Annual Report 2025

BULGARIAN NATIONAL BANK

ANNUAL REVIEW

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BULGARIAN NATIONAL BANK

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Honourable Chair of the National Assembly,
Honourable People's Representatives,

Under the provisions of the Law on the Bulgarian National Bank Article 7, paragraph 1 and paragraph 3, I have the honour of presenting the Bank's Annual Report for 2025.

Dimitar Radev
Governor
of the Bulgarian National Bank

BNB Governing Council

Dimitar Radev
Governor

Andrey Gurov*
Deputy Governor
Issue Department

Petar Chobanov
Deputy Governor
Banking Department

Radoslav Milenkov
Deputy Governor
Banking Supervision Department

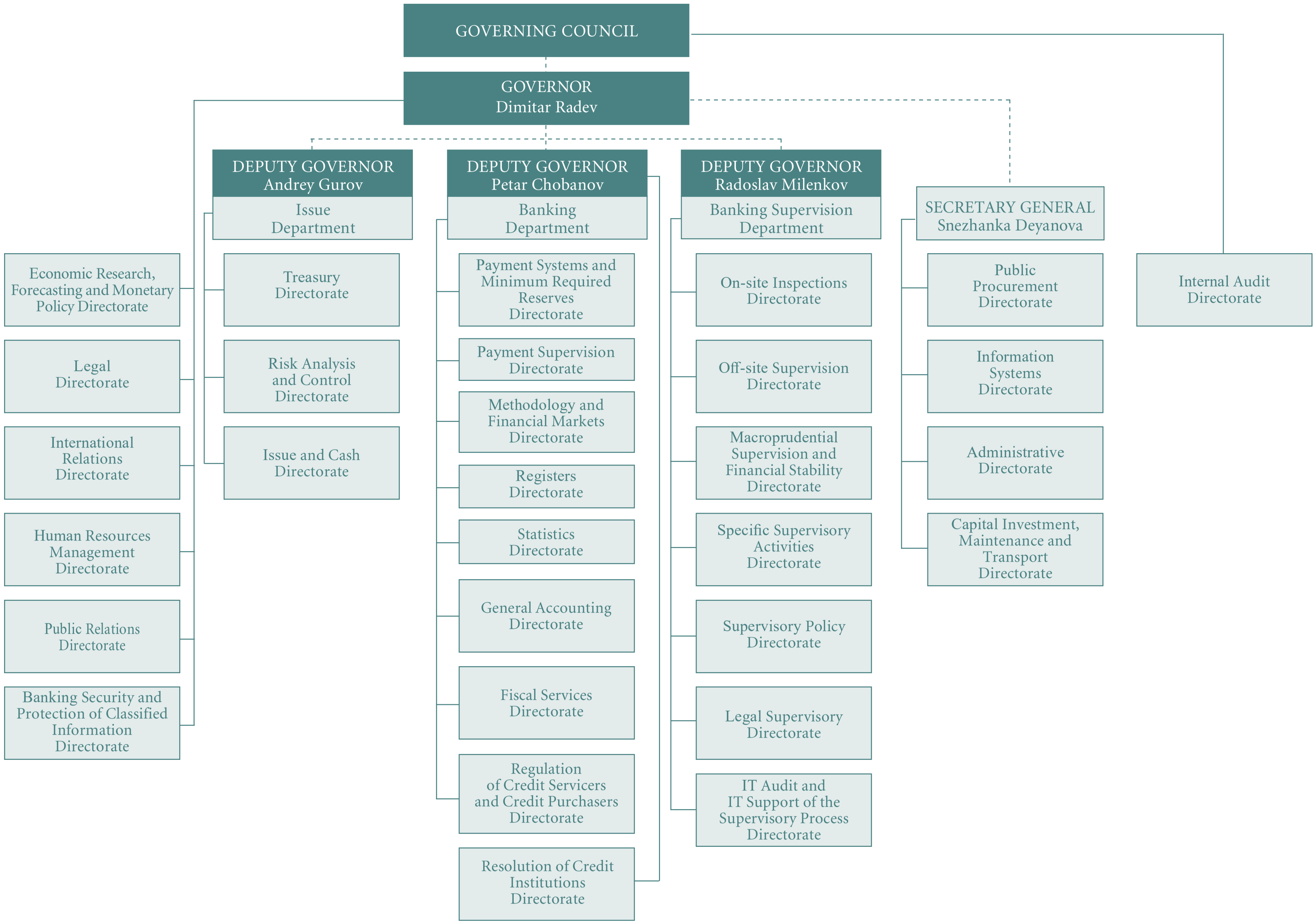
Nikolay Nenovsky

Iliya Lingorski

Lyubomir Karimanski

* Since 16 July 2024, Andrey Gurov has not fulfilled his powers as Deputy Governor, head of the Issue Department, in connection with the procedure under Article 14, paragraph 2 of the Law on the BNB.

Organisational Structure of the BNB
(As of 31 December 2025)



Contents

List of Abbreviations

APP	Asset Purchase Programme
ATM	Automated Teller Machine
BIS	Bank for International Settlements
BISERA	Bank Integrated System for Electronic Payments
BNB	Bulgarian National Bank
BORICA	Bank Organisation for Payments Initiated by Cards
BRF	Banks Resolution Fund
BSCEE	Basel Committee on Banking Supervision
CCR	Central Credit Register
CET1	Common Equity Tier 1
CFP	Consolidated Fiscal Programme
CSDB	Centralised Securities Database
CCyB	Countercyclical capital buffer
CMPI	Crisis management deposit insurance
DORA	Digital Operational Resilience Act
DSTI-O	Debt service-to-income ratio at origination
DvP	delivery versus payment
EBA	European Banking Authority
EBFH	European Association for Banking and Financial History
EC	European Commission
ECB	European Central Bank
Ecofin	Economic and Financial Affairs Council of the European Union comprising Member State economics and finance ministers
EDIS	European Deposit Insurance Scheme
EFC	Economic and Financial Committee
EONIA	Euro OverNight Index Average (registered trademark of the European Money Market Institute, EMMI)
ESA 2010	European System of National and Regional Accounts
ESCB	European System of Central Banks
ESRB	European Systemic Risk Board
ESROT	Electronic System for Registering and Servicing Government Securities Trading
€STR	Euro Short-Term Rate
EURIBOR	Euro InterBank Offered Rate (registered trademark of the European Money Market Institute, EMMI)
FATF	Financial Action Task Force
FOMC	Federal Open Market Committee
GDP	Gross Domestic Product
GSAS	System for Government Securities Sale and Repurchase Auctions
HICP	Harmonised Index of Consumer Prices
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IBAN	international bank account number
ICAAP	Internal Capital Adequacy Assessment Process
IFRS I	nternational Financial Reporting Standards
IIS	Integrated Information System
ILAAP	Internal Liquidity Adequacy Assessment Process
IMF	International Monetary Fund
IOBFR	System for Budget and Fiscal Reserve Information Servicing
IRB	internal ratings-based
IRT	Internal Resolution Teams
ISIS	Integrated Statistical Information System
JST	Joint Supervisory Team
KRI	key risk indicators
KTB	Corporate Commercial Bank AD
LBNB	Law on the BNB
LCI	Law on Credit Institutions
LCR	liquidity coverage ratio
LBDG	Law on Bank Deposit Guarantee
LEONIA	an interest rate on real transactions in unsecured overnight deposits in BGN offered at the interbank market
LPSPS	Law on Payment Services and Payment Systems
LRELC	Law on Real Estate Loans for Consumers
LRRCIIF	Law on the Recovery and Resolution of Credit Institutions and Investment Firms
LTROs	Longer-term refinancing operations
LTV-O	Loan-to-value ratio at origination
MF	Ministry of Finance
MREL	minimum requirement for own funds and eligible liabilities
NPLs	non-performing loans
NSI	National Statistical Institute
NSFR	Net stable funding ratio
OECD	Organisation for Economic Co-operation and Development
OPEC	Organization of Petroleum Exporting Countries
O-SIIs	Other systematically important institutions
PELTROs	pandemic emergency longer-term refinancing operations
PEPP	Pandemic Emergency Purchase Programme
PMI	Purchasing Managers' Index
POS	Point of sale/point of service: a retail trade terminal for credit and debit card transactions
PSPP	Public Sector Purchase Programme
RBASDB	Register of Bank Accounts and Safe Deposit Boxes
RIAD	Register of Institutions and Affiliates Database
RINGS	Real-time gross settlement system
ROA	Return on Assets
ROE	Return on Equity
SDR	Special Drawing Rights
SEBRA	Electronic Budget Payment System
SEPA	Single Euro Payments Area
SDDS Plus	Special Data Dissemination Standard Plus
SHS	Securities Holdings Statistics
SRB	Single Resolution Board
SREP	Supervisory Review and Evaluation Process
SRF	Single Resolution Fund
SRM	Single Resolution Mechanism
SSM	Single Supervisory Mechanism
SCT	Instant SEPA Credit Transfer Instant
TARGET2	Trans-European Automated Real-time Gross settlement Express Transfer system for the euro
TARGET2-BNB	Bulgarian system component of TARGET 2
TFEU	Treaty on the Functioning of the European Union
TIPS	Target Instant Payment Settlement
TLTRO-III	Targeted longer-term refinancing operations
VaR	Value-at-Risk
XAU	troy ounce gold
XDR	currency code for special drawing rights

Summary

On 25 February 2025, the BNB Governor and the Minister of Finance signed a joint letter to the President of the European Central Bank (ECB) and the President of the European Commission (EC) requesting extraordinary Convergence Reports to be prepared for Bulgaria pursuant to Article 140(1) of the Treaty on the Functioning of the European Union (TFEU). These Reports were published on 4 June 2025, with analyses of both institutions confirming that Bulgaria fulfils the conditions for joining the euro area. Following the publication of the Convergence Reports, the procedures laid down in Article 140(2) and (3) of the TFEU were initiated.

On 26 June, the European Council discussed and supported a proposal by the EC for Bulgaria to adopt the euro on 1 January 2026. On 8 July, the European Parliament adopted a Legislative Resolution on a proposal for a Council decision on the adoption by Bulgaria of the euro on 1 January 2026 and, on the same date, the Council of the EU in Ecofin format adopted Council Decision (EU) 2025/1408 on the adoption by Bulgaria of the euro on 1 January 2026, Council Regulation (EU) 2025/1408 amending Regulation (EC) No 974/98 as regards the introduction of the euro in Bulgaria, as well as Council Regulation (EU) 2025/1409 amending Regulation (EC) No 2866/98 as regards the conversion rate to the euro for Bulgaria.

In the context of BNB's accession to the Eurosystem as of 1 January 2026, over the reporting period the BNB Governor signed a number of agreements with the ECB and other Eurosystem/ESCB central banks on payment infrastructure, euro banknotes, the Exchange Rate Mechanism II, as well as the claim credited by the ECB to BNB under Article 30.3 of the Statute of the ESCB and of the ECB.

Preparation Activities for the BNB Accession to the Eurosystem

After adoption of the new Law on the BNB (published; Darjaven Vestnik, issue 13 of 2024) which as from the date specified in a Decision of the Council of the European Union on the adoption of the euro by the Republic of Bulgaria replaces in full the current Law on the BNB (published; Darjaven Vestnik, issue 46 of 1997; last amended; Darjaven Vestnik, issue 64 of 2025), amendments to the new Law on the BNB were approved by the Law on the State Budget for 2025 (published; Darjaven Vestnik, issue 26 of 2025). They aim to reflect the recommendations made in the 2024 Convergence Reports on the procedure for appointment of a caretaker government provided for in the 2023 amendments to the Constitution of Bulgaria. According to them, if the BNB Governor or a Deputy Governor, respectively, agrees to be appointed caretaker Prime Minister under Article 99, paragraph 5 of the Bulgarian Constitution, he resigns from his position at the central bank. These amendments comply with Article 130 of the TFEU and Article 14.2 of the Statute, ensuring compliance with the principles of institutional and personal central bank independence.

Following the adoption of the new Law on the BNB, work continued over the review period on drafting ordinances provided for therein. A priority and primary objective of the new Law on the BNB and of relevant statutory instruments to be adopted on its basis is to ensure the legal integration of the Bulgarian central bank into the Eurosystem when introducing the euro as the currency of the Republic of Bulgaria. Establishing the legal and regulatory framework is a necessary and important step to ensure that new BNB functions arising from its accession to the Eurosystem are performed.

Over the reporting period, BNB Ordinance No 1 of 13 November 2025 on the Format and Content of the Bulgarian National Bank's Balance Sheet, BNB Ordinance No 6 of 9 January 2025 on Provision of Emergency Liquidity Assistance, BNB Ordinance No 18 on the Control over the Quality of Euro Banknotes and Euro Coins in Currency Circulation and BNB Ordinance No 45 of 17 April 2025 on the Establishment and Regulation of the Bulgarian National Bank's Legal Relationships with Monetary Policy Counterparties were adopted and published.

In addition, a new Ordinance No 5 on the Terms and Procedure for Acquisition, Registration, Redemption and Trade in Government Securities, as well as an ordinance provided for in the Law on Credit Servicers and Credit Purchasers were adopted to regulate the terms and procedure for granting licenses to and requirements for the activity of credit servicers and for providing information by credit purchasers and credit institutions, as well as an ordinance on the appointment of registered auditors and external independent experts and the requirements applicable to them.

A number of ordinances were amended, such as:

- BNB Ordinance No 3 of 18 April 2018 on the Terms and Procedure for Opening Payment Accounts, Executing Payment Transactions and Using Payment Instruments, and BNB Ordinance No 16 of 29 March 2018 on Granting Licenses and Approvals, Entry into the Register under Article 19 of the Law on Payment Services and Payment Systems, and Requirements for the Activity of Operators of Payment Systems with Settlement Finality;
- Ordinance No 43 on the Terms and Procedure for Determining and Paying a Maximum Daily Amount upon Suspension of Obligations in Respect of Eligible Deposits and BNB Ordinance No 44 on the Terms and Procedure for Selection of Independent Valuers under Article 55a of the Law on the Recovery and Resolution of Credit Institutions and Investment Firms;
- Ordinance No. 8121z-444 of 3 May 2016 on the Organisation and Control for Ensuring Bank Security.

Over the reporting period, the BNB Governing Council adopted also ordinances under the competence of the central bank and provided for in the Law on the Introduction of the Euro in the Republic of Bulgaria (LIERB). BNB Ordinance No 46 of 31 July 2025 on Frontloading and Sub-frontloading of Euro Banknotes, Euro Coins and Starter Euro Coin Kits; BNB Ordinance No 47 of 31 July 2025 on the Conditions and Procedure for Providing Information by Credit Institutions under Article 26 of the Law on the Introduction of the Euro in the Republic of Bulgaria and for Retaining and Evaluating Banknotes and Coins in Levs and BNB Ordinance No 48 of 31 July 2025 on the Exchange of Mutilated or Damaged Banknotes and Coins from Levs to Euro after the Introduction of the Euro in the Republic of Bulgaria.

In the follow-up of the work on the regulatory framework, a number of general terms and conditions have also been adopted to complement the regulatory framework. The BNB Governing Council adopted all required regulations and internal acts with a view to successfully finalising the implementation and verification of the overall legal framework applicable to the BNB as part of the Eurosystem.

In view of the introduction of the single European currency in Bulgaria and the respective accession of the BNB to the Eurosystem, an analytical capacity was provided along with infrastructure for implementing the functions related to the participation of BNB representatives in formulating and application of the euro area monetary policy at national level, as well as in implementing large-scale and complex logistical and technical activities for the change in cash circulation and the adjustment of payment, information, accounting and statistical systems.

During that period, the BNB completed its preparations for the implementation of the Eurosystem's monetary policy, ensuring full operational readiness from the first day following Bulgaria's accession to the euro area. Within the preparation work, major legal acts governing BNB's relations with monetary policy counterparties were finalised and adopted. In line with the provisions of BNB Ordinance No 45 of 17 April 2025 and after carrying out the required assessments of compliance, the BNB issued orders for granting access to Eurosystem monetary policy operations of the banks applying for participation as counterparties and fulfilling eligibility criteria. From an organisational perspective, the required structural changes were implemented in the units responsible for monetary policy implementation, also by providing the necessary expertise. The technical preparation and the establishment of the required infrastructure for these operations were completed on time and in full.

Work on preparing systems and processes in the BNB was finalised with regard to implementing Eurosystem's MRR regulations under Regulation EU/2021/378 and the reserve base under the Regulation EU/2021/379 reporting framework. Amendments to the overall MRR framework to prepare the BNB for implementing MRR in accordance with Eurosystem requirements were communicated to banks during workshops held within the Payment Systems and Payment Service Providers working sub-group to the Coordinating Council for Bulgaria's Preparation for Membership in the Euro Area. Following the successful testing of the new functionalities for the euro area with all banks and branches of foreign banks in Bulgaria, the BNB MRR system began operating in a production environment in November 2025 in line with the deadlines for reporting the reserve base under Decision ECB/2025/33[1]. On 27 October 2025, the BNB Governing Council adopted Ordinance repealing Ordinance No 21 of 26 November 2015 on the Minimum Required Reserves Maintained with the Bulgarian National Bank by Banks, effective as of 1 January 2026.

In 2025, all projects in the area of payment systems related to the preparation for euro adoption were completed under the National Plan for the Introduction of the Euro in the Republic of Bulgaria, which ensured a smooth and seamless transition of cashless payments from levs to euro. Through the BNB's direct participation in STEP2, banks and non-bank payment service providers (PSPs) were enabled to make client payments to over 5000 PSPs in the SEPA area, which covers a total of 41 countries in Europe. The inclusion of the BNB as a central bank in TIPS – the Eurosystem's SEPA instant credit transfer service – has allowed banks and non-bank PSPs to make instant payments in euro on a 24/7/365 basis within up to 10 seconds. The card payment system BORICA was integrated as an ancillary system in TARGET, which ensured the settlement of card payments in euro. In this context, BORICA AD's licence as an operator of the BORICA payment system was amended over the review period. At the end of 2025, the operation of payment systems in levs was discontinued following a full and timely implementation of all lev operations and a subsequent conversion and transfer of bank account balances from RINGS to TARGET, as well as the successful migration of lev-denominated payment traffic to euro.

Work on preparing currency circulation for joining the euro area focused on the implementation of activities which had already started in 2024 to ensure the smooth introduction of the euro and withdrawal of Bulgarian banknotes and coins. The process of preparing currency circulation for joining the euro area is extremely extensive, complicated and comprehensive. It includes not only supply of euro banknotes and coins, but also exchange of euro banknotes and coins from levs to euro, as well as withdrawal and

[1] Decision (EU) No 2025/2015 of the European Central Bank of 23 September 2025 on transitional provisions for the application of minimum reserves by the European Central Bank following the introduction of the euro in Bulgaria (ECB/2025/33).

destruction of Bulgarian banknotes and coins from circulation. Adaptation of information systems is also an important factor in the transition from the lev to the euro.

The required quantity of euro banknotes by denomination for frontloading and for the first year of introduction of the euro was coordinated and approved by the ECB. Agreements between the BNB and NCBs of the euro area were also signed to ensure and supply the required amounts of euro banknotes by denomination. Contracts for production and delivery of euro coins were also concluded, and the actual production thereof started in July 2025 following the EU Council's decision on the euro adoption by Bulgaria under Article 140(2) of the TFEU. Additional storage areas for frontloaded euro banknotes and coins and for withdrawn Bulgarian banknotes and coins and their subsequent destruction were provided and equipped. Most of the required specialised equipment and machines of the Cash Services Company AD was supplied and installed.

The BNB continued adapting its Cash System and the National Counterfeit Monitoring System to the new environment. Successful tests of the Cash System were conducted jointly with the banks on: the readiness for accepting euro banknotes lent by national central banks and euro coins by manufacturers; frontloading banks with euro banknotes, euro coins, and starter kits against collateral; registration of information by banks on frontloaded euro banknotes and euro coins and their storage premises. Further tests are to be carried out in the coming months on the readiness of the system to transmit information to the ECB on euro banknotes and coins before and after the introduction of the euro.

A key condition for assessing Bulgaria's readiness to adopt the euro was the BNB participation in the Single Supervisory Mechanism (SSM) as of 1 October 2020. It is the effectiveness of the BNB actions within the SSM, the integration into horizontal and vertical structures, the full implementation of the relevant analytical and methodologies tools, as well as the synergy in competencies between the BNB as a national competent authority for less significant institutions and the ECB for significant institutions that allowed the focus of the work on euro adoption (essentially started in 2022) to be given priority in the following areas:

- ensuring a smooth transition to the euro and minimising potential risks to the banking system;
- monitoring, assisting and timely assessment of credit institutions' readiness to work in the conditions of the euro area;
- technological preparation of credit institutions and branches of foreign banks;
- tests for the submission of the full range of supervisory and prudential reports in euro to a test environment updated and set up for acceptance of reports in euro;
- readiness of the core information system of the Banking Supervision Department to change over to reporting in euro so that all of these functionalities can be fully used from the beginning of 2026.

It is important to note that the introduction of the euro in Bulgaria will not change functional responsibilities for the supervision of credit institutions. The ECB will continue to supervise significant institutions identified under its methodology in all aspects of their activities. The BNB is a national competent authority (NCA) for less significant institutions supervised by the Banking Supervision Department, with the ECB retaining certain direct powers over them, including taking over direct supervision at all times. The BNB in its management practice is undertaking updates on an ongoing basis in the framework and content of the supervisory process, fully in line with ECB actions regarding the legal, methodological and analytical framework of the supervisory process within the SSM. As regards supervisory actions and macroprudential policy commitments, the

BNB retains its functions and responsibilities, so no essential changes are expected after the introduction of the euro.

In 2025, meetings were held with ECB representatives in various statistical areas to discuss new requirements and upcoming changes to reporting in terms of scope, frequency and timeliness related to Bulgaria's accession to the euro area as of 1 January 2026. The implementation of the BNB Integrated Information System project continued over the year, ensuring as a matter of priority the technical support of business processes for Eurosystem monetary policy implementation, information on the Register of Persons, Institutions and Affiliates Data, and AnaCredit and Reporting on ECB Cash and Cash Operations. Other statistical information systems, *i.e.* the Integrated Statistical Information System and the Information System for Monetary and Interest Rate Statistics continued to be developed to implement all reporting requirements before joining the euro area. For user convenience, all data were gradually converted and published in both national currency and euro (including historical series). In October 2025, new reporting requirements to banks for monetary statistics purposes were successfully implemented in accordance with BNB Ordinance No 17. At the end of 2025, the BNB Governing Council adopted Ordinance on Amendment to BNB Ordinance No 17 on the Monetary and Interest Rate Statistics and Financial Account Statistics, thereby legally regulating collection of granular credit and credit risk data for the purposes of AnaCredit and reference data on credit process participants along with changes to the statistics of investment funds and foreign exchange and money markets.

After the successful migration in September 2023 of the Government Securities Depository and the Central Depository AD to the Eurosystem securities settlement platform TARGET2-Securities (T2S), BNB representatives continued to participate in ESCB's technical groups on T2S governance and administration. In the second half of 2025, the Market Infrastructure and Payments Committee (acting in Eurosystem composition) approved the eligibility of the BNBGSSS operated by the BNB Government Securities Depository for Eurosystem credit operations. Major requirements under the LIERB are incorporated in the GSAS system for conducting government securities auctions, the ESROT electronic system for registering and servicing government securities trading, the GSSS government securities settlement system; the Register of Special Pledges, and the IOBFR system for budget and fiscal reserve information servicing. In the area of fiscal services, the following ordinances were approved and published: Ordinance No 5 on the Terms and Procedure for Acquisition, Registration, Redemption and Trade in Government Securities; Ordinance on Amendment to BNB Ordinance No 31 on Government Securities Settlement; and Ordinance on Amendment to Ordinance No 15 on the Control over Transactions in Government Securities. They regulate: the change of the currency of issuance of government securities from levs to euro; settlement of transactions/operations in government securities solely through TARGET2-Securities and special cash accounts in TARGET; an option for government securities issued by the Minister of Finance on the domestic market to be mobilised as collateral in Eurosystem credit operations; removing provisions having lost their economic meaning, and other amendments. New agreements were concluded with all participants in ESROT. A new joint instruction of the Ministry of Finance and the BNB (No 08/12.11.2025, No BNB-169861/14.11.2025) was drafted on implementing Article 152 of the Public Finance Law, effective from 1 January 2026.

Work continued on building analytical and administrative capacities and tools for carrying out analyses of Eurosystem's monetary policy objectives and the effect on the euro area economy. Analytical tools were developed for the surveillance and analysis of economic and monetary developments in the euro area. New macroeconometric models were developed for producing projections for the Bulgarian economy within the Eurosystem, and the existing models were adapted and further refined. Work started on the new BNB research plan, with topics stemming mainly from activities to be performed by the BNB after joining the Eurosystem.

In 2025, the BNB launched a number of communication actions on the introduction of the euro in Bulgaria. The BNB actively participated in the national information campaign implemented jointly with the Ministry of Finance, carrying out a series of communication activities independently or in partnership with other institutions, universities, business organisations and the banking sector. The Governor and other BNB Governing Council members took part in a number of public events on euro area accession, such as *Bulgaria on the Euro's Doorstep* conference, jointly with the ECB President. In the context of euro area accession, cooperation agreements were signed with a number of organisations and academic institutions, and joint public awareness initiatives were held, including Euro Days at the University of National and World Economy. Individually and in cooperation with the ECB, the BNB developed and distributed a number of information texts and videos on designs and features of Bulgarian euro coins and euro banknotes. A one-hour documentary *Bulgaria and the Euro* was prepared together with the Bulgarian National Television and the ECB. The Bank participated actively in digital initiatives and organised training sessions for journalists, including a dedicated seminar in Frankfurt. In parallel, the Bank maintained an active cooperation with other national central banks to exchange experience on euro adoption. The adoption itself was marked by public events and visual initiatives that received wide coverage in Bulgarian and international media.

Further information on preparing the BNB for joining the Eurosystem can be found in the relevant chapters of the Report.

Economic Development in 2025

Global economic activity remained relatively resilient in 2025, with global GDP growing by 2.6 per cent for a third consecutive year. Major factors affecting global economic developments involved significant changes in US foreign trade policy, mainly through an increase in import tariffs creating considerable uncertainty in world trade relations. In the United States, real GDP growth slowed down to 2.1 per cent on an annual basis, while economic activity in China remained robust, with real GDP growth remaining at 5.0 per cent over the period, supported by industrial production and net exports. Euro area real GDP accelerated to 1.4 per cent on an annual basis, underpinned by a positive contribution of investments and changes in inventories amid a negative contribution of net exports. Over the year, real GDP growth in Germany and Italy, which are Bulgaria's main trading partners, was below the euro area average and stood at 0.2 per cent and 0.5 per cent, respectively. The euro area labour market remained stable, with the unemployment level standing at 6.4 per cent.

The average Brent oil price in euro decreased by 17.7 per cent in 2025, reflecting mainly market expectations of global supply growth coupled with a slowdown in global demand growth. Despite the decline in oil prices, annual inflation increased globally to 3.2 per cent compared to 2.9 per cent at the end of 2024. Euro area inflation decreased to a level close to the ECB's target, while in the United States it accelerated in the second half of the year and remained above the Federal Reserve's target level.

The central banks of the United States and the euro area continued their monetary policy easing process. The US Federal Reserve lowered its reference interest rate in the second half of 2025 by a total of 75 basis points in view of indications of a deterioration in the US labour market conditions, while the ECB, taking into account the prospects for achieving the euro area inflation target, cut key interest rates by a total of 100 basis points in the first half of 2025.

In 2025, Bulgaria's real GDP growth was 3.2 per cent (according to seasonally adjusted data), with private consumption amid an increase in the number of employees and rising real labour income having the highest positive contribution to it. Fiscal policy continued to exert a pro-cyclical effect and stimulate domestic demand. Compensation *per* employee for the total economy rose by 10.2 per cent on an annual basis, driven by enhanced labour demand amid rising economic activity and persistently high labour shortages, as well as rises in the minimum wage and public sector wages.

Annual HICP inflation accelerated to 3.5 per cent at the end of 2025 (2.1 per cent in December 2024), with services and food contributing most. The internal macroeconomic environment continued to have a pro-inflationary effect through higher unit labour costs, while strong household consumption created a prerequisite for these costs to be passed on to final consumer prices. Discretionary fiscal measures also contributed further to the increase of inflation.

At the end of 2025, annual growth of credit to non-financial corporations and households was 15.5 per cent (15.0 per cent as of December 2024), with household loans, most notably housing ones, contributing most significantly to it. Factors supporting growth in housing loans included increasing labour income, persistence of very low interest rates, as well as high liquidity and sound capital position of banks.

The consolidated fiscal programme recorded a deficit of 3.0 per cent of GDP in 2025. Fiscal reserve deposits grew by BGN 5280 million from the end of 2024, amounting to BGN 14,866 million (6.6 per cent of GDP), of which BGN 14,374 million of deposits with the BNB. Net external financing of the budget was positive, driven almost entirely by the proceeds of Eurobonds issued in international capital markets to a total nominal value of EUR 7200 million.

Gross International Reserves

In managing gross international reserves, the BNB pursues a conservative policy to ensure high liquidity and security. The main portion of assets on the Issue Department's balance sheet continued to be invested in government bonds and government guaranteed debt securities with the highest credit rating, as well as into short-term deposits with supranational, central and first class foreign commercial banks. By end-2025, the exposure to credit risk remained limited, with approximately 42 per cent of international reserves invested into assets with the highest AAA long-term credit rating.

The first half year saw a weakening political risk stemming from early elections in some countries in the lists of BNB eligible issuers. This allowed lifting of 2024 preventive restrictions on investments in certain asset classes and exposures to issuers and counterparties of the BNB from these countries. In the second half year, the BNB optimised some of its credit and liquidity risk limits by updating its risk tolerance. These measures aimed to ensure higher liquidity of assets at end-2025 in the context of the BNB's planned accession to the Eurosystem from early 2026.

By the end of 2025, the market value of gross international reserves was EUR 40,095.2 million: a decrease of EUR 1960.9 million, or 4.7 per cent. Changes in the balance sheet value were mainly driven by external cash flows and income from foreign reserve management.

The net income in the Issue Department balance sheet is the sum of three components: i. income from gross international reserves investment in the original currency; ii. currency imbalance income; and iii. liabilities expenditure.

Defined risk tolerance for 2025 enabled the use of market opportunities for investments while maintaining an adequate correlation between return and risk. BNB income from international reserve investment was positive at EUR 775.5 million, or 2.2 per cent of return for the period.

Earnings from currency imbalance were also positive, standing at EUR 1551.5 million (4.2 per cent of return). This reflected primarily movements in the market price of monetary gold measured in euro. As a result of the BNB interest rate policy, the net financial result from liabilities led to an expense of EUR 126.3 million for the BNB, corresponding to -0.3 per cent of return. The above three components brought net return from international reserve management to EUR 2200.7 million: a total return of 6 per cent for the year.

The currency structure of gross international reserves changed insignificantly compared with that in 2024. Euro assets decreased by 2.8 percentage points, while those in gold and US dollars rose by 2.7 and 0.1 percentage points, respectively, reflecting changes in exchange rates against the euro and external flows. By financial instrument, current account balances increased by 5.4 percentage points and deposits placed by the BNB by 5.5 percentage points at the expense of decreased exposures in securities: by 10.9 percentage points. Reserves' maturity structure showed a decline of 10.5 and 1.7 percentage points in the exposure maturity sectors from 0 to one year and from one to three years, unlike those from three to five years and from five to ten years which rose by 6.2 and 6 percentage points, respectively, due to the higher duration of assets over the review period.

Payment Systems and Payment Oversight

Creating and developing safe, reliable and efficient payment systems, as well as conducting payment oversight are important functions of a modern central bank. Payment systems in Bulgaria operate effectively, ensuring continuity of payment flows; they are largely aligned with the existing payment infrastructure in Europe. Lev payment distribution in Bulgaria by payment system recorded no changes from 2024, with RINGS processing 76.1 per cent of the value and 0.1 per cent of the number of payments effected in Bulgaria. In 2025, BORICA processed 457.1 million of ATM and POS terminal payments, totalling BGN 39,522.5 million: a rise of 16 per cent in number and of 13.1 per cent in value. BISERA6 processed 131.6 million of payments for BGN 563,125.9 million: up 5.9 per cent in number and 14.6 per cent in value compared to 2024. Instant credit transfers in levs compliant with the European Payments Council's SEPA[2] – Credit Transfer Instant (SCT Inst) – numbered 35.2 million, totalling BGN 62,415.9 million, up 56 per cent in number and 69 per cent in value. The TARGET-BNB national system component processed 328,661 payments to a total value of EUR 896,731 million, including 273,454 customer payments for EUR 29,953 million, and cross-border payments accounted for 52.8 per cent in value and 86.6 per cent in number. In connection with the 2024 project to include the BNB as a central bank in the Eurosystem's SEPA TIPS (TARGET Instant Payment Settlement), the accession of payment service providers continued over the review period. By end-2025, BISERA, 16 banks and 5 non-bank payment service providers of TARGET-BNB participated in TIPS, executing 1,074,721 instant transfers totalling EUR 989 million under the SEPA Instant Credit Transfer (SCT Inst) scheme – credit transfers executed on a 24/7/365 basis within a maximum of 10 seconds. The year saw a significant increase in the number and value of SEPA credit transfers and SEPA instant credit transfers in euro ordered by banks participating in the BISERA ancillary system, numbering 3,290,032 for a total value of EUR 29 603 million.

One individual supervisory inspection of a BNB-licensed payment service provider was completed with a view to establishing compliance of company's operations with the requirements of the Law on Payment Services and Payment Systems (LPSPS). The

[2] Single Euro Payment Area.

company has removed non-compliances identified during the check. In 2025, a thematic supervisory inspection was carried out to verify compliance of payment service providers in Bulgaria with the requirements for prior provision of information to payment service users in the event of envisaged changes to framework contracts for providing payment services under Article 62 of the LPSPS. Payment service providers eliminated all operational non-compliances.

Three individual supervisory inspections to non-bank payment service providers were completed to establish compliance of issuing, distributing and redeeming electronic money and providing payment services with Chapter Two of the Law on the Measures against Money Laundering. Several non-compliances were identified and remedied. A thematic inspection was completed in 13 BNB-licensed payment institutions and electronic money institutions and two branches of payment institutions licensed in other EU Member States to establish compliance with the Guidelines of the European Banking Authority (EBA) on policies and procedures in relation to compliance management and the role and responsibilities of the AML/CFT Compliance Officer under Article 8 and Chapter VI of Directive (EU) 2015/849 (EBA/GL/2022/05). Payment service providers eliminated all operational non-compliances.

In 2025, proceedings regarding one application to operate as a payment institution and one application to operate as an electronic money institution were terminated at the request of the applicants. Seven applications for the acquisition of direct or indirect qualifying holding in the capital of electronic money institutions licensed by the BNB were considered and approved, and one application for the transformation of a payment institution licensed by the BNB was reviewed and granted prior approval.

Currency in Circulation

The BNB has a monopoly on banknote and coin issue in levs. Banknotes and coins issued by the Bank are legal tender in Bulgaria and are mandatorily acceptable as payment at full face value without restriction. BNB issue and cash operations include: banknote printing, coin minting, accepting, delivering, repaying, processing, authenticity and fitness checking of Bulgarian banknotes and coins and foreign currency, exchanging damaged Bulgarian banknotes and coins, and scrapping unfit Bulgarian banknotes and coins.

In 2025, currency in circulation was characterised by a significant structural change driven by the upcoming introduction of the euro as of 1 January 2026. This was reflected in the significant increase in the volume of banknotes and circulating coins denominated in levs deposited with the BNB by banks. After the middle of the year, the growth rate of these volumes increased in proportion to the time remaining until the end of 2025. On an annual basis, this resulted in a significant decrease in money outside BNB vaults by the end of 2025, which fell by BGN 11,310.1 million or 36.4 per cent on end-2024.

The share of retained non-genuine Bulgarian banknotes and coins remained at low levels: 0.002241 per cent and 0.000005 per cent of the total number of circulating banknotes and coins (legal tender) by the end of 2025. In 2025, the BNB tested 367 sorting machines and customer operated machines in line with identification and fitness standards into ten credit institutions, four service providers and three representatives of machine producers under BNB Ordinance No 18 on the Control over the Quality of Banknotes and Coins in Currency Circulation.

Maintaining Banking System Stability and Protecting Depositor Interests

The Bulgarian National Bank's functioning as a full member of the SSM takes place through establishing close cooperation between the ECB and the BNB, and the supervisory activities of the BNB are in full statutory and methodological compliance with SSM practices. The BNB is completely integrated into all horizontal and vertical supervisory structures at the ECB level. The BNB is the national competent authority in exercising supervisory activities *vis-à-vis* less significant institutions (LSIs), participating with its representatives in joint supervisory teams through which the ECB supervises systemic institutions at the SSM level. In the context of close cooperation within the SSM, the Banking Supervision Department continued to exchange and share expertise with regard to the challenges that national competent authorities expect when implementing Directive (EU) 2024/1619 of the European Parliament and of the Council amending Directive 2013/36/EU as regards supervisory powers, sanctions, third-country branches, and environmental, social and governance risks, as well as Regulation (EU) 2024/1623 of the European Parliament and of the Council amending Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor.

As part of its microprudential approach, in 2025, the BNB continued to monitor the financial performance of credit institutions and holding companies and assess their risk profile. Trends in their development were monitored by analysing the dynamics of key risk indicators. Analytical financial performance reports of banks were prepared on a quarterly basis and of foreign branches on an annual basis. In applying EBA criteria, an annual review and assessment was conducted of banks' reports on Internal Capital Adequacy Assessment Process and Internal Liquidly Adequacy Assessment Process for 2024. A review and assessment were conducted of the updated recovery plans of less significant institutions, as well as of the implementation of recommendations made by the BNB to increase their reliability. Monitoring of the targets set in banks' strategies and operational plans to reduce non-performing loans continued. Funding plans covering the period 2025–2027 were subject to an annual review. In 2025, the BNB Governing Council decided to set additional capital requirements and recommendations for additional own funds of less significant institutions based on the supervisory review and evaluation process (SREP) reports with a reference date of 31 December 2023 in line with the SSM LSI SREP Methodology, version 2024.

Over the review period, supervisory inspections were conducted in seven banks (defined as less significant institutions) for which the BNB is a directly responsible national competent authority. This included the completion of three inspections launched in previous reporting periods, four new inspections, and four inspections that started in the second half-year. They cover credit risk management, including an examination of the internal organisational framework and business practices in the credit process. Over the year, two inspections were conducted at significant institutions subject to direct ECB supervision (under the established regime of close cooperation between the ECB and the BNB) focusing on the assessment of the internal framework and the organisation of credit risk and operational risk management. The scope and intensity of these inspections carried out by BNB teams were coordinated through a centralised process based on a request from the respective ECB's Joint Supervisory Teams (JST) along with three-party consultations and the horizontal function for on-site inspections at the ECB.

In the area of money laundering and terrorist financing prevention, amendments to the Law on the Measures against Money Laundering (LMML) and the Law on the Measures against the Financing of Terrorism and Proliferation of Weapons of Mass Destruction (LMFTPWMS) were adopted in 2025. The BNB, in carrying out its supervisory functions over credit institutions to ensure compliance with the requirements of the LMML and the LMFTPWMS, completed six independent supervisory inspections of banks: two of significant credit institutions, two of less significant institutions, and two of foreign bank branches. The focus of these inspections was determined on the basis of a risk-based approach and included an assessment of the banks' fulfilment of their obligations in line with LMML requirements for internal organisation and control, as well as an evaluation of their compliance with obligations related to the implementation of due diligence measures. An analysis of the measures applied by all credit institutions to limit the financing of the proliferation of weapons of mass destruction was also carried out. In addition, two *ad hoc* inspections were completed in a significant credit institution and a less significant institution, and a third *ad hoc* inspection was launched in a foreign bank branch. Two meetings of the Forum on Money Laundering and Terrorist Financing Risks between the BNB and banks were held, attended by representatives of the banking sector, the Association of Banks in Bulgaria, the non-government sector and the Specialised Financial Intelligence Directorate of the State Agency for National Security. Issues and good practices in preventing money laundering and terrorist financing and proliferation were discussed at the forum. Amendments to the Law on Real Estate Loans for Consumers (LRELC) allowed the BNB to issue recommendations and orders to put an end to violations of the persons subject to control under this Law, in order to extend possible mechanisms with a view to limiting poor practices, taking into account the extent and gravity of the violation. In line with BNB's control powers under the LRELC, two significant and one less significant credit institution, two financial institutions registered under Article 3a of the LCI, and two credit intermediaries were inspected.

In 2025, collecting, processing, storing and disseminating supervisory information was provided in line with changes to European reporting requirements to institutions. Various new supervisory information products were updated and launched to ensure the proper functioning of supervisory processes. Four IT on-site supervisory inspections were performed. One of them was conducted in a significant credit institution at the request of the ECB, within a predefined limited scope. The remaining three were performed in less significant credit institutions, with a full-scope assessment of IT risk. The implementation of the recommendations made during the inspections was monitored and analysed. An annual meeting was held with all banks to clarify and discuss aspects of the supervisory requirements for the implementation of Regulation (EU) 2022/2554 (DORA).

Participation in the process of assessing changes in the capital structure of credit institutions, and fit and proper assessments of management and key personnel of banks continued over the review period.

In view of the introduction in Bulgaria (from the beginning of 2026) of the requirements of CRD VI, BNB experts were involved in preparing draft amendments to the Law on Credit Institutions (LCI) and draft amendments to BNB Ordinance No 7 of 24 April 2014 on the Organisation and Risk Management in Banks, and to BNB Ordinance No 37 of 16 July 2018 on Internal Exposures of Banks. Draft amendments to BNB Ordinance No 7 lay down the requirements related to the exercise of the right of choice by the competent authority. As regards correct submission of regular reporting from institutions and maintenance of high quality data, the Banking Supervision Department provides ongoing assistance and guidance to supervised entities in the event of problems and inaccuracies in submitted data. To this end, a horizontal review of prudential consolidation scope applied by them was carried out. A horizontal review also took place of reporting related to own funds requirements for counterparty risk, resulting in changes to the business card, as well as the maintained attributes in the Register of Institutions and Affiliates Database (RIAD), which is a centralised ECB/Eurosystem database containing reference information on credit institutions, financial institutions, their subsidiaries and branches, and links between institutions. The Banking Supervision Department organises and coordinates the process of annual public disclosure under Article 102 of the LCI and Regulation (EU) 650/2014 by the supervisory authorities to allow comparisons of the approaches adopted by the BNB and other competent authorities of Member States.

In July 2025, a procedure was launched following an application by Bago (Luxembourg) S.à r.l., , for the direct acquisition of 100 per cent of the shares in the capital of TBI Bank EAD under Article 28, paragraph 1 of the LCI.

Over the review period, a procedure under Article 28 of the LCI was concluded, and, pursuant to an instruction by the ECB, the BNB Governing Council granted a prior approval for direct acquisition by the Bulgarian-American Credit Bank AD of a qualifying holding exceeding the threshold of 50 per cent of shares in capital and voting rights in Tokuda Bank AD.

The BNB exercises its macroprudential mandate by supervising the operation of credit institutions and the banking system on the basis of continuous monitoring of the financial intermediation and an assessment of its dynamics and trends. With a view to fully capturing cyclical and structural risks in the banking system and developments in the environment, the macroprudential analysis is prepared at a quarterly frequency based on the most recent data on capital adequacy, liquidity, asset quality and the system's profitability. It also includes the results of detailed long-term research on certain aspects of banking activity that are of heightened macroprudential interest. The main findings of the analysis of trends in the banking system are included in *Banks in Bulgaria* quarterly, while up-to-date information is disclosed through monthly press releases. Special attention is paid to improving the analytical instruments and database. Various quantitative assessment methods, simulations and scenario analysis of specific areas of systemic risk are also part of the monitoring. These methods are regularly complemented to make proposed assessments and measures justified and supported by data and to raise awareness in pursuing the macroprudential policy. The requirements for credit standards in extending and renegotiating loans secured by residential immovable property, introduced as of 1 October 2024, continued to be subject to a periodic analysis. 2025 data show that provision and renegotiation of such loans are carried out in accordance with the requirements. The measure had an impact on credit institutions' risk appetite, as reflected in a significant decline in new loans secured by residential real estate with higher risk indicators. The BNB assesses and revises the countercyclical capital buffer rate on a quarterly basis. On 17 March, 19 June, 26 September and 22 December 2025, the BNB Governing Council set the countercyclical capital buffer rate applicable to credit risk exposures in the Republic of Bulgaria at 2.0 per cent for the second, third and fourth quarters of 2026, and for the first quarter of 2027. The annual review of the buffer for other systemically important institutions (O-SIIs) carried out by the BNB Governing Council in 2025 identified six institutions for which the buffer rates in 2026 would be between 0.5 per cent and 1.0 per cent. The annual review of the systemic risk buffer confirmed its level of 3 per cent of local risk-weighted exposures.

