



2025

Annual report UBB



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Report of the management
(on separate and consolidated level)

Highlights

2025
AT A GLANCE

492 m
NET RESULT

4.3 bn
EQUITY

24 bn
LOANS TO CLIENTS

30.7 bn
DEPOSITS FROM CLIENTS



- The biggest bank in terms of total assets
- NPS leader (#1) in business segments
- Primary dealer of securities on the Bulgarian market
- Acknowledged as best digital & innovative bank by Global Finance (2025)

All amounts are in BGN, unless otherwise stated.

Statement by the CEO of UBB



Dear shareholders, clients, colleagues and partners,

The past year was transformative for both Bulgaria and UBB. This annual report reflects our achievements, our strategic progress and the strong foundation we continue to build up – financially, operationally and societally.

A milestone year: successful transition to the EURO

Bulgaria and UBB successfully transitioned from Leva to Euro currency. We are pleased that this historic milestone became reality, as it brings substantial benefits for our clients and for the Bulgarian economy overall.

The conversion in the market and in UBB particularly went very smoothly. The adoption of the Euro will reduce transaction and conversion costs for households and companies. The released minimum reserves will further provide liquidity to the market to finance viable projects, which can stimulate further economic growth. On macro level, the Euro strengthens Bulgaria's reputation amongst foreign investors, while contributing to a higher sovereign credit rating.

Strong performance driven by a resilient business model

UBB registered another strong financial and commercial performance in 2025, building up on our strategic direction and solid fundamentals. Across all retail and business segments, our results were supported by healthy credit quality and high efficiency, as outlined in our annual financial statements.

Both our Net interest income (+1.2% YoY) and Net fee & commission income (+8.3%) were excellent. This was driven by 16.6% growth of the loan portfolio and 12.1% uplift in deposits from clients, as well as by the strong performance of our KBC Group bank-insurance model (the bank-insurance income grew by +30.8% year on year). These efforts led to the acquisition of more than 50,000 new bank-insurance clients and increased penetration rates: 1 out of every 3 KBC Bulgaria clients has now at least 1 Banking and 1 Insurance product.

Despite substantial investments in digitalization/automations and Euro-preparation, we were able to improve our C/I-ratio to 41.9% (compared to 46.2% in 2024).

At the same time, our asset management business recorded strong expansion. Assets under management increased by 28%, supported by steady growth in the investment client base, which rose by 46 thousand during the year. We also observed a 44% increase in regular investment plans, contributing to higher net sales and improved product diversification. As a result of this positive development, asset management fee income grew by 22.5% year on year.

A digital ecosystem powered by our digital assistant Kate

In 2025 we reached an important milestone: 1 million clients of UBB Mobile – a clear reflection of the trust customers place in our digital channels. Throughout the year we continued to evolve our mobile banking experience by delivering new features aligned with our "Mobile first" strategy.

We also began delivering the first components of the KBC ecosphere, thus enabling clients to access convenient, beyond-banking services directly with UBB Mobile. This includes early housing and mobility features, as well as embedded client journeys.

On top, our AI-driven digital assistant Kate strengthened her role as a primary touchpoint for customers. Automation, straight through processing and intelligent proposals contributed to significant increase in handled cases (ca. 5,1 million interactions with clients), improved autonomy level (resolved requests, without human intervention, increased from 68% to 75%) and more efficiency gains (Kate covers work equal to about 32 full-time employees). Looking ahead, we are preparing the next evolution – "Kate Coin", a loyalty based, intelligent engagement tool that will further enhance the digital client experience.

Our people – the driving force behind our success

Over the past two years, employee engagement at UBB has grown significantly (from 63% up to 76%), reinforcing our belief that our people are the foundation of our customer satisfaction and strong business results. This cultural strength was also recognized externally: UBB was awarded Best Bulgarian bank in Bulgaria by Euromoney – a testament not only to our financial performance, but also to our digital transformation and customer-centric mindset. Our teams' dedication, resilience and professionalism allowed us to deliver the strong results while successfully navigating the regulatory, technological and market developments during 2025.

Our responsibility to society

UBB continued to play its role of responsible corporate citizen being guided by five ESG pillars: 1) Entrepreneurship; 2) Financial literacy; 3) Health; 4) Responsible behavior; 5) Environmental responsibility. In 2025 we supported our clients with over EUR 630 million loans in their journey towards greater sustainability.

We also expanded our social initiatives such as "Vodim" (recovered 3 fresh water fountains in Vitosha mountain and by installing water dispensers in 5 schools in Sofia we saved thousands of plastic bottles) and others like supporting education, environmental protection and community well-being.

We have set ourselves concrete climate action plans and performance indicators. We aim to achieve a reduction of our own KBC Group in Bulgaria GHG emissions of 84% by 2030 vs. the base year 2015. In 2025 our own GHG emissions are 3 674 tCO₂, which is 87% reduction.

Through these actions we re-affirmed our commitment to contributing meaningfully to Bulgarian long-term sustainable development and that was recognized by Euromoney, which awarded UBB as Best ESG Bank (for 3rd time in a row).

Looking forward

As we stepped into 2026 and the EURO currency became part of our daily life, we embrace new opportunities ahead with optimism and responsibility. Together – with our clients, colleagues, partners and communities – we are shaping the next chapter of UBB's growth and leadership in Bulgaria. I would like to thank our shareholders for their continuous support, our clients for their daily trust in us and our staff for their relentless commitment to make UBB the great company it is today and will be going forward.



**Christof De Mil,
CEO, KBC Group Bulgaria**

Our business model

Who are we?

UBB is part of KBC Group in Bulgaria – an important pillar of the Bulgarian financial sector with over EUR 2.5bn invested in the acquisition and development of some of the most significant local companies during the last 20 years, among which DZI, CIBANK, UBB, UBB Metlife, the Bulgarian operations of NN and Raiffeisenbank Bulgaria.

By means of a targeted policy for developing Bulgaria as a core market, both through acquisitions and in an organic way, the local bank of KBC, i.e. UBB, has been constantly growing its market share, by rising from #9 position in 2007 (CIBANK), going through number 3 position in 2017 (UBB & CIBANK) up to #1 position in total assets, following the merger between UBB and KBC Bank Bulgaria (former Raiffeisenbank Bulgaria).

Fitch rating

Short-term

IDR rating: **F1**

SSR rating: **a**

Outlook: **Stable**

'A'

*the highest rating among banks in Bulgaria



Market standing

BGN 44bn assets (No.1)
BGN 4bn equity
BGN 24bn of loans (No.2)
BGN 31bn deposits (No.3)



Clients

1.34 m retail banking clients
Every 3rd Bulgarian is a client of one of the companies of KBC Group in the country
Every 4th company already works with us



Employees & Brand

3 924 employees; strong brand, trusted partner, digital assistant Kate, capacity to innovate



Environment

DIRECT - use of green electricity and e-vehicles. More important INDIRECT impact though lending, investment portfolio, funds, insurance, etc.



**we create
value**



**our business
model**



**market
environment**



**our
employees**

How do we create value?

The ultimate intention is to make our clients' financial lives easier in a proactive manner, through a solution-oriented bank-insurance model, in which we actually go further than pure financial products.



As a banker, we see to it that our clients are able to save and invest in a well-informed manner and that we actively offer them sustainable financial products. In this way, clients can grow their assets in line with their personal wishes and risk profile and call on our expertise to assist them. We use the deposits our clients entrust to us to provide loans to individuals, businesses and public authorities, thus keeping the economy turning. We also hold a portfolio of investments, which means we invest in the economy indirectly too. At the same time, we fund specific sectors and projects, such as infrastructure projects that have a major impact on the domestic economy.

We also offer our clients a variety of other services that are important to them in their everyday lives, including payments, cash management, trade finance, leasing, corporate finance, and money and capital market products. The role we play as a depository and a lender ultimately means that we take on our customers' risks instead of them. Our risk and capital management know-how allows us to manage those risks, enabling our contribution to the sustainable growth of the economy.

In all these activities, we seek to take account of the impact on society and the environment, which we translate into concrete targets. Even more, we have made a conscious choice to enhance our positive impact on society – where possible – by focusing on areas where we can make a difference as a bank. The areas in question include financial literacy, environmental awareness, entrepreneurship and the issue of longevity and health. In our business operations, we also prioritize areas such as cyber risk, anti-corruption measures, climate change and, increasingly, other environmental aspects (such as biodiversity, circular economy, water management and pollution).



we create value



our business model



market environment

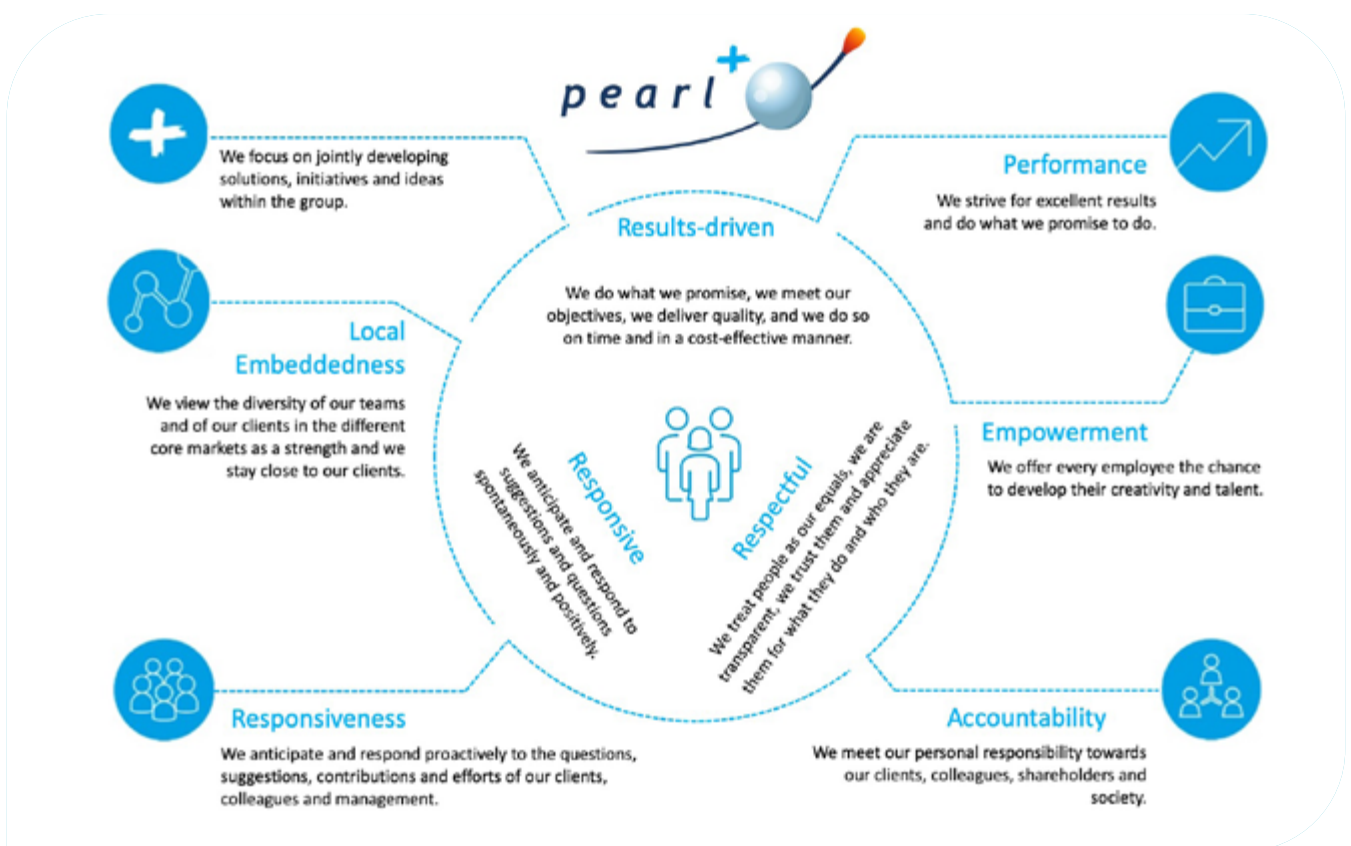


our employees

Our business model/culture

We continuously work to ensure our behavior reflects our corporate culture values imbedded in the acronym PEARL+, which stands for: Performance, Empowerment, Accountability, Responsiveness, Local embeddedness. The '+' sign in PEARL+ symbolizes our focus on the joint development and smart copying of solutions, initiatives and ideas so that they are easy to utilize and deploy throughout the group, enabling us to work more efficiently, respond more quickly to change and make full use of local skills and talents group-wide.

PEARL+ is a mindset, a group-wide corporate culture, shared by all our staff. To embed this culture across the entire group and to ensure its success, we adopt not only a top-down but also a bottom-up approach to its implementation.



UBB integrates elements of traditional banking with the latest financial technologies, combining the characteristics of a universal bank with the features of a fintech organization. This approach aims to enhance flexibility in client relationships and streamline the use of products and services. Our focus is on collaboration and responsiveness, providing added value and encouraging clients' loyalty.



What makes us outstanding on the market

Integrated bank-insurance model

We offer an integrated response to our clients' banking and insurance needs. Our organization is similarly integrated, with most services operating at group level and managed in an integrated style. Our model offers our clients the benefit of a comprehensive, one-stop, relevant and personalized financial service that allows them to choose from a wider, complementary and optimized range of products and services, which go beyond pure bank-insurance. For ourselves, it offers benefits in terms of income and risk diversification, additional sales potential through intensive co-operation between the bank and insurance distribution channels, significant cost-savings and synergies, and heightened interaction opportunities aimed at a holistic understanding of our clients and their needs.

Digital perspective

Digital interaction with clients forms the basis of our strategic business model, not only in terms of sales and advice, but also in process and product development. In addition to a digital product range, we also offer our clients digital advice and develop all processes and products as if they had to be sold digitally. Artificial intelligence and data analysis will play an increasing part in digital sales and advice. Kate, our personal digital assistant, will feature prominently in this regard. Our experts naturally remain available at our branches and call centers to answer complex questions or provide advice at key life moments. The very success of our digital strategy allows us to free up more time and to improve the quality of advice we provide to clients.

Approach to sustainability

As a financial institution, we have a major direct and indirect impact on society. This aims to support our overall business strategy and integrate it into our day-to-day business operations and the products and services we provide. Our sustainability strategy, which is geared towards the local economy and society, consists of financial resilience and three cornerstones: 1) encouraging responsible behavior on the part of all our employees; 2) increasing our positive impact on society; 3) limiting any adverse social impact we might have.



we create value



our business model



market environment



our employees

In what environment did we operate?

Global Environment

In 2025, heightened dynamism and considerable unpredictability marked the global environment. The United States intensified its protectionist measures and exerted pressure on key allies and partners to align with Washington's evolving strategic priorities. Despite broad international efforts, no substantial progress was achieved during the year toward ending the war between Russia and Ukraine. The prolonged conflict, combined with shifts in U.S. policy, cast doubt on the resilience of transatlantic relations, and compelled the European Union (EU) to accelerate the development of its strategic autonomy in the areas of defense, industrial policy, and external relations.

In response, the European Commission launched the ReArm Europe initiative, aimed at strengthening the European defense industry. Member States increased defense expenditure and intensified coordination of their industrial capacities. In parallel, the EU undertook measures to ease sustainability related regulations with the objective of reducing administrative burdens on businesses, particularly small and medium-sized enterprises. During 2025, momentum also grew for institutional reforms within the Union, leading to the gradual emergence of the so called E6 group – the six leading European economies expected to play an increasingly influential role in deepening integration and shaping the EU's long term strategic priorities.

Geopolitical uncertainty: in late February 2026 an armed conflict between the United States, Israel and Iran began. This initially caused regional instability and is impacting a number of areas, including energy prices, trade routes and the financial markets. UBB is closely monitoring the macroeconomic impact and spillover effects for the bank and its customers, both financially and operationally, including cyber threats.

Macroeconomic Dynamics of Leading Economies

The U.S. economy demonstrated considerable resilience despite extensive protectionist measures, recording real GDP growth of 2.2%, while inflation with 2.7% remained above the Federal Reserve’s target. In the euro area, subdued domestic demand and weakening external demand resulted in a more modest GDP growth rate of 1.4%. Inflation continued to decelerate and reaching 2.1% by year end almost approached the European Central Bank’s (ECB) target. Both the Federal Reserve and the ECB left their benchmark interest rates unchanged at their latter meetings of the year, maintaining a cautious data driven policy stance.

Political Environment in Bulgaria

On 16 January 2025, following a four-year period characterized by successive early parliamentary elections and predominantly caretaker administrations, a regular coalition government was formed, prioritizing Bulgaria’s accession to the euro area. The positive convergence reports issued in June 2025 by the European Commission and the ECB paved the way for membership. The subsequent decision granting Bulgaria the status of the 21st member of the euro area, effective 1 January 2026, represented a significant national milestone.

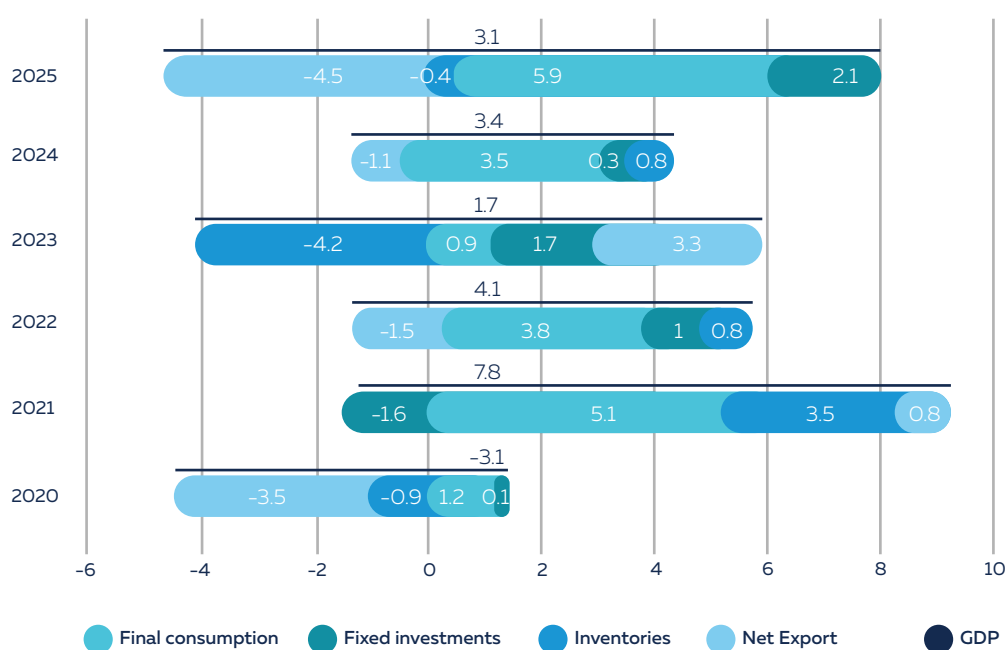
This development prompted favorable reactions from international credit rating agencies: Fitch and Standard & Poor’s upgraded Bulgaria’s long term credit rating to BBB+ with a stable outlook, while Scope Ratings raised its rating to A, also with a stable outlook. However, despite the positive momentum, the draft state budget for 2026, presented in November, triggered widespread public protests, and heightened social tensions. Although the draft was subsequently withdrawn, the unrest culminated in the resignation of the government in December, once again placing the country on the path to early parliamentary elections.

Economic Performance of Bulgaria

Despite the turbulent internal and external environment, Bulgarian economy delivered strong results in 2025, achieving real GDP growth of 3.1%. While this represents a slight moderation from the 3.4% recorded in 2024, Bulgaria remained among the faster growing EU economies. Economic activity was driven primarily by domestic demand – both for consumption and investment – while net exports contributed negatively to growth.

Consumption, private and public, increased by a real 7.6%, supported by substantial growth in real wages and favorable consumer lending conditions. Investment activity was exceptionally robust, expanding by 11.4%, reflecting both higher absorption level under the Recovery and Resilience Plan and the capitalization of state-owned enterprises through public funds. Total exports of goods and services contracted by 2.1%, influenced by weak economic performance among key trading partners, including Germany and Romania, whereas imports accelerated to +5.9%. Consequently, net exports amounted to -1.1% of GDP at year end.

GDP growth and contribution by components (% , real)



Labor Market and Income Developments

The labor market remained exceptionally tight. The harmonized unemployment rate declined to 3.2% in December, representing a cut of 0.6 percentage points compared with end-2024. Average monthly wages rose by 11.0% – from BGN 2 468 at end 2024 to BGN 2 740 at end-2025. Key drivers included increases in the minimum wage, higher remunerations in the public sector, and persistent labor shortages, particularly among skilled workers. The ongoing convergence of incomes toward EU averages further supported the positive wage dynamics. At the same time, wage growth outpacing labor productivity expansion generated inflationary pressure, eroded price competitiveness, and contributed to the widening of the fiscal deficit.

Monetary Framework and Inflation

Throughout 2025, Bulgaria continued to operate under the Currency Board Arrangement, which limits the scope for autonomous monetary policy by the Bulgarian National Bank. With the exchange rate pegged to the euro, inflation management relied predominantly on fiscal measures and structural policies, while interest rate policy remained inactive.

Inflation dynamics during the year reflected a combination of external and domestic factors. Externally, decelerating inflation in the euro area and Bulgaria's high degree of economic integration exerted downward pressure on prices. Domestically, inflation was supported by increased public expenditure and upward adjustments in administratively regulated prices. Expectations surrounding the preparation for the introduction of the euro on 1 January 2026 also influenced the behavior of economic actors: households engaged in front loaded purchases – including housing acquisitions – to hedge against potential future price adjustments, while producers and retailers revised pricing strategies in advance, within the limits of competitive conditions.

As a result, inflation rose moderately from 2.6% at end-2024 to 2.7% in May 2025, facilitating Bulgaria's compliance with the price stability criterion and allowing its admission to the euro area. Following the positive convergence reports, inflation accelerated and reached 3.5% by year-end, positioning Bulgaria as the country with the sixth-highest inflation rate in the euro area, following Austria, Slovakia, and Croatia, among others.

Fiscal Policy and External Balances

In 2025, total budget expenditure increased by 18.7% to BGN 90.9 billion, equivalent to 40.1% of GDP, marking a widening of 2.5 percentage points in the share of public spending relative to the economy. The expansion was primarily driven by an 11.9% increase in social spending (45.5% of total expenditure), a 20.0% rise in personnel costs (26.4% share), an 11.5% increase in maintenance and operating expenditure (9.8% share), and a substantial 69.5% surge in capital expenditure (8.9% share of total budgetary spending). The rapid growth in pension and public sector wage expenditures created risks for the medium-term fiscal outlook and contributed to inflationary pressures. Meanwhile, the sharp rise in capital expenditure reflected almost double the investment related payments under the Recovery and Resilience Plan compared with the previous two years, driven by renegotiation of the Plan and its accelerated implementation in 2025.

The cash deficit under the consolidated fiscal program widened to BGN 6.8 billion, or to the limit of –3.0% of GDP. Public debt increased markedly by BGN 14.0 billion to BGN 61.8 billion (29.3% yoy surge), raising the debt to GDP ratio by 3.8 percentage points to 27.2% at end-2025. Although Bulgaria's public debt level remains among the lowest in the EU, financing rising pension and public sector wage commitments through more debt issuance heightens risks to fiscal and macroeconomic sustainability. Early signs of these vulnerabilities became evident in the significant widening of the current account deficit, which nearly quadrupled to BGN -13.4 billion, or to –6.0% of GDP, compared with –1.4% of GDP in 2024, signaling the emergence of growing external imbalances.

Indicators	2023	2024	2025
GDP growth (% , yoy, real)	1.7	3.4	3.1
HICP (% , ann. avg.)	8.6	2.6	3.5
Unemployment rate (% , eop., Eurostat definition)	4.4	3.8	3.2
Government budget balance (% of GDP)	-2.0	-3.0	-3.0
Gross public debt (% of GDP)	22.9	23.8	27.2
Current account balance (% of GDP)	-1.0	-1.4	-6.0

Banking sector

The Bulgarian banking sector entered the euro-adoption phase with strong operational coordination, ensuring timely pre-supply of cash, readiness of payment systems, and aligned conversion planning across institutions. Banks worked closely with regulators to meet technical, legal and communication requirements, delivering stable system transitions and uninterrupted customer services. Sector-level rehearsals, post-conversion monitoring, and unified information campaigns supported a smooth and predictable changeover for citizens and businesses.

As of end of 2025, 23 banks operate in Bulgaria, six of which are branches of foreign banks. The sector is characterized by a relatively high degree of concentration, with a significant presence of foreign-controlled banks, which account for most of the market share. The sector continues to evolve, with recent mergers and acquisitions driving further consolidation.

In 2025 the Bulgarian banking sector delivered a Net profit amounting to BGN 3 628 million, slightly below the record level achieved in 2024 (BGN 3 695 million). This result was supported by a rise in net interest income, which climbed to BGN 5 638 million from BGN 5 566 million in the prior year (+1.3%). This increase in interest income was driven by continued lending growth, favorable interest rate conditions and prudent asset-liability management. Additionally, net fee and commission income experienced a considerable uplift, growing to BGN 1 783 million from BGN 1 620 million, reflecting the banking sector's successful efforts in expanding its service offerings and enhancing client engagement.

In 2025 the total amount of assets of the banking system experienced significant growth of 18.5%, reflecting the sector's resilience and adaptability in a dynamic economic environment. A major part of the growing asset based was transformed into loans and advances to customers (excl. Other financial institutions), which, reached BGN 117 306 million or 15.4% more than the previous year. A high-profile area continued to be the mortgage loan market in Bulgaria, which experienced significant growth (+29.8%), driven by rising property prices and increasing demand for housing in the light of the Euro adoption as of 1st of January 2026. Additionally, the very low external interest rates and the strong labor market boosted disposable incomes.

Another important factor influencing the sectoral growth was a 16.2% increase in deposits, driven primarily by strong inflows in the retail segment. This trend was largely linked to Euro adoption, which encouraged the conversion of cash holdings into bank deposits. However, the loan-to-deposit ratio remains below 1 for most banks, indicating a prudent approach to financing and a strong self-funding capability.



Key figures on the banking sector follow in the table below:

Banking System Key Figures

P&L (BGN m)	2021	2022	2023	2024	2025	Delta 25/24
NII	2,757	3,227	4,846	5,566	5,638	1.3%
NFC	1,241	1,430	1,474	1,620	1,783	10.1%
Other Income	452	653	600	701	663	-5.4%
TOTAL Income	4,450	5,309	6,921	7,887	8,085	2.5%
Operating Costs/excl. banking tax/	-2,215	-2,253	-2,499	-2,786	-2,963	6.3%
Operating Profit	2,235	3,057	4,422	5,101	5,122	0.4%
Impairments	-664	-589	-446	-617	-750	21.5%
Profit before tax	1,571	2,468	3,976	4,484	4,373	-2.5%
Net profit	1,416	2,079	3,417	3,695	3,628	-1.8%
Balance sheet	2021	2022	2023	2024	2025	Delta 25/24
Total Assets	135,410	155,406	172,075	191,611	227,036	18.5%
Loans to customers*	70,723	79,774	88,982	101,654	117,306	15.4%
Deposits	109,356	126,197	136,768	148,935	173,046	16.2%
KPIs	2021	2022	2023	2024	2025	
Loan to deposit ratio	71.4%	71.7%	72.2%	74.0%	76.1%	
NIM	2.9%	3.0%	3.9%	3.9%	3.4%	
COF	0.0%	0.0%	0.2%	0.3%	0.3%	
Cost to Income	49.8%	46.1%	39.1%	38.1%	38.6%	
Impaired loans ratio	6.5%	5.2%	4.0%	3.4%	3.1%	
CCR	0.8%	0.7%	0.4%	0.6%	0.6%	
ROE	8.9%	12.3%	18.4%	17.4%	14.4%	
ROA	1.1%	1.4%	2.1%	2.1%	1.8%	

* excl. Loans to Other Financial institutions

UBB market position as of FY'25

UBB Bank solidified its market position as the largest bank in Bulgaria with a market share in total assets of 19.6%. Furthermore, the Bank also manages the largest debt securities portfolio in the market of BGN 7 768 million, representing a market share of 20.7%.

With regards to lending, in 2025 UBB Bank expanded its loan and advances portfolio by 16%, reaffirming its position as the second-largest lender among its peers.

Rank		Market shares	MS gain/loss	YoY Growth %
1	Total Assets	19.6%	+5bps	18.8%
2	Total loans	20.2%	+11bps	16.0%
2	Business loans	19.6%	+41bps	12.0%
3	Consumer loans	19.1%	-4bps	10.6%
2	Mortgage loans	21.7%	-62bps	26.2%
3	Total Attracted funds	17.6%	-65bps	12.1%
2	Business attracted funds excl. FI	17.2%	-4bps	8.5%
2	Retail attracted funds	18.3%	-37bps	18.1%
1	Debt securities	20.7%	-198bps	3.4%

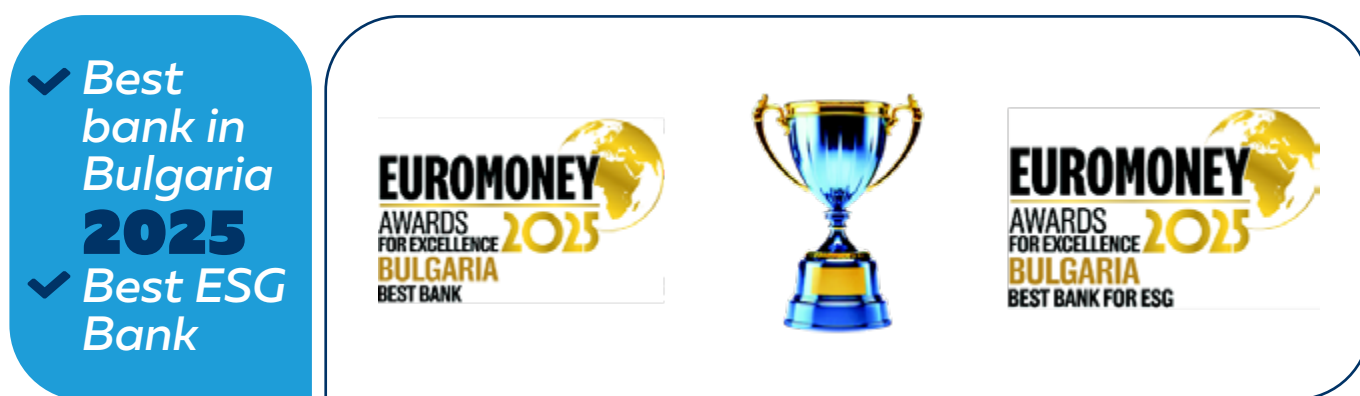
Looking on a segment level, it was another remarkable year for the Business lending, which realized annual growth of 12%, thus outpacing the market growth average of 9.7%. As a result, the Bank gained +41bps market share and ranks second in terms of size of business loans book. This illustrates how UBB is a reliable partner for the business in Bulgaria in a challenging economic situation, providing financial support and fostering growth and innovation.

In terms of Retail lending, the growth of our mortgage book reached a remarkable 26.2% growth, yet slightly lagging behind the market growth of 29.8%, thus resulting in a market share decrease of 62 bps – a result which among other factors was also impacted by some large scale portfolio reclassifications in the sector. At the same time, our market share in terms of consumer lending remained essentially unchanged at 19.1%.

On the liability side, Retail attracted funds expanded by 18.1%, benefitting from the natural growth of the savings of our customers, but also from the increase of deposits associated with the Euro adoption. Our deposits from business customers (excluding financial institutions) grew by 8.5%, resulting in maintenance of our market share in this segment at around 17.2%.

Awards and achievements

The leading position of the bank in digitalization was recognized by various reputable analysts like Global Finance and Euromoney.



The leading British magazine **Euromoney** recognizes **UBB as the best ESG bank** for its achievements in the field of ESG (3rd time in a row) and as **the best Bulgarian bank** (1st time) – for comprehensive performance and impressive results achieved in all business lines. Euromoney’s Awards for Excellence represent a strong token of distinction to the banks and bankers in an industry where differentiation is highly sought after and exceptionally difficult to demonstrate.



Furthermore, the prestigious New York-based magazine Global Finance outlined the UBB’s position in the field of digitalization, with a total of 1+ million digital customers, or 25% of the active population of the country. Global Finance is a leading publication for financial industry ranking and awards. Also, UBB was acknowledged for “Best Digital Product in Action” associated with the voice-initiated payments through the AI-based digital assistant Kate.

Main challenges



Climate change, health risks and economic challenges

Our financial performance is obviously impacted by the global economy, as well as by the financial markets and demographic trends. The recent extreme weather conditions demonstrated that climate change and public health risks can have a significant impact. And geopolitical developments, such as the continuing war in Ukraine, escalation in Middle East or Black Sea tensions, political instability, etc. can also have major implications for the economy and hence our results.

How are we addressing them?

- We ensure in our long-term planning/scenario that our capital and liquidity positions are capable of withstanding a negative scenario.
- We calculate the impact of changes in key parameters and estimate the impact of material events as effectively as possible.
- If it turns out that the models are not capturing the increased credit risk resulting from specific events, we will set aside additional reserves based on management's assessment.
- We have translated our environmental and climate change strategy into specific targets and have committed ourselves to several relevant initiatives described in our Sustainability Report.
- We constantly adjust our product and service offering and want to be a partner for our clients in their transformation to a more sustainable future.



Shifting clients' behaviour and competition

We face strong competition (from traditional players, online banks, fintechs, bigtechs, and so on), technological changes and shifting client behaviour. All this is influencing clients' expectations in terms of speed, digital interaction, proactivity, personalization and relevance, and increasing the significance of digitalization and innovation, creating the need for a resilient, responsive organization capable of continuously adapting its processes and systems.

How are we addressing them?

- The creative input and diversity in terms of training and background of our employees is exceptionally important when it comes to equipping ourselves to deal with competition and technological change.
- We can draw on an immense volume of data, which – subject to clients' consent – enables us to understand more clearly what clients really want.
- We regularly review all our existing products, so that they can be adapted to take account of evolving client needs or changing circumstances.
- Where possible, applications are copied from the KBC group's different core markets. We are also open to partnerships with fintech firms.
- In addition to innovation and digitalization, we are working hard to simplify and automate products and processes (straight-through processing).



Regulation

The following trends and regulations will have a significant impact in the years ahead:

- Sustainability: EU measures to mobilize financial resources for sustainable growth including by means of tailored reporting.
- Digitality: EU initiatives related to the impact of new technologies on the financial services sector (Digital Operational Resilience Act, Cyber Resilience Act, AMLD (virtual currencies), Markets in Crypto-Assets Regulation, the digital euro and the European Digital Identity).
- Artificial Intelligence (AI): the EU intends to regulate the sale, development and application of AI systems at the European level by means of a risk-based approach.
- Prudential supervision: transposition of Basel IV into the Capital Requirements Regulation (CRR3) and Capital Requirements

Directive (CRD6); revision of Solvency II related to the reform of Crisis Management & Deposit Insurance framework.

- Payment transactions: proposal for a Regulation for instant credit transfers in euro, revision of the legal framework for payment services and a proposal for a Directive (PSD4) that focuses on prudential aspects.
- Financial markets and products: reform of the European Market Infrastructure Regulation, proposal for a Directive on distance marketing of financial services; EU Green Bonds Standards Regulation.

How are we addressing them?

- We are making thorough preparations for the new regulations: specialized teams keep close track of the trends and rules.
- We participate in working groups at sector organizations, where we analyze draft texts.
- We produce memorandums and provide training courses for the business side.
- We study the impact of regulations on client behaviour and, where appropriate, adjust our products and processes to take account of shifts in that behaviour; we likewise study the impact on transformation and innovation projects.



Cyber risks and data protection

Following the trends in the digital landscape, cyberattacks pose a constant threat in a rapidly digitalizing world. Developments based on Artificial Intelligence increase the number of potential cyberattacks and introduce new ways of launching cyberattacks.

Our focus at UBB is on ensuring both our clients and our entities benefit from optimal protection against cyber-crime.

How are we addressing them?

- We raise our employees' awareness of cyber risks by providing training in areas like phishing, smishing ('SMS phishing') and vishing ('voice phishing') and cyber fraud in general. We use simulation tests to check whether employees respond appropriately to various scenarios.
- We work to achieve highly secure and reliable ICT systems and data protection procedures.
- Our Competence Centre for Information Risk Management & Business Continuity tracks all risks relating to data protection, cyber-crime and operational ICT.
- We also have our entities' cyber risks and defense mechanisms evaluated by internal and external security experts.



Fast-evolving technology

UBB continues to accelerate its shift into a fast-evolving technology landscape by deepening digitalization and modernizing its core systems. Recent strategic assessments highlight strong momentum in end-to-end digital processes, enhanced customer experience and higher automation levels. This includes major upgrades in mobile banking – expanded functionalities and migration to unified digital channels.

In parallel, UBB is preparing for broader integration of AI-enabled tools across the bank. Internal discussions on AI governance, EUDA agents and future platform architecture reflect a coordinated effort to build a scalable, secure and group-aligned tech framework.



Sectoral risks

In 2025, we witnessed risk deterioration in Agriculture and Paper & Pulp industries. In particular, agriculture businesses were affected by a third consecutive year of unfavorable climate conditions, leading to low yields, especially of the corn and sunflower crops.

How are we addressing them?

UBB is addressing elevated sector risks through strengthened credit oversight, enhanced monitoring and targeted remediation.

In high-risk sectors the Bank has intensified reviews, reinforced collateral and monitoring controls, and booked additional provisions, including management overlays.



we create value



our business model



market environment



our employees

Our team

Main challenges

- Prioritizing the well-being of our employees
- Investing in right skills within a culture of continuous learning

OUR TEAM

- Long-term employability
- Focus on coaching and inspiring leadership
- Recruiting forward-looking professional



The accomplishment of our business objectives is largely attributable to the driving force behind the organization – our people.

Experienced managers play a crucial role in maximizing employee potential and effectively implementing the UBB strategy. We prioritize the training and development of managers at all levels, including intensive coaching and training sessions designed to enhance teamwork. Specifically in 2025, UBB reinforced its internal “P1rvi Leadership Academy” – a structured training focused on building the capabilities being required to achieve UBB’s strategic goals – by additional modules aimed at empowering the workforce to embrace digital transformation.

Our ambition is to ensure that our organization and employees remain resilient and grow alongside UBB. We are dedicated to fostering a learning culture where continuous education is an integral part of the daily activities. UBB continues its active transformation process, encompassing the development of core competencies and in 2025 it is all about personal productivity and data-driven decisions.

P1RVI LEADERSHIP ACADEMY 2.0

Public



A: M365 TOOLS FOR OPTIMISATION

A.1 GENERAL APPS

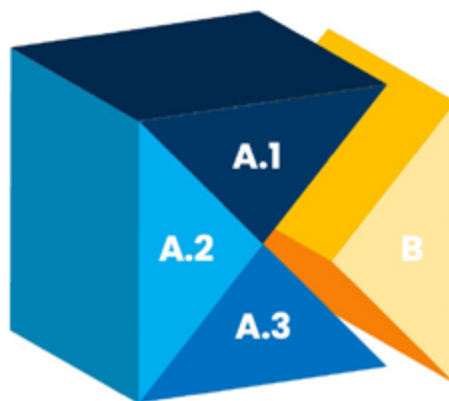
General M365 Apps used in the daily life to streamline the work process (Teams, SharePoint, OneNote, Planner, etc.). Training to be delivered in the form of going through the employee journey “My work day”, emphasizing on how one manager can capitalize on the effective usage of M365 general apps. High level overview will be provided on the M365 Copilot in the “Organisation powered by AI” part of the training.

A.2 POWER AUTOMATE and POWER APPS

Overview of Power Automate and its role in workflow automation, Connectors, Condition & Loops, Approval & notifications, Use cases and best practice „Demo - Show useful examples of already based on automation flows that are used in UBB/DZI

A.3 POWER BI

Demonstrate key components and features Power BI Desktop, Visualization, How to connect to different data sources, Transforming/ modeling data, Visualization, Sharing



B: DATA-DRIVEN DECISIONS

Data-driven and model-driven approaches are revolutionizing decision-making in banking and insurance by systematic analysis of vast datasets to extract valuable insights/trends, unlock new business opportunities, mitigate risks, and deliver superior value to customers and stakeholders.

Focus of the training is AI, including brief history of AI; generative AI deepdive; OpenAI Accounts and Modules.

Externally, the partnership with Sofia University St. Kliment Ohridski continued in 2025 with more editions of KBC Bulgaria ESG Academy. The Academy aims to provide employees, customers, and society with a comprehensive understanding of sustainability topics. The ESG Academy lasts three months and prepares the participants on the fast-evolving sustainability topics in business, regulations and risk management. Additionally, the company supports employees financially through a sponsorship program to conduct scientific research and defend doctoral degrees related to sustainable financing.

UBB seeks to strengthen its position as a preferred employer of young talents, participating in career events and workshops, including Career exhibitions at UNWE, Sofia University St. Kliment Ohridski, National Career days, Career Show Sofia, Talent fest, AUBG and National Trade-Banking Gymnasium. The successful partnership with Faculty of Economics and Business Administration at Sofia University St. Kliment Ohridski continued with Finance academy initiative.

As part of our talent development efforts in 2025, UBB welcomed more than 118 young talents were part of the UBB Internship program and 50+ school trainees.

Also, UBB organized "Best Youth Startup in Bulgaria 2025", which raised interest of more than 400 participants. They took part in a 10-week training program, receiving mentorship from experts representing 60+ partner organizations across Bulgaria's investment and startup ecosystem.

Employee engagement is valued, and surveys are conducted twice per year along with internal client satisfaction surveys. Action plans based on survey results are developed for improvements. UBB employees can also support the activities of the "United for Charity" association, which supported 125 current and former employees and their children with nearly BGN 300 000 in 2025. Approximately 2,300 employees contribute regular monthly payments.

UBB's values are founded on the PEARL+ business culture. The 'E' signifies 'Empowerment,' referring to the commitment to provide employees with space to develop talent and creativity towards achieving business strategy. The '+' stands for cross-border co-creation and "smart copying" within the entire KBC group, encouraging collaboration among employees. Various "Team Blue" initiatives unite employees from different business areas, fostering pride and shared experiences.

Our employees receive competitive salaries and supplementary benefits. Ensuring employee health and well-being are prioritized, UBB utilizes medical insurance services from another entity within the KBC Group – DZI.

Our meaningful social dialogue with employee representatives covers themes such as pay, employment conditions, strategy, organization and well-being. HR policy application is monitored through high-quality surveys and accumulated HR data. Awareness of risks, including cyber risks, is raised via targeted information campaigns and training. "People risk" is an important operational risk tracked in collaboration with the risk department. More information about the workforce is available in the Sustainability Report.

Our network and relationships

Our social capital includes relationships with clients, shareholders, government, regulators, and other stakeholders, helping us stay socially relevant and responsible.



Our strategy

"P1rvi" Strategy

CONFIDENCE | CONVIENCE | CARE



The corporate strategy, named "P1rvi" after the bank's position on the market, traces the path for tipping the scales in financial services in Bulgaria and emerging as the reference in bank-insurance business segments.

Our local "P1rvi" strategy outlines the role we want to play in society and puts emphasis on the following strategic pillars:

We Are Digital Leaders

We strive to deliver the best digital experience on the market, offering meaningful, time saving and value adding solutions across all segments. Our online and mobile platforms in banking, insurance, pensions and leasing form the backbone of this experience, ensuring full end-to-end availability of core services. We continue to build meaningful ecosystems with partners, powered by Kate as our digital orchestrator, and enhance loyalty through Kate Coin.

We Sustainably Grow Our Bank Insurance Group

Each business line aims for sustainable growth in clients, sales, portfolio volumes and profitability. By leveraging the strength of the integrated bank insurance model, we provide competitive and responsible financial solutions aligned with prudent risk management across the entire client lifecycle.

We Always Put the Client at the Centre

We solve client needs with ease and speed across digital and physical channels. Every activity – whether sales or support – is assessed through the lens of client benefit. Service design, adaptive ways of working and continuous feedback drive ongoing improvements in our products, journeys and processes, supporting our ambition for top market NPS.

We Embrace Our Role in Society

Serving one in three Bulgarians and one in two companies, we actively contribute to society through initiatives in environmental responsibility, responsible behaviour, financial literacy, health and entrepreneurship. We support customers in their sustainability transition, invest in our people as societal ambassadors, and seek recognition for our ESG contribution.

We Value Our People (Team Blue)

We aim to be an employer of choice, fostering a culture where colleagues feel safe, supported, well trained and fairly rewarded. We invest in talent and leadership development, nurture motivation, and rely on the expertise and voice of our employees as core drivers of our collective success.

Strategic Enabler (Data-Driven Organisation)

We use structured and high quality data throughout the full client journey – from intent and nudging to after care—while maintaining the highest standards of privacy and protection. We strengthen a data driven mindset by developing the vocabulary, skills and tools needed for responsible and impactful use of data.

Strategic Enabler (Operational Excellence)

We simplify and digitise our product portfolio, design customer journeys using service design best practices, and deliver STP and innovative solutions through agile, cross-functional teams. Automation and technology support efficient, scalable operations, while colleagues are trained in the core tools and methods that reinforce a culture of continuous improvement.

Strategic Focus

In 2025, UBB successfully concluded the post integration activities following the legal merger with KBC Bank Bulgaria, finalizing the migration of systems, infrastructure alignment and network unification. This marked the completion of the multi year consolidation programme that began with the legal merger in April 2023 and the full operational integration achieved in 2024. Through these efforts, the bank strengthened its unified operating model, enhanced service consistency across all channels, and unlocked the full synergy potential of the combined institution.

UBB successfully advanced the finalisation of Bulgaria's Euro adoption programme, ensuring full alignment with regulatory and business requirements ahead of the planned introduction of the Euro by January 2026. The Bank completed the necessary system transformations, product adaptations, and conversion preparations, guided by the detailed Euro Adoption Program in Bulgaria and its associated monitoring reports. These efforts were supported by extensive readiness activities across technology, finance, risk, operations, and customer facing channels, including the implementation of conversion procedures, interface changes, and end to end deployment governance. With this, UBB entered the Eurozone fully prepared, safeguarding operational continuity, customer transparency, and strategic stability during one of the most significant monetary transitions in recent decades.

Given the fact that these two big challenges are already behind us, our emphasis in 2026 will be acceleration of the digitalization, process automation and innovations in all segments, with particular focus on the capabilities of the core banking system (T24).

The focus on the Ecosphere development will continue further, aligning with the Group's ambition to build interconnected customer centric ecosystems that blend core bank insurance products with third party services. As an Ecosystem orchestrator, KATE plays a pivotal role in digital sales and advisory by proactively offering personalized and relevant solutions. KATE 2.0 represents a major leap forward, evolving from a traditional NLU based assistant into a fully LLM orchestrated, context aware digital companion capable of supporting both banking and ecosystem interactions. It will extend beyond UBB Mobile into web, internal channels and prospect interactions, ensuring a unified, human like conversational experience across the full digital estate. The upgrade aims to deliver more natural dialogues, deeper personalization, and proactive engagement, enabling KATE to anticipate needs across daily banking, investments and ecosystem services.




UBB is committed to embedding **ESG** considerations into its decision-making, risk management processes for clients and 3rd party interactions – aiming at positive contribution to society and safeguarding long-term sustainability.

We strive to build sustainable relationships with individuals, small and medium-sized enterprises and large corporate customers in Bulgaria. Responding to customer needs is very important to us. This means that we know and understand our customers better, effectively identifying their needs and responding quickly, while also offering them products and services tailored to their specific needs. We focus our efforts on the sustainable development of the various communities, in which we work. We encourage our employees to be responsive, responsible and results-oriented and we seek to embed this culture in the behaviour of our employees and in their daily tasks.

In addition, we used to develop well-being programmes for our employees with a focus on mental health, offering options for psychological support.

Sustainability highlights 2025

Environment

 **Customer engagement dialog**

Strengthening the relationship with our clients through specific ESG workshops for supporting companies in their transition to sustainable business model

 **Climate target setting**

Set targets 2030-2050 for the most carbon-intensive sectors in our loan portfolio and follow up on the emissions reductions annually

 **Own footprint**

Our emissions reduction reached 83% compared to the base year 2015

Social

 **Health**

First Aid Academy and well-being webinars for employees

 **Financial literacy**

Updated Pensiopedia web site, Products & Services for employees

 **Employee engagement**

ESG academy, investing in the professional advancement of stakeholders on the topics of sustainable development; employees participated in a number of training courses with focus on sustainability

Governance

 **Sustainability governance**

Sustainability-related governance structure focusing on the implementation and monitoring the progress of related policies

 **Leadership**

Pearl+ leadership academy for managers is active

 **Responsible behavior**

Cyber security on focus, with multiple campaigns for prevention and awareness

Our role in society

As a financial institution that is responsible for environmental issues, we contribute to reducing the adverse effects of human activity on the planet's climate. As a part of its efforts to counteract these risks, UBB has implemented various activities aimed at reducing our negative imprint on the environment. We consider the impact our activities have on society and respond to societal needs and expectations in a balanced, reasonable and transparent manner.

At UBB we believe that we can help make a positive difference in the transition to a sustainable economy and society. Through open collaboration with a rich ecosystem of partners, we create lasting value for our customers, work to empower our employees, and inspire sustainability in companies of all shapes and sizes. As a market leader in Bulgaria, we strive to be a reference for sustainability in the financial sector. UBB is committed to building the enabling conditions that will support our customers in their own transition, facilitating the discussion on the challenges posed by climate change and helping raise general awareness with our stakeholders.

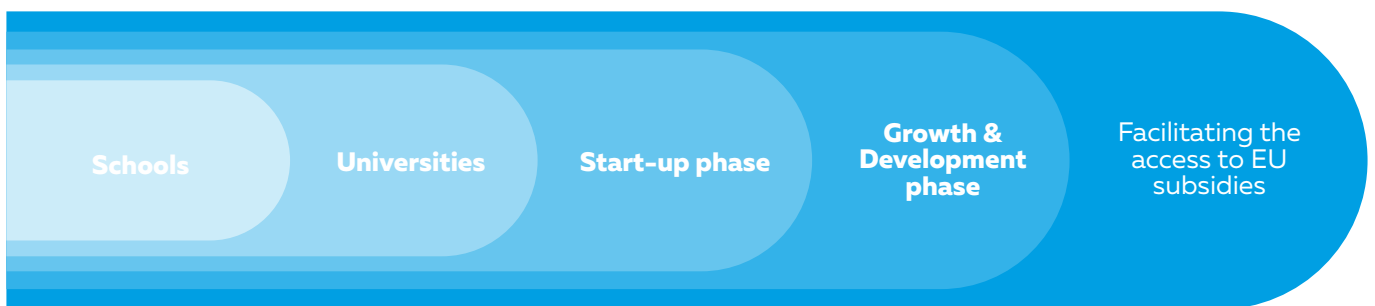
Corporate resilience and responsibility are the true way of doing business. Resilience for us is not just part of a stand-alone strategy, but it is interwoven in our corporate vision and in our daily commercial activities. To us it means that we can meet the expectations of all stakeholders, not only today but with an outlook to the future.

We develop our role in society in 5 domains:



1. Entrepreneurship

UBB promotes entrepreneurship, through the different phases of the business life cycle, as we believe it is a key driver of economic growth and general prosperity.



Entrepreneurial programs & initiatives – UBB supports entrepreneurs through the lifecycle starting from aspiring young entrepreneurs with initiatives targeting schools and universities. We address both capital and other regions in order to facilitate the balanced entrepreneurship development throughout the country.

