liability management strategies implemented and develops new ones.

The committee comprises members of the Management Board as well as head of General Risk Department and senior expert from Management Information System Department. Regular meetings of ALCO are held at least once a month. The committee is elected and managed by the Management Board.

General Risk Assessment Committee

Regular meetings of the committee are held once every three months in order to analyse the overall risk exposure of the bank (excluding operational risk) and to discuss and adopt strategic issues. The Risk Management Department prepares a quarterly report on the overall risk for the committee meetings; said report includes the main and secondary indicators of the types of risk, as well as their analysis.

The committee comprises members of the Management Board, heads of Micro, Small and Medium Enterprise (MSME) Division and Division Greece, responsible for business clients, heads of Management Information System Department, Credit Risk Department and General Risk Department. The committee is elected and managed by the Management Board.

Operational Risk Management Committee

The Operational Risk Management Committee is a body within the structure of the bank that is elected and managed by the Management Board. The committee provides an opportunity for adequate management of operational risks and for taking decisions in this regard. The following three subcommittees are also integrated into the Operational Risk Management Committee: Compliance Committee, Committee for Labour Working Conditions on Safety at Work and ICT Risk Management Committee.

The committee comprises members of the Management Board as well as the heads of Product and Project management and analysis Department, IT department, General Risk Department, Accounting Department (in case of relevant topic), Prevention of Money laundering and terrorist financing unit, AML and Compliance Department and Head of Information and Cyber security Department. Regular meetings of the committee are held once every three months to discuss the operational risk report and to review events that have led to a loss for the bank as a result of operational events.

Credit Risk Management Committee

The Credit Risk Management Committee is a body within the structure of the bank that is elected and managed by the Management Board. The functions of the committee are related to the monitoring, analysis and discussion of issues and topics related to credit risk and its manifestation in the bank.

The committee comprises members of the Management Board, heads of MSME Division and Division Greece as well as the heads of General Risk Department, Business Department – Small and Medium Clients and Credit Risk Department (non-voting member). Regular meetings of the committee are held at least once every three months in order to assess the impact of the relevant factors related to credit risk management.

Separate corporate governance declaration (continued)

Bodies responsible for preventive and ongoing risk management. Existing committees in the structure of the bank (continued)

Portfolio Management and LLP committee

The Portfolio Management and LLP Committee is a body established by the Management Board. reviews the evolution of credit risk and makes decisions on portfolio management, reviews and decides on exposures with early signals of increased credit risk and a watchlist, reviews changes in provisions due to increased credit risk. The committee comprises members of the Management Board and the heads of Management Information System Department, Credit risk Department and Head of Problematic receivables Department. The meetings are held monthly.

Court Receivables Committee

The purpose of the Court Receivables Committee is to set, discuss and decide on the strategy for recovery of court claims, to set deadlines and designate officials responsible for the actions to be taken, and to monitor the implementation of the actions. The members of the committee are determined by the Management Board. The committee comprises member of the Management Board and the head of the Problematic Receivables Department as well as Experts from Problematic Receivables Department and Senior Legal Advisor. Meetings of the committee are held as necessary.

Sustainability Committee

This committee discusses and decides on issues related to environmental standards and the overall policy and strategy of ProCredit Bank regarding the environmental impact management system. The committee comprises members of the Management Board and the heads of Sustainability Department, Business Department – Small and Medium Clients, Credit Risk Department and Administration Department. The meetings are held at least once every quarter.

ESG Risk Assessment Committee

The purpose of the committee is to set, monitor and manage the ESG risk management framework for all ESG risk areas and particularly with respect to credit, operational and financial risk. The committee comprises members of the Management Board, heads of Management Information System Department, Sustainability Department, Credit Risk Department, Business Department, General Risk Department and a coordinator Ecological and social risk. Regular meetings are held quarterly for review of the ESG risk topics.

Crisis Management Committee

The task of the Crisis Management Committee is to define and manage the measures to be taken by the bank when dealing with a crisis arising from a materialised threat. It has a permanent composition and comprises the members of the Management Board and the heads of core business processes. A member of the Management Board or another person designated by the Management Board is a chairperson of the committee. The Crisis Management Committee is authorised to provide and allocate the resources (human and material) needed to deal with the crisis, as well as to control and reporting on the costs. The Crisis Management Committee manages and dynamically allocates responsibilities to the Failure Assessment Team, the IT Crisis Management Committee and the business continuity coordinators across departments and offices.

Human Resources Committee

This committee monitors changes in the labour market situation in the country, the pay levels inside and outside the bank, reviews salaries and decides on topics affecting current or potential employees of the bank. It comprises members of the Management Board. The meetings are held quarterly.

Separate corporate governance declaration (continued)

Bodies responsible for preventive and ongoing risk management. Existing committees in the structure of the bank (continued)

Compliance Committee

The committee reviews the regular changes that affect the activities of the bank and ensures regulatory compliance with them. The committee also discusses the effect of implementing legislative changes on the bank's policies and procedures. The committee assesses the risks for the bank of non-compliance with the regulatory framework and proposes actions to minimize them. It is integrated into the Operational Risk Management Committee.

Committee for Labour Working Conditions

The committee assesses the safety of working conditions in the bank, gives recommendations for their optimization and presents analyses related to these topics. Incidents related to occupational safety, if any, shall also be submitted to the committee. It is integrated in the Operational Risk Management Committee.

ICT Risk Management Committee

The ICT Management Committee is the competent body responsible for overseeing and coordinating the key aspects related to ICT risk and cybersecurity, including the reporting and analysis of significant ICT and cybersecurity incidents, as well as the regular assessment and monitoring of ICT risks and potential changes in the Bank's ICT and cybersecurity risk profile. It is integrated in the Operational Risk Management Committee.

Specialised Service for Control and Prevention of Money Laundering and Terrorist Financing

The service is an internal banking body with the main functions to examine the information from received signals about suspicious operations and customers, to submit cases to Financial Intelligence Directorate of the State Agency for National Security and to discuss the implementation of measures against money laundering and financing of terrorism, if necessary. The service comprises the heads of Prevention of Money laundering and terrorist financing unit, AML and Compliance Department and experts responsible for the specific case.

Diversity policy applied to administrative, management and supervisory bodies

The ProCredit Group appreciates diversity in terms of the personal qualities and experience of its employees. In this context, the process of selecting the members of the Management Board and the Supervisory Board aims at ensuring an adequate level of diversity in the management bodies. As a result, both bodies include individuals who have different profiles in terms of education, nationality, professional experience and age. Of the eleven members of ProCredit Bank's management bodies, six are women.

The separate corporate governance declaration was approved by the Management Board and signed on its behalf by:


Rumyana Todorova
Executive Director and
Member of the Management Board
23 April 2026




Ivan Dachev
Executive Director and
Member of the Management Board