In 2025, the banking sector operated in an environment of high uncertainty in the external environment related to adverse geopolitical and geoeconomic factors. At the same time, bank intermediation benefited from domestic environment factors, such as economic growth supported by the essential positive contribution of private consumption and increased household income and employment. Following the publication of the ECB and EC Convergence Reports in June 2025, preparations for the accession of Bulgaria to the euro area from 1 January 2026 affected banks' balance sheet positions, mainly reflected in the growth of deposits and liquid assets. Against this background, credit growth rates remained robust, especially in loans to households. The quality of the banking credit portfolio remained good, with the ratio of non-performing loans decreasing and the impairment coverage ratio increasing. Good profitability of the banking sector continued to support its capital position. Regulatory capital increased and the potential residual credit risk in bank balance sheets (measured by net non-performing loans and advances) remained entirely covered by the excess of regulatory capital over capital requirements and applicable capital buffers.

BNB Activities as a Resolution Authority for Credit Institutions

The Law on the Recovery and Resolution of Credit Institutions and Investment Firms (LRRCIIF) tasks the Bulgarian National Bank with resolution of credit institutions and other legal entities, which are subject to supervision or consolidated supervision by the central bank. Decisions related to the BNB functions and tasks as a resolution authority and national resolution authority are adopted by the BNB Governing Council. The Bank performs the resolution authority function within the framework of the Single Resolution Mechanism (SRM) and in close cooperation with the Single Resolution Board (SRB). In exercising the resolution function, the BNB Governing Council is assisted by the Resolution of Credit Institutions Directorate. Its operation is directly subordinate to the Deputy Governor heading the Banking Department. In 2025, amendments to the LRRCIIF entered into force for implementation of the commitments of Bulgaria arising from EU membership. As part of preparations for the euro introduction, BNB's secondary legislation in the area of resolution was amended. Work also continued on developing the BNB's internal methodological framework relevant to the resolution function. In line with the commitments arising from Guidelines of the European Banking Authority EBA/GL/2023/05, the BNB adopted a single methodological approach for the preparation and implementation of multi-annual resolvability testing programmes and provided general guidance to credit institutions on the approach and organisation of the testing process. In the fourth quarter of 2025, the BNB Governing Council adopted multiannual testing programmes for credit institutions.

In 2025, the BNB activity as a resolution authority and national resolution authority was focused primarily on preparing, reviewing and updating resolution plans of credit institutions and monitoring the implementation of target levels of minimum requirements for own funds and eligible liabilities (MREL). The first procedure, announced in 2023, under Ordinance No 44 of the BNB on Inclusion in the List of Independent Valuers for Carrying out Valuations under Articles 55 and 106 of the LRRCIIF was completed. As a result of the procedure, a list of independent valuers was drawn up and published on the BNB website. In its capacity as a resolution authority, the BNB is fully responsible for the administration and management of the Banks Resolution Fund (BRF, the Fund). In line with the BRF governance function, in April 2025, the BNB Governing Council adopted the annual financial statements of the BRF for 2024. For the purposes of ongoing management of the BRF's financial means, in 2025, the BNB maintained the investment strategy in place, and the BRF funds continued to be held on current accounts with the BNB. In line with allocation of powers between the SRB and the BNB, in April the BNB Governing Council determined the 2025 annual contributions of branches of third-country credit institutions to the BRF at a total of BGN 130 thousand. As of 31 December 2025, funds collected in the sub-fund established to raise contributions by branches of third-country credit institutions amounted to BGN 1183 thousand. In February 2025, the SRB disclosed that the requirement for the target level of the SRF continued to be met as of 31 December 2024, as a result of which, there are no intentions to collect regular annual contributions to the SRF in 2025. Therefore, in the context of the procedure for determining the individual annual contributions to the SRF in 2025, the SRB only followed its procedure for the recalculation of the individual annual *ex-ante* contributions of the institutions that submitted corrective data in respect of previous procedures. In April 2025, following a notification by the SRB, the BNB Governing Council took a decision to correct the amount of the funds in the sub-fund under Article 134, paragraph 1, item 2 of the LRRCIIF, deducted from the obligations of one credit institution licensed in the Republic of Bulgaria along with decisions on *ex-ante* contributions to the SRF for 2023, and a recovery of BGN 33 thousand to this sub-fund. As of 31 December 2025, funds in the earmarked BRF sub-fund established to raise and transfer contributions of credit institutions to the SRF came to BGN 486,487 thousand.

Participation in the ESCB and EU Institutions and Bodies

By participating in the committees and working groups to the European System of Central Banks, the European Commission, the EU Council, the European Systemic Risk Board, the European Banking Authority, and the national Council for European Affairs, the BNB contributed to formulating Bulgarian standpoints in the area of economic governance and the financial sector and in discussing other central bank issues. Over the review period, the main priority of BNB representatives' participation in ESCB activities and the bodies and institutions of the EU was the Republic of Bulgaria's accession to the euro area. On 25 February 2025, the BNB Governor and the Minister of Finance signed a joint letter to the President of the European Central Bank and the President of the European Commission requesting extraordinary Convergence Reports to be prepared for Bulgaria pursuant to Article 140(1) of the Treaty on the Functioning of the European Union. Following the publication of the convergence reports which showed that Bulgaria fulfils the conditions for joining the euro area, the necessary procedures laid down in Article 140(2) and (3) of the TFEU were initiated and finally completed. The Economic and Financial Committee, in which the BNB is represented by a Deputy Governor, took active part in these procedures. BNB representatives also took part in the coordination process of the draft ECB Opinion on the European Commission's proposals for European Council Regulations related to the euro introduction in Bulgaria. In the context of BNB's accession to the Eurosystem as of 1 January 2026, in September–December 2025, the BNB Governor signed a number of agreements with the ECB and other Eurosystem/ESCB central banks on payment infrastructure, euro banknotes, the Exchange Rate Mechanism II, as well as the claim credited by the ECB to the BNB under Article 30.3 of the Statute of the ESCB and of the ECB.

Statistics

In 2025, the BNB continued to collect, process, analyse and disseminate the official monetary and interest statistics, external sector statistics, statistics of quarterly financial accounts of all institutional sectors, statistics of non-bank financial institutions, including leasing companies and investment funds, specialised lenders and insurance and reinsurance undertakings.

In 2025, work continued on the development of the BNB Integrated Information System, which ensures optimisation and integration of information flows, and a single data entry point for statistics, supervisory reporting and bank resolution reporting, cash operations and technical support of Eurosystem's monetary policy implementation. Reporting forms and processes for providing information for the Register of Persons, Institutions and Affiliates and for AnaCredit were tested and approved in cooperation with the working group, the Association of Banks in Bulgaria (ABB) and banks. The reporting forms and processes were also tested with the other institutions under Article 56, paragraph 2 of the LCI.

Over the year, meetings with ECB representatives in various statistical areas were held to discuss new requirements and upcoming changes in the reporting regarding the scope, frequency and timeliness related to Bulgaria's accession to the euro area from 1 January 2026. The other existing statistical information systems, *i.e.* the Integrated Statistical Information System and the Information System for Monetary and Interest Rate Statistics were improved to implement all reporting requirements prior to the euro adoption. For user convenience, all data were gradually converted and published in both national currency and euro (including historical series).

In October 2025, new reporting requirements to banks for monetary statistics purposes were successfully implemented in accordance with the deadlines under BNB Ordinance No 17.

At the end of 2025, the BNB Governing Council adopted Ordinance on Amendment to BNB Ordinance No 17 on the Monetary and Interest Rate Statistics and Financial Account Statistics, thereby legally regulating collection of granular credit and credit risk data for the purposes of AnaCredit and reference data on credit process participants along with changes to the statistics of investment funds and foreign exchange and money markets.

The Fiscal Agent and State Depository Function

Acting as fiscal agent and depository, the BNB maintains, develops and improves electronic systems for the state budget and fiscal reserve information servicing, auctions, settlement and goverment sedurities trade and keeps the Register of Special Pledges. During the review period, the requirements of the LIERB were successfully implemented in the systems.

The Market Infrastructure and Payments Committee (acting in Eurosystem composition) approved the eligibility of the BNBGSSS system, operated by the BNB Government Securities Depository for Eurosystem credit operations.

A new joint instruction of the Ministry of Finance and the BNB (No 08/12.11.2025/No BNB-169861/14.11.2025) was drafted on implementing Article 152 of the Public Finance Law, effective from 1 January 2026.

In the Darjaven Vestnik, the following ordinances were published: new Ordinance No 5 on the Terms and Procedure for Acquisition, Registration, Redemption and Trade in Government Securities; Ordinance on Amendment to BNB Ordinance No 31 on Government Securities Settlement; and Ordinance on Amendment to Ordinance No 15 on the Control over Transactions in Government Securities.

The Central Credit Register and the Register of Bank Accounts and Safe Deposit Boxes

The BNB keeps an information system (IS) on customer debt to banks, financial institutions, payment institutions and electronic money institutions extending loans under Article 21 of the LPSPS and operating in Bulgaria, as well as to investors granting project loans through a crowdfunding service provider, excluding foreign providers conducting activities directly in Bulgaria, and to credit purchasers under Article 7 of the Law on Credit Servicers and Credit Purchasers that acquire claims on non-performing loans extended by credit institutions (pursuant to Article 56, paragraph 1 of the LCI). As of 31 December 2025, 278 institutions and persons under Article 56, paragraph 1–2 of the LCI submitted information to the CCR, of which 24 banks, 249 financial institutions, one payment institution, two electronic money institutions and two crowdfunding service providers. As of 31 December 2025, the CCR IS listed 7895 thousand of loans, with their balance sheet value amounting to BGN 149,649 million. Borrowers numbered 2694 thousand, of whom 2470 thousand of natural persons, 112 thousand of legal entities, 111 thousand of non-residents not registered at Bulgarian addresses or BULSTAT/PIK coded, and one thousand of self-employed persons practising liberal professions or crafts. As of 31 December 2025, 8524 thousand of searches were made in the CCR IS by the institutions and bodies with the right of access under Article 56, paragraphs 2 and 3 of the LCI. There were 29,405 paper applications for CCR statements: 28,651 by natural persons (of which 6350, 22 per cent of all natural persons, by non-residents), 710 by legal entities, and 44 under Article 21a of Ordinance No 22 on the CCR for obtaining information under Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016. There were 9422 electronic applications for CCR statements by natural persons.

The BNB maintains the Register of Bank Accounts and Safe Deposit Boxes (RBASDB) – an electronic information system on bank and payment account numbers, holders and attorneys, beneficial owners of the account holders, data on account preservation orders, bank deposit box holders and attorneys. As of 31 December 2025, 36 institutions under Article 3 of Ordinance No 12 on the RBASDB submitted information to the Register, of which 25 banks, including the BNB, two payment institutions and nine electronic money institutions. The RBASDB logged 15.53 million of active bank accounts, 1.19 million of payment accounts kept by payment institutions and electronic money institutions, and 38.36 thousand of safe deposit box hires, including records of 2.86 million of new accounts and 2.47 million of close accounts. In 2025, bodies and institutions entitled to RBASDB information access conducted searches on total 863,197 individuals. There were 5355 applications for RBASDB paper statements: 5169 by individuals and 186 by legal entities. Over the review period, 1320 natural persons obtained electronic statements from the RBASDB. In line with euro adoption from 1 January 2026 and Article 47 of the LIERB, the RBASDB information system automated its data submission functionality for reporting units in December 2025 to reflect currency changes in over 14.4 million active bank and payment accounts from levs to euro. Incoming data into the RBASDB Information System should correspond to the compulsory set of information as set out in Article 32a(3) of Directive (EU) 2015/849[3] by collecting also additional information under paragraph 4, which allows to identify in due time any natural person or legal entity. A new Directive (EU) 2024/1640[4] was adopted in 2024 and according to Article 16(3), the scope of information in bank account registers in EU Member States will be extended to include data on virtual IBAN, securities accounts and crypto-assets. The provisions of Directive (EU) 2024/1640 require interconnection of bank account registers through a single access point in the EU (BARIS) through which competent authorities will be able to quickly access centralised registers of bank accounts of other Member States.

Research

Economic research and projections support the Bank's management in making decisions and delivering economic policy stance. Under the BNB Research Plan for 2025– 2026, work was focused on ECB's monetary policy transmission to the Bulgarian economy; developing models for short-term monthly inflation forecasting in Bulgaria; developing a semi-structural model for the Bulgarian economy; analysis of fiscal multipliers for Bulgaria and developing forecasting models of autonomous factors in the BNB balance sheet after its accession to the Eurosystem. BNB macroeconomic models continued to be refined, and analytical tools were developed to monitor and analyse economic and monetary developments in the euro area, with the completion of work on adapting existing and building new macroeconometric models to be used for producing Eurosystem-wide forecast data for the Bulgarian economy. As part of the BNB Discussion Papers series, studies on the following topics were published over the review period: 'The Impact of Labour Costs on Prices in Bulgaria', 'What Drives the Demand for Cash in Bulgaria?', 'Profitability of the Manufacturing Sector of Bulgaria and of the Other Central and Eastern European EU Countries: Comparison and Empirical Analysis.'

[3] Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC.

[4] Directive (EU) 2024/1640 of the European Parliament and of the Council of 31 May 2024 on the mechanisms to be put in place by Member States for the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Directive (EU) 2019/1937, and amending and repealing Directive (EU) 2015/849 (Directive (EU) 2024/1640).

Human Resource Management

In 2025, the main priorities in human resource management at the BNB focused on provision of competitive working conditions and maintenance of a favourable working environment for the effective implementation of the Bank's objectives, functions and tasks. The activities focused on attracting and selecting suitable candidates, including in relation to preparations for the accession of Bulgaria to the euro area, training and retaining highly skilled employees by providing continued career development opportunities and applying an incentive pay system. During the year, 110 employees joined the BNB and 50 left. Employees numbered 1020 by end-2025.

BNB Internal Audit

BNB internal audit conforms to the internal regulations of the Internal Audit Directorate and the ESCB Internal Auditors Committee Rules. In 2025, there were thirteen audits: ten under the Internal Audit Directorate's annual programme approved by the BNB Governing Council and three under the ESCB Internal Auditors Committee's annual programme.

BNB Budget Implementation in 2025

The BNB budget ensures performance of Bank's functions and tasks. In 2025, Bank's operating expenses were BGN 223,327 thousand, or 46.4 per cent of approved annual budget, including currency circulation costs of BGN 84,851 thousand. Bank investments were BGN 26,335 thousand, or 40.9 per cent of annual budget under this item. BNB budget implementation and utilisation of funds under both sections were carried out under effective resource management and continuous monitoring. Investment programme expenditure involved implementation of interconnected actions depending directly on starting and completing those of the previous period. Part of the expenditure foreseen in the investment programme relates to activities with a longer implementation period and to public procurement procedures for the selection of contractors, and therefore their implementation and recording will continue in the next reporting period. Over the review period, the BNB continued to actively work on issues related to the introduction of the euro in Bulgaria, with this expenditure having an indirect effect on the overall implementation of the 2025 Bank budget. Consolidated financial statements presented the Bank's financial position as of 31 December 2025.

I. Economic Development in 2025

The External Environment

Global economic activity in 2025 was characterised by relative resilience, as global GDP growth remained moderate and stood at 2.6 per cent for the third consecutive year.[5] Dynamics of the global economic indicator (global PMI[6]) signalled a slight slowdown in global economic activity in services and a modest increase in manufacturing. Changes in US foreign trade policy *vis-à-vis* the main trading partners were a major factor influencing developments in global economic processes. This change consisted mainly of an increase in import tariffs, leading to volatility in global trade, as well as in the dynamics of net exports and inventories of major economies. Global labour market conditions were favourable, with the unemployment rate remaining at historically low level for the second year in a row, at 5.5 per cent.[7]

Real GDP growth in the United States decelerated to 2.1 per cent in 2025, compared to 2.8 per cent in the previous year. Growth slowdown was mainly driven by the uncertainty caused by the changes in economic and foreign trade policy priorities since the new US President's administration took office in the beginning of the year. Private consumption and investments remained the main growth drivers of the US economy over the year, while the contribution to the growth of public sector consumption and investments declined.

In China, economic activity remained resilient in 2025, with country's real GDP growth staying at the level reported in 2024 (5.0 per cent). The main factors behind growth remained the increase in industrial production and net exports, while structural problems in the residential construction sector in China continued to weigh on domestic demand.

Euro area real GDP growth accelerated to 1.4 per cent on an annual basis from 0.9 per cent in 2024. By final consumption expenditure component, investments and, to a lesser extent, changes in inventories and private consumption contributed the most to the accelerated economic activity. The contribution of net exports and government consumption was lower than in 2024. Weaker euro area external demand for goods affected by changes in US foreign trade policy added to the negative contribution of net exports. Real GDP growth in Germany and Italy, which are Bulgaria's main trading partners, was below the euro area average and stood at 0.2 per cent and 0.5 per cent, respectively. The euro area labour market remained resilient. Despite the continuing downward trend in employment growth, the unemployment rate stabilised, averaging 6.4 per cent over the reporting period.

Major Macroeconomic Indicators

(per cent)

	Average Annual Real GDP Growth			Inflation (end of year)			Unemployment rate (average annual)		
	2023	2024	2025	2023	2024	2025	2023	2024	2025
The United States	2.9	2.8	2.1	2.8	2.7	2.9	3.6	4.0	4.3
China	5.4	5.0	5.0	-0.3	0.1	0.8	5.2	5.1	5.2
Europe									
EU	0.4	1.1	1.5	3.4	2.7	2.3	6.1	6.0	6.0
Euro Area	0.4	0.9	1.4	2.9	2.4	1.9	6.6	6.4	6.4
United Kingdom	0.3	1.1	1.3	4.2	3.5	3.6	4.0	4.3	4.8

Notes: The EU group consists of 27 Member States of the European Union. Non-seasonally adjusted data on unemployment, excluding those on the UK. Inflation in China, EU and the euro area is calculated based on CPIs. US inflation is measured by the personal consumption expenditure price index and that in the United Kingdom by a consumer price index including owner-occupiers' housing costs. Data as of 11 March 2025 are used.

Sources: Eurostat, Bureau of Economic Analysis (the USA), Bureau of Labor Statistics (the USA), Office of National Statistics (the UK), the National Bureau of Statistics of China, BNB computations.

[5] Based on the World Bank data as of 13 April 2026.
[6] Purchasing Managers Index – the US Institute of Supply Management 's Purchasing Managers Index.
[7] Based on the World Bank data as of 13 April 2026.

In 2025, the average Brent crude oil price declined in both US dollars (by 14.5 per cent) and euro (by 17.7 per cent). The main factor behind the oil price decline in 2025 was market expectations of an increase in global supply coupled with a slowdown in global demand growth. OPEC+ decisions to gradually ease voluntary production cuts, as well as sustained output growth in countries outside the group exerted downward pressure on prices. Concurrently, a more substantial price decrease was limited by the ongoing sanctions regime on the oil sectors of Russia and Iran, as well as by geopolitical tensions in the Middle East. International metal price dynamics in 2025 was characterised by an increase and significant volatility, as changes in US foreign trade policy which boosted accumulation of inventories, redirected deliveries to the US market, thus reducing metal inventories, and contributed significantly to the increase in copper and aluminium prices. At the same time, international food prices fell from the previous year due to high global supply, favourable harvests from cereals in major exporting countries and lower energy prices.

Annual global inflation accelerated in 2025, reaching 3.2 per cent in December 2025, from 2.9 per cent at the end of 2024.[8] An acceleration of consumer price inflation was mainly recorded in developed countries, while it stabilised at levels close to 2024 in developing market economies. In the United States, the annual inflation rate measured by the personal consumption expenditure price index remained above the target of 2.0 per cent set by the Federal Open Market Committee (FOMC). The process of lowering annual inflation, which started in 2022, was interrupted in the second quarter of 2025, when inflation started gradually accelerating, reaching 2.9 per cent in December 2025, from 2.7 per cent at the end of 2024. Core inflation in the United States (excluding food and energy products) did not change substantially, standing at 3.0 per cent at the end of 2025. Among the components of core inflation, services prices moderated compared to a year earlier, mainly owing to a slowdown in housing cost inflation. Commodity price inflation rose in 2025, which is also likely to have been driven by the higher tariffs introduced by the new US President's administration. Annual HICP inflation in the euro area has fallen more than in the United States, reaching 1.9 per cent at the end of 2025, from 2.4 per cent at the end of 2024. Euro area inflation stood at 2.1 per cent on an average annual basis, compared with 2.4 per cent in 2024. The impact of the ECB's latest monetary policy tightening cycle, downward pressure of wage growth, as well as weaker import price pressures, partly due to the appreciation of the euro, were the main factors behind the slowdown in inflation. Core inflation, excluding food and energy products, was 2.3 per cent in December, from 2.7 per cent at the end of 2024. Services and prices of electricity and natural gas contributed most to the inflation decline. Services inflation slowed down from 4.0 per cent at the end of 2024 to 3.4 per cent at the end of 2025, reflecting slower growth in labour costs.

Over the year, the Federal Reserve System and the ECB continued the process of monetary policy easing. The Federal Reserve lowered its reference interest rate in the second half of the year by a total of 75 basis points in view of indications of a deterioration in the US labour market conditions, while the ECB, taking into account the prospects for achieving the euro area inflation target, cut key interest rates by a total of 100 basis points in the first half of 2025.[9]

[8] Based on the World Bank data as of 13 April 2026.

[9] For more information, see Central Banks' Policies Section of Chapter II.

The Bulgarian Economy

In 2025, Bulgaria's real GDP growth was 3.2 per cent[10] (3.1 per cent according to non-seasonally adjusted data). By final consumption expenditure component, economic activity growth was mostly driven by private consumption, and, to a relatively lower extent, by gross fixed capital formation and government consumption. Fiscal policy continued to have a pro-cyclical effect and stimulate domestic demand mainly through higher social payments and strong growth in compensation of employees in the public sector. Net exports contributed negatively to real GDP growth, reflecting the fall in exports of goods and services and the growth in imports.

Household final consumption expenditure rose by 7.7 per cent on an annual basis in real terms, supported by labour market developments in terms of both increased number of employees and rising labour income in real terms. In 2025, nominal wages continued to grow at a rate higher than that of consumer prices. The main factors weighing on wage growth were stronger labour demand in the context of growing economic activity and sustained significant labour shortages, as well as increased budget and minimum wages. Additional factors with a positive effect on private demand dynamics included the increase in net fiscal transfers to households, high lending activity and negative real interest rates on household deposits, which have contributed to the comparatively high propensity of households to consume. Household final consumption expenditure growth over the year was mainly driven by expenditure on non-durable goods and services.

Government consumption rose by 7.0 per cent on an annual basis in real terms over 2025, with data on Consolidated Fiscal Programme implementation for the year indicating that staff, operating and healthcare expenditure had a bearing on it.

Gross fixed capital formation posted 10.3 per cent growth in real terms compared to 2024, driven by public and private investments, including housing investments, according to the BNB's estimates.[11] The increase in government investments was mainly in relation to projects financed by the European Union, in particular those launched under the National Recovery and Resilience Plan. At the same time, the delivery of fighters to the Bulgarian army, prepaid in 2019, also contributed to the higher amount of public investments in 2025, but had a neutral effect on the economic activity growth due to the recorded cost of the same equipment also in imports of goods. Factors supporting growth of investment activity in the private sector over 2025 included the increased final consumption expenditure, sales of new dwellings and active supply of credit resources by banks. Foreign direct investment inflows into the sectors of financial services, manufacturing and information services also increased over the year. Despite high investment activity, the overall business climate indicator deteriorated in 2025 compared to 2024. Concurrently, a large share of firms identified the uncertain economic environment and labour shortages as factors hampering their activities.

The negative contribution of net exports to the real GDP change in 2025 reflected the reported decline in exports of goods and services (by -2.1 per cent on an annual basis) in combination with strong growth in imports (by 5.9 per cent on an annual basis). Lower exports were entirely due to the trade in goods, strongly affected by the repairs in key metal and oil processing enterprises. The geographical breakdown of foreign trade flows shows a larger decline in goods exports to EU countries compared to those to third

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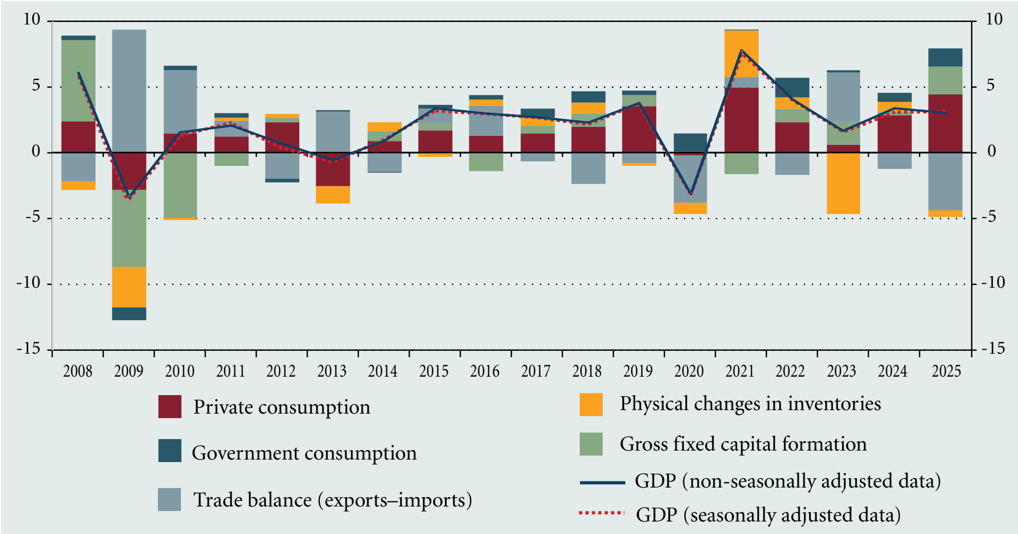
[10] According to seasonally adjusted data. The analysis employs preliminary GDP data from the National Statistical Institute published on 6 March 2026.

[11] The NSI does not provide official data on the breakdown of total investments into private and public investments in the economy. The series on private (non-residential) investments is constructed by the BNB as a difference between total investments, the estimated amount of public investments on an accrual basis and housing investments. The public investment estimate is based on quarterly non-financial accounts of the general government sector and CFP implementation reports published by the NSI and the MF, accordingly.

countries. The accelerated rise of goods imports was in line with the strong growth of domestic demand over the year.

GDP Change in Real Terms and Contribution by Component of Final Use

(per cent, percentage points compared to the previous year, non-seasonally adjusted data)

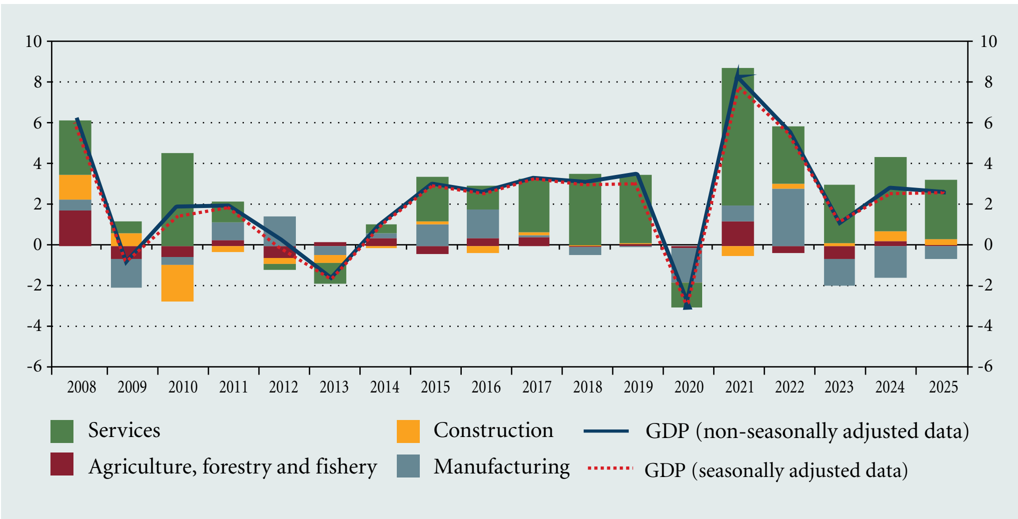


Sources: NSI, BNB calculations.

In terms of the trends across economic sectors, gross value added posted a 2.6 per cent increase in real terms in 2025 (according to both seasonally adjusted and non-seasonally adjusted data). The services sector had a positive contribution to the gross value added dynamics, notably the sub-sectors of general government; education; human health and social work activities; trade, transport, accommodation and food services and real estate operations. With regard to the industry, a decline was observed, which was fully driven by the ongoing downward trend in value added in manufacturing since 2023, while construction recorded an increase in economic activity. The decrease in value added in industry was consistent with the annual decline in the industrial production index and goods exports.

Gross Value Added Change in Real Terms and Contribution by Industry

(per cent, percentage points compared to the previous year, non-seasonally adjusted data)



Sources: NSI, BNB calculations.

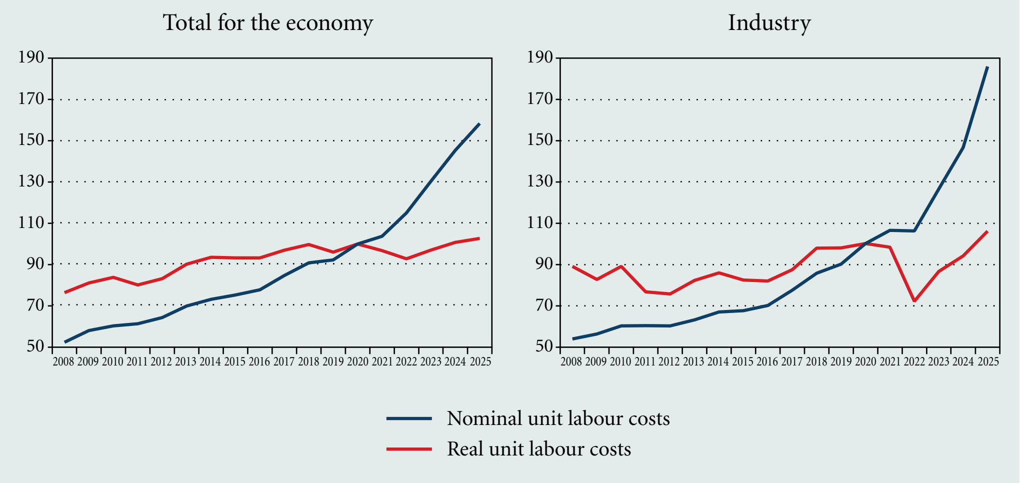
Labour market conditions remained tight in 2025. The number of employees rose by 2.1 per cent according to seasonally adjusted data (2.2 per cent according to non-seasonally adjusted data), while the increase in worked man-hours came to 1.2 per cent on an annual basis. The increase in the number of employees was mainly driven by the services sector, in particular trade, transport, accommodation and food service activities. The number of persons employed in construction also increased, while in manufacturing and agriculture, it declined for the fourth consecutive year. According to data from the Employment Agency and the NSI Labour Force Survey[12], the unemployment rate fell to 5.3 per cent and 3.5 per cent, respectively, in 2025 (compared to 5.5 per cent and 4.2 per cent in 2024). At the same time, the economic activity rate decreased slightly to 55.1 per cent in 2025 (from 55.5 per cent in 2024), reflecting mainly the switch of some of the persons in work force to inactivity.

Labour productivity[13] for the total economy rose by 1.1 per cent[14] in 2025, but decreased in manufacturing and some services sub-sectors. Despite the decline in labour productivity in manufacturing, the growth of compensation *per* employee in this sector accelerated in the course of the year. Manufacturing had the main contribution to maintaining the comparatively high growth of compensation *per* employee in the total economy coming to 10.2 per cent on an annual basis. All other sectors reported weaker growth of compensation *per* employee compared to the previous year. In real terms,[15] the compensation *per* employee rose by 6.6 per cent in 2025, with a year-on-year decline observed only in the services sub-sector of trade, transport, accommodation and food service activities.

Growth in nominal unit labour costs moderated to 9.0 per cent in 2025[16], from 11.5 per cent in 2024, but remained high historically as a result of maintaining comparatively strong growth in compensation *per* employee. In real terms, unit labour costs in the total economy rose by 1.9 per cent in 2025, with manufacturing recording the largest growth of 12.8 per cent.

Unit Labour Costs

(moving average, 2020 = 100)



Sources: NSI, BNB calculations.

[12] Labour Force Survey and economic activity rate data refer to the age group15 and over.

[13] Real GDP measures labour productivity in the overall economy. Labour productivity by sector is calculated based on value added of the sector in real terms.

[14] According to seasonally adjusted data.

[15] Real compensation *per* employee is obtained after the nominal compensation *per* employee is deflated by the Harmonised Index of Consumer Prices.

[16] According to seasonally adjusted data.

Gross operating surplus at current prices for the total economy rose by 9.0 per cent[17] in 2025, mainly reflecting the improvement in the financial performance of firms in services and, to a lesser extent, in construction.

In 2025, GDP's deflator growth remained high (6.9 per cent compared to 7.4 per cent in 2024). By final consumption expenditure component, the increase was driven by all components of domestic demand *i.e.* private consumption, government consumption and gross fixed capital formation, where deflators grew by 4.8 per cent, 8.4 per cent and 9.0 per cent, respectively. Export deflator of goods and services rose by 2.0 per cent, while that of goods and services imports rose by 1.0 per cent, creating positive terms of trade in Bulgaria.

Annual HICP inflation rose to 3.5 per cent in December 2025 (2.1 per cent in December 2024). The upward dynamics of services and food prices was the main driver of inflation acceleration. Factors related to the internal macroeconomic environment had a pro-inflationary impact throughout the year. High rates of increase in unit labour costs raised firms' production costs, with strong private consumption creating a prerequisite for these costs to be passed on to final consumer prices. Fiscal policy continued to have a pro-inflationary impact through increases in social payments, compensation of employees in the public sector and automatic rise in the minimum wage, which supported growth in household disposable income and consumption. Concurrently, one-off temporary factors, such as the restoration of the standard VAT rate of 20 per cent on the supply of bread and flour and on restaurant and catering services since the beginning of 2025, the increase in excise duties on tobacco products in January 2025 and May 2025, and the increase in the price of electricity in January 2025 and July 2025,[18] also contributed to consumer price inflation.

Core inflation had the largest contribution to headline inflation[19], reaching 4.0 per cent in December 2025 (2.1 per cent at the end of 2024). The accelerated core inflation was mainly driven by services prices, largely due to the strong private consumption, and the restoration of the standard VAT rate of 20 per cent on restaurant and catering services as of January. At the end of the year, services inflation was 7.1 per cent on an annual basis (4.6 per cent in December 2024), with catering and package holidays contributing most to this.

The annual growth rate of food prices accelerated to 6.1 per cent in December 2025 (2.7 per cent at the end of 2024), with acceleration mainly attributable to processed food and especially the bread and cereals, sugar and sugar confectionery and coffee, tea and cocoa sub-components. The upward dynamics of prices in these groups reflected the recovered VAT rate on bread and flour supply, as well as higher import prices for coffee, tea and cocoa. Unprocessed food also recorded an increase in inflation, mainly driven by fruit prices.

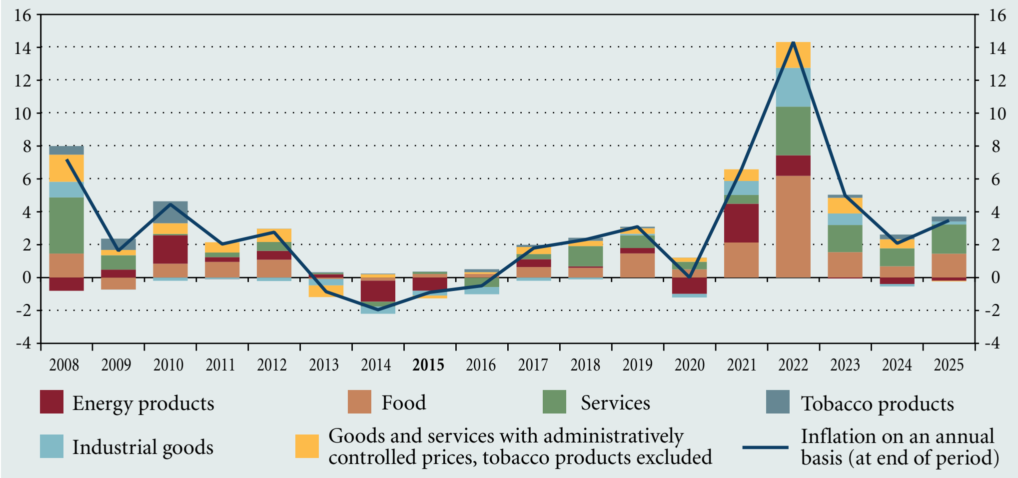
[17] According to seasonally adjusted data.

[18] By an EWRC decision of 1 January 2025, an increase in the electricity price for household consumers by 8.4 per cent on average in Bulgaria came into force. The price was further raised by 2.6 per cent on average from 1 July 2025.

[19] Core inflation includes the sub-groups of HICP services and non-food goods and excludes the sub-groups of food, energy products, goods and services with administratively controlled prices, and tobacco products.

Annual Rate of Inflation and Contributions by Major Group of Goods and Services

(per cent, percentage points)



Notes: This structure corresponds to the Eurostat classification, with tobacco products and goods and services with administratively controlled prices presented separately. The index of goods and services with administratively controlled prices is calculated by weighing the relevant elementary aggregates in the consumer basket.

Sources: NSI, BNB calculations.

Annual inflation in goods and services with administratively controlled prices and tobacco products amounted to 1.3 per cent in December 2025 (3.9 per cent at the end of 2024). The components of electricity and tobacco products had a major positive contribution to the price increase in the group. At the same time, hospital services contributed negatively to the inflation in the group driven by the decrease in the fees for hospital stays in April 2025.[20]

Prices of energy products declined by 2.8 per cent in December 2025 (compared to 5.6 per cent in December 2024). The price fall was entirely driven by the sub-group of transport fuels, whose prices continued to decline in line with the downward trend in international crude oil prices.

Preliminary data on Bulgaria's balance of payments show that in 2025 the current account balance was negative at EUR 6.7 billion (5.7 per cent of GDP) compared to a deficit of 0.5 per cent of GDP in 2024. The increase in the current account deficit was mainly driven by the increase in the trade balance deficit, and, to a lesser extent, by the larger primary income deficit.

Despite favourable terms of trade[21] in 2025, the trade balance deficit widened to 8.0 per cent of GDP (from 4.8 per cent of GDP in 2024), reflecting the reported decline in real exports of goods[22] (by 3.9 per cent) and growth in goods imports (by 5.7 per cent). Foreign trade data[23] suggest that fuel and metals groups had the largest negative contribution to the decline in exports in nominal terms[24]. The decline in exports was strongly affected by repairs carried out in key metal and oil processing enterprises, which took

[20] By Decree No 28 of 16 April 2025 on the implementation of the State Budget of the Republic of Bulgaria for 2025, published in the Darjaven Vestnik, issue 33 of 17 April 2025, the hospital stay fee was lowered from BGN 5.80 to BGN 1.00.

[21] The favourable terms of trade in 2025 reflected a stronger year-on-year growth in the deflator of exports of goods than that of imports of goods.

[22] Seasonally adjusted national account GDP data.

[23] According to detailed foreign trade statistics of the Combined Nomenclature for 2025.

[24] In this Chapter, it should read the groups of mineral products and fuels and the base metals and their products under the Combined Nomenclature.

place mainly in the first half of the year. The groups of machines and food contributed most to the nominal increase in imports[25].

In 2025, net primary income deficit grew to 5.9 per cent of GDP (compared to 4.5 per cent of GDP for 2024), mostly as a result of the higher outflows under the equity income sub-item related to reinvested earnings on direct investment.

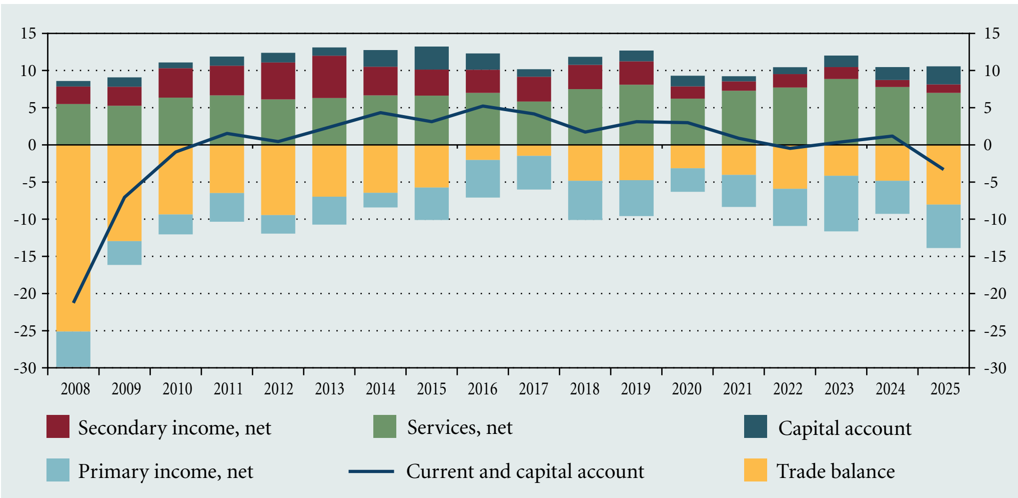
Net services surplus decreased to 7.0 per cent of GDP in 2025 (from 7.8 per cent of GDP for 2024). According to seasonally adjusted GDP data from national accounts, real exports of services rose by 2.4 per cent, while imports rose by 7.1 per cent amid favourable terms of trade for Bulgaria[26]. According to balance of payments data, nominal exports of services rose by 3.6 per cent in 2025, with revenue from tourist services (travels) and those from information and computer services having the largest positive contribution to growth. NSI data indicate that over the reporting period the number of foreign nationals' visits to Bulgaria rose by 2.7 per cent year on year. Imports of services in nominal terms grew by 7.9 per cent, mostly driven by the costs of importing transport services and the higher costs incurred by Bulgarian residents for travel abroad. NSI data for 2025 show that Bulgarian residents' visits abroad rose by 12.0 per cent on an annual basis.

Balance of payments capital account surplus increased by EUR 1.0 billion to stand at EUR 2.8 billion in 2025 (2.4 per cent of GDP), with the growth resulting from higher capital inflows to the general government sector in the form of investment subsidies.

As a result of the above dynamics in current and capital account flows in 2025, a deficit was reported on both accounts at 3.3 per cent of GDP (against a surplus of 1.2 per cent of GDP for 2024).

Current and Capital Account Flow Dynamics and Contribution by Components

(per cent of GDP)



Sources: BNB, NSI, BNB calculations.

In 2025, the balance of payments financial account balance was negative at EUR 3.9 billion (3.4 per cent of GDP) compared to a positive balance of EUR 0.8 billion (0.8 per cent of GDP) in 2024. Over the year, newly assumed liabilities to non-residents

[25] In this Chapter, it should read the groups of machines, vehicles, appliances, instruments and weapons, and animal and plant products, food, drinks and tobacco under the Combined Nomenclature.

[26] The favourable terms of trade in 2025 reflected stronger year-on-year growth in the deflator of exports of services than that of imports of services.

exceeded newly acquired foreign assets by Bulgarian residents. In 2025, foreign liabilities increased by EUR 12.7 billion (11.0 per cent of GDP), mainly due to issued general government debt in international capital markets and, to a lesser extent, attracted direct investment in Bulgaria. Direct investment liabilities (reporting direct investments into Bulgaria) reached EUR 4.3 billion in 2025, posting a significant increase on 2024 (EUR 2.8 billion). Concurrently, residents' foreign assets rose by EUR 8.8 billion (7.6 per cent of GDP), with growth mainly in the form of bank currency and deposits.

As a result of net current, capital, and financial account flows, in 2025 BNB international reserves fell by EUR 3.4 billion, according to balance of payments data (valuation adjustments and revaluations excluded).[27] After taking into account changes in international reserves on the BNB Issue Department balance sheet, including valuation adjustments and price revaluations, by end-December 2025 they declined by EUR 2.0 billion from the end of 2024.