2. Financial literacy

We proactively use our professional knowledge and experience for the benefit of the society, supporting the work of financial industry organizations; professional associations, government and regulatory working groups focused on new legislation, codification of practices and digitization in the financial services sector.

With a focus on our clients, we educate them to understand, plan, navigate and control their financial present and future via webinars, tutorials, digital tools, advisory services.

And with a focus on employees, we enhance their opportunities through customised employee-benefit programs and engage them with voluntary work in educational, academic and mentoring activities.

"We seek to build an ecosystem that supports clients and staff in their search for a healthy lifestyle."

3. Health

Part of the corporate social responsibility policy of UBB is promoting healthy lifestyle by value propositions to employees, customers and society.

We support our clients and employees to improve their health and life receiving valuable information and tips on how to be more active, how to take care of their mental resilience, and try to focus their attention to prevention but not only to treatment of disease.

In addition, we used to develop well-being programmes for our employees with a focus on mental health, offering options for psychological support.

4. Responsible behavior

If we want to maintain and increase the confidence of our stakeholders, it is crucial that we act responsibly in everything we do. We strive to go beyond regulatory and compliance requirements: since customer focus is at the heart of our strategy, we focus specifically on sales and consulting with the right degree of responsibility. The basic principles here are respect for customers, colleagues and society.

Winning and retaining our stakeholders' trust is the foundation of our "social license to operate" principle. We believe competence, open communication and individual integrity are the milestones of the trust we want to maintain. The trust of our stakeholders is the foundation of our continuing existence. In order to win and retain it, we continuously demonstrate that:

- We know our business (professionalism and competence);
- We are transparent in our communications (we provide clear, fair and not misleading information);
- We do what we say (we keep our promises and act with integrity);
- We aim for win-win relationships (we genuinely care about the interests of our customers).

Responsible behaviour is the basic layer of sustainability at UBB and is considered as absolutely necessary to successfully implement an effective and credible sustainability strategy. The basic principles of responsible behaviour are embedded into our PEARL+ values of Respect for our clients, colleagues, society and UBB itself, together with our responsive and result-driven spirit. In order to achieve the right balance between the interest of the company, the client and the employees, we have embedded clear standards identified in "My Responsible Behavior Compass". Our ambitions always start from within through regular staff trainings focused on dilemma discussions. In addition, UBB launched a dedicated internal site on Responsible Behaviour that offers practical guidance, interactive case studies, encouraging employees to pause, evaluate options and act in line with ethical and regulatory expectations.

5. Environmental responsibility

UBB is naturally in tune with the major economic, social and environmental challenges that mark our present and future. All these are analyzed by our teams and partners, and we mobilize all of our expertise and resources to address them.

In 2025 we took again an active role in increasing the sustainability awareness and sense of climate urgency in Bulgaria, taking specific steps to deliver change and showing high level of transparency.

We raise the awareness and engage society by provoking honest dialogs, build partnerships, feel the pulse of the employees, and openly demonstrate our stand in front of all our stakeholders.

In the heart of our sustainability journey is a profound belief in the power of partnership and connection with our clients. We transform our lending and investment activities and help our customers to support the transition to a sustainable economy. It's not just about being a bank; it's about being a trusted companion on the path towards a more sustainable world.



Sustainable finance program – initially launched in 2019, UBB continues to work actively on the identified main pathways through it:

- setting targets, measuring, collecting and reporting on financed sectors' emissions data;
- preparing and updating the White Papers focused on key sector-specific ESG developments and their addressing in the context of the bank and insurance activities;
- expert documents for assessing the development of carbon-intensive sectors in our portfolio;
- developing and tracking banking products and services related to sustainability and green business solutions, validating sustainable activities;
- monitoring and analyzing the impact of our own and client activities on biodiversity;
- supply chain research on specific sectors; analysis of the business impact of adverse weather events;
- development of innovative digital solutions.

"We aim to evolve the financial system so that it incorporates the value of nature and contributes to preserving the ecosystems and society".

Strategy deployment

A structured and well-coordinated approach of strategy deployment is put in place to ensure our successful strategy implementation. The strategy is aligned, approved and monitored by the UBB Management Board & the Country Management team of KBC Group in Bulgaria. Strategical dialog cycles are regularly held with deep dives on the key strategic themes, direction and priorities.

Our clients

UBB is a universal bank with balanced portfolio of customer relationships across the entire spectrum of the economy and the society.

In addition to our unwavering commitment to addressing customers' requirements, we are leveraging digitalization to enhance the convenience of our services and expand our distinct bank-insurance model within the country. This drive towards customer centricity encompasses several target segments that are of interest to the bank.



Retail clients:

We continue to purposefully transform our key processes into fully digital and seamless solutions for our customers. We are expanding our digital bancassurance portfolio and integrating additional services. The enhancement of our digital solutions further accelerates commercial performance and strengthens customer satisfaction.



Micro companies:

We deliver under a unique business model, where the company and its owner are both serviced by one dedicated microbusiness relationship manager, responsible for covering both their private and business needs in terms of investments, borrowing, insurance and transactional business.



Small and medium-sized enterprises:

UBB offers to its SME customers extensive geographical coverage and accessible services with a wide range of digitized offerings, including daily banking products, POS, FX, and Trade Finance. Our credit products are tailored to meet different needs: standard lending requests are handled with speed and uniformity, while more complex lending requests receive customized solutions. UBB's lending capabilities to SMEs are further enhanced through utilizing a wide range of financial instruments to access funding at preferential conditions.



Corporate clients:

Our corporate banking activities are organized around specific industry expertise, enabling our teams to gain deeper understanding and create added value for our corporate clients by addressing their specific needs and acting as their trusted advisor. We have specialized units that provide comprehensive services in project finance, financial institutions and custody services, factoring, foreign exchange operations, financial market instruments, and cash management. We combine the strength of an international group with a local presence, thus offering high quality, end-to-end services to some of the largest national and multinational clients in Bulgaria. We support the sustainability plans of our corporate clients and run a dedicated program for the next generation in their corporate governance.



Markets & investment banking:

We provide our clients with direct access to local and international financial markets, offering them comprehensive solutions for investing and trading in a wide range of financial instruments, managing interest rate and foreign exchange risks, financing through the capital markets, and advisory services in mergers and acquisitions (M&A). We strive to add value for our clients by helping them optimally manage their financial risks and turn market opportunities into stable revenue, through maintaining and developing long-term partnerships with them.



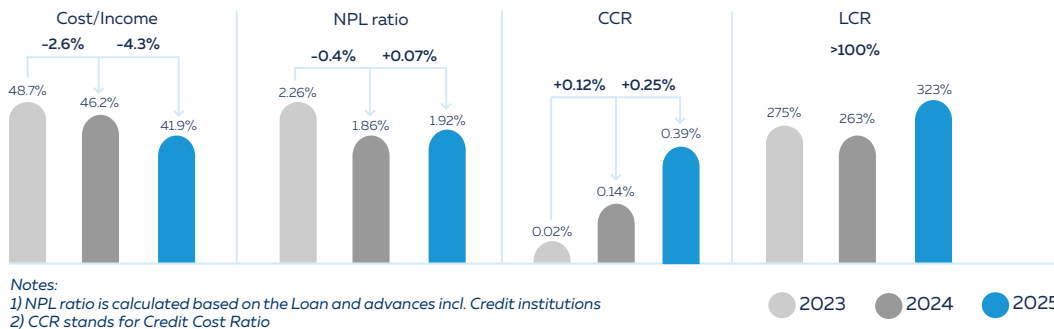
Asset management:

We provide to our clients professional management of their savings, advising them in choosing the most appropriate investment strategy after a careful assessment of their capabilities, goals, horizon and risk appetite. For the more conservative, we also create special investment solutions, with protection of their invested amount. And for those who prefer to combine insurance protection with the opportunity for capital growth, we offer investment insurance (unit linked). For the most demanding clients using the Private banking service, we introduced special selected strategies following global trends. As part of our Group's approach, we pay special attention to responsible investing strategies, which already represent a significant portion of assets managed by KBC Asset Management, Belgium. UBB is consistently working on improving its digital offer, and in 2025, we provided to each client the opportunity to view in very detailed approach where it's funds are invested and how they are actively managed – directly in UBB Mobile.

Our financial performance

UBB Group at a glance: Key performance indicators

Sustainable profitability, supported by increased cost efficiency and excellent credit quality with low loan losses.



Our Financial result

P&L items, BGN k	2025	2024	Delta	% Delta
Interest income	1,003,681	994,707	8,974	0.9%
Interest expense	(168,260)	(169,199)	939	-0.6%
Net interest income	835,421	825,508	9,913	1.2%
Fee and commission income	412,368	388,846	23,522	6.0%
Fee and commission expense	(98,768)	(99,243)	475	-0.5%
Net fee and commission income	313,600	289,603	23,997	8.3%
Net other income	11,071	12,214	(1,143)	-9.4%
Total income	1,160,092	1,127,325	32,767	2.9%
Personnel expenses	(228,790)	(222,517)	(6,273)	2.8%
General administrative expenses	(210,428)	(244,493)	34,065	-13.9%
Depreciation and amortisation expenses	(46,461)	(53,273)	6,812	-12.8%
Total Operating expenses	(485,679)	(520,283)	34,604	-6.7%
Impairment expenses	(97,885)	(29,813)	(68,072)	228.3%
Share in results of associated companies	984	725	259	35.7%
Profit before tax	577,512	577,954	(442)	-0.1%
Income tax expense	(85,488)	(84,144)	(1,344)	1.6%
Profit for the year	492,024	493,810	(1,786)	-0.4%

Note: Net Other Income (NOI) includes all P&L items outside NII and NFC, reflecting non-core or non-recurring effects (e.g., trading results, revaluations, dividends, gains/losses on asset disposals)

Financial result summary

FY2025 was another successful year for UBB Group, with strong financial performance driven by a 2.9% increase in Total income (BGN +32.8 million), underpinned by positive contributions across all revenue streams. This achievement was further strengthened by a remarkable 6.7% reduction in operating costs, enabling the Group to deliver a net profit of BGN 492 million for the year.

The combined effects of higher revenue and improved cost management translated into a remarkable improvement in efficiency, with the Cost to income ratio declining to 41.9%, compared to 46.2% in 2024.

Operating Income

Net interest income increased by 1.2%, or BGN 9.9 million, primarily driven by higher interest income from customer loans (BGN +52.1 million), supported by continued growth in lending volumes. In addition, the investment portfolio of financial assets measured at amortised cost generated a strong year-on-year revenue increase of 27.5%, equivalent to BGN 34.3 million. The combined contribution of these two sources was more than sufficient to compensate for the lower net result from liquidity management (BGN -56.2 million). On the liability side, interest expenses declined marginally by 0.6% compared to the previous year, despite a notable BGN 15.2 million increase in regulatory-driven costs related to the Minimum Requirement for Own Funds and Eligible Liabilities (MREL).

Net fee and commission income recorded solid growth in 2025, increasing by 8.3% or BGN 24 million. The improvement was primarily driven by the Group's strategically diversified Bank-insurance model, which generated additional fees of BGN 7.4 million, alongside higher Asset management fees of BGN 3.5 million. Furthermore, income from transactions in foreign currency rose significantly by BGN 6.8 million (+12.4%). This positive performance was partly offset by a BGN 7 million decline in net loan fees, mainly reflecting abolition of credit analysis fees for Consumer loans.

Operating Expenses

Following the completion of the ex-KBC BG integration project, UBB's General administrative expenses showed a substantial improvement compared to 2024, decreasing by BGN 34.1 million. At the same time, Personnel expenses increased by 2.8%, reflecting the Group's continued commitment to its workforce and its position as a preferred employer in the local market.

Impairment charges

Impairment charges for 2025 increased with +68m, reflecting on increased Stage 3 impairments allocated to higher risk sectors in our business lending book. At the same time, Asset quality at UBB remains best in class, with NPL ratio of 1.92%.

Our Balance sheet

Balance sheet, BGN k	2025	2024	Delta	% Delta
Assets				
Cash, bank placements and reverse repos	12,395,165	8,992,379	3,402,786	37.8%
Loans to customers	23,860,649	20,469,909	3,390,740	16.6%
Securities	7,790,428	7,537,983	252,445	3.3%
Other assets	453,719	462,462	(8,743)	-1.9%
Total assets	44,499,961	37,462,733	7,037,228	18.8%
Liabilities				
Deposits and loans from banks	6,737,637	4,153,290	2,584,347	62.2%
Deposit from customers	30,531,869	27,242,611	3,289,258	12.1%
Other liabilities	2,891,513	1,861,222	1,030,291	55.4%
Total liabilities	40,161,019	33,257,123	6,903,896	20.8%

Assets

UBB Group's Total assets increased by 18.8% in 2025, equivalent to BGN 7 037 million. The bulk of this growth (BGN 3 391 million, +16.6%) was allocated to expansion in Loans to customers, alongside a 37.8% increase in receivables from banks and reverse repurchase agreements, amounting to BGN 3 403 million. In addition, our Securities portfolio – predominantly comprising debt instruments measured at amortised cost – rose by BGN 252 million, or 3.3%. This is explained by the acquisition of mainly Bulgarian Government Debt securities throughout the year.

Liabilities

On 31 December 2025, UBB's total liabilities on a consolidated base amounted to BGN 40 161 million (2024: BGN 33 257 million). The impressive annual growth of 20.8% is mainly attributable to an increase in customers' deposits of BGN 3 289 million (or 12.1%), while deposits and attracted funds from banks grew to BGN 6 738 million (2024: BGN 4 153 million).

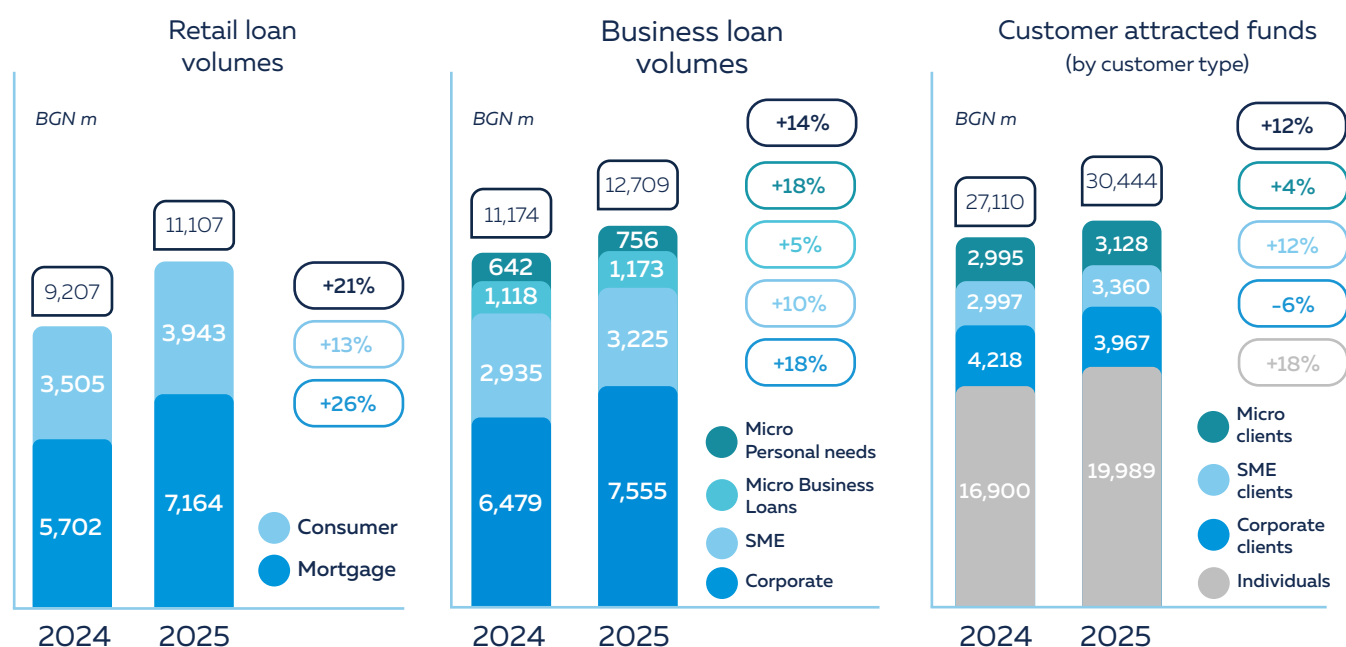
Segments performance 2025

Based on its product proposition and customers serviced, UBB operates in the following main business segments

- In **Retail banking** we provide households customers with a comprehensive range of financial products (consumer and mortgage loans, credit cards, asset management and bank insurance products) and services, along with convenient omnichannel customer experience.
- In **Micro banking**, we aim to be the preferred bank for micro business helping them develop and grow in a sustainable way. We offer products to micro companies with a turnover of up to BGN 2 million and to their owners.
- In **SME banking** we support small and medium-sized companies with a turnover between BGN 2 million and 30 million, with a range of products and financial solutions such as trade finance, cash management, etc.
- In **Corporate banking** we focus on large corporate companies with a turnover above BGN 30 million, including other financial institutions, international network clients, and budget institutions. The bank provides services to clients, such as capital markets, cash management, project finance and trade finance.
- **ALM and other segment** includes intragroup clients. All business segments pay and receive interest to/from ALM segment through given Fund Transfer Pricing rate (FTP) on arms' length basis to reflect the income/expenses on Liabilities/Assets per currencies and tenors.

Below an overview of the primary segments results for 2025 and 2024 of UBB Group is presented. Lending volumes are based on Gross Carrying amount and Total deposits do not include other financial liabilities amounting to BGN 139 million for 2025 and BGN 184 million in 2024.

P&L items, BGN k	Retail banking		Micro banking		Corporate & SME Banking		ALM & other		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Net Interest Income	451,669	427,100	92,449	87,156	278,751	304,413	12,548	6,839	835,418	825,508
Net Fees and Commissions Income	151,471	141,981	64,502	61,445	95,268	84,615	2,362	1,562	313,602	289,603
Net other income	1,328	1,107	1,845	4,550	6,466	10,983	1,431	(4,426)	11,071	12,214
Total Income	604,468	570,188	158,796	153,151	380,485	400,011	16,342	3,975	1,160,091	1,127,325
Administrative expenses	(303,507)	(335,932)	(70,170)	(72,125)	(103,503)	(101,842)	(8,495)	(10,384)	(485,676)	(520,283)
Impairment expenses	(21,909)	(10,262)	32,248	7,627	(108,461)	(27,369)	237	191	(97,885)	(29,813)
Share in results of associated companies	-	-	-	-	-	-	984	725	984	725
PROFIT BEFORE TAX	279,052	223,994	120,874	88,653	168,521	270,800	9,067	(5,493)	577,514	577,954
Income tax expense	(41,308)	(31,454)	(17,893)	(12,451)	(24,946)	(38,087)	(1,344)	(2,152)	(85,490)	(84,144)
PROFIT FOR THE YEAR	237,744	192,540	102,982	76,202	143,575	232,713	7,723	(7,645)	492,024	493,810
Volumes, BGN m										
Total lending	11,107	9,207	1,929	1,760	10,780	9,414	439	408	24,255	20,789
Total deposits	19,989	16,900	3,128	2,995	7,327	7,215	88	133	30,532	27,243



Note: the graphs do not include the Intragroup balances

How do we manage our risks?

We aim to achieve our ambitions within a stringent risk management framework.

Risk management is an integral part of corporate strategy and decision-making process.

- We perform risk scans, deep dives and control inventories to identify all key risks.
- We define our risk appetite in a clear manner.
- We translate that into strict limit tracking per activity and business unit.
- We monitor the risk profile of existing and new products via a product approval process.
- We challenge the results of the periodic planning process via stress tests.
- We have Chief Risk Officer with a veto right in the different committees where material decisions are taken.

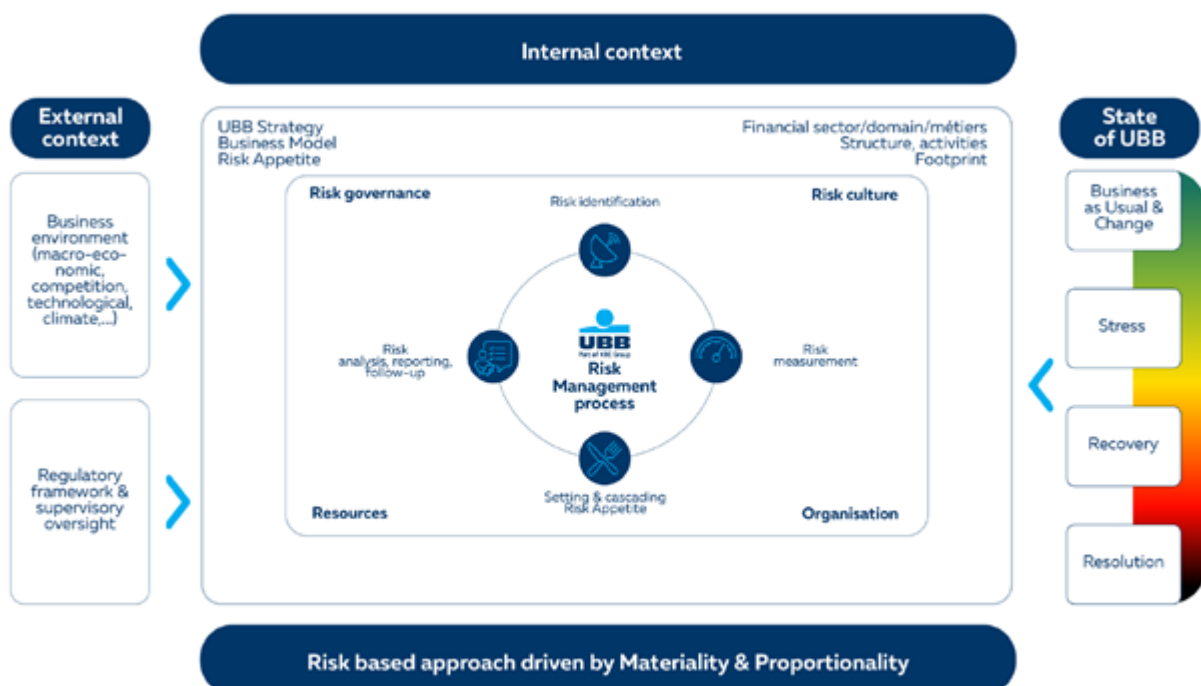
Risk management aims to simultaneously improve both UBB's risk resiliency and agility in a volatile, uncertain, complex and ambiguous environment. In doing so, it helps to safeguard the interests of UBB and its many stakeholders (clients, society, shareholders, employees, supervisors, ...).

More specifically, risk management refers to the coordinated set of activities to pro-actively identify and manage the many risks that can affect UBB in its ability to achieve its objectives, including by helping to promote a sound risk culture, and to ensure its long-term sustainability, also in case of crisis.

Sound risk management does not only apply to business-as-usual, but also to change (small and big transformations) and crisis situations (going from rather mild stress situations up to the most stressful, like resolution)

The principles governing sound risk management at UBB are comprehensively aligned with the KBC Risk Management Framework (RMF). The UBB RMF establishes a rigorous governance structure, accompanied by explicit rules and procedures, thereby ensuring that risk management activities are conducted uniformly across the organization in accordance with clearly defined standards.

The Three Lines of Defence Model ensures the resilience of KBC's risk and control environment and safeguards the sustainability of our business model going forward. In this model, Business acts as the first line of defence, Risk as one of the second lines and Internal Audit as the third line. They all work together to prevent major impact losses for the bank.



Main risks related to the activity of UBB and of the banking sector in general:

Credit risk

Credit risk is the potential negative deviation from the expected value of a financial instrument arising from the non-payment or non-performance by a contracting party (for instance a borrower), due to that party's insolvency, inability or lack of willingness to pay or perform, or to events or measures taken by the political or monetary authorities of a particular country. Credit risk thus encompasses default risk and country risk, but also includes migration risk, which is the risk resulting from adverse changes in credit ratings.

The strategic objective of granting credit through loans and other credit products on a relationship-driven basis to private individuals, businesses and public authorities is to sustainably and profitably support economic activity in the country in which we operate. Our credit products are varied in type and structure as they are tailored to suit the needs of our clients, the prevailing legal context, the risk profile of the transaction and the sustainability objectives that we have committed to. Our credit activity is subject to a general risk appetite statement decided upon by the Supervisory Board and managed considering continuous input in terms of economic outlook and market information.

In line with the Credit Risk Management Framework, credit risk is managed at both transactional and portfolio level. Managing credit risk at the transactional level means that we have sound practices, processes and tools in place to identify and measure the risks before and after accepting individual credit exposures. Limits and delegations are set to determine the maximum credit exposure allowed and the level at which acceptance decisions are made. Managing the risk at portfolio level encompasses, inter alia, periodic measuring and analysing of risk embedded in the consolidated loan and investment portfolios and reporting on it, monitoring limit discipline, conducting stress tests under different scenarios and taking risk mitigating measures.

The appropriate risk management committees are periodically informed of relevant credit risk signals or observations. Credit risk signals that are considered material are reported to the Local Risk Management Committee. In addition, thematic and sectoral deep dives are performed to gain further insights into credit risk and to follow up on policies, procedures and monitoring instruments. The information gathered is used, among other things, to formulate policy actions and recommendations.

The sufficient credit risk management within UBB is supported by:

- Existence of a robust management framework
- Recording impairment charges, taking risk-mitigating measures, optimising the overall credit risk profile, reporting, stress testing, etc.
- Limit systems to manage concentration risk in the loan portfolio, etc.

Counterparty Credit Risk

The Counterparty credit risk (CCR) originates from deals with derivatives, repo deals, deals of lending/borrowing of securities or commodities, transactions with extended settlement and represents the risk that the counterparty under a particular deal may default prior to the final settlement of the cash flows under the deal.

The Bank has adopted rules and procedures for assessment, management and control of counterparty risk by countries and banks. All counterparties receive a risk rating category according to their official ratings. Based on this, in conjunction with the accepted methodology, risk limits are set by counterparties, both for total exposure and by products.

UBB uses the Standardized Approach for Counterparty Credit risk (SA-CCR) calculation for derivatives and the Financial Collateral Comprehensive Method (FCCM) for security financing transactions (SFT).

SA-CCR is the most appropriate methodology for UBB, which can be used for regulatory capital calculation taking into consideration the volume and the complexity of the derivatives business case.

The sufficient Counterparty credit risk management within UBB is supported by:

- Existence of a robust management framework
- Daily PRF limit utilization monitoring
- Monthly verification of the SA-CCR calculation, etc.

Market risk in the banking book (non-trading book activities)

Market risk is the risk of experiencing losses due to adverse changes in market prices. This includes changes in the value of traded assets (e.g. stock and commodity prices), movements in directly or indirectly observable prices (such as market indices, spreads, and correlations) and effects of changes in the volatility and liquidity of these factors. Market risk, therefore, arises from present value changes of on- and off-balance sheet positions in the bank's trading and banking book.

Regarding the Banking Portfolio, the strategy of UBB is to acquire liquid assets in accordance with the requirements of our Group and the local regulator. In general, the volumes are adjusted in line with our budgeting process - the Annual Planning Cycle (APC) and defined in line with Risk Appetite Statement (RAS). Potential investments are carefully selected and in accordance with internal rules, procedures and approved limits.

Risks in scope of the non-trading market risk domain (i.e. on- and off-balance sheet positions in the banking book) can be aggregated into three basic pillars: Interest Rate Risk in Banking Book (ALM risk), Risk arising from Asset Mix (Asset Mix risk, excluding credit risk) and Credit Spread Risk in the Banking Book (CSRBB).

The sufficient non-trading market risk management within UBB is supported by the:

- Existence of a robust management framework
- Regulatory ratios and indicators with regards to IRRBB and CSRBB
- Basis Point Value (BPV), Interest rate risk gap, stress testing, nominal amounts limit tracking for crucial indicators, open currency position in banking book monitoring, etc.

Operational and other non-financial risks

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people (human error), IT systems, or external events (including natural phenomena). In addition to operational risk, the group of non-financial risks includes reputational, business and strategic risks. Operational risk management is described in the Operational Risk Management Framework (ORMF) and relevant standards.

In 2025, the Programme for Redesign of Operational and Information Risk (PRIOR), successfully shifted to a new overarching NFR program MOVE (Make Operational Resilience more Verifiable and Embedded), focusing on a more practical daily risk management approach, namely:

- A complete transfer from assessing Group Key Controls (GKC) to building and maintaining up-to-date Risk and Control Inventories (R&CIs) of all applicable business lines for the bank;
- Implementation of improved 1st and 2nd line monitoring as well as testing the effectiveness of controls;
- Upgrade of the new group operational risk assessment tool - GRACE.

The aim is to have more correct oversight and better assurance to stakeholders on operational risk exposures as well as on the quality of internal control environment.

The sufficient operational risk management within UBB is supported by:

- The existence of a robust management framework
- A practical approach to daily risk management based on updated Risk and Control Inventories (R&CIs), Key Risk Indicators (KRIs) etc.

Market risk in trading activities

In line with the approved strategy for trading book positions, the Bank is not exposed to significant market risk arising from this kind of exposures. Trading book positions are managed and controlled daily in accordance with the Risk Appetite Statement. The focus continues to be trading with clients and the residual risk of foreign exchange positions, which are related to client transactions, as well as the risk of trading on behalf of the Bank, are relatively low given their volume and complexity.

Within UBB, the Local Risk Management Committee (and MB) sets the playing field by expressing the Risk Appetite. This playing field is translated, amongst others, into a set of trading market risk limits. Those limits are the core building blocks of the trading market risk management process.

The sufficient trading market risk management within UBB is supported by:

- Existence of a robust management framework
- FX Open currency position daily monitoring, Stop Loss Limit of the Trading Book Bonds' portfolio daily monitoring, Notional limit for bonds held in the trading book daily monitoring, stress tests etc.

Liquidity risk

The liquidity risk can be classified as potential inability of the bank to fund the increase of its assets and/or to meet its payment obligations which are due without incurring unacceptable losses.

UBB liquidity and funding position are solid in view of its current and future risk profile.

UBB manages its assets and liabilities in a manner guaranteeing that the Bank is able to fulfil its day-to-day obligations regularly and without delay both in going concern and in stressed environment. The Bank invests mainly in liquid assets.

The ratios are comfortably above the internal and regulatory limits showing that both short term resilience (LCR) and a stable funding profile (NSFR) are well maintained.

In addition, UBB has a stable funding structure. The Bank aims at maintaining diversified deposit base and access to alternative funding sources by thus limiting the potential funding costs in case unexpected events occur.

During the reporting year, UBB has neither suffered from a shortage of cash funds, nor experienced any other liquidity difficulties. No such problems are expected to occur in the next financial year, as well.

Geopolitical risks underline the importance of stress testing to underpin / challenge the strength of the liquidity buffers. To test its resilience, UBB perform a wide range of stress tests as part of a sound stress testing mix, which is reviewed at least annually. The outcome of those stress tests is monitored and reported at Local Risk Management Committee (LRMC) to the management of the Bank. The scenarios for assessing the ability of the Bank to withstand the crisis situations in the liquidity risk area are developed according to the KBC group methodology. The currently applied stress tests show that UBB can withstand such adverse developments.

The sufficient liquidity risk management within UBB is supported by:

- Existence of a sound management framework,
- Liquidity stress tests management of funding structure,
- Internal and regulatory limits for LCR and NSFR as well as limits for Liquidity Recovery indicators,
- A robust and regularly tested Liquidity Contingency Plans (LCP) for early identification and effective management of potential liquidity crisis situations next to Recovery Plans (RP).

Climate-related and other ESG risks

ESG risks are the risks of (current or prospective) Environmental, Social or (corporate) Governance factors impacting UBB, either directly or via its counterparties and exposures:

- Environmental risk is the risk arising from climate change (climate risk) or from other environmental degradation such as biodiversity loss, scarcity of fresh water, (air, water and soil) pollution and waste.
- Social risk is the risk arising from changing expectations about relationships with employees, suppliers, clients and communities e.g., labour and workforce considerations, human rights and poverty, community impact, client relationships, etc.
- Governance risk is the risk arising from changing expectations concerning corporate governance, anti-corruption & anti-bribery, and transparency.

Since 2018, climate risk has been reconfirmed as a key risk in the annual Risk Scan exercise. In 2023, 'other environmental risks' were added to account for the increasing importance of the impacts of environmental degradation. Social risk assessment methodology implementation has been done, which led to further improvement of the integration of climate and other ESG risks in the Risk Management Framework and in risk management processes. When managing climate and other environmental risks, we differentiate between:

- transition risks: risks arising from disruptions and shifts associated with the transition to a low-carbon, climate resilient or environmentally sustainable economy;
- physical risks: risks related to potential financial implications from physical phenomena associated with both climate or environmental trends that may disrupt operations or value chains or damage property.

The management of ESG risks is fully embedded in the existing risk management governance of UBB.

The sufficient climate-related and other ESG risks management is supported by:

- integration of these risks into the existing risk management frameworks
- Environmental Risk Impact Map, Climate Risk Dashboard (climate risk KPIs monitoring), Social Risk Impact Map, etc.

Solvency (Capital) Risk

Capital Management is a key management process relating to all decisions on the level and composition of the capital. It aims to achieve the best possible balance between regulatory requirements, market expectations and management ambitions.

The solvency risk is risk that the Bank's regulatory capital (own funds) will fall below an acceptable level.

The solvency risk measurements are regulated in:

- Directive 2013/36/EU which set the general framework for Risk Management in financial institutions;
- Regulation EU 575/2013 (Capital Requirements Regulation) which sets forth the rules for calculating Capital Adequacy Ratio (CAD) and the minimal regulatory requirements;
- Directive (EU) 2014/59 (Bank Recovery and Resolution Directive) which sets forth the Minimum Requirement for own funds and Eligible Liabilities (MREL) ratio.

At bank level Solvency (Capital) Risk is managed by the Risk Function supported by Finance, Treasury and Legal. Management Board's involvement is insured via regular reporting of CAD and MREL levels (actual, forward-looking and stressed) to the Local Risk Management Committee (LRMC).

The Bank has sufficient own funds to ensure adequate coverage for its risk assets.

The UBB regulatory capital at 31 December 2025 amounts on individual level to BGN 3 964 420 thousand (2024: BGN 3 727 780 thousand) and on consolidated level amounts to BGN 3 966 223 thousand (2024: BGN 3 732 231 thousand).

The following table presents the capital adequacy and MREL ratios of UBB which reflect its stability (solvency):

UBB's CAD and MREL ratios	Separate		Consolidated	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
Total capital adequacy ratio	20.31%	21.38%	20.30%	21.37%
Tier-I capital adequacy ratio	19.39%	20.35%	19.38%	20.34%
MREL (TREA)	32.48%	28.56%	n.a.	n.a.
MREL (TEM)	13.44%	12.40%	n.a.	n.a.

UBB have a solid current and forward-looking capital position, respecting all internal risk appetite targets and regulatory requirements, also under various types and severity of stress, taking into account all material risks to which the Bank is exposed.

The sufficient capitalization of UBB is supported by a strong ICAAP architecture and capital planning processes in place.

Compliance risk

Compliance risk is the risk that a judicial, administrative or regulatory sanction is imposed on an institution and/or its employees because of non-compliance with the laws and regulations pertaining to the compliance domains, resulting in loss of reputation and potential financial loss. This loss of reputation can also be the result of non-compliance with the internal policy in this regard and with the institution's own values and codes of conduct in relation to the integrity of its activities.

As a matter of priority and as a minimum, the scope of activities of the Compliance function is to be concentrated in the following areas of integrity: Anti-Money Laundering and Countering the Financing of Terrorism, Tax Fraud Prevention, Investor Protection, Data Protection, Business Ethics, Fraud Risk Management, Protection of the Policyholder, Non-Discrimination, Consumer Protection, Governance Aspects of CRD IV and V, Solvency II and/or local legislation and Sustainable Finance

Focus on responsible and ethical behavior

If we want to maintain and increase the confidence of our stakeholders, it is crucial that we act responsibly in everything we do. We strive to go beyond regulatory and compliance requirements: since customer focus is at the heart of our strategy, we focus specifically on sales and consulting with the right degree of responsibility.

The basic principles here are respect for customers, colleagues and society. This provides us with legitimacy, guides our behaviour and guarantees our long-term survival.

Responsible behaviour is at the heart of honesty, fairness, transparency and confidentiality, combined with sound risk awareness. Responsible behaviour is especially important for the banker when it comes to proper advice and sales. That is why we pay particular attention to the training and awareness of our employees in this regard.

As a first step in building a corporate culture of ethical behaviour, a separate segment is dedicated to the initial training of newly hired employees.

Employee awareness and capability building remained a priority. In 2025, a training on Responsible behaviour (combined with the topics of Operational risk and Information security within the general Risk culture training) was conducted for the Bank's staff in order to uphold a stable level of awareness on these topics. The training was followed by a knowledge test in order the degree of staff awareness in regard to the importance of the topic to be assessed. UBB facilitates all structures in the Bank to conduct ethical dilemma discussions relevant for their functional area. These actions demonstrate UBB's commitment to embedding responsible conduct as a core element of risk management and governance.

Anti-corruption Program

Criteria used to assess the risk of corruption are provided for in UBB's Anti-corruption program and are set up in conjunction with the national legal framework for the prevention of corruption and fraud and conflict of interest based on the British Bribery Act (with ex-territorial effect) introduced in 2011 and implemented with Group Compliance Rule No. 19 (Anti-Corruption Program) of the KBC Group..

Risk assessment

When assessing the risk of corruption as per UBB's Anti-corruption Program the following criteria of internal and external risk of bribes are taken into consideration:

Key external risks:

- *Risk coming at country level* (high level of corruption, bad legislation, low transparency). For example: The countries with less than 50 points in accordance with the index of the: Transparency without borders (<http://www.transparency.bg/bg/>), excluding Bulgaria, are considered as higher corruption risk <http://www.transparency.bg/en>. The exception provided for Bulgaria should not be applicable to: Politically Exposed Persons (PEPs); businesses that are associated with higher corruption risk (as per a list); parties involved with cash intensive activities, which are still considered to be higher risk.
- *Sectoral Risk* (some departments of a financial institution or cross-border activities are more exposed; risks are different for a bank as compared to other activities such as leasing, investments services or a factoring company, etc.).
- *Transaction Risk* (charitable contributions, licenses and permits, public procurement).
- *Business Opportunity Risk* (complex projects including many intermediaries, not at market prices, no clear legitimate objective).
- *Business Partnership Risk* (transactions with foreign public officials, joint ventures, PEPs, agents and intermediaries).
- *Due Diligence Risk* (absence of due diligence on parties performing services on behalf of the Bank e.g. to establish business in a foreign market, M&A's).

Key internal risks:

- *Human Resources* (employee training, skills and knowledge, bonus culture, excessive risk taking).
- *Monitoring and Control* (Lack of monitoring, lack of reporting, lack of clear financial/ accounting controls).
- *Other* (Lack of clarity in procedures for hospitality, promotional expenses charitable contributions, etc., lack of anti-bribery message from the top management, specific divestment risks).
- The Bank organizes trainings to newcomers and refreshing trainings and tests to the personnel.

The number of employees trained in 2025 is as follows:

- Trainings for new employees on internal rules on ethics:
 - o Number of employees invited at training sessions – 385
 - o Number of employees who attended the trainings, including testing – 357 (92.7%)
- Training for the whole bank staff on ethics and fraud risk management:
 - o Number of employees invited at training sessions – 3 865
 - o Number of employees who attended the trainings, including testing – 3 690 (95.5%)
- Training for the whole bank's staff on internal procedures, prohibiting provision of unacceptable services and assistance:
 - o Number of employees invited – 3 775
 - o Number of employees who passed the test – 3 705 (98.2%)

None was dismissed or was at suit for corruption in 2025.

- The Bank has developed a mechanism for sending signals for malpractices and violations of internal rules, including corruption.
- The following regulations in force in UBB and are directly or indirectly linked to corruption prevention:
 - Code of conduct (updated in 2025)
 - Policy on gifts, entertainment, donation and sponsorship (updated in 2025)
 - Whistle-blowing Rules (updated in 2024)
 - Rules for prevention of money laundering/financing of terrorism (updated in 2025)
 - Internal rules for inventory and non-remuneration of management mandates executed in other companies on nomination of KBC.



Important new sustainability policies

Blacklist of companies and activities

We place businesses on this list that are involved with controversial weapons systems or which commit serious breaches of UN Global Compact Principles. The employees of the Bank / The Group are not permitted to do business with such enterprises.

Human rights

Our human rights policy is in line with the UN Guiding Principles on Business and Human Rights and UN Global Compact Principles.

Controversial regimes

We do not wish to be involved in financial activities with controversial regimes that fundamentally violate human rights and lack any form of good governance rule of law or economic freedom. We do however make an exception for humanitarian goods. Based on reputable external sources we decide each year what countries are to be included on our list of controversial regimes.

Arms-related activities

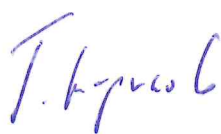
We are very reluctant to fund any kind of arms-related activities. Even though the arms industry plays a role in security funding is only provided to companies that meet strict conditions.

Project finance

We do not provide financing or advisory services to projects where the client does not comply with the Equator Principles.

Other socially sensitive sectors

We have imposed restrictions on other socially sensitive sectors such as narcotic crops, gambling, palm oil production, mining deforestation, land acquisition and involuntarily resettlement of indigenous populations and prostitution.



Teodor Marinov
Executive Director

Svetla Georgieva
Executive Director



Date: 21.04.2026

Corporate Governance Statement



This Corporate Governance Statement has been prepared by virtue of Art. 40, Para. 1 of the Accountancy Act in relation to Art. 100, letter 'n', Para. 7 of the Public Offering of Securities Act and UBB AD Corporate Governance Code.

The Corporate Governance Code of United Bulgarian Bank AD is based on the regulatory requirements pertaining to UBB and adopted in the Bulgarian and international legal and regulatory framework while also transposing the best international practices, embedded in series of European codes and recommendations of the European Commission. This Code's introduction targets thorough harmonization with the philosophy of those practices and UBB warrants, definitely and transparently, as to how this philosophy is going to be applied in everyday practice. This document has been published at UBB's official web page - Division KBC Group, Section Important Documents:

[EN-Corporate-Governance-Code-UBB-15072025.pdf](#)

Management structure

UBB is a joint-stock company with a two-tier management system (a Supervisory Board and a Management Board).

Supervisory Board (SB)

The Supervisory Board has been empowered to exercise preliminary ongoing and subsequent control on the compliance of UBB's activity with the applicable law, the Articles of Association and the decisions of the General Meeting of Shareholders in the interest of the clients and shareholders of UBB AD. The competence of the Supervisory Board is stipulated in the law, the Articles of Association and with decisions of the General Meeting of Shareholders. The particular powers of the Supervisory Board are listed in UBB's Articles of Association as well as in the Operational Rules of the Supervisory Board of UBB AD and UBB AD's Corporate Governance Code.

UBB AD's Supervisory Board comprises from 3 (three) to 7 (seven) persons elected by the General Meeting of Shareholders. The Supervisory Board members are being elected for a mandate of 4 (four) years and may be re-elected without limitation. Each member's mandate may be terminated by the General Meeting of Shareholders at any time. The candidate-members of the Supervisory Board shall have to comply with the requirements indicated in Art. 11 of the Credit Institutions Act, Ordinance 20 of the BNB on the Requirements to the Members of the Management and Controlling Bodies of a Credit Institution and on the Assessment of the Suitability of Their Members and the Key Function Holders and requirements in line with the performance of their functions and in the Bank's Articles of Association and are subject to preliminary approval by the European Central Bank in cooperation with the Bulgarian National Bank.

In 2025 no personal changes were made in the composition of the Supervisory Board of the Bank.

Committees to the Supervisory Board

The following committees have been established to the Supervisory Board in support of its activity: Risk and Compliance Committee, Remuneration Committee and Nomination Committee.

The Risk and Compliance Committee is a sub-committee to the Supervisory Board. This committee consults the Supervisory Board on the overall current and future risk appetite and risk strategy, as well as the current and future rules on compliance. It supports the Supervisory Board in the monitoring and control on the application of these elements and rules by the senior management. This committee has no other powers and responsibilities than those delegated by the Supervisory Board.

In principle, only the Supervisory Board has decision-making powers, while the Risk and Compliance Committee has a consultative role unless some particular decision-making powers have been delegated to it by the Supervisory Board or such have been granted pursuant to the local legislation. The Supervisory Board bears full responsibility for the risks. The Risk and Compliance Committee comprises of the members of the Supervisory Board as envisaged in Art. 6 of Ordinance #7 of the BNB on the Organization and Management of Risks in Banks. The Committee members are nominated by the Supervisory Board, where majority of them are external to and independent from the Bank.

The Remuneration Committee is a sub-committee to the Supervisory Board established in accordance with Ordinance #4 of the BNB on the requirements for remunerations in banks, as well as with all applicable legal and regulatory requirements and with the best corporate governance practices. This committee performs competent and independent assessment of the remuneration policies and practices, as well as the incentives envisaged for managing risk capital and liquidity. The Committee is responsible for elaboration of decisions relating to remunerations, while considering the possible risk and the risk management at UBB, the long-term interests of shareholders, investors

and the other interested parties connected to UBB. UBB AD Remuneration Committee comprises of members of the Supervisory Board, who are being appointed by the latter and majority of them are external to and independent from the Bank.

The Nomination Committee is a sub-committee to the Supervisory Board responsible for the election of candidate-members for the Management Board and the Supervisory Board in compliance with Ordinance #20 of the BNB for issuance of approvals to management board (board of directors) as well as supervisory board members of credit institutions and the requirements in line with the performance of their functions, as well as the applicable statutory and regulatory requirements. The Nomination Committee comprises of members of the Supervisory Board, who are being appointed by the latter and majority of them are external to and independent from the Bank. The Committee defines and recommends Supervisory Board candidate-members for election by the General Meeting of Shareholders and Management Board candidate-members for election by the Supervisory Board, while considering the balance of professional knowledge and skills the various qualifications and professional experience of the board's members, needed for UBB's management. Besides, the Committee elaborates a description of the functions and the requirements to the candidates and determines the time expected to be dedicated by the elected members to the activity of the Management Board and the Supervisory Board.

Audit Committee

The Audit Committee is a specialized body of UBB with functions, pursuant to the Independent Financial Audit and Assurance of Sustainability Reporting Act. The Audit Committee together with the Supervisory Board execute preliminary, ongoing and subsequent control on the compliance of UBB's activity with the applicable laws, the Articles of Association and the decisions of the General Meeting of Shareholders in the interest of UBB's clients and its shareholders. The Audit Committee members are elected by the General Meeting of Shareholders by proposal of either the Management Board's or by the Supervisory Board's chairperson. Eligible Audit Committee members can also be non-executive Supervisory Board or Management Board members. Audit Committee members can be re-elected without limitation. Eligible Audit Committee members should be persons, having a master's degree in terms of education and qualification, knowledge in the field of banking, as at least one of the members should have not less than 5-year professional experience in the field of accounting or auditing. The majority of the Audit Committee members are external to and independent of UBB pursuant to Art. 107, Para. 4 of the Independent Financial Audit and Assurance of Sustainability Reporting Act.

The Audit Committee of UBB AD is comprised of two members external to and independent from the bank and one member who is at the same time a Supervisory Board member. The Audit Committee is established as a separate and independent body from the Supervisory Board and the other bodies within the bank and reports directly to the General Meeting of Shareholders.

Management Board

The Management Board is responsible for UBB's activity while executing its rights and obligations as provided for in the law, its' Articles of Association, its Operational Rules and in the other Internal Rules of UBB. The Management Board makes decisions on all issues, which are not of the exclusive competence of the General Meeting of Shareholders or the Supervisory Board, while observing the provisions of the law and the Articles of Association, in compliance with the resolutions of the General Meeting of Shareholders and under the Supervisory Board's control. The particular powers of the Management Board are listed in UBB's Articles of Association, as well as in the Operational Rules of the Management Board of UBB AD and UBB AD's Corporate Governance Code.

UBB is being managed and represented by a Management Board comprising from 3 (three) up to 9 (nine) persons elected by the Supervisory Board for a mandate of up to 4 (four) years. The Management Board members may be re-elected without limitations. The Supervisory Board upon a decision of its elects the Management Board members. Each Board member may be dismissed by decision of the Supervisory Board prior to the expiration of his/her mandate.

Upon deciding for appointment of MB members, the Supervisory Board is being assisted by the Nomination Committee, which has been established as its consultative body. The candidate-members of the Management Board shall have to comply with the requirements, indicated in Art. 11 of the Credit Institutions Act, Ordinance #20 of the BNB, as well as with UBB AD's Articles of Association and are subject to the preliminary approval of the European Central Bank in cooperation with the Bulgarian National Bank.

In 2025 the following personal changes were made in the composition of the Management Board of the Bank:

- By decision of the Supervisory Board of UBB AD under Minutes No. 4 of 10.02.2025 Mr. Frank Jansen was appointed as new member of the Management Board and Executive Director of UBB AD. The change was officially registered in the Commercial Register and the Register of Non-profit Legal Entities on 20.02.2025. The number of members of the Management Board was changed from 6 (six) to 7 (seven).

- By decision of the Supervisory Board of UBB AD under Minutes No. 11 of 31.03.2025, Mr. Christof De Mil was appointed as a new member of the Management Board and Executive Director of UBB. By decision of the Management Board of UBB AD under Minutes No. 20 of 01.04.2025, Mr. Christof De Mil was elected as Chief Executive Officer of UBB AD. The change was officially registered in the Commercial Register and the Register of Non-profit Legall Entities on 17.04.2025.

Committees to the Management Board

Pursuant to Art. 43, Para. 3 of UBB AD's Articles of Association in view of the bank's specific activity, the Management Board may establish specialized units and bodies. The following specialized bodies are established to the Management Board:

- **Credit committees:** UBB AD's credit committees are standing bodies performing management and monitoring of UBB's credit activity with regard to corporate and SME clients, as well as of specifically defined cases of clients – natural persons – within their delegated levels of competences and limits.
- **Local Risk Management Committee:** this committee is a collective body of UBB, supporting the Management Board in the decision-making regarding the risk management strategy, the risk appetite and the overall risk framework; determining the present and targeted risk profile and the capital adequacy, based on the risk appetite and the allocation of the capital; as well as all issues, relating to changes in UBB's risk profile.
- **New and Active Products and Processes Committee (NAPPC):** It aims at ensuring the compliance of the products and processes at the bank with its approved strategy and risk appetite as well as ensuring the prerequisites for their successful implementation and distribution through all available channels (digital, mobile, traditional ones).
- **Corporate Sustainability and Responsibility Steering Committee Bulgaria:** A committee functioning on country level (reviewing matters common for all companies within KBC Group in Bulgaria). It assists the Country Team with the implementation and proper functioning of the approved KBC Group's corporate social responsibility (CSR) framework in Bulgaria in the five main strategic ESG pillars and approves the annual Report to Society of KBC Bulgaria.
- **Sustainable Finance Committee ("GREEN-COM"):** A committee functioning on country level (reviewing matters common for all companies within KBC Group in Bulgaria) as a sub-committee to the Corporate Sustainability and Responsibility Steering Committee Bulgaria. It supports the efforts of the entities of the Group in Bulgaria (UBB, DZI and UBB Interlease EAD, mainly) to manage their asset portfolio composition in a way minimizing the risks associated with environmental changes and their impact, while benefitting from the opportunities arising as a result from the shift towards sustainable finance. This committee also steers the support provided to the customers in their adaptation to climate change.
- **Local Provisioning Committee:** The Committee is established by and has received its authority by the Management Board. It is a collective body of UBB that makes decisions and recommendations on all topics related to impairments of financial assets of the Bank.
- **The Portfolio Steering Committee (PfSC):** is strategic decision-making body which gives vision, direction and targets of the bank's strategy execution via Change of the Bank portfolio. The body is authorized to approve strategic portfolio roadmap creation /change, overall prioritization / re-prioritization, examines the viability of the project portfolio, reviews and monitors the project portfolio's progress, takes decisions on starting new projects and agile teams, Stage Gating Decisions: Initiation/Set-up, Go or No Go decision, Closure, termination of projects and teams, allocation and re-allocation of budgets and resources in order to execute bank strategy in smartest way.
- **Local Investment Committee and Investment Committee:** By decision of the Management Board of UBB AD under Minutes No. 36 of 10.06.2025, under item 11 of the Agenda, the Local Investment Committee and UBB Investment Committee are cancelled.

Communication with shareholders

UBB AD strictly follows the principle of impartial attitude towards all its shareholders, including minority and foreign ones, by guaranteeing them equal treatment upon access to information. The shareholders are being provided with full accounting information for the year in order to keep them up-to-date of UBB AD's performance and development. The annual General Meeting provides the shareholders with an opportunity to ask questions to the UBB AD's management and controlling bodies.

The Bank believes that the thorough disclosure and transparency of its operations is in the interest not only of its good governance, but also to the benefit of a sound and stable banking sector.

Shareholding structure

As of 31.12.2025 the share capital was allocated into 194 008 837 ordinary registered shares with nominal value of BGN 1 (one Bulgarian lev) each. Each share entitles to one vote at the General Meeting of Shareholders, right to dividend and a proportionate share upon liquidation of UBB AD's property. UBB AD has neither issued securities with special controlling rights, nor are there envisaged restrictions in line with exercising the rights materialized in the shares issued by UBB AD.

Main shareholder of UBB AD is KBC Bank N.V., a company duly incorporated and existing under the laws of Belgium (registration No BE 0462.920.226) with seat and registered address: No.2 Havenlaan Str. 1080 Brussels Belgium with share participation in UBB AD's capital equalling to 99.96 %.

The Supervisory Board and the Management Board members have not been vested with any special rights for acquiring UBB AD's shares.

Supervisory Board (SB)

Supervisory Board Members

Name	Year of Birth	Education/Qualifications	First election in	Mandate's validity
Peter Andronov SB Chairperson	1969	Master's Degree in Finance	2021	2029
Christine Van Rijseghem SB Member	1962	Master's Degree in Law and Business Administration (MBA) – Financial sciences	2017	2028
Franky Depickere SB Member	1959	Master's degree in commercial and financial sciences	2018	2026
Barak Chizi SB Member	1974	Master's degree in Industrial Engineering, Data Mining; PhD degree in Industrial Engineering, Machine learning and AI	2020	2028
Svetoslav Gavriiski Independent SB Member	1948	Master's degree in Economics of the external trade	2020	2028
Victor Yotzov Independent SB Member	1961	Master's degree in Economics; PhD degree in Economics	2020	2028

Election and mandate

UBB's Supervisory Board comprises from 3 (three) up to 7 (seven) persons elected by the General Meeting of Shareholders for a mandate of 4 (four) years and may be re-elected without limitation. Members of the SB may also be legal entities, which appoint their own representatives. The Supervisory Board elects a Chairperson and may elect a Deputy Chairperson among its members. It adopts its Operational Rules.

To date the Supervisory Board comprises of 6 (six) persons:

- 1 (one) of them has been elected SB member by virtue of a resolution of the General Meeting of Shareholders dated 14.06.2017 for a period of 3 (three) years, in accordance with the requirement of Art. 233, Para. 2 of the Commerce Act and with resolutions of the General Meeting of Shareholders dated 15.04.2020 and 04.12.2023 she was re-elected for new 4-year mandates – Christine Van Rijseghem;
- 1 (one) has been elected SB member with a resolution of the General Meeting of Shareholders dated 04.12.2018 for a period of 4 (four) years and with a resolution of the General Meeting of Shareholders dated 03.06.2022 he was re-elected for a new 4-year mandate – Franky Depickere;

- 1 (one) has been elected SB member with a resolution of the General Meeting of Shareholders dated 17.12.2019 for a period of 4 (four) years and with a resolution of the General Meeting of Shareholders dated 04.12.2023 he was re-elected for a new 4-year mandate - Barak Chizi;
- 2 (two) have been elected independent SB members with a resolution of the General Meeting of Shareholders dated 15.04.2020 for a period of 4 (four) years; and with a resolution of the General Meeting of Shareholders dated 04.12.2023 they were re-elected for a new 4-year mandate - Svetoslav Gavriiski and Victor Yotzov;
- 1 (one) has been elected SB member with a resolution of the General Meeting of Shareholders dated 14.09.2021 for a period of 4 (four) years; and with a resolution of the General Meeting of Shareholders dated 27.06.2025 he was re-elected for a new 4-year mandate - Peter Andronov.

SB Responsibilities pursuant to UBB Articles of Association

The Supervisory Board holds its meetings at least once per quarter. The meetings are being convened by either the Chairperson or in his/her absence - by the Deputy Chairperson through the latter's own initiative. A meeting of the Supervisory Board may be convened upon a written request by members of either the Supervisory or the Management Boards.

A meeting of the Supervisory Board shall be deemed compliant with the law if more than half of its members are either personally present or are represented by another member of the Board under a written power of attorney. A member of the Supervisory Board may not represent more than one absent member.

The Supervisory Board shall make decisions with the majority vote of its members, involved in the voting. Each Board member shall be entitled to one vote.

The Supervisory Board meetings are being documented with minutes, entered into a special book, which minutes are being signed by all present or represented SB members. The Supervisory Board may also make decisions without holding of meetings, which decisions shall also be entered in the book of minutes under the condition that the proposed decisions have been provided to each and every member in writing and all Supervisory Board members have stated in writing their consent to the made decision. The Chief Executive Officer participates in the Supervisory Board meetings with advisory vote entitlement. The other Executive Directors may attend meetings of the Supervisory Board, if invited to do so. Third persons may also attend meetings without the right to vote, if invited to do so by the Supervisory Board.

The Supervisory Board has the following powers:

- it appoints and releases members of the Management Board and concludes contracts for settling the relations with them;
- approves the Operational Rules of the Management Board;
- convenes meetings of the General Meeting of Shareholders and proposes the initiation of appropriate measures when the interests of UBB make it necessary;
- makes proposals to the General Meeting of Shareholders for release of MB members from responsibility;
- through a nominated member of its, it shall represent UBB in disputes with either the Management Board or individual members of its;
- it approves the business plan of UBB, the annual budget, as well as UBB's policy on crediting and provisioning by proposal of the Management Board;
- approves decisions of the Management Board for which this has been explicitly provided in the Articles of Association;
- gives a preliminary approval for granting of internal loans under Art. 45 of the Credit Institutions Act by the Management Board. The Supervisory Board preliminary approves limits within which the Management Board standalone could make decisions for granting of internal loans under Art. 45 of the Credit Institutions Act.
- the Supervisory Board may provide an opinion on any other issue referred to it by the Management Board.

Professional experience and other activities and functions

Mr. Peter Andronov

Supervisory Board Chairman

Chief Executive Officer of International Markets Business Unit in KBC Group N.V.

Year of Birth: 1969

In 2021 Peter Andronov joined the Executive Committee of KBC Group as executive director and CEO Business Unit International Markets, thus assuming responsibility for the Group's business in three of its core markets – Bulgaria, Hungary and Slovakia. Within his new assignment Mr. Andronov became also responsible for KBC Asset Management and hence Chairman of its Board of Directors. In 2021 he also took over the Chairmanship of the Supervisory Boards of DZI General Insurance and DZI Life Insurance, and similarly for the entities of the Group in the other three countries.

Peter Andronov's career path involves series of positions in the BNB and in the private banking sector. During 2002 – 2007 he was Chief Director Banking Supervision Department at the Bulgarian National Bank. During his term he led the elaboration of key currently effective legislative acts on banking regulation and supervision, including the Credit Institutions Act, the Act on the Additional Supervision on Financial Conglomerates, the BNB regulatory ordinances, guidelines etc. From 2003 until May 2007 he was Member of the Management Board of the Reserve Guarantee Fund. He was also member of the BNB Investment Committee. Over the period 2005–2007 Peter Andronov was observer and member at the European Banking Committee and at the Committee of European Banking Supervisors of the European Commission. At the same time, he was also an observer and member of the Banking Supervision Committee at the European Central Bank. On behalf of the Bulgarian authorities he led the negotiations in the domain of banking for Bulgaria's accession to the European Union.

Peter Andronov's career at KBC Group started in July 2007 when he was appointed Executive Director/CRO of CIBANK. Later in March 2008 he became CEO of the same bank. As from the acquisition of UBB by the Belgian financial group KBC in June 2017 up until May 2021 Peter Andronov was Chairman of the Management Board and CEO of UBB AD (created out of the merger between CIBANK and former UBB).

From March 2011 till May 2021 Peter Andronov also acted as Country Manager of KBC Group for Bulgaria.

Over the period 2008 – 2021 Peter Andronov was Member of the Management Board of the Association of Banks in Bulgaria, serving two mandates as its Chairman – from 2015 till 2018 and from 2018 until 2021.

From 1995 till 2016 Peter Andronov has been lecturing during different periods at the UNWE, at the High School of Insurance and Finance and at New Bulgarian University/the International Banking Institute. Since 2017 he is member of the Board of Trustees of the University of National and World Economy, and from 2020 of Sofia University St. Kliment Ohridski as well.

Peter Andronov is five-times winner of the Banker of the Year award, as well as of the Manager of the Year and Burov Prize for bank management, Mr. Economy and many others. In 2015 he was decorated an Officer of the Order of the Crown of the Kingdom of Belgium.

Ms. Christine Van Rijseghem

Supervisory Board Member

Chief Risk Officer at KBC Group NV

Year of Birth: 1962

Christine Van Rijseghem holds a Master's Degree in Law from Ghent University, Belgium. Moreover, she also holds a Master's Degree in Business Administration (MBA) – Financial Sciences from Vlerick Business School.

Christine Van Rijseghem started her professional career in University Graduates Team, Kredietbank in 1987. From 1988 until 1991 she worked for Central Department Foreign Entities at Kredietbank (risk management and controlling). In 1992 she became Head of Central Department of Foreign Entities (incl. International acquisition strategy). Over the period from 1994 until 1996 she held the position Head of Credit Department at Irish Intercontinental Bank (KBC subsidiary). Christine Van Rijseghem became Chief Executive Officer of KBC France (KBC branch) in 1996 and in 1999 – Chief Executive Officer of KBC London (KBC branch). From 2000 until 2003 she held the position Senior General Manager of Securities and Derivatives Processing Directorate, while during the period 2003 – 04.2014 she took the position of Senior General Manager Group Finance at KBC Group. In effect since May 2014 Christine Van Rijseghem has been elected CRO of KBC Group and Member of the Executive Committee of KBC Group.

Mr. Franky Depickere

Chief Executive Officer at CERA and KBC Ancora

Year of Birth: 1959

Franky Depickere holds a Master's Degree in Commercial and Financial Sciences from the University of Antwerp (HHS-UFSIA – Belgium). He joins CERA Group in 1982 and held several Executive Positions there for more than 17 years.

In 1999 Franky Depickere became managing Director and Chairman of the Executive Committee of F. van Lanschot Bankiers België NV, as well as group director of F. van Lanchot Bankers in the Netherlands. Since 2005 onwards Depickere was also a member of the Strategic Committee of F. van Lanchot Bankiers (the Netherlands).

As of September 2006, he is Managing Director of Cera and KBC Ancora. Franky Depickere participates in managing bodies of several non-profit legal entities – Chairman of BRS vzur (Leuven, Belgium). He is a Chairman of the 'International Raiffeisen Union' (I.R.U. – Bonn, Germany), Member of the Executive Committee of EACB (European Association of Cooperative Banks in Brussels Belgium). Depickere is also Chairman of the Board of Directors of Flanders Business School (Antwerp Campus KU Leuven, Belgium), as well as a member of the Senate KU Leuven (Catholic University Leuven Belgium) and a member of the Board of Directors of KU Leuven Kulak (Kortrijk, Belgium). Currently, he is Chief Executive Officer at CERA and KBC Ancora.

Mr. Barak Chizi

Supervisory Board Member

General Manager Big Data, Data Analytics and AI at KBC Group N.V.

Year of Birth: 1974

Barak Chizi graduated in 1996 as an industrial and management engineer in the Technion – Israel Institute of Technology.

He further specialized in AI and machine learning (MSc and PhD in Tel – Aviv University), and since then teaches this subject at Tel – Aviv University and In Ben – Gurion University. In 2003 he became a data specialist for the Israeli government. In parallel, he started his own consulting firm, providing unique knowledge to global companies. In 2011 he was appointed as senior R&D director and Senior Researcher at Deutsche Telekom. In May 2015, he joined KBC and from August that year he started his role as general manger big data, data analytics and AI.

Mr. Svetoslav Gavriiski

Independent Supervisory Board Member

Year of Birth: 1948

Svetoslav Gavriiski is independent member of the Supervisory Board of UBB as of May 2020. He graduated with major in Foreign Trade Economics from Karl Marx Higher Institute of Economics (presently re-named to University of National and World Economy, or UNWE) in 1972. His professional path started at the Ministry of Finance in 1972, where up to 1997 he held the following positions – specialist, chief specialist, expert, head of department, and head of main department.

In the period 1992 – 1997 Mr. Svetoslav Gavriiski was first Deputy Minister of Finance and from February until May 1997 he was Minister of Finance in the caretaker government. Over the period 1991 – 1994 he led the negotiations with the creditors from the Paris Club, and after that was part of the negotiations team with the London Club of private creditor banks for rescheduling and renegotiating Bulgaria's foreign debt.

Over the period 1991 – 1997 Mr. Gavriiski was member of the Management Board of Bulbank. Over the period June 1997 – October 2003 he was elected BNB Governor by the 38th National Assembly. He led the executing of the monetary reform and the introducing and maintaining of the Currency Board in Bulgaria. Mr. Svetoslav Gavriiski was representative for Bulgaria in the International Monetary Fund from 1992 until 2003, and as of 2004 – 2005 he was an advisor. From 2006 until 2016 Mr. Svetoslav Gavriiski was a member of the Management Board (from 2011 until 2016 its chairperson) and Chief Executive Officer of Allianz Bank Bulgaria AD, and from 2016 until 2018 he was Chairperson of the Management Board of Allianz Bank Bulgaria AD.

Prof. Victor Yotzov

Independent Supervisory Board Member

Year of Birth: 1961

Prof. Victor Yotzov is independent member of the Supervisory Board of UBB as of May 2020. He graduated in 1985 from the University of National and World Economy as a Master of Economics with major in Management and Planning of the National Economy (Socio-economic planning). In 2001 he acquires educational and scientific degree 'doctor' of Economics.

Prof. Victor Yotzov's career path and research activity started in 1986 when, after a special competition procedure, he was appointed as a research fellow in Analytic and Forecasting Activity Section of the Economic Institute with the Bulgarian Academy of Sciences. From 1992 until 1994 he was part-time lecturer in Macroeconomics at the International Management, Trade and Marketing (MT&M) College. In the period 1998 – 2001 he is part-time lecturer in Theory of Money and Credit in Finance Department with the University of National and World Economy.

In 1995 Victor Yotzov started working at the Bulgarian National Bank as an expert in Balance of Payments and Foreign Debt Department, while in 1997 he became head of the Economic Research Department at the BNB. In 2001 Prof. Victor Yotzov was appointed as Head of Economic Research and Forecasts Directorate and acting as Chief Economist of the BNB. Over the period 2003 – 2010 he worked as a representative for Bulgaria at the International Monetary Fund and counsel to the Executive Director. In 2014 upon obtaining an academic rank Victor Yotzov became Associate Professor in Finance Department of the University of National and World Economy and at the same time was appointed at the Macroeconomics Section at the Institute of Economic Research with the Bulgarian Academy of Sciences. He is author of many publications in the field of finance. His scientific interests are in the domains of monetary theory, banking, public finance and foreign trade. In the period 2016 – 2018 he is a Director of the Economics and Policies Institute with the University of National and World Economy. In June 2015 Prof. Victor Yotzov was nominated for holding a BNB Governor position.

Internal organizational structure

Allocation of responsibilities among the Supervisory Board members

SB Member	Supervisory Board	Risk and Compliance Committee	Remuneration Committee	Nomination Committee
Peter Andronov	(Chairman)		(Chairman)	(Chairman)
Christine Van Rijseghem	•	(Chairperson)		
Franky Depickere	•			
Barak Chizi	•			
Svetoslav Gavriiski	•	•	•	•
Victor Yotzov	•	•	•	•

Annual Report of the Supervisory Board

In 2025 the Supervisory Board of United Bulgarian Bank held 38 meetings, of which 4 *in praesentia* and 34 *in absentia* ones, pursuant to Art. 39, Para. 4 of the UBB's Articles of Association, namely: The proposed decisions were provided to every member in writing and all SB members have stated their consent to those in writing.

The requirement of Art. 38, Para. 1 of the Bank's Articles of Association has been observed, according to which the Supervisory Board is to hold its meetings at least once per quarter, as in 2025 regular *in praesentia* meetings were held every quarter – March, June, September and December 2025.

The average duration of the Supervisory Board meetings was 2 hours, which is deemed sufficient and optimal for detailed discussions on the agenda items, in view of the approval practices.

In brief, the main reviewed, discussed and approved topics by the SB in 2025 may be summarized, as follows:

- The first group of topics reviewed by the Supervisory Board during 2025 were related to changes in the internal banking regulation, including the annual updates of the Compliance Charter and the Integrity Policy of UBB Group, amendments in the UBB CRS on Sustainable and Responsible Lending, updates of the Credit Quality Drivers and underwriting guidance, the relocation of internal credit process documentation, as well as the annual approval of a number of internal credit policies (for Private Individuals, Microbusiness, SME/Corporate clients) which, in accordance with the Articles of Association, require ratification by the Supervisory Board).
- In 2025, the Supervisory Board also reviewed and approved several organizational changes, including changes within the Branch Network, Microbusiness & Private Banking Directorate, and the CSR Directorate, the transfer of the Security Department, as well as the establishment of a dedicated Card Product Factory effective 15 January 2026. These decisions ensured alignment of the internal structure with the Bank's strategic priorities and operational efficiency.
- By virtue of Art. 37, Para. 2, Item 7 in relation to Art. 48, Para. 1, Item 3, letters "d" and "h" of the UBB's Articles of Association were approved changes in the organizational structure, including the appointment of general managers and directors of directorates directly reporting to executive officers.
- The agenda of the *in praesentia* meetings of the SB during 2025 included review of the financial performance from UBB's activity as at the end of each quarter, reports on the activity of the Chief Executive Officer of UBB for the respective quarter were discussed, reports regarding the progress of Euro adoption conversion in UBB AD, as well as other issues which were of the SB competence, pursuant to UBB AD's Articles of Association, the Operational Rules of the Supervisory Board and the UBB's internal rules and regulations.
- Giving preliminary approval by the Supervisory Board for forming of internal exposures of the bank, pursuant to Art. 45 of the Credit Institutions Act and Ordinance 37 of BNB for the Internal exposures of the banks in all cases except when the amount of the exposure is within the limit pre-approved by the Supervisory Board and within which the Management Board could standalone form these exposures or the limit determined by law.
- Other SB decisions adopted in 2025 – approval of the report of the MB for the activity of UBB AD for 2024 and the certified by the auditor's annual financial report for 2024, annual review of all equity participations of UBB AD in other entities, approval of the selection of first and second auditing companies for verification and certification of UBB's annual financial statements for 2026 by virtue of Art. 76, Para. 1 and 4 of the Credit Institutions Act; approval of the decisions made by the committees to the SB at the meetings held by them; convening of the General Meeting of Shareholders, when this was necessary; approval of the split per month and per segments of APC budget of UBB AD for 2026, on consolidated basis, as well as the KPIs of UBB AD for 2025, on consolidated basis.
- The activity of the Supervisory Board over 2025 aimed at ensuring effective control on the compliance of UBB's operations with the applicable laws the Articles of Association and the resolutions of the General Meeting of Shareholders in the interest of UBB's clients and its shareholders while guaranteeing the implementation of the long-term strategy and the set immediate objectives before UBB AD for the accomplishment of which UBB's Management Board is accountable.



Management Board



Christof De Mil *Chairman*

Year of birth: 1973

Position: Chief Executive Officer

Education/Qualification: Master's Degrees in Applied Economic Sciences and Business Administration



Teodor Marinov *Member*

Year of birth: 1971

Position: Chief Finance Officer

Education/Qualification: Master's Degrees in Systems & Management and Business Administration



Svetla Georgieva *Member*

Year of birth: 1967

Position: Chief Risk Officer

Education/Qualification: Master's Degree in International Business Management and Business Administration qualification in Industrial Electronics



Tatyana Ivanova *Member*

Year of birth: 1975

Position: Executive Director Digitalization, Data and Operations

Education/Qualification: Master's Degree in Finance and Management Business Administration



Dobromir Dobrev *Member*

Year of birth: 1979

Position: Executive Director Corporate Banking and Markets

Education/Qualification: Master's Degree in Finance and Banking



Nedyalko Mihaylov *Member*

Year of birth: 1977

Position: Chief Information Officer

Education/Qualification: Master's Degree in Accounting and Control



Anna Atanasova-Dimitrova *Member*

Year of birth: 1978

Position: Executive Director Retail Banking

Education/Qualification: Master's Degree in Finance (Banking)



Frank Jansen *Member*

Year of birth: 1960

Position: Executive Director SME Banking

Education/Qualification: Master's Degrees in Notarial Law and Management Business Administration

Election and mandate

The Management Board comprises from 3 (three) up to 9 (nine) persons elected by the Supervisory Board for a mandate of up to 4 (four) years. The Management Board members may be re-elected without limitations. The Supervisory Board upon a decision of its elects the members of the Management Board. Each board member may be dismissed by decision of the Supervisory Board prior to the expiration of his/her mandate. The Management Board upon the Supervisory Board's approval elects a Chief Executive Officer among its members. The Chief Executive Officer performs the overall management organization and the day-to-day managerial control on the UBB's activity. The Management Board adopts its Operational Rules which is approved by the Supervisory Board.

To date the Management Board comprises of 8 (eight) persons who have been elected MB members by virtue of decisions of the Supervisory Board for a period of 4 (four) years in accordance with the requirement of Art. 41, Para. 1 of the UBB's Articles of Association.

MB Responsibilities pursuant to UBB's Articles of Association

The Management Board makes decisions on all issues which are not of the exclusive competence of the General Meeting of Shareholders or the Supervisory Board, while observing the provisions of the law and the Articles of Association in compliance with the resolutions of the General Meeting of Shareholders and under the Supervisory Board's control.

In view of the UBB's specific activity the Management Board holds regular meetings at least once per month. The meetings are being convened by the Management Board Chairman upon his initiative by request of a Board member or by request of the Supervisory Board Chairperson. The Management Board may make decisions if more than half of the Board members are present at the meeting - either in person or represented by another Board member empowered with a written power of attorney.

The Management Board decisions are made with the majority vote of the present Board members, unless the law or the Articles of Association require another majority type. When a decision is being made as regards election, dismissal or defining the scope of an executive director's responsibilities, the latter shall not be involved in the voting. The Management Board may adopt decisions in writing also without holding meetings in case that the proposed decisions are provided to each Board member in writing and all MB members have stated in writing their consent to the decisions made.

The Management Board has the following powers:

- Defines the general trends of the UBB's activity in its credit interest rate and accounting policy;
- Organizes and steers the implementation of the resolutions of the General Meeting of Shareholders;
- Upon the SB's approval makes decisions on closing or transferring UBB's enterprise or essential parts thereof; opening and closing of branches; material change in UBB's activity; essential internal and organizational changes; establishment and closing of directorates and standalone departments as well as appointment of heads of such structural units; long-term cooperation of essential importance for UBB or termination of such cooperation; acquisition of 25 % or more of the voting rights or of a legal entity's registered capital as well as in any case when the value of such acquisition exceeds 10% of UBB's equity; empowering at least two of its members - Executive Directors - to represent UBB and to carry out its operational management, as well as election of a MB Chairperson and Chief Executive Officer; allocation of the functions between the persons managing and representing UBB in terms of the subordination of main structural units at UBB - directorates and standalone departments; empowerment of commercial representatives and procurator/s of UBB and conclusion of a procurator's contract; disposal of a substantial part of UBB's property including rights on intellectual property which value exceeds 5% of the Bank's equity in accordance with the recent monthly accounting statements;
- Adopts the internal rules on UBB's activity and its Operational Rules which are approved by the Supervisory Board;
- Makes decisions on granting of large exposures as per Art. 44 of the Credit Institutions Act and of internal loans pursuant to Art. 45 of the same act for restructuring early collection, as well as initiation of enforcement actions with respect to risk exposures exceeding in amount the figures as determined in the internal rules of UBB upon a reasoned proposal by the respective specialized body of UBB;
- Prepares and submits for approval to the Supervisory Board the annual financial statements, the report on the company's activity and the profit allocation proposal.
- Makes decisions on the organizational structure of the specialized internal audit unit, its staff number, and the requirements for professional qualification, experience and the other requirements to the internal audit inspectors in view of the reasonable needs of control while complying with the budget, as determined by the General Meeting of Shareholders.
- Also performs other functions assigned to it by the General Meeting of Shareholders, the SB, the Articles of Association and the law.

Professional experience and other activities and functions

Mr. Christof De Mil

Chairman of the Management Board and Chief Executive Officer

Year of Birth: 1973

Christof De Mil is Country Manager of KBC Group in Bulgaria, Chairman of the Management Board and Chief Executive Officer of UBB. Until his appointment at these positions, he was the General Manager, responsible for the integration between United Bulgarian Bank AD and KBC Bank Bulgaria EAD (former Raiffeisenbank Bulgaria).

Mr. De Mil began his professional career as "Manager of the Ghent Branch" at Kredietbank, Ghent, Belgium, in 1995. In 2000, he became part of KBC Group in Zelzate, Belgium, where he held the positions of "Manager of the Zelzate Branch" (until 2003) and "Cluster Manager" (from 2003 to 2005). In the period from 2006 to 2011, Mr. De Mil was an Executive Director responsible for the management of the branch network at ČSOB (part of KBC Group), Prague, Czech Republic.

Since 2011, he has been part of the team of CIBANK EAD, and from 2013 he held the position of Executive Director "Distribution, Payments, Marketing, Data Analytics" and was a member of KBC Group's Country Team for Bulgaria, responsible for bank insurance activities. In 2017, he was appointed Executive Director "Finance" and Country Chief Financial Officer.

Since June 2017, Mr. Christof De Mil has been a member of the Management Board of UBB AD and Executive Director "Finance", until 2022 when he undertakes the Integration of Raiffeisen Bulgaria and UBB Bulgaria, being end-to-end responsible for integration and merger of Raiffeisen Bulgaria and UBB Bulgaria.

Other legal entities, besides UBB AD, in whose management or supervisory bodies he participates:

- Member of the Management Board of the Association of Banks in Bulgaria, a non-profit association.
- Member of the Board of Directors of BORICA AD, UIC 201230426.

Mr. De Mil graduated from Ghent University, Belgium with a Master's degree in Applied Economics, and also holds a Master's degree in Business Administration from INSEAD, Fontainebleau, Singapore.

Mr. Teodor Marinov

Member of the MB and Chief Finance Officer

Year of Birth: 1971

Teodor Marinov has been part of United Bulgarian Bank's management since June 2010, when he was elected member of the Board of Directors, while holding the position of Executive Manager Corporate Banking of the Bank since September the same year.

After the acquisition of United Bulgarian Bank by the Belgian finance group KBC Group in June 2017, Teodor Marinov has become member of the KBC Country Team in Bulgaria, member of the Management board and Executive Director Legacy of UBB. In July 2022 he has become Executive Director Finance. During the period 2001-2010, he was Executive Director of Interlease EAD and since 2006 has been also involved in the management bodies of the leasing companies of the group of the National Bank of Greece in Romania and Serbia.

His professional development began in 1994 as a Financial Analyst at the Sofia Stock Exchange. In 1995-1997 he worked as a Customer Relationship Manager and Credit Analysis Unit Manager at the Bulgarian Investment Bank AD. From 1997 until 2000 he was Investments Manager in the Balkan Regional Division of the National Bank of Greece.

Teodor Marinov holds Master's degrees in Business Administration from London Business School and in Systems Control from the Technical University, Sofia. He has been a holder of CFA (Certified Financial Analyst) professional designation since 2001. Marinov also completed the INSEAD Inter-Alpha Banking Programme in 2002.

Ms. Svetla Georgieva

Management Board Member and Executive Director Risk

Year of Birth: 1967

Svetla Georgieva is member of the Management board and Executive Director Risk in United Bulgarian Bank after its acquisition by Belgian finance group KBC Group in June 2017.

Her professional career includes different management positions at Citibank N.A. and ING Bank N.V. She joined the CIBANK team in 2008 and consequently held positions as head of Retail Credit Risk Department and deputy director of the Credit Management Directorate. In January 2014 she became KBC Group's Chief Risk Officer (CRO) for Bulgaria, a member of the MB and an Executive Director of CIBANK.

Svetla Georgieva graduated under the INSEAD Inter-Alpha Banking Programme (2013) from City University, Seattle, DCL (2004-2006) and has an MBA degree in Finance.

She also has a Master's degree in industrial electronics from the Moscow Power Engineering Institute (1985-1991), a postgraduate qualification in International Economic Relations and International Law from the University of National and World Economy (1992 - 1993) and the University of Delaware / FLAG Consortium in Sofia (2001 -2002).

Mrs. Tatyana Ivanova

Member of the Management Board and Executive Officer Digitalization, Data and Operations

Year of Birth: 1975

Tatyana Ivanova started her career 20 years ago in Société Generale and built since then a broad and international career in various subsidiaries of the Group. She was, amongst others, Retail Director in the Republic of Macedonia, worked several years as Head of Sales promotion in Russia, as Marketing manager in the HQs Paris, as well as Head of Marketing and Digital banking in Société Generale, Bulgaria.

As of the beginning of November 2018 until taking the position of a Management Board Member and Executive Officer Marketing and Distribution – Retail banking, she is Director of Retail Marketing and Digital Sales Directorate in UBB. Tatyana Ivanova was elected in the position Digital Channels, Data and Operations of UBB in November 2022.

Tatyana holds EMBA from HEC-Paris.

Mr. Dobromir Dobrev

Member of the Management Board and Executive Officer Corporate Banking and Markets

Year of Birth: 1979

Dobromir Dobrev was elected in the position Executive Director Corporate Banking at UBB in November 2022. He has been part of the team of KBC Bank Bulgaria (former name Raiffeisenbank (Bulgaria) EAD) since 2003, as in 2005 he was appointed head of Corporate Banking – Middle Market. Since 2006 onwards he manages KBC Leasing Bulgaria.

In 2013 he became a member of MB for the Corporate Banking domain, while in 2016 he was chosen to be Executive Director Corporate Banking and Capital Markets of KBC Bank Bulgaria.

Dobromir Dobrev holds a Master's degree in Finance and Banking from the Faculty of Economics, Sofia University St. Kliment Ohridski.

Mr. Nedyalko Mihaylov

Member of the Management Board and Chief Information Officer

Year of Birth: 1977

Nedyalko Mihaylov has been elected in the position Executive Director Information Technologies of UBB since November 2022. His career at KBC Bank Bulgaria (formerly Raiffeisenbank (Bulgaria) EAD) started in 2002, while in 2005 he assumed one of his many managerial positions at the Bank – Bank Office Manager in Varna. He was consecutively responsible for Large Corporate Clients domain over the period from 2006 until 2009, for the Risk Management domain over the period from 2009 until 2011, for the Problem Loans domain from 2011 until 2015 and for the Finance domain from 2015 until 2016.

Since January 2017 he is Executive Director Operations and Information Technologies at KBC Bank Bulgaria

Nedyalko Mihaylov graduated from the High School of Mathematics in Varna and holds a degree in Accountancy and Control, and Economic Informatics from the University of Economics, Varna.

Mrs. Anna Atanasova-Dimitrova

Member of the Management Board and Executive Officer Retail Banking

Year of Birth: 1978

As of December 2024, Anna Atanasova - Dimitrova has been elected to the position Executive Director Retail Banking of UBB.

She started her career in the banking sector in 2001 as an SME Lending Expert with UnionBank.

In 2005 she was employed at CIBANK, then in 2016 she became Deputy Director of the Branch Network and Distribution Channels Directorate, while later in that same year she was appointed as Marketing Director.

Upon the merger of CIBANK and UBB Anna became in charge of the Retail Banking and Digital Sales segment. Since 2018 she has been managing the Branch Network Directorate, while since 2023 she is General Manager Branch Network at UBB.

Anna Atanasova-Dimitrova holds a Master's Degree in Banking from the University of Veliko Tarnovo and a Bachelor's Degree in Macroeconomics from the University of National and World Economy.

Mr. Frank Jansen

Member of the Management Board and Executive Director Small and Medium Enterprises Banking

Year of Birth: 1960

Since February 2025, Frank Jansen has been elected to hold the position of Executive Director "Small and Medium Enterprises" at UBB. Prior to his appointment, he served as Chief Executive Officer of KBC Ireland.

From 1986 to 1999, Mr. Jansen held the position of "Branch Manager" at various retail and corporate branches of KBC Belgium, the last four years of which he managed the Antwerp corporate branch, the second largest corporate branch of KBC Belgium. In 1999, he was appointed Executive Director of CSOB Bank Prague, responsible for business organization and program management, and in 2001 he became Executive Director of Kredyt Bank Poland, responsible for credit risk management and consumer finance, where he worked until 2008.

From 2008 to the present, Mr. Jansen has been Executive Director at CIBANK EAD, initially responsible for risk and finance, and subsequently for lending to the "Corporate Clients" and "Small and Medium Enterprises" segments. In June 2017, he became a member of the Management Board of UBB AD and Executive Director "SME and Corporate Segment". As of early January 2019, he assumed the role of Chief Financial and Product Officer (CFPO) at KBC Ireland, after which, from 2022, he served as Chief Executive Officer of KBC Ireland, with key responsibilities including leading the organization during its voluntary wind down and exit from the Irish market, managing the asset sale transactions and the termination of the bank's business operations, and ensuring a responsible, customer oriented approach throughout the entire voluntary wind down process.

Other legal entities, besides UBB AD, in whose management or supervisory bodies he participates:

- Member of the Board of Directors of "UBB INTERLEASE" EAD, UIC: 831257890
- Member of the Management Board of the "Belgium Bulgaria Luxembourg Business Club", UIC: 131403598, a non-profit association.

Mr. Jansen holds a Master's degree in Notarial Law from the Catholic University of Leuven, Belgium, and a Master's degree in Business Administration from the University of Antwerp, Belgium.

Annual report of the Management Board

In 2025 the Management Board of United Bulgarian Bank held 74 meetings of which 56 *in praesentia* and 18 *in absentia* ones, pursuant to Art. 46, Para. 1 of the bank's Articles of Association, namely: the proposed decisions were provided to every member in writing and all MB members stated their consent to those decisions in writing. The requirement of Art. 44, Para. 1 of UBB's Articles of Association, according to which the Management Board shall hold regular meetings at least once per month has been complied with. The average duration of the Management Board meetings was 3 hours, which is deemed sufficient and optimal for detailed discussions on the agenda items, in view of the approval practices.

In brief, the main reviewed, discussed and approved topics by the MB in 2025 may be summarized, as follows:

- Issues within the competence of the Management Board pursuant to Art. 48 of the UBB's Articles of Association and Art. 21 of the Operational Rules of UBB AD's Management Board, which have been described in detail in Item 1 of the present Statement.
- All issues not explicitly stated as competences of UBB AD's Management Board in the Articles of Association, the Operational Rules of the MB and UBB's internal rules and regulations but which had to be discussed by UBB's managing body pursuant to Art. 48, Para. 1, Item 8 (also performs other functions assigned to it by the General Meeting of Shareholders, the Supervisory Board, the Articles of Association and the law) and while abiding by the provisions of Art. 43, Para 2 (...all issues which are not of the exclusive competence of the General Meeting of Shareholders or of the Supervisory Board ...) of UBB AD's Articles of Association.

The activity of the Management Board over 2025 aimed at ensuring flexible, however sustainable development and budget fulfilment, defining the long-term strategy thus strengthening UBB's management and control while guaranteeing the implementation of the long-term strategy and the set immediate objectives before UBB AD for the accomplishment of which UBB's Management Board is accountable.

Committees to the Supervisory Board

Risk and Compliance Committee

Risk and Compliance Committee Members

- **Ms. Christine Van Rijsseghem**
UBB Risk and Compliance Committee Chairperson
UBB Supervisory Board Member
- **Mr. Svetoslav Gavriiski**
UBB Risk and Compliance Committee Member
Independent member of the UBB Supervisory Board
- **Prof. Victor Yotzov**
UBB Risk and Compliance Committee Member
Independent member of the UBB Supervisory Board

Pursuant to Ordinance 7 of BNB for the organization and risk management of banks, the Risk and Compliance Committee should have at least three members and the majority of them should be independent according to Art. 10a, Para. 2 of the Credit Institutions Act.

Risk and Compliance Committee Report

The Risk and Compliance Committee advises the Supervisory Board on the present and future risk appetite and the risk management strategy as well as the present and future compliance rules. This Committee supports the Supervisory Board in the monitoring and management of the process for implementing these elements and rules by the executive management. Besides, it controls as to whether the value of the assets and liabilities and the off-balance sheet product categories offered to clients comply with the business model and the risk management strategy and controls whether the risk tolerance and the strategic framework have been integrated in UBB's Remuneration Policy.

The Risk and Compliance Committee holds its meetings at least four times a year as the external auditors are invited to and should participate in at least two meetings within a year. The Risk and Compliance Committee has a standing secretary appointed by the Chairperson.

In 2025 UBB's Risk and Compliance Committee held four meetings attended by all its members.

In brief, the main topics were review of the regular Integrated Risk Report; Risk Frameworks, Risk scan, Risk appetite; review of the regular Compliance Report; information about pending legal claims exceeding EUR 50k; information about risk-based pricing; internal control statements, risk assessment of the remuneration policy and practice, Oversight of the remuneration of the Internal Audit and the other control functions, SREP 2025 results.

The members of the Risk and Compliance Committee discussed and accepted the Annual Compliance Report, Annual MIFID Report, the Annual Anti-Money Laundering Report and the Annual Data Protection Officer Report. The Committee also acknowledged and approved the priorities of Risk Management Directorate and Compliance Directorate for 2025.

The Committee reviewed and proposed to the SB for ratification the following documents: Risk Appetite Framework of UBB for the period 2024–2028, Integrity Policy UBB Group 2025 update, Compliance Charter 2025 update.

Remuneration Committee

Remuneration Committee Members

- **Mr. Peter Andronov**
UBB Remuneration Committee Chairman
UBB Supervisory Board Chairman
- **Mr. Svetoslav Gavriiski**
UBB Remuneration Committee Member – external and independent
UBB Supervisory Board Member
- **Prof. Victor Yotzov**
UBB Remuneration Committee Member– external and independent
UBB Supervisory Board Member

Pursuant to Ordinance 4 of BNB for the requirements for remunerations in banks, the Remuneration Committee should have at least three members and the majority of them should be independent according to Art. 10a, Para. 2 of the Credit Institutions Act.

Remuneration Committee Report

UBB Remuneration Committee performs its activities in conformity with the objectives, principles and scope of UBB Remuneration Policy.

It is a consulting structure subordinate to the Supervisory Board and consists of chairperson and independent members of this Board. The Committee elects Chairman and Secretary and operates effectively according to its work rules, approved by the Supervisory Board. The Remuneration Committee exercises competent and independent judgment on remuneration policies and practices and the incentives created for managing risk, capital and liquidity. It is responsible for the preparation of decisions regarding remunerations, while considering the implications for the risk and risk management at the bank, the long-term interests of shareholders, investors and other stakeholders in the bank.

In 2025 the Committee held two meetings.

The main topics on the agenda and the decisions taken at the first committee meeting related to ratification of the new KBC Group Remuneration Policy and the updated UBB Remuneration Policy for 2025, in order to comply with the Group standard, acknowledgement of the submitted Risk Gateway parameters for 2025 of KBC Group and UBB and approval of the amended risk gateway parameters for 2025 in the UBB Remuneration Policy, approval of variable remuneration for the previous 2024 year and payment of the deferred amounts for past years, changes in fixed remuneration and approval of the new KPIs for the Board members.

All proposals of the Committee were approved by the Supervisory Board.

Nomination Committee

Nomination Committee Members

- **Mr. Peter Andronov**
UBB Nomination Committee Chairman
UBB Supervisory Board Chairman

- **Mr. Svetoslav Gavriiski**
UBB Nomination Committee Member – external and independent
UBB Supervisory Board Member
- **Prof. Victor Yotzov**
UBB Nomination Committee Member– external and independent
UBB Supervisory Board Member

Pursuant to the Ordinance 20 of BNB for Issuance of Approvals to Members of the Management Board (Board of Directors) and Supervisory Board of a Credit Institution and Performance Requirements for Their Duties, the Nomination Committee should have at least three members and the majority of them should be independent according to Art. 10a, Para. 2 of the Credit Institutions Act.

Nomination Committee Report

The Nomination Committee identifies and recommends for selection by the General Meeting of Shareholders candidate members of the Supervisory Board, or by the Supervisory Board – candidate members of the Management Board, considering the balance of professional knowledge and skills, the various qualifications and experience of the members of the Board necessary for the management of the bank. In addition, the Committee prepares a description of the functions and the requirements for candidates and determines the time that the selected members are expected to spend in the work of the Management Board and of the Supervisory Board.

The Committee determines a target level in relation to the participation of the under-represented gender in the composition of the Management Board and of the Supervisory Board and develops a policy to increase the number of representatives of the under-represented gender in the composition of the boards to achieve this level. The Nomination Committee performs analysis periodically but not less than once a year of the structure, composition, number of members and the results of the work of the Management Board and of the Supervisory Board and provides recommendations for possible changes. It analyses periodically but not less than once a year the knowledge, skills and experience of the members of the Management Board and of the Supervisory Board, as a whole and individually of each member, and reports to each of them. Reviews periodically the Management Board policy for selection and appointment of members of the senior management staff and provides recommendation to it. While performing its functions, the Nomination Committee analyses periodically the necessity to guarantee that the process of decision making by the Management Board and by the Supervisory Board is not controlled by a separate person or a small group of people in a way which could harm the interests of the bank. The Committee reports to the Supervisory Board on the activities, conclusions, and recommendations for improvement after each meeting. Minutes of the meetings held by the Nomination Committee are kept by a permanently appointed secretary, an employee at the Human Resources Management Directorate, which Minutes should be presented to the Committee members and the Supervisory Board for approval.

In 2025 the Committee held two meetings.

The main topics on the agenda and the decisions were related to the approval of the individual suitability assessment of proposed candidate – Mr. Christof De Mil for member of the Management Board and CEO of UBB, to be presented to BNB as part of the set of documents for their certification by BNB in close cooperation with ECB, and the collective suitability assessment of the Management Board to be presented to BNB as part of the set of documents for the certification of the new MB member by BNB in close cooperation with ECB. Results from the conducted self-evaluation of the activity of the Supervisory Board of UBB AD for 2024, as well as the planned and undertaken measures, were reviewed and acknowledged.

All proposals of the Committee were ratified by the Supervisory Board.

Audit Committee

Audit Committee Members and professional experience

In compliance with the requirements in the Independent Financial Audit and Assurance of Sustainability Reporting Act, the Audit Committee of UBB AD is comprised of two members external to and independent from the bank (majority) and one member who is at the same time a Supervisory Board member – Mr. Peter Andronov. One of the external and independent members of the Audit Committee – Stefan Ivanov, is also Chairperson of the Committee, pursuant to the requirements of the Independent Financial Audit and Assurance of Sustainability Reporting Act (Art. 107, para. 6).

The Audit Committee is established as a separate and independent body from the Supervisory Board and the other bodies within the bank, which reports directly to the General Meeting of Shareholders.

Mr. Stefan Ivanov

Chairman of the Audit Committee

Year of birth: 1972

Mr. Ivanov is a Co-founder and Managing Partner of Challenger Capital Management – an advisory boutique focused on M&A and financing transactions in Bulgaria. During the period 2007 – 2011 he was the CEO of Citibank in Bulgaria – a leading Corporate & Investment Bank in the country. Between 2000 and 2006 he acted as International Cash Management Head for Citibank in Brazil and subsequently as Head of Strategic Development for Citibank in Brazil.

During the period 1998 – 1999 he held diverse roles with Citibank in London, Brazil, South Korea and Tunisia. Prior to that he was trading derivatives with Banque Paribas in New York and on the floor of the American Stock Exchange. During the period 2007 – 2011, Mr. Ivanov was Board Member and Vice President of the American Chamber of Commerce in Bulgaria as well as Board Member of the Confederation of Employers and Industrialists in Bulgaria. Mr. Ivanov is an alum of Harvard Business School from the Program for Leadership Development (2007). He has an MBA degree in Financial Engineering from Cornell University (1997) and a Bachelor of Arts degree in Business Administration from the American University in Bulgaria (1995).

Ms. Snezhana Kaloyanova

Audit Committee Member

Year of birth: 1966

Ms. Kaloyanova holds a Master's Degree in Accountancy and Control from the University of National and World Economy (former Karl Marx Higher Institute of Economics). She started her professional career in 1985 as an accountant at the Agrarian and Industrial Complex in Dragovishtitsa town. Over the period January 1988 – October 1989 she held the position of an accountant at the Machines and Tractors Facility in Shishkovtsi village. Over the period December 1991 – May 1995 Ms. Kaloyanova was Chief Accountant at Manov&Co enterprise. Ms. Kaloyanova was manager and senior manager at Audit and Business Consultancy Services and partner in the specialized auditing company PricewaterhouseCoopers Audit OOD for the period from May 1995 until September 2006. Over the period September 2006 – May 2007 she was co-founder and partner in the specialized auditing company Moore Stephens Bulmar Financial Audit OOD.

Since May 2007 to date she has been managing partner in NS CONSULTING OOD auditing company. Ms. Kaloyanova is a certified public accountant and a registered auditor, Member of the Institute of Chartered Certified Public Accountants since 1994 to date. She has been in charge of engagements for expressing assurance (audits and reviews) on individual and consolidated annual and interim financial statements prepared in accordance with the National Financial Reporting Standards for Small and Medium-sized Enterprises (NFRSSMSE) or with the International Financial Reporting Standards (IFRS) (including also their first-time application), on group reporting forms prepared in accordance with the IFRS, the Generally Accepted Accounting Principles of the USA, Great Britain and Italy of more than 200 different enterprises including: banks insurance companies; she has been involved in and managed projects for due diligence engagements for performance of agreed procedures on financial and other type of information including also the implementation of agreements for provision of gratuitous financial aid under PHARE Programme and the EU Operational Programmes projects for compiling of financial information, consultations on financial reporting and business restructuring projects for elaboration of business plans, she has been expert witness in litigation proceedings.

Ms. Kaloyanova has been Deputy Chairperson of the Professional Ethics Committee (PEC) of the Institute of Certified Public Accountants and Chairperson of the Committee for Oversight of the Quality of Audit Services (COQAS) of that same Institute.

Mr. Peter Andronov

Audit Committee Member

Chief Executive Officer of International Markets business unit in KBC Group N.V.

Year of birth: 1969

Autobiography – please, see it above in section Professional experience and other activities and functions of the current statement.

Audit Committee Report

The main topics, discussed during the 2025 meetings of the UBB AD Audit Committee were related to the reporting in the area of Finance and Risk, monitoring on the Internal Audit activity and the implementation of the Audit Plan and review of documents, addressing material risks to the Bank including also reports by internal and external auditors and regulatory institutions.

Furthermore, the Audit Committee prepared and provided its annual report to the Commission for public oversight of statutory auditors.

Committees to the Management Board

Credit Committees

UBB AD credit committees are standing bodies for effecting the management and monitoring on UBB's lending activity with regard to corporate and SME clients, as well as specifically defined cases of clients – natural persons within the framework of their delegation levels and competence limits. Within their competences the credit committees comply with UBB's risk appetite in the field of corporate lending, as determined by the Management Board and the Local Risk Management Committee and strictly apply UBB's approved policy on corporate lending, as well as all other instructions, procedures and methodologies, applicable to this activity.

The credit committees have the following functions to:

- Review and analyze proposals for concluding new credit deals with separate clients and with economically related parties, make decisions on those in compliance with their delegated limits of competence.
- Assess the credit worthiness and the credit risk, related to requests for conclusion of credit deals beyond their competence limits, while observing the subordination hierarchy and provide opinions to the authorized bodies with a higher level of competence – MB or the KBC Headquarters (GCRD), for consideration and final decision-making.
- Analyze the submitted proposals by the business units or by the Recovery Directorate concerning UBB's problematic exposures in the cases when this is within their delegated limits of competence, as well as make decisions on their renegotiation, restructuring action plan for their monitoring, which should either continue in the business units or be taken up by Recovery Directorate, announcement of early collection; proposals for provisions' allocation /write-back; proposals for participation into public auction sales, determining the sale price of assets (collaterals) and others, which nature resembles amendment of terms and conditions under existing credit contracts proposals for PD ratings' change/validation; other proposals (presented as reports or memos) of lending nature.
- Review and approve the annual/planned reviews of all credit exposures within their approved competence limits and powers.
- Assess proposals for validating/changing credit ratings, as per the internal credit rating model.
- Review proposals for appeal of decisions on credit deals, which have been considered at lower approval levels and are within their delegated limits of competence and authorities.
- Review also of retail credit deals.

Types of credit committees at UBB AD:

- Regular Loans Credit Committee – as regards all proposals, pertaining to existing clients with regular exposures, as well as loans to new clients.
- Problem Loans Credit Committee
- Credit Committees levels I – III – for approval of new/standard credit deals and for problem loans of various levels of competence.
- Business Credit Committees – for approval of credit facilities by the Business Units.

Local Risk Management Committee

The Local Risk Management Committee is a collective body of UBB, supporting the Management Board in making decisions on:

- The strategy for management of risk, risk appetite and the overall risk framework;
- Determining the present and target Risk profile and capital adequacy, as compared to the risk appetite and the allocation of capital;
- The capital allocation to individual business units in line with their business plans and within the limits set by the group;
- Review of the results from the activity relating to an assumed risk, observance of the compliance with the limitations of the risk framework;
- Specific roles and responsibilities related to asset and liabilities' management;
- All issues relating to changes in UBB's risk profile.

The Committee comprises of the MB members, the procurators and/or the commercial representatives of UBB, the Director of Risk Management Directorate; the Director of Credit Management – Retail Banking Directorate;

the Director of Credit Management – SME & Corporate Segment the Director of Treasury Directorate, the Director of Finance Directorate and the Director of Markets and Investment Banking Directorate. The Head of “Internal Audit” Directorate and Head of “Compliance” Directorate shall take part in the Local Risk ManCo meetings as an observer.

LRMC convenes meetings at least once per month. The Committee may adopt decisions in case at least five of its members are present in person, as at least four of those should be MB members, commercial representatives or procurators.

New and Active Products and Processes Committee /NAPPC/

NAPP is among the Management Board committees, established by the MB of UBB AD, with responsibilities, explicitly assigned by the latter.