As of December 2025, Bulgaria's gross external debt was EUR 57.7 billion (49.7 per cent of GDP), up EUR 7.2 billion compared to end-2024, mainly as a result of the increase in general government debt and, to a lesser extent, to higher banking sector debt.

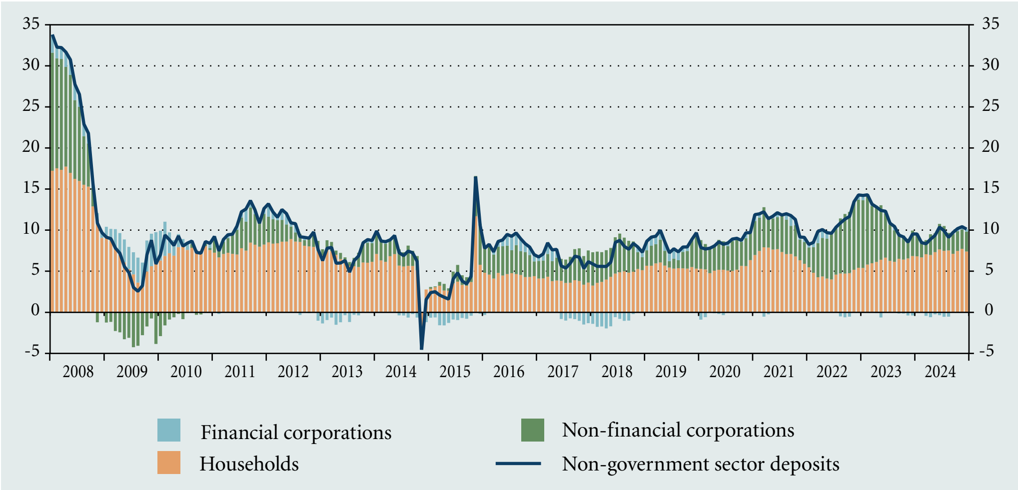
In 2025, annual growth of non-government sector's deposits in the banking system remained high, with an accelerating trend since the beginning of the third quarter of the year, and reached 16.4 per cent at the end of December (10.1 per cent by end-2024). The upward dynamics in the second half of the year was mainly driven by the intensive depositing of free cash by households which started before Bulgaria's accession to the euro area from the beginning of 2026 in order to subsequently automatically convert it into euro. During the same period, this trend was supported by banks' campaigns aimed at households to deposit such cash free of charge. At the end of 2025, household deposits rose by 19.8 per cent on an annual basis (11.8 per cent as of December 2024), with overnight deposits contributing most again and, in terms of currency structure, deposits in levs prevailing. Annual growth of deposits of non-financial corporations stood at 10.2 per cent by end-2024 (7.0 per cent in December 2024).

The factors behind the significant decline in currency in circulation included the pre-conversion of cash holdings by economic agents before Bulgaria's accession to the euro area, as well as the more pronounced increase in household deposits in the banking system for the purpose of their automatic conversion upon the change of the national currency. At the end of December 2025, currency in circulation declined by -36.4 per cent on an annual basis (against 5.5 per cent growth as of December 2024).

[27] International reserve dynamics on the balance of payments also takes into account the amount of the net errors and omissions article, showing the difference between the financial account balance and the current and capital account balance. Due to quarterly and annual reporting, these data are preliminary and subject to revision after receipt of full information from the reporting units.

Annual Growth of Non-government Sector's Deposits and Contribution by Sector

(per cent, percentage points)

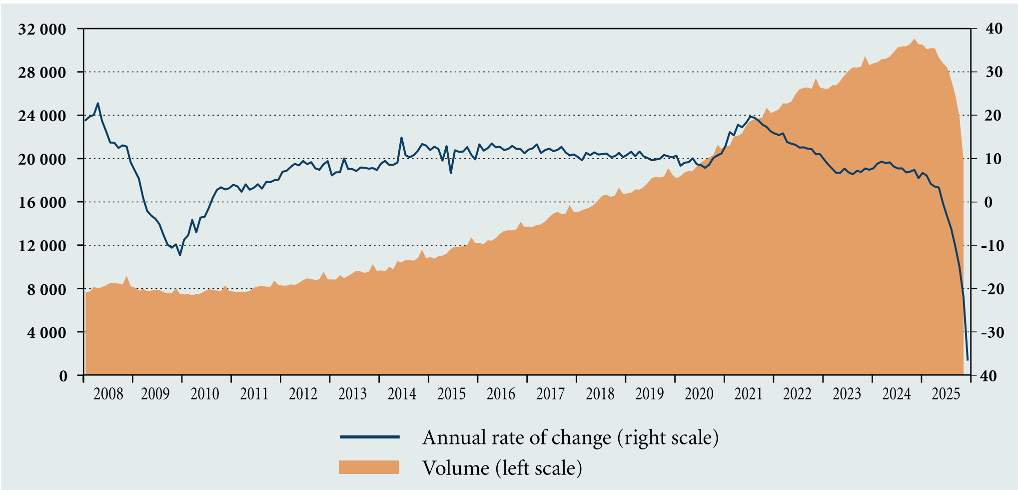


Note: The annual growth rate of non-government sector deposits in November 2015 reflects the exhausted base effect of KTB removal as a reporting unit from the monetary statistics in November 2014.

Source: BNB.

Annual Growth of Currency in Circulation

(BGN million) (per cent, percentage points)



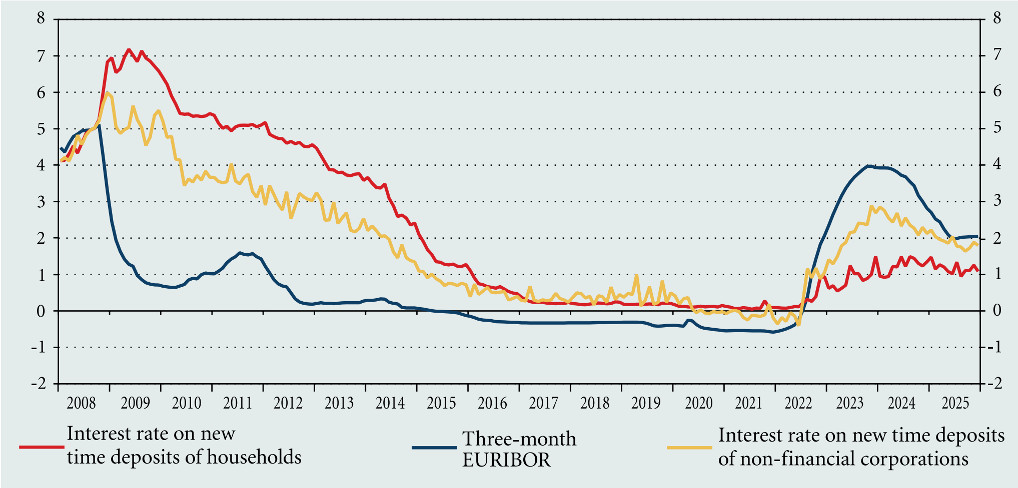
Note: Average deposit rates for non-financial corporations and households are calculated based on interest rates for all maturities and currencies across individual sectors, weighted by the relevant volumes of new deposits.

Sources: BNB, ECB.

In 2025, interest rates on newly attracted funds from households remained at low levels, reflecting mainly the high liquidity in the banking system. Interest rates on new housing and consumer loans remained broadly unchanged on an average annual basis, with those on housing loans retaining their very low historical levels. The weighted average interest rate on new time deposits of non-financial corporations decreased against 2024. Interest rates on new corporate loans also showed declining dynamics, reflecting the significantly higher share of euro-denominated loans compared to the household sector, their linkage to reference indices in the interbank euro area market and the downward trend in key euro area interest rates until mid-2025.

Interest Rates on New Time Deposits and Three-Month EURIBOR

(per cent, percentage points)

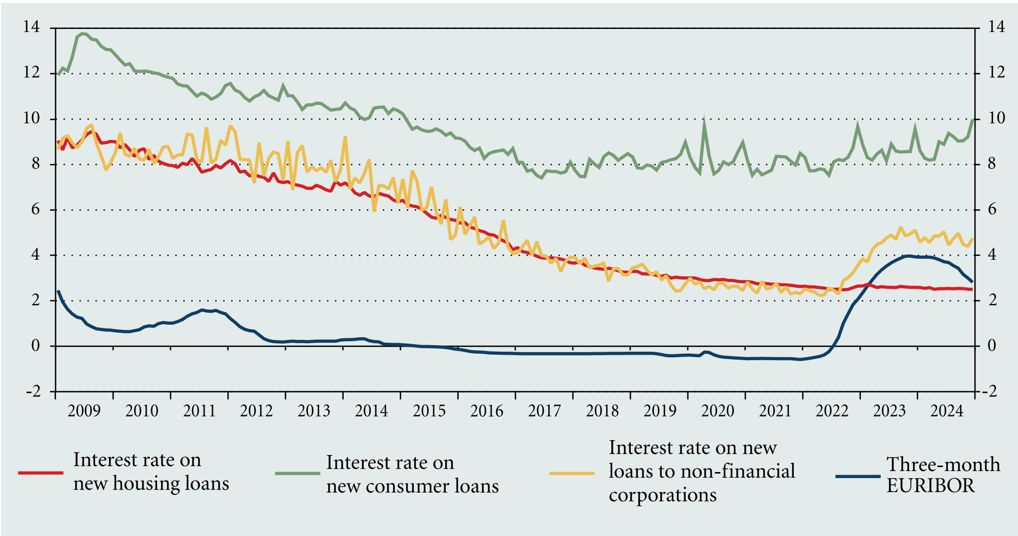


Note: Average deposit rates for non-financial corporations and households are calculated based on interest rates for all maturities and currencies across individual sectors, weighted by the relevant volumes of new deposits .

Sources: BNB, ECB.

Interest Rates on New Loans and Three-Month EURIBOR

(per cent, percentage points)



Note: The interest rates on new housing loans, consumer credit and new loans to non-financial corporations are calculated based on interest rates for all maturities and currencies by loan type, weighted by the corresponding volumes of new loans.

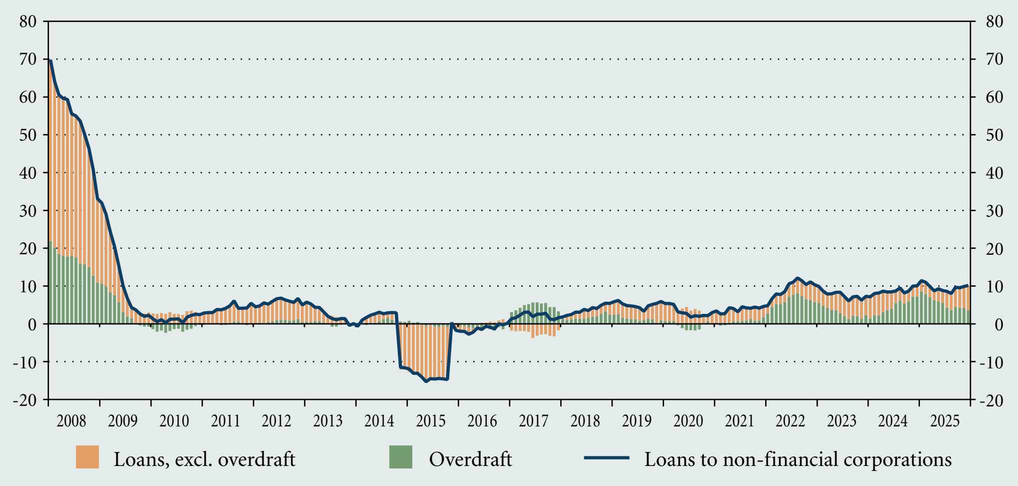
Sources: BNB, ECB.

In 2025, annual growth of credit to non-financial corporations and households accelerated slightly, reaching 15.5 per cent at the end of December (15.0 per cent in December 2024). Household credit, which rose by 21.1 per cent on an annual basis, had the main contribution to the overall credit growth (20.8 per cent in December 2024). Housing loans remained the main driver of credit growth in the household sector, with their annual growth coming to 28.2 per cent in December (26.3 per cent at the end of 2024). Factors which continued to support growth of housing loans were rising labour income, low interest rates on housing loans, limited opportunities for investing savings accumulated in the economy amid negative real interest rates on deposits, and banks' high liquidity and sound capital position. The growth rate of consumer loans slowed down in the course of the year, reaching 13.3 per cent in December.

At the end of 2025, credit to non-financial corporations increased by 10.1 per cent on an annual basis, with growth remaining unchanged from the end of 2024. The trend towards a gradual decline in overdraft contribution was observed over the year, while the contribution of corporate loans, excluding overdraft, increased.

Annual Non-financial Corporation Credit Growth and Contribution by Loan Type

(per cent, percentage points)

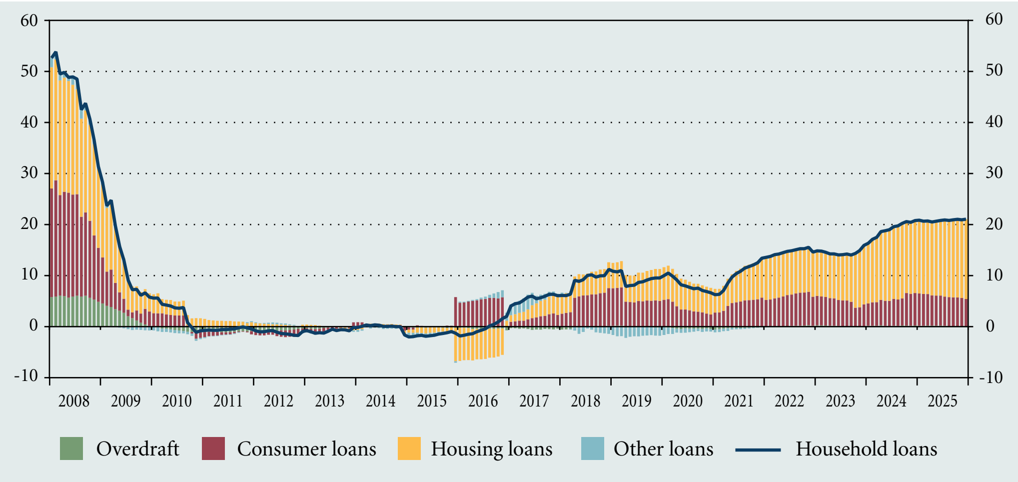


Note: The annual growth rate of loans to non-financial corporations in November 2015 reflects the exhausted base effect of KTB removal as a reporting unit from the monetary statistics in November 2014.

Source: BNB.

Annual Household Credit Growth and Contribution by Loan Type

(per cent, percentage points)



Note: Based on additional information received from reporting units, a revision of household loans was carried out according to their purpose of use in December 2015–August 2019.

Source: BNB.

BNB quarterly lending survey results[28] point to an increase in demand for housing loans over the whole of 2025, while consumer loans reported higher demand in the first

[28] In the fourth quarter of 2025, Bulgaria participated in the ECB's Euro Area Bank Lending Survey on a trial basis with the ECB questionnaire and the common methodology for all euro area countries being fully applied, resulting in a reduction in the number of banks participating in the survey. Although the Bank lending survey for Bulgaria used so far has been largely synchronised with that in the euro area, there have been methodological changes in certain questions, and therefore the survey in the fourth quarter of 2025 was not fully comparable to the one used up to and including the third quarter of 2025.

half of the year, some decline in the third quarter and retention in the last quarter. As regards demand for corporate loans, the results indicate a slight increase in the first and last quarters, retention in the second quarter and a decline in the third quarter. The need for funds to buy a first home was the main factor behind the stronger demand for housing loans, according to banks' responses. At the same time, demand for financial resources for purchasing durable goods and current consumption goods contributed to the higher demand for consumer loans, while interest rate levels contributed to the lower demand for these loans in the third quarter. Stronger demand for corporate loans was underpinned mainly by the need for financial resources for investment purposes, working capital and inventories, while opportunities to secure financing from other credit institutions limited demand in the third quarter. Survey results point to tightening of credit standards for housing loans in the first quarter of 2025, which remained unchanged in the second and fourth quarters, and eased in the third quarter. As regards loans to non-financial corporations, banks reported a tightening of standards throughout the year.

In 2025, the banking system maintained high liquidity levels, with the liquidity coverage ratio (LCR)[29] standing at 280.6 per cent (241.0 per cent at the end of 2024). As regards the dynamics of bank assets, the largest increases over the year were observed in claims on the non-government sector (by BGN 16.3 billion) and net foreign assets (by BGN 5.0 billion)[30]. Government securities portfolios in banks' assets rose by BGN 3.7 billion.

In the context of the currency board, which operated in Bulgaria until end-2025, transactions with the BNB in reserve currency (euro) were the main instrument for managing banks' lev liquidity. This helped the implementation of the main currency board function: buying and selling levs for euro at the fixed exchange rate set by the Law on the Bulgarian National Bank. In 2025, net BNB sales to banks amounted to EUR 8.8 billion (against net sales of EUR 6.4 billion for 2024)[31].

Concurrently, an increase in net foreign currency sales (mainly euro) by commercial banks to their final customers – individuals and legal entities – was reported. Although the bulk of the currency sold by commercial banks continued to target legal entities (net currency sold amounted to EUR 5.7 billion in 2025 against EUR 5.4 billion in 2024), an increase in the volumes of currency sold to individuals (to a net amount of EUR 2.7 billion in 2025 against EUR 0.7 billion in 2024) was recorded over the year[32].

The ECB's four key rate cuts in the first half of 2025 contributed to the decrease in interest rates on concluded lev unsecured overnight deposit transactions in the domestic interbank money market. As of December 2025, LEONIA Plus index was 1.82 per cent (2.95 per cent in December 2024), while the spread between LEONIA Plus and *€STR* was negative, amounting to -11 basis points (unchanged from December 2024).

In 2025, activity in the interbank lev money market remained relatively high, with average daily volume of concluded transactions over the year reaching BGN 706 million (BGN 592 million in 2024). The major factors behind active trade in the interbank market were liquidity raising by some banks in the context of very low levels of excess reserves with the BNB, the interest rate on which was 0 per cent, as well as the possibility of interest rate arbitrage related to the generation of income from banks with parent banks in the euro area amid a positive spread between the ECB deposit facility rate and the interbank money market rate in Bulgaria.

[29] The liquidity coverage ratio for the banking system is calculated as the ratio of liquidity buffer to net liquidity outflows.

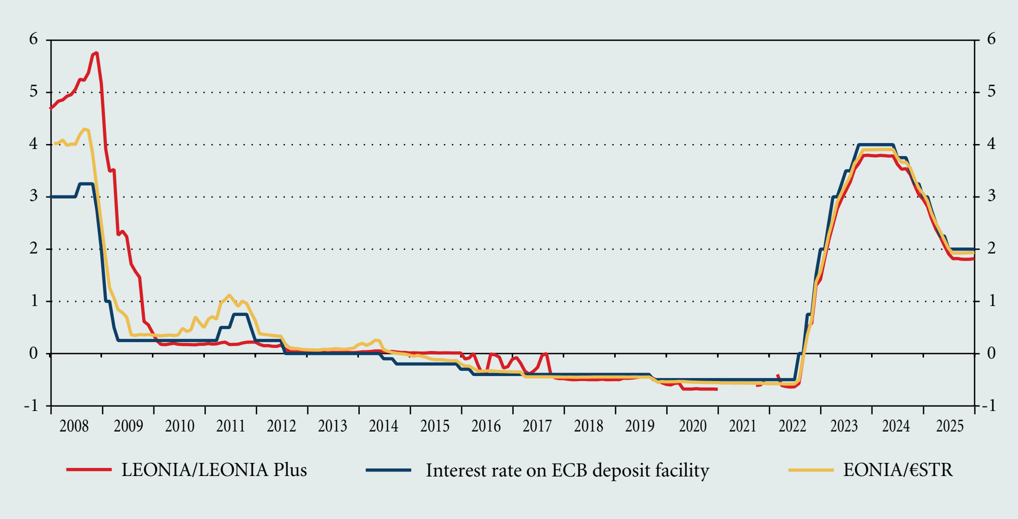
[30] In 2025, banks' foreign assets grew by BGN 10.2 billion and foreign liabilities increased by BGN 5.2 billion.

[31] Data refer to all bank transactions in foreign currency, including liquidity management operations related to the transfer of own funds from lev accounts with the BNB to own accounts with the BNB in euro, and *vice versa*.

[32] Net currency sales by banks to individuals were the highest in the last quarter of the year, when their volume stood at EUR 1.1 billion.

Overnight Interbank Money Market Rates

(per cent, monthly average amount)



Notes: LEONIA Plus replaced LEONIA on 1 July 2017. LEONIA Plus monthly values are calculated as an arithmetic average for days when overnight unsecured lending transactions are concluded in the interbank market in levs. The EONIA/€STR series is composed of: EONIA between 2008 and 14 March 2017; pre-€STR between 15 March 2017 and 30 September 2019; €STR in the period after 30 September 2019.

Sources: BNB, ECB.

In 2025, the CFP budget balance[33] was negative at BGN -6828 million (-3.0 per cent of GDP), which represented a higher budget deficit than the planned CFP for the year by BGN 393 million.[34] Compared to the parameters set in the fiscal framework for 2025, a lower execution was recorded in both total budget revenue and total budget expenditure. The underperformance in revenue was mainly attributable to lower VAT revenue and the underperformance in expenditure – to the lower than planned capital expenditure.

The annual growth in total revenue and grants under the CFP in 2025 was 19.6 per cent, driven mainly by the tax revenue growth and, to a lesser extent, by grants and non-tax revenue growth. VAT revenue, as well as social and health contributions were the main contributors to tax revenue growth. Growth in VAT revenue was influenced by the increase in private consumption and the restoration of the standard VAT rate of 20 per cent on bread and flour and on restaurant and catering services. Revenue from social security and health insurance contributions was underpinned by the upward dynamics of compensation of employees in the economy, with the increase in the maximum social security income as of 1 April 2025 also having an additional effect. At the same time, receipt of the second and third payments under the NRRP contributed to higher revenue from grants.

In 2025, total CFP expenditure grew by 18.9 per cent year on year, mainly due to the increases in capital expenditure, social and staff expenditure. According to the Ministry of Finance's bulletin, the growth of capital expenditure in 2025 was driven by the substantial increase in payments for projects under the EU funds accounts, in particular those under the National Recovery and Resilience Plan. The upward dynamics of social expenditure was determined by the increased amount paid for pensions as a result of the pension indexation by 11.0 per cent as of 1 July 2024 and by 8.6 per cent as of 1 July 2025. Staff expenditure under the CFP increased by 20.0 per cent at the end of the year.

[33] Based on monthly reports on cash implementation of the budget, published on the Ministry of Finance website. BNB calculations.

[34] The CFP for 2025, as presented in the updated medium-term budgetary forecast for 2025 – 2028, approved by Council of Ministers' Decision No 88 of 24 February 2025, foresees a negative budget balance for 2025 of BGN -6435 million.

By the end of December 2025, the total amount of the fiscal reserve, including claims on EU funds for certified expenses, advances and other payments, was BGN 17,467 million. Fiscal reserve deposits grew by BGN 5280 million from the end of 2024, amounting to BGN 14,866 million (6.6 per cent of GDP), of which BGN 14,374 million of deposits with the BNB. Proceeds from government securities issued in the domestic market over the year (with a nominal value of BGN 3300 million) were slightly lower than payments on matured bonds, resulting in negative net internal financing of the budget with government securities of BGN 39 million[35]. Over the year, the net external financing of the budget was positive and amounted to BGN 14,344 million, mainly as a result of proceeds from the Eurobonds issued in the international capital markets during the year for a total nominal amount of EUR 7200 million. As of end-2025, the general government debt increased to 27.1 per cent of GDP (from 23.1 per cent of GDP at the end of 2024).

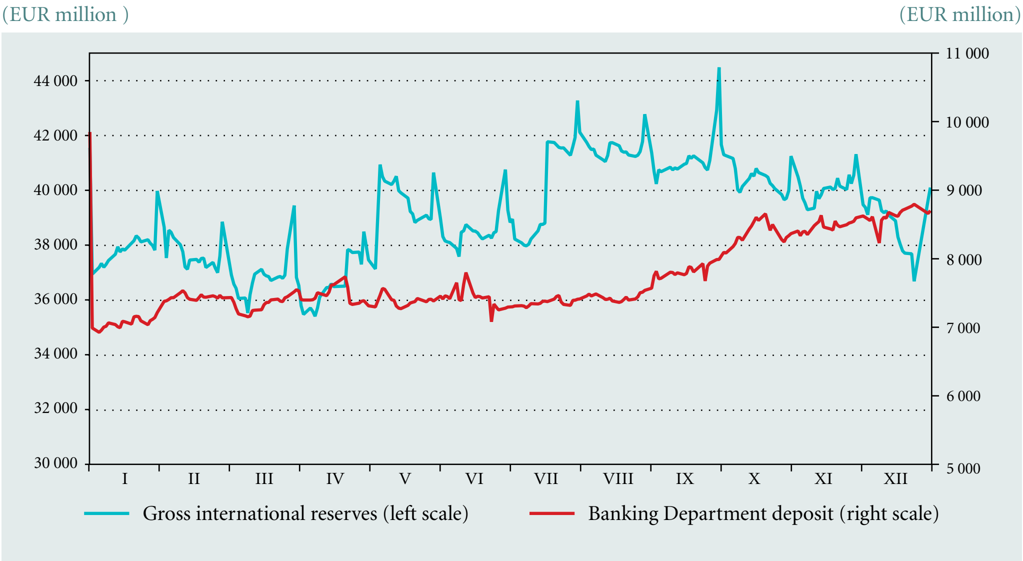
At the end of 2025, yields on Bulgarian Eurobonds issued in international capital markets recorded divergent dynamics compared to the end of 2024. Securities maturing until 2032 inclusive recorded a decline in yields, while yields on securities with a longer residual maturity increased.[36] Concurrently, by the end of 2025, the yield spread between the Bulgarian and German government bonds narrowed from the end of 2024, most pronounced in the bonds maturing in 2044 by 61 basis points to 98 basis points. The spread narrowing reflected the increase in German government bond yields, while yields on Bulgarian government bonds declined or rose slightly.[37] The observed narrowing of spreads is likely to have been influenced by the official decision on Bulgaria's accession to the euro area as of 1 January 2026, announced in early July.

[35] For more information on government securities domestic market, see Chapter XI.
[36] The yield on securities maturing in 2034 and 2036 remained broadly unchanged from the end of 2024.
[37] For more information on government bond yields in euro area countries, see Chapter II.

II. Gross International Reserves

The BNB manages its gross international reserves in line with the Law on the Bulgarian National Bank (LBNB)[38], investment constraints, business procedures and methodologies, and opportunities offered by international financial markets. Gross international reserves of the BNB comprise the assets on the Issue Department's balance sheet. Their role is to provide a complete cover for monetary liabilities under the fixed exchange rate of the lev to the euro provided for by the Law on the BNB[39]. The excess of gross international reserves over monetary liabilities forms the Banking Department deposit item or the net value of the Issue Department's balance sheet[40].

Gross International Reserves and Banking Department Deposit in 2025



Note: The chart shows daily movements of the Issue Department balance sheet figure and the Banking Department deposit in the Issue Department balance sheet.

Source: BNB.

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[38] There were no Law on the BNB amendments to the regulatory framework of gross international reserve management over the reporting period.

[39] The Law on the BNB Article 28, paragraph 2 defines the Bank's monetary obligations as all circulating banknotes and coins issued by the BNB, and all balances of other entities' BNB accounts, except the IMF. Article 28, paragraph 3 defines what assets may comprise gross international reserves: monetary gold; Special Drawing Rights; banknotes and coins in freely convertible foreign currency; funds in freely convertible foreign currency held by the BNB on accounts with foreign central banks or other financial institutions or international financial organisations with one of the two highest ratings by two internationally recognised credit rating agencies; securities issued by foreign countries, central banks, other foreign financial institutions, or international financial organisations assigned one of the two highest ratings by two internationally recognised credit rating agencies; the balance on accounts receivable and payable on BNB forward or repo agreements with (or guaranteed by) foreign central banks, public international financial organisations or other foreign financial institutions with one of the two highest ratings from two internationally recognised credit agencies; and BNB futures and options which bind non-residents and which are payable in freely convertible foreign currency. The Law on the BNB stipulates that these assets are estimated at market value.

[40] According to the LBNB Article 28, paragraph 1 'the aggregate amount of monetary liabilities of the BNB shall not exceed the lev equivalent of gross international reserves' with the lev equivalent calculated on the basis of the fixed exchange rate.

The Amount and Structure of Gross International Reserves

By the end of 2025, the balance sheet value of gross international reserves was EUR 40,095.2 million: a decrease of EUR 1960.9 million[41], or 4.7 per cent on end-2024. Changes in the asset balance sheet value were mainly driven by external cash flows in foreign currency and income from foreign reserve management.

External Cash Flows in Foreign Currency

(EUR millions)

	2024	2025
I. Euro purchases and sales		
At tills	-632	-2 044
With banks	-6 874	-11 556
purchases from banks	179 666	202 541
sales to banks	-186 540	-214 098
Subtotal I	**-7 506**	**-13 600**
II. Currency flows with banks, the MF, *etc*.		
Bank reserves (including minimum required reserves)	182	-833
Government and other depositors	4 140	9 916
Subtotal II	**4 322**	**9 083**
Total I+II	**-3 184**	**-4 517**

Source: BNB.

The decrease in international reserves in 2025 was due to negative external cash flows in foreign currency, amounting to net EUR 4517 million. Of these, sales of reserve currency by commercial banks and tills amounting to EUR 13,600 million net had the largest negative contribution. This effect was partially offset by receipts in government and other depositors' accounts with the BNB, amounting to EUR 9916 million, mainly consisting of EUR 7053 million of debt issued by the Ministry of Finance on international markets, and tranches received under the Recovery and Resilience Plan (RRP) amounting to EUR 1909 million, including receipts on accounts of the European Commission and the Ministry of Environment and Water with the BNB. Banks' accounts with the BNB where the minimum reserve requirements were reported, registered net cash outflows of EUR 833 million in 2025.

Over the reporting period, the average structure of gross international reserves by currency changed insignificantly compared to that in 2024 (Table 2). Euro assets decreased by 2.8 percentage points, while those in gold and US dollars rose by 2.7 and 0.1 percentage points, respectively, due to changes in exchange rates against the euro and to external flows. The structure by financial instrument showed an increase in current account balances by 5.4 percentage points and deposits placed by the BNB by 5.5 percentage points which was at the expense of the decrease in BNB exposures in securities by 10.9 percentage points. The maturity structure of reserves posted a decline of 10.5 and 1.7 percentage points in the exposure in maturity sectors from 0 to one year and from one to three years, while in the sectors from three to five years and from five to ten years it posted an increase of 6.2 and 6 percentage points, respectively, due to the higher duration of assets over the review period.

[41] In the remaining part of this Chapter, the analysis of changes in BNB gross international reserves does not include balances in banks' TARGET2 payment system accounts, worth some EUR 1583.5 million at the end of 2025, which rose by EUR 9,5 million by end-2025. Tranches of Special Drawing Rights (SDR) in the amount of SDR 611 million disbursed in August and September 2009 and around SDR 859 million disbursed in August 2021 upon general SDR allocation by the IMF were also not included in these balances. For further details, see *BNB Annual Report 2009, p. 26, and BNB Annual Report 2021, p. 91.*

Currency Structure of Gross International Reserves

(per cent)

Currency	Issue Department balance sheet assets	
	2024	2025
EUR	90.6	87.9
USD	0.9	1.0
XAU	8.1	10.7
SDR	0.4	0.4

Note: The table shows only values exceeding 0.05 per cent.

Source: BNB.

Structure of Gross International Reserves by Financial Instrument

(per cent)

Financial instruments	2024	2025
Vault cash*	10.9	16.3
Deposits**	29.0	93.5
Securities**	60.1	49.2

* Account balances, payments, and monetary gold.
** Including instruments in foreign currency and gold

Note: The table shows only values exceeding 0.05 per cent.

Source: BNB.

Gross International Reserves by Residual Term to Maturity

(per cent)

Maturity sectors	2024	2025
Up to a year	82.7	72.2
One to three years	15.1	13.5
Three to five years	2.1	8.3
Five to ten years	0.0	6.0

Notes: The sum may differ from 100 per cent due to rounding.
The table shows only values exceeding 0.05 per cent.

Source: BNB.

Gross International Reserves Risk and Return

The Market Environment

In 2025, market environment was driven by leading central banks' monetary policies and the uncertainty stemming from the revision of the US trade policy *vis-à-vis* their major trading partners. Consumer price inflation in the euro area decelerated to the 2 per cent target, while that in the US remained above the Federal Reserve target. Taking into account the high level of uncertainty resulting from changes in US trade policy, the Federal Reserve kept the target range for the federal funds rate unchanged in January-August 2025. In view of the increasing risks to the US labour market, the Federal Reserve initiated three consecutive benchmark rate cuts by 25 basis points each in September, October and December meetings, with the cuts considered to be preventive. At the same time, the ECB Governing Council of reduced its key interest rates by a total of 100 basis points in the first half of 2025 reflecting more favourable prospects of declining inflation in the euro area to the ECB's target. In the second half of the year, the ECB kept interest rates unchanged, signaling that it is in a good position from a monetary policy perspective. Interest rates remained the main instrument of monetary policy implementation by the Federal Reserve and the ECB, while the reduction in the size of central banks' balance sheets by discontinuing the reinvestments from maturing securities purchased for the purposes of the monetary policy, was secondary. US government bond yields, as well as German government bond yields in the maturity sectors of up to and including one year, declined in 2025, with dynamics reflecting the cuts in key interest rates of the Federal Reserve and the ECB and the demand for low-risk assets due to uncertainty over US customs policy. Concurrently, yields in the medium and long-term maturity sectors of German bonds rose due to the increased issues of German government securities to finance defence and infrastructure expenditure. Stock indices in the United States and Europe rose in 2025, with dynamics over this period being strongly influenced by technological companies. Over the review period, US and European financial market volatility indices rose compared to 2024.

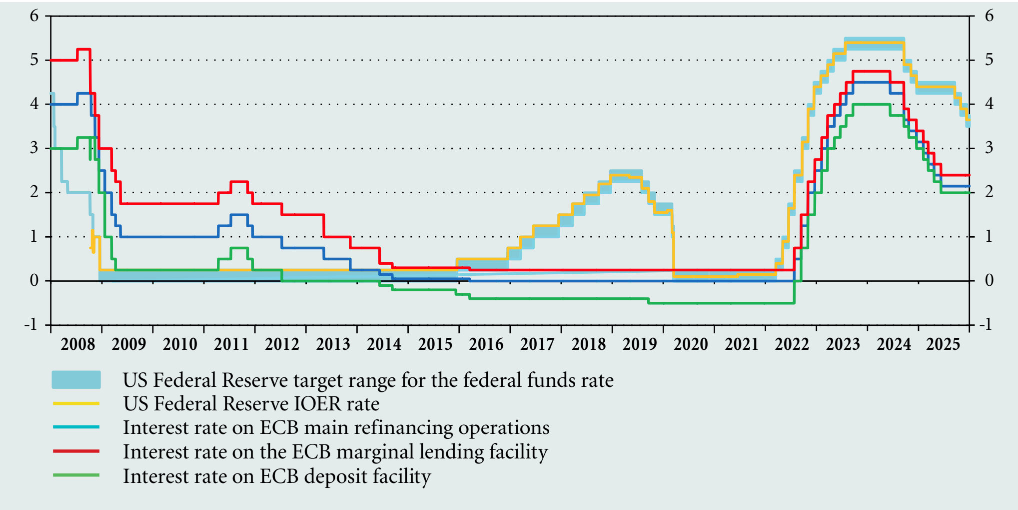
Central Banks' Policies

Between January and August 2025, the US Federal Open Market Committee (FOMC) maintained the reference rate corridor, focusing on unusually high uncertainty and increased risks to the fulfilment of the central bank's mandate. In March, FOMC decided for the first time since May 2024 to slow the speed of Federal Reserve's balance sheet drawdown. As of 1 April, the amount above which maturing securities are reinvested was reduced from USD 60 billion to USD 40 billion.[42] In August, a revised version of the Statement on Long-Run Goals and Monetary Policy Strategy was published, whereby the FOMC reinstated the strategy of flexible inflation targeting and abandoned the commitment to moderately exceed the 2 per cent target after prolonged periods of lower inflation, while taking a broader analytical approach in maximum employment estimates.

In view of the increasing risks to the labour market and the shifting of the balance of risks between the two objectives of the Federal Reserve, in the last months of the year the FOMC undertook a precautionary easing of monetary policy through three benchmark rate cuts of 25 basis points each. The decisions were accompanied by growing disagreements within the Committee. In October, further changes to the parameters of the balance sheet reduction plan were announced, removing the limit on reinvestment of maturing US government bonds from early December, while proceeds from agency debt securities and mortgage-backed securities were reinvested in short-term US government bonds.

Key ECB and US Federal Reserve Interest Rates

(per cent)



Sources: ECB, Federal Reserve.

[42] The amount of maturing agency debt securities and agency mortgage-backed securities was kept at USD 35 billion, while that of maturing US government bonds was reduced from USD 25 billion to USD 5 billion.

At the December meeting, further measures were presented to support the implementation of monetary policy regarding reserves, including extending the parameters of the standing liquidity facility programme and mandating the Federal Reserve Bank of New York to make net purchases of Treasury bills or, if necessary, securities with short residual maturity. Purchases to manage reserves were defined as a technical measure to temporarily maintain high levels of reserves in the banking system in the tax revenue period in the spring 2026.

In 2025, total assets in the US Federal Reserve balance sheet decreased by USD 245 billion to USD 6.9 trillion (22.7 per cent of GDP for 2024).

In view of the prospects of lowering euro area annual inflation towards the ECB's target, the ECB Governing Council lowered the key interest rates in the first half of 2025 by a total of 100 basis points at the January, March, April and June meetings to 2.00, 2.15 and 2.40 per cent respectively for the interest rates on the deposit facility, the main refinancing operations and the marginal lending facility. In the second half of the year, the Governing Council of the ECB kept reference rates unchanged, with decisions in line with market participants' expectations. The December 2025 decision stated that, the ECB Governing Council would continue to apply a data-dependent and meeting-by-meeting approach without committing in advance to a particular interest rate path.

In 2025, the ECB Governing Council continued to apply measures aimed at normalisation of the Eurosystem balance sheet, reducing the asset purchase programme (APP) portfolio by EUR 351 billion and by EUR 173 billion that under the Pandemic Emergency Purchase Programme (PEPP) for the full year. As of 26 December 2025, Eurosystem's balance sheet amounted to EUR 6164 billion (40.5 per cent of GDP in 2024) compared to EUR 6406 billion at the end of 2024 (42.1 per cent of GDP in 2024). Concurrently, excess liquidity in the euro area banking system decreased by EUR 362 billion to EUR 2466 billion compared to the end of 2024.

Unsecured deposit rates in the euro area interbank market declined in 2025 owing to the decline in the ECB deposit facility rate. As of 31 December 2025, €STR declined to 1.92 per cent from 2.91 per cent at end-2024. The trade volume of overnight deposits on the euro area unsecured money market in 2025 increased, with its daily average over the year coming to EUR 63.3 billion compared with EUR 53.0 billion in 2024. The interest rate on unsecured deposits in the interbank market (EURIBOR) with a three-month maturity declined to 2.03 per cent at the end of June 2025 (compared to 2.71 per cent at the end of 2024) and interest rates on six-months and 12-months maturity deposits declined to 2.11 per cent and 2.24 per cent, respectively (from 2.57 per cent and 2.46 per cent, respectively, at the end of 2024).

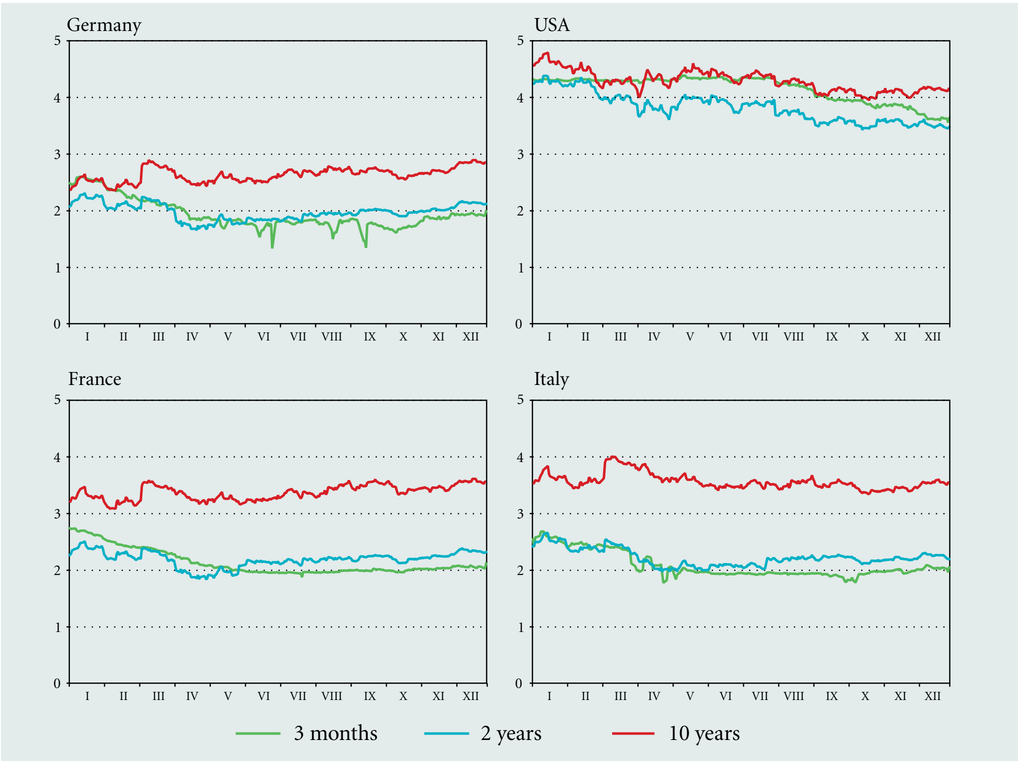
Euro Area and US Sovereign Bond Yield Curve

In 2025, US sovereign bond yields fell across the maturity sectors of up to ten years. Two-year bond yields dropped by 77 basis point to 3.47 per cent, with ten-year yields by 40 basis points to 4.17 per cent. By close 2025, the slope of US sovereign bond yield curve measured by ten- and two-year bond yield differences increased by 37 basis points on the end of 2024 to 69 basis points. In 2025, US government bond yields with maturities of two to ten years followed a clear downward trend, with the main factors driving the trend being related to market participants' expectations of Federal Reserve monetary policy, trade and fiscal policies of the new presidential administration and rising geopolitical risks. An important factor was an escalation in trade tensions between the United States and China, which led to a decline in yields in April and increased market sentiment to postpone new monetary policy measures. In May and June, the yield curve was affected by fiscal and geopolitical risks, and in July by US economic data and changes in FOMC communication policy, which amplified expectations of falling interest rates. The subsequent three benchmark interest rate cuts by a total of 75 basis points in September, October and December, together with adjustments in the balance sheet policy and a new purchase programme for short-term government securities, led to significant declines in yields, particularly in the maturity sectors of up to five years. Additional factors determining US government bond yield dynamics in 2025 were monetary policies and economic developments in other major economic regions: the euro area, Japan and China along with the increasing uncertainty regarding the institutional independence of the Federal Reserve.

In 2025, German government bond yields declined in the maturity sectors of up to one year, increasing, however, in longer-term maturity sectors. German government two-year bond yields rose by 4 basis points to 2.12 per cent, with ten-year yields increasing by 49 basis points to 2.86 per cent. These developments led to an increase in the slope of the German yield curve, measured by the spread between ten-year and two-year government bond yields: by 45 basis points to 73 basis points at the end of 2025. The four ECB interest rate cuts were a major factor behind declining German government bond yields in short-term maturity sectors. Expectations of increasing issues of German government bonds for defence and infrastructure financing contributed to the rise in medium and long-term yields. Macroeconomic data releases in 2025, which were predominantly better than expected, also contributed to the increase in German government bond yields. Higher German government bond yields in medium and long-term maturity sectors were constrained by increased demand for low-risk assets due to the uncertainty caused by the US President Administration's trade policy and enhanced geopolitical tensions.