‘New and Active Products Process’ (NAPP) ensures that all products and services offered to the customers of UBB and all client-facing processes have first gone through an in-depth risk assessment. More specifically, the NAPP aims to:

- **Ensure a fair treatment of the client.** This requires a careful balancing between the return which the product offers for the client and for KBC and the risks linked to the product. NAPP is put in place to avoid that products and services are being launched which are not in the client’s interest and thereby protects KBC against conduct risk.
- **Guard the strategic fit of products/services.** In a rapidly changing environment, NAPP plays a key role in ensuring that new and existing products/services support the digital transformation and fit into the current UBB strategy.
- **Pro-actively identify and mitigate risks.** The NAPP is the most important process to ensure early identification and mitigation of all risks related to products, services and changes to client facing processes, which might negatively impact the customer and/or UBB. During NAPP, all financial, legal, compliance, operational and other risk aspects of products/services are considered and addressed.
- **Comply with regulation.** The NAPP safeguards that all products and services are in line with regulations.
- **Support innovation and smart copy.** The NAPP strives to support business during transformation & digitization. On the one hand, it ensures new risks entailing from transformation & digitization are detected and mitigated. On the other hand, the process itself needs to be fast and frictionless to support a fast-time-to-market.

NAPP, being product or distribution committee, holds at least one regular monthly meeting. Prior to creating/buying/changing/reviewing/selling a product a NAPP decision should be made, while observing the appropriate format – regular proposal for new products, changes, reviews, decommissioning, immaterial change, experiment track, crisis track.

The Committee comprises of members from the business and all relevant risk-related advisory functions, whereas the Chairperson is Executive officer from the business, and the committee is jointly conducted with the CRO, Risk management unit head. Minutes of the NAPP meetings are prepared, containing the decisions made by the Committee.

Local Provisioning Committee

The Local Provisioning Committee is established by and has received its authority by the Management Board. It is a collective body of UBB that makes decisions and recommendations on all topics related to impairments of financial assets of UBB.

The mission of the Local Provisioning Committee is to assist the Management Board in the approval (changes to) the UBB’s Impairment Policy for financial assets under IFRS 9, challenging and approval of the monthly impairment results/loss allowances on financial assets not at Fair value through profit or loss (FVPL) on a UBB level under IFRS 9, Challenging of Expected Credit Loss (ECL) model – in case of unusual/ unexpected model output inform the Local Risk Management Committee and potentially trigger a model review.

The Local Provisioning Committee holds meetings on a monthly basis or ad hoc if needed. It takes decisions provided more than half of its permanent members are present in person. Each member is entitled to one vote. Decisions of the Local Provisioning Committee shall be made with total majority (unanimously) of the attending members. If no consensus is reached a final decision will be taken by the Management Board.

The Local Provisioning Committee Minutes are submitted for information to the Management Board not later than 5 days after the Committee meeting.

Local Investment Committee and Investment Committee of UBB AD

Pursuant to a resolution of the Management Board of UBB AD, as set out in Minutes No. 36 dated 10 June 2025, under Item 11 of the Agenda, the Local Investment Committee and the Investment Committee of UBB AD are cancelled. Decisions related to investments, acquisitions and/or the sale of acquired assets arising from problematic exposures shall be taken by the Management Board, in accordance with the Articles of Association of UBB AD and the Operational rules of the Management Board of UBB, based on separate proposals for each investment.

Portfolio Steering Committee (PfSC) of UBB AD

The Portfolio Steering Committee (PfSC) is strategic decision-making body which gives vision, direction and targets of the bank's strategy execution via Change of the Bank portfolio. The body is authorized to approve strategic portfolio roadmap creation /change, overall prioritization / re-prioritization, examines the viability of the project portfolio, reviews and monitors the project portfolio's progress, takes decisions on: starting new Projects and Agile Trains and teams, Projects and/or Agile Trains Stage Gating Decisions: Initiation/Set-up, Go or No Go decision, Closure, termination of projects and Trains/teams, review the overall performance of the existing projects and Agile teams with aim of fast and efficient decision making and actions, comprehensive Portfolio reporting based on set KPIs, allocation/re-allocation, management and utilization of budgets and resources, delivery (Way of Work) frameworks, methodologies and practices implementation /changes in order to execute bank strategy in smartest way.

Committee consist of following members: Chairman-CEO, Overall Management Board (voting members), General Manager IT Delivery, Director Finance, Director Project, Portfolio Management and Agile Transformation (Organizer and Meeting Minutes keeper) and ad-hoc participants in case of request.

Voting Mechanism – consensus, in case of equal votes Chairman is deciding, minimum quorum of 4 voting members or their official delegates for decision.

Corporate Sustainability and Responsibility Steering Committee and Sustainable Finance Committee

Corporate Sustainability and Responsibility Steering Committee Bulgaria is chaired by the Country Manager of KBC Group in Bulgaria – Mr. Christof De Mil. Until the appointment of a new Country manager of KBC Group Bulgaria in 2025 the Committee will be chaired by Teodor Marinov – Member of the Management Board and Executive Director of UBB. The Committee assists the Country Team with the implementation and proper functioning of the approved KBC Group's corporate social responsibility (CSR) framework in Bulgaria. It has overall responsibility locally for the CSR-related policies of the Group. The Corporate Sustainability and Responsibility Steering Committee Bulgaria provides strategic guidance and approves the CSR projects and follows up on their progress within the country.

The purpose of the **Sustainable Finance Committee ("GREEN-COM")** chaired by Mr. Frank Jansen, MB Member and Executive Director of UBB, is to oversee climate-related risks within the entities of KBC in Bulgaria (UBB, DZI and UBB Interlease EAD) and support the customers in their adaptation to climate change. The main tool in this respect is the elaboration of policies (White Papers) – documents assessing the current impact of KBC Bulgaria activities, primarily the carbon footprints of our portfolios and the green assets financed. Gather the data needed to do such assessment, address the reporting requirements needed to quantify the impact. Sets and follows up targets for the impact of KBC Bulgaria's activities by 2030, as well as interim targets in the annual APC process. Take actions to achieve the set targets – create green products, amend policies with regards to eligibility for lending, equity investments, and insurance. Join forces with the customers and work together towards the achievement of the common goals and the usage of the opportunities. Promotes and engages the internal and external stakeholders to boost awareness and increase strategic impact of the KBC group in Bulgaria on sustainability.

Remuneration of the Members of the Supervisory and Management Boards

The amount of the remuneration of the members of the management and supervisory bodies of UBB for the financial year 2025 is BGN 4 283 thousand on separate and consolidated base.



General Meeting of the Shareholders and the Shareholders Rights

The General Meeting of Shareholders (GMS) is the superior management body of UBB. The GMS defines the major trends of UBB's activities and involves all shareholders, who either personally or through their authorized representatives participate in its sessions.

The members of the Management and Supervisory Boards may participate in the sessions of the General Meeting of Shareholders, if invited, but are not entitled to vote.

Competences

The General Meeting of the Shareholders:

- a. amends and complements UBB's Articles of Association;
- b. adopts resolutions on capital increase or decrease;
- c. adopts resolutions as regards UBB's reorganization and termination upon a preliminary approval from the Central Bank;
- d. elects and releases the Supervisory Board members;
- e. determines the management commitment fee and the remuneration of the Supervisory Board as well as the period for which these are payable;
- f. elects and releases the members of the Audit Committee and the management of the specialized internal audit unit;
- g. after preliminary coordination with the Central Bank, elects and releases auditing companies by the Audit Committee's recommendation which are registered auditors pursuant to the Independent Financial Audit and Assurance of Sustainability Reporting Act, have all rights and obligations as per the Independent Financial Audit and Assurance of Sustainability Reporting Act including to perform verification and certification of UBB's annual financial statements in accordance with the applicable financial reporting standards;
- h. approves the annual financial statements after certification by the auditing companies; makes decisions on profit allocation for replenishing the Reserve Fund and for payment of dividends;
- i. makes decisions on the issuance of bonds;
- j. upon the Central Bank's preliminary approval makes decisions on liquidation and appoints liquidators for voluntary liquidation of UBB;
- k. determines the amount of management commitment fee to be provided by the members of the Management and Supervisory Boards;
- l. releases from responsibility the members of the Supervisory and Management Boards;
- m. makes decisions on transferring UBB's commercial enterprise;
- n. decides on disposal of assets which total value during the current year exceeds half of the value of UBB's assets in accordance with the latest certified annual financial statements;
- o. decides on the undertaking of commitments or providing of collateral to one person/entity or related parties which commitments' amount during the current year exceeds half of the value of UBB's assets in accordance with the latest certified annual financial statements;
- p. decides also on any other issues within its competence as stipulated by the law and UBB's Articles of Association.

Convening of the General Meeting of Shareholders

The General Meeting of Shareholders has to be convened at least once every year, but no later than 6 months after the end of the reporting year.

The General Meeting of Shareholders may be convened by the Management Board or by the Supervisory Board, as well as upon the request of shareholders, who have been holding shares for at least three months, which represent at least 5% of the capital. The General Meeting has the needed quorum if more than half of the shares are represented.

The General Meeting of Shareholders is convened with an invitation, announced in the Commercial Register. The period of time from the announcement in the Commercial Register until the opening of the General Meeting of Shareholders may not be less than 30 days. The Management Board and the Supervisory Board may also convene the General Meeting of Shareholders with written invitations sent to all shareholders of UBB, containing the agenda with the items proposed for discussion. Notwithstanding the content of the invitation, any issues not included on the agenda may be discussed and resolved at the meeting only under the condition that all shareholders of UBB are present at the meeting. Each shareholder is entitled to receive on request the written materials, concerning the General Meeting's agenda, which are made available to the shareholders by the date of announcing the notice in the Commercial Register, at the latest, or by the date of mailing of the invitations for the General Meeting's convening.

Quorum

The General Meeting has the needed quorum if more than half of the shares are represented.

A simple majority vote of the capital represented at the General Meeting is required except for decisions under letters "a" "b" "n" and "o" of Item Competences above - where a qualified majority of 2/3 of the capital is needed and under letters "c" and "m" - where the required qualified majority of capital is 3/4.

In case of absence of quorum, a new General Meeting may be convened not earlier than after a fourteen-day period has elapsed and is deemed legitimate regardless of the capital, represented at it. The invitation for the first meeting may also indicate the date of the new meeting.

Each shareholder has the right to authorize in writing a person to represent him/her at the General Meeting. The power of attorney shall have to be drawn up for the particular meeting shall have to be explicit in written form with attestation of the signature by a notary public and of the minimum statutory content. A shareholder shall not be represented by a Management Board or a Supervisory Board member.

There are Minutes kept of the General Meeting, which are signed by the Chairperson, the Secretary of the Meeting and the Vote-tellers.

General Meeting of the Shareholders in 2025

The Regular Annual General Meeting of Shareholders of UBB AD (GMS) for 2025 took place on 27.06.2025. At the GMS are taken decisions in relation to the approval of the report on the activity of UBB AD and a consolidated activity report for 2024, as well as a corporate governance statement of UBB AD for 2024 and a non-financial declaration of UBB AD for 2024, the report of the auditing companies on the annual financial report as well as on the consolidated annual financial report of UBB AD for 2024, certified by the auditors annual financial report, as well as of the certified by the auditors consolidated annual financial report of UBB AD for 2024.

The proposal of the Management Board confirmed also by the Supervisory Board of the bank and pursuant to Art. 221, it. 7 of the Commerce Act and Art. 28, para. 1, letter 'h' of the Articles of Association of UBB AD, was confirmed and the General meeting of the Shareholders approved the allocation as dividend part of the net profit of UBB for 2024, to the shareholders of the bank, proportionally to the owned number of shares (BGN 1.28228 dividend per share), and the remaining part of net profit to be attributed to retained earnings.

On 27.06.2025 the General Meeting of Shareholders of UBB AD also decided regarding relief of liability of the members of the Supervisory Board and of the Management Board of UBB AD concerning their activity during 2024 and accepting the reports of the Audit Committee of UBB AD for 2024, as well as of Internal Audit Directorate of UBB AD for 2024.

A decision was undertaken, on the grounds of Art. 233, para. 3 of the Commerce Act and Art. 28, para. 2 letter 'd' in connection with Art. 36, para. 6 of the Articles of Association of UBB, the General Meeting of Shareholders of UBB re-elects Mr. Petar Andronov as a Member of the Supervisory Board of UBB for a new four-year mandate, as of 21.09.2025.

In 2025 no extraordinary General Meetings of the Shareholders of the bank were held.

Other Regulatory Disclosure

Information under Article 187e of the Commercial Act (CA) regarding held acquired or transferred treasury shares

At the end of 2025 the participation of the members of the Supervisory and Management Boards in commercial companies as unlimited responsible partners, the ownership of more than 25 per cent of the capital of another company, as well as their participation in the management of other companies or co-operatives, such as procurators or board members is, as follows:

Supervisory Board

- **Peter Andronov – Chairman of the Supervisory Board**
 - He does not participate in commercial companies as a general partner;
 - There are no legal entities wherein he holds directly or indirectly at least 25% of the votes in the general meeting or over which he has control;
 - Legal entities, besides UBB AD, in whose management or control bodies he participates:

KBC Group NV, Belgium	Member of the Executive Committee
KBC Bank NV, Belgium	Member of the Board of Directors; Executive director
KBC Insurance NV, Belgium	Member of the Board of Directors; Executive director
KBC Asset Management NV, Belgium	Chairman of the Board of Directors; Non-executive director
KBC Global Services NV, Belgium	Member of the Management Board
K&H Bank Zrt., Hungary	Chairman of the Board of Directors; Non-executive director
K&H Insurance Zrt., Hungary	Chairman of the Supervisory Board; Non-executive director
DZI Life Insurance Jsc, Bulgaria	Chairman of the Supervisory Board; Non-executive director
DZI - GENERAL INSURANCE JSC, Bulgaria	Chairman of the Supervisory Board; Non-executive director
CSOB Banka Slovakia	Chairman of the Supervisory Board
KBC Global Services NV – Branch Bulgaria	Member of the Management Board

- **Christine Van Rijsseghem – Member of the Supervisory Board**
 - She does not participate in commercial companies as a general partner;
 - There are no legal entities wherein she holds directly or indirectly at least 25% of the votes in the general meeting or over which she has control;
 - Legal entities besides UBB AD in whose management or control bodies she participates:

KBC Group NV, Belgium	Member of the Board of Directors and Executive Director
KBC Bank NV, Belgium	Member of the Board of Directors and Executive Director
KBC Verzekeringen NV, Belgium	Member of the Board of Directors and Executive Director
K&H Bank Zrt., Hungary	Non-executive member of the Board of Directors
Československá Obchodná Banka a.s., Republic of Slovakia	Member of the Supervisory Board, non-executive functions
Československá Obchodní Banka a.s., Czech Republic	Member of the Supervisory Board, non-executive functions
Women in Finance Belgium - WIF	Non-executive member of the Board of Directors
KBC Global Services NV	Member of the Management Board and Executive Director, non-executive functions

- **Franky Depickere** – *Member of the Supervisory Board*
 - He does not participate in commercial companies as a general partner;
 - There are no legal entities wherein he holds directly or indirectly at least 25% of the votes in the general meeting or over which he has control;
 - Legal entities besides UBB AD in whose management or control bodies he participates:

CERA CV	Member of the Board of Directors and Executive Director
CBC BANQUE SA	Member of the Board of Directors, Non-executive director
KBC ANCORA NV	Member of the Board of Directors and Executive Director
KBC GLOBAL SERVICES NV	Member of the Supervisory Board, Non-executive director
Almancora Beheersmaatschappij NV	Member of the Board of Directors and Executive Director
Cera Beheersmaatschappij NV	Member of the Board of Directors and Executive Director
Československá Obchodní Banka a.s.	Member of the Supervisory Board, Non-executive director
KBC Bank NV	Member of the Board of Directors, Non-executive director
KBC Group NV	Member of the Board of Directors, Non-executive director
KBC Verzekeringen NV	Member of the Board of Directors, Non-executive director
Euro Pool System International BV	Chairman of the Board of Directors, Non-executive director
International Raiffeisen Union e.V.	Member of the Board of Directors, Non-executive director
TRLaz	Chairman of the Board of Directors, Non-executive director
Cera Ancora vzw	Member of the Board of Directors, Non-executive director
Almancora vzw	Member of the Board of Directors, Non-executive director

- **Barak Chizi** – *Member of The Supervisory Board*
 - He does not participate in commercial companies as a general partner;
 - He holds directly or indirectly at least 25% of the votes in the general meeting of the following legal entities:

Chizi Technologic Consulting Ltd., Israel	Holds 60 % of the equity of the company
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- Legal entities besides UBB AD in whose management or control bodies he participates:

DISCAI NV	Member of the Board of Directors, Non-executive director
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- **Svetoslav Gavriiski** – *Independent member of the Supervisory Board*
 - He does not participate in commercial companies as a general partner;
 - There are no legal entities wherein he holds directly or indirectly at least 25% of the votes in the general meeting or over which he has control;
 - Legal entities besides UBB AD in whose management or control bodies he participates:

Pension Insurance Company Allianz Bulgaria AD	Member of the Supervisory Board
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- **Victor Yotzov** – *Independent member of the Supervisory Board*
 - He does not participate in commercial companies as a general partner;
 - There are no legal entities wherein he holds directly or indirectly at least 25% of the votes in the general meeting or over which he has control;
 - Legal entities besides UBB AD in whose management or control bodies he participates:

Fund for Sustainable Urban Development EOOD	Chairperson of the Management Board and Executive director
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Management board

- **Christof De Mil** – *Chairman of the Management Board and CEO*
 - He does not participate in commercial companies as a general partner;
 - There are no legal entities wherein he holds directly or indirectly at least 25% of the votes in the general meeting or over which he has control;
 - Legal entities besides UBB AD in whose management or control bodies he participates:

Borica AD

Member of the Board of Directors

Mr. Christof De Mil is a member of the Management Board of Association of Banks in Bulgaria, which is a non-profit legal entity.

- **Teodor Marinov** – *Member of the Management Board and Executive Director*
 - He does not participate in commercial companies as a general partner;
 - There are no legal entities wherein he holds directly or indirectly at least 25% of the votes in the general meeting or over which he has control;
 - There are no legal entities besides UBB AD in whose management or control bodies he participates.

Mr. Teodor Marinov is a member of the Management Board of the association 'United for charity' which is a non-profit legal entity.

- **Svetla Georgieva** – *Member of the Management Board and Executive Director*
 - She does not participate in commercial companies as a general partner;
 - There are no legal entities wherein she holds directly or indirectly at least 25% of the votes in the general meeting or over which she has control;
 - There are no legal entities besides UBB AD in whose management or control bodies she participates.

- **Tatyana Ivanova** – *Member of the Management Board and Executive Director*
 - She does not participate in commercial companies as a general partner;
 - There are no legal entities wherein she holds directly or indirectly at least 25% of the votes in the general meeting or over which she has control;
 - Other legal entities besides UBB AD in whose management or control bodies she participates:

Cash Services Company AD

Member of the Board of Directors

- **Dobromir Dobrev** – *Member of the Management Board and Executive Director*
 - He does not participate in commercial companies as a general partner;
 - There are no legal entities wherein he holds directly or indirectly at least 25% of the votes in the general meeting or over which he has control;
 - Other legal entities besides UBB AD in whose management or control bodies he participates:

UBB Interlease EAD

Chairperson of the Board of Directors

Mr. Dobromir Dobrev is a member of the Management Board of the Foundation Atanas Burov which is a non-profit legal entity.

- **Nedyalko Mihaylov** – *Member of the Management Board and Executive Director*
 - He does not participate in commercial companies as a general partner;
 - There are no legal entities wherein he holds directly or indirectly at least 25% of the votes in the general meeting or over which he has control;
 - Other legal entities besides UBB AD in whose management or control bodies he participates:

Association TMA Bulgaria - a non-profit legal entity, which does not exercise activity

Member of the Management Board

- **Anna Atanasova-Dimitrova** – *Member of the Management Board and Executive Director*
 - She does not participate in commercial companies as a general partner;
 - There are no legal entities wherein she holds directly or indirectly at least 25% of the votes in the general meeting or over which she has control;
 - Other legal entities besides UBB AD in whose management or control bodies she participates:

Pension Insurance Company UBB

Member of the Supervisory Board

- **Frank Jansen** – *Member of the Management Board and Executive Director*
 - He does not participate in commercial companies as a general partner;
 - There are no legal entities wherein he holds directly or indirectly at least 25% of the votes in the general meeting or over which he has control;
 - Other legal entities besides UBB AD in whose management or control bodies he participates:

UBB Interlease EAD

Member of the Board of Directors

Mr. Frank Jansen is a member of the Management Board of the association Belgium Bulgaria Luxembourg Business Club which is a non-profit legal entity.

Contracts under Article 240b of Commercial Act concluded in 2025

In 2025 the members of the Supervisory and of the Management Boards of the Group had not concluded contracts with the Group beyond its ordinary activity or such which although concluded as part of the ordinary activity of the Group deviate materially from market conditions.

Information about shares and bonds of UBB acquired held or transferred by board members during the year

Although the Articles of Association of the Bank does not limit the rights of the members of the Management and Supervisory Boards of UBB AD to acquire shares and bonds of the credit institution in 2025 the members neither acquired, nor held or transferred shares and bonds of UBB.

Information about subsequent events after the date of preparation of the financial statements

There are no events after the date of preparation of financial statements that might have impact on the presentation of the financial information for the year ended 31 December 2025.

Information about financial instruments

For more extensive information regarding financial instruments and risk associated with them please refer to the notes to the Separate and Consolidated Financial Statements.

Responsibility of management

The Bulgarian legislation requires each financial year the Management to prepare financial statements that give a true and fair view of the financial position of the Bank as at the year end and its financial results. The management has prepared the enclosed separate and consolidated financial statements in accordance with IFRS adopted by the European Union.

The Management confirms that relevant accounting policies have been used.

The Management also confirms that the legislation applicable for banks in Bulgaria has been followed and that the financial statements have been prepared on a going concern basis.

The Management is responsible for keeping proper accounting records, for safeguarding the assets and for taking reasonable steps for the prevention and detection of potential fraud and other irregularities.

Diversity policy of UBB

Diversity and, at the same time, equal treatment are enshrined as fundamental principles in the Code of Conduct for all employees of KBC Group in Bulgaria. The Diversity Policy is intended to complement and extend these principles.

A general commitment on Diversity & Inclusion is requested from all managers throughout KBC Group entities in Bulgaria based on the following principles:

- respect as a basis;
- equal opportunities are provided to employees, at all levels, in all roles, at all stages of their careers, in all HR processes, looking at performance and future potential as criterium;
- being aware of and avoid conscious and unconscious biases.

In addition to this respect for diversity, all discrimination and unequal treatment is prohibited, regardless of whether it is:

- direct or indirect;
- based on race, gender, marital status, sexual orientation, age, family status, disability or religion.

A zero tolerance is applied in case of flagrant disrespectful behavior towards a colleague, such as:

- abusing a position in dealings with colleagues;
- making insulting remarks about others;
- acting in a way that undermines the integrity or dignity of colleagues;
- bullying, harassing or discriminating colleagues.

Diversity of the Management

While the diversity of the Management is not a criterion for the assessment of the members' individual suitability and institutions are primarily responsible for ensuring that members of the management bodies fulfil the suitability criteria ("fit and proper"), diversity should also be taken into account when selecting and assessing members of the management bodies. Diversity within the Management leads to a broader range of experience, knowledge, skills and values, and is one of the factors that enhance the functioning of the management body and address the phenomenon of "group-think". A diverse pool of members allows a broad set of qualities and competences to be put together, and variety of view and experiences, facilitating different independent opinions and sound decision-making.

A diverse composition of the Management could be achieved by taking into account such aspects as educational and professional background, age, gender and geographical provenance. In this respect a gender balance composition of the management body is of particular importance and the present policy explicitly promotes.

The Nomination committees, the management body in its supervisory function, or the responsible HR management function – as the case may be – has a key role in assessing the suitability, diversity and composition of the management body. In all decisions on hiring, promotion and development, candidates from all genders, age groups or education (where it is possible) need to be considered.

For the significant CRD institutions Gender diversity balance is to be achieved by setting a quantitative target at the level of the management bodies and supervisory bodies – collectively, as well as appropriate timeframes within which the target should be met (if it is not) and how it should be met. Defining the target ratio should also consider available benchmark as published by EBA. Within the KBC Group in Bulgaria UBB specifically should define a target and consider it during the review of the composition of the management bodies and – should also include a reference to the compliance with the diversity objectives and targets set. In the event that any diversity objective or targets have not been met, the reasons, the measures to be taken and the relevant timeframe should be documented.

With regard to Gender Diversity, the long-term ambition is to work towards a distribution of leadership at all levels which is in line with the general workforce proportion. The KBC Group entities in Bulgaria, as one of KBC Group core countries, need to elaborate the approach they deem necessary, adapted to the local culture and situation. As an absolute minimum all legal obligations on the matter need to be implemented to the extent applicable.

The balanced diversity structure of the Management body of KBC Bulgaria Group target for gender diversity MB and SB of UBB – ratio of underrepresented gender towards overrepresented gender to fit within the 20% best ratios as measured by EBA Benchmarking of Diversity, which for credit institutions with two-tier management system require at least 28.57% female members of management bodies and above 30.00% female members of supervisory bodies in credit institutions, as per Statistics for 2019 available at EBA Benchmarking of diversity 2019 (europa.eu).

Our general principals apply to all types of diversity and to inclusion of every employee in general, and we define two group wide focus domains: gender and people with physical disabilities. These 2 types get a specific attention in this policy and also specific actions/initiatives are set up.

Body	Male	Female	Ratio (m:f)
Management Board	5	3	62.5% : 37.5%
Supervisory Board	5	1	83.3% : 16.7%

Generation mix:

- UBB MB: 12.5% Baby Boomers, 87.5% GenX
- UBB SB: 66.7% Baby Boomers, 33.3% GenX

With regards to all the above, an action plan, including ambition levels and initiatives has been developed.

This action plan is subject to regular (annual) review, update and adapting when necessary.


Teodor Marinov
 Executive Director


Svetla Georgieva
 Executive Director

Date: 21.04.2026

Sustainability statement



UBB is exempted from the obligation to publish a sustainability statement and a consolidated sustainability statement as the information is included in the consolidated sustainability statement of its parent undertaking, KBC Group, with registered office at Havenlaan 2, 1080 Brussels, Belgium.

KBC Group's consolidated sustainability statement and the assurance opinion relating to it are included in the KBC Group annual report for 2025 available on

<https://www.kbc.com/en/investor-relations/reports/annual-reports.html>



**Annual financial statements -
separate and consolidated**

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Independent Auditors' Report

To the shareholders of United Bulgarian Bank AD

Report on the Audit of the Separate and Consolidated Financial Statements

Opinion

We have audited:

- the separate financial statements of United Bulgarian Bank AD ("the Bank"), which comprise the separate statement of financial position as at 31 December 2025, the separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information,
- the consolidated financial statements of the Bank and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statements of profit and loss and other comprehensive income, changes in equity and cash flows for the year ended, and notes, comprising material accounting policies and other explanatory information,

("the separate and consolidated financial statements"), as set out on pages 76 to 169.

In our opinion, the accompanying separate and consolidated financial statements give a true and fair view of the unconsolidated and consolidated financial position of the Bank, and respectively of the Group as at 31 December 2025, and of their unconsolidated and consolidated financial performance and 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 and Consolidated Financial Statements* section of our report.

We are independent of the Bank and the Group 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 and consolidated financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the separate and consolidated financial statements of public interest entities in Bulgaria. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

We have determined the following key audit matter:

Impairment of loans and advances to customers at amortised cost

Gross loans and advances to customers at amortised cost: BGN 24,255,438 thousand (2024: BGN 20,789,493 thousand)
 Related impairment allowance: BGN 394,788 thousand (2024: BGN 319,584 thousand)
 Net impairment loss / (reversal) recognised in 2025: BGN 94,948 thousand (2024: BGN (27,726) thousand)

Refer to Notes 1.2 Critical accounting estimates and judgements, 1.4.3 Impairment of financial assets, 3.3 Loans and advances to customers, 2.6 Net impairment loss / reversal, 6 Financial risk management and 6.1 Credit risk.

The key audit matter	How the matter was addressed in our audit
<p>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.</p> <p>As described in note 1.4.3, 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.</p> <p>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 default (“loss given default”, “LGD”) and of the amount of exposure at default (“EAD”). In the wake of the economical volatility caused by geopolitical uncertainties and weak economic</p>	<p>Our audit procedures performed, where applicable, with the assistance of our financial risk management, valuation and IT audit specialists, included among others:</p> <ul style="list-style-type: none"> • 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 classification of

<p>growth, measurement of the collective impairment allowance was associated with additional complexities and an increased estimation uncertainty. Among other things, the application of in-model and post-model adjustments was required from management in arriving at the year-end estimate of collective impairment losses.</p> <p>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.</p> <p>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 and consolidated financial statements, which required our increased attention in the audit and as such was determined to be a key audit matter.</p>	<p>exposures into performing and non-performing, calculation of days past due, stage allocation and calculation of the ECL;</p> <ul style="list-style-type: none"> • 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. <p>For ECLs estimated on a collective basis:</p> <ul style="list-style-type: none"> • 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; • Testing in-model and post-model related adjustments to reflect the current market volatility not reflected in the original ECL models. As part of the procedure, we evaluated the data, assumptions and methods used in calculating the adjustments by benchmarking with external data and performing sensitivity analysis; • 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. <p>For ECLs estimated on an individual basis:</p> <ul style="list-style-type: none"> • 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. <p>For loan exposures in totality:</p>
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	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.
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Information Other than the Separate and Consolidated Financial Statements and Auditors' Report Thereon

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

Our opinion on the separate and consolidated 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 and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

Management is responsible for the preparation of the separate and consolidated 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 and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Separate and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 and consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's and Group'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 and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank and Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial

statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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 and consolidated 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 Forvis Mazars OOD were appointed as statutory auditors of the separate and consolidated financial statements of the Bank, and respectively the Group, for the year ended 31 December 2025 by the general meeting of

shareholders held on 27 June 2025 for a period of one year. The audit engagement was accepted by signing the Joint Audit Engagement Letter on 2 October 2025.

- The audit of the separate and consolidated financial statements of the Bank, and respectively the Group, for the year ended 31 December 2025 represents first total uninterrupted statutory audit engagement for that entity carried out by KPMG Audit OOD and second total uninterrupted statutory audit engagement for that entity carried out by Forvis Mazars OOD.
- 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 and respectively the Group.

Sofia, 23 April 2026

For KPMG Audit OOD:

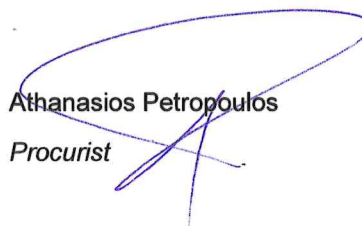
Registered under No. 045 in the Register of the registered auditors



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

For Forvis Mazars OOD:

Registered under No. 169 in the Register of the registered auditors



Athanasios Petropoulos
Procurist



Iva Slavkova
*Authorised representative and registered auditor,
responsible for the audit*

45/A Bulgaria Boulevard
Sofia 1404, Bulgaria

3 Moskovska Street
Sofia 1000, Bulgaria

SEPARATE AND CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

31 December 2025

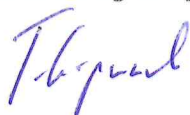
All amounts are in thousand Bulgarian leva, unless otherwise stated

	Note	Year ended 31.12.2025 SEPARATE	Year ended 31.12.2024 SEPARATE	Year ended 31.12.2025 CONSOLIDATED	Year ended 31.12.2024 CONSOLIDATED
Interest income calculated using the effective interest rate method		987,380	968,120	987,380	964,161
Other interest income		16,301	15,854	16,301	30,546
Interest expenses calculated using the effective interest rate method		(166,459)	(166,171)	(166,459)	(167,035)
Other interest expense		(1,800)	(2,164)	(1,801)	(2,164)
Net interest income	2.1	835,422	815,639	835,421	825,508
Fee and commission income		412,368	387,556	412,368	388,846
Fee and commission expenses		(98,768)	(98,664)	(98,768)	(99,243)
Net fee and commission income	2.2	313,600	288,892	313,600	289,603
Dividend income		1,652	16,207	1,026	1,044
Net result from financial instruments at fair value through profit or loss	2.3	3,223	2,732	3,223	2,730
Net result from financial instruments at fair value through OCI		1	-	1	-
Net result from hedging derivatives		-	14	-	14
Net Result from derecognition of investments in subsidiaries		-	(8,394)	-	(6,238)
Net other income	2.4	4,241	11,943	6,821	14,664
Total net income		1,158,139	1,127,033	1,160,092	1,127,325
Operating expenses	2.5	(484,418)	(518,207)	(485,679)	(520,283)
Staff expenses		(227,579)	(221,341)	(228,790)	(222,517)
General administrative expenses		(210,406)	(244,113)	(210,428)	(244,493)
Depreciation and amortisation expenses		(46,433)	(52,753)	(46,461)	(53,273)
Impairment expenses	2.6	(97,887)	(29,998)	(97,885)	(29,813)
On financial assets at amortised cost and at fair value through OCI		(84,597)	(28,540)	(84,595)	(28,026)
On off-balance sheet commitment		(11,085)	(73)	(11,085)	45
On non-financial assets		(2,205)	(1,385)	(2,205)	(1,832)
Share in results of associated companies		-	-	984	725
PROFIT BEFORE TAX		575,834	578,828	577,512	577,954
Income tax expense	2.7	(85,247)	(82,538)	(85,488)	(84,144)
PROFIT FOR THE YEAR		490,587	496,290	492,024	493,810
UBB equity shareholders		490,587	496,290	492,024	493,810

The accompanying notes from page 83 to page 169 are an integral part of these separate and consolidated financial statements.

These separate and consolidated financial statements have been approved for issue by the Management Board on 21.04.2026 and signed by:

Teodor Marinov
Executive Director



Svetla Georgieva
Executive Director



For KPMG Audit OOD:
Registered audit entity 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 Forvis Mazars OOD:
Registered audit entity under No.169
in the Register of the registered auditors

Athanasios Petropoulos

Procurist

Iva Slavkova

Registered auditor, responsible for the audit

3 Moskovska Street
Sofia 1000, Bulgaria

SEPARATE AND CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

31 December 2025

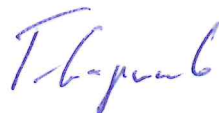
All amounts are in thousand Bulgarian levs, unless otherwise stated

	Year ended 31.12.2025	Year ended 31.12.2024	Year ended 31.12.2025	Year ended 31.12.2024
	SEPARATE	SEPARATE	CONSOLIDATED	CONSOLIDATED
PROFIT FOR THE YEAR	490,587	496,290	492,024	493,810
Other comprehensive income that may be recycled to profit or loss				
Changes in the fair value of debt instruments at fair value through OCI net of tax	8,224	23,301	8,224	23,301
Other comprehensive (loss)/ income that may be recycled to profit or loss	8,224	23,301	8,224	23,301
Other comprehensive income that will not be recycled to profit or loss				
Changes in the fair value of equity instruments at fair value through OCI net of tax	529	2,350	529	2,350
Actuarial gains/(losses) net of tax	(31)	584	(31)	604
Other comprehensive income that will not be reclassified subsequently to profit or loss	498	2,934	498	2,954
Other comprehensive income/(loss) net of taxes	8,722	26,235	8,722	26,255
Total comprehensive income for the year	499,309	522,525	500,746	520,065
Attributable to UBB equity shareholders	499,309	522,525	500,746	520,065

The accompanying notes from page 83 to page 169 are an integral part of these separate and consolidated financial statements.

These separate and consolidated financial statements have been approved for issue by the Management Board on 21.04.2026 and signed by:

Teodor Marinov
Executive Director

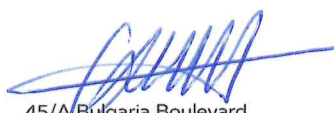


Svetla Georgieva
Executive Director



For KPMG Audit OOD:
Registered audit entity under No. 045
in the Register of the registered auditors

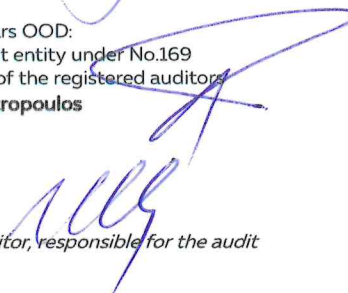
Sevdalina Dimova
Authorised representative and registered auditor,
responsible for the audit



45/A Bulgaria Boulevard
Sofia 1404, Bulgaria

For Forvis Mazars OOD:
Registered audit entity under No.169
in the Register of the registered auditors

Athanasios Petropoulos
Procurist



Iva Slavkova
Registered auditor, responsible for the audit

3 Moskovska Street
Sofia 1000, Bulgaria

SEPARATE AND CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

31 December 2025

All amounts are in thousand Bulgarian levs, unless otherwise stated

	Note	Year ended 31.12.2025 SEPARATE	Year ended 31.12.2024 SEPARATE	Year ended 31.12.2025 CONSOLIDATED	Year ended 31.12.2024 CONSOLIDATED
ASSETS					
Cash and cash balances with the Central Bank	3	5,068,156	6,599,635	5,068,156	6,599,635
Due from banks	3.1	1,789,076	1,414,750	1,789,076	1,414,750
Reverse repos with banks	3.1	5,537,933	977,994	5,537,933	977,994
Derivative financial instruments	3.7	6,565	15,098	6,565	15,098
Financial assets at fair value through profit or loss	3.1	14,911	12,184	14,911	12,184
Financial assets at fair value through other comprehensive income	3.1	1,287,285	1,378,583	1,287,285	1,378,583
<i>Hereof pledged securities</i>		<i>113,981</i>	<i>-</i>	<i>113,981</i>	<i>-</i>
Securities at amortized cost	3.1	6,488,232	6,147,216	6,488,232	6,147,216
<i>Hereof pledged securities</i>		<i>3,849,195</i>	<i>366,469</i>	<i>3,849,195</i>	<i>366,469</i>
Loans to customers	3.1	23,860,649	20,469,909	23,860,649	20,469,909
Other receivables	3.1	97,809	140,676	97,790	140,731
Investments in subsidiaries and associated companies	4.1	8,772	8,772	5,836	4,876
Intangible assets	4.2	45,168	35,785	45,197	35,794
Property and equipment	4.2	145,213	132,661	145,223	132,681
Investment properties	4.3	42,159	60,015	43,601	63,787
Right-of-use assets	4.4	43,278	46,756	43,278	46,756
Deferred tax assets	2.7	5,746	6,276	5,795	6,409
Corporate income tax receivables		44,795	-	44,795	-
Other assets	4.6	15,638	16,329	15,639	16,330
TOTAL ASSETS		44,501,385	37,462,639	44,499,961	37,462,733
LIABILITIES					
Deposits from banks	3.2	3,998,106	4,153,290	3,998,106	4,153,290
Payables under repo agreements	3.2	2,739,531	-	2,739,531	-
Derivative financial instruments	3.7	10,068	12,385	10,068	12,385
Deposits from customers	3.2	30,536,998	27,244,570	30,531,869	27,242,611
Other financial liabilities	3.2	139,047	184,052	139,047	184,052
Other borrowed funds	3.2	2,564,707	1,441,660	2,564,707	1,441,660
Current income tax liabilities		-	32,881	86	32,881
Provisions	4.5	33,067	24,196	33,067	24,196
Lease liabilities	4.4	43,987	47,261	43,987	47,261
Deferred tax liabilities		-	-	-	-
Other liabilities	4.6	100,192	118,582	100,551	118,787
TOTAL LIABILITIES		40,165,703	33,258,877	40,161,019	33,257,123
SHAREHOLDERS' EQUITY					
Share capital		194,009	194,009	194,009	194,009
Share premium and Statutory reserves		1,211,691	1,211,691	1,211,691	1,211,691
Retained earnings		2,899,350	2,660,795	2,902,610	2,662,643
Revaluation and other reserves		30,632	23,829	30,632	23,829
TOTAL EQUITY ATTRIBUTABLE TO UBB SHAREHOLDERS		4,335,682	4,090,324	4,338,942	4,092,172
Additional tier 1 instrument included in equity		-	113,438	-	113,438
TOTAL EQUITY		4,335,682	4,203,762	4,338,942	4,205,610
TOTAL EQUITY AND LIABILITIES		44,501,385	37,462,639	44,499,961	37,462,733

The accompanying notes from page 83 to page 169 are an integral part of these separate and consolidated financial statements.

These separate and consolidated financial statements have been approved for issue by the Management Board on 21.04.2026 and signed by:

Teodor Marinov
Executive Director

For KPMG Audit OOD:
Registered audit entity under No. 045
in the Register of the registered auditors

Sevdalina Dimova
Authorised representative
and registered auditor,
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45/A Bulgaria Boulevard
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Athanasios Petropoulos
Procurist

Iva Slavkova
Registered auditor, responsible for the audit
3 Moskovska Street
Sofia 1000, Bulgaria

SEPARATE AND CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

31 December 2025

All amounts are in thousand bulgarian leva, unless otherwise stated

	Share Capital	Share Premium	Statutory Reserves	Retained Earnings	Reserve related to actuarial losses	Revaluation reserve	Additional tier-1 instruments included in equity	Total
SEPARATE								
Balance as of 1 January 2024	177,168	730,176	189,334	2,164,499	2,927	(1,775)	113,438	3,375,767
Business combination under common control	-	-	-	3,606	-	-	-	3,606
Profit for the year	-	-	-	496,290	-	-	-	496,290
Other comprehensive income for the year, net of tax	-	-	-	-	584	25,651	-	26,235
Total comprehensive income	-	-	-	496,290	584	25,651	-	522,525
Transfer from revaluation reserves to retained earnings upon realisation	-	-	-	3,558	-	(3,558)	-	-
Issue of share capital	16,841	292,181	-	-	-	-	-	309,022
Dividends paid	-	-	-	-	-	-	-	-
Payments on Additional Tier 1 instruments	-	-	-	(7,158)	-	-	-	(7,158)
Balance as of 31 December 2024	194,009	1,022,357	189,334	2,660,795	3,511	20,318	113,438	4,203,762
Balance as of 1 January 2025	194,009	1,022,357	189,334	2,660,795	3,511	20,318	113,438	4,203,762
Business combination under common control	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	490,587	-	-	-	490,587
Other comprehensive income for the year, net of tax	-	-	-	-	(31)	8,753	-	8,722
Total comprehensive income	-	-	-	490,587	(31)	8,753	-	499,309
Transfer from revaluation reserves to retained earnings upon realisation	-	-	-	1,919	-	(1,919)	-	-
Issue of share capital	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	(248,774)	-	-	-	(248,774)
Payments on Additional Tier 1 instruments	-	-	-	(5,177)	-	-	(113,438)	(118,615)
Balance as of 31 December 2025	194,009	1,022,357	189,334	2,899,350	3,480	27,152	-	4,335,682

SEPARATE AND CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

31 December 2025

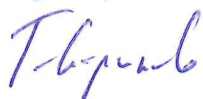
All amounts are in thousand Bulgarian levs, unless otherwise stated

CONSOLIDATED	Share Capital	Share Premium	Statutory Reserves	Retained Earnings	Reserve related to actuarial losses	Revaluation reserve	Additional tier-1 instrument included in equity	Total
Balance as of 1 January 2024	177,168	730,176	189,334	2,172,655	2,907	(1,775)	113,438	3,383,903
Business combination under common control	-	-	-	(203)	-	-	-	(203)
Profit for the year	-	-	-	493,810	-	-	-	493,810
Other comprehensive income for the year, net of tax	-	-	-	-	604	25,651	-	26,255
Total comprehensive income	-	-	-	493,810	604	25,651	-	520,065
Transfer from revaluation reserves to retained earnings upon realisation	-	-	-	3,558	-	(3,558)	-	-
Issue of share capital	16,841	292,181	-	-	-	-	-	309,022
Dividends paid	-	-	-	-	-	-	-	-
Payments on Additional Tier 1 instruments	-	-	-	(7,158)	-	-	-	(7,158)
Other	-	-	-	(19)	-	-	-	(19)
Balance as of 31 December 2024	194,009	1,022,357	189,334	2,662,643	3,511	20,318	113,438	4,205,610
Balance as of 1 January 2025	194,009	1,022,357	189,334	2,662,643	3,511	20,318	113,438	4,205,610
Business combination under common control	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	492,024	-	-	-	492,024
Other comprehensive income for the year, net of tax	-	-	-	-	(31)	8,753	-	8,722
Total comprehensive income	-	-	-	492,024	(31)	8,753	-	500,746
Transfer from revaluation reserves to retained earnings upon realisation	-	-	-	1,919	-	(1,919)	-	-
Issue of share capital	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	(248,774)	-	-	-	(248,774)
Payments on Additional Tier 1 instruments	-	-	-	(5,177)	-	-	(113,438)	(118,615)
Other	-	-	-	(25)	-	-	-	(25)
Balance as of 31 December 2025	194,009	1,022,357	189,334	2,902,610	3,480	27,152	-	4,338,942

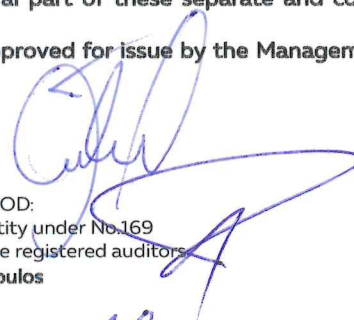
The accompanying notes from page 83 to page 169 are an integral part of these separate and consolidated financial statements.

These separate and consolidated financial statements have been approved for issue by the Management Board on 21.04.2026 and signed by:

Teodor Marinov
Executive Director

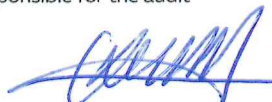


Svetla Georgieva
Executive Director



For KPMG Audit OOD:
Registered audit entity 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 Forvis Mazars OOD:
Registered audit entity under No.169
in the Register of the registered auditors

Athanasios Petropoulos
Procurist

Iva Slavkova
Registered auditor, responsible for the audit

3 Moskovska Street
Sofia 1000, Bulgaria

SEPARATE AND CONSOLIDATED STATEMENTS OF CASH FLOWS

31 December 2025

All amounts are in thousand bulgarian leva, unless otherwise stated

	Note	Year ended 31.12.2025 SEPARATE	Year ended 31.12.2024 SEPARATE	Year ended 31.12.2025 CONSOLIDATED	Year ended 31.12.2024 CONSOLIDATED
CASH FLOWS FROM OPERATING ACTIVITY:					
Profit before tax		575,834	578,828	577,512	577,954
Adjustments for non- cash Items:					
Impairment/ (reversal of impairment) of loans and advances to customers	2.6	95,733	43,016	95,731	42,502
Impairment/ (reversal of impairment) on off-balance sheet commitments	2.6	11,085	73	11,085	(45)
Impairments on non-financial assets	2.6	2,205	1,385	2,205	1,832
Provisions/ (release of provisions) for legal cases		(133)	176	(133)	176
Depreciation related to fixed assets right-of-use assets and investment property	2.4 2.5	36,468	39,219	36,625	41,390
Amortization related to intangible assets	2.5	11,652	15,911	11,657	15,970
Other provisions	2.5	(5,919)	4,880	(5,919)	4,880
Dividend income from associates and subsidiaries		(1,652)	(16,207)	(2,010)	(1,044)
Net Result of investments in subsidiaries and associates		-	8,394	-	5,587
Unrealised result on foreign exchange		(18,123)	4,565	(18,123)	4,565
Cash flow from operating profit before tax and before changes in operating assets and liabilities		707,150	680,240	708,630	693,767
Movements in operating assets and liabilities					
Increase in receivables from banks		(783,106)	(1,200,643)	(783,106)	(1,200,234)
Increase in loans to customers and other receivables		(3,448,466)	(2,720,512)	(3,448,392)	(2,595,851)
Increase in trading securities		(2,727)	(2,969)	(2,727)	(2,969)
(Increase)/ decrease in derivative financial instruments		6,216	(9,277)	6,216	(9,277)
Decrease in other assets		751	2,922	753	9,150
Increase in deposits from banks including payables under repo deals		2,584,348	1,392,645	2,584,348	1,392,645
Increase in deposits from customers and other financial liabilities		3,265,752	1,171,800	3,262,582	1,171,078
Increase/ (decrease) in other liabilities		(6,696)	10,677	(6,543)	6,956
Total cash flow from movements in operating assets and liabilities		1,616,072	(1,355,357)	1,613,131	(1,228,502)
Income tax paid		(163,363)	(55,529)	(163,434)	(57,481)
NET CASH FLOW FROM/ (USED IN) OPERATING ACTIVITY		2,159,859	(730,646)	2,158,327	(592,216)
CASH FLOWS FROM INVESTING ACTIVITY:					
Purchases of fixed assets	4.2.	(18,154)	(2,836)	(15,971)	1,829
Purchase of intangible assets	4.3	(22,284)	(14,959)	(22,309)	(14,878)
Proceeds from derecognition of investments in subsidiaries	4.2	-	47,280	-	41,880
Redemption of AC debt securities		965,946	485,694	965,946	485,694
Redemption of FVOCI debt securities		4,724	151,274	4,724	151,274
Purchase of AC debt securities		(1,301,836)	(1,330,176)	(1,301,836)	(1,330,176)
Purchase of FVOCI securities		98,487	(901,614)	98,487	(901,614)
Dividend received		1,652	16,207	1,026	1,044
Cash inflow from business combinations		-	3,606	-	(48,340)
NET CASH FLOW USED IN INVESTING ACTIVITY		(271,465)	(1,545,524)	(269,933)	(1,613,287)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from issue of share capital	3.9	-	309,022	-	309,022
Dividends paid	3.9	(248,774)	-	(248,774)	-
Coupons on Additional Tier1 Instrument	3.9	(118,615)	(7,158)	(118,615)	(7,158)
Proceeds from long-term financing	3.9	1,124,602	-	1,124,602	-
Repayments to long-term financing	3.9	(2,241)	(3,063)	(2,241)	(73,735)
Repayments of lease liabilities	3.9, 4.4	(13,762)	(15,404)	(13,762)	(15,404)
NET CASH FLOW USED IN FINANCING ACTIVITY		741,210	283,397	741,210	212,725

SEPARATE AND CONSOLIDATED STATEMENTS OF CASH FLOWS

31 December 2025

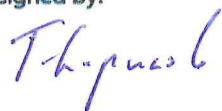
All amounts are in thousand Bulgarian levs, unless otherwise stated

	Year ended 31.12.2025 SEPARATE	Year ended 31.12.2024 SEPARATE	Year ended 31.12.2025 CONSOLIDATED	Year ended 31.12.2024 CONSOLIDATED
CHANGE IN CASH AND CASH EQUIVALENT				
Net (decrease)/increase in cash and cash equivalents	2,629,604	(1,992,773)	2,629,604	(1,992,778)
Cash and cash equivalents on 1 January	4,135,554	6,132,892	4,135,554	6,132,897
Effect of the change in exchange rate of cash flows and cash equivalents	(10,680)	(4,565)	(10,680)	(4,565)
Cash and cash equivalents on 31 December	6,754,478	4,135,554	6,754,478	4,135,554
ADDITIONAL INFORMATION ABOUT CASH AND CASH EQUIVALENTS				
Cash and cash balances with the Central Bank	5,068,156	6,599,635	5,068,156	6,599,635
Mandatory reserve with the Central Bank	(4,168,774)	(3,592,175)	(4,168,774)	(3,592,175)
Placements with banks with original maturity of up to 3 months	317,163	150,100	317,163	150,100
Repo deals with banks up to 3 months	5,537,933	977,994	5,537,933	977,994
TOTAL CASH AND CASH EQUIVALENTS	6,754,478	4,135,554	6,754,478	4,135,554
Cash flows related to interests and fees:				
Paid interests	(163,764)	(167,148)	(163,764)	(168,012)
Received interests	972,251	904,061	972,251	914,794
Paid commissions	(98,768)	(98,664)	(98,768)	(99,243)
Received commissions	412,368	387,556	412,368	388,846

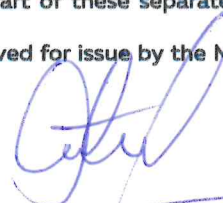
The accompanying notes from page 83 to page 169 are an integral part of these separate and consolidated financial statements.