Government Bond Yields in 2025

(per cent)



Yield spreads between euro area and German government bonds mostly declined in 2025. Higher volatility and slight widening of spreads were observed in April, when the so-called US reciprocal tariffs were announced. In the ten-year maturity sector, the largest declines in spreads were observed in Italy's government bonds (by 46 basis points), Spain's (by 26 basis points), and Portugal's (by 19 basis points). Countries from the so-called euro area periphery experienced a larger decline in spreads, mainly reflecting favourable macroeconomic trends in these countries, positive rating news for many of them, as well as ECB's monetary policy easing. Some of the better results of the periphery are ascribable to fiscal transfers *via* NGEU, a factor that will disappear after 2026. For other euro area core countries, ten-year government bond spreads narrowed less over the year: Austria's spread shrank by 16 basis points, Finland by 15 basis points and the Netherlands by 11 basis points. France's spread was most volatile owing to the periods of intensification and weakening of the political crisis and the inability to find a political compromise on the approach to reduce the country's budget deficit.

Gold and Exchange Rates

In 2025, the US dollar depreciated by 13.5 per cent against the euro, with the exchange rate moving within a range from EUR 0.84 to EUR 0.98 *per* USD 1 (from USD 1.02 to USD 1.19 *per* EUR 1). The dollar's decline was accumulated predominantly in the first half of the year, while the second half saw a relative stability of the dollar exchange rate. Concurrently, the significant depreciation of the dollar against the euro was driven by changes in the trade policy of the new US presidential administration and President Trump's large-scale fiscal package, increasing the country's deficit. In the second half of the year, the relative stability of the dollar exchange rate was mainly due to the high uncertainty about US trade policy and its impact on inflation and growth prospects for both the United States and the euro area.

In 2025, the spot gold price rose significantly by 64.6 per cent to USD 4319 *per* troy ounce and by 45.1 per cent to EUR 3677 *per* troy ounce. Price changes were relatively wide: from USD 2625 to USD 4533 per troy ounce. Over the course of the year, there was a persistent upward trend. The main factors that shaped the upward trend were the US trade policy, the geopolitical fragmentation and the general uncertainty about the use of tariffs for political rather than economic purposes. Over the review period, indications from the last few years of sustained and structural changes in the demand for gold by institutional and private investors continued. Gold is increasingly seen as a long-term strategic asset and a major part of the asset allocation to a wider range of investors. The subject of 'de-dollarisation' as a result of global trade and political fragmentation is increasingly emerging as a supporting factor for investors' persistently optimistic attitude towards gold.

USD/EUR Exchange Rate in 2025

(EUR)

Troy Ounce Gold Price in US Dollars in 2025

(USD)

Troy Ounce Gold Price in Euro in 2025

(EUR)

Major Types of Risk

Net value risk in the Issue Department balance sheet in 2025, as measured by the standard deviation of net return, was 13.2 per cent on an annual basis.

International reserve **interest rate risk** for 2025, measured by reserves' average modified duration, was 1.03 years. The duration maintained was 0.58 years higher than the average for 2024.

Gross international reserve **currency risk** was constrained by the Law on the BNB stipulation that the sum of the absolute values of open foreign currency positions[43] in currencies other than euro, SDR, and monetary gold, should not exceed 2 per cent of the market value of monetary liabilities in these currencies. Over the year, there were minimal open positions in foreign currencies other than the euro, with the main currency risk stemming from the open position in gold.

During the reporting period, the BNB continued managing gross international reserve investment **credit risk** conservatively. Some political risks decreased in the first half of

[43] An open foreign currency position is the difference between the value of assets and liabilities in any currency other than the euro.

the year and the preventive restrictions introduced in the course of the previous year for investments in counterparties and issuers from certain countries in this respect were lifted. In the second half of 2025, the investment framework and some of the credit risk limits were optimised to provide greater liquidity to assets and a smooth transition in the process of BNB accession to the Eurosystem from early 2026.

To achieve its main objectives of high international reserve security and liquidity, the bulk of assets continued to be invested into euro area core country government bonds and government guaranteed debt securities, into funds at supranational financial institutions, as well as into short term deposits with foreign central and first class commercial banks. By end-2025, the exposure to credit risk remained limited with approximately 42 per cent of international reserves was invested into assets with the highest AAA long-term credit rating.

Operational risk was managed in strict observance and control of investment constraints and the relevant business procedures for international reserve management.

Return and Efficiency

The net income in the Issue Department balance sheet is the sum of three components: 1. income from gross international reserves investment in the original currency; 2. currency imbalance income[44]; and 3. liabilities expenditure/income. BNB income from international reserve investment over the reporting period was positive at EUR 775.5 million, or 2.2 per cent of return for the period.

Earnings from currency imbalance for 2025 was also positive, standing at EUR 1551.5 million (4.2 per cent of return). This reflected primarily movements in the market price of monetary gold measured in euro. As a result of the BNB interest rate policy, the net financial result from liabilities led to an expense of EUR 126.3 million for the BNB, corresponding to -0.3 per cent of return. The above three components brought net return from international reserve management to EUR 2200.7 million: a total return of 6 per cent[45] for the year.

International Reserves Income and Return* in 2025

Period	Net income (EUR million)	Net return (per cent)	Income (EUR million)	Return (per cent)	Income (EUR million)	Return (per cent)	Expenditure (EUR million)	Return (per cent)
			on assets		on currency revaluation of assets and liabilities		on liabilities	
	(1)+(2)+(3)		(1)		(2)		(3)	
First quarter	642.63	1.80	216.38	0.61	459.75	1.28	-33.50	-0.10
Second quarter	115.87	0.34	252.70	0.73	-109.58	-0.31	-27.25	-0.08
Third quarter	786.26	2.04	156.19	0.40	664.34	1.73	-34.27	-0.09
Fourth quarter	655.97	1.74	150.20	0.40	537.03	1.42	-31.26	-0.08
Total	**2200.73**	**6.04**	**775.47**	**2.16**	**1551.54**	**4.18**	**-126.27**	**-0.34**

* Return between time T_0 and time T_N is calculated by chain-linked returns for this period for this period. It is calculated using the following formula: $R(T_0,T_N) = (1+r_1)(1+r_2)\ldots(1+r_N)-1$. This formula for calculating investment returns comply fully with the Global Investment Performance Standards (GIPS).

Source: BNB.

For operational management purposes, international reserves were split into portfolios by currency and investment goal, each with a benchmark, investment goals, and

[44] Currency imbalance income is a result of the effects of exchange rate movements on assets' and liabilities' open foreign currency positions, respectively.

[45] Total return is obtained as a product, rather than simple sum, of the return of the relevant components.

investment limits. The table below shows major BNB portfolios and the results from their management.

Portfolio Return and Risk in 2025

Portfolio	Return		Volatility (risk)		Information ratio[3]
	Absolute (per cent)	Relative[1] (basis points)	Absolute (basis points)	Relative[2] (basis points)	
Investment 1, EUR	2.4	-5.3	58	12	-0.4
Investment 2, EUR	2.4	-2.4	61	12	-0.2
External manager A, EUR	2.1	8.3	82	16	0.5
External manager B, EUR	1.9	9.7	84	8	1.3
Liquid, EUR	2.2	7.8	19	19	-
Liquid, XAU	0.0	0.0	0	-	-
Liquid, USD	5.7	5.3	160	33	-

[1] A portfolio's positive relative return is attained profit against benchmark return. Relative return with a negative sign is interpreted as opportunity cost in portfolio management.
[2] Relative volatility (relative risk) against benchmark is an indicator of the degree of deviation of portfolio risk characteristics from benchmark through active portfolio management. The risk is on an annual basis.
[3] Information ratio is the ratio between relative portfolio return and relative portfolio risk on an annual basis.

Source: BNB.

To diversify management styles and reduce operational risk, most euro-denominated assets continued being split into two investment portfolios with identical benchmarks and investment limits, managed by different BNB teams. By the end of 2025, external managers – international financial institutions – managed 1.7 per cent of gross international reserves and the benchmark of the portfolios managed by external managers was set by the BNB. Beside additional diversification, using external managers helped exchange expertise in international market investment management. Liquid portfolios were intended mainly to assist liquidity management objectives and BNB foreign currency payment needs.

III. Payment Systems and Payment Oversight

The Law on the Bulgarian National Bank tasks the Bank with payment system organisation, support, and development by assisting the implementation, operation, and oversight of efficient payment mechanisms. The Bank's major goals are curbing systemic risk and integrating Bulgarian payment systems into the European payment infrastructure.

Bulgaria's lev payment systems are:

- RINGS, a real-time gross settlement system operated by the BNB;
- RINGS has these transaction settlement ancillary systems:
  - BISERA6, a system for servicing customer transfers in levs, operated by BORICA AD;
  - BORICA, a system for servicing card payments in Bulgaria, operated by BORICA AD.

Bulgaria's euro payment systems are:

- the TARGET national system component, TARGET-BNB, operated by the BNB;
  - The BISERA ancillary system (former name BISERA7-EUR), a system for servicing customer transfers in euro, operated by BORICA AD.

Bulgaria's securities settlement systems, where the cash leg is settled in payment systems operated by the BNB, are:

- the book-entry government securities settlement system, operated by the BNB;
- the book-entry securities registration and servicing system, operated by the Central Depository AD.

Lev Payment Systems

In 2025, the RINGS real-time gross settlement system processed the bulk of the value of lev payments in Bulgaria. As of 31 December 2025, the BNB and 23 banks participated in RINGS.

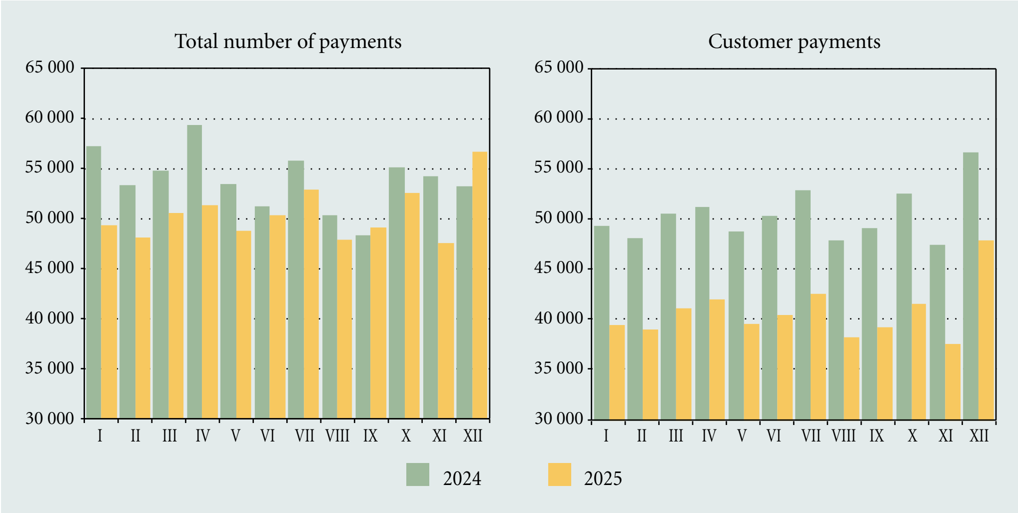
In 2025, RINGS processed 605,376 payments, down 6 per cent from 2024. The total value of payments came to BGN 1,918,203 million, posting a 2 per cent increase compared with the previous year. Customer payments numbered 489,356 accounting for 81 per cent of total payments, to the total amount of BGN 110,188 million (5.7 per cent of the total payments).

The daily average value of payments *via* the system was BGN 7735 million, and their daily average number was 2441. The daily value peak of RINGS participants was BGN 4000 million, with a daily number peak of 8095.

In 2025, 66.8 per cent of the value of payments were processed by noon and 85.1 per cent by 2:30 pm. The remaining 14.9 per cent went through by 5:30 pm, the end of the system day. As regards system traffic, 88.9 per cent of the number of payments were effected by 2:30 pm. RINGS offered 100 per cent availability[46] in the period under review.

[46] The ratio of time when the system is operational to scheduled operating time.

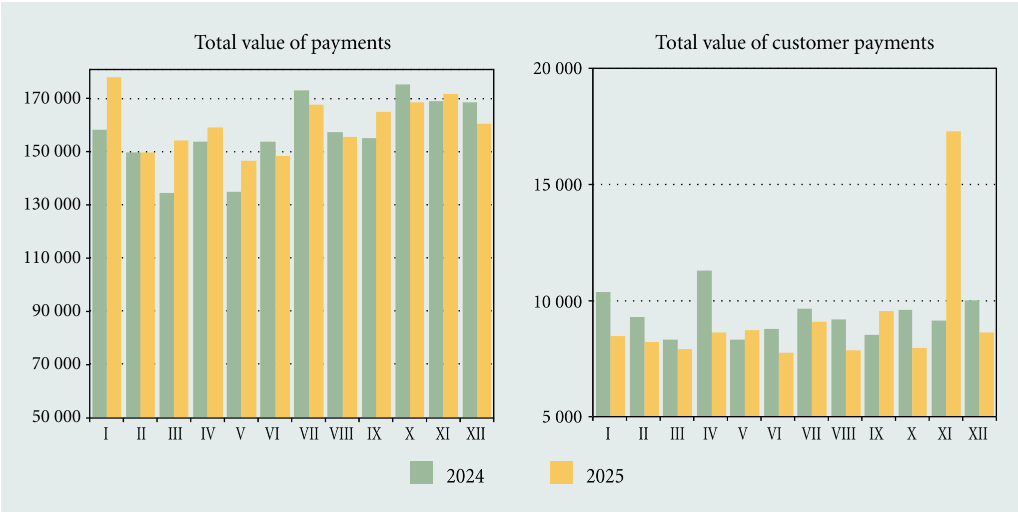
RINGS Payments Numbers in 2024 and 2025



Source: BNB.

RINGS Payment Value in 2024 and 2025

(BGN million) (BGN million)



Source: BNB.

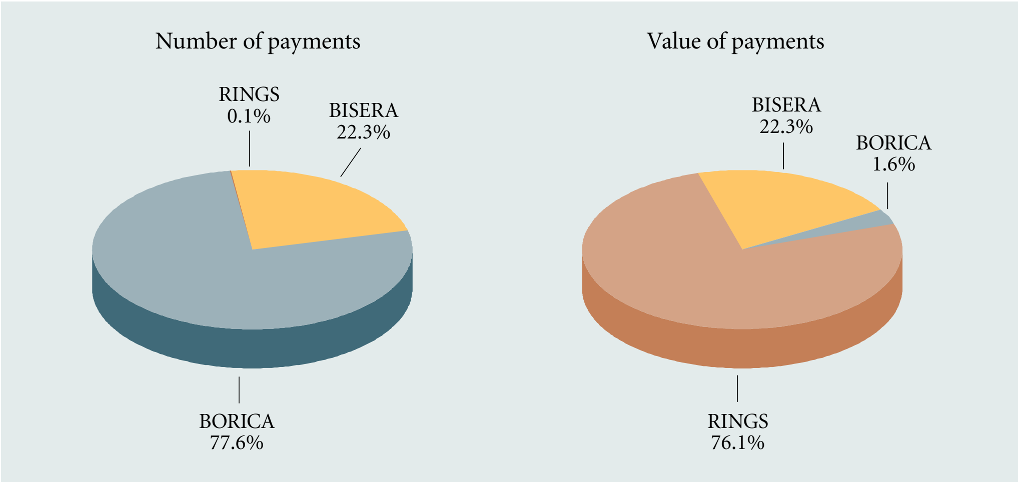
Lev payment distribution in Bulgaria by payment system recorded no changes from 2024. Over the period under review, RINGS processed 76.1 per cent of the value of payments effected in Bulgaria. Values around 80 per cent are deemed optimal for the operation of real-time gross settlement systems. RINGS also processed 0.1 per cent of the total number of lev payments in Bulgaria.

In 2025, BORICA processed 457.1 million of ATM and POS terminal payments, totalling BGN 39,522.5 million: a rise of 16 per cent in number and of 13.1 per cent in value, compared with 2024.

In 2025, BISERA processed 131.6 million of payments, totalling BGN 563,125.9 million. Compared with 2024, processed payments rose by 5.9 per cent in number and 14.6 per cent in value.

The number of instant credit transfers in levs compliant with the SEPA[47] Credit Transfer Instant (SCT Inst) – a scheme for instant credit transfers in the European Payments Council's Single Euro Payments Area was 35.2 million, totalling BGN 62,415.9 million for 2025.

Distribution of Lev Payments in Bulgaria by Payment System in 2025



Source: BNB.

Euro Payment Systems

The large-value payment system T2 (former TARGET2) provides real-time gross settlement for payments in euro, with settlement in central bank money. It is part of the new consolidated TARGET Service Platform (TARGET) of the Eurosystem, which brings together the T2 payment system, the TARGET2-Securities settlement system and the TARGET Instant Payment Settlement service (TIPS) at the technical and functional level. Legally, each central bank in TARGET operates its system component.

The Bulgarian National Bank operates the TARGET-BNB national component system and is responsible for the business relations of its participants and coordination with the ECB and participant central banks.

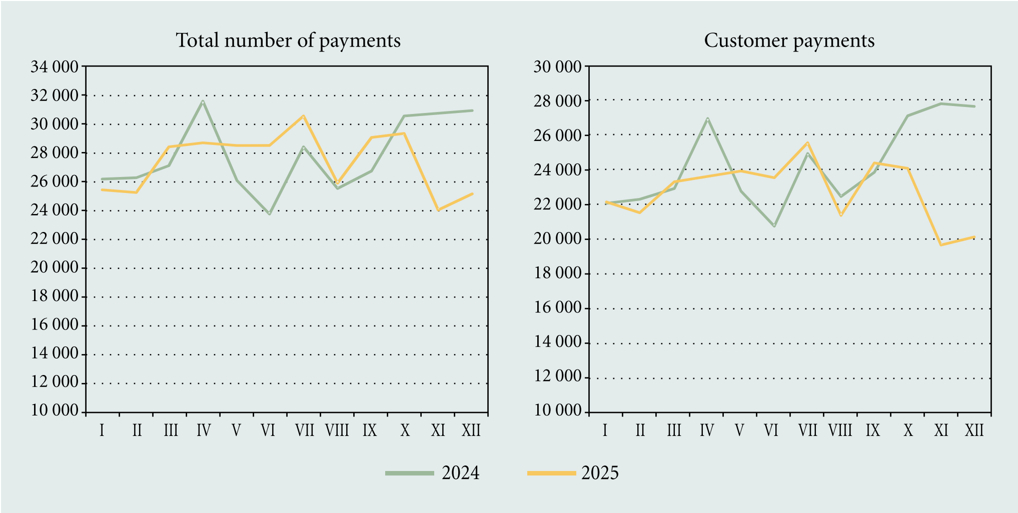
As of 31 December 2025, the TARGET national system component included the BNB, 18 direct participant banks, seven addressable BIC holders, and an ancillary system: the BISERA system for servicing customer transfers in euro.

In 2025, 14 banks and four non-bank payment service providers joined TIPS and as of 31 December 2025, 16 TARGET-BNB banks and five non-bank payment service providers participated in TIPS as reachable parties. BISERA is an ancillary system and instructing party to TIPS, to send and receive instant payments on behalf of its participants to and from all reachable payment service providers in TIPS.

In 2025, TARGET-BNB processed 328,661 payments worth EUR 896,731 million, including 273,454 customer payments for EUR 29,953 million. The data show a decrease of 1.6 per cent in the total number of processed payments compared to 2024 and an increase of 0.3 per cent in the total value.

[47] Single Euro Payment Area (SEPA).

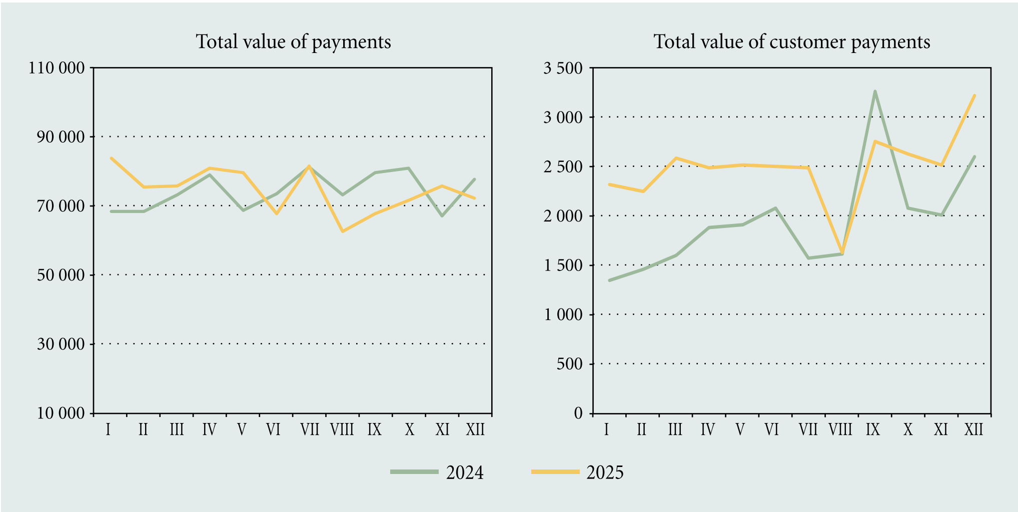
TARGET-BNB Payment Number in 2024 and 2025



Source: BNB.

TARGET-BNB Payment Value in 2024 and 2025

(million EUR) (million EUR)



Source: BNB.

The value and number of other system component payments to banks comprised 52.8 and 86.6 per cent of payments processed through the national component. There were 1289 daily average TARGET-BNB payments, worth EUR 3517 million. The daily value peak of TARGET-BNB participants' payments was EUR 14,999 million, with a daily number peak of 2162.

In 2025, there were 1,074,721 instant transfers by TIPS participants, totalling EUR 989 million.

The BISERA ancillary system processes customer transfers in euro. To meet the requirements of Regulation (EU) No 260/2012 of the European Parliament and of the Council, the BISERA payment system processes SEPA payments and offers interoperability with the SEPA Clearer, Equens and EuroELIXIR. Over the review period, SEPA payment service providers in BISERA were fully reachable through the BNB's direct participation in the STEP2 payment system, operated by EBA Clearing.

As of 31 December 2025, payments ordered by banks participating in the BISERA ancillary system amounted to EUR 29,603 million and numbered 3,290,032, which included processed SEPA credit transfers and SEPA instant credit transfers, including those sent for processing to TIPS in the role of BISERA as the instructing party in TIPS for its participants. There was a 654 per cent increase in value and a 937 per cent increase in number compared to 2024.

Bulgarian Payment and Settlement System Development

In implementing its activities in the area of payment systems under the National Euro Changeover Plan of the Republic of Bulgaria in 2025, projects related to preparations for the adoption of the euro were launched. The preparatory activities for the adoption of the euro across all projects in the area of payment systems were successfully completed:

- A full SEPA reachability project through the BNB's direct participation in STEP2 – all banks and non-bank payment service providers that stated their intention to participate joined STEP2 as reachable parties *via* the BNB and execute SEPA payments in euro.
- A project to include the BNB as a central bank in the Eurosystem's SEPA TIPS and to provide reachability for instant payments in euro: the BISERA payment system, all banks and non-bank payment service providers that have stated their intention to participate joined TIPS and make instant payments in euro under the SEPA Instant Credit Transfer scheme – credit transfers executed on a 24/7/365 basis within 10 seconds.
- A project for migration of card payments from levs to euro and accession of the BORICA payment system to TARGET for the settlement of card payments in euro – all project activities were completed, including technical preparation and testing, so that the BORICA payment system could begin operating in a real time TARGET environment on the first business day of 2026.
- A project to prepare for the termination of payment systems in levs: the necessary organisation and plan were established for terminating the RINGS real-time settlement system in levs, the BISERA6 system for customer payments in levs and the BORICA6 system for card transactions in levs, as of 1 January 2026. All legal and technical procedures related to the termination of the systems were successfully completed, in coordination with the Bulgarian National Bank and the payment system operators. Full and timely completion of obligations related to all transactions in levs processed through the payment systems was ensured as planned.

Payment Systems Oversight

In line with the LBNB and the Law on Payment Services and Payment Systems (LPSPS), the Bulgarian National Bank regulates and oversees payment system operators with settlement finality, payment service providers and electronic money issuers in Bulgaria. In performing payment systems oversight, the BNB grants licenses and oversees compliance with national and European statutory requirements and relevant international principles, standards, and recommendations in this area.

In 2025, an individual supervisory inspection of a payment service provider licensed by the BNB was completed to establish the compliance of the payment services company with the requirements of the LPSPS. The company has removed non-compliances in its operations identified as part of the supervisory check.

Over the review period, an individual supervisory inspection of a payment service provider and electronic money issuer licensed by the BNB was completed to establish the compliance of the company's activity on issuing, distributing and redeeming electronic money and providing payment services with the requirements of Chapter Two of the Law on the Measures against Money Laundering and the relevant requirements of its implementing regulations and the Law on the Measures against the Financing of Terrorism and Proliferation of Weapons of Mass Destruction. The company has removed non-compliances in its operations identified as part of the supervisory check.

Over the review period, two inspections were also conducted of payment service providers and electronic money issuers providing services on the territory of the Republic of Bulgaria through representatives to establish the due diligence measures implemented under the LMML. In light of the identified shortcomings at one of the companies, recommendations were issued and implemented.

An individual supervisory inspection of an electronic money issuer licensed by the BNB was initiated to establish the compliance of the company's operations on issuing, distributing and redeeming electronic money and providing payment services with the requirements of the LPSPS and its implementing acts. The inspection continued after the end of the reporting period.

Over the review period, three individual supervisory inspections of payment service providers and electronic money issuers licensed by the BNB were initiated to establish the compliance of the companies' operations on issuing, distributing and redeeming electronic money and providing payment services with the requirements of Chapter Two of the LMML and the relevant requirements of its implementing regulations and the LMFTPWMS. The inspections continued after the end of the reporting period.

In 2025, a thematic supervisory inspection was carried out to verify the compliance of payment service providers in Bulgaria with the requirements for prior provision of information to payment service users in the event of envisaged changes to the framework contract for the provision of payment services under Article 62 of the LPSPS. Payment service providers eliminated all operational non-compliances.

A thematic supervisory inspection of 13 payment institutions and electronic money institutions licensed by the BNB and two branches of payment institutions licensed in other Member States operating on the territory of the Republic of Bulgaria was launched. The inspection aimed to establish compliance with the Guidelines of the European Banking Authority on policies and procedures in relation to regulatory compliance and the role and responsibilities of the AML/CFT Compliance Officer under Article 8 and Chapter VI of Directive (EU) 2015/849 (EBA/GL/2022/05). Payment service providers eliminated all operational non-compliances.

Over the review period, a thematic supervisory inspection was launched to establish the compliance of payment service providers in Bulgaria with a view to monitoring payment transactions for the detection of unauthorised payment transactions or fraudulent payment transactions with the requirements of Delegated Regulation (EU) 2018/389[48]. The inspection continued after the end of the reporting period.

[48] Commission Delegated Regulation (EU) 2018/389 of 27 November 2017 supplementing Directive (EU) No 2015/2366 of the European Parliament and of the Council with regard to regulatory technical standards for strong customer authentication and common and secure open standards of communication.

The Bank inspected one institution to see whether it had provided payment services and/or had issued electronic money without due licence or registration.

In 2025, payment institutions and electronic money institutions licensed elsewhere in the EU and operating on the territory of the Republic of Bulgaria through a branch or an agent, based on the right of establishment, were required to provide information under Commission Delegated Regulation (EU) 2021/1722[49] on their activities on the territory of Bulgaria for supervisory purposes, as well as for the monitoring of compliance with the provisions of national law transposing Titles III and IV of the Directive (EU) 2015/2366[50].

In 2025, proceedings regarding one application to operate as a payment institution and one application to operate as an electronic money institution submitted on the basis of Article 10, paragraph 1 and Article 37, paragraph 2 of the LPSPS were terminated at the request of the applicants.

In 2025, the BNB Governing Council decided on seven applications filed under Article 14, paragraphs 1 and 2 of the LPSPS for acquisition of direct or indirect qualifying holding in the capital of electronic money institutions licensed by the BNB.

The BNB Governing Council considered and issued a prior approval on one application filed under Article 16a of the LPSPS for the transformation of a payment institution licensed by the BNB through a change to the legal form.

In connection with the introduction of the euro as legal tender in the Republic of Bulgaria, the license of BORICA AD for carrying out activities as an operator of the BORICA payment system for servicing payments with card-related payment instruments was amended over the review period. The change in the operation of the BORICA payment system is related to the migration to processing card related payments in euro, with the BORICA payment system being incorporated as an ancillary system in the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET) system. In addition, payment institutions and electronic money institutions are permitted to participate in the system.

Over the reporting period, the BNB Governing Council consented to BORICA AD terminating its activities as an operator of the BISERA6 system for servicing customer transfers in levs, effective as of 1 January 2026, in connection with the introduction of the euro as legal tender in the Republic of Bulgaria.

In 2025, seven administrative infringement notices were drafted under the LPSPS and its implementing regulations.

By the end of the year, there were four payment institutions and ten electronic money institutions licensed by the BNB.

In respect of the activities of the payment institutions and electronic money institutions licensed by the BNB, the following entries and deletions were made in the registers kept by the BNB:

- 492 agents were listed and 347 agents of payment institutions and electronic money institutions operating in Bulgaria and licensed by the BNB were delisted;

[49] Commission Delegated Regulation (EU) 2021/1722 of 18 June 2021 supplementing Directive (EU) 2015/2366 of the European Parliament and of the Council with regard to regulatory technical standards specifying the framework for cooperation and the exchange of information between competent authorities of the home and the host Member States in the context of supervision of payment institutions and electronic money institutions exercising cross-border provision of payment services.

[50] Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market.

– five agents were listed in and one agent was delisted from the public register of licensed payment institutions and electronic money institutions operating elsewhere in the EU.

In line with the operation of payment institutions in the Republic of Bulgaria, electronic money institutions and account information service providers licensed and registered elsewhere in the EU, in 2025 the BNB received the following notifications from the relevant competent authorities:

– for listing 23 payment institutions, 28 electronic money institutions and two account information service providers licensed elsewhere in the EU and eligible to directly operate in Bulgaria and for delisting seven payment institutions, six electronic money institutions and one account information service provider operating directly in the Republic of Bulgaria;
– for listing 62 agents and delisting 83 agents of payment institutions licensed elsewhere in the EU and eligible to operate in Bulgaria.

Over the review period, the BNB enquired into 827 complaints submitted by natural persons and legal entities – payment service users; on eight of them, the Bank issued instructions. The other cases involved no breaches of the Law on Payment Services and Payment Systems and its statutory instruments, or were resolved in favour of payment service users through correspondence.

Amendments to the Legal Framework in the Field of Payment Systems and Payment Oversight

Over the review period, the Law on Amendment of the Law on Payment Services and Payment Systems was adopted[51]. The amendments to the LPSPS were primarily related to the need to adapt the national legal framework governing payment supervision and provision of payment services to the measures laid down in the National Euro Changeover Plan of the Republic of Bulgaria for the period following Bulgaria's accession to the euro area. The amendments to the LPSPS also introduced the requirements laid down in Regulation (EU) 2024/886[52] in order to secure the provision of instant credit transfers in euro in an efficient and competitive manner; this included establishing the conditions for the participation of payment institutions and electronic money institutions in payment systems with settlement finality.

Over the review period, the Law on Markets in Crypto-assets[53] was adopted, which sets out the measures for transposing Regulation (EU) 2023/1114[54] into national law. With the adoption of the Law on Markets in Crypto-assets, corresponding amendments were also made to a number of sector-specific laws, including the LPSPS, related to the designation of the competent authorities responsible for the implementation of Regulation (EU) 2023/1114. Pursuant to the amendments to the LPSPS, the BNB was identified as a competent authority within the meaning of Article 3(1)(35)(b) of Regulation (EU) 2023/1114 for performing the duties provided for in Title IV of Regulation (EU) 2023/1114 regarding the activities of issuers of electronic money tokens under Article

[51] Published in the Darjaven Vestnik, issue 64 of 2025.

[52] Regulation (EU) 2024/886 of the European Parliament and of the Council of 13 March 2024 amending Regulations (EU) No 260/2012 and (EU) 2021/1230 and Directives 98/26/EC and (EU) 2015/2366 as regards instant credit transfers in euro.

[53] Published in the Darjaven Vestnik, issue 54 of 2025.

[54] Regulation (EU) 2023/1114 of the European Parliament and of the Council of 31 May 2023 on markets in crypto-assets.

48(1)(1) of Regulation (EU) 2023/1114, whose head office is located in the Republic of Bulgaria.

Over the review period, two ordinances were adopted to amend existing BNB ordinances[55] issued pursuant to the provisions of the LPSPS: Ordinance on Amendment to BNB Ordinance No 3[56] and Ordinance on Amendment to BNB Ordinance No 16[57]. The amendments to the two ordinances were primarily related to the introduction of the euro as the official currency in the Republic of Bulgaria as of 1 January 2026, the incorporation into national law of measures necessary for the implementation of Regulation (EU) 2024/886, as well as the transposition into national law of the requirements of Directive (EU) 2022/2556[58].

In connection with the amendments to the LPSPS, BNB Ordinance No 3, BNB Ordinance No 16, which were adopted in 2025, and relevant BNB guidelines on their implementation were also amended during the reporting period.

[55] Published in the Darjaven Vestnik, issue 88 of 2025.

[56] BNB Ordinance No 3 of 18 April 2018 on the Terms and Procedure for Opening Payment Accounts, Executing Payment Transactions and Using Payment Instruments.

[57] BNB Ordinance No 16 of 29 March 2018 on Granting Licenses and Approvals, Entry into the Register under Article 19 of the Law on Payment Services and Payment Systems, and Requirements to the Activity of Operators of Payment Systems with Settlement Finality.

[58] Directive (EU) 2022/2556 of the European Parliament and of the Council of 14 December 2022 amending Directives 2009/65/EC, 2009/138/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU, 2014/65/EU, (EU) 2015/2366 and (EU) 2016/2341 as regards digital operational resilience for the financial sector.

IV. Banks' Reserves with the BNB

In 2025, the average daily value of banks' attracted funds for minimum reserve calculation purposes (excluding central and local government budget accounts) rose by 12.4 per cent compared to 2024. The average daily value of funds attracted from residents (excluding central and local budget funds) grew by 11.3 per cent, and those from non-residents by 24.3 per cent, with funds attracted from non-resident banks increasing by 31.0 per cent. Funds attracted from central and local government budgets grew by 1.0 per cent. The effective implicit rate of MRR did not change from the previous year and stood at 11.7 per cent on average for 2025.[59] Reserve assets used by banks to comply with the MRR rate were allocated to funds on banks' accounts at the BNB (10.8 per cent) and half of cash balances designated as reserves (0.9 per cent).

Structure of Attracted Funds in the Banking System*

* Average daily value of attracted funds for MRR calculation purposes. The sum may differ from 100 per cent due to rounding.

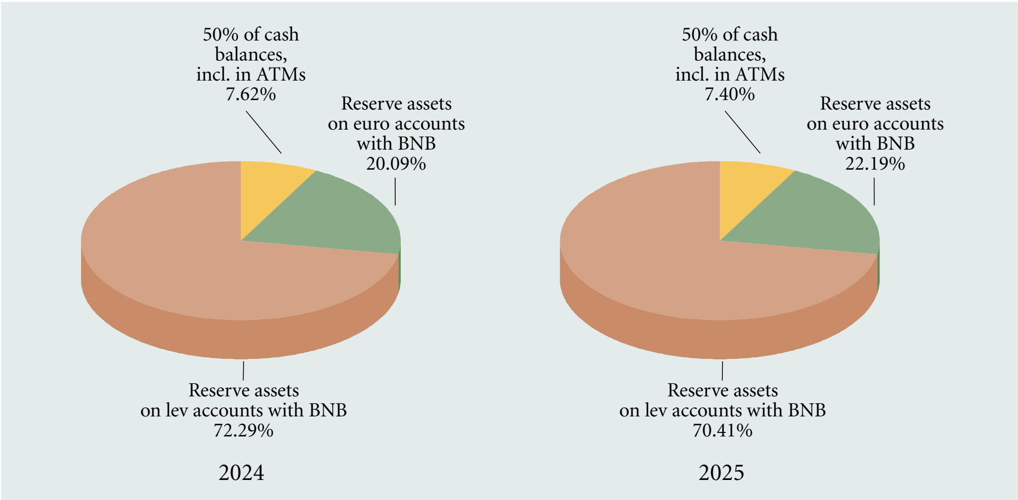
Source: BNB.

Banks keep reserves in their own assets: BNB lev and euro accounts and half their cash balances, including in ATMs.[60] In 2025, the share of lev-denominated reserve assets was 70.4 per cent on an average daily basis, from 72.3 per cent a year earlier, while the share of euro reserve assets increased to 22.2 per cent, from 20.1 per cent in 2024. The share of cash balances designated as reserve assets, including in ATMs, fell slightly from 7.6 per cent in 2024 to 7.4 per cent in 2025.

[59] BNB Ordinance No 21 on the Minimum Required Reserves Maintained with the BNB by Banks, effective as of 1 July 2023, sets the minimum required reserve rate on funds attracted from residents and non-residents at 12 per cent, and from central and local government budgets at nil.

[60] Pursuant to Article 4 of Ordinance No 21 on the Minimum Required Reserves Maintained with the Bulgarian National Bank by Banks.

Banks' Reserve Asset Structure under Article 4 of BNB Ordinance No 21

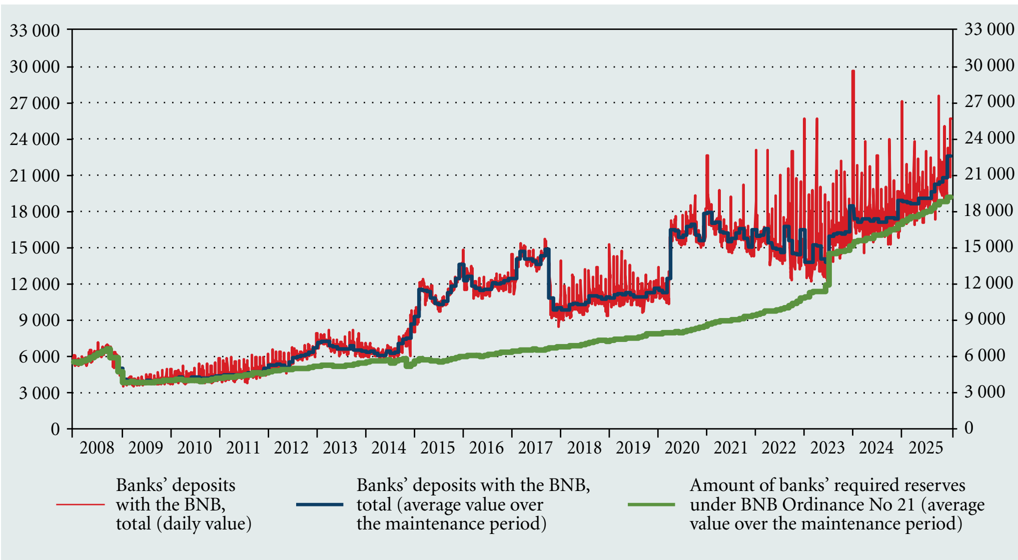


Note: The sum may differ from 100 per cent due to rounding.
Source: BNB.

In 2025, the interest rate on banks' excess reserves[61] under BNB Ordinance No 21 was 0.00 per cent.[62] The average daily amount of banks' excess reserves rose by BGN 0.03 billion compared to 2024. Funds on banks' accounts with the BNB to meet the requirements of Ordinance No 21 exceeded minimum required reserves by 2.9 per cent on an average daily basis, from 3.0 per cent a year earlier.

Banks' Reserves with the BNB

(BGN million)



Source: BNB.

[61] Ordinance No 21 Article 5, paragraph 1, in force since 4 June 2021, provide for excess reserves as the excess of holdings in reserve assets over the minimum reserve requirements.
[62] From 29 July 2022, excess reserve interest under BNB Ordinance No 21 was 0.00 per cent.

In 2025, work was completed on preparing the systems and processes in the BNB with regard to implementing Eurosystem's MRR regulations: Regulation (EU) 2021/378[63] and Regulation (EU) 2021/379.[64]

Following successful testing of the new functionalities for the euro area with all banks and foreign bank branches in Bulgaria, the BNB MRR system began operating in a production environment within the deadlines under Decision ECB/2025/33[65], according to Article 2, which provides for banks and foreign bank branches in Bulgaria a transitional period of minimum reserve maintenance from 1 January to 10 February 2026 instead of the regular euro area maintenance period, which runs from 23 December 2025 to 10 February 2026.

On 27 October 2025, the BNB Governing Council adopted Ordinance repealing Ordinance No 21 of 26 November 2015 on the Minimum Required Reserves Maintained with the Bulgarian National Bank by Banks. With effect from 1 January 2026, the repealing Ordinance governs the length of the basis period and the maintenance period of minimum reserves in Bulgaria for December 2025, the base period from 1 to 28 December 2025 and the maintenance period from 4 to 31 December 2025, respectively.

Changes in the overall MRR framework for aligning with Eurosystem requirements were communicated to banks within the Payment Systems and Payment Service Providers working sub-group to the Coordinating Council for Bulgaria's preparation for membership in the euro area.

[63] Regulation (EU) 2021/378 of the European Central Bank of 22 January 2021 on the application of minimum reserve requirements (recast) (ECB/2021/1).

[64] Regulation (EU) 2021/379 of the European Central Bank of 22 January 2021 on the balance sheet items of credit institutions and of the monetary financial institutions sector (recast) (ECB/2021/2).

[65] Decision (EU) No 2025/2015 of the European Central Bank of 23 September 2025 on transitional provisions for the application of minimum reserves by the European Central Bank following the introduction of the euro in Bulgaria (ECB/2025/33).

V. Currency in Circulation

The Bulgarian National Bank has a monopoly on issuing lev banknotes and coins in Bulgaria. Banknotes and coins issued by the Bank are legal tender in Bulgaria and are mandatorily acceptable as payment at full face value without restriction.[66] The Bank prints banknotes, mints coins, and keeps and scraps uncirculated or withdrawn currency.

In the area of currency circulation, 2025 may be identified as a year of controlled transformation of the monetary system, setting the basis for a smooth introduction of the euro and integration into the euro area.

In parallel to ensuring a sufficient amount of lev-denominated banknotes and coins to serve the business turnover, intensive preparations were launched in 2025 along with many activities related to the introduction of the euro in Bulgaria from 1 January 2026.

The process of preparing currency circulation for joining the euro area is extremely extensive, complicated and comprehensive. The main objective for the BNB in this respect was to ensure the smooth introduction of the euro in Bulgaria and, on the other hand, to administer and manage the exchange of banknotes and coins from levs to euro. The achievement of this target went through a number of distinct phases, with their details requiring a long period of preparation and implementation of the respective tender procedures and coordination with various institutions.

The bulk of these activities consisted of coordinated logistical, regulatory and technical measures, such as planning deliveries of euro banknotes and euro coins, frontloading of euro banknotes, euro coins and euro starter kits with Bulgarian national side, withdrawing from circulation of lev banknotes and coins, adapting payment and reporting systems, updating the regulatory framework, conducting an information campaign to society and businesses, *etc*. All these measures helped to make the process orderly and controlled with no signs of a systemic risk.

Blanks for minting euro coins with the Bulgarian national side were provided on time. Contracts concluded for this purpose have been implemented.

Immediately after the abrogation of the derogation and on the basis of contracts concluded for the production and supply of euro coins with the Bulgarian national side, their production started.

Based on the contracts signed between the BNB and the national central banks of the euro area designated to deliver euro banknotes, first deliveries started.

Currency circulation was ensured by a sufficient quantity of euro banknotes and euro coins with the Bulgarian national side both for frontloading and for the first year of the euro introduction.

Frontloading of euro banknotes and euro coins was a key organisational process before the official launch of the euro. The aim was to have available euro banknotes and coins in the first days of the euro introduction in order to ensure the normal functioning of the currency circulation in the new environment. Frontloading to banks was done according to the set deadlines. It started on 3 November 2025 and provided banks with

[66] Article 2, paragraph 5 and Article 25, paragraph 2 of the LBNB.

all euro banknotes and coins requested by them to the total amount of EUR 1178.3 million and EUR 59.0 million before 1 January 2026. In parallel with the frontloading process, another important process was also ongoing to provide physical persons and legal entities with coin starter kits with the Bulgarian national side. They represented an important organisational measure to ensure stability and confidence in the new currency. Access to euro coins prior to the date of the euro introduction was intended to familiarise in advance the public with the new currency. Sales of starter kits started on 1 December 2025 and were completed at the end of 2025.

The BNB Cash System and the National Counterfeit Monitoring System have been adapted to the new conditions. Business processes for depositing levs after the date of the euro introduction were also developed through payments in TARGET along with those for depositing euro after the euro introduction through payments in TARGET and for withdrawing of euro after its introduction against payments in TARGET.