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Teodor Marinov
Executive Director



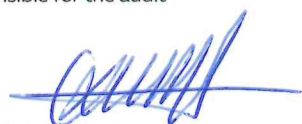
Svetla Georgieva
Executive Director



For KPMG Audit OOD:
Registered audit entity under No. 045
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Sevdalina Dimova

Authorised representative and registered auditor,
responsible for the audit

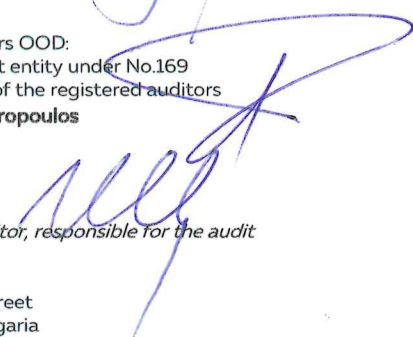


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Athanasios Petropoulos

Procurist



Iva Slavkova

Registered auditor, responsible for the audit

3 Moskovska Street
Sofia 1000, Bulgaria

REPORTING ENTITY

United Bulgarian Bank AD with Company Identification Number: 000694959 ("UBB" or the "Bank") is a joint stock company registered in Sofia Bulgaria 89B Vitosha Blvd. It was established in September 1992 through the consolidation of 22 commercial banks.

In June 2017 KBC Bank N.V. ("KBC") acquired UBB from National Bank of Greece, followed by a merger in Feb 2018 of the former Cibank EAD (fully owned by KBC Bank N.V) with UBB.

In July 2022 KBC Bank N.V. ("KBC") acquired Raiffeisenbank Bulgaria EAD from Raiffeisen SEE Region Holding GmbH, followed by a merger in April 2023 of the former Raiffeisenbank Bulgaria EAD (fully owned by KBC Bank N.V) with UBB. After the merger KBC Bank N.V. holds 99.96 % of the shares in the capital of the bank (193,937,998 shares out of totally 194,008,837 shares in the capital of United Bulgarian Bank AD).

KBC Bank N.V. is fully owned by KBC Group N.V., a holding company, with the following main shareholder structure:

- Roughly 41% of KBC shares are owned by a syndicate of core shareholders
- 53.7% are free-float held mainly by a large variety of international institutional investors

The consolidated financial statements present the financial position of United Bulgarian Bank AD (the Bank) and its subsidiaries as one reporting unit ("UBB or the Group").

The Bank offers a wide range of bank services within the license for conducting banking activities granted by the Bulgarian National Bank (the "Central Bank" or "BNB") to provide lending and take deposits in local and foreign currency trade and invest in treasury bonds and other securities and perform other banking operations. The Bank is allowed to maintain its activities both locally and internationally. The international activities of the Bank are mainly related to nostro accounts transactions placements with foreign contracting banks, dealing securities portfolio and foreign exchange contracts.

As at the end of 2025 the Bank's operations were conducted through a Headquarters Office in Sofia and 171 branches, 18 business centres (2024: 176 branches and 18 business centres). The number of full-time employees of the Bank as of 31 December 2025 was 3,901 (2024: 3,914). The number of full-time employees of UBB Group as of 31 December 2025 was 3,924 (2024: 3,934).

These separate and consolidated financial statements have been approved for issue by the management Board on 21.04.2026.

GEOPOLITICAL UNCERTAINTY

An armed conflict between the United States, Israel and Iran began in late February 2026. This initially caused regional instability and is impacting a number of areas, including energy prices, trade routes and the financial markets. UBB is closely monitoring the macroeconomic impact and spillover effects for UBB and its customers, both financially and operationally, including cyber threats.

1 MATERIAL ACCOUNTING POLICY INFORMATION

The material principal accounting policies adopted in the preparation of these financial statements are set out below. The policy has been applied consistently for all years of presentation unless otherwise stated.

1.1. Basis of preparation

The financial statements of the Bank and the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) 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).

Historical cost convention: The financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value.

The financial statements were prepared on a going concern basis. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management of the Bank to execute its judgment and assumptions. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 1.2.

The consolidated subsidiaries and associates in the UBB Group consolidated financial statements are as follows:

As of 31.12.2025:

Entity name	Ownership (%)	Method of consolidation	Activity
East Golf Properties EAD	100%	Fully consolidated	Real estate
UBB Centre Management EOOD	100%	Fully consolidated	Real estate
Druzhestvo za Kasovi Uslugi AD	25%	Equity method of consolidation	Cash management services

As of 31.12.2024:

Entity name	Ownership (%)	Method of consolidation	Activity
East Golf Properties EAD	100%	Fully consolidated	Real estate
UBB Centre Management EOOD	100%	Fully consolidated	Real estate
Druzhestvo za Kasovi Uslugi AD	25%	Equity method of consolidation	Cash management services

Investments in subsidiaries and equity method investments in separate financial statements

In the Bank's financial statements subsidiaries and associates are measured at cost less impairment.

In 2025 there were no changes in the Bank's subsidiaries.

In 2024 following changes took place in the Bank's subsidiaries:

- UBB Factoring EOOD was merged into the Bank in May 2024.
- KBC Leasing EOOD was sold in Dec 2024 to UBB Interlease EAD, member of the KBC Group in Bulgaria.

Impairment assessment of investments in subsidiaries associates and joint ventures in separate financial statements

At each reporting date the Bank assesses whether there is any indication that an investment in a subsidiary or equity method investments may be impaired. If any such indication exists, the Bank estimates the recoverable amount of the investment. Where the carrying amount of an investment is greater than its estimated recoverable amount it is written down immediately to its recoverable amount.

As of 31.12.2024 there were impairment indication for East Golf Properties EAD. The impairment was assessed at BGN 850 thousand and was booked to decrease the carrying amount of the subsidiary. As of 31.12.2025 there are no changes to the estimated recoverable amount and no further impairment has been identified.

Merger of UBB Factoring EOOD in UBB AD

The merger of UBB Factoring EOOD in UBB AD was done in May 2024 applying the book-value method (additional information is disclosed in Note 10).

Statement of profit or loss

Income and expense for the year ended 31 December 2024 of the merged operations are included in the Statement of profit or loss of the Bank prospectively after the date of the merger (08 May 2024).

Statement of financial position

As of 31 December 2024 the Statement of financial position of the Bank incorporates the merged volumes.

Statement of cash flow

The Statement of cash flow of the Bank for the year ended 31 December 2024 incorporates the changes in cash flow from the merged operations since the merger (08 May 2024).

Statement of changes in equity

The retained earnings of the merged entity as at the date of the legal merger, is present as "Business combination under common control", impacting the closing balance of the retained earnings of the Bank.

a) New and amended standards

The Bank does not have any changes to its accounting policies from those applied as at and for the year ended 31 December 2024.

The following new and amended standards and interpretations are effective from 1 January 2025 but they do not have a material effect on the Bank's separate and consolidated financial statements:

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023, effective from 1 January 2025)

Under IAS 21 The Effects of Changes in Foreign Exchange Rates, a company uses a spot exchange rate when translating a foreign currency transaction. In some jurisdictions, no spot rate is available because a currency cannot be exchanged into another currency.

IAS 21 was amended to clarify:

- when a currency is exchangeable into another currency; and
- how a company estimates a spot rate when a currency lacks exchangeability.

The amendments also include additional disclosure requirements to help users to assess the impact of using an estimated exchange rate on the financial statements.

b) Standards issued but not yet effective

The following new Standards, amendments to Standards and Interpretations, endorsed by the EC, are not yet mandatorily effective for annual periods beginning on 1 January 2025, and have not been applied in preparing these separate and consolidated financial statements. The Bank plans to adopt these pronouncements when they become effective.

Standards, Interpretations and amendments to published Standards that have not been early adopted – endorsed by the EC

aa) IFRS 18 Presentation and Disclosure in Financial Statements (issued on 9 April 2024, effective from 1 January 2027)

IFRS 18 replaces IAS 1 Presentation of Financial Statements. The major changes in the requirements are summarised below.

A more structured statement of profit or loss

IFRS 18 introduces newly defined 'operating profit' and 'profit or loss before financing and income tax' subtotals and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities: operating, investing and financing.

Under IFRS 18, companies are no longer permitted to disclose operating expenses only in the notes. A company presents operating expenses in a way that provides the 'most useful structured summary' of its expenses by either:

- nature;
- function; or
- using a mixed presentation.

If any operating expenses are presented by function, then new disclosures apply.

MPMs – Disclosed and subject to audit

IFRS 18 also requires some 'non-GAAP' measures to be reported in the financial statements. It introduces a narrow definition for Management Performance Measures ("MPMs"), requiring them to be:

- a subtotal of income and expenses;
- used in public communications outside the financial statements; and
- reflective of management's view of financial performance.

For each MPM presented, companies need to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.

Greater disaggregation of information

The new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.

Companies are discouraged from labelling items as 'other' and are required to disclose more information if they continue to do so.

Other changes applicable to the primary financial statements

IFRS 18 sets operating profit as a starting point for the indirect method of presenting cash flows from operating activities and eliminates the option for classifying interest and dividend cash flows as operating activities in the cash flow statement (this differs for companies with specified main business activities). It also requires goodwill to be presented as a new line item on the face of the balance sheet.

Transition

In its annual financial statements prepared for the period in which the new standard is first applied, an entity shall disclose, for the comparative period immediately preceding that period, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented applying IFRS 18 and the amounts previously presented applying IAS 1.

ab) Annual Improvements Volume 11 (issued on 18 July 2024, effective from 1 January 2026)

ac) Contracts Referencing Nature-dependent Electricity —Amendments to IFRS 9 and IFRS 7 (issued on 18 December 2024, effective from 1 January 2026)

ad) Amendments to the Classification and Measurement of Financial Instruments —Amendments to IFRS 9 and IFRS 7 (issued on 30 May 2024, effective from 1 January 2026)

The Bank expects that the amendments, when initially applied, would not have a material impact on its financial statements.

c) Standards and interpretations not yet endorsed by the EC

Management believes that it is appropriate to disclose that the following new or revised standards, new interpretations and amendments to current standards, which are already issued by the International Accounting Standards Board (IASB), are not yet endorsed for adoption by the EC, and therefore are not taken into account in preparing these separate and consolidated financial statements. The actual effective dates for them will depend on the endorsement decision by the EC.

The following amendments and improvements to standards are not expected to have a material impact on the separate and consolidated financial statements of the Bank.

- *IFRS 19 Subsidiaries without Public Accountability: Disclosures (issued on 9 May 2024, effective from 1 January 2027);*
- *Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency (issued on 13 November 2025, effective from 1 January 2027);*
- *Amendments to IFRS 19 Subsidiaries without Public Accountability: Disclosures (issued on 21 August 2025, effective from 1 January 2027.)*

1.2. Critical accounting estimates and judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The authenticity 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. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

a) Allowance for impairment losses and un-collectability

The IFRS 9 impairment model is an Expected Credit Loss (ECL) model which means that it is not necessary for a loss event to occur before an impairment loss is recognized. All financial assets except the ones measured at fair value through profit or loss will generally carry a loss allowance.

It uses a measurement approach under which the loan loss allowance for the financial instruments in scope will be measured at either:

- 12-month expected credit losses; or
- lifetime expected credit losses

The measurement basis will depend on whether there has been a significant increase in credit risk since initial recognition.

There are two types of impairment calculations:

Impairment Type	Description
Model Based (i.e. Collective)	Expected future cash flows are based on statistical assumptions. ECL is calculated as the product of the probability of default (PD), the estimated exposure at default (EAD) and the loss given default (LGD).
Individual	Applicable for significant non-performing exposures /PD 10-12/

Calculating ECL requires significant judgement of various aspects including the borrowers’ financial position and repayment capabilities, the value and recoverability of collateral projections and macroeconomic information. UBB applies a neutral bias-free approach when dealing with uncertainties and making decisions based on significant judgements.

b) Extension and termination options and critical judgments 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).

For leases of office buildings, 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.

c) Fair value of financial instruments

Where the fair values of financial assets and liabilities on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible but where this is not feasible a degree of judgement is required by management in establishing fair values. The judgement includes liquidity assumptions and model inputs such as correlation and sensitivity of longer dated derivative financial instruments. The fair value measurement techniques is elaborated further in note 1.5.

d) Valuation of Investment properties

Investment property acquired in a public sale in the process foreclosure procedures of non-performing loans management (repossessed collateral), is measured initially at acquisition cost, including all directly attributable expenditure, e.g. state fees for private enforcement agents, property transfer taxes and other transaction costs.

Subsequently, UBB measure investment property using the cost model. Annually, UBB performs an impairment test for investment property in which the book value of the property is compared to the fair value less costs to sell based on an independent market valuation. Impairment is booked in case that fair value less costs to sell is lower than the book value of the asset.

The fair value of investment property is determined by independent real-estate valuation experts using generally accepted valuation methods.

Such methods include the revenue method and the cash flows discount method. In some cases, fair values are assessed on the basis of recent transactions with similar property in the same location and condition to that of UBB's assets (market analogues method) or based on the received offers for purchase of the property.

The determination of the fair value of investment property requires the use of estimates such as future cash flows from the assets and discount rates applicable to these assets. These estimates reflect the local market conditions at the date of acquisition and the date of the statement of financial position.

The fair value of investment property is disclosed under note 4.3.

1.3. Functional and presentation currency

The Bank's and its subsidiaries' functional and presentation currency for the year 2025 is BGN. Bulgaria officially joined the Eurozone on January 1, 2026 adopting the EUR currency as of this date.

Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated in the functional currency at the closing rate of exchange set by the Bulgarian National Bank at the end of each

day. All exchange rate differences are recognized in the statement of profit or loss under fee and commission income. Non-monetary assets and liabilities in foreign currency measured at historical cost are translated into the functional currency using the exchange rate at the date of the initial transaction (acquisition).

Non-monetary assets and liabilities in foreign currency measured at fair value are reported at the spot rate that existed when the fair value was determined. Since 1 January 1999 the Bulgarian lev has been pegged to Euro at an exchange rate of BGN 1.95583: EUR 1. This is also the fixed and irrevocable exchange rate at which the Euro replaces the Bulgarian lev as of 1 January 2026.

1.4. Financial instruments

1.4.1. Recognition

Financial assets and liabilities are recognized in the statement of financial positions when UBB becomes a party to the contractual provisions of the instruments. Regular purchases or sales of financial assets are recognized on the settlement date. Regular purchases or sales are purchases or sales of financial assets that require the delivery within the time frame established by regulation or market convention.

1.4.2. Classification and measurement

Under IFRS 9 the classification of financial assets is different for debt and equity instruments. Therefore, before applying the classification requirements UBB need to define whether the financial assets is an investment in an equity instrument, or it is a debt instrument, both as provided by IAS 32. An equity instrument is defined as any contract that evidences a residual interest in another entity's net assets (that is all assets after deducting all of its liabilities). While the main characteristics of debt instrument is that it provides a contractual right to the holder of receiving cash (in the form of interest/coupon principal repayment) and the issuer cannot exercise discretion in avoiding the settlement.

The determination is based on the substance of the instrument and not merely on its name. Following the categorization of the instrument as debt or equity instrument the appropriate classification model should be selected. The classification of the financial liabilities depends on the intention of UBB when the financial liability is issued and on the product characteristics of the financial instruments.

The category will determine how the financial instrument is measured. Under IFRS 9 the category and the valuation method are linked, and the standard allows reclassification between the different categories only in very exceptional cases.

1.4.2.1. Financial assets at amortised cost (AC)

Reverse Repos

A reverse repo is a transaction in which UBB purchases a financial asset and simultaneously enters into an agreement to sell the asset (or a similar asset) at a fixed price on a future date; this agreement is accounted for as a Reverse repo, and the underlying asset is not recognized in the financial statements.

Debt instruments at amortised cost (AC)

The classification of the financial assets – debt instruments is based on the business model for managing the financial assets ("*Business Model assessment*") and the contractual term of the cash flows of the financial assets ("*SPPI test*").

In line with IFRS 9 a financial asset debt instrument is measured at **amortized cost** if both of the following conditions are met:

- *The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows;*
- *The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.*

Business model assessment

The assessment of the actual business model must be made by each legal entity within the Group separately. The analysis is the responsibility of the finance team on which the CFO must give its final approval because this may require making professional judgement and it should be done on the basis how the financial assets are managed in the business and not at the level of an individual asset. IFRS 9 states the business model is not a choice and does not depend on the intention of management for an individual instrument. It is a matter of fact that is observable through the way how financial assets are managed and how information is provided to the key management personnel.

All debt instruments at amortized cost are held in business model whose objective is to hold the assets to collect contractual cash flows. It does not mean that debt instruments measured at amortized cost cannot be sold. In assessing the impact of sales activity on the business model determination, UBB must consider the frequency and value of sales in prior periods and expected sales activity going forward but it should be clear that sales activity in the AC business model is only rare. Here below are the hold to collect business models in UBB:

- *Retail and Corporate & SME business models – the models relate to Loans to customers;*
- *Products managed by Treasury directorate as part of Assets liability management (ALM) such as Bank placements, Government bonds.*

SPPI test

All debt instruments acquired in the above business models must be assessed against the second criteria whether the cash flows under the contractual terms are solely payments of principal and interest on the principal amount outstanding. Only those instruments will pass the test which have basic lending arrangements attribute. Only debt instruments meeting the SPPI condition can be measured at amortized cost. The following are some of the indicators of non-basic lending arrangement features:

- *Mismatch between the reference interest rate and the rate re-set date of floating rate loans;*
- *FX mismatch in pricing vs. repayment currency of the loan*
- *Embedded floor options which are in-the-money at inception of the loan contract;*
- *Non-recourse or partial recourse debt instruments;*
- *Assessment of embedded prepayment options in loan contracts;*
- *Debt instruments where contractual cash flows (principal or interest) is linked to the business risk (e.g.: bonds cash flows dependent on the utilization of the toll road);*
- *Multi-currency options;*
- *Embedded floor or cap options resulting in leveraged interest rate;*
- *Deeply sub-ordinated debt instruments.*

UBB uses the KBC Group NAPP (new active product procedure) tailored to its local business need to identify debt instruments which fail SPPI test. Debt instruments failing the SPPI test must be classified as debt instruments at fair value through profit or loss (FVPL) – SPPI failure.

1.4.2.2. Financial assets at fair value through other comprehensive income (FVOCI)

Under IFRS 9 a financial asset debt instrument is measured at **fair value through other comprehensive income** if both of the following conditions are met:

- *The asset is held within a business model in which assets are managed to achieve a particular objective by both collecting contractual cash flows and selling financial assets;*
- *The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.*

Business model assessment

Similarly, to the AC category, the business model is determined by UBB's Finance team and approved by CFO for the FVOCI category. Again, this business model is observable through the way how financial assets are managed and how information is reported. Unlike for hold-to-collect business model, in the hold-to-collect and sell the objective of the business model is achieved through the collection of the contractual cash flows and the sale of the financial instruments. Due to that, this business model involves in general greater frequency and value of sales because selling financial assets is integral to achieving the business model's objective instead of being only incidental to it. However, there is no threshold for the frequency or value of sales that must occur in this business model because both collecting contractual cash flows and selling financial assets are integral to achieving its objective.

Within UBB there are examples of business models whose objective is both to collect contractual cash flows and sell:

- *Products part of Treasury activity such as government Bonds*

SPPI test

Nonetheless the debt instruments classified in this category shall also meet the second classification criteria of SPPI test. This means that like the AC category only relatively simple debt instruments will qualify for measurement at FVOCI. Therefore, the same features as highlighted above should be analyzed to classify an instrument at FVOCI.

1.4.2.3. Financial assets at fair value through profit or loss held for trading

Next to the AC and FVOCI category IFRS 9 also defines for financial instruments fair value through profit or loss categories, but the reason of fair value categorization can be different, and the Bank identifies these separately.

A financial instrument is classified as held for trading if it is:

- *Acquired or incurred principally for the purpose of selling it in the near term; or*
- *Part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.*

These financial assets must be measured at fair value and fair value changes have to be reported in profit or loss. Held-for-trading is mainly used for instruments that are held with a trading intent. These are instruments that are acquired or incurred principally for the purpose of selling (in case of asset) or repurchasing (in case of liability) in the near term. They are instruments that are used with the objective of generating a profit from short-term fluctuations in price or dealer's margin. These positions may include for example positions arising from client servicing and market making. In this category are classified mainly debt instruments issued by public bodies.

1.4.2.4. Financial assets at fair value through profit or loss – SPPI failure (FVSP)

Financial instruments must be classified in this category when they are measured at fair value through profit or loss because of failing SPPI test. Instruments failing SPPI test are those that have characteristics non-consistent with basic lending arrangements. This category must be used regardless of the actual business model used and can include financial instruments held in hold-to-collect (AC) or hold-to-collect and sell (FVOCI) business model. Financial instruments in this category must be measured at fair value through profit or loss.

1.4.2.5. Equity instruments at fair value through other comprehensive income

An instrument can be classified as equity instrument only if it meets the definition of equity from the issuer's perspective. The basic measurement category of equity instruments under IFRS 9 is fair value through profit or loss however equity instruments can also be designated as fair value through other comprehensive income.

Under IFRS 9 equity instruments are normally measured at fair value through profit or loss, but on initial recognition UBB may make an irrevocable election (on an instrument-by-instrument basis) to present in other comprehensive income the subsequent changes in the fair value of an investment in an equity instrument within the scope of IFRS 9. This option only applies to instruments that are neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies. Designating an equity instrument under the fair value through other comprehensive income category will result that all fair value changes will be recognized in other comprehensive income. The only exception relates to the dividend received which can be recognized in profit or loss.

The irrevocable election as fair value through other comprehensive income means also that even when the instrument is derecognized the accumulated fair value gains and losses in other comprehensive income cannot be recycled to profit or loss.

Within the fair value through other comprehensive income category, additional distinction is made between quoted and unquoted equity instruments:

- *For quoted equity instruments the fair value information will be mostly available so they must be measured in all circumstances at fair value.*
- *For unquoted equity instruments the determination of the fair value requires using valuation techniques. It is expected that for most unquoted instruments fair value can be estimated.*

1.4.2.6. Derivative financial instruments

Derivative financial instruments are instruments:

(a) whose value changes in response to changes in a specific interest rate financial instrument price exchange rate price or interest rate index credit rating or credit index or another variable.

(b) which do not require an initial net investment or require a small initial net investment compared to other types of contracts that respond in a similar manner to changes in market conditions.

(c) which are payable at a future date.

Derivative financial instruments include foreign exchange swaps, interest rate swaps, currency forwards, options and futures. Except options and futures, derivative financial instruments are usually not initially recognized in the statement of financial position because they are not related to costs and their net fair value is closed to zero. Options and futures are initially recognized at the premium paid for entering the contract. After initial recognition derivatives are measured at fair value. Fair value is determined based on quoted market prices, discounted cash flow models or other valuation models.

IFRS 9 distinguishes between two main categories of derivative instruments based on whether the derivative is specifically designated in a hedge accounting relationship or not. UBB does not define separately categories for assets and liabilities because the classification criteria are equally valid for both positions.

• Trading derivative

A derivative is always measured at fair value however entities rarely enter derivative transactions for speculative reasons, and all derivative instruments will have to be categorized in this category that are not included in an effective hedge accounting relationship.

• Hedging derivatives

Hedging derivatives are derivatives which are specifically designated in a hedge relationship. For hedge accounting purposes only, instruments that involve a party external to UBB (i.e., external to the group or individual entity that is being reported on) can be designated as hedging instruments.

Although UBB applied IFRS 9 as from 1 January 2018, the hedge accounting requirements are based on the requirements of IAS 39 (EU carve out version). This is because IFRS 9 provides an accounting policy choice for entities either to continue applying the hedge accounting requirements of IAS 39, pending the macro hedge accounting project being finalized, or they can apply the new IFRS 9 requirements with the scope exception only for fair value portfolio hedges of interest rate risk. The accounting policy choice must be applied to all hedge accounting and accordingly UBB decided to continue applying the IAS 39 requirements.

IAS 39 distinguishes between three types of hedging relationships i.e. fair value hedges, cash flow hedges and hedges of a net investment in a foreign operation. A hedging relationship only qualifies for hedge accounting if several conditions are met (see IAS 39.88). All derivative instruments must be measured at fair value. The accounting treatment of fair value changes depends on the type of hedge.

• Fair value hedges

Hedge accounting

Hedge accounting applies to derivative financial instruments used to hedge the fair value of an asset (fair value hedges) if certain conditions have been met. Usually, UBB hedges fixed interest rate financial assets with interest rate swaps, to convert the fixed interest rate to floating, aiming at aligning the hedged financial instrument to actual market conditions. When hedge occurs UBB documents the relationship between the hedged item and hedging instrument, its goals in view of risk management, as also its hedging strategy. Any changes in the fair value of derivatives that are designated and classified as fair value hedges are included in the statement of profit or loss together with the changes in the fair value of the hedged assets attributable to the hedged risk.

Changes in the fair value of interest rate swaps and hedged items related thereto are reported as „ Net result from hedging derivatives“. The effects of the market adjustments relating to the risk of counterparty non-performance (CVA) and the possibility of non-performance by UBB (DVA) are taken to this item as well.

When a hedge no longer meets the criteria for hedge accounting the change in the carrying amount of the hedged item calculated using the adjusted effective interest rate is amortized through profits or losses for the period up to the item's maturity. Interest income and interest expense from hedging derivatives and hedged assets are recognized as „Interest income“ and „Interest expenses“ in the statement of profit or loss. The ineffective portion of hedging transactions is stated as „Net result from held-for-trading financial instruments“.

Hedging relationships

Since 2015, the Bank has hedging relationships in its banking portfolio related to fixed rate bonds classified as financial assets held to collect and sell denominated in euro and three interest rate swaps denominated in euro, respectively. The hedging relationships are structured in such a way that 100% of the position in debt securities is hedged, hedging only that part of the assets that is subject to interest rate risk. In 2024 two of the hedged items matured, thus hedge accounting as at 31.12.2025 relates only to one remaining hedged item.

The bonds and the swaps in the respective hedging relationships have the same notional and principal amounts, term, repricing dates, dates of interest and principal receipts and payments. The effectiveness of the described above hedging relationships is measured at the end of each quarter and, since their origination, it is in the range of 80%-125%.

Hedge effectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, as well as through periodic prospective and retrospective assessments to ensure that a relevant relationship between the hedged item and the hedging instrument exists and remains valid.

Effectiveness testing

For interest rates, several prospective and retrospective tests are performed to ensure the relationship between the hedged item and the hedging instrument qualifies for the hedge accounting strategy.

Prospective tests are mostly based either on a sensitivity analysis (verifying if the basis point value of the hedged portfolio relative to the hedging instruments stays within the 80%- 125% interval) or volume tests (if the principal amount of hedge-eligible items exceeds the notional volume of hedging instruments expected to be repriced or repaid in each specified time bucket).

The retrospective effectiveness test of the hedge relationship is periodically carried out by comparing the change in fair value of the portfolio of hedging instruments relative to the change in the fair value of the hedged eligible items imputable to the hedged risk over a given period (the ratio of fair value changes remains within the 80%- 125% interval).

Sources of hedge ineffectiveness

Ineffectiveness for interest rate swaps may occur due to:

- Differences in relevant terms between the hedged item and the hedging instrument (it can include discrepancies in interest curves and in periodicity);
- A reduction in volume of the hedged item that would fall under the volume of hedging instruments for any time bucket.
- The credit value adjustment on the interest rate swap not being matched by the loan. However, hedging swaps are fully collateralized or traded through clearing houses and the credit value adjustment is limited.

Discontinuation of hedge accounting

Hedge accounting strategies failing the effectiveness tests are discontinued. A de-designated hedging instrument can be re-designated in a new hedge relationship. Effective hedge accounting strategies may also be discontinued for technical or strategic reasons. Any impact on profit and loss arising from hedge ineffectiveness and discontinuation is reported to the Local risk management committee.

1.4.2.7. Financial liabilities

IFRS 9 distinguishes between three categories of financial liabilities:

• Financial liabilities held for trading (HFT)

A financial liability is classified as held for trading if it is incurred principally for the purpose of repurchasing in the near term; or part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking; or a derivative. These financial liabilities must be measured at fair value. Fair value changes must be reported in profit or loss.

• Financial liabilities measured at amortised cost (AC)

This category consists of all other non-derivative financial liabilities that are not classified as held for trading and not designated by the entity as at fair value through profit or loss. All these liabilities must be measured at amortized cost. Financial liabilities measured at amortized cost within UBB include:

- *Deposits from banks and other financial institutions*
- *Deposits from clients*
- *Repos*
- *Wholesale funding*
- *Other*

Deposits from banks, other financial institutions and customers

Deposits from banks and other financial institutions and clients include funds attracted by UBB in the form of current and escrow accounts, term deposit, saving and other accounts. They are recognized at initial recognition at the fair value of deposit received. Financial liabilities are subsequently measured at amortized cost and those denominated in foreign currency are revalued daily at the central exchange rate of the BNB for the respective currency. Deposits are stated together with the contractual interest accrued thereon at the date of the financial statements.

Wholesale funding

Wholesale funding is recognized initially at the fair value of cash flows received at the origination of the liability less the transactions costs. Subsequently, it is measured at amortized cost with any premium/discount recognized in statement of profit or loss using the effective interest rate method.

Repo

In a repo transaction, UBB sells a security and simultaneously agrees to repurchase it (or a substantially similar asset) at a fixed price on a future date. UBB continues to recognize the securities in their entirety because it retains substantially all the risks and rewards of ownership. The cash consideration received is recognized as a financial asset and the financial liability is recognized for the obligation to pay the repurchase.

• Financial liabilities – Undrawn loan commitments, Financial guarantees, performance guarantees and Letters of credit

Financial guarantee contract is one that requires UBB to make specified payments to reimburse holders for losses they incur because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantees are initially recognized at their fair value, which is normally evidenced by the amount of fees received. This amount is amortized on a straight-line basis over the life of the guarantee. As financial guarantees fall in the scope of IFRS 9, at the end of each reporting period, the guarantees are measured at the higher of (i) the amount of the loss allowance for the guaranteed exposure determined based on the expected loss model and (ii) the remaining unamortized balance of the amount at initial recognition. In addition, an ECL loss allowance is recognized for fees receivable that are recognized in the statement of financial position as an asset.

The Bank issues commitments to provide loans. These commitments are irrevocable or revocable only in response to a material adverse change. Such commitments are initially recognized at their fair value, which is normally evidenced by the amount of fees received. This amount is amortized on a straight-line basis over the life of the commitment, except for commitments to originate loans if it is probable that the Bank will enter a specific lending arrangement and does not expect to sell the resulting loan shortly after origination; such loan commitment fees are deferred and included in the carrying value of the loan on initial recognition. At the end of each reporting period, the commitments are measured at (i) the remaining unamortized balance of the amount at initial recognition, plus (ii) the amount of the loss allowance determined based on the expected credit loss model, unless the commitment is to provide a loan at a below market interest rate, in which case the measurement is at the higher of these two amounts. The carrying amount of the loan commitments represents a liability.

For contracts that include both a loan and an undrawn commitment and where the Bank cannot separately distinguish the ECL on the undrawn loan component from the loan component, the ECL on the undrawn commitment is recognized together with the loss allowance for the loan. To the extent that the combined ECLs exceed the gross carrying amount of the loan, they are recognized as a liability.

The letter of credit is an irrevocable commitment of the Bank to pay the seller in a commercial transaction in strict conformity to the terms and conditions set in the letter of credit upon its opening. Such financial guarantees and letters of credit are provided to banks, financial institutions and other clients as a financial protection related to specified payments that the holder may be required to settle.

The Bank issues performance guarantees that provide compensation to beneficiary in case the Bank's Customer fails to perform a contractual obligation. The performance guarantee contracts include indemnification clause that gives the Bank the right to claim back from the applicant any amounts paid to the beneficiary.

IFRS 17 defines an insurance contract as a contract under which one party (the issuer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. IFRS 17 para. B26(f) mentions performance guarantees as an example of contracts that are insurance contracts if significant insurance risk is transferred.

However, an entity may not apply IFRS 17 to the financial guarantees issued, if it chooses to account for this type of guarantee according to IFRS 9 Financial instruments (IFRS 17).

The Bank issues performance guarantees under approved and granted credit limit, after the credit risk of the Bank's Customer is assessed. The credit limit is covered by collateral provided by the Bank's customer – pledge of tangible assets, inventories, receivables, etc. Moreover, in the performance guarantee contract an indemnification clause is included that gives the Bank the right to claim any amounts paid to the beneficiary. In case of payment to the beneficiary, the Bank immediately recognizes a receivable against the applicant.

Considering the Bank's right to recourse in case of non-performing (i.e. the indemnification clause), the real risk for the Bank is rather credit risk (i.e., the applicant failing to repay the amounts paid to the policyholder) than insurance risk (i.e., uncertain event occurring).

This is also confirmed by how this product is managed by the business where the product is part of general credit risk management. This is an indication that the performance guarantee and the indemnity clause are one unit of account that, in total, does not give rise to insurance risk but to credit risk.

Therefore, accounting for these guarantees is in accordance with IFRS 9 Financial instruments. Upon issuance of the guarantee an off-balance sheet commitment is booked and expected credit loss for this exposure is recognized on the balance sheet. In case the guarantee is called, a receivable is recognized on the balance sheet that is subject to impairment for credit losses.

1.4.3. Impairment of financial assets

Background

The IFRS 9 impairment model is an Expected Credit Loss (ECL) model which means that it is not necessary for a loss event to occur before an impairment loss is recognized. All financial assets except the ones measured at fair value through profit or loss will generally carry a loss allowance including:

- Financial assets that are measured at amortized cost;
- Debt instruments that are measured at fair value through other comprehensive income;
- Loan commitments that have been issued and are not measured at fair value through profit or loss;
- Financial guarantees given that are not measured at fair value through profit or loss;
- Lease receivables recognized by the lessors (in scope of IFRS 16); and
- Contract assets (in scope of IFRS 15)

The impairment model is an expected credit loss model where the impairment amount is measured at an amount equal to 12 month expected credit losses (the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the next 12 months after the reporting date) or lifetime expected credit losses (resulting from all possible default events over the expected life of a financial instrument). The measurement basis for impairment depends on the approach that is applied for the financial instruments in scope.

Measurement of ECL

ECL is calculated as the product of probability of default (PD), estimated exposure at default (EAD) and loss given default (LGD).

Definition of default

UBB defines defaulted financial assets in the same way as the definition for internal risk management purposes and in line with the guidance and standards of financial industry regulators. A financial asset is considered in default if any of the following conditions is fulfilled:

- there is a significant deterioration in creditworthiness leading to "unlikeliness to pay" – a deterioration in financial standing where the company is unable to generate enough sustainable proceeds for debt service – the net present value of expected future cash flows is insufficient to cover the obligations to the creditors;
- the asset is with DPD above 90 days;
- the asset is flagged as a forbore asset in line with the internal policies for forbearance and the client reached DPD of 30 days or a second forbearance measure is granted;
- UBB has filed for the borrower's bankruptcy;
- the counterparty or another creditor has filed for bankruptcy or sought similar protection measures;
- the credit facility granted to the client has been terminated.

UBB applies a backstop for facilities whose status is '90 days or more past due'. In this context, a backstop is used as a final control to ensure that all the assets that should have been designated as defaulted are properly identified.

The ECL is calculated in a way that reflects:

- an unbiased probability weighted amount;
- the time value of money; and
- information about past events, current conditions and forecast economic conditions.

Lifetime ECL represents the sum of ECL over the lifetime of the financial asset discounted at the original effective interest rate. The 12-month ECL represents the portion of lifetime ECL resulting from a default in the 12-month period after the reporting date.

Significant increase in credit risk

The measurement basis (12-month PD or Lifetime PD) depends on whether there has been a significant increase in credit risk since initial recognition. Different tiers are used in the assessment for significant increase in credit risk, followed by the two multi-tier approaches (one for Loans to customers and another for debt securities) used for staging such as:

- Internal lifetime credit rating at the reporting date defers with 200% or more versus the one at initial recognition
- Forbearance flag - all financial instruments that have the forbearance flag are allocated to stage 2 (as a minimum). Some forbearance measures could result in a financial instrument meeting the definition of default and therefore being transferred to stage 3. Such transfers will be triggered by the first tier of the multi-tier approach, i.e. the internal rating. The return criterion is fully symmetric meaning that once the forbearance flag is no longer assigned in accordance with the exit criteria, the financial instrument moves from stage 2/3 to stage 1 or stage 2, under the condition that stage 2/3 is not to be retained due to one of the other tiers.
- Days past due
- Internal credit rating corresponds to PD 9 at reporting date
- Collective assessment - A holistic and exhaustive assessment for a significant increase in credit risk is not evident on an exclusively individual level because some factors and/or forward-looking information impacting the credit risk cannot be captured by the internal credit rating or are even not available on an individual level. Such factors and forward-looking information that are relevant for the purpose of staging and not captured by the first four individual tiers, are considered in a collective analysis where financial instruments can be manually transferred to/from stage 2 or stage 3. The collective assessment is performed on a group of financial instruments with shared credit risk characteristics such as for example facility type, geographical region, industry, collateral type, loan to value, remaining term to maturity, years on book, etc.
- Forward looking information

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All amounts are in thousand Bulgarian Levs, unless otherwise stated

UBB also considers three different forward-looking macroeconomic scenarios with different weightings when calculating ECL (see note 3.5 Movement of allowances for impairment for loans to customers). The base case macroeconomic scenario represents its estimates for the most probable outcome and serves as primary input for other internal and external purposes. The maximum period for measurement of ECL is the maximum contractual period (including extensions).

The purpose of using a multi-tier approach for staging purposes is that various indicators/tiers are used in the staging approach to be as comprehensive as possible and to capture all the information that is referred to in the previous paragraph.

Multi-tier approach 1:

Scope: Loans to customers, finance lease receivables and issued financial guarantees

Tier	Staging	Transfer & return logic
Tier 1 Internal credit rating	From stage 1 to stage 2	LTPD at reporting $\geq 200\%$ * remaining LTPD at origination
	From stage 2 to stage 1	LTPD at reporting $< 200\%$ * remaining LTPD at origination
	To stage 3	Default ratings PD10-PD12
	From stage 3	Cured from default ratings PD10-PD12
Tier 2 Forbearance	From stage 1 to stage 2	Forbearance flag
	From stage 2 to stage 1	No longer a forbearance flag
Tier 3 Days past due	From stage 1 to stage 2	More than 30 days past due
	From stage 2 to stage 1	No longer more than 30 days past due
Tier 4 Watch list	From stage 1 to stage 2	Facility in watch list
	From stage 2 to stage 1	Facility no longer in watch list
Tier 5 Collective assessment	Changes in staging from/to stage 2 and from/to stage 3	Based on expert credit judgment (manual decision)

Multi-tier approach 2:

Scope: Debt securities at AC and FVOCI

Tier	Staging	Transfer & return logic
Tier 1 Low credit exception	Stage 1	All debt securities with low credit risk (PD1-PD3)
Tier 2 Internal credit rating (for bonds with a rating more than PD3)	From stage 1 to stage 2	LTPD at reporting $\geq 200\%$ * remaining LTPD at origination
	From stage 2 to stage 1	LTPD at reporting $< 200\%$ * remaining LTPD at origination
	To stage 3	Default ratings PD10-PD12
	From stage 3	Cured from default ratings PD10-PD12
Tier 3 Collective assessment	Changes in staging from/to stage 2 and from/to stage 3	Based on expert credit judgment (manual decision)

The Bank renegotiates loans to customers in financial difficulties (referred to as “forbearance activities”) to maximize collection opportunities and minimize the risk of default. Under the Bank’s forbearance policy, loan forbearance is granted on a selective basis, if the debtor is currently in default on his debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised contractual terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk, and an expectation of forbearance may constitute evidence that an exposure is credit-impaired. A customer needs to demonstrate consistently good payment behavior over a period of time, before the exposure is considered to be no more credit-impaired / in default or the PD is considered to have decreased such that it falls within the 12-month PD ranges for the asset to be considered stage 1.

1.4.4. Derecognition

1.4.4.1. Financial assets

A financial asset (or where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the contractual rights to receive cash flows from the asset have expired;
- the contractual rights to receive cash flows from the asset have been retained but a contractual obligation has been assumed for their payment in full without material delay to a third party under a ‘pass through’ arrangement; or
- the contractual rights to receive cash flows from the financial asset have been transferred and either (a) UBB has transferred substantially all the risks and rewards of the financial asset or (b) UBB has neither transferred nor retained substantially all the risks and rewards of the financial asset but has transferred the control of the asset.

When UBB has transferred its contractual rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset the asset is recognized to the extent of UBB’s continuing involvement in the asset.

The Bank also derecognizes a financial asset or part of it, where there is no reasonable expectation of recovering the contractual cash flows of the financial asset in whole or in part. In certain circumstances, renegotiating or modifying the contractual cash flows of a financial asset may result in the derecognition of the existing financial asset. Accordingly, the modification date is the date of initial recognition of the financial asset when the impairment requirements apply to the modified financial asset. If the contractual cash flows of a financial asset are renegotiated or otherwise modified but the financial asset is not derecognized, that financial asset cannot automatically be considered to have a lower credit risk. The Bank assesses whether there has been a significant increase in credit risk since the modification, based on reasonable and reasoned information available without undue expense or effort.

1.4.4.2. Financial liabilities

Financial liability is derecognized from the statement of financial position when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognized in the statement of profit or loss.

1.4.5. Modification of financial assets

If the terms of a financial asset are modified, then UBB evaluates whether the cash flows of the modified financial asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized, and a new financial asset is recognized at fair value.

When cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximize recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If UBB plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortized cost does not result in derecognition of the financial asset, then the gross carrying amount of the asset is recalculated using the original effective interest rate and the adjustment is recognized as modification gain or loss in profit or loss.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

1.5. Fair value measurement

• Fair value definition

UBB measures at Fair value its financial instruments such as derivatives and HFT / FVOCI debt and equity instruments at the reporting date. The Bank also disclosed the fair values of financial instruments measured at amortized cost and investment properties measured at cost less accumulated depreciation and accumulated impairment losses. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

An orderly transaction is a transaction that assumes exposure to the market for a period before the measurement date to allow for marketing activities that are usual and customary for transactions involving such assets or liabilities; it is not a forced transaction (e.g. a distress sale or forced liquidation). Market participants are buyers and sellers in the principal (or most advantageous) market for the asset or liability that have all the following characteristics:

- They are independent of each other (if they are not related parties);
- They are knowledgeable having a reasonable understanding about the asset or liability and the transaction using all available information including information that might be obtained through due diligence efforts that are usual and customary;
- They can enter a transaction for the asset or liability;
- They are willing to enter a transaction for the asset or liability i.e. they are motivated but not forced or otherwise compelled to do so.

The principal or the most advantageous market must be accessible to UBB.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability assuming that market participants act in their economic best interest.

If there are no quotations available techniques are used to measure reliably the fair value of the financial instrument through: matching it with the current market value of another similar financial instrument or determining the discounted cash flows that are expected from the financial instrument by applying discount rates equal to the prevailing rate of return fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its most effective and best use or by selling it to another market participant that would use the asset in its most effective and best use.

UBB uses valuation techniques such as DCF models' market equivalent models Real value method that are appropriate in the circumstances and for which sufficient data is available to measure fair value maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

• Fair Value Hierarchy

To increase consistency and comparability in fair value measurements and related disclosures IFRS 13 establishes a fair value hierarchy that categorizes into three levels the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). The three levels of the fair value hierarchy are defined as follows:

- **Level 1** inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A quoted price in an active market provides the most reliable evidence of fair value and shall be used without adjustment to measure fair value whenever available except in very specific circumstances defined by IFRS 13. Level 1 fair value measurements are also referred to as mark to market valuations.
- **Level 2** inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly. If the asset or liability has a specified (contractual) term a Level 2 input must be observable for substantially the full term of the asset or liability. Level 2 fair value measurements are often based on a valuation technique (mark to model valuation) using observable inputs.
- **Level 3** inputs are unobservable inputs for the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available thereby allowing for situations in which there is little if any market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same i.e. an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs shall reflect the assumptions that market participants would use when pricing the asset or liability including assumptions about risk. Level 3 fair value measurements are often based on a valuation technique (mark to model valuation) using at least one unobservable input that is significant to the entire fair value measurement or using a valuation technique for which the aggregate effect of unobservable inputs is significant to the entire fair value measurement.

The fair value hierarchy gives the highest priority to the level 1 since mark to market valuation is considered to be the most reliable way of determining a fair value.

In case that an active market exists, published price quotations have to be used to measure the financial asset or financial liability. In case that no published price quotations are currently available a valuation technique has to be applied. Hereby the use of observable parameters needs to be maximized whereas the use of unobservable parameters needs to be minimized. For assets and liabilities that are recognized at fair value in the financial statements on a recurring basis UBB determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

UBB's management determines the policies and procedures for both recurring fair value measurement such as FVOCI financial assets and for non-recurring measurement such as land and buildings.

At each reporting date the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the UBB's accounting policies. For this analysis the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The management in conjunction with the valuation experts also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

• Market value adjustments

The accounting standards require the use of bid prices for long positions and ask prices for short positions applied to net open positions and impose adjustments in case of mid or sale prices, illiquid markets, or the use of model prices instead of market quotes. IFRS does not allow for adjustments solely to reflect the impact on market price of 'dumping' large holdings in the market (the so-called block discounts).

Market Value Adjustments are applicable for all trading and banking book positions that are measured at Fair Value with value changes reported either through profit or loss or Other Comprehensive Income. This encompasses positions classified as Fair Value Through P&L (FVPL) including financial instruments subject

to the Fair Value option and Fair Value Through Other Comprehensive Income (FVOCI). Market Value Adjustments cover close-out costs, funding costs, model linked valuation adjustments and counterparty exposures as well as transaction specific adjustments.

1.6. Property, plant and equipment

Items of property plant and equipment are measured at cost less any accumulated depreciation and impairment. Depreciation is calculated on a straight-line basis over the useful life of the assets. Land is not depreciated as it has undefined useful life.

The annual depreciation rates per category of PPE are as follows:

Annual depreciation rates (Useful life)

Buildings	3% (33.3 years)
Leasehold improvements	The lease term
Hardware and notebooks	30% (3.4 years)
Office equipment and furniture	15% (6.7 years)
Copy machines	33.3% (3 years)
Cars	25% (4 years)
Equipment for building installations	4% (20 years)
Office machinery, servers, ATMs and POS	20% (5 years)
Safe/ Strong box	10% (10 years)

1.7. Intangible assets

Intangible assets including computer software are items which do not have physical substance and UBB expect future economic benefits to be generated for more than 1 year. They are measured at cost less any accumulated amortization and impairment.

The applicable annual amortization rates are as follows:

Annual depreciation rates (Useful life)

Software (standard and tailor made)	20% (5 years)
System software (linked to HW)	33% (Over 3 years)
Licenses and trademarks	20%-33% (from 3 to 5 years)

1.8. Investment property

Investment property is recognized when UBB holds the property with the intention either to earn rental income or for capital appreciation or for both but not for sale in the ordinary course of business or use for administrative purposes. Upon their initial acquisition investment properties are measured at acquisition cost. Subsequently investment properties are measured using the „cost model“ i.e. the price of acquisition less any accumulated depreciation and accumulated impairment losses. If there are indications for impairment of a specific investment property, UBB determines its recoverable amount being the highest of: the value in use and the fair value less by costs of sale of the investment property. The carrying amount of the property is decreased to its recoverable amount with the difference recognized as impairment in the Statement of profit or loss.

Impairment loss recognized in the previous years is recovered through the Statement of profit or loss in case there are subsequent changes in the forecasts for defining the recoverable value. Subsequent costs are capitalized only when the existence of future economic benefits is presumable, and the expenses can be reliably estimated. All other repairs and maintenance costs for the investment properties are expensed when they occur. The investment properties are depreciated over their useful life which for buildings is set at 33.3 years, for the equipment at 5 years and land is not depreciated. The depreciation charge is recognised under 'Net other income' in profit or loss.

UBB transfer a property to, or from, investment property when, and only when, there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. Examples of a change in use include:

- (a) commencement of owner-occupation, or of development with a view to owner-occupation, for a transfer from investment property to owner-occupied property;
- (b) commencement of development with a view to sale, for a transfer from investment property to inventories;
- (c) end of owner-occupation, for a transfer from owner-occupied property to investment property; and (d) inception of an operating lease to another party, for a transfer from inventories to investment property.

Valuation of investment property

Investment property (being a repossessed collateral or Investment property acquired in the normal bank operation) is measured initially at acquisition cost representing their fair value at the acquisition date. The fair value of investment property is determined by independent real-estate valuation experts by using generally accepted valuation methods. Such methods include the revenue method and the cash flows discount method. In some cases, fair values are assessed based on recent transactions with similar property in the same location and condition to that of the UBB's assets (market analogues method).

The determination of the fair value of investment property requires the use of estimates such as future cash flows from the assets and discount rates applicable to these assets. These estimates reflect the local market conditions at the date of acquisition and the statement of financial position date. UBB tests for impairment its investment property annually by comparing the book value of the property with its fair value less costs to sell based on an independent market valuation.

The fair value of investment property is disclosed under note 4.2.

1.9. Impairment of non-financial assets

When UBB prepares financial statements, it ensures that the carrying value of the non-financial asset does not exceed the amount that could be obtained from either using or selling it ('recoverable amount'). UBB assesses at each reporting date whether there are indications that an asset may be impaired. Indications that an impairment loss is required may stem from either an internal source (e.g. the condition of the asset) or an external source (e.g. new technology or a significant decline in the asset's market value). If any such

indications exist or when annual impairment testing for an asset is required UBB makes an estimate of the asset's recoverable amount.

The recoverable amount is defined as the higher of the value in use and the fair value less cost to sell. Value in use is defined as the discounted future cash flows expected to be derived from an asset or a cash-generating unit.

The recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell an appropriate valuation model is used. These calculations are corroborated by valuation models, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

1.10. Impairment of other receivables

Receivables other than the Loan related (e.g. on rental contracts, receivables on service contracts, which are predominantly short term) are tested for impairments applying a simplified approach on annual basis in case of indications for deterioration of the financial status of the client (e.g. triggers are days past due, other information indicating non-performing status). In the assessment UBB considers the provided collateral and the received Guarantees. All receivables with days past due above 90 are in Stage 3 and are impaired with 50% and those with DPD >180 are 100% impaired. Receivables below 90 days past due are in Stage 2 (not impaired) and are subject to ECL based on historical data: of 2.3% for trade receivables; 2.7% for operating leases and 0.2% for Cash collateral deposited on derivative transactions or rental contracts. The Expected credit losses (ECL) are reported as impairment charge on other receivables and the latter are reported net of the ECL in the Statement of financial position.

1.11. Tax

Taxes reported in the financial statements are in line with Bulgarian tax legislation. Income tax benefits or expenses in the statement of profit or loss comprise the sum of current taxes for the reporting period and any changes in deferred taxes.

Current tax for the reporting period is the amount of income taxes in respect of the taxable profit for a period calculated at the tax rate in effect at the date of the financial statements. Income tax expense calculated based on the applied tax legislation is recognized as expense in the period in which the profit has occurred. Tax expenses other than corporate income taxes are included in "Other expenses" in the Statement of profit or loss.