Additional storage areas and locations of high-capacity equipment and machines were provided to store euro banknotes and coins intended for frontloading, as well as for withdrawn cash from circulation and subsequent destruction. A contractor was also selected to ship and liquidate the scraping from coins, ensuring thereby the implementation of these activities for a long period of time.

As regards the adaptation of the legal framework in the context of its future implementation within the euro area and in line with the requirements of the Law on the BNB (in force from 1 January 2026) and the Law on the Introduction of the Euro in the Republic of Bulgaria, four new ordinances were adopted:

- Ordinance No 18 of the BNB of 31 July 2026 on the Control over Quality of Euro Banknotes and Euro Coins in Circulation to guarantee:
  - application of relevant EU acts and the terms and conditions at national level of the reproduction of euro banknotes and euro coins; the exchange by the BNB of mutilated or damaged genuine euro banknotes; the exchange of euro coins unfit for circulation; retention, authentication check and expert evaluation of euro banknotes and euro coins suspected as non-genuine or altered; separation of euro banknotes and euro coins unfit for circulation; use of sorting machines and customer-operated machines;
  - the terms and conditions for exchanging by banks of mutilated or damaged genuine euro banknotes; retention, authentication check and evaluation of foreign banknotes and coins suspected as counterfeit; control of compliance with the requirements for banknotes and coins in circulation.
- BNB Ordinance No 46 of 31 July 2025 on Frontloading and Sub-frontloading of Euro Banknotes, Coins and Coin Starter Kits laying down the terms and conditions for banks' frontloading of euro banknotes and coins by the BNB, the terms and conditions for the supply (sub-frontloading) of Bulgarian Post EAD and merchants with euro banknotes and coins by banks, including the conditions for a simplified procedure for sub-frontloading micro enterprises, the content of the euro coin starter kits, as well as the modalities for frontloading with starter kits, requirements for banks regarding loading of customer-operated machines, including automated teller machines (ATMs) with euro banknotes and coins, reporting requirements for banks on frontloading and sub-frontloading, including relevant accounting requirements for banks;
- BNB Ordinance No 47 on the Conditions and Procedure for Providing Information by Credit Institutions under Article 26 of the Law on the Introduction of

the Euro in the Republic of Bulgaria and for Retaining and Evaluating Banknotes and Coins in Levs, setting out the terms and procedure for banks submitting information in connection with the services provided to their customers under Article 26 of the Law on the Introduction of the Euro and for retaining and evaluating lev banknotes and coins suspected as non-genuine or altered;

- BNB Ordinance No 48 on the Exchange of Mutilated or Damaged Banknotes and Coins from Levs to Euro, laying down the terms and procedure for exchanging mutilated or damaged lev banknotes and coins into euro at the official exchange rate following the introduction of the euro as the official currency in the Republic of Bulgaria.

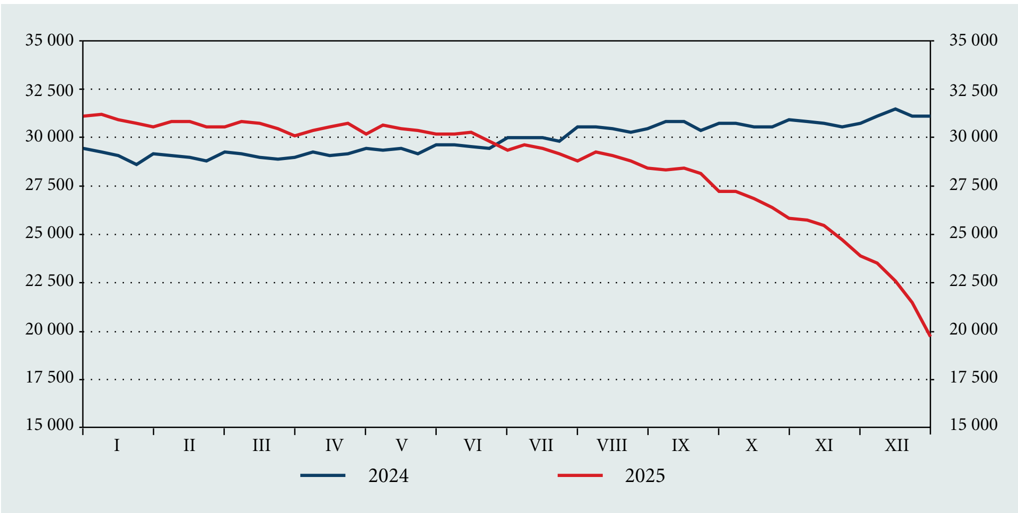
Regular meetings were organised and held with members of the Association of Banks in Bulgaria, Bulgarian Post EAD and cash service providers to coordinate activities related to their readiness to introduce the euro in Bulgaria from 1 January 2026.

Banknotes and Coins in Circulation (Outside BNB Vaults)[67]

By end-2025, currency in circulation totalled BGN 19,767.9 million, decreasing by BGN 11,310.1 million or 36.4 per cent compared to end-2024. At end-2025, the shares of banknotes, circulating coins and commemorative coins in the total value of currency in circulation were 97.25 per cent, 2.74 per cent and 0.01 per cent, respectively, with the share of banknotes falling by 0.73 percentage points at the expense of the increased share of circulating coins. The decrease in currency in circulation throughout the year was a natural result of the institutional transition towards participation in the Eurosystem.

Banknotes and Coins in Circulation (Outside BNB Vaults)

(BGN million)



Source: BNB.

In 2025, currency in circulation was marked by a substantial structural change driven by the upcoming introduction of the euro from 1 January 2026, with a decrease observed in the value and number of banknotes in circulation, as well as a moderate decline in circulating coins. This dynamics differs from the steady upward trend in previous years.

[67] This included: banknotes and circulating coins issued after 5 July 1999, including those withdrawn from circulation with no time restriction on exchange, and commemorative coins issued after 5 July 1999, including those withdrawn from circulation, whose term of exchange has not expired yet.

Major factors behind the reported decline were deposited lev cash in the banking system in anticipated automatic currency conversion, as well as enhanced euro cash conversion initiated prior to the date of euro introduction in Bulgaria. There was also an increased use of non-cash payments.

Banknotes and Coins in Circulation[68]

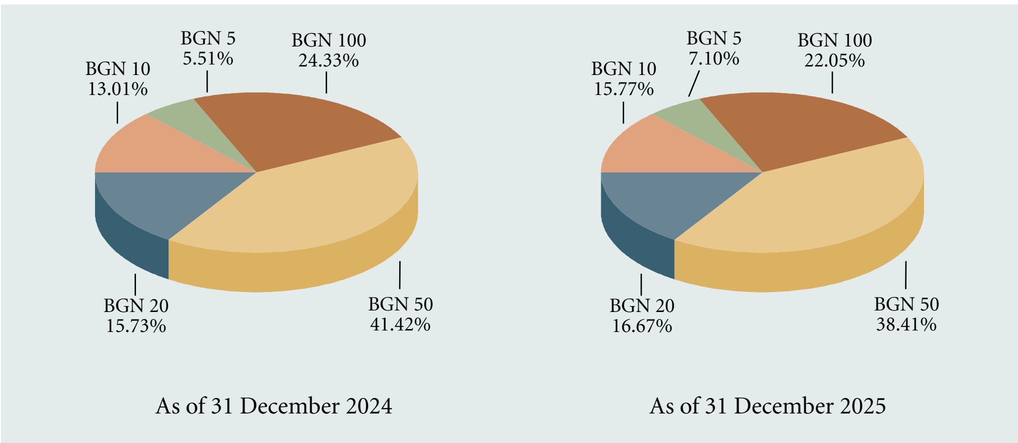
By the close of 2025, circulating banknotes numbered 412.2 million worth BGN 19,179.8 million. Compared to the end of 2024, they fell by 198.9 million (32.5 per cent) in number and by BGN 11,227.8 million (36.9 per cent) in value.

As early as March 2025, a new trend in dynamics of Bulgarian banknotes in circulation began, namely a sharp decline in their growth rate in currency circulation. This trend has further strengthened since the European Commission confirmed in June that the criteria for euro area accession have been met and the Council of the EU is due to approve it from 1 January 2026. The decline reflected both limited bank bids for lev banknotes and higher volumes of banknotes that started to return to the BNB. The end-2025 decrease in the total number of banknotes in circulation compared to end-2024 affected also their nominal structure. Volumes of returned BGN 50 and BGN 100 banknotes were higher along with their shares in the total number of circulating banknotes which fell most significantly for a one-year period.

The BGN 50 banknotes held the largest share (38.41 per cent) in the total number of circulating banknotes at end-2025. Shares of BGN 50 and BGN 100 banknotes decreased: by 3.01 and 2.28 percentage points, respectively. These two denominations recorded the largest decline in the number of circulating banknotes compared with the end of 2024. The number of BGN 5, BGN 10 and BGN 20 banknotes in circulation also declined from the end of 2024, albeit to a lesser extent than in the number of the highest denominations.

By end-2025, the total value of BGN 100 banknotes predetermined their largest share (47.40 per cent) within the structure of circulating banknotes. BGN 5 banknotes occupied the smallest share (0.76 per cent).

Individual Nominal Value Shares in the Total Number of Circulating Banknotes



Note: The sum may differ from 100 per cent due to rounding.

Source: BNB.

[68] Banknotes with nominal values of BGN 5, 10, 20, 50 and 100, issued after 5 July 1999, and circulating coins with nominal values of BGN 0.01, 0.02, 0.05, 0.10, 0.20 and 0.50, and BGN 1 and 2, issued after 5 July 1999, which are legal tender.

The average banknote in circulation was worth BGN 46.53. In a year, its value fell by BGN 3.23 or 6.5 per cent, reflecting the faster decline in the number of BGN 50 and BGN 100 banknotes.

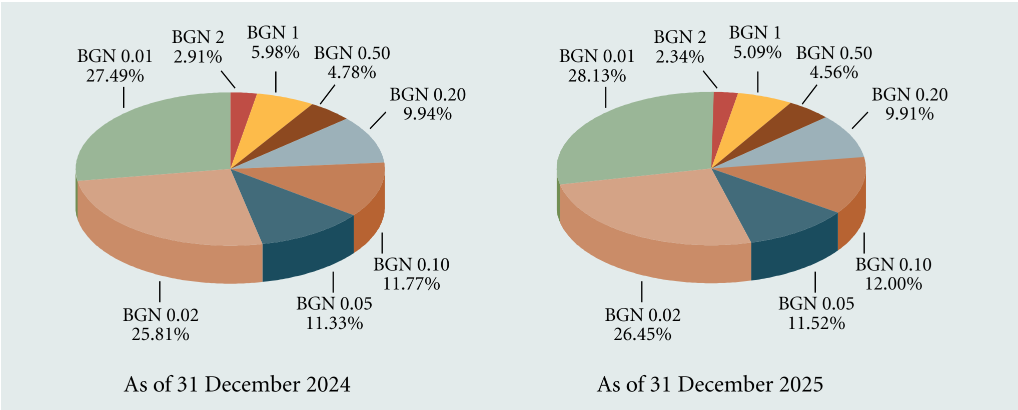
By end-2025, 3260.9 million of circulating coins worth BGN 542.0 million of nominal value were in circulation. Year on year, their number dropped by 78.5 million (2.4 per cent), and their value, by BGN 82.5 million (13.2 per cent). As in banknotes, volumes of returned BGN 0.50 stotinkas and BGN 1 and 2 lev coins were higher along with their shares in the total number of circulating coins which fell most significantly for a one-year period.

The BGN 0.01 coins held the largest share (28.13 per cent) in the total number of circulating coins. BGN 2 coins comprised the smallest share at 2.34 per cent (in number). BGN 1 and BGN 2 coins registered the largest decline in number compared to end-2024. The number of the rest circulating coins also decreased from the end of 2024, though significantly less than that of BGN 1 and BGN 2 coins.

By end-2025, the total value of BGN 1 coins predetermined their largest share (30.60 per cent) within the structure of circulating coins by value. The value of BGN 0.01 coins held the smallest share at 1.69 per cent.

At the end of 2025, the average circulating coin was BGN 0.17, down BGN 0.02 from end-2024.

Individual Nominal Value Shares in the Total Number of Circulating Coins



Note: The sum may differ from 100 per cent due to rounding.
Source: BNB.

Non-genuine Banknotes and Circulating Coins

The BNB retained 9237 non-genuine Bulgarian banknotes; of these, 9175 had entered into circulation. The share of retained non-genuine Bulgarian banknotes in the total number of circulating banknotes by end-2025 was 0.002241 per cent.

The BGN 50 banknote had the largest share of retained non-genuine banknotes at 87.63 per cent, followed by BGN 100 and BGN 20 at 9.49 and 2.35 per cent, respectively. Non-genuine BGN 10, 5 and 2 banknotes' shares were 0.42, 0.10 and 0.01 per cent.

Retained non-genuine Bulgarian coins numbered 178; of these, 46 had entered into circulation. The share of retained circulating non-genuine Bulgarian coins continued to be very low at 0.000005 per cent of the total number of circulating coins by the end of 2025.

Evaluating suspect foreign banknotes and coins, in 2025 the BNB National Analysis Centre retained 5092 euro banknotes (including 3380 which had entered into circulation), 3570 US dollar banknotes (including 531 entered into circulation) and 29 other foreign banknotes which had entered into circulation.

BNB Issue and Cash Operations

BNB issue and cash operations include: new banknote and coin production, accepting, delivering, repaying, processing, authenticity and fitness checking of Bulgarian banknotes and coins and foreign currency, exchanging damaged Bulgarian banknotes and coins, and scrapping unfit Bulgarian banknotes and coins.

In 2025, producers supplied 10.1 million of new banknotes and 64.5 million of new coins worth BGN 119.4 million of nominal value. In line with the Bank 2025 minting programme, the BNB put into circulation five commemorative coins with limited mintage and four gold commemorative coins 'Virgin Mary – Golden Apple' of BGN 10, 20, 50 and 100 nominal values, with unlimited mintage[69].

Bulgarian banknotes and coins deposited in 2025 were BGN 50,908.1 million. Over the same period, those withdrawn from the BNB amounted to BGN 39,688.4 million.

The BNB purchased EUR 12.4 million of reserve currency from budget organisations, individuals and legal entities. At the same time, the Bank sold EUR 2055.9 million of reserve currency.

Pursuant to Article 20 of BNB Ordinance No 46 on Frontloading and Sub-frontloading of Euro Banknotes, Euro Coins and Starter Euro Coin Kits, the BNB carried out during the initial frontloading and sub-frontloading 133 on-site inspections at premises of banks and sub-frontloaded entities to verify the presence of frontloaded euro banknotes and euro coins, checking the conditions under which these stocks were stored.

In 2025, the BNB tested 367 sorting machines and customer operated machines in line with identification and fitness standards into ten credit institutions, four service providers and three representatives of machine producers under Ordinance No 18.

[69] See the BNB website for new issues of banknotes, circulating and commemorative coins put into circulation.

VI. Maintaining Banking System Stability and Protecting Depositor Interests

Assessment of the State of the Banking System[70]

In 2025, the banking sector operated in an environment of high uncertainty in the external environment related to adverse geopolitical and geoeconomic factors. At the same time, bank intermediation benefited from domestic environment factors, such as economic growth supported by the essential positive contribution of private consumption and increased household income and employment. Following the publication of the ECB and EC Convergence Reports in June 2025, preparations for the accession of Bulgaria to the euro area from 1 January 2026 affected banks' balance sheet positions, mainly reflected in the growth of deposits and liquid assets.

Against this background, credit growth rates remained robust, especially in loans to households. The quality of the banking credit portfolio remained good, with the ratio of non-performing loans decreasing and the impairment coverage ratio increasing. Regulatory capital increased and the potential residual credit risk in bank balance sheets (measured by net non-performing loans and advances) remained entirely covered by the excess of regulatory capital over capital requirements and applicable capital buffers.

Good profitability of the banking sector continued to support its capital position. Net interest income retained its prevailing share in total net operating income. Lower annual growth rates of interest income and interest expenses, making up net interest income, were reported in 2025. Banking system profit for 2025 fell by 1.2 per cent compared to 2024.

Current capital ratios remained significantly above the minimum regulatory requirements and capital buffer requirements, and leverage ratio indicated a high capital coverage of the overall risk exposure and low indebtedness of the banking system. Due to the preservation of long-term and systemic risks to the banking sector, given the uncertainty in the economic environment and high credit growth rates, Governing Council's decision of December 2025 confirmed the systemic risk buffer rate of 3 per cent and the countercyclical buffer rate of 2.0 per cent until the end of the first quarter of 2027. As regards risks of a structural nature, the BNB Governing Council reviewed the buffer rate for other systemically important institutions (OSIIs) in 2025, identifying six institutions for which the buffer rates in 2026 were set within the range of 0.5 per cent to 1.0 per cent. Requirements to credit standards in extending and renegotiating loans secured by residential property, introduced from 1 October 2024, continued to be subject to a periodic analysis.

The liquidity position of the banking system remained sound. The levels of the liquidity coverage ratio and the net stable funding ratio continued to be well above the regulatory requirements.

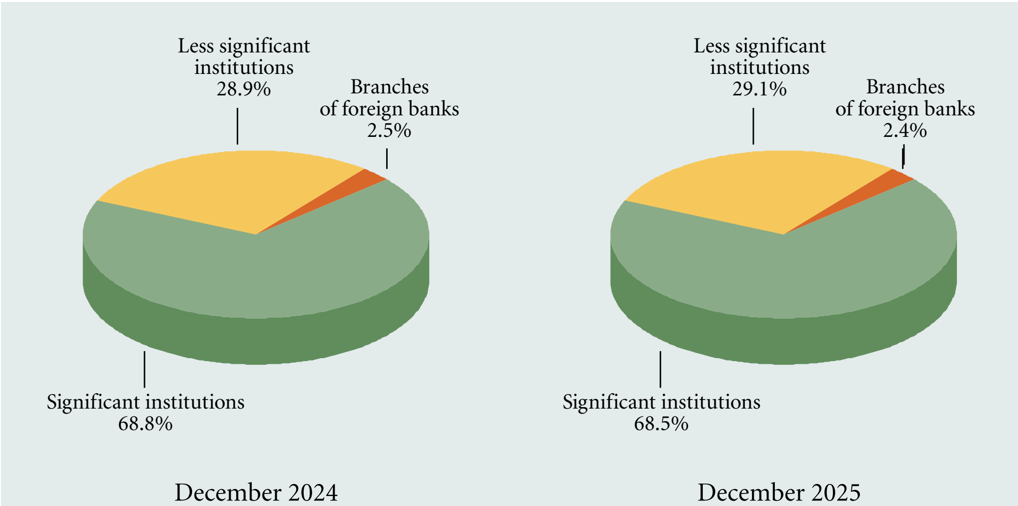
In 2025, banking system assets increased by 18.5 per cent (BGN 35.5 billion), amounting to BGN 227.0 billion at end-December, with a higher growth rate than that in 2024 (11.3 per cent or BGN 19.5 billion). Balance sheet loans and advances rose by BGN 24.2 billion (20.6 per cent), with their share reaching 62.3 per cent by end-December (61.3 per cent by end-December 2024). Their increase was mainly due to the credit portfolio, accounting for 54.6 per cent of the banking balance sheet figure at the end of December 2025. Debt securities also posted annual growth (by BGN 4.4 billion or 13.2 per cent), their share in total banking assets accounting for 16.5 per cent (17.3 per cent at the end of 2024).

[70] Based on data of supervisory reports on an individual basis, reflected in quarterly reporting forms and summarised on 25 February 2026 for the fourth quarter of 2025 and four previous quarters.

Reflecting the growth in cash balances at central banks (by BGN 4.4 billion, 15.7 per cent), the most liquid balance sheet item of cash, cash balances at central banks and other demand deposits came to BGN 40.2 billion, and its share in assets was 17.7 per cent. The review period was marked by intensive depositing of free cash holdings in levs with credit institutions and frontloading of cash holdings in euro by the BNB to banks in relation to Bulgaria's accession to the euro area from 1 January 2026.

Significant institutions (those subject to direct supervision by the ECB) accounted for 68.5 per cent of banking system assets by end-December 2025, while less significant institutions (LSIs) occupied 29.1 per cent. Foreign bank branches accounted for 2.4 per cent of the balance sheet figure at end-December 2025.

Domestic and Foreign Bank Market Shares by Asset Size and According to the ECB's Significance Criteria



Note: The sum may differ from 100 per cent due to rounding.

Source: BNB.

Gross credit portfolio[71] rose on an annual basis by 15.0 per cent (BGN 16.6 billion), at a rate higher than in 2024 (13.5 per cent, BGN 13.2 billion), reaching in December 2025 BGN 127.2 billion. This growth reflected mainly the increase in household loans: by BGN 10.3 billion (21.3 per cent) to BGN 58.4 billion. Loans to non-financial corporations rose by BGN 4.7 billion (8.9 per cent) to BGN 57.3 billion. Loans and advances to non-financial corporations accounted for 45.1 per cent of gross credit portfolio at end-December 2025, and those to households occupied 45.9 per cent (compared to 47.6 and 43.6 per cent, respectively, at end-2024). Loans collateralised by residential real estate grew by BGN 8.1 billion (29.1 per cent) and consumer loans by BGN 2.8 billion (13.4 per cent). Loans to other financial corporations also went up (by BGN 1.0 billion, 11.2 per cent) and those to the general government sector increased by BGN 684 million (80.3 per cent). At end-December 2025, claims on credit institutions (excluding other demand deposits) were BGN 17.6 billion, up BGN 7.6 billion (76.1 per cent) from the end of 2024.

The currency structure of gross loans and advances shows that lev-denominated ones occupied 67.0 per cent and euro-denominated 30.7 per cent (from 70.3 and 26.9 per cent, respectively, by end-December 2024). Claims in other currencies comprised 2.4 per cent (2.7 per cent at the end of 2024). Developments in claims on credit institutions affected the residency structure of loans and advances. The share of gross loans and advances to

[71] Credit portfolio includes the sectors of non-financial corporations, households, other financial corporations and the general government.

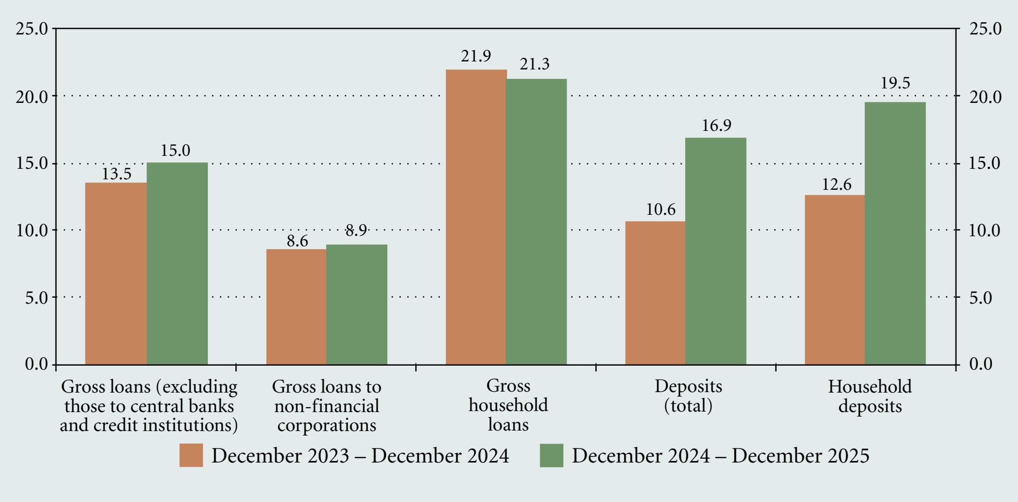
residents declined from 89.7 to 85.6 per cent against an increase in non-residents' share: from 10.3 to 14.4 per cent.

Gross debt securities in bank portfolios were BGN 37.4 billion (BGN 33.0 billion by end-2024). General government bonds increased by BGN 3.9 billion (13.5 per cent) occupying 88.1 per cent of total securities. Over the year, an increase was reported in debt securities of non-financial corporations (by BGN 357 million), of credit institutions (by BGN 59 million) and of other financial corporations (by BGN 88 million). By the end of 2025, equity instruments amounted to BGN 0.8 billion, and their share in total banking assets remained insignificant (0.3 per cent).

Deposits attracted in the banking system rose by BGN 27.5 billion (16.9 per cent) to BGN 190.5 billion, with their annual growth rate exceeding that in 2024 (BGN 15.6 billion, 10.6 per cent). This reflected the stronger increase in banking system deposits from the beginning of the third quarter in connection with the forthcoming national currency changeover. The most significant growth was reported in household deposits – by BGN 18.1 billion (19.5 per cent) to BGN 111.1 billion. Deposits of non-financial corporations rose by BGN 4.9 billion (10.1 per cent) to BGN 53.4 billion. In the structure of deposits, households and non-financial corporations which are the two main sectors occupied 58.3 and 28.0 per cent, respectively (57.1 and 29.8 per cent by end-December 2024). An increase was also recorded in credit institutions' deposits (by BGN 3.4 billion, 24.2 per cent). In the same period, deposits of other financial corporations also went up: by BGN 639 million, or 14.9 per cent, along with those of the general government sector (rising by BGN 466 million, or 14.9 per cent). By end-December 2025, the shares of lev-denominated and euro-denominated deposits were 62.3 and 32.8 per cent (from 61.2 and 33.3 per cent at the end of December 2024). Deposits in other currencies comprised 4.9 per cent, from 5.5 per cent at the end of December 2024. Within the resident structure, deposits attracted from domestic sources occupied 88.5 per cent and those from non-residents 11.5 per cent (against 89.5 and 10.5 per cent at end-December 2024).

Dynamics of Selected Balance Sheet Indicators

(per cent; on an annual basis)



Source: BNB.

The gross amount of all non-performing exposures[72] at the end of 2025 was BGN 4.11 billion, increasing by 5.7 per cent (BGN 223 million) against the end of 2024 amid a 0.5 per cent rate of decline for 2024 (BGN 19 million). The ratio of gross non-performing exposures dropped to 1.9 per cent at end-2025, from 2.1 per cent at end-2024).

[72] Exposures under the EBA methodology include gross loans and advances along with cash balances at central banks and other demand deposits, and debt securities other than those held for trading.

By end-December 2025, gross loans and advances in the banking system were BGN 144.9 billion, according to the narrow scope (applied since June 2020 under EU Regulation[73]), rising for a year by BGN 24.3 billion (20.1 per cent). Gross non-performing loans and advances increased by BGN 262 million (6.9 per cent) to BGN 4.09 billion, coinciding for different dimensions of credit exposures. Due to the increase in total gross loans and advances, the share of gross non-performing loans and advances declined. Depending on the calculation methodologies (defined by the EBA for a broad[74] and narrow scope[75]), this share in total credit exposures was: 2.3 per cent in the broad scope of loans and advances, 2.8 per cent in the narrow scope and 3.2 per cent in the credit portfolio (against 2.5 per cent, 3.2 per cent and 3.5 per cent, respectively, a year earlier).

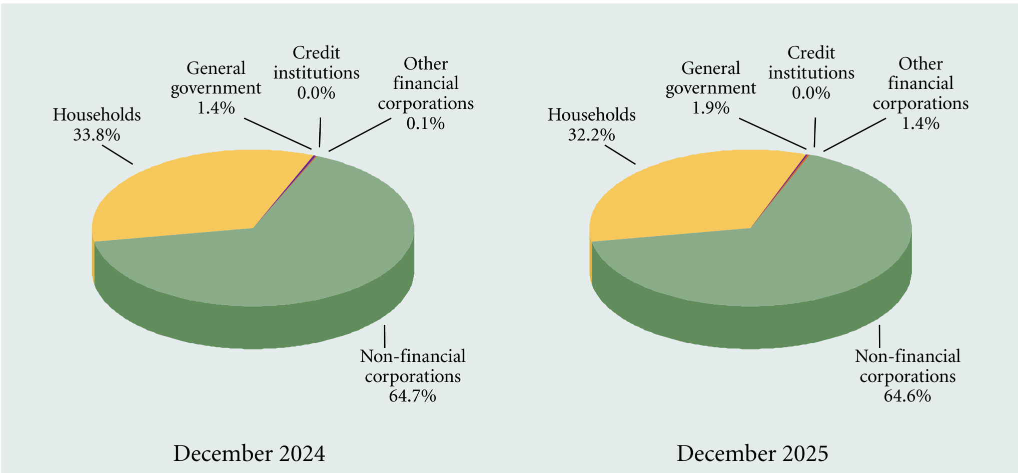
A positive effect on the credit quality of gross credit portfolio came from increased provisions, banks' credit write-off and sale operations, as well as the overall portfolio growth over the year (by BGN 16.6 billion, 15.0 per cent) to BGN 127.2 billion.

Gross non-performing loans to non-financial corporations comprised 64.6 per cent of total non-performing loans. For non-financial corporations, the total credit amount increased by 8.9 per cent and the non-performing portion by 6.7 per cent, resulting in a decrease of non-performing loans ratio to 4.6 per cent (from 4.7 per cent at end-2024). The share of loans to households in total gross non-performing loans was 32.2 per cent. The non-performing loans ratio for this sector also fell: from 2.7 to 2.3 per cent, with their total amount going up by 21.3 per cent and its non-performing part, by 1.6 per cent.

In the structure of total gross non-performing loans, those past due over a year occupied 34.2 per cent (compared to 36.1 per cent by end-2024).

Gross non-performing loan and advance impairment coverage increased for a year to 52.0 per cent by end-December 2025 (49.4 per cent at the end of 2024).

Non-performing Loans and Advances by Sector



Note: The sum may differ from 100 per cent due to rounding.

Source: BNB.

[73] The narrow scope was introduced by Commission Implementing Regulation (EU) 2020/429 of 14 February 2020 amending Implementing Regulation (EU) 680/2014 laying down implementing technical standards with regard to supervisory reporting of institutions. Within the narrow scope, the item 'cash balances at central banks and other demand deposits' is not included in gross loans and advances but reported separately. This methodology remains valid also after the adoption of Commission Implementing Regulation (EU) 2024/3117 of 29 November 2024.

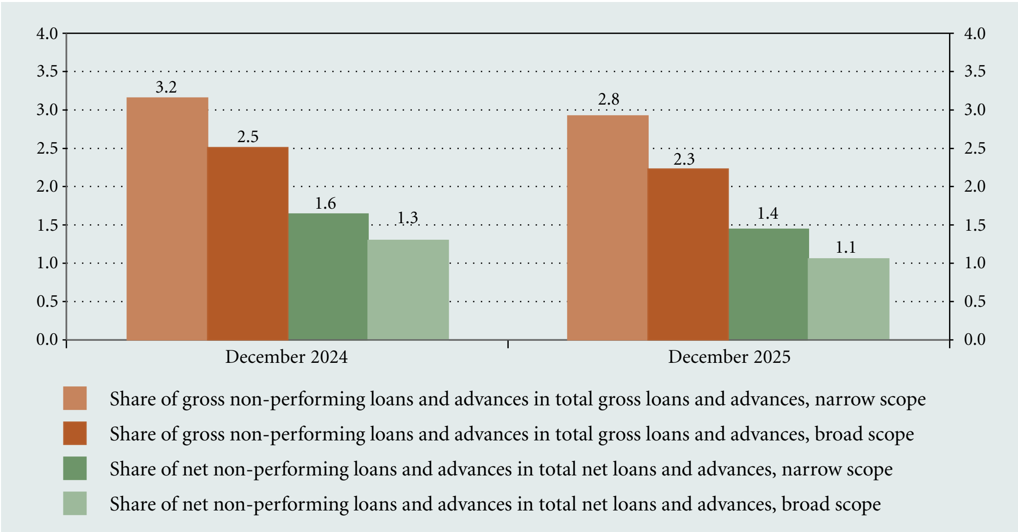
[74] The AQT 3.2 indicator used by the EBA to measure the share of gross non-performing loans and advances is based on a broad definition encompassing all counterparties for loans and advances, including cash balances at central banks and other demand deposits.

[75] The AQT_3.2.1.2 indicator used by the EBA to measure the share of gross non-performing loans and advances is based on a narrow definition encompassing all counterparties for loans and advances, excluding cash balances at central banks and other demand deposits.

The net value of non-performing loans and advances[76] was BGN 2.0 billion by end-December 2025. It represents the potential residual credit risk in bank balance sheets, remaining entirely covered by the excess of capital over capital requirements and applicable capital buffers. Compared to the end of 2024, the net value of non-performing loans and advances in the narrow scope rose by BGN 27 million (1.4 per cent) and their ratio in total net loans and advances was 1.4 per cent by end-2025 (1.6 per cent by end-2024). Within the broad scope of calculation, the ratio of net non-performing loans and advances was 1.1 per cent, against 1.3 per cent at the end of 2024.

Non-performing Loans and Advances in Total Loans and Advances

(per cent)



Source: BNB.

At the end of 2025, balance sheet equity of the banking system was BGN 29.7 billion. It grew by BGN 6.6 billion on an annual basis (28.4 per cent) with the positive contribution of the increased paid-in capital, retained earnings, other reserves and accumulated other comprehensive income.

Banking system profit was BGN 3.6 billion by end-2025, down BGN 43 million (1.2 per cent) from a year earlier. Gross interest-bearing assets[77] rose year on year by 18.0 per cent and net interest income continued to grow at a lower rate, increasing by 1.3 per cent (against 15.0 per cent of annual growth as of 31 December 2024). Other net income and net fee and commission income also increased, while net revenue from financial instruments decreased. Impairment charges rose compared to those for 2024 along with operating expenditure.

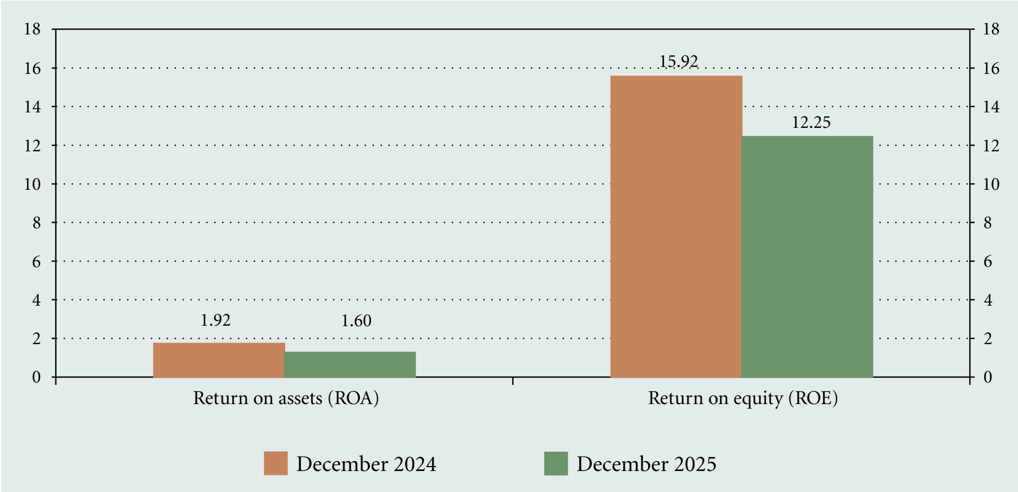
Under the influence of the significant increase in assets and capital, return on assets (ROA) and return on equity (ROE) decreased compared to the previous year. At the end of 2025, the return on assets indicator was 1.60 per cent and return on equity 12.25 per cent (1.92 per cent and 15.92 per cent as of 31 December 2024).

[76] The net value of non-performing loans and advances is calculated using the EBA methodology: their gross amount less accumulated impairment thereon. In calculating the share of net non-performing loans and advances, their net value is used along with that of total loans and advances. Concurrently, the indicator does not report the collaterals placed in favour of banks on the loans and advances thus classified.

[77] Interest-bearing assets are the sum of debt securities and loans and advances (excluding those to central banks) at gross value, to which net other demand deposits were added from 30 June 2020.

Return on Assets and Return on Equity

(per cent)

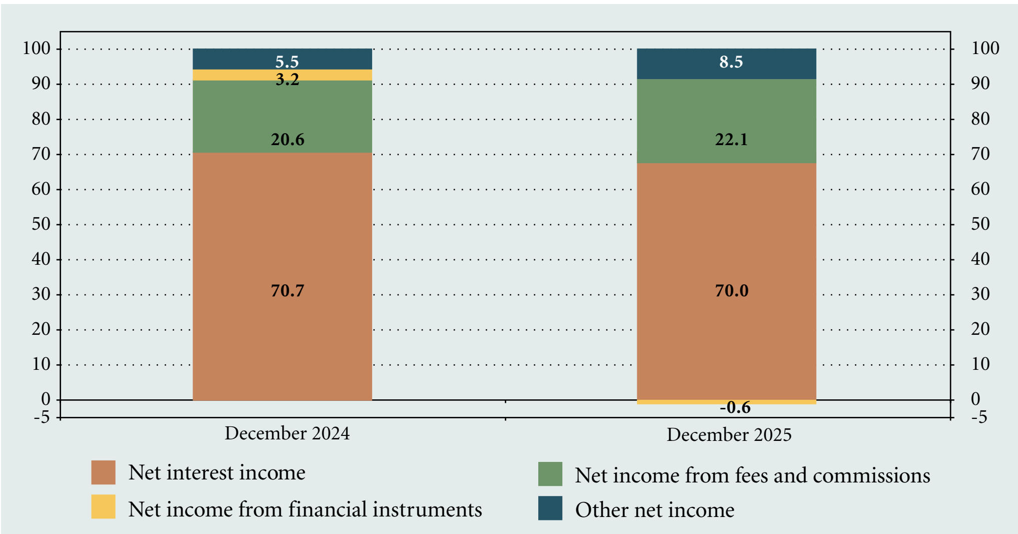


Source: BNB.

Total net operating income rose for a year by BGN 189 million (2.4 per cent) to BGN 8.1 billion. In its structure, the share of net interest income was 70.0 per cent (70.7 per cent by end-2024), its amount growing by BGN 72 million (1.3 per cent) to BGN 5.6 billion at the end of the period. Interest income rose by BGN 150 million (2.2 per cent) to BGN 6.9 billion, driven by increasing gross interest-bearing assets. Over the same period, interest expenses picked up by BGN 79 million (6.8 per cent) to BGN 1.2 billion by end-2025. As a result of this dynamics, the net interest margin indicator fell on an annual basis to 3.04 per cent and return on interest-bearing assets to 3.71 per cent (against 3.54 per cent and 4.28 per cent as of 31 December 2024). The price of interest liabilities measured at amortised cost (containing deposits, bonds issued and other financial liabilities) was also lower: 0.56 per cent (0.61 per cent as of 31 December 2024).

Net Operating Income Structure

(per cent)



Note: The sum may differ from 100 per cent due to rounding.
Source: BNB.

Compared to 2024, income from fees and commissions increased by BGN 241 million (11.6 per cent) to BGN 2.3 billion, and expenses on fees and commissions grew by BGN 78 million (17.0 per cent) to BGN 538 million. Net income from fees and commissions rose by BGN 163 million (10.0 per cent) to BGN 1.8 billion, occupying 22.1 per cent in the structure of net operating income. Other net income went up on an annual basis by BGN 250 million (57.5 per cent) to BGN 686 million, its share in net operating income rising from 5.5 to 8.5 per cent.

Compared to 31 December 2024, net income from financial instruments declined by BGN 296 million (119.1 per cent), its value being a negative value (net loss) of BGN 47 million, also reflected in its share in total net operating income (down from 3.2 per cent to -0.6 per cent).

As of 31 December 2025, the banking cost to income ratio[78] increased slightly to 38.7 per cent (38.2 per cent a year earlier). On an annual basis, operating expenditure (administrative expenses and depreciation) rose by BGN 170 million (6.1 per cent) to BGN 3.0 billion, and bank expenses reported under the item of cash contributions to resolution funds and deposit guarantee schemes declined by BGN 63 million (28.6 per cent) to BGN 158 million.

The ratio of impairment costs to total operating income rose to 9.4 per cent at the end of 2025 (8.8 per cent as of 31 December 2024). Impairment costs of financial assets which are not carried at fair value through profit or loss were BGN 762 million, up BGN 67 million (9.7 per cent) against 2024.

In 2025, the capital position of the banking system remained stable, with capital ratios exceeding significantly minimum regulatory requirements and capital buffers applied. Regulatory equity (own funds) of the banking system rose by BGN 6.1 billion (28.7 per cent) to BGN 27.4 billion. Paid-in capital, retained earnings and other reserves, which are common equity tier 1 items, contributed most significantly to this growth. Within the structure of own funds, tier 1 capital reached BGN 25.9 billion and common equity tier 1 capital, BGN 25.7 billion.

Total risk exposure amount (TREA) picked up by BGN 10.5 billion (11.3 per cent) coming to BGN 103.1 billion at the end of 2025. The amount of exposures reflected also regulatory changes applied by credit institutions since the beginning of 2025.[79] The main component of TREA – risk-weighted exposures for credit, counterparty credit and dilution risks and free deliveries (referred to as 'risk-weighted exposures for credit risk') – increased by BGN 8.0 billion (9.4 per cent) to BGN 93.6 billion by end-2025.

Over the same period, risk-weighted exposures to central governments and central banks rose from BGN 0.5 billion to BGN 2.2 billion by end-2025. Their growth was driven by the removal of more favourable temporary treatment of 0 per cent for exposures to EU central governments and central banks where these exposures are denominated and funded in the domestic currency of another Member State, with 20 per cent of the risk weight being applied from 1 January 2025.[80]

[78] The cost-to-income ratio is the sum of administrative expenditure, depreciation costs and (from June 2020) costs on resolution funds and deposit guarantee schemes relative to the net operating income.

[79] Data on the regulatory capital with reference dates of 31 March, 30 June, 30 September and 31 December 2025 are aggregated for the banking system on the basis of regulatory reporting in force since the beginning of 2025 pursuant to Regulation (EU) 2024/1623 of the European Parliament and of the Council of 31 May 2024 amending Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor (CRR III) and Commission Implementing Regulation (EU) 2024/3117 laying down implementing technical standards with regard to supervisory reporting of institutions and repealing Commission Implementing Regulation (EU) 2021/451.

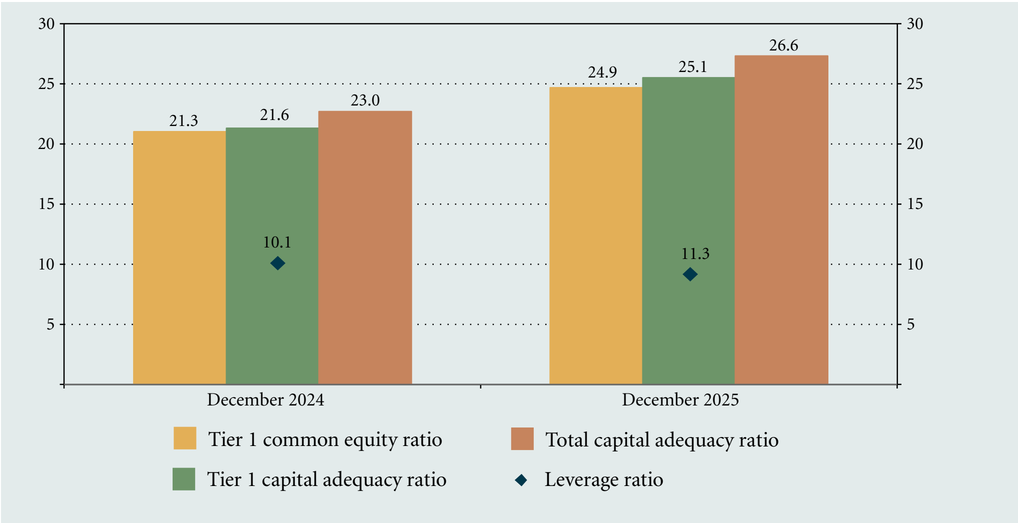
[80] As per Regulation (EU) No 2024/1623 of 31 May 2024 amending Regulation (EU) No 575/2013, amending Article 500a, for the reporting periods in 2025, credit institutions apply a 20 per cent risk weight to exposures to central governments and central banks of EU Member States where these exposures are denominated and funded in the domestic currency of another Member State. This Regulation was published in the EU Official Journal on 19 June 2024, with certain amendments applicable from 9 July 2024.

The second most important component of TREA – 'total risk exposure for operational risk – grew by BGN 2.7 billion (40.7 per cent) to BGN 9.3 billion, reflecting the regulatory change in treating and reporting operational risk. The third largest element of TREA, *i.e.* total risk exposure for business exposed to market risk, declined by BGN 239 million (62.0 per cent) to BGN 146 million as of end-December.

Capital adequacy ratios increased from end-2024 due to the higher growth rate of regulatory capital compared to that of total risk exposures. By the close of 2025, CET1 ratio was 24.89 per cent, Tier 1 capital ratio – 25.14 per cent, and total capital adequacy ratio – 26.56 per cent, respectively (compared to 21.30, 21.59 and 22.97 per cent at the end of 2024).