Deferred income tax is calculated using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the annual financial statements. Deferred tax is calculated at the tax rates that are expected to apply in the period when the receivable is realized or the liability settled based on the effective or adopted official tax rates on the date of the financial statements. Temporary differences may occur from a tax and accounting depreciation of fixed assets, litigation provisions, impairment of fixed tangible assets and other non-financial assets, provisions for unused leaves and retirement benefits etc.

UBB recognizes deferred tax assets to the extent that it is probable that a sufficient taxable income will be generated against which the temporary differences could be utilized. Current and deferred taxes are recognized as income or expense in the statement of profit or loss except when the tax occurs because of transactions or events reported in the statement of comprehensive income for the current or a different period. Current and deferred taxes are accrued or taken directly to equity when the tax relates to items which have been accrued or taken directly to equity in the same or a different period.

Deferred tax assets and liabilities are offset by UBB only when there is a legally enforceable right to offset current tax assets against current tax liabilities and where they relate to income taxes levied by the same taxation authority.

OECD Pillar Two model rules

In December 2023 the Pillar Two global minimum tax was adopted in the National legislation with effective date of application as of 01.01.2024. Under these rules, UBB and its subsidiaries are required to pay top-up tax on the profits, which are taxed at an effective tax rate of less than 15%.

According to Pillar Two requirements, UBB is defined as constituent entity and the effective tax rate is calculated based on the profits of all KBC Group entities in Bulgaria (Juridical level BG).

Based on the 2025 results, the additional top-up tax for all KBC Group entities on Juridical level BG is 4.9%.

For UBB and its consolidated subsidiaries, the covered taxes include the corporate income tax expense as per the 2025 financial statements. Deferred taxes are not adjusted, because none of the entities has recognized deferred tax asset on previous tax losses.

UBB has applied the IASB amendment to IAS 12, Income Taxes, which provides a mandatory temporary exception from recognizing or disclosing deferred taxes related to Pillar Two.

1.12. Provisions and contingent liabilities

Provisions are recognized on the reporting date if and only if the following criteria are met:

- there is a present obligation (legal or constructive) due to a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the expenditure required to settle the obligation on the date of the statement of financial position. When the effect of time is material, the amount recognized as a provision is the net present value of the best estimate.

Due to its inherent nature a provision requires management judgement regarding the amount and timing of probable future economic outflows. Provisions for future operating losses are not recognized.

1.13. Retirement benefit provisions

Retirement benefit provisions represent the present value of UBB's obligation to pay benefits to its employees upon retirement. Pursuant to the provisions of the Labor Code every employee is entitled to compensation amounting to two or six gross salaries upon retirement depending on the length of service.

Provisions are recognized when there is a legal or constructive obligation because of past events and a reliable estimate can be made on the amount of the obligation. Provisions are recognized annually based on a valuation of an independent licensed actuary using personnel statistic data.

1.14. Interest income and interest expense

The interest income/expense is recognized through profit or loss on an accrual basis the following interest-bearing financial instruments.

- interest on financial instruments measured at amortized cost;
- interest on financial instruments measured at fair value through other comprehensive income.
- interest on financial instruments measured at fair value through profit or loss

Loan related fees which are incremental to the loans granted are presented as interest income.

1.15. Fee and commission income

UBB / the Group earns fee and commission from a diverse range of financial services it provides to its customers. Fee and commission income are recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for providing the services. The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract. The revenue contracts do not include multiple performance obligations. UBB / the Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

Fee and commission income from services where performance obligations are satisfied over time

Performance obligations satisfied over time are related to accounts maintenance, custody services, as well as the documentary letters of credit and the guarantees issued by the Bank, where the customer simultaneously receives and consumes the benefits provided by the Bank's / Group's performance as the Bank / Group performs. These services are charged to the customer's account on a regular basis (e.g. yearly, monthly) and the revenue is recognized over time as the services are provided. .

Fee and commission income from providing services where performance obligations are satisfied at a point in time

Services provided where UBB's / the Group's performance obligations are satisfied at a point in time are recognised once control of the services is transferred to the customer. This is typically on completion of the underlying transaction or service or, for fees or components of fees that are linked to a certain performance, after fulfilling the corresponding performance criteria. These include transaction-based fees for opening of accounts, cash transactions, execution of payment orders, bank card transactions, loan processing fees and are charged to the customer's account when the transaction takes place. This is the point when the revenue is recognized.

Services where performance obligations are satisfied at a point in time are also negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement/participation or negotiation of the acquisition of shares or other securities, or the purchase or sale of businesses, brokerage and underwriting fees. The Bank has a single performance obligation with respect to these services, which is to successfully complete the transaction specified in the contract. The revenue related to the transaction is recognized at the point in time when the transaction takes place.

Fees related to confirmation of documentary letters of credit and availing of bank guarantees are fees charged to the customer's account when the transaction takes place and are recognized following the principles of IFRS 15. These are separately disclosed in the notes as part of total fee and commission income, but so that they can be distinguished from total revenue from contracts with customers recognized on the services above.

Fees and commissions that are an integral part of the effective interest rate on a financial asset or liability are presented as interest income or expense.

1.16. Rental income

Rental income on properties leased out under operating leases is recognized in accordance with IFRS 16. Revenue is recognized to the extent that it is probable that the economic benefits will flow to UBB and the revenue can be reliably measured. The Bank recognizes rental income on straight line basis.

1.17. Net result from trading operations

Net result from trading operations represents gains less losses arising from financial assets and liabilities held for trading and includes interest, all realized and unrealized fair value changes, dividends and foreign exchange revaluation differences.

1.18. Dividend income

Dividend income is recognised when the right to receive income is established. Dividends are presented in net income.

1.19. Leases

General provisions

The recognition, measurement, presentation and disclosure of leases shall be made in accordance with the requirements of IFRS 16 Leasing, considering the terms and conditions of the contracts and all relevant facts and circumstances. Upon initial recognition, the Bank determines whether a contract is a lease or contains a lease component.

A lease is defined as "a contract or part of a contract that confers the right to use an asset (the underlying asset) for a specified period of time in exchange for remuneration." To apply this definition, the Bank makes three main judgments:

- Whether the contract contains an identified asset that is either explicitly stated in the contract or is specified by default at the time the asset is made available for use.
- The Bank has the right to receive essentially all economic benefits from the use of the asset during the entire period of use, within the defined scope of its right to use the asset under the contract.
- The Bank has the right to control the use of the identified asset throughout the period of use.

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

Measurement and recognition of leases – Bank as a lessee

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 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 lease term on a straight-line basis taking into consideration the extension options.

The right-of-use asset is presented separately on the 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;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, incremental borrowing rate is used for discounting the lease 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
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

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 lease term on a straight-line basis. The amortization periods for the right-of-use assets is based on contract tenor:

- right of use for the office building: 1- 10 years
- right of use for the cars: 1-5 years

Expenses on contracts which are out-of-scope of IFRS 16 are reported in the statement of profit or loss as rental expenses. The advanced payments under operating lease contracts for which the benefits are expected to be generated in subsequent periods are deferred and recognized in the period in which the benefits are realized.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. The Bank applies the exemption for low-value assets on a lease-by-lease basis i.e. for the leases where the asset is sub-leased, a right-of-use asset is recognized with corresponding lease liability; for all other leases of low value asset, the lease payments associated with those leases will be recognized as an expense on a straight-line basis over the lease term.

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise ATM rentals, parking plots and transformers.

Extension and termination options

Extension and termination options are included in a number of property leases across the Bank. These are used to maximize 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 1.2

Measurement and recognition of leases – Bank as a lessor

Finance lease

The Group presents a finance lease, as a lessor, as a receivable equal to the net investment in a finance lease, which includes the lease payments due under the lease, together with the unguaranteed residual value, discounted at the interest rate inherent to the lease. The lease is accounted for as a finance lease when the lessor transfers to the lessee all significant risks and rewards of the asset's ownership.

Typical indicators that UBB / the Group considers in order to determine whether all significant risks and rewards have been transferred include: the present value of the lease payments compared to the fair value of the leased asset at the beginning of the lease; the term of the leasing contract in comparison with the economic life of the leased asset; as well as whether the lessee will acquire the right of ownership over the leased asset at the end of the financial lease agreement. All other leases that do not transfer substantially all the risks and rewards of the asset's ownership are classified as operating leases.

Lease payments

Payments made by a lessee to UBB / the Group relating to the right to use an underlying asset during the lease term, comprising the following:

- (a) fixed payments (including in-substance fixed payments), less any lease incentives;

- (b) variable lease payments that depend on an index or a rate;
- (c) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- (d) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

For the lessee, lease payments also include amounts expected to be payable by the lessee under residual value guarantees. Lease payments do not include payments allocated to non-lease components of a contract, unless the lessee elects to combine non-lease components with a lease component and to account for them as a single lease component.

For UBB / the Group, lease payments also include any residual value guarantees provided to UBB / the Group by the lessee, a party related to the lessee or a third party unrelated to UBB / the Group that is financially capable of discharging the obligations under the guarantee. Lease payments do not include payments allocated to non-lease components.

Start of the lease and beginning of the lease term

A distinction is made between the beginning of the leasing contract (inception date) and the beginning of the term under the leasing contract (commencement date). The beginning of the lease contract is the earlier of the two dates – of the lease contract or of the commitment of the parties to the main terms of the lease contract. As of this date:

- the lease is classified as a finance or operating lease; and
- in the case of a finance lease, the amounts to be recognized at the beginning of the lease term are determined.

The beginning of the lease term is the date from which the lessee can exercise its right to use the leased asset. This is also the date on which the Group initially recognizes the lease receivable.

Initial and subsequent measurement

UBB / the Group recognizes a finance lease receivable at the commencement date, at a value equal to the net investment in the lease. The initial direct costs are included in the calculation of the finance lease receivable. During the term of the lease, UBB / the Group accrues financial income (interest income on finance lease) on the net investment. The net investment in finance leases is presented in financial assets at amortized cost, within loans and receivables from customers, after impairment, according to the policy for impairment of financial assets at amortized cost.

Operating lease

Leases where UBB does not transfer substantially all of the risk and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income from that asset. The rental income from operating lease contracts is recognized on a straight-line basis over the lease term.

1.20. Share capital

The share capital of UBB is stated at the nominal value of shares issued and subscribed by UBB. Any other additional proceeds from the sale of shares over their nominal value are reported in share premium.

2 NOTES TO THE INCOME STATEMENT

Note 2.1: Net Interest Income

NET INTEREST INCOME	Year ended 31.12.2025 SEPARATE	Year ended 31.12.2024 SEPARATE	Year ended 31.12.2025 CONSOLIDATED	Year ended 31.12.2024 CONSOLIDATED
Interest income on financial instruments calculated using the effective interest rate method	987,380	968,120	987,380	964,161
Deposits placed with banks	47,153	113,049	47,153	113,049
Loans to customers	741,486	693,316	741,486	689,358
Financial assets at fair value through other comprehensive income	39,443	36,783	39,443	36,783
Financial assets at amortized cost	159,298	124,972	159,298	124,971
Interest income on other financial instruments	16,301	15,854	16,301	30,546
Interest income on Finance lease receivables	-	-	-	14,689
Trading Derivatives	15,487	12,104	15,487	12,104
Hedge Derivatives	448	3,337	448	3,337
Financial assets at fair value through profit or loss	366	330	366	330
Interest income on liabilities	-	83	-	86
Interest expense on financial instruments calculated using the effective interest rate method	(166,459)	(166,171)	(166,459)	(167,035)
Deposits from banks	(51,738)	(61,396)	(51,738)	(61,396)
Deposits from customers	(41,254)	(44,785)	(41,254)	(44,785)
Other borrowed funds	(73,467)	(59,990)	(73,467)	(60,854)
Interest expense on other financial instruments	(1,800)	(2,164)	(1,801)	(2,164)
Financial liabilities held for trading	(647)	(665)	(647)	(665)
Hedge derivatives	(197)	(671)	(197)	(671)
Lease liabilities	(956)	(631)	(957)	(631)
Interest expense on assets	-	(197)	-	(197)
Total net interest income	835,422	815,639	835,421	825,508

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

All amounts are in thousand bulgarian levs, unless otherwise stated

Note 2.2: Net Fee and Commission Income

	Year ended 31.12.2025 SEPARATE	Year ended 31.12.2024 SEPARATE	Year ended 31.12.2025 CONSOLIDATED	Year ended 31.12.2024 CONSOLIDATED
A. Fee and commission incomes				
Card-related services fees	119,122	117,385	119,122	117,385
Service fees of customer accounts	77,491	73,171	77,490	73,170
Transfer of funds and cash transactions	69,213	65,083	69,213	65,082
Fees FX transactions	61,597	54,806	61,597	54,797
Bank insurance fees	31,592	24,153	31,592	24,153
Loans to customers	13,645	19,743	13,645	20,652
Asset management fees	18,936	15,455	18,936	15,455
Fiduciary/custodian activities	5,455	4,728	5,455	4,728
Fees safety vault	939	1,083	939	1,083
Other fees and commissions	4,436	3,332	4,437	3,724
Total fee and commission income from contracts with customers	402,426	378,939	402,426	380,229
Guarantees and letters of credit	9,942	8,617	9,942	8,617
Total fee and commission incomes	412,368	387,556	412,368	388,846
B. Fee and commission expenses				
Card-related services fees	(81,886)	(79,666)	(81,886)	(79,666)
Guarantees and letters of credit	(3,898)	(2,588)	(3,898)	(2,588)
Fiduciary/custodian activities	(1,991)	(1,993)	(1,991)	(1,993)
Transfer of funds and cash transactions	(4,894)	(6,554)	(4,894)	(6,554)
Fees from sales of SMS packages / e-mails	(2,764)	(5,562)	(2,764)	(5,562)
Insurance expenses	(2,144)	(1,488)	(2,144)	(1,869)
Other fees and commissions	(1,191)	(813)	(1,191)	(1,011)
Total fee and commission expenses	(98,768)	(98,664)	(98,768)	(99,243)
TOTAL Net fee and commissions income	313,600	288,892	313,600	289,603

Note 2.3: Net Result from Financial Instruments at Fair Value Through Profit or Loss

	Year ended 31.12.2025 SEPARATE	Year ended 31.12.2024 SEPARATE	Year ended 31.12.2025 CONSOLIDATED	Year ended 31.12.2024 CONSOLIDATED
Net result from financial instruments Held for Trading				
Gains / (losses) on foreign exchange				
Net gains from FX derivatives	878	1,225	878	1,223
Gains/ losses on Held for trading financial assets and liabilities- Interest rate instruments	1,634	574	1,634	574
Net result from derivative financial instruments	2,512	1,799	2,512	1,797
Government and Corporate securities	711	933	711	933
Net result from debt securities	711	933	711	933
TOTAL	3,223	2,732	3,223	2,730

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

All amounts are in thousand bulgarian levs, unless otherwise stated

Note 2.4: Net Other Income

	Year ended 31.12.2025	Year ended 31.12.2024	Year ended 31.12.2025	Year ended 31.12.2024
	SEPARATE	SEPARATE	CONSOLIDATED	CONSOLIDATED
Gains/ Loss on disposal of fixed assets	4,133	15,850	4,569	16,072
Income from rental and lease contracts	3,125	4,076	3,240	5,673
Other operating income	2,059	845	4,253	3,998
Expense / Reversal on provisions	625	(746)	625	(746)
Depreciation of investment property	(1,687)	(2,377)	(1,821)	(4,087)
Other	(4,014)	(5,705)	(4,045)	(6,246)
TOTAL	4,241	11,943	6,821	14,664

The Gains/Loss on disposal of fixed assets in 2025 includes:

- BGN 3,265 thousand on individual and BGN 3,265 thousand on consolidated basis from the sale of own property that UBB will not further occupy;
- BGN 868 thousand on individual and BGN 1,304 thousand on consolidated basis from the sale of investment property.

The Gains/Loss on disposal of fixed assets in 2024 includes:

- BGN 11,153 thousand on individual and BGN 11,142 thousand on consolidated basis from the sale of own property that UBB will not further occupy;
- BGN 4,697 thousand on individual and BGN 4,930 thousand on consolidated basis from the sale of investment property.

Note 2.5: Operating Expenses

	Year ended 31.12.2025	Year ended 31.12.2024	Year ended 31.12.2025	Year ended 31.12.2024
	SEPARATE	SEPARATE	CONSOLIDATED	CONSOLIDATED
Staff expenses				
Wages and Salaries	(166,136)	(160,336)	(167,097)	(161,230)
Social security costs	(28,218)	(27,185)	(28,364)	(27,339)
Bonuses and other compensation expenses	(25,801)	(25,712)	(25,895)	(25,825)
Other staff costs	(7,983)	(7,234)	(7,993)	(7,249)
Provision for staff related restructuring charge/reversal	1,587	225	1,587	225
Pension costs - defined contribution plans	(1,028)	(1,099)	(1,028)	(1,099)
TOTAL	(227,579)	(221,341)	(228,790)	(222,517)

	Year ended 31.12.2025	Year ended 31.12.2024	Year ended 31.12.2025	Year ended 31.12.2024
	SEPARATE	SEPARATE	CONSOLIDATED	CONSOLIDATED
General administrative expenses				
Information and Communication Technology expenses	(97,540)	(111,910)	(97,572)	(112,220)
Deposit guarantee fund	(26,615)	(40,926)	(26,615)	(40,926)
Repair maintenance and other facilities expenses	(39,652)	(47,356)	(39,601)	(47,604)
Rental expenses	(2,491)	(3,866)	(2,494)	(3,551)
Advertising marketing and communication	(8,434)	(8,044)	(8,442)	(8,062)
Professional fees	(8,721)	(10,428)	(8,745)	(10,508)
Costs charged by other KBC Group entities	(9,688)	(6,738)	(9,688)	(6,738)
Training expenses	(1,645)	(1,553)	(1,645)	(1,557)
Other expenses	(15,620)	(13,292)	(15,626)	(13,327)
TOTAL	(210,406)	(244,113)	(210,428)	(244,493)

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	Year ended 31.12.2025	Year ended 31.12.2024	Year ended 31.12.2025	Year ended 31.12.2024
	SEPARATE	SEPARATE	CONSOLIDATED	CONSOLIDATED
Depreciation and amortisation expenses				
Depreciation of fixed assets	(20,922)	(21,612)	(20,932)	(22,073)
Depreciation of right-of-use assets	(13,859)	(15,230)	(13,872)	(15,230)
Amortisation of intangible assets	(11,652)	(15,911)	(11,657)	(15,970)
TOTAL	(46,433)	(52,753)	(46,461)	(53,273)

	Year ended 31.12.2025	Year ended 31.12.2024	Year ended 31.12.2025	Year ended 31.12.2024
	SEPARATE	SEPARATE	CONSOLIDATED	CONSOLIDATED
Audit expenses	(868)	(903)	(868)	(903)

In 2025 there were no non-audit services provided by the external auditors. In 2024 the expense provided for non-audit services amounted to BGN 4 thousand both on individual and consolidated basis.

Note 2.6: Impairment Expenses

	Year ended 31.12.2025	Year ended 31.12.2024	Year ended 31.12.2025	Year ended 31.12.2024
	SEPARATE	SEPARATE	CONSOLIDATED	CONSOLIDATED
Impairment on financial assets at AC and at FVOCI	(84,597)	(28,540)	(84,595)	(28,026)
Loans to customers	(83,863)	(27,653)	(83,863)	(27,129)
Collection expenses	(960)	(629)	(960)	(629)
Due from banks receivables	(58)	(88)	(58)	(88)
Bonds at FVOCI	95	(129)	95	(129)
Bonds at AC	129	170	129	170
Other receivables	60	(211)	62	(221)
Other Impairments	(13,290)	(1,458)	(13,290)	(1,787)
Fixed and intangible assets	(1,249)	(307)	(1,249)	(307)
Investment Property	(956)	(228)	(956)	(1,525)
Other	-	(850)	-	-
(Impairment)/Reversal of impairment on off-balance sheet commitment	(11,085)	(73)	(11,085)	45
TOTAL	(97,887)	(29,998)	(97,885)	(29,813)

Impairments of Loans to customers include income from written-off loans at the amount of BGN 11,136 thousand on individual and consolidated base for the year ended 31 December 2025 (31 December 2024: 14,476 thousand both on individual and consolidated base).

The following table provides a reconciliation between:

- the 'loans to customers' line item in the above table; and
- amounts shown in the note 3.5 reconciling opening and closing balances of allowances for impairment for loans to customers.

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	Year ended 31.12.2025	Year ended 31.12.2024	Year ended 31.12.2025	Year ended 31.12.2024
	SEPARATE	SEPARATE	CONSOLIDATED	CONSOLIDATED
New financial assets originated or purchased	(17,093)	(18,799)	(17,093)	(18,799)
Net remeasurement of loss allowance from:				
- decrease due to derecognition /full repayment/	29,729	23,875	29,729	23,875
- changes due to changes in model/methodology	28,005	25,297	28,005	25,298
- changes due to change in credit risk (net)	(135,640)	(72,502)	(135,640)	(71,979)
	(94,999)	(42,129)	(94,999)	(41,605)
Recoveries of amounts previously written-off loans	11,136	14,476	11,136	14,476
Impairment losses on loans to customers recognised in profit or loss	(83,863)	(27,653)	(83,863)	(27,129)

The following table provides a reconciliation between:

- the '(impairment)/reversal of impairment on off-balance sheet commitment' line item in the 'impairment expenses' table; and
- amounts shown in the note 4.5 reconciling opening and closing balances of provisions for off-balance sheet commitment

SEPARATE AND CONSOLIDATED	Year ended 31.12.2025
Increases due to origination	(10,290)
Net remeasurement of provisions from:	
- decrease due to derecognition	1,297
- changes due to change in credit risk (net)	(2,092)
(Impairment)/Reversal of impairment on off-balance sheet commitment recognised in profit or loss	(11,085)

Note 2.7: Income Tax Expense

	Year ended 31.12.2025	Year ended 31.12.2024	Year ended 31.12.2025	Year ended 31.12.2024
	SEPARATE	SEPARATE	CONSOLIDATED	CONSOLIDATED
Current tax (expense)/income	(57,221)	(56,373)	(57,314)	(57,909)
Deferred tax (expense)/income related to origination and reversal of temporary differences	(533)	293	(617)	293
Pillar two income tax expense	(27,493)	(26,458)	(27,557)	(26,528)
TOTAL	(85,247)	(82,538)	(85,488)	(84,144)

Pillar Two income taxes

The OECD has published GloBE Model Rules, which include a minimum 15% tax rate by jurisdiction ("Pillar Two"). Bulgaria has enacted tax legislation to comply with Pillar Two rules effectively from January 1, 2024 onward. Being part of a large multinational group, UBB falls within the Pillar Two regulation, affecting its financial results. A minimum top-up-tax is introduced to reach the required taxation level of 15% on Pillar Two qualifying profits earned by companies. The top-up-tax for KBC Group companies operating in Bulgaria was calculated for 2025 at an effective tax rate of 4,9%, resulting for UBB in an amount of BGN 27,493 thousand.

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UBB has applied the IASB amendment to IAS 12, Income Taxes, which provides a mandatory temporary exception from recognizing or disclosing deferred taxes related to Pillar Two.

The relationship between tax expense and accounting profit is as follows:

	Year ended 31.12.2025 SEPARATE	Year ended 31.12.2024 SEPARATE	Year ended 31.12.2025 CONSOLIDATED	Year ended 31.12.2024 CONSOLIDATED
Profit before taxation	575,834	578,828	577,512	577,954
Prima facie tax calculated at an applicable tax rate (10% for 2025 and 2024)	(57,583)	(57,883)	(57,751)	(57,795)
Tax effect of (expenses) that are not deductible in determining the taxable profit	(504)	(537)	(911)	(2,073)
Tax effect of income that are not recognized in determining the taxable profit	333	2,340	731	2,252
Pillar two income tax expense	(27,493)	(26,458)	(27,557)	(26,528)
TOTAL	(85,247)	(82,538)	(85,488)	(84,144)
Effective income tax rate	14.80%	14.26%	14.80%	14.56%

Current income tax expense represents the amount of tax to be paid under Bulgarian law at statutory tax rates. Deferred tax income or expense result from the change of carrying amounts of deferred tax assets and deferred tax liabilities. Deferred tax assets and liabilities as of 31 December 2025 and as of 31 December 2024 are calculated using the tax rate of 10% enacted as of that date to be effective for 2025 and 2024.

Income tax paid reconciliation with movement in current tax liability and current income for the period

	SEPARATE	CONSOLIDATED
Current income tax liabilities as of 1 January 2024	(2,729)	(2,952)
Income tax payments	55,529	57,481
Current tax expense	(56,373)	(58,032)
Global minimum top-up tax	(26,458)	(26,528)
Current tax recognised in OCI	(2,455)	(2,455)
Tax recognised in RE	(395)	(395)
Current income tax liabilities as of 31 December 2024	(32,881)	(32,881)
Current income tax liabilities as of 1 January 2025	(32,881)	(32,881)
Income tax payments	163,363	163,434
Current tax expense	(57,221)	(57,314)
Global minimum top-up tax	(27,493)	(27,557)
Current tax recognised in OCI	(760)	(760)
Tax recognised in RE	(213)	(213)
Corporate income tax receivables as of 31 December 2025	44,795	44,709

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The amounts of deferred tax assets and liabilities in the consolidated statement of financial position in respect of each type of temporary differences are as follows:

DEFERRED TAX	As of 31.12.2025 SEPARATE	As of 31.12.2025 SEPARATE	As of 31.12.2024 CONSOLIDATED	As of 31.12.2023 CONSOLIDATED
Deferred tax assets:				
Retirement benefit obligations	508	449	508	449
Provisions for legal cases	310	323	310	323
Other employee benefits	3,843	3,478	3,843	3,478
Other temporary differences	4,510	5,321	4,559	5,454
IFRS 16	75	60	75	60
Total Deferred tax assets	9,246	9,631	9,295	9,764
Deferred tax liabilities:				
Fixed assets and investment properties	(2,884)	(2,739)	(2,884)	(2,739)
Financial assets – FVOCI	(616)	(616)	(616)	(616)
Total Deferred tax liabilities	(3,500)	(3,355)	(3,500)	(3,355)
Recognised in the statement of financial position:				
Deferred tax assets:	5,746	6,276	5,795	6,409
Deferred tax liabilities:	-	-	-	-

SEPARATE

	Balance as of 31.12.2024	Recognised during the period in profit or loss	Recognised during the period in other comprehensive income	Balance as of 31.12.2025
Movement in deferred taxes				
Deferred tax assets:				
Retirement benefit obligations	449	56	3	508
Provisions for legal cases	323	(13)		310
Other employee benefits	3,478	365		3,843
Other temporary differences	5,321	(811)		4,510
IFRS 16	60	15		75
Total Deferred tax assets	9,631	(388)	3	9,246
Deferred tax liabilities:				
Fixed assets and investment properties	(2,739)	(145)		(2,884)
Securities – available for sale	(616)			(616)
Total Deferred tax liabilities	(3,355)	(145)		(3,500)
	6,276	(533)	3	5,746

CONSOLIDATED

	Balance as of 31.12.2024	Recognised during the period in profit or loss	Recognised during the period in other comprehensive income	Balance as of 31.12.2025
Movement in deferred taxes				
Deferred tax assets:				
Retirement benefit obligations	449	56	3	508
Provisions for legal cases	323	(13)		310
Other employee benefits	3,478	365		3,843
Other temporary differences	5,454	(895)		4,559
IFRS 16	60	15		75
Total Deferred tax assets	9,764	(472)	3	9,295
Deferred tax liabilities:				
Fixed assets and investment properties	(2,739)	(145)		(2,884)
Securities – available for sale	(616)			(616)
Total Deferred tax liabilities	(3,355)	(145)		(3,500)
	6,409	(617)	3	5,795

3 NOTES TO THE FINANCIAL ASSETS AND LIABILITIES

Note 3.1: Financial assets, breakdown by class and measurement category

	Measured at amortised cost (AC)	Measured at fair value through other comprehensive income (FVOCI)	Held for trading (HFT)	Hedging derivatives	Total
SEPARATE					
FINANCIAL ASSETS 31.12.2025					
Cash and cash balances with the central bank	5,068,156	-	-	-	5,068,156
<i>Cash in hand</i>	1,092,420	-	-	-	1,092,420
<i>Current account with the Central Bank</i>	3,975,736	-	-	-	3,975,736
Due from banks	1,789,076	-	-	-	1,789,076
<i>Nostro accounts</i>	247,529	-	-	-	247,529
<i>Interbank placements</i>	69,463	-	-	-	69,463
<i>Other loans and advances to banks</i>	1,472,084	-	-	-	1,472,084
Reverse repos with banks	5,537,933	-	-	-	5,537,933
Loans to customers	23,860,649	-	-	-	23,860,649
<i>Loans to households</i>	11,822,250	-	-	-	11,822,250
<i>Loans to companies and institutions</i>	12,038,399	-	-	-	12,038,399
Other receivables	97,809	-	-	-	97,809
Equity instruments	-	22,547	-	-	22,547
Debt Securities	6,488,232	1,264,738	14,911	-	7,767,881
<i>General governments</i>	6,452,399	1,264,738	14,911	-	7,732,048
<i>Credit Institutions</i>	19,608	-	-	-	19,608
<i>Companies</i>	16,225	-	-	-	16,225
Derivative financial instruments	-	-	6,447	118	6,565
Total financial assets	42,841,855	1,287,285	21,358	118	44,150,616

	Measured at amortised cost (AC)	Measured at fair value through other comprehensive income (FVOCI)	Held for trading (HFT)	Hedging derivatives	Total
CONSOLIDATED					
FINANCIAL ASSETS 31.12.2025					
Cash and cash balances with the central bank	5,068,156	-	-	-	5,068,156
<i>Cash in hand</i>	1,092,420	-	-	-	1,092,420
<i>Current account with the Central Bank</i>	3,975,736	-	-	-	3,975,736
Due from banks	1,789,076	-	-	-	1,789,076
<i>Nostro accounts</i>	247,529	-	-	-	247,529
<i>Interbank placements</i>	69,463	-	-	-	69,463
<i>Other loans and advances to banks</i>	1,472,084	-	-	-	1,472,084
Reverse repos with banks	5,537,933	-	-	-	5,537,933
Loans to customers	23,860,649	-	-	-	23,860,649
<i>Loans to households</i>	11,822,250	-	-	-	11,822,250
<i>Loans to companies and institutions</i>	12,038,399	-	-	-	12,038,399
Other receivables	97,790	-	-	-	97,790
Equity instruments	-	22,547	-	-	22,547
Debt Securities	6,488,232	1,264,738	14,911	-	7,767,881
<i>General governments</i>	6,452,399	1,264,738	14,911	-	7,732,048
<i>Credit Institutions</i>	19,608	-	-	-	19,608
<i>Companies</i>	16,225	-	-	-	16,225
Derivative financial instruments	-	-	6,447	118	6,565
Total financial assets	42,841,836	1,287,285	21,358	118	44,150,597

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SEPARATE FINANCIAL ASSETS 31.12.2024	Measured at amortised cost (AC)	Measured at fair value		Held for trading (HFT)	Hedging derivatives	Total
		through other comprehensive income (FVOCI)				
Cash and cash balances with the Central Bank						
Bank	6,599,635	-	-	-	-	6,599,635
<i>Cash in hand</i>	552,887	-	-	-	-	552,887
<i>Current account with the Central Bank</i>	6,046,748	-	-	-	-	6,046,748
Due from banks	1,414,750	-	-	-	-	1,414,750
<i>Nostro accounts</i>	122,768	-	-	-	-	122,768
<i>Interbank placements</i>	18,872	-	-	-	-	18,872
<i>Other loans and advances to banks</i>	1,273,110	-	-	-	-	1,273,110
Reverse repos with banks	977,994	-	-	-	-	977,994
Loans to customers	20,469,909	-	-	-	-	20,469,909
<i>Loans to households</i>	9,802,916	-	-	-	-	9,802,916
<i>Loans to companies and institutions</i>	10,666,993	-	-	-	-	10,666,993
Other receivables	140,676	-	-	-	-	140,676
Equity instruments	-	22,327	-	-	-	22,327
Debt Securities	6,147,216	1,356,256	12,184	-	-	7,515,656
<i>General governments</i>	6,037,286	1,356,256	12,184	-	-	7,405,726
<i>Credit Institutions</i>	27,067	-	-	-	-	27,067
<i>Companies</i>	82,863	-	-	-	-	82,863
Derivative financial instruments	-	-	14,761	337	-	15,098
Total financial assets	35,750,180	1,378,583	26,945	337	337	37,156,045

CONSOLIDATED FINANCIAL ASSETS, 31.12.2024	Measured at amortised cost (AC)	Measured at fair value		Held for trading (HFT)	Hedging derivatives	Total
		through other comprehensive income (FVOCI)				
Cash and cash balances with the Central Bank						
Bank	6,599,635	-	-	-	-	6,599,635
<i>Cash in hand</i>	552,887	-	-	-	-	552,887
<i>Current account with the Central Bank</i>	6,046,748	-	-	-	-	6,046,748
Due from banks	1,414,750	-	-	-	-	1,414,750
<i>Nostro accounts</i>	122,768	-	-	-	-	122,768
<i>Interbank placements</i>	18,872	-	-	-	-	18,872
<i>Other loans and advances to banks</i>	1,273,110	-	-	-	-	1,273,110
Reverse repos with banks	977,994	-	-	-	-	977,994
Loans to customers	20,469,909	-	-	-	-	20,469,909
<i>Loans to households</i>	9,802,916	-	-	-	-	9,802,916
<i>Loans to companies and institutions</i>	10,666,993	-	-	-	-	10,666,993
Other receivables	140,731	-	-	-	-	140,731
Equity instruments	-	22,327	-	-	-	22,327
Debt Securities	6,147,216	1,356,256	12,184	-	-	7,515,656
<i>General governments</i>	6,037,286	1,356,256	12,184	-	-	7,405,726
<i>Credit Institutions</i>	27,067	-	-	-	-	27,067
<i>Companies</i>	82,863	-	-	-	-	82,863
Derivative financial instruments	-	-	14,761	337	-	15,098
Total financial assets	35,750,235	1,378,583	26,945	337	337	37,156,100

- The major part of equity securities represents participation in companies providing services to the financial sector.
- Part of the owned Bulgarian Government securities measured at fair value through OCI in the amount of BGN 113,981 thousand are pledged for budget attracted funds (as of 31 December 2024: none).

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- Part of the owned Bulgarian Government securities measured at amortised cost in the amount of BGN 3,849,195 thousand are pledged as follows:
 - BGN 490,120 thousand for budget attracted funds.
 - BGN 653,238 thousand for the pre-supply of euro banknotes and coins by the Bulgarian national bank. The pre-supply is taken to secure sufficient cash availability to Bulgarian banks and their customers on 01.01.2026, marking the official date of Bulgaria's entry into the Euro zone, and ensures readiness for the transition to the new currency, supporting uninterrupted access to cash.
 - BGN 2,705,837 thousand for repurchase agreements.
 (31 December 2024: BGN 366,469 thousand only for budget attracted funds.)
- Included in Due from banks are nostro accounts, and other receivables from banks with an original maturity up to 3 months amounting BGN 317,163 thousand (31 December 2024: 150,100 thousand) presented in the Cash flow statement as Cash and cash equivalents
- Reverse repurchase agreements as of 31.12.2025 and as of 31.12.2024 are with original maturity up to 3 months and are presented in the Cash flow statement as Cash and cash equivalents

Note 3.2 Financial liabilities

SEPARATE FINANCIAL LIABILITIES 31.12.2025	Measured at amortised cost (AC)	Held for trading (HFT)	Hedging derivatives	Total
Deposits from banks	3,998,106	-	-	3,998,106
<i>Sight deposits</i>	8,097	-	-	8,097
<i>Time deposits</i>	3,981,251	-	-	3,981,251
<i>Other due to banks</i>	8,758	-	-	8,758
Repo	2,739,531	-	-	2,739,531
Deposits from customers	30,536,998	-	-	30,536,998
<i>Households</i>	20,327,781	-	-	20,327,781
<i>Other financial institutions</i>	425,633	-	-	425,633
<i>Companies</i>	9,404,651	-	-	9,404,651
<i>General governments</i>	378,933	-	-	378,933
Other financial liabilities	139,047	-	-	139,047
Other borrowed funds	2,564,707	-	-	2,564,707
<i>Credit lines from international institutions</i>	1,227	-	-	1,227
<i>Other credit lines</i>	2,384,379	-	-	2,384,379
<i>Subordinated term debt</i>	179,101	-	-	179,101
Derivatives	-	10,068	-	10,068
Total financial liabilities	39,978,389	10,068	-	39,988,457

CONSOLIDATED FINANCIAL LIABILITIES 31.12.2025	Measured at amortised cost (AC)	Held for trading (HFT)	Hedging derivatives	Total
Deposits from banks	3,998,106	-	-	3,998,106
<i>Sight deposits</i>	8,097	-	-	8,097
<i>Time deposits</i>	3,981,251	-	-	3,981,251
<i>Other due to banks</i>	8,758	-	-	8,758
Repo	2,739,531	-	-	2,739,531
Deposits from customers	30,531,869	-	-	30,531,869
<i>Households</i>	20,327,781	-	-	20,327,781
<i>Other financial institutions</i>	425,634	-	-	425,634
<i>Companies</i>	9,399,521	-	-	9,399,521
<i>General governments</i>	378,933	-	-	378,933
Other financial liabilities	139,047	-	-	139,047
Other borrowed funds	2,564,707	-	-	2,564,707
<i>Credit lines from international institutions</i>	1,227	-	-	1,227
<i>Other credit lines</i>	2,384,379	-	-	2,384,379
<i>Subordinated term debt</i>	179,101	-	-	179,101
Derivatives	-	10,068	-	10,068
Total financial liabilities	39,973,260	10,068	-	39,983,328

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SEPARATE FINANCIAL LIABILITIES 31.12.2024	Measured at amortised cost (AC)	Held for trading (HFT)	Hedging derivatives	Total
Deposits from banks	4,153,290	-	-	4,153,290
<i>Sight deposits</i>	14,610	-	-	14,610
<i>Time deposits</i>	4,134,224	-	-	4,134,224
<i>Other due to banks</i>	4,456	-	-	4,456
Repo	-	-	-	-
Deposits from customers	27,244,570	-	-	27,244,570
<i>Households</i>	17,216,092	-	-	17,216,092
<i>Other financial institutions</i>	1,013,931	-	-	1,013,931
<i>Companies</i>	8,664,285	-	-	8,664,285
<i>General governments</i>	350,262	-	-	350,262
Other financial liabilities	184,052	-	-	184,052
Other borrowed funds	1,441,660	-	-	1,441,660
<i>Credit lines from international institutions</i>	4,053	-	-	4,053
<i>Other credit lines</i>	1,258,203	-	-	1,258,203
<i>Subordinated term debt</i>	179,404	-	-	179,404
Derivative financial instruments	-	12,385	-	12,385
Total financial liabilities	33,023,572	12,385	-	33,035,957

CONSOLIDATED FINANCIAL LIABILITIES, 31.12.2024	Measured at amortised cost (AC)	Held for trading (HFT)	Hedging derivatives	Total
Deposits from banks	4,153,290	-	-	4,153,290
<i>Sight deposits</i>	14,610	-	-	14,610
<i>Time deposits</i>	4,134,224	-	-	4,134,224
<i>Other due to banks</i>	4,456	-	-	4,456
Repo	-	-	-	-
Deposits from customers	27,242,611	-	-	27,242,611
<i>Households</i>	17,216,092	-	-	17,216,092
<i>Other financial institutions</i>	1,013,930	-	-	1,013,930
<i>Companies</i>	8,662,327	-	-	8,662,327
<i>General governments</i>	350,262	-	-	350,262
Other financial liabilities	184,052	-	-	184,052
Other borrowed funds	1,441,660	-	-	1,441,660
<i>Credit lines from international institutions</i>	4,053	-	-	4,053
<i>Other credit lines</i>	1,258,203	-	-	1,258,203
<i>Subordinated term debt</i>	179,404	-	-	179,404
Derivative financial instruments	-	12,385	-	12,385
Total financial liabilities	33,021,613	12,385	-	33,033,998

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Note 3.3.: Loans to customers by product and type of customer

	Year ended 31.12.2025	Year ended 31.12.2024	Year ended 31.12.2025	Year ended 31.12.2024
	SEPARATE	SEPARATE	CONSOLIDATED	CONSOLIDATED
Households	12,025,289	10,005,860	12,025,289	10,005,860
Overdrafts	45,117	42,547	45,117	42,547
Credit cards	126,012	140,513	126,012	140,513
Mortgages	7,815,728	6,251,011	7,815,728	6,251,011
Consumer loans	3,913,903	3,446,938	3,913,903	3,446,938
Other loans	124,529	124,851	124,529	124,851
Companies and institutions	12,230,148	10,783,633	12,230,148	10,783,633
hereof: Factoring receivables	544,225	419,296	544,225	419,296
Other financial institutions	680,343	500,841	680,343	500,841
Companies	11,291,466	10,080,685	11,291,466	10,080,685
General governments	258,339	202,107	258,339	202,107
Loans to customers, gross	24,255,437	20,789,493	24,255,437	20,789,493
Less: allowance for impairment	(394,788)	(319,584)	(394,788)	(319,584)
Loans to customers, net	23,860,649	20,469,909	23,860,649	20,469,909

Note 3.4: Financial assets subject to impairment

SEPARATE AND CONSOLIDATED 31.12.2025	Carrying value before impairment	Impairment	Carrying value after impairment
Financial assets at amortised cost	38,071,751	(395,861)	37,675,890
Due from banks and reverse repos with banks	7,327,329	(320)	7,327,009
Stage 1	7,327,329	(320)	7,327,009
Stage 2	-	-	-
Stage 3	-	-	-
Loans to households	12,025,289	(203,039)	11,822,250
Stage 1	11,558,297	(13,225)	11,545,072
<i>hereof mortgages</i>	<i>7,675,262</i>	<i>(2,063)</i>	<i>7,673,199</i>
Stage 2	248,983	(28,075)	220,908
<i>hereof mortgages</i>	<i>100,619</i>	<i>(6,397)</i>	<i>94,222</i>
Stage 3	218,009	(161,739)	56,270
<i>hereof mortgages</i>	<i>39,847</i>	<i>(14,316)</i>	<i>25,531</i>
Loans to companies and institutions	12,230,148	(191,749)	12,038,399
Stage 1	10,609,928	(23,255)	10,586,673
Stage 2	1,234,991	(36,537)	1,198,454
Stage 3	385,229	(131,957)	253,272
Debt securities	6,488,985	(753)	6,488,232
Stage 1	6,488,985	(753)	6,488,232
Stage 2	-	-	-
Stage 3	-	-	-
Financial assets at fair value through OCI:	1,264,877	(139)	1,264,738
Debt securities	1,264,877	(139)	1,264,738
Stage 1	1,264,877	(139)	1,264,738
Stage 2	-	-	-
Stage 3	-	-	-

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SEPARATE AND CONSOLIDATED	Carrying value before impairment	Impairment	Carrying value after impairment
31.12.2024			
Financial assets at amortised cost	28,352,602	(320,727)	28,031,875
Due from banks and reverse repos with banks	1,415,012	(262)	1,414,750
Stage 1	1,415,012	(262)	1,414,750
Stage 2	-	-	-
Stage 3	-	-	-
Loans to households	10,005,860	(202,944)	9,802,916
Stage 1	9,521,752	(15,572)	9,506,180
<i>hereof mortgages</i>	<i>6,087,048</i>	<i>(3,516)</i>	<i>6,083,532</i>
Stage 2	268,065	(36,421)	231,644
<i>hereof mortgages</i>	<i>112,042</i>	<i>(11,962)</i>	<i>100,080</i>
Stage 3	216,043	(150,951)	65,092
<i>hereof mortgages</i>	<i>51,921</i>	<i>(17,985)</i>	<i>33,936</i>
Loans to companies and institutions	10,783,633	(116,640)	10,666,993
Stage 1	9,451,709	(21,126)	9,430,583
Stage 2	1,117,319	(21,601)	1,095,718
Stage 3	214,605	(73,913)	140,692
Debt securities	6,148,097	(881)	6,147,216
Stage 1	6,148,097	(881)	6,147,216
Stage 2	-	-	-
Stage 3	-	-	-
Financial assets at fair value through OCI:	1,356,490	(234)	1,356,256
Debt securities	1,356,490	(234)	1,356,256
Stage 1	1,356,490	(234)	1,356,256
Stage 2	-	-	-
Stage 3	-	-	-

Note 3.5: Movement of allowances for impairment for loans to customers

SEPARATE AND CONSOLIDATED	Stage 1		Stage 2		Stage 3		Total
	Households	Companies and institutions	Households	Companies and institutions	Households	Companies and institutions	
At 1 January 2025	(15,572)	(21,126)	(36,421)	(21,601)	(150,951)	(73,913)	(319,584)
Business combination under common control	-	-	-	-	-	-	-
Increases due to origination	(8,527)	(8,566)	-	-	-	-	(17,093)
Decrease due to derecognition /full repayment/	2,292	2,274	3,535	1,744	6,855	13,029	29,729
Decrease in allowance account due to write-offs	-	-	-	-	12,130	5,283	17,413
Other adjustments	-	-	-	-	-	2,382	2,382
Changes due to changes in model/methodology	549	370	5,144	3,239	5,524	13,179	28,005
Changes due to change in credit risk (net)	8,033	3,793	(333)	(19,919)	(35,297)	(91,917)	(135,640)
At 31 December 2025	(13,225)	(23,255)	(28,075)	(36,537)	(161,739)	(131,957)	(394,788)

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SEPARATE	Stage 1		Stage 2		Stage 3		Total
	Companies and		Companies and		Companies and		
	Households	Institutions	Households	Institutions	Households	Institutions	
At 1 January 2024	(16,969)	(18,172)	(50,006)	(25,000)	(142,671)	(65,296)	(318,114)
Business combination under common control	-	-	-	(1,691)	-	(128)	(1,819)
Increases due to origination	(7,844)	(7,219)	(547)	(3,189)	-	-	(18,799)
Decrease due to derecognition /full repayment/	2,836	4,739	5,419	5,528	2,087	3,266	23,875
Decrease in allowance account due to write-offs	-	-	-	-	22,473	14,886	37,359
Other adjustments	-	27	-	32	1,064	3,996	5,119
Changes due to changes in model/methodology	7,650	4,884	2,898	7,209	507	2,149	25,297
Changes due to change in credit risk (net)	(1,245)	(5,385)	5,815	(4,490)	(34,411)	(32,786)	(72,502)
At 31 December 2024	(15,572)	(21,126)	(36,421)	(21,601)	(150,951)	(73,913)	(319,584)

CONSOLIDATED	Stage 1		Stage 2		Stage 3		Total
	Companies and		Companies and		Companies and		
	Households	Institutions	Households	Institutions	Households	Institutions	
At 1 January 2024	(17,320)	(19,539)	(50,026)	(27,733)	(144,096)	(69,757)	(328,471)
Business combination under common control	228	572	25	1,003	451	3,570	5,849
Increases due to origination	(7,844)	(7,219)	(547)	(3,189)	-	-	(18,799)
Decrease due to derecognition /full repayment/	2,836	4,739	5,419	5,528	2,087	3,266	23,875
Decrease in allowance account due to write-offs	-	-	-	-	22,470	17,032	39,502
Other adjustments	-	27	-	36	1,064	4,014	5,141
Changes due to changes in model/methodology	7,650	4,884	2,898	7,209	507	2,150	25,298
Changes due to change in credit risk (net)	(1,122)	(4,590)	5,810	(4,455)	(33,434)	(34,188)	(71,979)
At 31 December 2024	(15,572)	(21,126)	(36,421)	(21,601)	(150,951)	(73,913)	(319,584)

The outstanding balance of Expected credit losses (ECL) includes also impact from IFRS 9 LGD model change in micro segment (including company owners), additional impact related to the geopolitical and macroeconomic uncertainties and other management overlays.

The impact from the implementation of the new IFRS 9 LGD model for micro clients amounting to BGN 34,639 thousand, reflects the replacement of the previous semi-simplified model with a fully-fledged LGD model.

The outstanding ECL for geopolitical and macroeconomic uncertainties came to BGN 14,387 thousand at year-end 2025 (2024: BGN 11,058 thousand). This ECL is determined based on individual counterparties and sectors in our portfolio which are deemed to have incurred an increase in credit risk because they are:

- exposed to the macroeconomic risks as per internally built Group model reflecting the current macroeconomic environment (Automated sector stress analyser or ASSA)
- indirectly exposed to ongoing military conflict, such as the one in Ukraine.

The increase is largely attributable to the introduced pessimistic scenario for ASSA model and applying weighted average with following weights:

- base scenario 70%
- pessimistic scenario 30%.

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The Bank booked a management overlay (MO) in December 2025 for the exposures in the grain trading sector amounting to BGN 14,669 thousand due to price volatility, uncertainties/pressure on the export markets and lower yields in the last 3 years, leading to systematic losses in some of the trading companies who had a combination of high leverage and long inventory positions.

Management overlay of BGN 15 619 thousand on Mortgages booked in December 2024 aims to counter the releases from the migrated portfolio from ex-KBC Bank Bulgaria, awaiting the planned redesign of the model.

Management overlay of BGN 3,190 thousand (2024: BGN 3,424 thousand) on Consumer loans represents increased unsecured recovery for NPL loans and adjusted probability for exit to cover for uncertainties in the retail model.

Management overlay of BGN 10,091 thousand on Micro loans (2024: BGN 16,726 thousand) - The old MO of 16,726 thousand for add-on awaiting further model investigations in 2025 was released and a new one was booked for increase of LGD with 10% to cover the remaining uncertainties which is to be reassessed during the next back-test.

As of 31 December in BGN thousand	2025		2024	
	Households	Companies and institutions	Households	Companies and institutions
Loss allowance before management overlays	172,237	164,595	167,450	105,273
MO on geopolitical and emerging risks	8,094	6,293	10,496	596
MO on grain trading sector	-	14,669	-	-
MO on mortgage loans	15,619	-	15,619	-
MO on consumer loans	3,190	-	3,424	-
MO on Micro loans	3,899	6,192	5,955	10,771
Loss allowance after management overlays	203,039	191,749	202,944	116,640

Sensitivity of Expected credit losses (ECL) under IFRS 9 to forward looking macroeconomic assumptions

UBB considers three forward-looking macroeconomic scenarios with different weightings in ECL calculation:

As of 31 December	2025			2024		
	Base case	Up case	Down case	Base case	Up case	Down case
Scenario probability weighting	60%	20%	20%	60%	20%	20%

The following macroeconomic variables (MEVs) provided by the KBC chief economist are included in the ECL calculation:

- GDP growth rate – for corporate/ SME and consumer portfolios;
- Unemployment rate – for mortgages and micro portfolio;
- House pricing index – for commercial real estate portfolio.

Macro economic scenario	Base case (60%)					Up case (20%)				Down case (20%)			
	2024	2025	2026	2027	2028	2025	2026	2027	2028	2025	2026	2027	2028
Real GDP growth (% avg)	3.0	2.7	2.8	2.8	2.6	4.3	4.9	5.1	4.5	1.1	0.7	0.7	0.8
Unemployment rate (in % of labour force, eop)	3.8	3.7	3.6	3.5	3.6	2.6	2.3	2.0	2.3	4.8	4.9	4.9	4.7
House prices (yoy %-change, avg)	14.7	8.5	6.5	5.0	4.9	15.3	14.4	13.9	12.3	2.2	-0.8	-3.4	-2.1

The table below shows the loss allowance on loans to corporate and retail customers assuming each forward-looking scenario was weighed 100 percent instead of applying scenario probability weights across the three scenarios. For ease of comparison, the table also includes the probability-weighted amounts that are reflected in the financial statements.

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The amounts are inclusive of post-model adjustments as appropriate to each scenario.

As of 31 December	2025				2024			
	Base case	Up case	Down case	Probability weighted	Base case	Up case	Down case	Probability weighted
Loss allowance ECL (in BGN k)	248,286	235,759	264,157	248,955	237,150	225,999	251,031	237,696
Households	185,022	174,342	198,942	185,670	178,737	168,380	191,735	179,265
Companies and institutions	63,264	61,417	65,215	63,285	58,413	57,619	59,296	58,431

Note 3.6: Movement of gross carrying amount by stages of ECL

	Year ended 31.12.2025		Year ended 31.12.2024	
	SEPARATE AND CONSOLIDATED		SEPARATE AND CONSOLIDATED	
	Households	Companies and institutions	Households	Companies and institutions
Transfers between stage 1 and stage 2				
from stage 1 to stage 2	159,674	630,241	124,746	624,438
from stage 2 to stage 1	99,096	221,096	475,337	839,357
Transfers between stage 2 and stage 3				
from stage 2 to stage 3	26,247	75,403	34,341	35,546
from stage 3 to stage 2	9,761	2,204	8,781	8,229
Transfers between stage 1 and stage 3				
from stage 1 to stage 3	34,894	179,260	26,632	34,040
from stage 3 to stage 1	8,000	1,685	5,586	1,991
Transfers from stage 3 to write off	12,024	3,736	10,491	13,877

Note 3.7: Derivative financial instruments

	SEPARATE AND CONSOLIDATED			SEPARATE AND CONSOLIDATED		
	31.12.2025			31.12.2024		
	Notional amount	Fair value		Notional amount	Fair value	
Assets		Liabilities	Assets		Liabilities	
Derivatives held for trading	4,470,669	6,447	10,068	4,266,857	14,761	12,385
Of which Currency forwards	626,878	1,264	1,182	822,236	4,554	4,734
Of which Currency swaps	3,046,155	1,993	3,989	3,048,175	5,444	1,933
Of which Open forwards	70,742	922	889	79,911	470	419
Of which Interest rate swaps	726,894	2,268	4,008	316,535	4,293	5,299
Hedging derivatives	19,558	118	-	19,558	337	-
Of which Interest rate swaps	19,558	118	-	19,558	337	-
Total derivative financial instruments	4,490,227	6,565	10,068	4,286,415	15,098	12,385

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Note 3.8: Hedging derivatives

SEPARATE AND CONSOLIDATED											
Fair value hedge	Hedging Instrument					Change in fair value of hedging items used as basis for recognising hedge ineffectiveness for the period	Type	Hedged Item		Impact of profit or loss	
	Notional amounts		Carrying value					Carrying value	Change in fair value of hedged items used as basis for recognising hedge ineffectiveness for the period	Ineffective portion recognised in profit or loss	Effective portion recognised in profit or loss
	Purchased	Sold	Assets	Liabilities							
As of 31.12.2025											
Interest rate swaps	19,558	19,558	118	-	(219)	Debt securities held at FVOCI	20,023	219	-	219	
Total	19,558	19,558	118	-	(219)	Total	20,023	219	-	219	

SEPARATE AND CONSOLIDATED											
Fair value hedge	Hedging Instrument					Change in fair value of hedging items used as basis for recognising hedge ineffectiveness for the period	Type	Hedged Item		Impact of profit or loss	
	Notional amounts		Carrying value					Carrying value	Change in fair value of hedged items used as basis for recognising hedge ineffectiveness for the period	Ineffective portion recognised in profit or loss	Effective portion recognised in profit or loss
	Purchased	Sold	Assets	Liabilities							
As of 31.12.2024											
Interest rate swaps	19,558	19,558	337	-	(358)	Debt securities held at FVOCI	19,861	369	11	(369)	
Total	19,558	19,558	337	-	(358)	Total	19,861	369	11	(369)	

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Note 3.9: Changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes

The tables below illustrate the reconciliation of movements of liabilities to cash flows arising from financing activities.

SEPARATE AND CONSOLIDATED LIABILITIES

COST	LIABILITIES			SHAREHOLDERS' EQUITY				Total
	Other borrowed funds	Lease liabilities	Share capital	Share premium and Statutory reserves	Retained earnings	Revaluation and other reserves	Additional tier-1 instrument included in equity	
As of 1 January 2025	1,441,660	47,261	194,009	1,211,691	2,660,795	23,829	113,438	5,692,683
Changes from financing cash flows								
Proceeds from issue of share capital	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	(248,774)	-	-	(248,774)
Coupon on Additional Tier1 Instrument	-	-	-	-	(5,177)	-	(113,438)	(118,615)
Proceeds from long-term financing	1,124,602	-	-	-	-	-	-	1,124,602
Repayments to long-term financing	(2,241)	-	-	-	-	-	-	(2,241)
Repayments of lease liabilities	-	(13,762)	-	-	-	-	-	(13,762)
Total changes from financing cash flows	1,122,361	(13,762)	-	-	(253,951)	-	(113,438)	741,210
Other changes								
Interest expense	73,467	956	-	-	-	-	-	74,423
Interest paid	(72,781)	(956)	-	-	-	-	-	(73,737)
Adjustment for new/terminated lease contracts	-	10,488	-	-	-	-	-	10,488
Total liability-related other changes	686	10,488	-	-	-	-	-	11,174
Total equity-related other changes	-	-	-	-	492,506	6,803	-	499,309
As of 31 December 2025	2,564,707	43,987	194,009	1,211,691	2,899,350	30,632	-	6,944,376

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SEPARATE AND CONSOLIDATED

COST	LIABILITIES			SHAREHOLDERS' EQUITY				Total
	Other borrowed funds	Lease liabilities	Share capital	Share premium and Statutory reserves	Retained earnings	Revaluation and other reserves	Additional tier-1 instrument included in equity	
As of 1 January 2024	1,444,723	44,699	177,168	919,510	2,164,499	1,152	113,438	4,865,189
Changes from financing cash flows								
Proceeds from issue of share capital	-	-	16,841	292,181	-	-	-	309,022
Dividends paid	-	-	-	-	-	-	-	-
Coupon on Additional Tier1 Instrument	-	-	-	-	(7,158)	-	-	(7,158)
Proceeds from long-term financing	-	-	-	-	-	-	-	-
Repayments to long-term financing	(3,063)	-	-	-	-	-	-	(3,063)
Repayments of lease liabilities	-	(15,404)	-	-	-	-	-	(15,404)
Total changes from financing cash flows	(3,063)	(15,404)	16,841	292,181	(7,158)	-	-	283,397
Other changes								
Interest expense	59,990	631	-	-	-	-	-	60,621
Interest paid	(59,990)	(631)	-	-	-	-	-	(60,621)
Adjustment for new/terminated lease contracts	-	17,966	-	-	-	-	-	17,966
Total liability-related other changes	-	17,966	-	-	-	-	-	17,966
Total equity-related other changes	-	-	-	-	503,454	22,677	-	526,131
As of 31 December 2024	1,441,660	47,261	194,009	1,211,691	2,660,795	23,829	113,438	5,692,683

4 NOTES TO OTHER BALANCE SHEET POSITIONS

Note 4.1: Investments in subsidiaries and associates

As of 31.12.2025

SEPARATE

Company name	Country of incorporation	% of ownership	Number of shares	Currency of transaction	Acquisition cost	Carrying value
East Golf Properties EOOD	Bulgaria	100%	5,146,365	BGN	6,646	5,796
UBB Centre Management EOOD	Bulgaria	100%	6,992	BGN	-	-
Drujestvo za Kasovi Uslugi AD	Bulgaria	25%	3,125	BGN	2,976	2,976
Total investments in subsidiaries and associated companies					9,622	8,772

As of 31.12.2025

CONSOLIDATED

Company name	Type of investment	% of ownership	Number of shares	Currency of transaction	Acquisition cost	Carrying value
Drujestvo za Kasovi Uslugi AD	Associate	25%	3,125	BGN	2,976	5,836
Total investments in associated companies					2,976	5,836

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As of 31.12.2024 SEPARATE

Company name	Country of incorporation	% of ownership	Number of shares	Currency of transaction	Acquisition cost	Carrying value
East Golf Properties EOOD	Bulgaria	100%	5,146,365	BGN	6,646	5,796
UBB Centre Management EOOD	Bulgaria	100%	6,992	BGN	-	-
Druzhestvo za Kasovi Uslugi AD	Bulgaria	25%	3,125	BGN	2,976	2,976
Total investments in subsidiaries and associated companies					9,622	8,772

As of 31.12.2024 CONSOLIDATED

Company name	Type of investment	% of ownership	Number of shares	Currency of transaction	Acquisition cost	Carrying value
Druzhestvo za Kasovi Uslugi AD	Associate	25%	3,125	BGN	2,976	4,876
Total investments in associated companies					2,976	4,876

Movement in investment in associates considered in the consolidated report

BALANCE AS OF 1 JANUARY 2024	4,225
Additions – increase of shareholding	-
Payments of dividends	-
Income from equity method investments	651
Sold investments	-
Other	-
BALANCE AS OF 31 DECEMBER 2024	4,876
Additions	-
Payments of dividends	-
Income from equity method investments	903
Sold investments	-
Other	57
BALANCE AS OF 31 DECEMBER 2025	5,836

	As of 31.12.2025 Druzhestvo za Kasovi Uslugi	As of 31.12.2024 Druzhestvo za Kasovi Uslugi
Carrying amount	5,836	4,876
Revenue	30,535	24,683
Depreciation and amortisation	3,057	2,258
Gross profit from continuing operation	4,017	2,900
Net profit for the year	3,611	2,605
Other comprehensive income	(94)	(3)
Total comprehensive income	3,517	2,602
Group's share of profits of associates	903	651
% Holding	25%	25%
Statement of financial position:		
Current assets	30,236	26,835
incl. cash and cash equivalents	10,784	6,492
Non-current assets	4,289	2,526
Current liabilities	19,452	20,343
Current liabilities (excl. trade and other payables and provisions)	3,247	2,946
Non-current liabilities	123	72
Non-current liabilities (excl. trade and other payables and provisions)	3,374	3,791
	28	37

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Note 4.2: Intangible assets, property and equipment

SEPARATE

	Land and buildings	Equipment and other assets	Total property and equipment	Intangible assets	Total
COST					
As of 1 January 2025	138,386	191,933	330,319	172,528	502,847
Additions	2,661	24,105	26,766	22,284	49,050
Reclassified	9,653	-	9,653	-	9,653
Disposals	(4,066)	(19,413)	(23,479)	(89,070)	(112,549)
As of 31 December 2025	146,634	196,625	343,259	105,742	449,001
DEPRECIATION/ AMORTIZATION					
As of 1 January 2025	(62,627)	(135,031)	(197,658)	(136,743)	(334,401)
Charge for 2025	(3,292)	(17,630)	(20,922)	(11,652)	(32,574)
Impairments for 2025	-	-	-	(1,249)	(1,249)
Depreciation/Amortization charged on disposals	1,589	18,931	20,520	72,044	92,564
Impairments charged on disposals	-	14	14	17,026	17,040
As of 31 December 2025	(64,330)	(133,716)	(198,046)	(60,574)	(258,620)
NET BOOK VALUE	82,304	62,909	145,213	45,168	190,381

CONSOLIDATED

	Land and buildings	Equipment and other assets	Total property and equipment	Intangible assets	Total
COST					
As of 1 January 2025	138,386	191,651	330,037	172,538	502,575
Additions	2,661	24,105	26,766	22,309	49,075
Reclassified	9,653	-	9,653	-	9,653
Disposals	(4,066)	(19,069)	(23,135)	(89,067)	(112,202)
As of 31 December 2025	146,634	196,687	343,321	105,780	449,101
DEPRECIATION/ AMORTIZATION					
As of 1 January 2025	(62,627)	(134,729)	(197,356)	(136,744)	(334,100)
Charge for 2025	(3,292)	(17,640)	(20,932)	(11,657)	(32,589)
Impairments for 2025	-	-	-	(1,249)	(1,249)
Depreciation/Amortization charged on disposals	1,589	18,587	20,176	72,041	92,217
Impairments charged on disposals	-	14	14	17,026	17,040
As of 31 December 2025	(64,330)	(133,768)	(198,098)	(60,583)	(258,681)
NET BOOK VALUE	82,304	62,919	145,223	45,197	190,420

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SEPARATE

	Land and buildings	Equipment and other assets	Total property and equipment	Intangible assets	Total
COST					
As of 1 January 2024	125,296	215,341	340,637	184,802	525,439
Additions	2,487	22,997	25,484	14,958	40,442
Reclassified	14,636	-	14,636	-	14,636
Disposals	(4,033)	(46,405)	(50,438)	(27,232)	(77,670)
As of 31 December 2024	138,386	191,933	330,319	172,528	502,847
DEPRECIATION/ AMORTIZATION					
As of 1 January 2024	(60,022)	(161,687)	(221,709)	(147,998)	(369,707)
Charge for 2024	(2,949)	(18,663)	(21,612)	(15,911)	(37,523)
Impairments for 2024	-	(240)	(240)	(67)	(307)
Depreciation/Amortization charged on disposals	344	45,538	45,882	25,513	71,395
Impairments charged on disposals	-	21	21	1,720	1,741
As of 31 December 2024	(62,627)	(135,031)	(197,658)	(136,743)	(334,401)
NET BOOK VALUE	75,759	56,902	132,661	35,785	168,446

CONSOLIDATED

	Land and buildings	Equipment and other assets	Total property and equipment	Intangible assets (Software)	Total
COST					
As of 1 January 2024	125,734	225,523	351,257	186,625	537,882
Impact of business combination under common control	(438)	(7,398)	(7,836)	(1,424)	(9,260)
Additions	2,487	23,000	25,487	14,958	40,445
Reclassified	14,636	-	14,636	-	14,636
Disposals	(4,033)	(49,474)	(53,507)	(27,621)	(81,128)
As of 31 December 2024	138,386	191,651	330,037	172,538	502,575
DEPRECIATION/ AMORTIZATION					
As of 1 January 2024	(60,022)	(166,841)	(226,863)	(149,672)	(376,535)
Impact of business combination under common control	-	3,965	3,965	1,355	5,320
Charge for 2024	(2,949)	(19,124)	(22,073)	(15,970)	(38,043)
Impairments for 2024	-	(240)	(240)	(67)	(307)
Depreciation/Amortization charged on disposals	344	45,580	45,924	25,810	71,734
Impairments charged on disposals	-	1,931	1,931	1,800	3,731
As of 31 December 2024	(62,627)	(134,729)	(197,356)	(136,744)	(334,100)
NET BOOK VALUE	75,759	56,922	132,681	35,794	168,475

Note 4.3: Investment properties

	SEPARATE Investment properties	CONSOLIDATED Investment properties
As of 1 January 2025	77,797	84,555
Reclassified	(9,653)	(9,653)
Additions	144	144
Disposals	(12,002)	(15,897)
As of 31 December 2025	56,286	59,149
DEPRECIATION		
As of 1 January 2025	(17,782)	(20,768)
Reclassified	2,212	2,212
Charge for 2025	(1,687)	(1,821)
Depreciation charged on disposals	1,254	2,104
Impairment for the period	(956)	(956)
Impairments charged on disposals	2,832	3,681
As of 31 December 2025	(14,127)	(15,548)
NET BOOK VALUE	42,159	43,601
	SEPARATE	CONSOLIDATED
	Investment properties	Investment properties
As of 1 January 2024	116,879	125,005
Reclassified	(14,636)	(14,636)
Additions	126	126
Disposals	(24,572)	(25,940)
As of 31 December 2024	77,797	84,555
DEPRECIATION		
As of 1 January 2024	(21,499)	(23,632)
Reclassified	2,883	2,883
Charge for 2024	(2,377)	(2,594)
Depreciation charged on disposals	3,439	4,100
Impairment for the period	(228)	(1,525)
As of 31 December 2024	(17,782)	(20,768)
NET BOOK VALUE	60,015	63,787

Depreciation charge on investment property is recognized under net other income in profit or loss.

In 2025 rental income of BGN 2,215 thousand on individual and BGN 2,330 thousand on consolidated basis from investment property is recognized under net other income in profit or loss.

In 2024 rental income of BGN 3,155 thousand on individual and BGN 3,299 thousand on consolidated basis from investment property is recognized under net other income in profit or loss.

In 2025 Investment property for the value of BGN 9,811 thousand was reclassified to own used property and BGN 158 thousand was reclassified from own used property to investment property. (2024: BGN 14,636 thousand was reclassified to own used property).

Type of property	As of 31.12.2025	As of 31.12.2024	As of 31.12.2025	As of 31.12.2024
	SEPARATE	SEPARATE	CONSOLIDATED	CONSOLIDATED
Residential	683	975	683	975
Vacation	17,011	15,196	18,452	18,968
Industrial	-	243	-	243
Plots (land)	246	1,508	246	1,508
Commercial	25,108	34,163	25,108	34,163
Millennium center (investment office building)	25,746	35,110	25,746	35,110
Fair value of investment property (Level 3)	68,794	87,195	70,235	90,967

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Type of investment property	Valuation technique	Significant unobservable Inputs	Range (weighted average)	
			2025	2024
Residential	RVM	Standard construction prices per sq.m.	€ 600 - € 800	€ 525 - € 700
		Annual growth of standard and construction prices	8%	5%
	MVM	Offer (deal) price per sq.m.	€ 570 - € 1,700	€ 450 - € 1,500
		Annual growth of market comparatives (real deals)	12%	11.00%
Vacation properties	RVM	Standard construction prices per sq.m.	€ 600 - € 800	€ 525 - € 700
		Annual growth of standard and construction prices	7%	5%
	MVM	Offer (deal) price per sq.m.	500 € - 1,100 €	480 € - 1,000 €
		Annual growth of market comparatives (real deals)	9%	8%
Industrial properties	RVM	Standard construction prices per sq.m.	€ 550 - € 750	€ 350 - € 650
		Annual growth of standard and construction prices	-	-
	MVM	Offer (deal) price per sq.m.	€ 400 - € 650	€ 250 - € 500
		Annual growth of market comparatives (real deals)	5%	5%
	MCFCF	Estimated monthly rent per sq.m.	€ 1 - € 5.50	€ 1 - € 4.6
		Annual growth of rent rates	1%	-
		Long-term vacancy	1%	1%
Plots (land)	MVM	Rate of return	5% - 6%	6% - 7.5%
		Offer (deal) price per sq.m.	€ 15 - € 1,200	€ 10 - € 1,000
	MVM	Annual growth of market comparatives (real deals)	10.00%	-
		Offer (deal) price per sq.m.	€ 270 - € 1,700	€ 250 - € 1,500
Commercial properties	MVM	Annual growth of market comparatives (real deals)	8%	10%
		Offer (deal) price per sq.m.	€ 270 - € 1,700	€ 250 - € 1,500
	MCFCF	Estimated monthly rent per sq.m.	€ 12 - € 40	€ 10 - € 35
		Annual growth of rent rates	-	-
		Long-term vacancy	5% - 10%	5% - 10%
		Rate of return	5% - 6%	6% - 7%

The valuation techniques used for valuation of investment properties are recovery value method ("RVM"), market value method ("MVM") and cash flow method ("MCFCF").

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Note 4.4: Right-of-use assets and liabilities

Right-of-use assets	As of 31.12.2025 SEPARATE	As of 31.12.2024 SEPARATE	As of 31.12.2025 CONSOLIDATED	As of 31.12.2024 CONSOLIDATED
Buildings	38,967	42,358	38,967	42,358
Vehicles	4,311	4,398	4,311	4,398
	43,278	46,756	43,278	46,756

Lease liabilities	As of 31.12.2025 SEPARATE	As of 31.12.2024 SEPARATE	As of 31.12.2025 CONSOLIDATED	As of 31.12.2024 CONSOLIDATED
Current	11,124	13,810	11,124	13,810
Non-current	32,863	33,451	32,863	33,451
	43,987	47,261	43,987	47,261

Lease liabilities	As of 31.12.2025 SEPARATE	As of 31.12.2024 SEPARATE	As of 31.12.2025 CONSOLIDATED	As of 31.12.2024 CONSOLIDATED
Balance at 1 January	47,261	44,699	47,261	44,699
Changes through business combination under common control	-	-	-	-
Accrued interest on lease liability	956	631	957	631
Interest paid on lease liability	(956)	(631)	(957)	(631)
Cash flows on principal repayment	(13,762)	(15,404)	(13,762)	(15,404)
Adjustment for new/terminated contracts	10,488	17,966	10,488	17,966
Balance at 31 December	43,987	47,261	43,987	47,261

Right-of use asset	SEPARATE			CONSOLIDATED		
	Buildings	Vehicles	Total	Buildings	Vehicles	Total
Cost						
As at 1 January 2025	69,376	4,712	74,088	69,880	4,739	74,619
Changes through business combination under common control	-	-	-	-	-	-
Additions – new lease contracts	19,559	1,627	21,186	19,559	1,764	21,199
Termination of lease contracts	(22,146)	(666)	(22,812)	(22,650)	(830)	(23,356)
As at 31 December 2025	66,789	5,673	72,462	66,789	5,673	72,462
Accumulated depreciation:						
As at 1 January 2025	(27,018)	(314)	(27,332)	(27,522)	(341)	(27,863)
Changes through business combination under common control	-	-	-	-	-	-
Charge for 2025	(12,578)	(1,281)	(13,859)	(12,578)	(1,294)	(13,872)
Depreciation charged on disposals	11,774	233	12,007	12,278	273	12,551
As at 31 December 2025	(27,822)	(1,362)	(29,184)	(27,822)	(1,362)	(29,184)
Net Book Value as at 1 January 2025	42,358	4,398	46,756	42,358	4,398	46,756
Net Book Value as at 31 December 2025	38,967	4,311	43,278	38,967	4,311	43,278

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Right-of use asset	SEPARATE			CONSOLIDATED		
	Buildings	Vehicles	Total	Buildings	Vehicles	Total
Cost						
As at 1 January 2024	88,224	66	88,290	89,194	93	89,287
Changes through business combination under common control	-	-	-	(466)	-	(466)
Additions – new lease contracts	19,921	5,221	25,142	19,921	5,221	25,142
Termination of lease contracts	(38,769)	(575)	(39,344)	(38,769)	(575)	(39,344)
As at 31 December 2024	69,376	4,712	74,088	69,880	4,739	74,619
Accumulated depreciation:						
As at 1 January 2024	(44,239)	(42)	(44,281)	(44,743)	(69)	(44,812)
Changes through business combinations under common control	-	-	-	-	-	-
Charge for 2024	(14,910)	(320)	(15,230)	(14,910)	(320)	(15,230)
Depreciation charged on disposals	32,131	48	32,179	32,131	48	32,179
As at 31 December 2024	(27,018)	(314)	(27,332)	(27,522)	(341)	(27,863)
Net Book Value as at 1 January 2024	43,985	24	44,009	44,451	24	44,475
Net Book Value as at 31 December 2024	42,358	4,398	46,756	42,358	4,398	46,756

	As of 31.12.2025 SEPARATE	As of 31.12.2024 SEPARATE	As of 31.12.2025 CONSOLIDATED	As of 31.12.2024 CONSOLIDATED
Expense related to short-term leases	(718)	(1,508)	(718)	(1,508)
Expense related to leases of low-value assets	(887)	(956)	(887)	(956)
Expense related to variable lease payments	(712)	(719)	(712)	(719)

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Note 4.5: Provisions

Provisions for risks and charges	As of 31.12.2025 SEPARATE	As of 31.12.2024 SEPARATE	As of 31.12.2025 CONSOLIDATED	As of 31.12.2024 CONSOLIDATED
Provisions for restructuring	-	2,145	-	2,145
Provisions for legal cases	1,889	2,011	1,889	2,011
Provisions for off- balance sheet commitment	21,630	10,570	21,630	10,570
Other provisions	4,467	4,981	4,467	4,981
TOTAL PROVISIONS FOR RISK AND CHARGES	27,986	19,707	27,986	19,707

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Provisions for Off- balance sheet commitment movement	Opening balance as of 01.01.2025	Increases due to origination	Decrease due to derecognition	Other changes	Changes due to change in credit risk (net)	Ending balance as of 31.12.2025
Undrawn Credit commitments and Financial Guarantees (Stage 1)	7,563	10,290	(982)	(25)*	364	17,210
Undrawn Credit commitments and Financial Guarantees (Stage 2)	3,007	-	(315)	-	1,728	4,420
Undrawn Credit commitments and Financial Guarantees (Stage 3)	-	-	-	-	-	-
TOTAL PROVISIONS FOR OFF-BALANCE SHEET COMMITMENT	10,570	10,290	(1,297)	(25)	2,092	21,630

* exchange rate differences recognized in profit or loss under fee and commission income.

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Provisions movement	Provisions for restructuring	Provisions for legal cases	Other provisions
Opening balance as of 01.01.2025	2,145	2,011	4,981
Additions, including increases in existing provisions	-	131	798
Amounts used	(439)	-	(1,301)
Unused amounts reversed during the period	(1,706)	(227)	-
Other movements	-	(26)	(11)
Ending balance as of 31.12.2025	-	1,889	4,467

Retirement benefit obligations	As of 31.12.2025 SEPARATE	As of 31.12.2024 SEPARATE	As of 31.12.2025 CONSOLIDATED	As of 31.12.2024 CONSOLIDATED
Present value of unfunded obligations	5,081	4,489	5,081	4,489
	5,081	4,489	5,081	4,489

Amount recognized in Profit or Loss	As of 31.12.2025 SEPARATE	As of 31.12.2024 SEPARATE	As of 31.12.2025 CONSOLIDATED	As of 31.12.2024 CONSOLIDATED
Current service cost	852	904	852	904
Net interest on the net defined benefit liability	176	195	176	195
Total recognised in Profit or Loss	1,028	1,099	1,028	1,099

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Reconciliation of Retirement benefit obligations	As of 31.12.2025 SEPARATE	As of 31.12.2024 SEPARATE	As of 31.12.2025 CONSOLIDATED	As of 31.12.2024 CONSOLIDATED
Retirement benefit obligations at the beginning of the period	4,489	4,951	4,489	4,979
Current service cost	852	904	852	854
Net interest on the net defined benefit liability	176	195	176	195
Benefits paid directly by the Bank/ Group	(470)	(912)	(470)	(912)
Actuarial loss/(gain)	34	(649)	34	(627)
Retirement benefit obligations at the end of the period	5,081	4,489	5,081	4,489

	As of 31.12.2025 SEPARATE	As of 31.12.2024 SEPARATE	As of 31.12.2025 CONSOLIDATED	As of 31.12.2024 CONSOLIDATED
Cumulative amount recognized in the OCI	3,480	3,511	3,480	3,511

	As of 31.12.2025 SEPARATE	As of 31.12.2024 SEPARATE	As of 31.12.2025 CONSOLIDATED	As of 31.12.2024 CONSOLIDATED
Re-measurements				
Liability loss/(gain) due to changes in assumptions	34	(649)	34	(627)
Total amount recognized in OCI over the period	34	(649)	34	(627)

	As of 31.12.2025 SEPARATE	As of 31.12.2024 SEPARATE	As of 31.12.2025 CONSOLIDATED	As of 31.12.2024 CONSOLIDATED
Net Liability in statement of financial position at the beginning of the period	4,489	4,951	4,489	4,979
Benefits paid directly	(470)	(912)	(470)	(912)
Total expense recognized in the statement of profit or loss	1,028	1,099	1,028	1,049
Total amount recognized in the OCI	34	(649)	34	(627)
Net Liability in statement of financial position	5,081	4,489	5,081	4,489

	As of 31.12.2025 SEPARATE	As of 31.12.2024 SEPARATE	As of 31.12.2025 CONSOLIDATED	As of 31.12.2024 CONSOLIDATED
Assumptions				
Discount rate	3.93%	3.93%	3.93%	3.93%
Rate of compensation increase	4.00%	3.00%	4.00%	3.00%

The defined benefit obligations above are linked only to obligation of UBB to provide one-off lump sum payment at retirement determined as a certain number of gross salaries based on criteria for the duration of the employment contract of respective employees as per local legislation.

Sensitivity analysis of actuarial assumptions

Effect of the change in discount rate	+0.25% (+25 bp)	-0.25% (-0.25 bp)
Effect of the change in the provision allocated as of 31.12.2025 for the retirement benefit obligation expressed in values	-5.0% (281,220)	6.0% 304,408
Effect of change in wage growth	1.0%	-1.0%
Effect of the change in the provision allocated as of 31.12.2025 for the retirement benefit obligation expressed in values	2.0% 91,013	-2.0% (91,013)
Effect of change in the stages of the dropouts	1.0%	-1.0%
Effect of the change in the provision allocated as of 31.12.2025 for the retirement benefit obligation expressed in values	-1.0% (51,344)	1.0% 51,344
Effect of change in stages of the mortality	+0.25% (+25 bp)	-0.25% (-0.25 bp)
Effect of the change in the provision allocated as of 31.12.2025 for the retirement benefit obligation expressed in values	-1.0% (52,206)	1.0% 52,206

Note 4.6: Other assets and other liabilities

Other assets	31.12.2025 SEPARATE	31.12.2024 SEPARATE	31.12.2025 CONSOLIDATED	31.12.2024 CONSOLIDATED
Prepaid expenses	9,605	10,970	9,606	10,970
Accrued Income from clients	4,290	2,967	4,290	2,967
Other	1,743	2,392	1,743	2,393
Total other assets	15,638	16,329	15,639	16,330

Other Liabilities	31.12.2025 SEPARATE	31.12.2024 SEPARATE	31.12.2025 CONSOLIDATED	31.12.2024 CONSOLIDATED
Payroll related accruals	38,532	38,542	38,708	38,642
Deferred income	11,421	21,836	11,421	21,880
Taxes payable - other than income taxes	7,074	4,760	7,178	4,760
Payables on accrued expenses	43,165	53,444	43,244	53,505
TOTAL OTHER LIABILITIES	100,192	118,582	100,551	118,787

Payables on accrued expenses represent accruals for expenses that relate to services of the current year, however, have not been invoiced yet (mainly on large projects in process of completion).

5 CONTINGENT LIABILITIES AND COMMITMENTS

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

CONTINGENT LIABILITIES AND COMMITMENTS	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	SEPARATE	SEPARATE	CONSOLIDATED	CONSOLIDATED
Credit commitments				
Undrawn Credit commitments	5,904,984	4,725,381	5,904,984	4,725,381
Of which government entities	83,923	71,066	83,923	71,066
Of which credit institutions	200,058	16,498	200,058	16,498
Of which companies	4,717,504	3,797,669	4,717,504	3,797,669
Of which households	680,952	556,316	680,952	556,316
Of which other financial institutions	222,547	283,832	222,547	283,832
Guarantees, documentary and commercial letters of credit	1,310,614	1,213,664	1,310,614	1,213,664
Of which government entities	-	-	-	-
Of which credit institutions	43,068	41,796	43,068	41,796
Of which companies	1,251,651	1,156,444	1,251,651	1,156,444
Of which households	13,039	11,355	13,039	11,355
Of which other financial institutions	2,856	4,069	2,856	4,069
TOTAL CONTINGENT LIABILITIES AND COMMITMENTS	7,215,598	5,939,045	7,215,598	5,939,045

The following table represents commitments and contingent liabilities per stage:

	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	SEPARATE	SEPARATE	CONSOLIDATED	CONSOLIDATED
Credit commitments				
Undrawn Credit commitments	5,904,984	4,725,381	5,904,984	4,725,381
Of which Stage 1	5,281,638	4,456,832	5,281,638	4,456,832
Of which Stage 2	614,402	264,324	614,402	264,324
Of which Stage 3	8,944	4,225	8,944	4,225
Guarantees, documentary and commercial letters of credit	1,310,614	1,213,664	1,310,614	1,213,664
Of which Stage 1	996,505	1,024,715	996,505	1,024,715
Of which Stage 2	311,400	188,304	311,400	188,304
Of which Stage 3	2,709	645	2,709	645
TOTAL	7,215,598	5,939,045	7,215,598	5,939,045

6 FINANCIAL RISK MANAGEMENT

UBB is exposed to risk arising out of its lending activity. Credit risk could arise for UBB as a result of the debtor's failure to make the necessary payments on a transaction. The credit risk management is carried out through regular analyses of the contractors' creditworthiness. In order to further mitigate the credit risk UBB accepts collateral and guarantees on its credit transactions.

The main credit risk to which UBB is exposed arises out of the loans granted to clients. The amount of credit exposure in this case is determined by the carrying amount of the assets. At the same time UBB is exposed to off-balance sheet credit risk as a result of commitments for granting loans and issuing Letter of Guarantees and Letter of Credits.

Regulatory lending limits

UBB strictly complies with the requirements of the Regulations (EU) 575/2013. The Regulation (EU) 575/2013 provides the limit to large exposures whereby a large exposure is defined as the sum of all exposures of a bank to a single counterparty that are equal to or above 10% of its own funds (regulatory capital). The limit is set at 25% of own funds (regulatory capital).

UBB strictly complies with the requirements of the Credit Institution Act and BNB Ordinance 37 related to exposures to related parties. The Act provides the limits for the maximum amount of credit exposure to a related party as following:

- The total exposure of UBB to a person/entity who/which is not a credit institution, or an investment intermediary shall not exceed 10% of UBB's own funds (regulatory capital) and
- The total amount of all exposures of UBB to related parties shall not exceed 20% of UBB's own funds (regulatory capital).

In September 2024 BNB issued prudential requirements and reporting in relation to mortgage lending, where effective from October 1st, 2024 banks are required to observe LTV-O up to 85%, DSTI up to 50% and tenor up to 30 years with allowed exceptions of up to 5% of the prior quarter new production. This has been implemented in the Credit policy for Private persons and Risk appetite limits. These measures aim to better regulate the lender's self-participation in mortgage deals, decreasing the overall risk of banks taking excessive risks in a rapidly growing real-estate market.

Credit risk

Credit risk management decisions are made in compliance with the approved risk management principles and risk appetite credit risk management framework, risk appetite and respective credit policies which are regularly reviewed.

Moreover, UBB possesses and applies numerous detailed procedures relevant to the lending activity regulated to the acceptance and management of collaterals, credit analysis, credit administration etc. In order to provide support for the assessment of the credit risk of the borrower, UBB rates retail and non-retail obligors by using an internal rating model system which provides probabilities of default according to a 12-level rating scale.

UBB uses the output generated by these models to split the non-defaulted loan portfolio into internal (main) rating classes ranging from 1 (lowest risk) to 9 (highest risk) for the PD and expresses the chance that a customer will default on his obligations towards the bank within the next year. The Bank assign internal ratings ranging (from PD 10 to PD 12) to a defaulted obligor. PD class 12 is assigned when either one of the obligor's credit facilities is called by the bank, or when a court order is passed instructing repossession of the collateral.

PD class 11 groups obligors that are more than 90 days past due (in arrears or overdrawn by applying above the materiality thresholds rules, according to regulatory requirements), but that do not meet PD 12 criteria. PD class 10 is assigned to obligors for which full repayment on maturity is uncertain and/or there is reason to believe that they are unlikely to pay (on time), but that do not meet the criteria for classification as PD 11 or PD 12.

For the decision making in the corporate (non-retail) lending activity there are levels of approving bodies (credit committees) at different levels, depending on the size and the status (performing, non-performing) of the loans under consideration.

In compliance with its risk strategy, UBB targets maintaining a low level of credit risk concentration at obligor level and by industries. UBB regularly monitors and reports the large exposures at obligor level and by industries. The largest sectors for 2025 in industrial portfolio are Agriculture, Building & Construction, Food & Bev, Energy and Metals.

For all segments, additional monitoring activities are performed in order to identify risk exposure arising in the loan portfolio and to take measures for internal classification and provisioning of loans in compliance with the requirements of the IFRS on a monthly basis.

Credit risk exposures towards bank counterparties are approved as limits at KBC group level. As a general rule, UBB investments in securities are also aligned within KBC group depending on investment strategy and group exposures to specific countries in order to prevent undue concentrations.

Liquidity risk

UBB manages its assets and liabilities in a manner guaranteeing that the bank can fulfil its day-to-day obligations regularly and without delay both in going concern and stressed environment. The bank invests predominantly in high quality liquid assets according to its Treasury strategy, which is reviewed on an annual basis.

Both LCR and NSFR were well above the regulatory requirements of 100% during 2025.

In addition, UBB has a stable funding structure. The bank aims at maintaining diversified deposit base and access to alternative funding sources thus limiting the potential funding costs in case unexpected events occur.

UBB applies regular stress-tests to evaluate the liquidity risk for the bank under unfavourable economic and market scenarios. The stress-tests are based on assumptions with different shock parameters affecting securities, impact on the inflow and outflow of funds etc. Those stress-tests are regularly presented to the management at Local Risk Management Committee (LRMC).

Market risk

The market risk is related to possible unfavourable impact to the profit and capital of UBB from adverse movements in bond equity currency and derivative prices. It includes equity risk, interest rate risk and foreign exchange risk.

UBB's total exposure to market risk in the trading book is very low where the main business is clients' driven without significant open risk positions for proprietary purposes hence considered rather immaterial. The largest market risk exposure in the trading book is related to interest rate risk resulting from positions in bonds.

UBB manages the market risk in the trading book by using notional limits, Stop Loss Limit for bond positions and FX open position limits.

FX risk

This is the risk for the profit and capital of UBB arising from adverse movements in foreign currency exchange rates in the Banking and Trading books. UBB statement of financial position structure includes assets and liabilities denominated in different currencies but the significant are BGN and EUR. Taking into consideration the existence of Currency Board in Bulgaria (pegged EUR/BGN rate) the currency risk undertaken by UBB is very limited and is monitored per CCY level. UBB manages the risk of the other than EUR open FX positions aiming at minimizing the possibility of loss in case of unfavourable exchange rates' fluctuations and thus maintains the FX risk exposure under the approved FX limits.

Interest rate risk and credit spread risk in the banking book (IRRBB and CSRBB)

The interest rate risk in the banking book is related to possible unfavourable impact to the profit and capital of UBB from adverse movements in interest rates affecting UBB's non-trading book positions. UBB activity is subject to interest rate fluctuations as much as interest-bearing assets and liabilities mature or undergo changes in interest rate levels in different time and degree. Interest rate risk management policy aims at optimizing the net interest income (NII) and achieve market interest rate levels in compliance with its Treasury strategy.

The prevailing part of UBB's assets are with floating interest rate while the liabilities are mainly short-term which interest rate changes according to instrument term. Thus, the net balance is slightly sensitive to changes in ongoing interest rate levels. The Bank aims at limiting the interest rate risk in acceptable levels by maintaining adequate structure of its interest sensitive assets and liabilities and minimizing their mismatch. UBB realizes the importance of interest rate risk in the banking book and manages it through effective management of assets and liabilities, capital and incomes.

The techniques for managing interest rate risk in the banking book are the following: change in the administered interest rates on loans and deposits, change in the maturity of the offered credit and deposit products, interest rate derivatives etc. UBB measures the sensitivity of net interest incomes (NII) and economic value of equity (EVE) to unfavourable changes in interest rates for its significant currencies according to CDR (EU) 2024/856.

CSRBB is the risk driven by changes of the market price for credit risk, for liquidity and for potentially other characteristics of credit-risky instruments, which is not captured by another existing prudential framework such as IRRBB or by expected credit/(jump-to-) default risk. CSRBB captures the risk of an instrument's changing spread while assuming the same level of creditworthiness, i.e. how the credit spread is moving within a certain rating/PD range.

Operational risk

This is the risk of a loss resulting from inadequate or failed internal processes, people (human error), IT systems or external events (including natural phenomena). Operational risk management is described in the Operational Risk Management Framework (ORMF) and relevant standards.

In 2025, the Program for Redesign of Operational and Information Risk (PRIOR), successfully shifted to a new overarching NFR program MOVE (Make Operational Resilience more Verifiable and Embedded), focusing on a more practical daily risk management approach, namely:

- A complete transfer from assessing Group Key Controls (GKC) to building and maintaining up-to-date Risk and Control Inventories (R&CIs) of all applicable business lines for the bank;
- Implementation of improved 1st and 2nd line monitoring as well as testing the effectiveness of controls;
- Upgrade of the new group operational risk assessment tool - GRACE.

The aim is to have more correct oversight and better assurance to stakeholders on operational risk exposures as well as on the quality of internal control environment.

The operational risk management within UBB is supported by:

- The existence of a robust management framework
- A practical approach to daily risk management based on updated Risk and Control Inventories (R&CIs), Key Risk Indicators (KRIs) etc.

A building block of the framework is the registration and analysis of operational risk losses and events. The document that regulates the process of collection and registration of operational risk losses and events in UBB follows OPR Standard on Loss and near miss data collection process. The operational risk losses and events are registered in the central KBC tool GLORY. The registered events are analyzed and reported to LRMC as corrective measures to avoid future losses are proposed.

There are 2 tools used by Operational risk management – Grace for risk and control assessments (R&CIs) and Glory – for the registration of losses and near misses.

Business Continuity Management

Business Continuity Management (BCM) is performed in accordance with the relevant KBC Group standards and guidelines via the local BCM Framework. BCM is defined as strategic and tactical ability of an entity to plan and react accordingly in the event of a serious disruptions, incidents or disasters. The goal is to ensure the performance of the organization's critical functions and activities (provision of services and/or products) at a predefined acceptable level to customers in the event of force majeure circumstances and crises.

In UBB BCM is coordinated by Non-financial risks management team (Operational and Information risk) as the business units are responsible for BCM framework implementation. Business Impact Analyses (BIAs) are prepared for all business lines in UBB identifying critical and non-critical activities, and for each activity a recovery time objective (RTO) is defined. Assessment is also done for the systems in which relevant activities are performed, based on the criteria of confidentiality, integrity and availability. For each business line there is a BC coordinator assigned who has the task to perform BIA defining the critical activities, pointing out the (critical) systems and vital people in the business line, to prepare Business Continuity Plan (BCP) for incidents and crisis situations as well as to coordinate the BCP and phone tree testing. The BC coordinator also reviews and updates the respective BIAs, BCPs and phone trees at least once a year.

Climate-related and other ESG risks

Since 2018, climate risk has been consistently reaffirmed as a key risk through the annual Risk Scan exercise. UBB differentiates between physical and transition climate risks. Physical risks stem from acute weather events and long-term climate shifts, while transition risks arise from measures to address climate change, including regulatory changes, litigation, and shifts in market demand driven by consumer and investor behaviour. In 2023, the scope was expanded to include other environmental risks, reflecting the growing significance of environmental degradation impacts. In parallel, the implementation of a social risk assessment methodology further strengthened the integration of climate and broader ESG risks within the Risk Management Framework and across risk management processes.

Environmental and social risks are increasingly material to the risk profile of UBB entities, especially in the context of evolving regulatory expectations, stakeholder scrutiny, and climate-related financial disclosures. Environmental and Social risks are considered as drivers for all traditional risk types, and their impact is assessed via UBB Climate Risk Dashboard, Environmental and Social risk impact maps. Climate risks are further embedded into UBB's risk management processes, a.o. by including climate-related Key Risk Indicators in the risk appetite underpinning.

UBB adequately mitigates identified material Environmental and Social risks, while remaining in line with ambitions/restrictions. Environmental & Social risk mitigation is embedded across the business processes such as credit assessments, product design, and client engagement. In place are green financing and guarantee programs, which enable business clients to invest in renewable energy and resource-efficient technologies, as well as investment credit on for the construction of photovoltaic installations for own needs for SMEs. To support the business clients, UBB will continue to focus on awareness campaigns and events by sectors and regions, stimulate clients on voluntary reporting, and support CO2 emissions calculations. UBB offers specific digital solutions to its clients - UBB Agro Carbon Emissions Calculator (for CO2e calculations of agri sector) and GreenOmeter (CO2 calculation and reporting). We monitor regularly the results regarding CCCA targets and new business flows.

Looking beyond 2025, UBB is committed to sustaining competitiveness through innovation and education through the various initiatives like the web-based SME Sustainability Academy, and the TRANSFORMATOR program, which supports SMEs by offering tailored client guidance and capacity-building to accelerate the transition toward sustainable business models.

UBB addresses the environmental and social risks, regulatory requirements and knowledge gaps. Special attention is given to partnerships to collaborate and build Ecosystems with universities, chambers, advisors, consultancy companies and constantly expanding the UBB Sustainability Advisory Hub. UBB continues to build the necessary capacity, skill base, and tools to deliver on its sustainability ambitions. The establishment of the ESG Academy with Sofia University has created a strong foundation for internal

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upskilling with already over 200 graduates. We regularly update our White Papers in which we detail the risks and opportunities related to the green transition of the most impactful sectors from our credit portfolio perspective.

Note 6.1: Notes to the credit risk

Credit risk is summarized as follows:

Maximum exposure to credit risk before collateral and other credit enhancements

CREDIT RISK	As of 31.12.2025 Gross carrying amount SEPARATE	As of 31.12.2025 Carrying amount SEPARATE	As of 31.12.2025 Gross carrying amount CONSOLIDATED	As of 31.12.2025 Carrying amount CONSOLIDATED
Exposure				
Current account with the Central Bank	3,975,736	3,975,736	3,975,736	3,975,736
Loans and advances to banks	1,789,396	1,789,076	1,789,396	1,789,076
Reverse repos with banks	5,537,933	5,537,933	5,537,933	5,537,933
Loans to customers	24,255,437	23,860,649	24,255,437	23,860,649
Other financial receivables	97,819	97,809	97,794	97,790
Derivative financial instruments	6,565	6,565	6,565	6,565
Financial assets at fair value through P/L	14,911	14,911	14,911	14,911
Financial assets at FVOCI	1,287,424	1,287,285	1,287,424	1,287,285
Securities at amortized cost	6,488,985	6,488,232	6,488,985	6,488,232
Total balance sheet items	43,454,206	43,058,196	43,454,181	43,058,177
Commitments	5,904,984	5,904,984	5,904,984	5,904,984
Guarantees, documentary and commercial letters of credit	1,310,614	1,310,614	1,310,614	1,310,614
Total off-balance sheet positions	7,215,598	7,215,598	7,215,598	7,215,598

CREDIT RISK	As of 31.12.2024 Gross carrying amount SEPARATE	As of 31.12.2024 Carrying amount SEPARATE	As of 31.12.2024 Gross carrying amount CONSOLIDATED	As of 31.12.2024 Carrying amount CONSOLIDATED
Exposure				
Current account with the Central Bank	6,046,748	6,046,748	6,046,748	6,046,748
Loans and advances to banks	1,415,012	1,414,750	1,415,012	1,414,750
Loans to customers	20,789,493	20,469,909	20,789,493	20,469,909
Other financial receivables	140,676	140,676	140,731	140,731
Derivative financial instruments	15,098	15,098	15,098	15,098
Financial assets at fair value through P/L	12,184	12,184	12,184	12,184
Financial assets at FVOCI	1,378,688	1,378,583	1,378,688	1,378,583
Securities at amortized cost	6,148,097	6,147,216	6,148,268	6,147,216
Total balance sheet items	35,945,996	35,625,164	35,946,222	35,625,219
Commitments	4,725,381	4,725,381	4,725,381	4,725,381
Guarantees, documentary and commercial letters of credit	1,213,664	1,213,664	1,213,664	1,213,664
Total off-balance sheet positions	5,939,045	5,939,045	5,939,045	5,939,045

Disclosure of Carrying amount of loans to customers by collateral

The table below represents the collateralised part of the exposure split by type of collateral. In case the collateral value covers the exposure partially the uncovered part is presented under Unsecured loans.

As of 31.12.2025

SEPARATE	Households	Companies and institutions	Total
Unsecured loans	3,891,257	3,084,796	6,976,053
Loans secured with:			
Residential Real Estate	7,735,013	313,478	8,048,491
Commercial Real Estate	116,794	4,696,843	4,813,637
Cash	552	36,037	36,589
Other collaterals	78,634	3,907,245	3,985,879
Total loans to customers	11,822,250	12,038,399	23,860,649

As of 31.12.2025

CONSOLIDATED	Households	Companies and institutions	Total
Unsecured loans	3,891,257	3,084,796	6,976,053
Loans secured with:			
Residential Real Estate	7,735,013	313,478	8,048,491
Commercial Real Estate	116,794	4,696,843	4,813,637
Cash	552	36,037	36,589
Other collaterals	78,634	3,907,245	3,985,879
Total loans to customers	11,822,250	12,038,399	23,860,649

As of 31.12.2024

SEPARATE	Households	Companies and institutions	Total
Unsecured loans	3,481,200	3,010,669	6,491,869
Loans secured with:			
Residential Real Estate	6,104,663	241,178	6,345,841
Commercial Real Estate	120,133	3,985,495	4,105,628
Cash	1,058	29,297	30,355
Other collaterals	95,862	3,400,354	3,496,216
Total loans to customers	9,802,916	10,666,993	20,469,909

As of 31.12.2024

CONSOLIDATED	Households	Companies and institutions	Total
Unsecured loans	3,481,200	3,010,669	6,491,869
Loans secured with:			
Residential Real Estate	6,104,663	241,178	6,345,841
Commercial Real Estate	120,133	3,985,495	4,105,628
Cash	1,058	29,297	30,355
Other collaterals	95,862	3,400,354	3,496,216
Total loans to customers	9,802,916	10,666,993	20,469,909

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Analysis of immovable property collaterals by loan-to-value ratios (LTV)	As at	As at	As at	As at
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	SEPARATE	SEPARATE	CONSOLIDATED	CONSOLIDATED
Commercial real estate collateral on loans to companies and institutions				
LTV < 60%	1,960,638	1,699,101	1,960,638	1,699,101
<i>hereof credit impaired (stage 3)</i>	78,374	68,505	78,374	68,505
LTV > 60% and <= 80%	938,868	841,591	938,868	841,591
<i>hereof credit impaired (stage 3)</i>	7,514	21,593	7,514	21,593
LTV > 80% and <= 100%	543,804	458,605	543,804	458,605
<i>hereof credit impaired (stage 3)</i>	18,578	8,874	18,578	8,874
LTV > 100%	2,316,260	2,007,411	2,316,260	2,007,411
<i>hereof credit impaired (stage 3)</i>	145,842	35,140	145,842	35,140
Residential real estate collateral on loans to households				
LTV < 60%	3,020,510	2,628,994	3,020,510	3,020,510
<i>hereof credit impaired (stage 3)</i>	29,341	39,096	29,341	39,096
LTV > 60% and <= 80%	3,379,975	2,430,168	3,379,975	3,379,975
<i>hereof credit impaired (stage 3)</i>	3,516	3,812	3,516	3,812
LTV > 80% and <= 100%	1,319,174	1,040,573	1,319,174	1,319,174
<i>hereof credit impaired (stage 3)</i>	1,827	2,397	1,827	2,397
LTV > 100%	65,052	76,761	65,052	65,052
<i>hereof credit impaired (stage 3)</i>	2,352	2,616	2,352	2,616

The table below provides information about UBB's exposure to credit risk, except for loans to customers and other receivables, by classifying assets according to the credit rating of counterparties.