Selected Capital Indicators

(per cent)



Source: BNB.

Risk-weighted exposures for credit risk occupied 90.8 per cent in TREA (92.4 per cent at end-2024). The share of risk exposures for operational risk in the structure of total risk exposures rose from 7.2 per cent to 9.1 per cent by end-2025, while the share of risk exposures to business subject to market risk dropped from 0.4 per cent to 0.1 per cent.

In 2025, all banks met the regulatory requirements and buffers applied.[81] As of 31 December, capital above the regulatory minimum under Pillar 1 was BGN 19.1 billion, up BGN 5.3 billion (38.1 per cent) compared to end-2024. Capital in excess of the requirements under Pillar 1, Pillar 2 and applicable buffers grew by BGN 3.8 billion to BGN 9.0 billion and continued to exceed the volume of net non-performing exposures (BGN 2.0 billion).

Banking system's aggregated leverage ratio (when a fully phased-in definition of tier 1 capital is applied) rose to 11.26 per cent (from 10.12 per cent by end-2024). Over the review period, the total risk exposure (formed by bank assets, off-balance sheet items, derivatives, securities financing transactions and standard purchases and sales with pending settlement) increased at a lower pace than Tier 1 capital, which predetermined the improvement in the ratio. End-2025 ratio shows high capital coverage of the total risk exposure and a low level of indebtedness of the banking system. Over the year, all banks in Bulgaria reported a leverage ratio exceeding the minimum regulatory requirement of 3.0 per cent.

Banking system's liquidity position remained stable, with liquidity coverage ratios (LCR)[82] of all credit institutions exceeding significantly the minimum regulatory requirement of 100 per cent. At the end of 2025, the liquidity coverage ratio of the banking system was 280.6 per cent, against 241.3 per cent at the end of 2024. The liquidity buffer (the ratio numerator)

[81] For more information on the actual levels of capital buffers, see the BNB website.

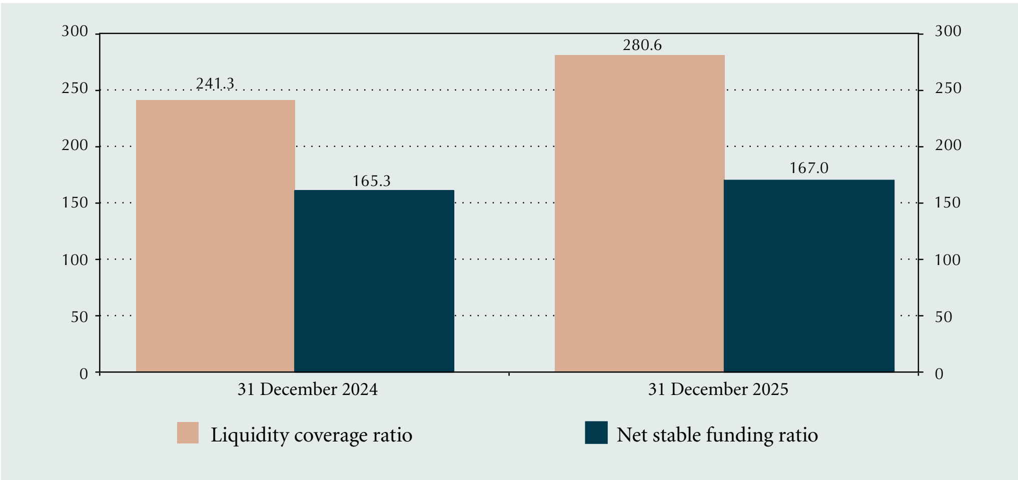
[82] The liquidity coverage ratio indicates the extent to which available high-quality liquid assets of credit institutions cover the estimated total net cash outflows that would materialise for 30 days under liquidity stress scenario.

increased by BGN 11.7 billion (20.6 per cent) to BGN 68.6 billion. This reflected the increase in assets in the central government (by BGN 4.8 billion, or 18.8 per cent) and in assets at the central bank (by BGN 4.5 billion, or 109.6 per cent), reaching BGN 30.1 billion and BGN 8.6 billion, respectively. Growth was also reported in coins and banknotes (by BGN 2.1 billion, 72.0 per cent) to BGN 5.0 billion. Reserves at the central bank with an option of withdrawal posted a decline (by BGN 857 billion, 3.8 per cent) to BGN 21.9 billion. Reflecting this dynamics, the share of assets at the central bank was 12.6 per cent (7.2 per cent by end-2024) and the total share of the three most liquid items[83] in the liquidity buffer accounted for 51.8 per cent (against 52.4 per cent as of 31 December 2024).

Net liquidity outflows (the denominator of the liquidity coverage ratio) were BGN 24.5 billion at the end of 2025, increasing by BGN 876 million (3.7 per cent).

Selected Liquidity Indicators

(per cent)



Source: BNB.

Loan-to-deposit ratio (LTD)[84] for the banking system decreased from the end of 2024 from 74.3 to 73.5 per cent, driven by the lower annual growth rate of the credit portfolio (15.0 per cent) compared to the deposit portfolio (16.2 per cent).

The aggregate net stable funding ratio (NSFR)[85] was 167.0 per cent (165.3 per cent at the end of 2024), with all banks in Bulgaria adhering to the minimum regulatory requirement of 100 per cent. Available stable funding (the NSFR nominator) was BGN 179.0 billion and required stable funding (the NSFR denominator) BGN 107.2 billion (against BGN 150.4 billion and BGN 91.0 billion by end-December 2024).

Overview of the Activities of Financial Institutions Recorded in the BNB Register under Article 3a of the LCI

As of 31 December 2025, financial institutions entered in the Register under Article 3a of the LCI numbered 278, including 15 financial institutions from EU Member States conducting activities on the territory of Bulgaria *via* a branch or directly (under

[83] High liquid items are: coins and banknotes, reserves at the central bank with an option for withdrawal and assets at the central bank.

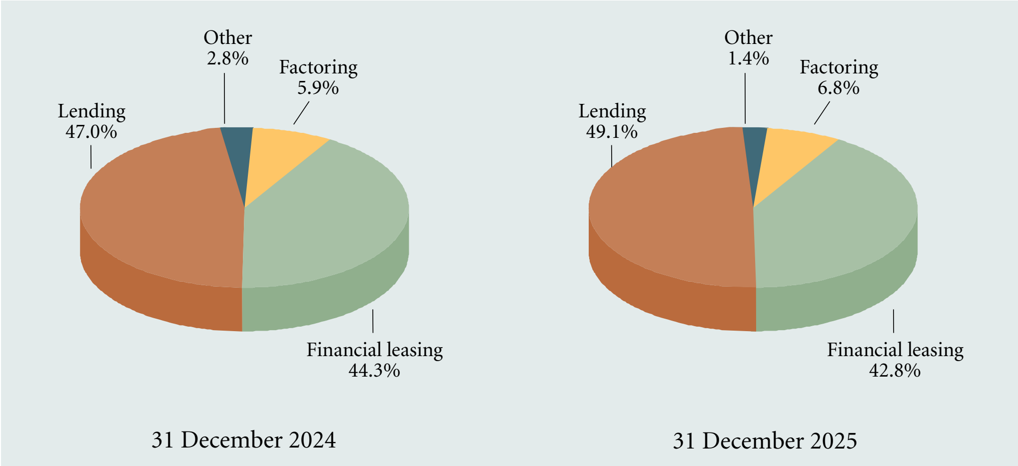
[84] The ratio is calculated excluding central banks and credit institutions sectors.

[85] The net stable funding ratio illustrates the extent to which credit institutions' liabilities and own funds items can ensure funding for their exposures over a one-year horizon. The regulatory requirement is introduced in compliance with Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013.

Articles 24 and 27 of the LCI) and two funds established under the procedure of the Law on the Bulgarian Development Bank.

At the end of 2025, total assets of this sector were BGN 19.7 billion, rising by 14.4 per cent, with total assets of the 20 largest non-bank financial institutions comprising 74.7 per cent of sector's total assets.

Breakdown of Financial Institutions' Assets by Type of Business in the Register under Article 3a of the LCI



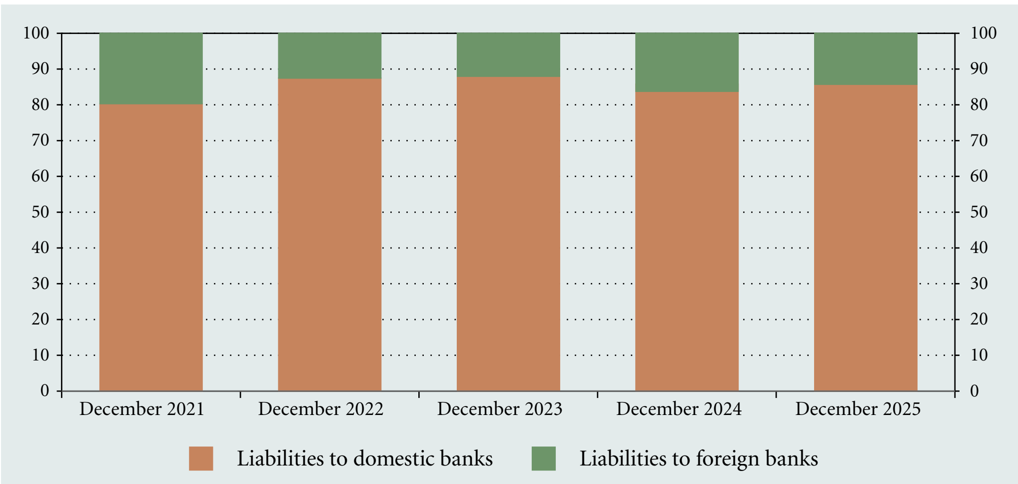
Note: The sum may differ from 100 per cent due to rounding.
Source: BNB.

Gross credit portfolio of financial institutions that includes claims on loans and financial leasing increased year on year by 14.7 per cent to BGN 18.6 billion. Performing loans as of 31 December 2025 comprised 85.8 per cent of sector's portfolio. Non-performing loans and advances rose by 22.6 per cent on an annual basis, reaching BGN 2.6 billion. The share of non-performing loans in 2025 increased moderately to 14.18 per cent. Accumulated impairment for the credit portfolio grew by 21 per cent.

Attracted funds in the sector increased by 14.7 per cent compared to the previous year, reaching BGN 15.8 billion, and funds attracted from banks were BGN 10.6 billion (against BGN 9.3 billion for the previous year). The upward trend in the share of attracted funds from domestic banks persisted in 2025: 86 per cent of all attracted bank resources.

Structure of Attracted Funds from Banks

(per cent)



Source: BNB.

The 20 largest financial institutions retained their high share in the sector's profit, amounting to BGN 497.5 million for 2025.

Sector's equity reached BGN 3.1 billion, growing by 7.7 per cent on an annual basis. Own funds of the 20 largest financial institutions accounted for 36.6 per cent of the sector's capital. At the end of 2025, return on assets (ROA) was 2.52 per cent and return on equity (ROE) – 16 per cent.

Banking Supervision's Activities

The Bulgarian National Bank's functioning as a full member of the Single Supervisory Mechanism (SSM) takes place through establishing close cooperation between the ECB and the BNB, and the supervisory activities of the BNB are in full statutory and methodological compliance with SSM practices. The Bulgarian National Bank is completely integrated into all horizontal and vertical supervisory structures at the ECB level. The BNB is the national competent authority in exercising supervisory activities *vis-à-vis* less significant institutions (LSIs), participating with its representatives in joint supervisory teams through which the ECB supervises systemic institutions at the SSM level.

Activities Related to the Cooperation between the BNB and the ECB

In the context of close cooperation within the SSM, the Banking Supervision Department continued to exchange and share expertise with regard to the challenges that national competent authorities expect when implementing Directive (EU) 2024/1619 of the European Parliament and of the Council amending Directive 2013/36/EU as regards supervisory powers, sanctions, third-country branches, and environmental, social and governance risks, as well as Regulation (EU) 2024/1623 of the European Parliament and of the Council amending Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor.

A key condition for assessing Bulgaria's readiness to adopt the euro was the BNB participation in the Single Supervisory Mechanism from 1 October 2020. It is the effectiveness of the BNB actions within the SSM, the integration into horizontal and vertical structures, the full implementation of the relevant analytical and methodologies tools, as well as the synergy in competencies between the BNB as a national competent authority for less significant institutions and the ECB for significant institutions that allowed the focus of the work on euro adoption (essentially started in 2022) to find expression in the following areas:

- ensuring a smooth transition to the euro and minimising potential risks to the banking system; In this context, the year saw: intensified supervisory dialogue with credit institutions regarding their operational and technical readiness; monitoring of risks related to the transition to the euro, including IT, legal and operational risks; adjustment of accounting systems, as well as coordination with other competent authorities in implementing the national plan for the euro introduction;
- in parallel, the supervisory activity was also focused on monitoring, supporting and timely assessing the readiness of credit institutions to operate under euro area conditions, including in terms of capital adequacy, risk management and internal control mechanisms; participation in the exchange of information and best practices with European supervisory authorities in order to harmonise supervisory approaches and procedures; assisting in adaptation of the national supervisory framework to the applicable European legislation and supervisory expectations;

- technological preparations of credit institutions and foreign bank branches; To implement the Law on the Introduction of the Euro in Bulgaria, letters were sent to banks with specified requirements for dual display of values in levs (BGN) and in euro (EUR). The implementation of requirements by banks was monitored, with a focus on electronic channels. Banks provided their continuity and incident response plans, which were analysed prior to the start of the most intense part of the changeover preparations. Migration and recovery processes for all euro banking services were tracked and analysed;
- tests for submitting the full range of supervisory and prudential reports in euro in a test environment which was updated and set up for acceptance of reports in euro;
- readiness of the core information system of the Banking Supervision Department to migrate to reporting in euro so that all functionalities can be fully used from the beginning of 2026.

The introduction of the euro in Bulgaria will not change BNB's functional responsibilities for the supervision of credit institutions. The ECB continues to supervise significant institutions identified under its methodology in all aspects of their activities. The BNB is a national competent authority (NCA) for less significant institutions supervised by the Banking Supervision Department, with the ECB retaining certain direct powers over them, including taking over direct supervision at all times. The BNB in its management practice is undertaking updates on an ongoing basis in the framework and content of the supervisory process, fully in line with ECB actions regarding the legal, methodological and analytical frameworks of the supervisory process within the SSM. As regards supervisory actions and macroprudential policy commitments, the BNB retains its functions and responsibilities, and no essential changes are therefore expected after the introduction of the euro.

Off-site Supervision

Supervisory Review and Evaluation and Current Monitoring of Credit Institutions' Risk Profile

In 2025, the BNB continued to monitor the financial situation of credit institutions and holding companies and assess their risk profile. Developments were monitored by analysing dynamics of key risk indicators. Regular communication with banks continued to provide additional information on changes in supervisory reports, including also on a daily basis on liquidity and attracted funds. Analytical financial performance reports were prepared on a quarterly basis for banks and on an annual basis for foreign branches, containing conclusions and findings from monitoring of institutions for the relevant period.

To implement the annual supervisory programme, meetings were held with the members of banks' management and supervisory boards, as well as with representatives of risk management and internal control units at credit institutions. Planned meetings with external audit firms auditing annual financial statements of banks and third-country branches also took place.

When applying the EBA criteria, supervisors carried out an annual review and assessment of banks' reports on Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidly Adequacy Assessment Process (ILAAP) for 2024, and letters were sent to institutions' management bodies concerning the areas subject to improvement due to identified weaknesses. Updated versions of the recovery plans of less significant institutions and the implementation of BNB recommendations to enhance their reliability were also reviewed and assessed. Monitoring of the targets set in banks' strategies and operational plans for reducing non-performing loans continued. Funding plans for 2025–2027 were subject to an annual review.

Based on the supervisory review and evaluation with a reference date of 31 December 2023, the BNB Governing Council took decisions on setting additional capital requirements and recommendations for additional own funds to less significant institutions. SREP reports and assessments were aligned with the SSM SREP Methodology for LSIs, version 2024.

Work on Drafting Opinions and Follow-up of Supervisory Measures

Supervisory dialogue with credit institutions which stated intentions on profit distribution continued throughout the year. Evaluations of capital positions and their sustainability were carried out. Opinions were drafted on including interim profits in banks' capital and on increasing banks' capital by including capital instruments. Fit and proper assessments were also prepared for the management staff and persons holding key positions, as well as on approvals of changes to the statutes of several banks. Corrective action taken by banks to implement supervisory measures and recommendations from conducted supervisory inspections were followed up.

Close Cooperation Within the Single Supervisory Mechanism

Within the established close cooperation, in 2025 BNB representatives continued to participate in the ECB's Joint Supervisory Teams exercising direct supervision over significant institutions in Bulgaria. SREP reports of significant institutions with a reference date of 31 December 2024, reflecting their risk profile and financial performance, were prepared. Proposals were made regarding the size of additional capital requirements, and recommendations for maintaining additional own funds, applicable from the beginning of 2026, were confirmed. Supervisory college meetings were held to discuss recovery plans of European banking groups to which the four significant institutions in Bulgaria belong. Opinions were prepared for prior coordination of the selection of external auditors and analyses on outsourcing. Participation in the JSTs also involved communication on fit and proper assessment procedures for management and supervisory board members, as well as key function holders. Procedures were conducted to assess capital projections in relation to credit institutions' intentions to distribute dividends and include interim profits in banks' capital. Regular meetings with significant institutions' management bodies (on a monthly and quarterly basis) discussed financial results, risk profiles, risk management and acceptance framework and other essential issues.

In 2025, working meetings were held in Bulgaria with representatives of joint supervisory teams and managements of significant institutions – DSK Bank, UBB, UniCredit Bulbank, Eurobank Bulgaria – to discuss various aspects of the activity and risk profile of these credit institutions.

In June, the BNB took part in the SSM Staff Visit Campaign 2025 by welcoming staff from European Supervisory Authorities. This initiative is intended to foster exchange of knowledge, experience and best practices among national competent authorities, focusing on the supervision of LSIs.

In the course of the year, the BNB continued its collaboration with German supervisory authorities on joint decisions on capital and liquidity and recovery plans of bank subsidiaries.

As part of communication between the BNB as a national competent authority and the SSM, meetings continued between representatives of the BNB and the ECB unit responsible for monitoring Bulgarian less significant institutions (Country Desk Bulgaria).

Working Formats under the SSM to the ECB

Among the topics discussed by the Working Group at the SSM level on capital adequacy (Capital Adequacy Expert Group) were the elements of the supervisory review and evaluation process, capital plans and dividend distribution, the internal capital adequacy assessment process (ICAAP) and controlling risks to the capital. A benchmark was also discussed for SIs in terms of capital ratios and requirements, capital surpluses, leverage ratios and unrealised losses.

Topics and projects related to the assessment of business models and profitability as part of the SREP and analytical tools were discussed within the Business Model & Profitability Expert Group. Issues related to the pricing process in credit institutions, profitability management and enhancing digitalisation analyses were addressed.

Topics within the Credit Risk Expert Group focused on analysing the quality of exposures to the automobile sector, identifying structural vulnerabilities in SME portfolios, the impact of US tariffs on euro area bank credit exposures, as well as the main findings of in-depth UTP surveys. An AnaCredit benchmarking tool was also presented, allowing flexible selection of institutions and reference groups, key risk indicators and granularity.

Within the SSM Network of Enforcement and Sanctions Experts, questionnaires were completed and sent on administrative sanctions pursuant to Bulgaria's national legal framework. Workshops discussed group's annual activity report, activities planned in 2025 and specific cases related to infringements of the legal framework, follow-up activities by regulators and sanctions imposed on institutions.

Within the Working Group on Effective Follow-up of Findings & Measures for LSIs, a questionnaire was developed to collect quantitative and qualitative data on findings and measures' life cycle with a view to exchanging best practices and promoting effective processes and/or regular reporting. The questionnaire was circulated for completion by the NCAs *via* the Epsilon survey system, with the BNB submitting required information within the set deadline. The group continued its work by a decision of the Senior Management Network, with a mandate to produce good practice guidelines covering policies and procedures, internal reporting, data and IT tools, as well as the entire life cycle of the findings and measures: from identifying to issuing measures and follow-up actions (tracking, escalation and remediation). In line with the mandate, drafting of guidelines is foreseen to continue in 2026.

In 2025, the ECB's annual Significance Exercise was conducted to monitor whether banks continue to meet criteria for classifying them as significant or less significant institutions.

On-site Inspections

Over the review period, supervisory inspections were conducted in seven banks (defined as less significant institutions) for which the BNB is a directly responsible national competent authority. This included completion of three inspections launched in previous reporting periods, four new inspections along with four inspections launched in the second half year. They cover credit risk management, including an examination of the internal organisational framework and business practices in the credit process.

Supervisory assessments from the inspections were fully consistent with SSM's Supervisory Manual 3 and based on the reviewed documentation and data in information systems, internal policies and methodologies, credit files/registers and applied business practices. Inspection results served mainly to provide recommendations on improving business processes in risk management, risk assessment and control, including by reference to the internal regulatory framework, internal control mechanisms, identification of related parties, risk classification of credit exposures, early warning systems and borrower monitoring lists. Some recommendations related to ensuring a higher degree of independence within the organisational structure of various functions/units/persons relevant to risk management and control, correcting invalid data for supervisory purposes and deficiencies in internal audit activities.

Over the year, two inspections were conducted at significant institutions subject to direct ECB supervision (under the established regime of close cooperation between the ECB and the BNB) focusing on the assessment of the internal framework and organisation of credit risk and operational risk management. The scope and intensity of these inspections carried out by BNB teams were coordinated through a centralised process based on requests from respective Joint Supervisory Teams along with consultations and through ECB's horizontal function for on-site inspections.

Within the close cooperation, BNB staff continued to be involved in dedicated ECB working groups in view of implementing and developing work processes and tasks in various strands of relevance to internal model assessments, on-site inspections, planning and coordinating supervisory inspections, analysing and furthering modules and functionalities of the single information system for managing supervisory business processes within the SSM (IMAS) concerning supervisory inspections, SREP activities, licensing, approvals, supervisory sanctions.

Opinions arising from participation in ECB expert groups were prepared and operational tasks were performed in relation to proposals of BNB positions on decision making (including on written procedures) at ECB Supervisory Board meetings on activities and experience relevant to on-site inspections and risk management framework implementation.

Macroprudential Supervision

The BNB exercises its macroprudential mandate by supervising the operation of credit institutions and the banking system on the basis of continuous monitoring of the features of financial intermediation and assessments of its dynamics and trends. With a view to fully capturing cyclical and structural risks in the banking system and key developments in the environment, a macroprudential analysis is prepared at a quarterly frequency based on the most recent data on capital adequacy, liquidity, asset quality and system's profitability. It also includes research results which examine in detail and over longer periods certain aspects of banking activities that are of increased macroprudential interest due to internal or external factors.

The main findings of the analysis of trends in the banking system are included in *Banks in Bulgaria* quarterly, while up-to-date information is disclosed through monthly supervision data press releases.

Special attention was paid to improving analytical tools and data base used for macroprudential purposes, supporting macroprudential policy implementation in an effective and data-driven manner.

Various quantitative assessment methods, simulations and scenario analyses of specific areas of systemic risk were also part of regular macroprudential monitoring. A BNB team explores and regularly complements these methods to make proposed assessments and measures justified and supported by data and to raise awareness in pursuing the macroprudential policy. In addition, the BNB participated in initiatives aimed at improving the expertise and technical skills for data handling.

The requirements for credit standards in extending and renegotiating loans secured by residential immovable property, introduced from 1 October 2024, continued to be subject to a periodic analysis. Data in 2025 show that provision and renegotiation of such loans are carried out in accordance with the requirements. This measure affected credit institutions' risk appetite through a significant decrease in the share of new loans secured by residential real estate with higher risk indicators, especially as regards the ratio between current debt payments and borrower's income.

The countercyclical capital buffer is a macroprudential tool, intended to serve as a protection of the banking system against potential losses resulting from the build-up of a cyclical systemic risk in periods of excessive credit growth. The BNB assesses and revises the buffer rate on a quarterly basis in line with statutory requirements by disclosing information about the decision, the applicable loans-to-GDP ratio and its deviation from the long-term trend, the reference indicator supporting judgements in setting the countercyclical buffer and corresponding justification. On 17 March, 19 June, 26 September and 22 December 2025, the BNB Governing Council set the countercyclical capital buffer rate applicable to credit risk exposures in the Republic of Bulgaria at 2.0 per cent for the second, third and fourth quarters of 2026 and first quarter of 2027.

As regards risks of a structural nature, the annual review of the buffer for other systemically important institutions carried out by the BNB Governing Council in 2025 identified six institutions for which the buffer rates in 2026 were between 0.5 per cent and 1.0 per cent. The review of the systemic risk buffer in 2025 confirmed its level of 3 per cent of local risk-weighted exposures.

Monitoring of banking system exposures to EEA countries and macroprudential measures introduced by them to assess cross-border effects and the need for voluntary reciprocity in line with Recommendation ESRB/2015/2 continued in 2025. The BNB informed the ESRB that it is not necessary to introduce voluntary reciprocity for macroprudential measures of ten Member States, based on the review of most recent data showing an insignificant amount of the specific exposures indicated in the Recommendation and its subsequent amendments. The regular review of banking system exposures to third countries in the first half of 2025 found that their amount was insignificant and therefore no significant third country was identified.

The BNB is an active participant in the ECB Macroprudential Forum where it is represented by the Deputy Governor heading the Banking Supervision Department, member of the management committee of the Forum. The BNB has the opportunity to fully exchange analytical experience and protect the effectiveness and rationality of its macroprudential policy.

Both analytical observations and information on application and calibration of macroprudential tools across EU countries were shared in the framework of participation in the ESRB Advisory Technical Committee and the ECB's Financial Stability Committee.

The Bank participates in Bulgaria's dialogue for accession to the OECD, providing data and materials on banking trends and macroprudential policy with a view to obtaining confidence that the state of the domestic banking system and pursued policy comply with OECD standards, good practices and principles.

The BNB participated actively in discussions at the European Commission's Working Group on Banks, Payments and Insurance concerning the development, calibration and improvement of the macroprudential regulatory framework. Discussed issues were: application of the countercyclical capital buffer in a neutral or standard risk environment; simplification of administrative requirements for competent authorities; introduction of a minimum set of indicators related to the use of measures for borrowers;

application of measures to address risks arising from climate change, as well as a review of the regulation for the establishment of the ESRB.

The BNB contributed to expert discussions on banking system performance and stability maintenance using macroprudential policy tools. Meetings on macroprudential supervisory activity were held within the framework of IMF visits under Article IV of its Statute. Over the year, the Bulgarian banking sector was discussed with EBRD experts, rating agencies and other international partner organisations.

Specific Supervisory Activities

In the area of money laundering and terrorist financing prevention, amendments to the Law on the Measures against Money Laundering (LMML) and the Law on the Measures against the Financing of Terrorism and Proliferation of Weapons of Mass Destruction (LMFTPWMS) were adopted in 2025.

The Anti-Money Laundering Authority (AMLA) started to operate over the year with a view of strengthening the European Union's framework for preventing financial crime and thus contributing to the protection of public interests, the stability and integrity of the EU financial system and proper functioning of the internal market.

The BNB, in carrying out its supervisory functions over credit institutions to ensure compliance with LMML and LMFTPWMS requirements, completed six independent supervisory inspections in banks: two in significant credit institutions, two in LSIs and two in foreign bank branches. Their focus followed a risk-based approach and included: fulfilment of bank obligations under the LMML requirements for internal organisation and control, as well as an evaluation of compliance with due diligence measures. An analysis of the measures applied by all credit institutions to limit financing of the proliferation of weapons of mass destruction was also carried out. In addition, two *ad hoc* inspections were completed in a significant credit institution and a less significant institution, and a third *ad hoc* inspection was launched in a foreign bank branch.

Methodological work in 2025 included drafting of guidance to banks on: monitoring of transactions and screening for compliance with sanctions; determining the risk appetite for money laundering and terrorist financing in credit institutions; prevention of money laundering and terrorist financing and proliferation of weapons of mass destruction involving virtual assets (crypto-assets); risks of violation/non-compliance and circumvention of targeted financial sanctions for proliferation financing. Guidance was consulted in advance with credit institutions.

Inspections were conducted and responses were prepared to complaints, alerts, inquiries and other information received from citizens, legal entities or institutions, part of which under consultation procedures with other BNB departments. BNB experts continued participating in assessing requests for acquisitions of credit institutions, changes in their capital structure, and fit and proper assessments of bank management and key personnel.

Two meetings of the Forum on Money Laundering and Terrorist Financing Risks between the BNB and banks were held, attended by representatives of the banking sector, the Association of Banks in Bulgaria, the non-government sector and the Specialised Financial Intelligence Directorate of the State Agency for National Security. Issues and good practices in preventing money laundering and terrorist financing and proliferation of weapons of mass destruction were discussed at the Forum. Regular working meetings with representatives of the specialised bank units under the LMML were also launched.

Interinstitutional communication was ensured in relation to the designated permanent representative with voting rights at the General Board of the AMLA. Participation continued in a number of interinstitutional working groups at the national level, including the group for transposing Directive (EU) 2024/1640 and introducing measures for the implementation of Regulation (EU) 2024/1624 and Regulation (EU) 2024/1620 of the European Parliament and of the Council.

BNB control powers were extended by amending and supplementing the Law on Real Estate Loans for Consumers (LRELC). The central bank may issue recommendations and orders to put an end to violations of the persons subject to control under this Law. Amendments made in the legal framework aim to provide greater flexibility to the regulator in choosing an appropriate impact mechanism for limiting poor practices in the market, taking into account the extent and severity of the violation.

Within its control powers under the LRELC, the BNB examined: two significant and one less significant credit institution; two financial institutions registered under Article 3a of the LCI and two credit intermediaries. Inspections in credit institutions showed improvements in applied rules and procedures for assessing consumer creditworthiness. As regards remunerations received by employees in all credit institutions, it was found that they comply with the legal requirements. Minor shortcomings were found in training requirements of creditors' employees.

In the case of inspected financial institutions, shortcomings were identified in applying legal requirements for assessing consumer creditworthiness. In line with BNB guidelines, inspected financial institutions committed themselves to bring their activities in compliance with legal requirements. Over the review period, one penalty decree against a financial institution registered under Article 3a of the LCI came into effect.

The outcome of the inspections carried out into credit intermediaries indicate that they seek to apply strictly the legal requirements regarding trainings and remunerations of their employees. Inspections of companies suspected to operate without registration continued.

Over the year, 24 new companies from Bulgaria submitted applications for registration as credit intermediaries, and two companies from EU Member States were registered, with seven being deregistered. The BNB continued to collect regular reporting information on intermediaries' activities. Analytical evidence suggests a persistent upward trend in the contribution of intermediaries to the banking system's mortgage market.

With regard to the strict application of the Law on Bank Deposit Guarantee (LBDG), in 2025 targeted checks were carried out in three less significant credit institutions with a view to correctly determining the amount of guaranteed deposits. Insignificant omissions were found in determining the size of the deposit base. The Bulgarian Deposit Insurance Fund was notified of the identified discrepancies and the assessment of the follow-up actions by banks.

A joint inspection was also carried out with the Financial Supervision Commission regarding the activities of a bank as a custodian of supplementary pension funds and funds for making payments in accordance with the Social Security Code and BNB Ordinance No 36.

All complaints, questions and enquiries received during the reporting period from customers of financial institutions were subject to inspections, of which the persons were notified.

The year saw retention of the growing interest of legal entities in conducting activities by occupation and in significant volumes under Article 3a, paragraph 1 of the LCI and in entering in the register of financial institutions maintained by the BNB. In 2025, 23 new companies were entered in the Register under Article 3a of the LCI and six were deleted due to termination of the legal entity or termination of activity/ies under Article 3a, paragraph 1 of the LCI. Three companies were refused registration due to unclear origin of the funds used for contributions in the capital or unproven own funds in forming capital contributions. By end-2025, financial institutions numbered 278, including 15 from EU Member States conducting activities in Bulgaria *via* a branch or directly (Articles 24 and 27 of the LCI) and two funds established under the Law on the Bulgarian Development Bank.

BNB's control over the operation of financial institutions under Article 3a of the LCI was intended to establish a clear and legal origin of the funds forming the institutions' registered capital, verify financial statements submitted to the BNB for calculating the essential activity of companies qualifying them as financial institutions and maintain at any time own funds of not less than BGN 1 million. Data and information accuracy upon entering in the Register under Article 3a of the LCI and changing registration circumstances continued to be regularly analysed. Control was also exercised to ensure compliance with the requirements for qualification, professional experience and reputation of the persons managing and representing a financial institution, and with the requirements for reliability, financial stability and reputation of the persons that are beneficial owners and/or hold direct or indirect qualified interest in the capital of the legal entity.

Administrative infringement notices were issued to three companies for violations of Ordinance No 26 and the regulatory framework.

The Bank continued exchanging information with the Ministry of Interior, the State Agency of National Security, the Prosecutor's Office and other government bodies in relation to misleading practices and carrying out activities as a financial institution without registration under Article 3a of the LCI.

Supervisory Information Service and IT Audit

In 2025, credit institutions, those registered under Article 3a of the LCI and credit intermediaries ensured the collection, processing, storage and dissemination of supervisory information in line with changes in European reporting requirements. Timely implementation of reporting commitments to the European Central Bank and the European Banking Authority was delivered.

Various new and updated supervisory information products were launched to ensure proper functioning of supervisory processes. Standard and non-standard supervisory products were provided in a timely manner, being prepared flexibly and promptly.

Over the reporting period, four IT on-site supervisory inspections were performed. One of them was conducted in a significant credit institution at the request of the ECB, based on a predefined limited scope. The remaining three were performed in less significant credit institutions, with a full-scope assessment of IT risk. Implementation of the recommendations made during the inspections was monitored and analysed.

In total, five incidents of purely operational nature were reported by supervised credit institutions. The sector incident coordination team conducted an analysis, tracked and coordinated the processes related to the incidents.

An annual meeting was held with all banks to clarify and discuss supervisory requirements aspects in implementing Regulation (EU) 2022/2554 (DORA).

Regulatory Activity and Supervisory Policy

Work on Amending the Existing Regulatory Framework

In view of the introduction in Bulgaria (from the beginning of 2026) of CRD VI requirements, BNB experts were involved in preparing draft amendments to the Law on Credit Institutions, BNB Ordinance No 7 of 24 April 2014 on the Organisation and

Risk Management in Banks and BNB Ordinance No 37 of 16 July 2018 on Internal Exposures of Banks. Draft amendments to BNB Ordinance No 7 lay down requirements for the exercise of the right of choice by the competent authority.

With regard to the European regulatory framework, work continued on standing committees and working groups to the European Banking Authority and the European Central Bank where Banking Supervision experts took part at various levels in discussing and elaborating common supervisory policies and standards, assessments and convergence of national practices on the introduction and implementation of the EU prudential and supervisory framework.

With their participation in EBA and ECB working structures, BNB representatives contributed to the development and introduction in the EU of the revised regulatory and reporting framework for capital requirements, mostly on the following streams: the new method for calculating capital requirements for operational risk; regulatory products related to prudential consolidation; the new reporting framework resulting from the CRR III for both institutions and branches from third countries; requirements regarding the guarantee capital of third country branches. With regard to ECB and national competent authorities' activities, experts were also involved in updating directly applicable European liquidity reporting framework, improving analytical capabilities of existing SSM platforms and analysis tools in the area of liquidity.

Over the review period, the Banking Supervision Department was actively involved in the implementation and development of the framework for simplification of supervisory and regulatory requirements both at the European level through the European Banking Authority and within the Single Supervisory Mechanism under the European Central Bank. EBA and ECB initiatives focused on reducing administrative burden and applying the proportionality principle of the regulatory framework more widely, without adversely affecting supervisory efficiency and financial stability. In this context, the following key activities were performed:

- working together with the EBA: participation in working groups and consultative formats related to the review and simplification of reporting and disclosure requirements; contribution to the assessment of the cumulative effect of regulatory requirements, including identifying areas with duplicate or excessively complex requirements; support for initiatives to streamline supervisory reporting and improve coordination between different regulatory frameworks (prudential, reporting, and statistical);
- working together with the ECB: participation in joint supervisory teams and thematic reviews aimed at optimising supervisory processes and tools; contribution to ECB initiatives for simplifying and harmonising supervisory expectations, including regarding supervisory reviews, data requests and communication with supervised entities; assistance in implementing a more proportionate supervisory approach, taking into account the size, business model and risk profile of institutions; participation in the exchange of good practices among national competent authorities in order to improve the effectiveness and consistency of supervisory actions.

As a result of the actions taken, the Banking Supervision Department contributed to a better integration of the principles of simplification and proportionality into the European supervisory framework by achieving a progress in reducing unnecessary administrative burdens on supervised institutions, improving the quality and focus of supervisory information, enhancing transparency and predictability of supervisory requirements.

The BNB will continue to participate actively in future EBA and ECB initiatives aimed at more effective, risk-oriented and proportionate banking supervision in line with the objectives of financial stability and sustainable banking sector development. Banking Supervision experts participated in regular discussions within working groups of the European Council, the European Commission, the EBA and the ECB on drafting new regulatory requirements and changes to existing technical standards, guidelines, decisions, recommendations and instructions. Steps were taken to enforce decisions of the relevant European authorities within the effective regulatory framework *vis-à-vis* supervised entities in Bulgaria.

Banking Supervision experts coordinated the process and contributed with their expertise also to the alignment of Bulgarian language versions of the guidelines drafted and published by the EBA. The BNB Governing Council took decisions on implementing EBA and Joint Committee of the European Supervisory Authorities guidelines published in 2025, including on: 1) management of environmental, social and governance (ESG) risks; 2) additional requirements for ICT risk management and security; 3) assessment of aggregate annual costs and losses caused by significant ICT incidents; 4) information requirements in relation to transfers of funds and transfers of certain crypto-assets; 5) exchange of information and assessments by competent authorities regarding the reliability and suitability of holders of qualified shareholdings, directors and persons in key positions in financial institutions and financial market participants, *etc.*

Application of the Regulatory Framework

As regards the correct submission of regular reporting from institutions and maintenance of high quality data, the Banking Supervision Department provides ongoing assistance and guidance to supervised entities in emerging cases and inaccuracies in submitted data. To this end, a horizontal review of prudential consolidation scope applied by them was carried out. In cases of incorrect application of the regulatory framework requirements, the results of the review were shared with banks in order to address them in a timely manner. A horizontal review of reporting also took place in the area of own funds requirements for counterparty risk, resulting in changes to the business card, as well as the maintained attributes in the Register of Institutions and Affiliates Database (RIAD), which is a centralised ECB/Eurosystem database containing reference information on credit institutions, financial institutions, their subsidiaries and branches, and links between institutions (group structure, control, participation). Banking Supervision experts assisted with their expertise in the application of both the directly applicable European reporting framework and the public disclosure of information by supervised entities as required by the CRR.

In line with the EBA Decision on information required for the monitoring of Basel supervisory standards, the annual exercise included three institutions based on 31 December 2024 data: the Bulgarian Development Bank EAD, the First Investment Bank AD and the Invest Capital AD. In cooperation with the ECB, BNB supervisors carried out the regular operational risk management self-assessment by analysing risks and efficiency of control mechanisms in supervisory processes.

The Banking Supervision Department organises and coordinates the process of annual public disclosure provided for in Article 102 of the LCI and Regulation (EU) 650/2014 by the supervisory authorities to allow comparison of the approaches adopted by the BNB and other competent authorities of Member States.

Banks operating in the Bulgarian market in line with Article 76, paragraph 4 of the LCI agreed on the choice of auditors to conduct independent financial audits and assurance of sustainability of 2025 financial statements.

The Banking Supervision Department continued to keep up-to-date and structured information on the status of Bulgarian supervised entities (credit institutions, financial holding companies and branches of foreign banks) with regard to their specific characteristics, as set out in the ECB's Register of Institutions and Affiliates Data (RIAD).

The BNB actively contributed to the single supervisory culture within the SSM by participating in the SSM Staff Visits 2025 initiative by presenting, as a host, various topics of Banking Supervision activities, thus providing an opportunity for exchanging experience and best practices among representatives of individual competent authorities.

Issue of Licences, Permits and Approvals

In 2025, there were no new bank operations licences or bank licensing procedures in Bulgaria.[86]

In July 2025, a procedure was launched following an application by Bago (Luxembourg) S.a.r.l. for the direct acquisition of 100 per cent of the shares in the capital of TBI Bank EAD under Article 28, paragraph 1 of the LCI.[87]

A procedure under Article 28 of the LCI was concluded, and pursuant to an instruction by the ECB, the BNB Governing Council granted a prior approval for direct acquisition by the Bulgarian-American Credit Bank AD of a qualifying holding exceeding the 50 per cent threshold of the shares in capital and voting rights in Tokuda Bank AD.

In October 2025, a procedure was opened on the basis of Article 29 of the LCI on a bank's application for a change in the scope of the license granted by adding electronic money issuance transactions.

In December 2025, the BNB Governing Council approved a merger in a significant bank of its subsidiary under Article 29b, paragraph 2 of the LCI. In December 2025, a decision was adopted under Article 35a, paragraph 6 of the LCI to grant an exemption to a parent financial holding from a Member State based on the application submitted in July 2025.

In 2025, the BNB Governing Council issued permissions related to own funds, as follows:

- to one significant institution to include its interim profit for the first half of 2024 on an individual basis into common equity tier 1 (CET1);
- to one less significant bank to include its interim profit as of 30 September 2024 in the common equity tier 1 (CET 1) capital.
- to one significant bank to reduce its own funds by repaying an additional tier 1 instrument and replace it with a CET1 instrument;
- to one significant bank to classify bonds as a tier 2 instrument;
- to one significant institution to include its interim profit as of 31 December 2024 on an individual basis into common equity tier 1 (CET 1);
- to two significant institutions to include their interim profits for the first half of 2025 on an individual basis into common equity tier 1 (CET1);
- to five less significant institutions to include their interim profits as of 30 June 2025 on an individual basis into common equity tier 1 (CET 1);
- to one less significant institution to include its interim profit as of 30 June 2025 on an individual and consolidated basis into common equity tier 1 (CET 1);

[86] From 1 October 2020, when Bulgaria joined the Single Supervisory Mechanism, the ECB is the competent authority for authorisation of credit institutions in accordance with Article 4(1)(a) of Regulation (EU) No 1024/2013, subject to specific rules reflecting the role of the national competent authority.

[87] On 13 February 2026, the European Central Bank adopted a decision granting a prior approval to Bago (Luxembourg) S.a.r.l. for the direct acquisition of a qualifying holding that exceeds the threshold of 50 per cent of the capital shares and voting rights of TBI Bank EAD.

- to two less significant banks to include their interim profits as of 30 June 2025 on an individual basis into common equity tier 1 (CET 1);
- to two less significant banks to include an issue of bonds into common equity tier 1 (CET1).
- to one significant bank to reduce its own funds on a sub-consolidated and individual basis by repaying additional tier 1 instruments;
- to one significant bank to classify bonds as a tier 2 instrument.

Over 2025, ten approvals were issued by the BNB Governing Council under Article 71, paragraph 5 of the LCI to amend statutes of eight credit institutions, of which two approvals to two significant banks and eight approvals to six less significant institutions.

Following a fit and proper assessment, 34 prior approvals for holding positions in the management and supervisory bodies of banks were issued by the BNB Governing Council[88] (19 for less significant institutions and 12 for significant institutions after ECB instructions), including one approval for a manager of a foreign third-country branch, one approval for a member of the board of directors and one approval for a procurator of a parent mixed financial holding company from a Member State. Twenty approvals were also issued for assessing the suitability of key function holders (13 in relation to less significant institutions and seven to significant institutions following ECB instructions).[89]

In 2025, nine new EU Member State credit institutions exercised the freedom to provide direct services under the mutual recognition of single European passport through notifications to the BNB from their licensing authorities on their intent to provide bank services in the Republic of Bulgaria, bringing the number of First Time Free Services Notifications to 374.

At the end of 2025, one Bulgarian credit institution initiated a notification procedure about its intention to exercise its freedom to provide services within the territory of another Member State.

As a result of the close cooperation between the ECB and the BNB[90], the following procedures for specific instructions from the European Central Bank (ECB) were implemented, leading to the adoption of national decisions by the BNB Governing Council and issuance of orders by the Deputy Governor heading the Banking Supervision Department:

- 19 national decisions on issuing approvals for holding positions in management and supervisory bodies and for holding key positions in four significant credit institutions;
- 13 national decisions on invoicing 2024 annual supervisory fees due to the ECB for the supervised entities and supervised groups established in Bulgaria;
- four national decisions on internal models: to one significant institution;
- six national decisions in relation to own funds: to four significant banks;
- an order for conducting a supervisory inspection in a significant bank;
- two national decisions on issuing approvals for amendments to the statutes of two significant banks;
- four national decisions on setting prudential requirements for 2026 to four

[88] Information on approvals issued pursuant to Article 11, paragraphs 1 and 3 of the Law on Credit Institutions is available on the BNB website.

[89] From 1 October 2020, when Bulgaria joined the Single Supervisory Mechanism, the ECB is exclusively competent to assess and adopt decisions on the suitability of members of the management bodies and key function holders of significant banks established in the Republic of Bulgaria. The ECB assesses the relevant persons in cooperation with the BNB.

[90] Decision (EU) 2020/1015 of the ECB of 27 July 2020.

significant banks;

- one national decision on discontinuation of the requirement to provide periodic additional supervisory information;
- one national decision on the authorisation of restructuring by way of a merger into one significant bank of its subsidiary;
- one national decision on issuing a preliminary approval for acquisition of a qualifying holding exceeding the 50 per cent threshold of the shares in the capital and voting rights of Tokuda Bank AD.

In 2025, the BNB Banking Supervision Department registered and handled 151 complaints from banks' customers on specific issues.

VII. BNB Activities as a Resolution Authority for Credit Institutions

The Law on the Recovery and Resolution of Credit Institutions and Investment Firms (LRRCIIF) tasks the Bulgarian National Bank with resolution of credit institutions and other legal entities, which are subject to supervision or consolidated supervision by the central bank. Following the establishment of close cooperation with the ECB with effect from 1 October 2020, the BNB performs the function of a resolution authority within the framework of the Single Resolution Mechanism (SRM) and in close cooperation with the Single Resolution Board (SRB).

Credit institutions established in the Republic of Bulgaria in respect of which the ECB exercises all powers under Article 4 of Regulation (EU) No 1024/2013[91] fall within the direct remit of the SRB, which exercises the functions of a resolution authority and makes decisions on all aspects of resolution[92]. As the national resolution authority for credit institutions under the direct remit of the SRB, the BNB participates and is represented in Internal Resolution Teams set up by the SRB[93], which perform tasks on drawing up resolution plans and taking decisions related to resolution. The SRB replaces the BNB also when cooperating with resolution authorities of non-participating Member States, including in resolution colleges and European resolution colleges established under Directive 2014/59/EU.[94] In respect of credit institutions and groups respectively, whose resolution authority is the SRB, the BNB participates in the resolution colleges as an observer.

In respect of credit institutions and groups established in the Republic of Bulgaria which do not fall under the direct remit of the SRB, the BNB adopts decisions on all aspects of resolution, taking into account its cooperation commitments with the SRB and implementing Regulation (EU) No 806/2014[95].

As part of the SRM, the Bulgarian National Bank is represented with a voting right in the management bodies of the SRB in the form of the Plenary Session[96] and the Extended Executive Session[97] by the Deputy Governor heading the Banking Department.

In its capacity as a resolution authority, the BNB is fully responsible for the administration and management of the Banks Resolution Fund (BRF, the Fund).

Decisions related to the BNB functions and tasks as a resolution authority and national resolution authority are adopted by the BNB Governing Council. In exercising bank resolution functions, the BNB Governing Council is assisted by the Resolution of Credit Institutions Directorate, which is a separate structural unit, independent of the

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[91] Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions.

[92] As of 31 December 2025, these are four credit institutions, namely United Bulgarian Bank AD, DSK Bank AD, UniCredit Bulbank AD and Eurobank Bulgaria AD.

[93] They include representatives of the SRB and national resolution authorities and are established under Article 83(3) of Regulation (EU) No 806/2014.

[94] Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012 of the European Parliament and of the Council.

[95] Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010.

[96] Including permanent members of the SRB and representatives of all national resolution authorities within the SRM.

[97] The Extended Executive Session includes permanent SRB members and representatives of national resolution authorities under whose jurisdiction the entities fall, in respect of which issues are discussed and decisions are adopted.

structural units involved in banking supervision tasks and other BNB functions. The operational activities of the Resolution of Credit Institutions Directorate are directly subordinate to the Deputy Governor heading the Banking Department, who is responsible for planning, preparing and implementing decisions of the Governing Council in carrying out the functions and tasks of the BNB as a resolution authority under the LRRCIIF and a national resolution authority under Regulation (EU) No 806/2014.

Over the review period, amendments to the LRRCIIF entered into force in relation to the implementation of Bulgaria's commitments arising from EU membership. The transitional and final provisions of the Law on Markets in Crypto-assets (Darjaven Vestnik, issue No 54 of 4 July 2025) introduced the requirements of Directive (EU) 2022/2556[98] as regards digital operational resilience for the financial sector that affect resolution and provided for measures for the implementation of Regulation (EU) 2022/2554[99] in this regard. The Law on Amendment of the LRRCIIF (Darjaven Vestnik, issue No 63 of 1 August 2025) introduced the requirements of Directive (EU) 2024/1174[100] and measures for the implementation of Regulation (EU) 2022/2036[101]. The changes concern certain aspects of the minimum requirement for own funds and eligible liabilities, including in relation to the so-called 'daisy chains of internal MREL' approach. The final provisions of the Law on Amendment to the Law on Financial Collateral Arrangements (Darjaven Vestnik, issue 67 of 15 August 2025) introduced the respective amendments to the LRRCIIF in relation to the implementation of a legal framework for a close-out netting.

As part of the process of preparing for the introduction of the euro, secondary legislation of the BNB in the field of resolution was amended, namely BNB Ordinance No 43[102] and Ordinance No 44[103], to comply with the official currency in the Republic of Bulgaria with effect from 1 January 2026. In addition, during the period, amendments were adopted to BNB Ordinance No 41[104], which take into account the responsibilities of the Deputy Governor in charge of the Banking Department in relation to the performance of BNB's resolution functions.

Over the review period, work continued on developing the BNB's internal methodological framework relevant to the resolution function as a result of the ongoing review and optimisation of the approaches applied, as well as in the context of the SRB policy integration, as far as applicable, while complying with national specificities. In line with the commitments arising from Guidelines of the European Banking Authority EBA/GL/2023/05[105], the BNB adopted a single methodological approach for the preparation and implementation of multi-annual resolvability testing programmes and provided

[98] Directive (EU) 2022/2556 of the European Parliament and of the Council of 14 December 2022 amending Directives 2009/65/EC, 2009/138/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU, 2014/65/EU, (EU) 2015/2366 and (EU) 2016/2341 as regards digital operational resilience for the financial sector.

[99] Regulation (EU) 2022/2554 of the European Parliament and of the Council of 14 December 2022 on digital operational resilience for the financial sector and amending Regulations (EC) No 1060/2009, (EU) No 648/2012, (EU) No 600/2014, (EU) No 909/2014 and (EU) 2016/1011.

[100] Directive (EU) 2024/1174 of the European Parliament and of the Council of 11 April 2024 amending Directive 2014/59/EU and Regulation (EU) No 806/2014 as regards certain aspects of the minimum requirement for own funds and eligible liabilities.

[101] Regulation (EU) 2022/2036 of the European Parliament and of the Council of 19 October 2022 amending Regulation (EU) No 575/2013 and Directive 2014/59/EU as regards the prudential treatment of global systemically important institutions with a multiple-point-of-entry resolution strategy and methods for the indirect subscription of instruments eligible for meeting the minimum requirement for own funds and eligible liabilities.

[102] Ordinance No 43 of the BNB of 28 July 2022 on the Terms and Procedure for Determining and Paying a Maximum Daily Amount upon Suspension of Obligations in Respect of Eligible Deposits.

[103] Ordinance No 44 of the BNB of 28 July 2022 on the Terms and Procedure for Selection of Independent Valuers under Article 55a of the Law on the Recovery and Resolution of Credit Institutions and Investment Firms.

[104] BNB Ordinance No 41 of the BNB of 25 February 2021 on Determining the Amount of the Individual Annual Contributions by Branches of Third-country Credit Institutions to the Banks Resolution Fund.

[105] Guidelines amending Guidelines EBA/GL/2022/01 on improving resolvability for institutions and resolution authorities under Articles 15 and 16 of Directive 2014/59/EU to introduce a new section on resolvability testing (EBA/GL/2023/05).

general guidance to credit institutions on the approach and organisation of the testing process.

Over the review period, the first procedure under BNB Ordinance No 44 on inclusion in the list of independent valuers for carrying out valuations under Articles 55 and 106 of the LRRCIIF was completed. As a result of the procedure, a list of independent valuers was drawn up and published on the BNB website. The list is subject to supplementing by conducting new procedures under BNB Ordinance No 44.

In 2025, the BNB activity as a resolution authority and national resolution authority was focused primarily on preparing, reviewing and updating resolution plans of credit institutions and monitoring the implementation of target levels of minimum requirements for MREL as set for credit institutions.

The BNB continued preparing and updating[106] resolution plans of credit institutions falling within the direct powers of the BNB.[107] In 2025, the BNB Governing Council adopted the resolution plans for 2023[108] of four credit institutions and resolution plans for 2024 of all 13 credit institutions, of which seven credit institutions are part of a group subject to supervision on a consolidated basis, five credit institutions that are not considered as part of a group subject to supervision on a consolidated basis and one credit institution that is part of an EU cross-border group.

The resolution plans of nine credit institutions provide for the application of a resolution tool, while evaluations in the remaining four institutions identify the liquidation of the business through insolvency proceedings as appropriate and feasible. In accordance with the BNB's procedural commitments within the SRM, the resolution plans were submitted to the SRB for an opinion prior to their adoption by the BNB Governing Council. As part of this procedure, the SRB informed the BNB that it did not express an opinion on any of the resolution plans.[109]

All resolution plans adopted include an analysis of the business model, critical functions for the credit institution concerned, an evaluation of the appropriateness of winding up the business through insolvency proceedings, a public interest analysis of the extent to which each of the resolution objectives has been achieved and the assessment of resolvability. In parallel with the adoption of the resolution plans, the BNB Governing Council reviewed and set the target levels of MREL for credit institutions.[110] In addition, the progress made by credit institutions towards their defined work priorities was also examined and assessed with a view to ensuring resolvability and implementing the preferred resolution strategy.

The Bulgarian National Bank in its capacity as a resolution authority for a credit institution, part of a cross-border EU group, participated as a member of the resolution college set up by the group-level resolution authority. In the first half of 2025, the college members took a joint decision and adopted the group resolution plan for 2024 within the statutory deadline. According to the plan, the subsidiary credit institution in Bulgaria was identified as a resolution entity in view of the identified critical function and the conclusion that some of the resolution objectives could not be achieved to the

[106] Resolution plans are to be reviewed and updated at least annually or after any material change to the legal form, governance or organisational structure, or to the business or the financial position of the institution or group that could have a material effect on the effectiveness of the plan or requires a revision of the resolution plan.

[107] In the context of the allocation of functions and powers between the BNB and the SRB, the Bulgarian National Bank is responsible for the resolution planning of thirteen credit institutions licensed in the Republic of Bulgaria.

[108] As a result of the process related to the closure of the 2023 resolution planning period.

[109] In accordance with Article 31(1)(d) of Regulation (EU) No 806/2014, an opinion on the draft plan is mandatory in the event that elements of the resolution plan are found to be in non-compliance with the aforementioned Regulation or with the SRB’s general instructions.

[110] No MREL is set for credit institutions/groups for which resolution plans for 2024 provide for winding-up under normal insolvency proceedings.

same extent in case of liquidation under insolvency proceedings. Within the same time limit, the members of the college also reached a joint decision on setting MREL on an individual basis for the subsidiary credit institution in Bulgaria as a resolution entity.

In the third quarter of 2025, reviewing and updating 2025 resolution plans began related to a total of 13 credit institutions falling within the direct powers of the BNB. As a result of the BNB's updated internal methodological framework relevant to the resolution function, the resolution plans of nine credit institutions provide for the application of a resolution tool, while evaluations in the remaining four institutions justify the liquidation of the business through insolvency proceedings as appropriate and feasible. In the fourth quarter of 2025, two resolution plans for 2025 were also submitted to the SRB for opinion, for which liquidation under insolvency proceedings was not justified as appropriate and feasible based on the evaluations made and, therefore, the application of a resolution tool is not foreseen.

In the fourth quarter of 2025, following the commitments arising from the EBA Guidelines (EBA/GL/2023/05) and in line with the adopted single methodological approach for the preparation and implementation of multi-annual resolvability testing programmes, the BNB Governing Council adopted multi-annual testing programmes for credit institutions.[111, 112]

In the course of reviewing and updating resolution plans of the four credit institutions falling within the SRB direct powers, the BNB Governing Council adopted in 2025 positions on decision-voting of the SRB Extended Executive Session concerning the final approval of joint decisions on 2024 resolution plans of three cross-border groups with subsidiaries licensed in Bulgaria and on setting MREL for resolution entities and their subsidiary banks falling within the SRB powers.[113]

In line with the adopted positions, the BNB supported the draft decisions of the SRB's Extended Executive Session on the resolution plan and the resolvability assessment for 2024 and on the determination of MREL for the three cross-border groups with subsidiaries in Bulgaria, falling under the direct remit of the SRB. The BNB supported SRB's draft decisions taking into account changes in the policy and in the SRB approach to setting MREL for the subsidiary banks licensed in the Republic of Bulgaria. The BNB positions as a national resolution authority were expressed within the Extended Executive Session of the SRB by the BNB representative in accordance with the BNB applicable internal acts and the Rules of Procedure of the SRB Executive Session.

The resolution plans for 2024 of the three groups, part of which are credit institutions established in the Republic of Bulgaria, include an assessment of banking group resolvability, an assessment of significant corporations and an analysis of their legal and financial structure, and of their business model, critical functions, preferred strategy and resolution tool, MREL calculations and an analysis of the tools serving to implement the MREL. The three subsidiary banks licensed in the Republic of Bulgaria, which are part of the relevant banking groups, were designated as significant and the critical functions performed by them were identified. A MREL was set on an individual or (sub)-consolidated basis in accordance with the approach taken by the SRB for the

[111] Multiannual testing programmes cover a period of 3 years (2026-2028), with the tests scheduled in the last two years being indicative and subject to revision (change/confirmation) at any subsequent annual update of the testing programmes.

[112] For credit institutions for which resolution plans provide for winding-up under insolvency proceedings, multiannual simplified testing programmes have been prepared.

[113] Pursuant to Article 54(2)(a) and (c) of Regulation (EU) No 806/2014, the SRB at its Executive Session prepares, assesses and approves resolution plans and determines MREL for entities and groups falling within the scope of its powers. Decisions of the Executive Session of the SRB are taken by consensus, and in case of a failure to reach a joint agreement by consensus – by a simple majority of the votes of permanent SRB members.

three subsidiary banks, that are not resolution entities, according to the strategy provided for in resolution plans of the relevant group.

In accordance with the schedule established by the SRB, within the process of reviewing, updating and adopting of resolution plans for 2025, the BNB Governing Council approved positions in relation to voting on draft decisions of the SRB Extended Executive Session for a prior approval of resolution plans of two cross-border groups with subsidiary banks licensed in the Republic of Bulgaria, for the purposes of subsequent submission and consideration of the documents within the set-up resolution colleges. The BNB Governing Council also took a position regarding the draft proposal of the SRB on setting MREL of a subsidiary bank licensed in the Republic of Bulgaria and part of a cross-border group with a parent undertaking outside the SRM for the purposes of its subsequent provision to the group level resolution authority. The BNB Governing Council approved also a position on voting draft decisions of the SRB Extended Executive Session concerning an approval of a resolution plan and setting MREL for 2025 for a cross-border group with a subsidiary bank licensed in Bulgaria for which there is no organised resolution college, given the absence of the group in Member States outside the SRM. The Bulgarian National Bank supported the SRB's draft decisions. The positions were expressed within the Extended Executive Session of the SRB by the BNB representative in accordance with the applicable internal acts of the BNB and the Rules of Procedure of the SRB Executive Session.

As regards the BRF governance function, on 17 April 2025 the BNB Governing Council adopted the annual financial statements of the Banks Resolution Fund for 2024, including Performance Report[114] and all components of the BRF financial statements as of 31 December 2024. The audited annual financial statements were published within statutory deadline (30 April) in the Darjaven Vestnik[115]. Within the same period, the annual report presenting the Fund's activities and its assets, financial position, cash flows, financial result and changes in net assets, along with the report of the independent auditor[116], was published on the BNB website under the corresponding section.

For the purposes of the ongoing management of BRF financial means, in January 2025 the BNB Governing Council determined eligible classes of assets and investment restrictions for market and credit risks with regard to the possibility for BRF financial means to be invested through structured indexed account (SIA) with the BNB. In 2025, the BNB Governing Council took decisions to leave unchanged the applied investment strategy regarding BRF financial means, which continued to be kept on current accounts with the BNB and were subject to the General Terms and Conditions of the Bulgarian National Bank on Servicing Accounts of Banks, Budget Organisations and Other Customers. When adopting decisions to invest the BRF's resources, the Governing Council reviewed and took into account the expected returns and risk in the event of a choice of SIA, as well as the market situation at that time.

In line with the allocation of powers between the SRB and the BNB, the function of determining and collecting contributions from branches of third-country credit institutions for the purposes of resolution financing is exercised entirely by the BNB, and the collected funds are transferred to a separate BRF sub-fund under Article 134, paragraph 1, item 1 of the LRRCIIF. In April 2025, the BNB Governing Council set the total amount of annual contributions by branches of third-country credit institutions to the BRF for 2025 at BGN 130 thousand. Funds were transferred to the respective sub-fund

[114] It includes information and analyses concerning the dynamics and trends in the international environment, economic activity in Bulgaria and the state of the banking system, given their interconnectedness and determining role for BRF management activities, as well as information on the management of the BRF and the main indicators representing its performance in 2024.

[115] Issue 36 of 29 April 2025.

[116] Ernst & Young Audit OOD, appointed by Decision No 352 of the BNB Governing Council of 17 July 2024.

account within the time-limit under Article 139, paragraph 5 of the LRRCIIF (30 days from the date of notification). As of 31 December 2025, funds collected in the sub-fund established to raise contributions by branches of third-country credit institutions were BGN 1183 thousand.

Contributions of credit institutions licensed in the Republic of Bulgaria for the purposes of resolution financing are due to the Single Resolution Fund (SRF) and are determined by the SRB. As a national resolution authority, the BNB is responsible for notifying credit institutions about their *ex-ante* annual contributions set by the SRB, collecting the respective contributions or deducting them from the funds in the sub-fund for contributions to the SRF and transferring the collected or deducted contributions to the SRF. To this end, a separate earmarked sub-fund is used, set up under Article 134, paragraph 1, item 2 of the LRRCIIF. Within the procedure for determining the individual *ex ante* contributions to the SRF for 2025, the SRB verified whether the SRF target level has been reached[117] and found out that the available financial means in the SRF continue to be at least 1 per cent of the amount of guaranteed deposits of all credit institutions licensed in the Member States participating in the SRM. On 10 February 2025, the SRB published a press release stating that the requirement for the target level of the SRF continued to be met as of 31 December 2024, as a result of which, in the absence of any change in circumstances, there are no intentions to collect regular annual contributions to the SRF in 2025.[118] Therefore, in the context of the procedure for determining the individual annual contributions to the SRF for 2025, the SRB only followed its procedure for recalculation of the individual annual *ex-ante* contributions of the institutions that submitted corrective data in respect of previous procedures for determining contributions to the SRF.[119] In April 2025, following a notification by the SRB of a decision on the calculation of adjustments to individual *ex-ante* annual contributions, including of one credit institution licensed in the Republic of Bulgaria, which submitted corrective data for 2024, the BNB Governing Council decided to adjust the amount of the funds in the sub-fund under Article 134, paragraph 1, item 2 of the LRRCIIF, deducted from the liabilities of this credit institution for *ex-ante* contributions to the SRF for 2024, and to recover BGN 33 thousand to the earmarked sub-fund. Recovered funds can be used in accordance with § 56, paragraph 2 of the Transitional and Final Provisions of the Law on Amendment to the LRRCIIF.

In 2025, no decision was sent by the SRB on determining and collecting contributions to the SRF for 2025. The funds available as of 31 December 2025 in the earmarked BRF sub-fund established to raise and transfer contributions of credit institutions to the SRF were BGN 486,487 thousand.

[117] According to Article 69(1) of Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010 (Regulation (EU) No 806/2014).

[118] See: *No additional SRF bank levies needed for 2025; Fund continues to meet target level*.

[119] Procedures for determining individual annual *ex-ante* contributions for the 2016-2023 period.

VIII. Participation in the ESCB and EU Institutions and Bodies

EU bodies and institutions in 2025 focused on strengthening the Union's financial system, enhancing the resilience of the European banking sector and reinforcing its capacity to manage crises, as well as on harmonising the rules on the functioning of the payment services market. BNB representatives participated actively in discussions on amendments of the EU regulatory framework for the banking sector and contributed to the drafting and coordination of national positions on relevant legislative proposals.

The European System of Central Banks and the Eurosystem

The BNB Governor sits on the ECB General Council with EU central bank governors and the ECB President and Vice President. In 2025, the four ECB General Council meetings discussed issues related to the macroeconomic, monetary and financial developments in the EU, the report on prospects, risks and monetary policies of non-euro area Member States and other issues of relevance to the central banks of all Member States. The ECB General Council adopted the 2025 extraordinary Convergence Report, prepared at the request of the Republic of Bulgaria, previously endorsing the application of economic convergence criteria.

As of 1 September 2025, the BNB Governor participated as an observer in six meetings of the ECB Governing Council[120], three of which were dedicated to the Eurosystem's monetary policy. The BNB Governor also participated as an observer in an ECB Macroprudential Forum meeting, which is a discussion platform of the members of the ECB Governing Council and Supervisory Board, as well as in dialogues held by the ECB Governing Council with representatives of institutional investors and representatives of the non-financial sector. As of 1 September 2025, the BNB receives information on all decisions of the ECB Governing Council.

In the context of BNB's accession to the Eurosystem as of 1 January 2026, in September–December 2025, the BNB Governor signed a number of agreements with the ECB and other Eurosystem/ESCB central banks on payment infrastructure and euro banknotes. The BNB also joined the Agreement on Net Financial Assets and the Governor signed an agreement amending the ERM II Central Bank Agreement. The Bulgarian National Bank participated in the coordination of the draft on the basis of which Decision (EU) 2026/115 of the European Central Bank of 31 December 2025 on the paying-up of capital, transfer of foreign reserve assets, and contributions by Българска народна банка (Bulgarian National Bank) to the European Central Bank's reserves and provisions (ECB/2025/44)[121] was adopted. In connection with the above-mentioned ECB decision, the BNB Governor signed an Agreement between Българска народна банка (Bulgarian National Bank) and the European Central Bank regarding the claim credited to Българска народна банка (Bulgarian National Bank) by the European Central Bank under Article 30.3 of the Statute of the European System of Central Banks and of the European Central Bank[122].

The BNB is represented by deputy governors in the ECB Supervisory Board, the Steering Committee of the ECB Macroprudential Forum and the High-Level Task Force on the ESCB Integrated Reporting Framework.

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[120] The ECB Governing Council comprises the members of the Executive Board of the ECB and the governors of the national central banks of the Member States whose currency is the euro.

[121] OJ L, 2026/115, 15.1.2026.

[122] C/2026/497, OJ C, C/2026/497, 22.1.2026.

As of 1 September 2025, BNB Deputy Governors participated as observers in the High-Level Task Force on the Digital Euro, the High-Level Task Force on Sustainable and Responsible Investment Related to Climate Change and the Appia[123] High-Level Task Force.

BNB representatives took part in one conference[124], 17 ESCB committees[125] and 96 working groups thereto. As of 1 September 2025, representatives of the Bulgarian National Bank have participated as observers in the Eurosystem format of the above-mentioned committees, including two committees[126] and one forum[127] that operate exclusively within the Eurosystem framework.

Bank representatives on ECB bodies, ESCB committees and working groups helped elaborate ECB's acts on monetary and banking policies, payment and settlement systems, prudential supervision, statistical reporting and research, and other central banking issues. The Bank also took part in coordinating draft ECB opinions with regard to written consultations between EU Member States on draft legislative bills, as well as proposals for EU legal acts falling within the ECB field of competence. In early July 2025, the BNB contributed to the coordination of a draft ECB opinion in the context of the abrogation of Bulgaria's derogation and the introduction of the euro. On 2 July, the ECB adopted an Opinion on a proposal for a Council regulation amending Regulation (EC) No 974/98 as regards the introduction of the euro in Bulgaria and on a proposal for a Council regulation amending Regulation (EC) No 2866/98 as regards the conversion rate to the euro for Bulgaria[128]. Over the review period, Bulgaria consulted the ECB in writing on the draft Law amending the Law on Credit Institutions (which also amends the Law on the Bulgarian National Bank, which entered into force on 1 January 2026). The subject of consultation was the transposition into national law of the requirements laid down in Article 4a of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions[129], as amended by Directive (EU) 2024/1619 of the European Parliament and of the Council of 31 May 2024 amending Directive 2013/36/EU as regards supervisory powers, sanctions, third-country branches, and environmental, social and governance risks[130]. The BNB participated actively in the coordination of this ECB opinion on the independence of the members of the BNB's Governing Council[131].

The European Systemic Risk Board, the European Banking Authority

The BNB Governor and Deputy Governors are members of the ESRB General Board. The assessment of the risks to financial stability in the EU was regularly discussed

[123]The Appia initiative is a long-term Eurosystem programme aimed at creating and developing a European tokenised financial ecosystem that supports the secure and efficient execution of transactions based on distributed ledger technology (DLT) using central bank funds.

[124]Heads of Administration Conference.

[125]The Eurosystem Procurement Coordination Office (*EPCO*), the Accounting and Monetary Income Committee (AMICO), the Financial Stability Committee (*FSC*), the Banknotes Committee (*BANCO*), the Eurosystem/ESCB Communications Committee (*ECCO*), the Information Technology Committee (*ITC*), the Internal Auditors' Committee (*IAC*), the International Relations Committee (*IRC*), the Legal Committee (*LEGCO*), the Market Operations Committee (*MOC*), the Monetary Policy Committee (*MPC*), the Market Infrastructure and Payments Committee (*MIPC*), the Statistics Committee (*STC*), the Organisational Development Committee (ODC), the Committee on Controlling (*COMCO*), Human Resources Committee (HRC), the Ethics and Compliance Committee (*ECC*).

[126]Budget Committee (*BUCOM*), Risk Management Committee (*RMC*).

[127]Eurosystem Climate Change Forum (*CCF*).

[128]CON/2025/15, OJ C, C/2025/3948, 10 July 2025

[129]OJ L 176, 27.6.2013, p. 338.

[130]OJ L, 2024/1619, 19.6.2024.

[131]The ECB adopted its Opinion CON/2025/27 on 2 September 2025, https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52025AB0027.

during the four General Board meetings held in 2025. These risks were reported to remain elevated amid ongoing geopolitical uncertainty and rising vulnerabilities in financial markets. It was noted that materialisation of geopolitical and macroeconomic risks would worsen private sector balance sheets, leading to a significant increase in household insolvencies and the number of corporate bankruptcies. The EU–US agreement on tariffs and trade was recognised as a factor that somewhat reduces the risks to economic growth. However, existing fluctuations in global trade retain their potential to disrupt supply chains, limit exports and negatively affect consumption and investments. In this context, the General Board emphasised that it is of paramount importance for national authorities to continue monitoring the impact of the agreement on the behaviour of firms, households and the financial sector.

Risks to financial stability posed by rising geopolitical tensions and uncertainty surrounding economic policy were also examined in terms of their impact on financial markets. The General Board agreed that the materialisation of these risks could lead to sharp market adjustments, with the potential to affect the real economy. In the event of sudden adverse developments, financial markets would be vulnerable, given price caps for some financial instruments, the high concentration of some riskier asset classes in certain market segments, such as the US technology sector, and existing risk-taking perceptions that are not fully aligned with lower economic growth prospects. The increase in debt vulnerability was also recognised as a prerequisite that could lead to sudden market adjustments.

Over the review period, the discussions at the General Board also focused on risks related to weak growth and high debt levels in some countries, posing challenges to public finances. It was noted that the rise in threats to security and the need to increase defence expenditure would further narrow the fiscal space of Member States and may lead to a resurgence of concerns regarding public debt sustainability, as well as reduce resilience against future adverse shocks. In this context, the members of the General Board called for prioritising growth-enhancing structural reforms and adopting a balanced approach that combines financing instruments at both national and European level.

The General Board recognised that the EU financial system had remained resilient. European banks have demonstrated high profitability and stable capital and liquidity positions despite the volatile geopolitical situation. At the same time, lower than expected economic growth, coupled with a worsening of public finances, may reduce asset quality and put banks' balance sheets under pressure. In order to avoid such a scenario, the General Board emphasised the need for banks to take measures to ensure sound credit risk management and to closely monitor liquidity risks.

Among the topics discussed during the reporting period, as part of discussions focusing on risks to the financial stability in the EU, was the growing link between the crypto-asset sector and the financial sector. It was emphasised that not all jurisdictions have fully implemented the recommendations of the Financial Stability Board for global stablecoins, unlike the EU, where these recommendations have been implemented in the Regulation on Markets in Crypto-assets. In this regard, concerns have been raised that the fungibility of stablecoins issued both in Europe and in third countries may pose risks to financial stability. For this reason, it was decided that the ESRB would accelerate its work aimed at assessing the systemic risks associated with stablecoins, and in September 2025, the General Board adopted a Recommendation on third-country multi-issuer stablecoin schemes. The Recommendation aims to address the identified risks to financial stability in order to prevent their materialisation or mitigate their potential impact.

Over the review period, the General Board assessed the macroprudential policy stance in the countries of the European Economic Area. It was noted that in the context of high uncertainty, it is crucial to maintain the current levels of macroprudential buffers, which will enable the absorption of various shocks.

In addition to work on identifying systemic risks, the General Board also addressed other topics, including the resilience of the EU financial system to changes in interest rates, the impact on financial stability of applying the framework for simple, transparent and standardised securitisation compared to synthetic securitisations, as well as the links between banks and non-bank financial intermediaries. The discussion focused on the benefits and risks associated with the rise of artificial intelligence, as well as proposals aimed at implementing the ESRB's strategic priorities, based on the recommendations of the report of the High-Level Group on the ESRB Review.

During the review period, BNB representatives participated in EBA committee and working group meetings. In 2025, the EBA's Subgroup on Ongoing Supervision to the EBA Standing Committee on Oversight and Practices continued its work on updating the Guidelines on the Supervisory Review and Evaluation Process in the sections on internal governance, capital adequacy, liquidity, credit risk, market risk, interest rate risk in the banking book, operational resilience and ICT risks, recovery plans, as well as on the application of the principle of proportionality and the approach to assessing supervisory efficiency. Issues related to the supervisory colleges for third-country branches and the reporting of different exposure classes and the impact on large exposures were discussed. The scope of the process for updating the technical standards on joint decisions setting prudential requirements for individual credit institutions was presented, as well as issues related to the upcoming review of supervisory practices concerning the capital requirements under Pillar 2. Within the framework of the Analysis Tools and Data Subgroup under the EBA's Standing Committee on Data, Analysis, Transparency and Accountability, workshops were held to discuss topics relating to data quality, monitoring of the so-called SMART indicators and compliance with the validation rules for supervisory reporting, as well as issues related to the implementation of the Digital Operational Resilience Act (DORA). Details were discussed regarding the 'Transparency exercise' and 'Insolvency Benchmarking' exercises (comparative analysis of national credit enforcement frameworks) and the associated use of AnaCredit. The review of the EBA's risk reports (Risk Dashboard), which is based on data from banks reporting to the EBA, continued. Within the Interest Rate Risk in the Banking Book (IRRBB) Subgroup of the EBA's Standing Committee on Supervisory Regulations and Policies, technical standards for supervisory outlier tests (SOTs) for IRRBB were discussed. The implementation of the Heatmap published by the EBA on the implementation of the IRRBB standards was actively monitored, including specific aspects of the EBA Guidelines, a more general assessment of the management of interest rate risk from a prudential perspective and the impact of increases in interest rates. Under the SSM Network on IT risk, participation was taken in an ICT Risk Supervisory Practice subgroup, related to supervisory practices for assessing ICT risks. Remote meetings were held to analyse information related to the development of ICT questionnaires for assessing the risk of LSIs, which are scheduled to be implemented in SREP in 2026.

In the context of specific supervisory activities, BNB representatives participated in EBA committee and working group meetings, where, in addition to the usual topics for discussion, reports and studies were prepared on issues related to consumer lending and financial innovation. Participation has also taken place in numerous working groups and committees relevant to the prevention of money laundering and terrorist financing (ML/TF) set up by the European Commission, the European Banking Authority and the Council of Europe, nine AML/CFT colleges, and AMLCO, Authorisations and

Sanctions. BNB representatives participated in projects related to the establishment of the European Authority for Anti-Money Laundering and Countering the Financing of Terrorism (AMLA) and the need to develop regulations.

The Ecofin Council and the Economic and Financial Committee (EFC)

Finance and economy ministers and central bank governors of EU Member States took part in two informal EU Ecofin Council meetings in 2025. The BNB Governor and a Deputy Governor attended the meetings. At the April meeting, ministers and governors discussed ways to enhance the competitiveness of European financial markets, their role in supporting investment in an uncertain economic environment and Europe's response to developments in financial markets in the short and long term. The discussions addressed the main challenges that European capital markets face, including fragmentation resulting from different national regulations and practices, the lack of deep and liquid markets for venture capital, especially for start-ups and innovative companies, and the challenges resulting from the uncertainty caused by tariffs imposed by the US. It was emphasised that increasing transparency, harmonising regulations, and promoting financial literacy are essential for strengthening capital markets and ensuring their long-term sustainability and attractiveness.

At the second informal meeting of the EU Ecofin Council in September, discussions of the ministers and governors focused on the challenges posed by the complex nature of European legislation in the field of financial services. Ways and possible principles for its simplification were discussed, with the aim of creating a more effective regulatory framework to support the growth and competitiveness of the EU economy. Ministers and governors agreed that reducing the complexity of financial services legislation should not affect the maintenance of financial stability and protecting consumers and investors.

A Deputy Governor represents the BNB on the Economic and Financial Committee. Over the review period, the Committee members continued discussions on financial market developments and risks to financial stability in the EU in a changing global environment. A major risk for financial stability was the possibility of a substantial change in trade policy due to its potential impact on inflation. Further concerns were caused by the vulnerability of financial markets and the rising debt burden in many countries. To this end, the Committee members highlighted the need to strengthen the EU economy and its strategic autonomy and to reduce vulnerabilities in the Union's financial system. Despite existing challenges, Committee members acknowledged that European banks, insurers and pension funds continue to maintain stable capital positions.

The competitiveness of the EU banking sector and the need to reduce the complexity of the prudential, supervisory and reporting frameworks were also discussed. The committee members agreed that measures aimed at simplifying the regulatory framework should preserve the stability of the banking sector in the EU. Among the topics regularly discussed by the Committee were Ukraine's economic situation and financial needs. In this context, Committee members were informed of the use of proceeds from immobilised Russian assets and reserves to support the country.

During the reporting period, Committee members were made aware of initiatives aimed at reducing regulatory burden and simplifying EU legislation, as well as legislative proposals related to the foundation of the Savings and Investments Union.

Discussions were held in the Economic and Financial Committee, with the participation of the Deputy Governor of the Bulgarian National Bank, in accordance with the procedures provided for in the TFEU in relation to the abrogation of Bulgaria's derogation.

In 2025, the Ecofin Council addressed the issue on the euro area enlargement and the adoption of the euro by the Republic of Bulgaria. On 4 June 2025, the Convergence Reports of the European Commission and the ECB, prepared at the request of the Republic of Bulgaria and adopted on the basis of Article 140(1) of the TFEU were published. Analyses of both institutions showed that Bulgaria fulfils the conditions for joining the euro area. The Republic of Bulgaria fulfilled the criterion on price stability. The average inflation rate in Bulgaria during the 12-month period prior to April 2025 was 2.7 per cent, which is below the reference value of 2.8 per cent. The review of a broad set of indicators did not identify any concerns regarding the sustainability of price stability. Bulgaria fulfilled the criterion on public finances. Bulgaria was not subject to an EU Council decision on the existence of an excessive deficit. For the reference year 2024, the general government budget deficit amounted to 3 per cent of GDP, coinciding with the reference value, and the consolidated government debt to GDP ratio was 24.1 per cent, well below the 60 per cent reference value. The Bulgarian lev participated in ERM II during the two-year reference period from 20 May 2023 to 19 May 2025. During this period, the lev did not exhibit any deviation from its central rate of BGN 1.95583 *per* euro. The long-term interest rate was 3.9 per cent on average over the reference period from May 2024 to April 2025 and was thus below the 5.1 per cent reference value for the interest rate convergence criterion. Bulgarian legislation is compatible with the Treaty on European Union, the TFEU, and the Statute of the European System of Central Banks and of the European Central Bank.

Following the publication of the Convergence Reports, the procedures laid down in Article 140(2) and (3) of the TFEU were initiated. On 4 June 2025, the EC presented a proposal for a Council Decision on the adoption by Bulgaria of the euro on 1 January 2026[132] and a proposal for a Council Regulation amending Regulation (EC) No 974/98 as regards the introduction of the euro in Bulgaria[133]. The Economic and Financial Committee endorsed these proposals, as well as a draft letter from the President of the Ecofin Council to the European Council on euro area enlargement. On 19 June 2025, the Eurogroup[134] endorsed a Recommendation of the Members of the Council Representing Member States Whose Currency Is the Euro, to the Council on the adoption by Bulgaria of the euro on 1 January 2026. On 20 June, the Ecofin Council adopted the recommendation endorsed by the Eurogroup[135] and endorsed the letter from the President of the Ecofin Council to the European Council on euro area enlargement. At its meeting on 26 June, the European Council discussed the Commission’s proposal for Bulgaria to adopt the euro on 1 January 2026, and endorsed it[136]. On 30 June, the EC presented a proposal for a Council Regulation amending Regulation (EC) No 2866/98 as regards the conversion rate to the euro for Bulgaria[137]. The Economic and Financial Committee endorsed the proposal for a Council Regulation amending Regulation (EC) No 2866/98 as regards the conversion rate to the euro for Bulgaria at its meeting on 1 July 2025. On 2 July, the ECB adopted an Opinion on a proposal for a Council Regulation amending Regulation (EC) No 974/98 as regards the introduction of the euro in Bulgaria and on a proposal for a Council Regulation amending Regulation (EC) No 2866/98 as regards the conversion rate to the euro for Bulgaria[138]. On 8 July, the European Parliament adopted a legislative resolution on a proposal for a Council decision on the adoption by

[132]COM(2025) 304 final/2, 4.6.2025.

[133]COM(2025) 301 final/2, 4.6.2025.

[134]The Eurogroup is an informal body within which ministers of the euro area Member States discuss issues relating to their countries' shared responsibilities in relation to the single currency.

[135]OJ C, C/2025/3950, 14.7.2025.

[136]Conclusions adopted by the European Council at its meeting on 26 June 2025, item 34.

[137]COM(2025) 372 final/2, 9.7.2025.

[138]CON/2025/15, OJ C, C/2025/3948, 10.7.2025.

Bulgaria of the euro on 1 January 2026.[139] On 8 July 2025, the Ecofin Council adopted the following legal acts:

- Council Decision (EU) 2025/1407 on the adoption by Bulgaria of the euro on 1 January 2026[140];
- Council Regulation (EU) 2025/1408 amending Regulation (EC) No 974/98 as regards the introduction of the euro in Bulgaria[141];
- Council Regulation (EU) 2025/1409 amending Regulation (EC) No 2866/98 as regards the conversion rate to the euro for Bulgaria[142].

The Council of the EU continued to discuss the legislative initiatives aimed at building the regulatory framework for the completion of the Banking Union.

In the first half of 2025, BNB experts actively assisted within the remit of the central bank the representatives of the Ministry of Finance in negotiating legislative proposals in the Financial Services and the Banking Union Working Party to the Council of the EU.

Significant progress was made on the legislative package for reviewing the bank crisis management and deposit insurance (CMDI) framework.[143] Following intensive negotiations, a political agreement was reached between the European Parlament and the Council on 25 June 2025. Work continued at the technical level during the second half of the year, and on 12 November 2025, the Committee of Permanent Representatives (Coreper) confirmed the agreement reached on the major acts of the package. The amendments aim to improve the resolution process for small and medium banks by giving them access to industry-funded safeguard arrangements, such as an additional tool for resolution financing. BNB representatives participated actively in the negotiations held in the EU Council's Working Party on Financial Services and the Banking Union on draft legal acts.

Discussions continued in 2025 on the three legislative proposals incorporated into the so-called single currency package. The proposal on the legal tender status of euro banknotes and euro coins[144] aims to safeguard the role of cash and ensure its wide acceptance and easy access. The other two proposals for regulations[145] set out the legal framework for a possible new digital form of the euro, which the ECB will issue in the future in addition to euro banknotes and coins. These initiatives should help improve the EU's strategic autonomy, economic security, and resilience. Significant progress was made during the reporting period, and in December 2025, the Council of the EU reached an agreement on a mandate for negotiations with the European Parliament on the three

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[139] P10_TA (2025) 0139.

[140] OJ L, 2025/1407, 14.7.2025.

[141] OJ L, 2025/1408, 14.7.2025.

[142] OJ L, 2025/1409, 14.7.2025.

[143] The package is comprised of four legislative proposals:
- Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 806/2014 as regards early intervention measures, conditions for resolution and funding of resolution action, C*OM (2023) 226 final*, *18.4.2023*;
- Proposal for a Directive of the European Parliament and of the Council amending Directive 2014/59/EU as regards early intervention measures, conditions for resolution and funding of resolution action, *COM (2023) 227 final*, *18.4.2023*;
- Proposal for a Directive of the European Parliament and of the Council amending Directive 2014/49/EU as regards the scope of deposit protection, use of deposit guarantee schemes funds, cross-border cooperation, and transparency, *COM (2023) 228 final*, *18.4.2023*;
- Proposal for a Directive of the European Parliament and of the Council amending Directive 2014/59/EU and Regulation (EU) No 806/2014 as regards certain aspects of the minimum requirement for own funds and eligible liabilities, *COM (2023) 229 final*, *18.4.2023*.

[144] Proposal for a Regulation of the European Parliament and of the Council on the legal tender of euro banknotes and coins, *COM (2023) 364 final*, 28.6.2023.

[145] Proposal for a Regulation of the European Parliament and of the Council on the establishment of the digital euro, *COM(2023) 369 final*, 28.6.2023; Proposal for a Regulation of the European Parliament and of the Council on the provision of digital euro services by payment service providers incorporated in Member States whose currency is not the euro and amending Regulation (EU) 2021/1230 of the European Parliament and of the Council, *COM(2023) 368 final*, 28.6.2023.

legislative proposals. BNB representatives provided expert support to representatives of the Ministry of Finance in negotiations on draft legal acts within the EU Council's Working Party on Financial Services and the Banking Union.

Negotiations continued on the legislative proposals presented in June 2023 in the area of payment services.[146] The proposed new rules aim to provide more effective protection against payment fraud, achieve greater transparency regarding fees, and enhance consumer protection in the payment services sector. The updated rules should also encourage technological innovation in this area. In June 2025, the Council of the EU agreed on a mandate for negotiations with the European Parliament on the proposed directive and regulation. This enabled "trialogue" negotiations involving the European Commission, the Council of the EU, and the European Parliament, which resulted in a preliminary political agreement in November 2025 on the new Payment Services Regulation and on the proposal to amend the current Payment Services Directive. The Council of the EU continued discussions on the proposal for a Regulation on a framework for Financial Data Access, which aims to promote digital transformation and speed up adoption of data-driven business models in the EU financial sector, thereby contributing to improving access to financing for consumers and firms. BNB representatives actively participated in discussions on the legislative measures held at the EU Council.

In 2025, negotiations continued in the EU Council on a legislative framework on certain reporting requirements in the field of financial services and investment support.[147] The legislative proposal updates the existing rules on data exchange between the European supervisory authorities and other financial sector bodies in order to reduce the administrative burden for EU financial sector supervisors and to avoid duplication of reporting requirements. BNB representatives participated in discussions on the legislative measures within the Financial Services and the Banking Union Working Party of the EU Council.