SEPARATE AND CONSOLIDATED			
<i>As of 31.12.2025</i>	AAA to A-	BBB+ to B-	Total
General Government Bonds	1,629,910	6,102,138	7,732,048
Credit institutions Bonds	-	19,608	19,608
Corporate Bonds	-	16,225	16,225
Current account with the Central Bank and balances due from banks	7,327,009	3,975,736	11,302,745
Total	8,956,919	10,113,707	19,070,626

SEPARATE AND CONSOLIDATED			
<i>As of 31.12.2024</i>	AAA to A-	BBB+ to B-	Total
General Government Bonds	1,758,332	5,647,394	7,405,726
Credit institutions Bonds	7,435	19,632	27,067
Corporate Bonds	-	82,863	82,863
Current account with the Central Bank and balances due from banks	2,392,744	6,046,748	8,439,492
Total	4,158,511	11,796,637	15,955,148

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The table below presents the loan portfolio breakdown by risk class:

SEPARATE AND CONSOLIDATED

	Households	Companies and institutions	Total	Loan commitments to households	Loan commitments to companies and institutions	Guarantees documentary and commercial letters of credit	Total contingent liabilities
31.12.2025							
Unimpaired	11,807,280	11,844,919	23,652,199	678,587	5,017,396	1,264,837	6,960,820
PD 1 (lowest risk, default probability ranging from 0.00% up to, but not including, 0.10%)	3,706,862	696	3,707,558	115,206	1,517	-	116,723
PD 2 (0.10% – 0.20%)	2,361,812	868,458	3,230,270	221,990	313,362	27,067	562,419
PD 3 (0.20% – 0.40%)	2,307,464	140,444	2,447,908	166,599	130,582	23,654	320,835
PD 4 (0.40% – 0.80%)	1,482,959	1,770,889	3,253,848	83,611	1,104,538	302,714	1,490,863
PD 5 (0.80% – 1.60%)	931,763	3,674,059	4,605,822	51,983	1,865,270	523,215	2,440,468
PD 6 (1.60% – 3.20%)	524,656	2,655,981	3,180,637	24,346	827,447	259,473	1,111,266
PD 7 (3.20% – 6.40%)	224,843	2,026,316	2,251,159	6,768	664,642	113,411	784,821
PD 8 (6.40% – 12.80%)	120,581	300,234	420,815	4,766	61,744	10,489	76,999
PD 9 (highest risk, ≥ 12.80%)	146,336	353,313	499,649	3,305	33,266	4,163	40,734
Unrated	4	54,529	54,533	13	15,028	651	15,692
Impaired	218,009	385,229	603,238	2,365	6,578	2,709	11,652
PD 10	52,224	220,184	272,408	1,302	5,497	2,027	8,826
PD 11	83,618	49,629	133,247	947	274	465	1,686
PD 12	82,167	115,416	197,583	116	807	217	1,140
Total	12,025,289	12,230,148	24,255,437	680,952	5,023,974	1,267,546	6,972,472

SEPARATE AND CONSOLIDATED

	Households	Companies and institutions	Total	Loan commitments to households	Loan commitments to companies and institutions	Guarantees documentary and commercial letters of credit	Total contingent liabilities
31.12.2024							
Unimpaired	9,789,817	10,569,028	20,358,845	554,310	4,149,614	1,171,223	5,875,147
PD 1 (lowest risk, default probability ranging from 0.00% up to, but not including, 0.10%)	2,829,755	61,264	2,891,019	86,228	29,747	3,296	119,271
PD 2 (0.10% – 0.20%)	1,767,111	504,981	2,272,092	164,102	295,936	34,103	494,141
PD 3 (0.20% – 0.40%)	2,086,285	203,958	2,290,243	137,012	345,203	150,854	633,069
PD 4 (0.40% – 0.80%)	1,204,306	1,557,336	2,761,642	68,970	746,124	282,652	1,097,746
PD 5 (0.80% – 1.60%)	804,519	3,415,075	4,219,594	56,451	1,559,404	377,487	1,993,342
PD 6 (1.60% – 3.20%)	553,456	2,770,044	3,323,500	23,202	871,908	223,546	1,118,656
PD 7 (3.20% – 6.40%)	252,535	1,693,729	1,946,264	7,800	270,764	87,472	366,036
PD 8 (6.40% – 12.80%)	119,570	275,203	394,773	3,776	24,012	11,563	39,351
PD 9 (highest risk, ≥ 12.80%)	158,475	82,965	241,440	3,389	4,715	250	8,354
Unrated	13,805	4,473	18,278	3,380	1,801	-	5,181
Impaired	216,043	214,605	430,648	2,006	2,953	645	5,604
PD 10	63,589	119,413	183,002	1,484	2,110	421	4,015
PD 11	100,165	50,410	150,575	415	767	224	1,406
PD 12	52,289	44,782	97,071	107	76	-	183
Total	10,005,860	10,783,633	20,789,493	556,316	4,152,567	1,171,868	5,880,751

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Note: Unrated exposures are specific products for which not sufficient information for development of a rating model is available such as student loans, etc. In order to determine their expected credit loss PD 7 class is assumed. As of 31.12.2025 the unrated represent mainly exposures with expired internal rating, for which a regular review has been started.

Gross Carrying amount of forborne Loans by product line:

Forborne Loans	As of	As of	As of	As of
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	SEPARATE	SEPARATE	CONSOLIDATED	CONSOLIDATED
Consumer	23,334	26,447	23,334	26,447
Mortgage	16,627	19,497	16,627	19,497
SME Loans	188,602	171,781	188,602	171,781
Corporate Loans	212,930	79,342	212,930	79,342
Total	441,493	297,067	441,493	297,067

Industry Concentration risk

Analysis by industries net of impairments	As at 31.12.2025	As at 31.12.2024
	SEPARATE AND CONSOLIDATED	SEPARATE AND CONSOLIDATED
Individuals and households	11,822,250	9,802,916
Industry	3,287,400	3,051,255
Trade and services	3,549,501	3,245,458
Agriculture	876,778	848,837
Electricity and heat	879,784	796,081
Transportation	523,310	428,570
Construction	746,664	555,729
Financial and Insurance companies	690,288	512,058
Other	417,521	387,429
Real estate	369,865	233,442
Public sector	258,423	201,231
IT and communications	192,270	162,134
Water supply	84,305	84,824
Hotel management	147,442	132,485
Mining	14,848	27,460
Total	23,860,649	20,469,909

Counterparty concentration risk

The next table presents the information of the concentration analysis of UBB as for 31 December 2025 and 2024:

SEPARATE AND CONSOLIDATED	As of 31.12.2025		As of 31.12.2024	
	Amount	% of CET 1	Amount	% of CET 1
The largest total exposure	210,391	5.56%	293,775	8.28%
Total amount of five largest exposures	778,261	20.56%	1,135,218	31.99%

Note 6.2: Notes to the Capital and Capital Base

UBB determines its risk-bearing capacity on the basis of the capital resources available for covering losses generated by UBB's risk profile. During the management of its capital-at-risk UBB observes the regulatory instructions as well as its own objectives.

The minimum requirements as of December 2025 applicable to UBB AD following the implementation of the requirements of Directive 2013/36/EU and Regulation (EU) No 575/2013 include maintaining of total capital adequacy of not less than 19.5% on individual and consolidated basis and tier-one capital adequacy of not less than 17.13% on individual and consolidated basis.

These levels included for Pillar I respectively: 8% total capital adequacy and 6% tier-one capital adequacy as well as 2.5% Capital Conservation Buffer, 3% Systemic Risk Buffer, 1% Buffer for O-SIIIs and 2% Countercyclical buffer. On individual and consolidated basis 1.5% Pillar II requirement and 1.5% Pillar II Guidance are required additionally.

UBB has complied with the regulatory requirements of minimum capital adequacy for 2025 and for 2024. In accordance with the regulatory framework UBB allocates capital for covering the capital requirements for credit risk, market risk and operational risk, applying the Standardized Approach.

The capital base (own funds) includes tier-one and tier-two capital in accordance with the applicable regulatory requirements.

CAPITAL AND CAPITAL BASE	As of 31.12.2025	As of 31.12.2024	As of 31.12.2025	As of 31.12.2024
	SEPARATE	SEPARATE	CONSOLIDATED	CONSOLIDATED
Paid up Capital Instruments	194,009	194,009	194,009	194,009
Reserves incl. retained earnings	3,620,454	3,376,196	3,622,277	3,380,524
Other comprehensive income	30,632	23,829	30,632	23,829
Common Equity Tier I deductions	(59,776)	(45,658)	(59,796)	(45,535)
Common Equity Tier I Capital	3,785,319	3,548,376	3,787,122	3,552,827
Additional Tier I Capital	-	-	-	-
Tier II Capital	179,101	179,404	179,101	179,404
Total Regulatory Capital (own funds)	3,964,420	3,727,780	3,966,223	3,732,231
Common Equity Tier 1 Capital ratio	19.39%	20.35%	19.38%	20.34%
Tier 1 Capital ratio	19.39%	20.35%	19.38%	20.34%
Total capital ratio	20.31%	21.38%	20.30%	21.37%
Surplus(+)/Deficit(-) of total capital	2,402,476	2,332,828	2,403,271	2,335,183

Risk Weighted Assets

The changes in the RWA structure and amounts are related to the respective changes in UBB's assets structure.

Capital requirements

As of 31 December 2025, and 31 December 2024, the capital requirements for credit market and operational risks are as follows:

Risk Weighted Assets	As of 31.12.2025	As of 31.12.2024	As of 31.12.2025	As of 31.12.2024
	SEPARATE	SEPARATE	CONSOLIDATED	CONSOLIDATED
Credit Risk including exposures to:	17,704,362	15,966,430	17,707,653	15,969,562
Central governments or central banks	636,571	44,134	636,571	44,134
Regional governments or local authorities	40,570	41,000	40,570	41,000
Public sector entities	56,785	1,518	56,785	1,517
Institutions	567,469	767,443	567,469	767,442
Corporates	6,176,462	7,453,657	6,178,022	7,453,655
Retail	4,194,250	4,226,603	4,194,217	4,226,602
Secured by mortgages on immovable property	5,292,936	2,723,616	5,291,403	2,723,616
Exposures in default	326,764	221,142	326,764	221,142
Items associated with particular high risk	-	26,349	-	26,349
Covered bonds	-	744	-	744
Equity	35,783	35,562	37,137	34,521
Other items	376,772	424,662	378,715	428,840
Operational Risk	1,807,725	1,464,813	1,817,038	1,487,875
Market Risk	7,600	5,663	7,600	5,663
Risk for credit valuation adjustment	4,613	-	4,613	-
TOTAL RISK EXPOSURE AMOUNT	19,524,300	17,436,906	19,536,904	17,463,100

Note 6.3: Notes to the market risk Currency risk

The tables below summarize the exposure to foreign currency exchange rate risk as of 31 December 2025 and 2024. Included in the table are UBB's assets and liabilities at carrying amounts categorized by currency.

SEPARATE					
Currency analysis					
31.12.1025	EUR	USD	BGN	Other	Total
ASSETS					
Cash and balances with central banks	1,293,744	12,345	3,745,234	16,833	5,068,156
Due from banks	1,577,278	135,318	5,540	70,940	1,789,076
Reverse repos with banks	5,537,933	-	-	-	5,537,933
Loans to customers	3,756,949	120,053	19,983,640	7	23,860,649
Other receivables	5,444	1,350	91,015	-	97,809
Financial Assets through PL	12,548	-	2,363	-	14,911
Derivative financial instruments	2,345	25	4,195	-	6,565
Financial Assets at FVOCI	1,144,215	4,900	138,170	-	1,287,285
Securities at AC	4,419,269	435,347	1,633,616	-	6,488,232
Investments in subsidiaries and associates	-	-	8,772	-	8,772
Intangible assets	-	-	45,168	-	45,168
Fixed assets and Right-of-use Assets	-	-	188,491	-	188,491
Investment property	-	-	42,159	-	42,159
Deferred tax assets and corporate income tax receivables	-	-	50,541	-	50,541
Other assets	6,432	22	9,183	1	15,638
TOTAL ASSETS	17,756,157	709,360	25,948,087	87,781	44,501,385
LIABILITIES					
	EUR	USD	BGN	Other	Total
Due to banks	3,981,317	14	15,202	1,573	3,998,106
Deposits from customers	6,915,413	1,214,208	22,236,486	170,891	30,536,998
Other financial liabilities	71,336	9,747	57,958	6	139,047
Payables under repo agreements	2,739,531	-	-	-	2,739,531
Derivative financial instruments	3,984	25	6,059	-	10,068
Other borrowed funds	2,564,707	-	-	-	2,564,707
Current income tax liabilities	-	-	-	-	-
Provisions	9,980	188	22,898	1	33,067
Lease liabilities	-	-	43,987	-	43,987
Deferred tax liabilities	-	-	-	-	-
Other liabilities	2,834,667	60,497	(2,820,530)	25,558	100,192
TOTAL LIABILITIES	19,120,935	1,284,679	19,562,060	198,029	40,165,703
TOTAL EQUITY	-	-	4,335,682	-	4,335,682
NET BALANCE SHEET POSITION	(1,364,778)	(575,319)	6,386,027	(110,248)	4,335,682
NET OFF-BALANCE SHEET POSITION	(2,702,935)	517,944	2,099,000	84,795	(1,196)

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CONSOLIDATED

Currency analysis

31.12.2025	EUR	USD	BGN	Other	Total
ASSETS					
Cash and balances with central banks	1,293,744	12,345	3,745,234	16,833	5,068,156
Due from banks	1,577,278	135,318	5,540	70,940	1,789,076
Reverse repos with banks	5,537,933	-	-	-	5,537,933
Loans to customers	3,756,949	120,053	19,983,640	7	23,860,649
Other receivables	5,444	1,350	90,996	-	97,790
Financial Assets through PL	12,548	-	2,363	-	14,911
Derivative financial instruments	2,345	25	4,195	-	6,565
Financial Assets at FVOCI	1,144,215	4,900	138,170	-	1,287,285
Securities at AC	4,419,269	435,347	1,633,616	-	6,488,232
Investments in associates	-	-	5,836	-	5,836
Intangible assets	-	-	45,197	-	45,197
Fixed assets and Right-of-use Assets	-	-	188,501	-	188,501
Investment property	-	-	43,601	-	43,601
Deferred tax assets and corporate income tax receivables	-	-	50,590	-	50,590
Other assets	6,432	22	9,184	1	15,639
TOTAL ASSETS	17,756,157	709,360	25,946,663	87,781	44,499,961
LIABILITIES					
	EUR	USD	BGN	Other	Total
Due to banks	3,981,317	14	15,202	1,573	3,998,106
Deposits from customers	6,912,907	1,214,208	22,233,863	170,891	30,531,869
Other financial liabilities	71,336	9,747	57,958	6	139,047
Payables under repo agreements	2,739,531	-	-	-	2,739,531
Derivative financial instruments	3,984	25	6,059	-	10,068
Other borrowed funds	2,564,707	-	-	-	2,564,707
Current income tax liabilities	-	-	86	-	86
Provisions	9,980	188	22,898	1	33,067
Lease liabilities	-	-	43,987	-	43,987
Deferred tax liabilities	-	-	-	-	-
Other liabilities	2,834,668	60,497	(2,820,172)	25,558	100,551
TOTAL LIABILITIES	19,118,430	1,284,679	19,559,881	198,029	40,161,019
TOTAL EQUITY	-	-	4,338,942	-	4,338,942
NET BALANCE SHEET POSITION	(1,362,273)	(575,319)	6,386,782	(110,248)	4,338,942
NET OFF-BALANCE SHEET POSITION	(2,702,935)	517,944	2,099,000	84,795	(1,196)

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SEPARATE					
Currency analysis					
31.12.2024	EUR	USD	BGN	Other	Total
ASSETS					
Cash and balances with Central Bank	241,648	12,793	6,333,675	11,519	6,599,635
Due from banks	486,907	69,520	807,510	50,813	1,414,750
Reverse repos with banks	977,994	-	-	-	977,994
					20,469,90
Loans to customers	3,575,522	96,298	16,798,009	80	9
Other receivables	49,890	1,267	89,519	-	140,676
Financial Assets through PL	8,024	-	4,160	-	12,184
Derivative financial instruments	4,719	-	10,379	-	15,098
Financial Assets at FVOCI	1,162,754	23,531	192,298	-	1,378,583
Securities at Amortized cost	3,638,381	535,614	1,973,221	-	6,147,216
Investments in subsidiaries and associates	-	-	8,772	-	8,772
Intangible assets	-	-	35,785	-	35,785
Fixed assets and Right-of-use Assets	-	-	179,417	-	179,417
Investment property	-	-	60,015	-	60,015
Deferred tax assets and corporate income tax receivables	-	-	6,276	-	6,276
Other assets	6,188	22	10,118	1	16,329
TOTAL ASSETS	10,152,027	739,045	26,509,154	62,413	37,462,639
LIABILITIES					
	EUR	USD	BGN	Other	Total
Due to banks	4,132,707	8	18,449	2,126	4,153,290
Deposits from customers	6,950,023	1,218,771	18,898,951	176,825	27,244,570
Other financial liabilities	94,594	8,821	80,530	107	184,052
Derivative financial instruments	5,259	-	7,126	-	12,385
Other borrowed funds	1,441,660	-	-	-	1,441,660
Current income tax liabilities	-	-	32,881	-	32,881
Provisions	3,545	150	20,500	1	24,196
Lease liabilities	32,851	-	14,410	-	47,261
Deferred tax liabilities	-	-	-	-	-
Other liabilities	24,472	721	91,920	1,469	118,582
TOTAL LIABILITIES	12,685,111	1,228,471	19,164,767	180,528	33,258,877
TOTAL EQUITY	-	-	4,203,762	-	4,203,762
NET BALANCE SHEET POSITION	(2,533,084)	(489,426)	7,344,387	(118,115)	4,203,762
NET OFF-BALANCE SHEET POSITION	2,666,279	491,795	(3,270,769)	116,757	4,062

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CONSOLIDATED					
Currency analysis					
31.12.2024	EUR	USD	BGN	Other	Total
ASSETS					
Cash and balances with Central Bank	241,648	12,793	6,333,675	11,519	6,599,635
Due from banks	486,907	69,520	807,510	50,813	1,414,750
Reverse repos with banks	977,994	-	-	-	977,994
Loans to customers	3,575,522	96,298	16,798,009	80	20,469,909
Other receivables	49,890	1,267	89,574	-	140,731
Financial Assets through PL	8,024	-	4,160	-	12,184
Derivative financial instruments	4,719	-	10,379	-	15,098
Financial Assets at FVOCI	1,162,754	23,531	192,298	-	1,378,583
Securities at Amortized cost	3,638,381	535,614	1,973,221	-	6,147,216
Investments in associates	-	-	4,876	-	4,876
Intangible assets	-	-	35,794	-	35,794
Fixed assets and Right-of-use Assets	-	-	179,437	-	179,437
Investment property	-	-	63,787	-	63,787
Deferred tax assets	-	-	6,409	-	6,409
Other assets	6,188	22	10,119	1	16,330
TOTAL ASSETS	10,152,027	739,045	26,509,248	62,413	37,462,733
LIABILITIES					
	EUR	USD	BGN	Other	Total
Due to banks	4,132,707	8	18,449	2,126	4,153,290
Deposits from customers	6,949,633	1,218,770	18,897,383	176,825	27,242,611
Other financial liabilities	94,594	8,821	80,530	107	184,052
Derivative financial instruments	5,259	-	7,126	-	12,385
Other borrowed funds	1,441,660	-	-	-	1,441,660
Current income tax liabilities	-	-	32,881	-	32,881
Provisions	3,545	150	20,500	1	24,196
Lease liabilities	32,851	-	14,410	-	47,261
Deferred tax liabilities	-	-	-	-	-
Other liabilities	24,472	721	92,125	1,469	118,787
TOTAL LIABILITIES	12,684,721	1,228,470	19,163,404	180,528	33,257,123
TOTAL EQUITY	-	-	4,205,610	-	4,205,610
NET BALANCE SHEET POSITION	(2,532,694)	(489,425)	7,345,844	(118,115)	4,205,610
NET OFF-BALANCE SHEET POSITION	2,666,279	491,795	(3,270,769)	116,757	4,062

FX Value-at-Risk (VaR) is calculated for UBB and considers the diversification between different FX rates. This measures the 99.90% worst case market value loss induced by FX sensitivity over the horizon and confidence interval in line with pillar II group model.

On 31.12.2025 the FX Shock amounted to EUR-0.11m compared to 31.12.2024 (EUR-1.07m) within the internally approved limit and risk profile of the bank. The values are considered very low and almost immaterial for this type of risk and the size of the bank.

It is reported and monitored regularly at Local Risk Management Committee (LRMC) level.

Interest rate risk

UBB measures the net interest incomes (NII) and economic value of equity (EVE) vulnerability to unfavorable changes in interest rates separately for its significant currencies. The negative sign of the mismatch means that the interest rate sensitive liabilities are larger than the interest rate sensitive assets in the concrete time band. The techniques for managing interest rate risk generated by the positions in the banking book are the following: change in the administered interest rates on loans and deposits, change in the maturity of the offered credit and deposit products, interest rate derivatives etc.

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The tables below depict the Bank's exposure to interest rate risk by allocating interest rate-sensitive assets and liabilities into maturity and repricing bands according to their contractual terms or behavioral assumptions for non-maturity deposits (NMDs).

The analysis reflects the expected timing of interest rate repricing and provides an overview of the Bank's sensitivity to changes in market interest rates by 10 b.p. The resulting maturity and repricing profile is also used as an input for the ongoing monitoring and steering of the Bank's interest rate risk position

<i>in thousands of BGN</i>	Total amount	Less than 3 months	3-6 months	6-12 months	1-5 years	More than 5 years
31 December 2025						
Loans and advances to banks	(210)	(102)	(13)	(19)	(75)	(1)
Loans to customers	(11,365)	(2,403)	(154)	(258)	(2,171)	(6,379)
Investment securities	(30,994)	(58)	(114)	(162)	(9,805)	(20,856)
Other Assets	(61)	(61)	-	-	-	-
	(42,630)	(2,625)	(280)	(439)	(12,050)	(27,236)
Deposits from banks	21	19	2	-	-	-
Deposits from customers	44,202	1,113	1,120	2,013	15,387	24,569
Other Liabilities	2,558	438	689	274	1,158	(0)
	46,781	1,570	1,811	2,286	16,545	24,569
Effect of derivatives held for risk management	19	(4)	-	-	23	-
	4,170	(1,059)	1,530	1,847	4,518	(2,667)

<i>in thousands of BGN</i>	Total amount	Less than 3 months	3-6 months	6-12 months	1-5 years	More than 5 years
31 December 2024						
Loans and advances to banks	(265)	(96)	(3)	(27)	(137)	(1)
Loans to customers	(14,098)	(1,832)	(72)	(186)	(2,916)	(9,090)
Investment securities	(30,292)	(54)	(184)	(91)	(9,593)	(20,371)
Other Assets	(5)	(5)	-	-	-	-
	(44,660)	(1,988)	(259)	(304)	(12,646)	(29,462)
Deposits from banks	38	23	-	15	-	-
Deposits from customers	48,064	1,048	1,069	1,873	13,978	30,096
Other Liabilities	3,017	200	189	17	2,611	-
	51,118	1,271	1,258	1,905	16,589	30,096
Effect of derivatives held for risk management	37	(5)	-	-	41	-
	6,495	(722)	998	1,601	3,984	634

Throughout 2025, the Bank maintained a stable and well-controlled interest rate risk profile, underpinned by a balanced composition of interest-bearing assets and liabilities and ongoing alignment with the approved Treasury Strategy. The repricing structure of the asset portfolio (most notably customer loans and investment securities) remained predominantly positioned in the medium to longterm maturity spectrum, reflecting the Bank's strategic orientation and its behavioural modelling practices for products without embedded optionalities.

On the liability side, non-maturity deposits continued to demonstrate stable behavioural patterns, supporting their modelling as long duration, core funding. In 2025, the behavioural duration assumptions for both Retail and Corporate non-maturity deposits were revised downward, in line with the Treasury Strategy and prevailing interest rate conditions. This methodological refinement resulted in a lower positive interest rate risk position compared to 2024, as evidenced by the figures presented in the tables above. The adjustment ensures a more conservative and risk sensitive representation of the Bank's exposure, consistent with supervisory expectations and the Bank's internal IRRBB framework.

Reprice gap risk results from the term structure of interest rate sensitive instruments that arises from differences in the timing of their rate changes, covering changes to the term structure of interest rates occurring consistently across the yield curve (parallel risk) or differentially by period (non-parallel risk). UBB monitors its gap risk via gap analysis representing the volume of mismatches in different time bands. The gap analysis allocates all relevant interest rate sensitive instruments into predefined time buckets according to their repricing or maturity dates, which are either contractually fixed or based on behavioral assumptions. It calculates the net positions ('gaps') in each time bucket. It approximates the change in net interest rate income ensuing from a yield curve shift by multiplying each net position with the corresponding interest rate change.

Interval Gap shows how cash flows are repriced over time and is a measure for yield curve risk.

- If the assets are larger than the liabilities, then a re-investment risk exists. More assets need to be reinvested, NII goes up (down) when rates rise (fall) by that time.
- If the assets are lower than the liabilities, then a re-financing risk exists. Liabilities need to be rolled forward to fund outstanding assets, NII goes down (up) when rates rise (fall) by that time.

Please note that Deposits from Customers are largely represented by funds without contractual maturity date or in other words, Non-maturity deposits (NMDs). As such they can be withdrawn by the client without any prior notice period or breakup fee. The two main NMD types are current accounts (CA) and saving accounts (SA). They are managed according to internal KBC group model approach which is reviewed at least once per year. These deposits can be invested into longer-dated assets based on an optimal investment profile, i.e. the benchmark profile. All those stable funds are split into significant currencies and business segment and are steered by local Treasury

BPV (Basis Point Value) measures how much the economic value of a position in the banking book changes when interest rates move by 10 basis points (0.1%).

It is the BPV (10 b.p.) which serves as an indicator of the UBB Interest rate risk sensitivity.

During 2025, the BPV remained still at positive territory similar to previous years. A positive liability gap indicates that a potential excess of liquidity exists that can be invested.

in `000 BGN	31 December 2025	31 December 2024
BPV (10 b.p.)	4,170	6,490

The table below provides information on the net interest income sensitivity as of 31.12.2025 and 31.12.2024:

31 December 2025	in `000 BGN
Supervisory shock	Sensitivity of net interest income/equity
Parallel Shock Up	84,423
Parallel Shock Down	(85,360)
31 December 2024	in `000 BGN
Supervisory shock	Sensitivity of net interest income/equity
Parallel Shock Up	616,391
Parallel Shock Down	(154,664)

The Net Interest Income Sensitivity is calculated with compliance to the reporting criteria of EBA Guidelines for "Interest Rate Risk in the Banking Book".

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Liquidity risk

UBB manages its assets and liabilities in a manner guaranteeing that the bank is able to fulfil its day-to-day obligations regularly and without delay both in going concern and stressed environment. The Bank invests mainly in liquid assets.

The average level of the regulatory liquidity risk ratios are as follows:

- 243% Liquidity Coverage Ratio (LCR) for 2025 (2024: 263%) and
- 162% Net Stable Funding Ratio (NSFR) for 2025 (2024: 168%).

Both LCR and NSFR were above the regulatory requirements of 100% during 2025.

In addition, UBB has a stable and balanced funding structure with Retail and SME Deposits representing approx. 60% of UBB's total liabilities plus equity. The bank aims at maintaining diversified deposit base and access to alternative funding sources thus limiting the potential funding costs in case unexpected events occur.

Funding sources generally have a shorter maturity than the funded assets, resulting in a negative net liquidity gap in the shorter time buckets and a positive net liquidity gap in the longer-term buckets. This may create liquidity risk if UBB would be unable to renew its maturing short-term funding. The funding strategy applied by the bank ensures that the liquidity risk remains within the risk appetite and is well steered by local Treasury.

The table below represents the undiscounted cash flows on financial liabilities by contractual term:

31.12.2025	Carrying amount/ Nominal amount	Undiscounted cash flows					
		Total	on demand and with maturity up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years
SEPARATE AND CONSOLIDATED							
LIABILITIES							
Deposits from banks	3,998,106	4,006,654	474,021	3,532,633	-	-	-
Payables under repo agreements	2,739,531	2,740,140	2,740,140	-	-	-	-
Deposits from customers	30,536,998	30,543,785	27,632,799	893,832	1,986,546	30,608	-
Other financial liabilities	139,047	139,047	-	139,047	-	-	-
Other borrowed funds	2,564,707	2,942,055	-	1,662	25,760	1,565,182	1,349,452
Lease liabilities (IFRS 16)	43,987	47,040	1,162	2,289	8,536	26,444	8,609
TOTAL	40,022,376	40,418,721	30,848,122	4,569,463	2,020,842	1,622,234	1,358,061
Undrawn Credit commitments	5,904,984	5,904,984	5,904,984	-	-	-	-
Guarantees, documentary and commercial letters of credit	1,310,614	1,310,614	1,310,614	-	-	-	-

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31.12. 2024	SEPARATE AND CONSOLIDATED	Carrying amount/ Nominal amount	Undiscounted cash flows					
			Total	on demand and with maturity up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years
	LIABILITIES							
	Deposits from banks	4,153,290	4,159,134	2,974,493	1,184,641	-	-	-
	Payables under repo agreements	-	-	-	-	-	-	-
	Deposits from customers	27,244,570	27,434,379	24,899,451	645,261	1,860,344	29,323	-
	Other financial liabilities	184,052	184,052	-	184,052	-	-	-
	Other borrowed funds	1,441,660	1,686,728	-	2,112	60,226	1,406,277	218,113
	Lease liabilities (IFRS 16)	47,261	49,867	1,192	2,535	10,881	29,385	5,874
	TOTAL	33,070,833	33,330,108	27,875,136	1,834,549	1,931,451	1,464,985	223,987
	Undrawn Credit commitments	4,725,381	4,725,381	4,725,381	-	-	-	-
	Guarantees, documentary and commercial letters of credit	1 213 664	1 213 664	1 213 664	-	-	-	-

Assets pledged as collateral are presented in the tables below:

SEPARATE AND CONSOLIDATED	31.12.2025	
Pledged assets	Carrying amount of pledged assets	Secured liabilities
Other demand deposits	50,383	Participation in a guarantee mechanism for local cards settlement
Debt securities	604,101	Collateral for budget funds
Debt securities	2,705,837	Collateral for repo deals
Debt securities	653,238	Collateral to the Bulgarian national bank for the pre-supply wit EUR banknotes and coins
Other receivables	17,259	Margin account for derivative deals
Total Pledged assets	4,030,818	

SEPARATE AND CONSOLIDATED	31.12.2024	
Pledged assets	Carrying amount of pledged assets	Secured liabilities
Other demand deposits	51,040	Participation in a guarantee mechanism for local cards settlement
Debt securities	366,468	Collateral for budget funds
Other receivables	1,246	Margin account for derivative deals
Total Pledged assets	418,754	

7 FAIR VALUE MEASUREMENT

Note 7.1: Fair value of financial instruments not measured at fair value

The table below summarises the carrying amounts and fair value of those financial assets and liabilities not presented on UBB's statement of financial position at fair value.

31-12-2025

SEPARATE	Carrying amount	Fair Value	Level 1	Level 2	Level 3
FINANCIAL ASSETS AT AMORTISED COST					
Due from banks	1,789,076	1,789,076	-	1,789,076	-
Reverse repos with banks	5,537,933	5,537,933	-	5,537,933	-
Debt securities	6,488,232	6,426,673	5,386,317	1,034,041	6,314
Loans to customers	23,860,649	23,917,361	-	-	23,917,361
Other receivables	97,809	97,809	-	-	97,809
TOTAL	37,773,699	37,768,852	5,386,317	8,361,050	24,021,484

FINANCIAL LIABILITIES AT AMORTISED COST

Deposits from banks	3,998,106	3,998,106	-	3,998,106	-
Payables under repo agreements	2,739,531	2,739,531	-	2,739,531	-
Deposits from customers	30,536,998	30,536,998	-	30,536,998	-
Other financial liabilities	139,047	139,047	-	139,047	-
Other borrowed funds	2,564,707	2,564,707	-	2,564,707	-
TOTAL	39,978,389	39,978,389	-	39,978,389	-

31-12-2025

CONSOLIDATED	Carrying amount	Fair Value	Level 1	Level 2	Level 3
FINANCIAL ASSETS AT AMORTISED COST					
Due from banks	1,789,076	1,789,076	-	1,789,076	-
Reverse repos with banks	5,537,933	5,537,933	-	5,537,933	-
Debt securities	6,488,232	6,426,673	5,386,317	1,034,041	6,314
Loans to customers	23,860,649	23,917,361	-	-	23,917,361
Other receivables	97,790	97,790	-	-	97,790
TOTAL	37,773,680	37,768,833	5,386,317	8,361,050	24,021,465

FINANCIAL LIABILITIES AT AMORTISED COST

Deposits from banks	3,998,106	3,998,106	-	3,998,106	-
Payables under repo agreements	2,739,531	2,739,531	-	2,739,531	-
Deposits from customers	30,531,869	30,531,869	-	30,531,869	-
Other financial liabilities	139,047	139,047	-	139,047	-
Other borrowed funds	2,564,707	2,564,707	-	2,564,707	-
TOTAL	39,973,260	39,973,260	-	39,973,260	-

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31-12-2024

SEPARATE	Carrying amount	Fair Value	Level 1	Level 2	Level 3
FINANCIAL ASSETS AT AMORTISED COST					
Due from banks	1,414,750	1,414,750	-	1,414,750	-
Reverse repos with banks	977,994	977,994	-	977,994	-
Debt securities	6,147,216	5,999,907	4,671,705	1,328,202	-
Loans to customers	20,469,909	20,621,134	-	-	20,621,134
Other receivables	140,676	140,676	-	-	140,676
TOTAL	29,150,545	29,154,461	4,671,705	3,720,946	20,761,810

FINANCIAL LIABILITIES AT AMORTISED COST

Deposits from banks	4,153,290	4,153,290	-	4,153,290	-
Payables under repo agreements	-	-	-	-	-
Deposits from customers	27,244,570	27,244,570	-	27,244,570	-
Other financial liabilities	184,052	184,052	-	184,052	-
Other borrowed funds	1,441,660	1,441,660	-	1,441,660	-
TOTAL	33,023,572	33,023,572	-	33,023,572	-

31-12-2024

CONSOLIDATED	Carrying Value	Fair Value	Level 1	Level 2	Level 3
FINANCIAL ASSETS AT AMORTISED COST					
Due from banks	1,414,750	1,414,750	-	1,414,750	-
Reverse repos with banks	977,994	977,994	-	977,994	-
Debt securities	6,147,216	5,999,907	4,671,705	1,328,202	-
Loans to customers	20,469,909	20,621,134	-	-	20,621,134
Other receivables	140,731	140,731	-	-	140,731
TOTAL	29,150,600	29,154,516	4,671,705	3,720,946	20,761,865

FINANCIAL LIABILITIES AT AMORTISED COST

Deposits from banks	4,153,290	4,153,290	-	4,153,290	-
Payables under repo agreements	-	-	-	-	-
Deposits from customers	27,242,611	27,242,611	-	27,242,611	-
Other financial liabilities	184,052	184,052	-	184,052	-
Other borrowed funds	1,441,660	1,441,660	-	1,441,660	-
TOTAL	33,021,613	33,021,613	-	33,021,613	-

The following methods and assumptions were used to estimate the fair values of the above financial instruments as of 31.12.2025 and 31.12.2024:

- The carrying amount of cash and balances with the Central Bank, short-term due from and due to banks as well as accrued interest equals their fair value.
- The fair value of loans to customers is estimated using discounted cash flow models (the expected loan related cash flows discounted by the market interest rates) and it is categorized in Level 3.
- The fair value for accounts and deposits from customers is determined to be their carrying amount considering that they could be withdrawn at any time (short term liabilities, Interest rate of zero for majority of deposits).
- Fair value of bank borrowings and subordinated liabilities approximate their carrying amount, because these liabilities bear floating interest rates and are repriced to current market rates on a regular basis. In case, however, there is observable data for debt issuance during the reporting year, they might be considered if relevant.

Note 7.2: Fair value hierarchy of financial instruments measured at fair value

31.12.2025

SEPARATE AND CONSOLIDATED

	Fair Value	Level 1	Level 2	Level 3
FINANCIAL ASSETS AT FAIR VALUE				
Derivative financial instruments	6,565	-	6,565	-
hereof Derivatives held for trading	6,447	-	6,447	-
hereof Hedging derivatives	118	-	118	-
Financial assets at fair value through profit or loss	14,911	12,548	2,363	-
hereof Debt securities	14,911	12,548	2,363	-
Financial assets at fair value through OCI	1,287,285	1,147,298	120,854	19,133
Equity instruments	22,547	3,414	-	19,133
Debt securities	1,264,738	1,143,884	120,854	-
Total financial assets at fair value	1,308,761	1,159,846	129,782	19,133
FINANCIAL LIABILITIES AT FAIR VALUE				
Derivative financial instruments	10,068	-	10,068	-
hereof Derivatives held for trading	10,068	-	10,068	-
hereof Hedging derivatives	-	-	-	-
Total financial liabilities at fair value	10,068	-	10,068	-

31.12.2024

SEPARATE AND CONSOLIDATED

	Fair Value	Level 1	Level 2	Level 3
FINANCIAL ASSETS AT FAIR VALUE				
Derivative financial instruments	15,098	-	15,098	-
hereof Derivatives held for trading	14,761	-	14,761	-
hereof Hedging derivatives	337	-	337	-
Financial assets at fair value through profit or loss	12,184	8,518	3,666	-
hereof Debt securities	12,184	8,518	3,666	-
Financial assets at fair value through OCI	1,378,583	1,214,221	142,400	21,962
Equity instruments	22,326	364	-	21,962
Debt securities	1,356,257	1,213,857	142,400	-
Total financial assets at fair value	1,405,865	1,222,739	161,164	21,962
FINANCIAL LIABILITIES AT FAIR VALUE				
Derivative financial instruments	12,385	-	12,385	-
hereof Derivatives held for trading	12,385	-	12,385	-
hereof Hedging derivatives	-	-	-	-
Total financial liabilities at fair value	12,385	-	12,385	-

Fair values of debt securities are determined either by reference to prices for traded instruments in active markets to external quotations or widely accepted financial models which are based on market observable or unobservable information where the former is not available as well as relevant market-based parameters such as interest rates option fluctuations currency rates etc. and may also include a liquidity risk adjustment where UBB considers it appropriate.

UBB may sometimes also utilize third-party pricing information and perform validating procedures on this information or base its fair value on the latest transaction prices available given the absence of an active market or similar transactions. All such instruments are categorized within the lowest level of fair value hierarchy (i.e. Level 3).

The output of a valuation technique is always an estimate or approximation of a fair value that cannot be measured with complete certainty. As a result, valuations are adjusted where appropriate to reflect close-out costs credit exposure model driven valuation uncertainty trading restrictions and other factors when such factors would be considered by market participants in measuring fair value.

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Due to UBB's limited exposure to investment securities measured at fair value, for which the market valuation adjustments are significant to their fair value, a reasonable change in the unobservable inputs would not be significant to UBB.

Note 7.3: Movement of level 3 financial assets measured at fair value

SEPARATE AND CONSOLIDATED	Carrying amount 01.01.2025	Addition	Transferred out of Level 3	Change in Fair value	Disposal	Carrying amount 31.12.2025
Debt securities	-	-	-	-	-	-
Equity securities	21,962	-	-	19	(2,849)	19,133
	21,962	-	-	19	(2,849)	19,133

SEPARATE AND CONSOLIDATED	Carrying amount 01.01.2024	Addition	Transferred out of Level 3	Change in Fair value	Disposal	Carrying amount 31.12.2024
Debt securities	8,850	-	-	-	(8,850)	-
Equity securities	24,326	128	-	1,399	(3,891)	21,962
	33,176	128	-	1,399	(12,741)	21,962

8 RELATED PARTY TRANSACTIONS

The ultimate parent bank is KBC Group NV Belgium. UBB is controlled by KBC Bank N.V., which owns 99.96% of the ordinary shares of UBB. Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions. A number of banking transactions are performed with related parties in the normal course of business. These include mostly loans and deposits. These transactions were carried out on commercial terms and conditions and at market rates.

Business transactions with related parties are carried out in the normal course of business. These transactions were made at market prices and commercial terms as would be done between independent trading partners. The amount of the remuneration of the members of the management and supervisory bodies of UBB for the financial year 2025 is BGN 4,283 thousand (2024: BGN 4,046 thousand).

Amounts owed to and from companies of the KBC Bank Group and the related income and expense are as follows:

As of 31 December 2025 – SEPARATE	KBC Bank NV	KBC Group	Subsidiaries companies	Associate companies
Loans to customers and other receivables (agreed int rate from 0% to 15.90%, weighted average int rate 3.91%)*	1,408,109	439,413	-	-
Deposits placed	-	-	-	-
Receivables on repo agreements	5,537,933	-	-	-
Other demand deposits due to banks	263,873	2,912	-	-
Derivatives held for trading- assets	2,678	-	-	-
Derivatives held for hedging- assets	118	-	-	-
Other assets	-	4,290	-	-
Right of use assets	-	7,476	-	-
Total Assets	7,212,711	454,091	-	-
Deposits from Banks - Time Deposits (agreed int rate from 2.02% to 2.13%, weighted average int rate 2.07%)*	3,915,892	-	-	-
Deposits from Banks - Sight Deposits	1,812	-	-	-
Payables on repo agreements	2,739,531	-	-	-
Funds attracted from clients (agreed int rate from 0% to 1.5%, weighted average int rate 0.03%)*	-	69,904	5,129	2,951
Other borrowed funds (agreed int rate from 0.46% to 4.58%, weighted average int rate 3.34%)*	2,384,379	-	-	-
Derivatives held for trading – liability	7,499	-	-	-
Subordinated term debt (agreed int rate 3.77%)	179,101	-	-	-
Other liabilities	-	1,561	-	-
Leasing liabilities	-	7,526	-	-
Total Liabilities	9,228,214	78,991	5,129	2,951
Additional Tier-1 instrument incl.in equity (agreed int rate 6.3%)	-	-	-	-
Interest income	62,102	4,089	-	-
Fee and commission income	2,499	44,959	1	1
Dividend income	-	-	626	-
Other income	-	6	2	-
Rental income	-	572	11	-
Net income from interest rate derivatives	5,394	-	-	-
Total Income	69,995	49,626	640	1
Interest expense	(117,814)	(601)	-	-
Fee and commission expenses	(2,701)	(896)	-	-
Administrative expenses	(17,679)	(41,463)	(1,096)	(4,973)
Other expenses	-	(13)	-	-
Interest expenses on lease liabilities	-	(110)	-	-
Total Expenses	(138,194)	(43,083)	(1,096)	(4,973)

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As of 31 December 2025 – CONSOLIDATED	KBC Bank NV	KBC Group	Associate companies
Loans to customers and other receivables (agreed int rate from 0% to 15.90%, weighted average int rate 3.91%)*	1,408,109	439,413	-
Deposits placed	-	-	-
Receivables on repo agreements	5,537,933	-	-
Other demand deposits due to banks	263,873	2,912	-
Derivatives held for trading - assets	2,678	-	-
Derivatives held for hedging - assets	118	-	-
Other assets	-	4,290	-
Right of use assets	-	7,476	-
Total Assets	7,212,711	454,091	-
Deposits from Banks - Time Deposits (agreed int rate from 2.02% to 2.13%, weighted average int rate 2.07%)*	3,915,892	-	-
Deposits from Banks - Sight Deposits	1,812	-	-
Payables on repo agreements	2,739,531	-	-
Funds attracted from clients (agreed int rate from 0% to 1.5%, weighted average int rate 0.03%)*	-	69,904	2,951
Other borrowed funds (agreed int rate from 0.46% to 4.58%, weighted average int rate 3.34%)*	2,384,379	-	-
Derivatives held for trading – liability	7,499	-	-
Subordinated term debt (agreed int rate 3.77%)	179,101	-	-
Other liabilities	-	1,568	-
Leasing liabilities	-	7,526	-
Total Liabilities	9,228,214	78,998	2,951
Additional Tier-1 instrument incl.in equity (agreed int rate 6.3%)	-	-	-
Interest income	62,102	4,089	-
Fee and commission income	2,499	44,959	1
Other income	-	1,609	-
Rental income	-	572	-
Net income from interest rate derivatives	5,394	-	-
Total income	69,995	51,229	1
Interest expense	(117,814)	(601)	-
Fee and commission expenses	(2,701)	(896)	-
Administrative expenses	(17,679)	(41,469)	(4,973)
Other expenses	-	(13)	-
Interest expenses on lease liabilities	-	(110)	-
Total Expenses	(138,194)	(43,089)	(4,973)

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As of 31 December 2024 – SEPARATE	KBC Bank NV	KBC Group	Subsidiaries companies	Associate companies
Loans to customers and other receivables (agreed int rate from 0.00% to 15.90%, weighted average int rate 5.36%)*	1,240,672	408,717	-	-
Deposits placed	18,872	-	-	-
Receivables on repo agreements	977,994	-	-	-
Other demand deposits due to banks	81,830	224	-	-
Derivatives held for trading- assets	8,559	-	-	-
Derivatives held for hedging- assets	337	-	-	-
Other assets	-	2,967	-	-
Right of use assets	-	4,983	-	-
Total Assets	2,328,264	416,891	-	-
Deposits from Banks- Time Deposits (agreed int rate from 2.91% to 3.22%, weighted average int rate 3.06%)*	3,916,717	-	-	-
Deposits from Banks- Sight Deposits	13,731	-	-	-
Payables on repo agreements	-	-	-	-
Funds attracted from clients (agreed int rate from 0.00% to 2.80%, weighted average int rate 0.05%)*	-	126,134	1,959	662
Other borrowed funds (agreed int rate from 0.46% to 4.58%, weighted average int rate 3.62%)*	1,258,203	-	-	-
Derivatives held for trading – liability	8,059	-	-	-
Subordinated term debt (agreed int rate from 4.56% to 4.96%, weighted average int rate 4.76%)*	179,404	-	-	-
Other liabilities	-	-	-	-
Leasing liabilities	-	4,991	-	-
Total Liabilities	5,376,114	131,125	1,959	662
Additional Tier-1 instrument incl.in equity (agreed int rate 6.3%)	113,438	-	-	-
Interest income	126,432	1,494	6,345	-
Fee and commission income	(46)	35,988	12	-
Dividend income	-	-	15,163	-
Other income	-	6	22	-
Rental income	-	548	11	-
Net income from interest rate derivatives	1,723	-	-	-
Total income	128,109	38,036	21,553	-
Interest expense	(114,689)	(1,910)	-	-
Fee and commission expenses	(111)	(786)	-	-
Administrative expenses	(10,107)	(31,007)	(1,212)	(3,402)
Other expenses	-	(15)	-	-
Interest expenses on lease liabilities	-	(25)	-	-
Total Expenses	(124,907)	(33,743)	(1,212)	(3,402)

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As of 31 December 2024 – CONSOLIDATED	KBC Bank NV	KBC Group	Associate companies
Loans to customers and other receivables (agreed int rate from -0.31% to 15.90%, weighted average int rate 7.71%)	1,240,672	408,800	-
Deposits placed	18,872	-	-
Receivables on repo agreements	977,994	-	-
Other demand deposits due to banks	81,830	224	-
Derivatives held for trading- assets	8,559	-	-
Derivatives held for hedging- assets	337	-	-
Other assets	-	2,967	-
Right of use assets	-	585	-
Total Assets	2,328,264	412,576	-
Deposits from Banks- Time Deposits (agreed int rate from 2.91% to 3.22%, weighted average int rate 3.06%)	3,916,717	-	-
Deposits from Banks- Sight Deposits	13,731	-	-
Payables on repo agreements	-	-	-
Funds attracted from clients (agreed int rate from 0.00% to 2.80%, weighted average int rate 0.05%)	-	126,134	662
Other borrowed funds (agreed int rate from 0.46% to 4.58%, weighted average int rate 3.62%)	1,258,203	-	-
Derivatives held for trading – liability	8,059	-	-
Subordinated term debt (agreed int rate from 4.56% to 4.96%, weighted average int rate 4.76%)	179,404	-	-
Other liabilities	-	7	-
Leasing liabilities	-	585	-
Total Liabilities	5,376,114	126,726	662
Additional Tier-1 instrument incl.in equity (agreed int rate 6.3%)	113,438	-	-
Interest income	126,435	1,494	-
Fee and commission income	(46)	35,988	-
Other income	-	1,103	-
Rental income	-	548	-
Net income from interest rate derivatives	1,723	-	-
Total income	128,112	39,133	-
Interest expense	(115,501)	(1,910)	-
Fee and commission expenses	(111)	(786)	-
Administrative expenses	(10,107)	(31,027)	(3,402)
Other expenses	-	(15)	-
Interest expenses on lease liabilities	-	8	-
Total Expenses	(125,719)	(33,730)	(3,402)

Note: Contractual interest rate and weighted average interest rate relate to the interest rate value as at the end of the respective year

9 INFORMATION BASED ON THE REQUIREMENTS OF ART. 70 § 6 FROM CREDIT INSTITUTIONS ACT

The Bank holds a bank license granted by the Bulgarian National Bank to take deposits in local and foreign currency trade with foreign currencies trade with and invest in treasury bonds and other securities and perform other banking operations. The Bank does not have subsidiaries and branches located outside Bulgaria.

UBB has not received any government grants as of 31 December 2025 and 31 December 2024. The separate and consolidated performance is presented below:

As at 31 December 2025	Geographical location	Total income	Equivalent number of full-time employees	Financial result before tax	Taxation	Return on assets obtained as the ratio of net profit to total assets
United Bulgarian Bank AD	Bulgaria	1,158,139	3,901	575,834	(85,247)	1.19%
East Golf Properties EOOD	Bulgaria	562	-	394	(105)	5.42%
UBB Centre Management EOOD	Bulgaria	3,344	23	926	(137)	61.98%

As at 31 December 2024	Geographical location	Total income	Equivalent number of full-time employees	Financial result before tax	Taxation	Return on assets obtained as the ratio of net profit to total assets
United Bulgarian Bank AD	Bulgaria	1,127,033	3,914	578,828	(82,538)	1.39%
East Golf Properties EOOD	Bulgaria	388	-	(1,162)	130	(13.43%)
UBB Centre Management EOOD	Bulgaria	2,852	20	735	(109)	59.68%

10 MERGER OF ENTITIES UNDER COMMON CONTROL

Merger of UBB Factoring EOOD into UBB AD in 2024

In 2024 UBB decided to merge the business of its fully owned UBB Factoring EOOD into the Bank. The transaction was aiming at optimizing the administration of factoring business, as such was already transferred to UBB with the merger of former KBC Bank Bulgaria EAD.

The merger took place in May 2024, whereby a volume of BGN 211 mln factoring receivables was transferred to UBB, leading to a total factoring portfolio held by UBB in the amount of BGN 330 mln.

As a result of the merger, the Bank's retained earnings were increased by BGN 3.6 mln, representing the accumulated retained earnings of UBB Factoring. In addition, UBB took over the external financing received by UBB factoring amounting to BGN 51 mln.

11 EVENTS AFTER THE REPORTING PERIOD

There are no events after the date of preparation of financial statements that might have impact on the presentation of the financial information for the year ended 31 December 2025.

Euro adoption disclosures:

According to the Law on the Introduction of the Euro in the Republic of Bulgaria, as of 1 January 2026, the euro becomes the official currency and legal tender in Bulgaria. The official exchange rate is set at BGN 1.95583 for 1 euro. The introduction of the euro as the official currency in the Republic of Bulgaria represents a change in the functional (reporting) currency of the Bank, which will be reflected prospectively and does not represent an event after the reporting period that requires an adjustment in the financial statements for the year ending 31 December 2025. The Bank does not expect any significant effects from the translation of the opening balances as of January 1, 2026 into euros and from the process of changing the functional (reporting) currency.