Over the review period, the BNB continued its intensive work on harmonising national legislation with European requirements. Bank representatives took part in the drafting of the Law amending the Law on the Recovery and Resolution of Credit Institutions and Investment Firms, introducing the requirements of Regulation (EU) 2022/2036[148] and Directive (EU) 2024/1174[149], as well as other amendments related to specifying provisions of the current legislative framework. BNB experts contributed to the drafting of a Law amending the Law on Payment Services and Payment Systems, which provides for amendments aimed at adapting the national legal framework governing payment supervision and provision of payment services for the period following Bulgaria's accession to the euro area. The draft law includes amendments introducing measures necessary

[146] Proposal for a Regulation of the European Parliament and of the Council on payment services in the internal market and amending Regulation (EU) No 1093/2010, *COM(2023) 367 final*, 28.6.2023; Proposal for a Directive of the European Parliament and of the Council on payment services and electronic money services in the Internal Market amending Directive 98/26/EC and repealing Directives 2015/2366/EU and 2009/110/EC, *COM (2023) 366 final*, 28.6.2023; Proposal for a Regulation of the European Parliament and of the Council on a framework for Financial Data Access and amending Regulations (EU) No 1093/2010, (EU) No 1094/2010, (EU) No 1095/2010 and (EU) 2022/2554, *COM (2023) 360 final*.

[147] Proposal for a Regulation of the European Parliament and of the Council amending Regulations (EU) No 1092/2010, (EU) No 1093/2010, (EU) No 1094/2010, (EU) No 1095/2010 and (EU) 2021/523 as regards certain reporting requirements in the field of financial services and investment support, COM(2023) 593 final, 17.10.2023.

[148] Regulation (EU) 2022/2036 of the European Parliament and of the Council of 19 October 2022 amending Regulation (EU) No 575/2013 and Directive 2014/59/EU as regards the prudential treatment of global systemically important institutions with a multiple-point-of-entry resolution strategy and methods for the indirect subscription of instruments eligible for meeting the minimum requirement for own funds and eligible liabilities (*OJ L 275/1, 25.10.2022*).

[149] Directive (EU) 2024/1174 of the European Parliament and of the Council of 11 April 2024 amending Directive 2014/59/EU and Regulation (EU) No 806/2014 as regards certain aspects of the minimum requirement for own funds and eligible liabilities (*OJ L, 2024/1174, 22.4.2024*).

for the implementation of Regulation (EU) 2024/886[150] in order to secure the provision of euro instant credit transfers in an efficient and competitive manner, as well as Regulation (EU) 2023/606[151] with a view to creating favourable conditions for the offering of shares or units of European long-term investment funds to retail investors. Representatives of the BNB also participated in the preparation of the draft Law on Markets in Crypto-assets transposing measures to ensure conditions for enforcing the requirements of Regulation (EU) 2023/1113 on information accompanying transfers of funds and certain crypto-assets[152], and Regulation (EU) 2023/1114 on markets in crypto-assets[153], as well as measures implementing Regulation (EU) 2022/2554[154] and transposing the amendments to Directive (EU) 2022/2556[155] as regards digital operational resilience requirements for the financial sector. BNB representatives were actively involved in drafting the Law amending the Law on Credit Institutions to transpose the requirements of Directive (EU) 2024/1619[156] and Directive (EU) 2024/2994 into national legislation[157].

During the review period, the BNB continued to participate in the Council for European Affairs to the Council of Ministers, contributing to the formation of Bulgarian standpoints on key economic governance areas and the financial sector.

During the first half of 2025, activities related to Bulgaria's accession to the Organisation for Economic Cooperation and Development (OECD) continued. The BNB is a partner institution in the course of technical reviews on the compliance of Bulgarian legislation, policies and practices with existing OECD instruments in the following committees and working groups thereto: The Financial Markets Committee, the Economic Policy Committee, the Committee on Statistics and Statistical Policy, the Economic and Development Review Committee, the Insurance and Private Pensions Committee, and the Trade Committee.

In February 2025, within the framework of the Economic and Development Review Committee, a structural technical mission of the OECD was conducted with a view to preparing the OECD Economic Review for Bulgaria for 2025. Representatives of the BNB participated in the meetings with the mission, discussing issues related to financial stability, macroeconomic development, and external competitiveness.

In March 2025, the Interdepartmental Coordination Mechanism on Bulgaria's accession to the OECD, in which the BNB is represented by a Deputy Governor, met to

[150] Regulation (EU) 2024/886 of the European Parliament and of the Council of 13 March 2024 amending Regulations (EU) No 260/2012 and (EU) 2021/1230 and Directives 98/26/EC and (EU) 2015/2366 as regards instant credit transfers in euro (*OJ L, 2024/886, 19.3.2024*).

[151] Regulation (EU) 2023/606 of the European Parliament and of the Council of 15 March 2023 amending Regulation (EU) 2015/760 as regards the requirements pertaining to the investment policies and operating conditions of European long-term investment funds and the scope of eligible investment assets, the portfolio composition and diversification requirements and the borrowing of cash and other fund rules (*OJ L 80/1, 20.3.2023*).

[152] Regulation (EU) 2023/1113 of the European Parliament and of the Council of 31 May 2023 on information accompanying transfers of funds and certain crypto-assets and amending Directive (EU) 2015/849.

[153] Regulation (EU) 2023/1114 of the European Parliament and of the Council of 31 May 2023 on markets in crypto-assets, and amending Regulations (EU) No 1093/2010 and (EU) No 1095/2010 and Directives 2013/36/EU and (EU) 2019/1937 (*OJ L 150/40, 9.6.2023*).

[154] Regulation (EU) 2022/2554 of the European Parliament and of the Council of 14 December 2022 on digital operational resilience for the financial sector and amending Regulations (EC) No 1060/2009, (EU) No 648/2012, (EU) No 600/2014, (EU) No 909/2014 and (EU) 2016/1011 (*OJ L 333/1, 27.12.2022*).

[155] Directive (EU) 2022/2556 of the European Parliament and of the Council of 14 December 2022 amending Directives 2009/65/EC, 2009/138/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU, 2014/65/EU, (EU) 2015/2366 and (EU) 2016/2341 as regards digital operational resilience for the financial sector (*OJ L 333/153, 27.12.2022*).

[156] Directive (EU) 2024/1619 of the European Parliament and of the Council of 31 May 2024 amending Directive 2013/36/EU as regards supervisory powers, sanctions, third-country branches, and environmental, social and governance risks (*OJ L, 2024/1619, 19.6.2024*).

[157] Directive (EU) 2024/2994 of the European Parliament and of the Council of 27 November 2024 amending Directives 2009/65/EC, 2013/36/EU and (EU) 2019/2034 as regards the treatment of concentration risk arising from exposures towards central counterparties and of counterparty risk in centrally cleared derivative transactions (*OJ L, 2024/2994, 4.12.2024*).

examine the progress made in the negotiation process. Over the review period, BNB representatives assisted the Ministry of Finance in discussing topics related to consumer protection against financial fraud within the Financial Markets Committee's Working Group. In May 2025, the Interdepartmental Working Group on Self-Assessment of Legal Instruments to the Investment Committee updated the self-assessment under the OECD Council Recommendation on the Benchmark Definition of Foreign Direct Investment. BNB representatives assisted the Ministry of Economy and Industry in preparing amendments to the self-assessment.

In September 2025, BNB representatives attended a meeting of the Financial Markets Committee held as part of the OECD's first Financial Week. In the same month, Bank experts participated in meetings with OECD representatives in connection with a political mission in Sofia with a view to preparing the OECD Economic Review for Bulgaria for 2025; the BNB prepared and submitted expert comments on the draft report.

IX. International Relations

The Law on the Bulgarian National Bank entitles the Bank to participate organisationally and contribute financially to international financial organisations furthering international cooperation in the foreign currency, monetary, and credit policies. Where Bulgaria participates in international financial institutions, the BNB acts as fiscal agent and depository.

The Bulgarian National Bank holds equity in the Bank for International Settlements. The BNB Governor sat on BIS central bank governors' regular meetings: a major forum for cooperation and debate on the issues of world economic developments and prospects, and international financial markets. At the Annual General Shareholder Meeting in late June 2025, regular and extraordinary dividend payments for shareholders were approved for 2025. As a result, the BNB received a dividend of EUR 3,549,150 on its 8000 shares.

The BNB Governor represents Bulgaria as member on the IMF Board of Governors. Bulgaria's IMF quota is SDR 896.3 million or 10,415 voting shares: 0.21 per cent of IMF members' voting shares.

At the end of April 2025, during the Spring Meetings of the IMF and the World Bank in Washington, the BNB Governor and the Governor of the People's Bank of China re-signed a Memorandum of Cooperation between the two institutions.

In July 2025, the BNB contributed USD 10,000 to support the activity of the Group of Thirty.

In September 2025, the second stage of the three-year programme for further strengthening of the central banks and supervisory authorities in the Western Balkans – candidates and potential candidates for EU membership: Albania, Bosnia and Herzegovina, Montenegro, the Republic of North Macedonia, Serbia and Kosovo – was completed. The programme, in which the Bulgarian National Bank also participates, is funded by the EU and is run together with the Deutsche Bundesbank and other central banks of the European System of Central Banks.

In the context of bilateral cooperation during the review period, requests were received from other central banks, and information was provided on various central banking topics.

The Bulgarian National Bank is among the six central banks which in 1991 in Budapest established the Group of Banking Supervisors from Central and Eastern Europe to the Basel Committee on Banking Supervision. The group was set up as an open-ended organisation and aims to promote cooperative relations between its members and to represent them in the Basel Committee. BNB experts regularly participate in the work and annual conferences of the group.

In 2025, a high-level meeting was held in Ljubljana attended by NCA representatives, members of the BSCEE, the Bank for International Settlements, the Basel Committee on Banking Supervision, the BIS Financial Stability Institute, the EBA, the ECB, central banks of the ESCB, and lecturers. Various topics and aspects of economic growth and financial stability, asymmetry in supervisory regulations, and competitiveness were presented and discussed during the meeting.

The BSCEE Annual Conference was held following the high-level meeting. Topics related to certain challenges and practical issues concerning supervision in areas such as cyber risks, digitalisation and artificial intelligence, and the interaction between micro- and macroprudential requirements in banking sector supervision were included and discussed.

X. Statistics

The BNB prepares statistical information under Article 42 of the Law on the Bulgarian National Bank and as ESCB member under Article 5 of the Statute of the ESCB and the ECB. In its statistical activities, the Bank applies harmonised European standards based on international statistical methodologies of relevant leading institutions (the ECB, Eurostat, the IMF, the BIS, the OECD, the UN, and the World Bank, *etc.*).

The BNB collects, processes, analyses and disseminates official monetary[157] and interest statistics[158], external sector statistics[159], quarterly financial accounts statistics for all institutional sectors[160], statistics of non-bank financial institutions, including leasing companies and investment funds[161], specialised lenders, insurance and reinsurance undertakings[162] and pension funds.[163]

Compiled statistical data are also used for economic research and forecasting, financial stability analyses, other major BNB operations, and a number of foreign publications and reports.

In 2025, the Bank continued to collect, compile and disseminate up-to-date statistical data *via* its website and by regular communications with the ECB, Eurostat, the ESRB, the IMF, the BIS, the OECD and other international and national institutions. In 2025, all statistical data were published on the BNB website as scheduled. For user convenience, all data were gradually converted and published in both national currency and euro (including historical series). New monthly indicators were also published for the purposes of interest rate statistics – aggregate interest rates and cash balances by type of deposits, in levs and euro, for the non-financial corporations and households sectors, as well as for the NPISHs.

In addition to the preparation of statistical data, the BNB continued to actively participate in a number of national, European and international fora in discussing and solving methodological issues in the area of statistics. All statistical data published by the BNB were accompanied by the relevant metadata which were periodically revised, where necessary.

In view of the amendments to the ECB Guidelines on the Register of Institutions and Affiliates Data (RIAD), the BNB statistical databases including individual reference information (the Register of Domestic Economic Agents and the Bulgarian securities database) continued to be developed and improved in 2025. Along with analytical options at national level, these databases allow the BNB to fulfil its commitments to

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[157] Pursuant to Regulation (EU) 2021/379 of the European Central Bank of 22 January 2021 on the balance sheet items of credit institutions and of the monetary financial institutions sector (recast) (ECB/2021/2).

[158] Pursuant to Regulation (EU) No 1072/2013 of the European Central Bank of 24 September 2013 concerning statistics on interest rates applied by monetary financial institutions (recast) (ECB/2013/34).

[159] Pursuant to Regulation (EC) No 184/2005 of the European Parliament and of the Council of 12 January 2005 on Community statistics concerning balance of payments, international trade in services and foreign direct investment and Guideline of the European Central Bank of 9 December 2011 on the statistical reporting requirements of the European Central Bank in the field of external statistics (ECB/2011/23) and the subsequent amendments thereto.

[160] Pursuant to the European System of Accounts (ESA 2010) provided for in Regulation (EU) No 549/2013 of the European Parliament and of the Council of 21 May 2013, Guideline of the European Central Bank of 25 July 2013 on the statistical reporting requirements of the European Central Bank in the field of quarterly financial accounts (ЕЦБ/2013/24) and subsequent amendments thereto.

[161] Regulation (EU) No 1073/2013 of the European Central Bank of 18 October 2013 concerning statistics on the assets and liabilities of investment funds (recast) (ECB/2013/38).

[162] Pursuant to Regulation (EU) No 1374/2014 of the ECB of 28 November 2014 on statistical reporting requirements for insurance corporations (ECB/2014/50).

[163] Pursuant to Regulation (EU) 2018/231 of the ECB of 26 January 2018 on statistical reporting requirements for pension funds (ECB/2018/2).

the ESCB in managing data for Bulgaria in the Register of Institutions and Affiliates Database and the Centralised Securities Database (CSDB).[164]

In 2025, the Bank continued volunteering to help ESCB national central banks identify and supplement RIAD reference information on resident institutional unit parties to credit relations as part of the AnaCredit project *(*Analytical credit datasets, AnaCredit*)*[165] on granular credit and credit risk data. Besides information on credit institutions and other participants in the credit process for the purposes of AnaCredit, the BNB maintains in the RIAD register up-to-date reference information on financial vehicle corporations, investment funds and their management companies, payment service providers and payment system operators, insurance and reinsurance companies, pension funds, as well as holding companies and head offices, and issuers of securities. The BNB actively participated in the ECB Securities Holdings Statistics project (SHS)[166] which is important for both gathering various statistical data and analysing financial stability.

In 2025, work continued on developing the BNB Integrated Information System, which ensures optimisation and integration of information flows for the purposes of statistics, CCR functioning, supervisory and credit institutions' resolution reporting, cash operations, and technical support of Eurosystem's monetary policy implementation and other processes related to the euro adoption in the Republic of Bulgaria. The reporting forms and processes for providing information for the Register of Persons, Institutions and Affiliates and for AnaCredit were tested in cooperation with the Working Group, the Association of Banks in Bulgaria and the banks. At the end of 2025, tests were completed also with financial institutions under Article 3a of the LCI, payment institutions and electronic money institutions extending credit under Article 21 of the LPSPS and operating in Bulgaria. Work started with investors having provided a loan under a project through a crowdfunding service provider. Other statistical information systems, *i.e.* the Integrated Statistical Information System and the Information System for Monetary and Interest Rate Statistics, covering statistical activities on the introduction of the euro, completed their development and improvement. These systems automate management, improve the reliability and high quality of statistical information the BNB receives, processes and disseminates, and greatly reduce the administrative burden on individuals and legal entities by offering electronic submission of statistical reports and declarations.

The BNB follows the principles of the Public Commitment on European Statistics by the European System of Central Banks, based on the fundamental principles of UN official statistics. Along with regular procedures for data validation, the BNB participated actively in ESCB and European Statistical System reports on data quality assessments measuring compliance with these principles of central bank statistical products and national statistical institutes through set indicators: accessibility and clarity, punctuality, reliability, comparability, and coherence. Published reports ensure transparency and allow for a comparative analysis of the quality of these statistical products for all EU Member States, and in early June 2025, the ECB published its annual report on the quality of the BNB compiled quarterly financial accounts. The BNB as coordinator for Bulgaria also adheres to the requirements of the IMF Data Quality Assessment

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[164] Pursuant to Guideline and Recommendation of the ECB of 26 September 2012 on the data quality management framework for the Centralised Securities Database (ECB/2012/21 and ECB/2012/22).

[165] Pursuant to Regulation (EU) 2016/867 of the ECB of 18 May 2016 on the collection of granular credit and credit risk data (ECB/2016/13).

[166] Pursuant to Regulation (EU) No 1011/2012 of the European Central Bank of 17 October 2012 concerning statistics on holdings of securities (ECB/2012/24) and its subsequent amendments, ECB Guideline of the European Central Bank of 22 March 2013 concerning statistics on holdings of securities (ECB/2013/7) and the subsequent amendments thereto, Recommendation of the European Central Bank of 2 August 2016 on the data quality management framework for statistics on holdings of securities (ECB/2016/24).

Framework, part of the Special Data Dissemination Standard Plus (SDDS Plus) which Bulgaria has joined.

In the field of statistics, the BNB continued cooperating with the NSI and the Ministry of Finance, national and international statistical authorities and central banks. In early May 2025, the BNB attended the regular mission of ECB and Eurostat experts on notification tables on deficit/surplus and general government debt, hosted by the NSI. In the second half of 2025, meetings were held with ECB representatives in various statistical areas to discuss the new requirements and upcoming reporting changes in terms of scope, frequency and timeliness related to Bulgaria's accession to the euro area as of 1 January 2026.[167]

In 2025, the statistics on the loans and deposits by quantitative categories and economic activities, as well as those of direct investments and gross external debt showed the implementation of the National Statistical Institute's Classification of Economic Activities (CEA, 2025), which ensures the direct application of NACE Rev. 2.1 in Bulgaria's practice. These methodological changes enabled the comparability of data at the European and international level.

At the end of 2025, the BNB Governing Council adopted Ordinance on Amendment to BNB Ordinance No 17 on the monetary and interest rate statistics and quarterly financial account statistics, thereby legally regulating collection of granular credit and credit risk data for the purposes of AnaCredit and reference data on credit process participants along with changes to the statistics of investment funds and foreign exchange and money markets. Following amendments to Ordinance No 17 of the BNB and Ordinance No 27 on the Balance of Payments Statistics, International Investment Position and Securities Statistics, the relevant instructions, statistical input forms and declarations to them were updated and published on the BNB website.

In October 2025, new reporting requirements to banks for monetary statistics purposes were successfully implemented in accordance with the deadlines under BNB Ordinance No 17. The updated information is used both for compiling and disseminating the monetary statistics, as well as a main source of data for the purposes of calculating the reserve base and the MMR.

[167] From 1 January 2026, the BNB prepares the statistical information under Article 52 of the LBNB (adopted by the 49th National Assembly on 1 February 2024, published in Darjaven Vestnik, issue 13 of 13 February 2024; amended, issue 26 of 2025; amended, issue 50 of 2025, effective from the date determined in a Decision of the Council of the European Union on the adoption of the euro by the Republic of Bulgaria; amended; issue 54 of 2025, effective from the date determined in a Decision of the Council of the European Union on the adoption of the euro by the Republic of Bulgaria).

XI. The Fiscal Agent and State Depository Function

In line with the Law on the BNB, the Bank acts as the fiscal agent and official depository pursuant to contracts concluded with the Ministry of Finance. These commitments call for a continuing improvement of the GSAS system for conducting government securities auctions; the ESROT electronic system for registering and servicing government securities trading; the GSSS government securities settlement system; the Register of Special Pledges; and the IOBFR system for budget and fiscal reserve information servicing.

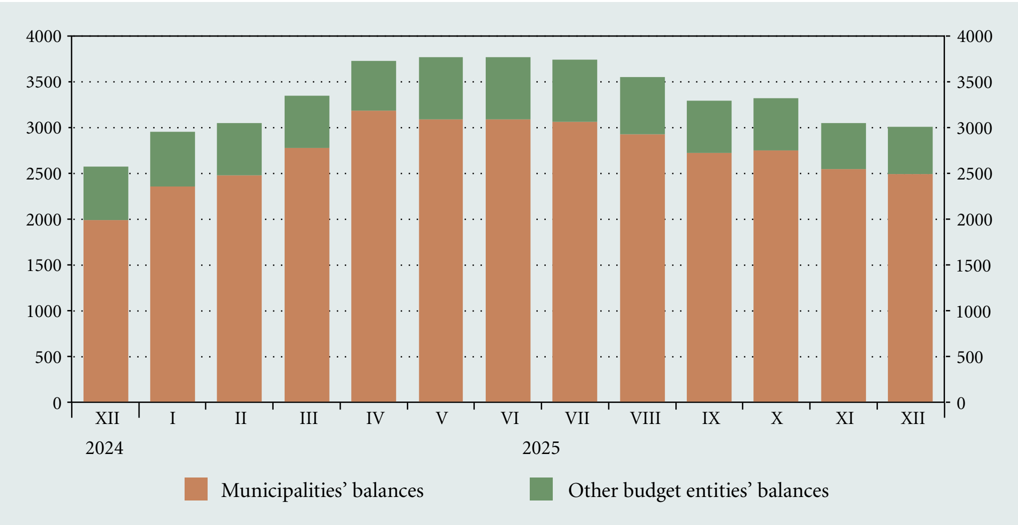
Revenue collected in 2025 from system participants under the Tariff of Fees and Commissions Charged on Processing Government Securities Transactions and from the MF under LBNB Article 43 was BGN 3963.2 thousand, from BGN 2477.3 thousand last year.

Information Service

In 2025, providing state budget information under the MF contract involved issuing 3800 summarised standard statements on budget entity operations and balances at the BNB and Bulgarian banks *via* the IOBFR system. As of 31 December 2025, summarised information sets the overall balance of budget entities' accounts (including municipalities) at BGN 17,383.3 million[168], up 48.9 per cent compared to 31 December 2024. At end-2025, 82.7 per cent (BGN 14,374.4 million) was in BNB accounts and the rest (BGN 3006.9 million) in 15 other banks in the country.

Budget Entities' Accounts with Domestic Banks (BNB excluded)

(BGN million)



Source: BNB.

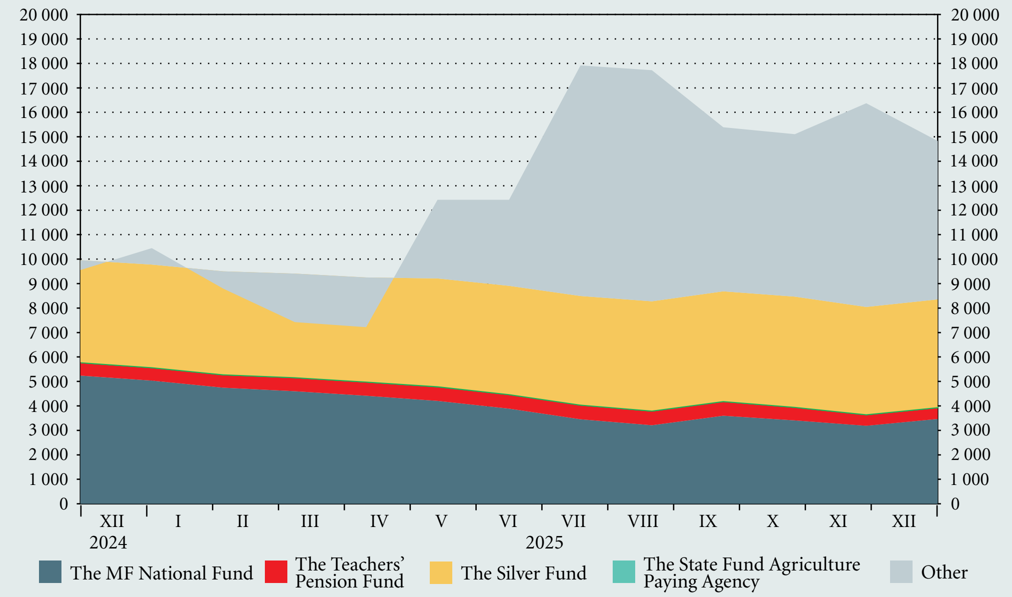
Budget entities' account balances outside the central bank increased by 16.9 per cent from end-2024, of which 81.3 per cent at seven banks.

[168]Foreign currency account balances are recalculated in levs at the BNB exchange rate on 31 December 2025.

Approximately 85.3 per cent of total budget funds at the BNB and other domestic banks formed the fiscal reserve's[169] liquidity portion[170]: BGN 14,830.9 million on 31 December 2025. Of this, BGN 8357.1 million was allocated to earmarked funds: the State Fund for Guaranteeing the Stability of the State Pension System (the Silver Fund), the MF National Fund, the State Fund Agriculture – Paying Agency, and the Teachers' Pension Fund.

Structure of Bank Account Balances within the Fiscal Reserve Scope

(BGN million)



Source: BNB.

Servicing Government Securities Trading

The MF issuing policy in 2025 involved 13 auctions for domestic government securities *via* the GSAS system. Two lev-denominated issues were offered, of which one medium-term issue with an original maturity of three years at 2.75 per cent of annual interest rate and one long-term issue with an original maturity of seven years and 3.25 per cent of annual interest rate.

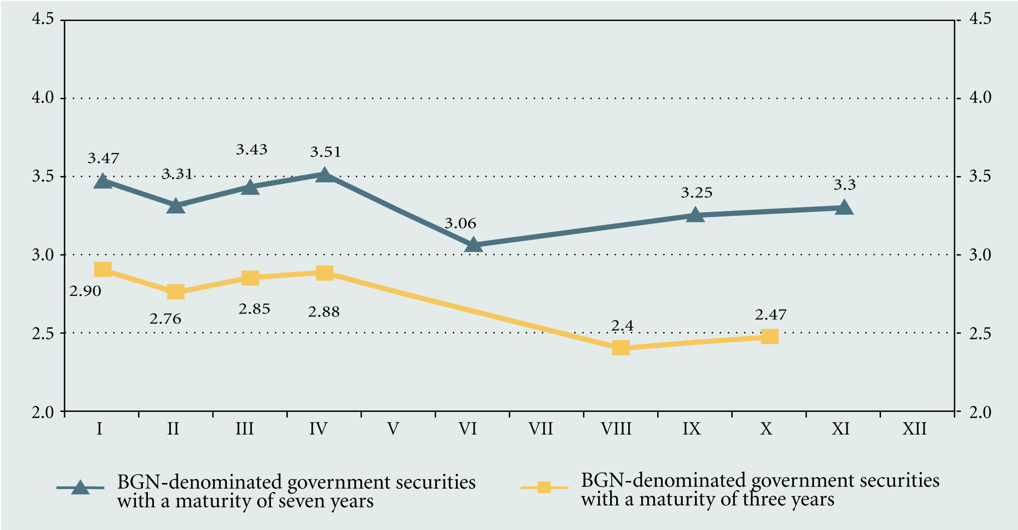
The total nominal value of government securities offered for sale was BGN 3300 million. The auction bids for a sale of government securities amounted to BGN 5595.8 million, with 71.4 per cent of all bids by banks (BGN 4013.0 million) and BGN 1582.8 million by non-bank institutions. Government bond sales volume was BGN 3300 million, or 100 per cent of scheduled volume. Banks (including primary dealers of government securities) bought over 65.7 per cent of all sold government bonds. The average annual yield attained at the government bond auctions was 2.71 per cent for three-year issues and 3.32 per cent for seven-year bonds.

[169] According to the Law on Public Finance Additional Provisions § 1, item 41.

[170] Comprises the balances of all Bulgarian budget entities' bank accounts, excluding municipalities and their budget spending units and excluding holdings reported on letter of credit and technical accounts.

Average Annual Yield Attained at Domestic Government Securities Auctions in 2025

(per cent)



Source: BNB.

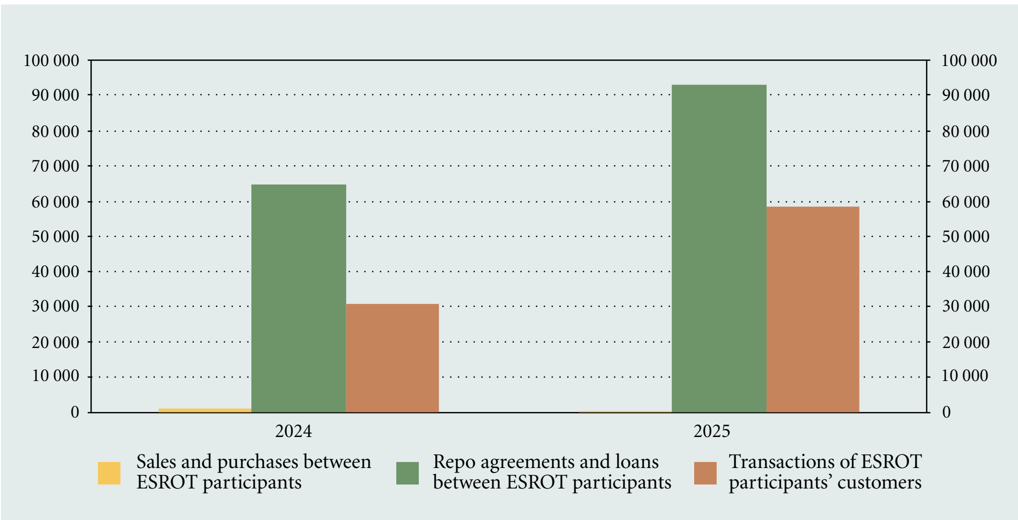
The ESROT system registered corporate event payments on behalf and for the account of the issuer to a total amount of BGN 3561.2 million, or up BGN 3051.6 million (598.8 per cent) compared to the same period of 2024. The total volume of the 12 circulating issues in nominal value was BGN 11,842.5 million as of 31 December 2025, down by 0.78 per cent from December 2024.

As a result of the maturity of the last issue of euro-denominated government securities, the issues' currency structure changed. As of 31 December 2025, total domestic market government securities (100 per cent) were denominated in levs. As of 31 December 2024, the ratio was 96.2 per cent of lev-denominated and 3.8 per cent of euro-denominated government securities.

The maturity structure largely remained the same compared to the end of June 2024, with medium- and long-term government bond issues in circulation comprising 38.3 per cent to 61.7 per cent.

Volume of Transactions in Tradable Government Securities in 2024 and 2025

(BGN million)



Source: BNB.

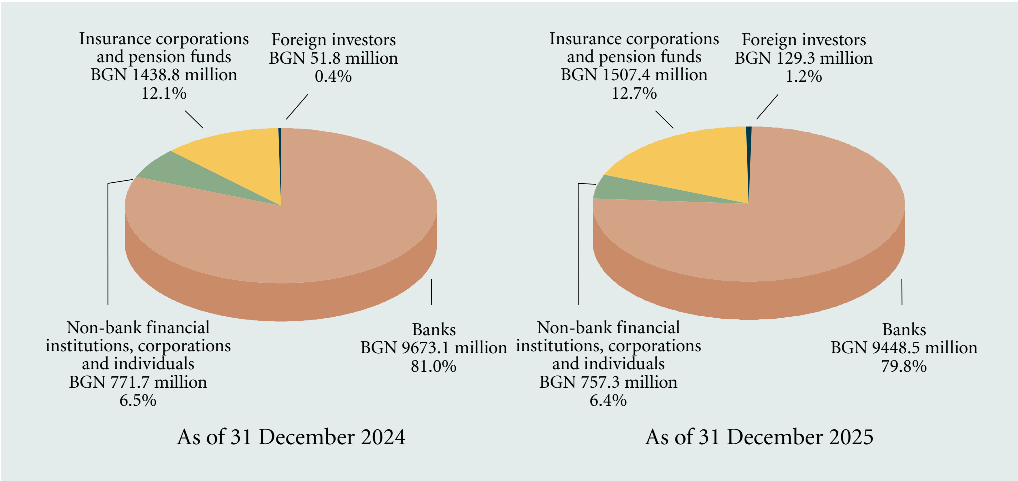
In 2025, the total nominal value of government securities transactions registered in ESROT was BGN 151,748.8 million, up 57.2 per cent on 2024.

Repos had the largest share at 61.4 per cent, including one-day ones (47.5 per cent), mostly in lev-denominated government securities. Bond sales and purchases amounted to BGN 281.9 million. Of this, transactions between ESROT participant banks came to BGN 100.8 million. The volume of transactions between ESROT participants and customers was BGN 57,692.4 million, and that between participants' customers[171] reached BGN 628.9 million.

Reflecting government securities trade, secondary government bond market liquidity ratio[172] was 12.8 in 2025 against 8.1 in the previous year. ESROT participants encountered no problems and provided government bonds and cash in levs and euro for the delivery *versus* payment (DvP) settlement of government securities transactions, with the averaged settlement ratio[173] reaching 100 per cent.

Over the review period, blocking and unblocking operations in domestic government securities registered in ESROT in relation to securing funds in budget entities' bank accounts under the Law on Public Finance and securing frontloading with euro banknotes, coins and coin starter kits under BNB Ordinance No 46 had a total volume of BGN 27,815.3 million (BGN 29,643.4 million for 2024).

Holders of Government Securities Issued in the Domestic Market



Notes: According to BNB and ESROT participants data. The lev equivalence of government securities issues denominated in foreign currency is calculated on the basis of the BNB exchange rate valid for the last business day of the relevant period.

Source: BNB.

At the end of 2025, investments in government securities increased in foreign investor portfolios (by BGN 77.5 million), in insurance corporations and pension funds (by BGN 68.6 million), and decreased in bank portfolios (by BGN 224.6 million) and non-bank financial institutions, corporations and individuals (by BGN 14.4 million) compared with end-2024. This changed the share of individual government bond holder categories as of 31 December 2025 to: 79.8 per cent of banks; 12.7 per cent of insurance corporations and pension funds, 6.4 per cent of corporations and individuals, and 1.1

[171]The ESROT system registered no transactions between customers of the same participant.

[172]The liquidity ratio is the ratio between the volume of secondary market government bond transactions concluded over a year and the volume of circulating government securities by that year's end.

[173]Settlement ratio is the ratio of the number of transactions settled on a specific date to all transactions subject to registration and settlement within the system for the reporting period.

per cent of foreign investors (against 81.0, 12.1, 6.5 and 0.4 per cent as of 31 December 2024).

Over the review period, the ESROT offered 100 per cent availability,[174] with no call for contingency rules for interaction between systems operated by the BNB.

As of 31 December 2025, there were 415 accounts in the government securities settlement system under BNB Ordinance No 31 on Government Securities Settlement. Of them, 12 were for government securities of the issuer (the MF), 162 for participants' own government securities portfolios, 123 for encumbered bonds, and 118 for participants' customers. Account nominals tallied with the amount of outstanding issues at BGN 11,842.5 million.

System Developments in Connection with the Introduction of the Euro in the Republic of Bulgaria

In connection with the introduction of the euro in the Republic of Bulgaria, the following actions were carried out during the reporting period:

- The requirements of the Law on the Introduction of the Euro in the Republic of Bulgaria were successfully implemented in the systems: budget and fiscal reserve information servicing, system for conducting government securities auctions and replacement subscriptions, electronic system for registering and servicing government securities trade and Register of Special Pledges;
- ESCB Market Infrastructure and Payments Committee (acting in Eurosystem composition) approved the eligibility of the BNBGSSS, government securities settlement system, operated by the BNB Government Securities Depository for Eurosystem credit operations. Eligibility shall take effect from the date of Bulgaria's accession to the euro area, 1 January 2026, when the ECB enters the BNBGSSS on the list of eligible securities settlement systems/depositors;
- A new joint instruction of the Ministry of Finance and the BNB was published (DDS No 08/12.11.2025; No BNB-169861/14.11.2025) on the implementation of Article 152 of the Law on Public Finance, effective as of 1 January 2026;
- Ordinance No 5 on the Terms and Procedure for Acquisition, Registration, Redemption and Trade in Government Securities and Ordinance on Amendment of Ordinance No 31 of the BNB on Government Securities Settlement were published in the Darjaven Vestnik. Ordinance on Amendment of Ordinance No 15 of the Ministry of Finance and the BNB on the Control over Transactions in Government Securities was prepared;
- The Governing Council of the BNB adopted a new Tariff of Fees and Commissions Charged on Processing Government Securities Transactions;
- New agreements were signed for participation in the Electronic System for Registering and Servicing Government Securities Trade.

[174] The ratio of time when the system is operational to scheduled operating time.

XII. The Central Credit Register and the Register of Bank Accounts and Safe Deposit Boxes

The Central Credit Register

The BNB keeps an information system (IS) on customer debt to banks, financial institutions, payment institutions and electronic money institutions extending loans under Article 21 of the Law on Payment Services and Payment Systems and operating in Bulgaria, as well as to investors granting project loans through a crowdfunding service provider, excluding foreign providers conducting activities directly in Bulgaria, as well as to credit purchasers under Article 7 of the Law on Credit Servicers and Credit Purchasers that acquire claims on non-performing loans extended by credit institutions (pursuant to Article 56, paragraph 1 of the LCI). BNB Ordinance No 22 establishes the operation, scope, terms, procedure and timeliness of information flows to and from the Central Credit Register (the Register/CCR). The Register maintains data on all loans (irrespective of their amount) extended by the institutions and persons under Article 56, paragraphs 1 and 2 of the LCI. The CCR provides information on credit indebtedness of customers in real time. This includes current loan status, arrears on active and repaid loans for five years back, new concluded credit contracts, as well as data on co-borrowers and loan guarantors.

As of 31 December 2025, 278 institutions and persons under Article 56, paragraph 1 and 2 of the LCI submitted information to the CCR, of which 24 banks, 249 financial institutions, one payment institution, two electronic money institutions and two crowdfunding service providers. During the same period, 19 new financial institutions and two crowdfunding service providers were included and five financial institutions were deleted from the CCR information system. In connection with a transformation of a bank under the LCI, credit data were transferred to the recipient bank, resulting in an exclusion of the bank from the Register.

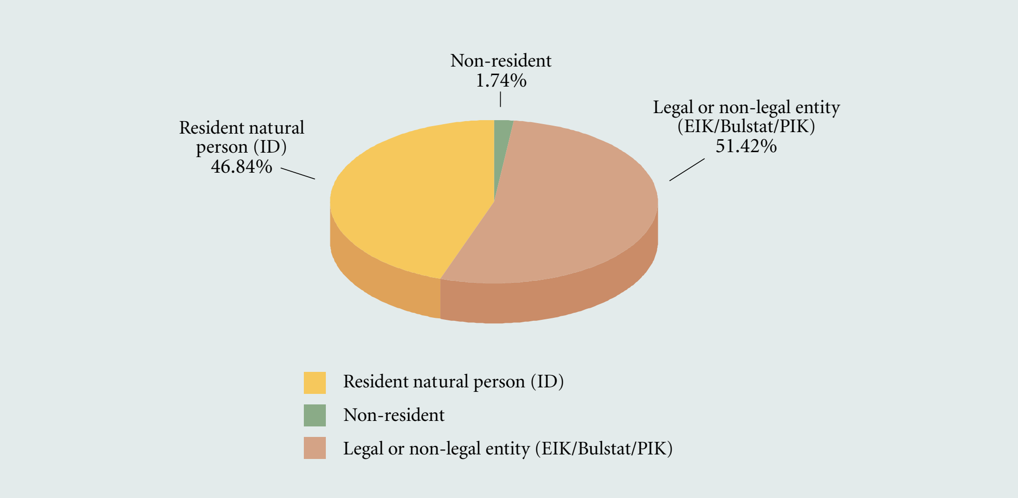
As of 31 December 2025, the CCR listed 7895 thousand loans, against 6985 thousand a year earlier, with their balance sheet exposure coming to BGN 149,649 million (BGN 131,025 million as of 31 December 2024).

Borrowers numbered 2694 thousand, of whom 2470 thousand natural persons, 112 thousand legal entities, 111 thousand non-residents not registered at Bulgarian addresses or BULSTAT/PIK coded, and 1 thousand self-employed persons practising liberal professions or crafts. As of 31 December 2025, 433 thousand co-borrowers were registered of 441 thousand loans (443 thousand co-borrowers of 427 thousand loans as of 31 December 2024) and 101 thousand guarantors were registered of 280 thousand loans (111 thousand guarantors of 278 thousand loans as of 31 December 2024).

As of 31 December 2025, loans to natural persons and legal entities were allocated according to their balance sheet exposure, as follows: natural persons – 46.8 per cent, legal entities – 51.4 per cent and non-residents – 1.7 per cent.

Balance Sheet Exposure Breakdown by Loans to Natural Persons and Legal Entities as of 31 December 2025

(number)

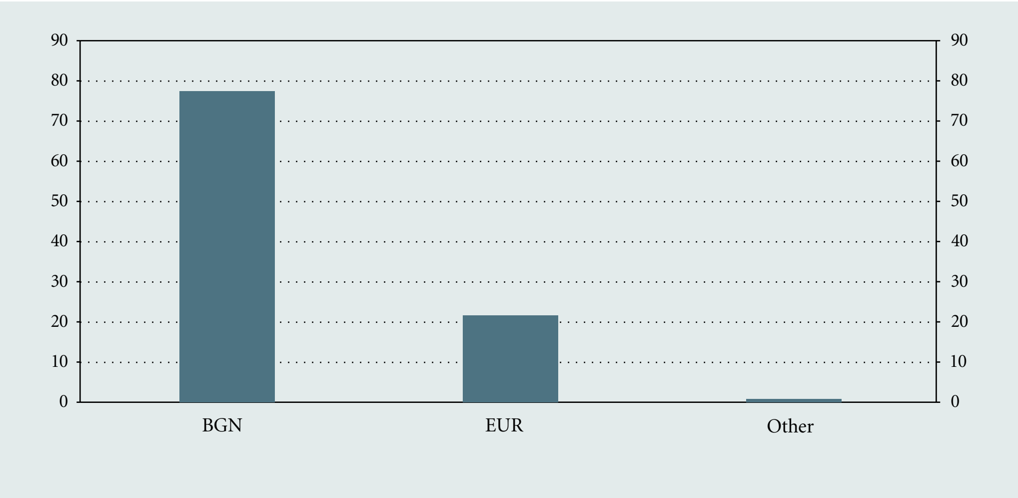


Note: The sum may differ from 100 per cent due to rounding.
Source: BNB.

By currency and balance sheet exposure, as of 31 December 2025, lev-denominated loans accounted for the largest share at 77.7 per cent, followed by euro-denominated at 21.6 per cent and in other currencies at 0.7 per cent.

Loan Balance Sheet Exposure Breakdown by Currency as of 31 December 2025

(number)



Source: BNB.

As of 31 December 2025, according to the agreed repayment terms and the balance sheet exposure of credit liabilities, the proportion of debt repayable over three years was the highest at 89.5 per cent.

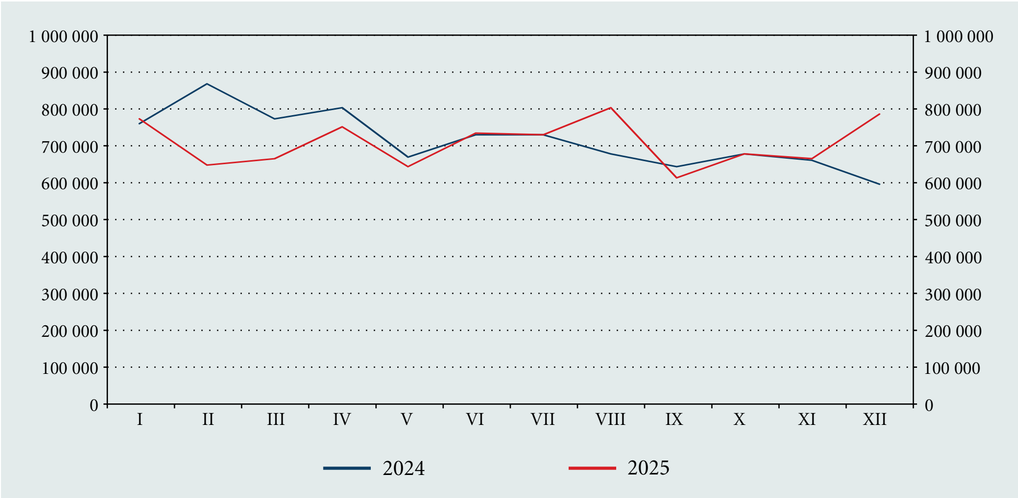
As of 31 December 2025, residual debt of up to BGN 5 thousand predominated with natural persons (48.9 per cent), while debts between BGN 5 thousand and BGN 50 thousand (28.9 per cent) predominated with legal entities.

Article 56, paragraph 3 of the Law on Credit Institutions grants Register information access to judicial authorities (the Prosecutor's Office and criminal investigation authorities), the Ministry of Interior National Police General Directorate, the General Directorate for Combating Organised Crime and Ministry of Interior regional directorates, the State Agency for National Security, the National Revenue Agency, the Committee for Combating Corruption, the Customs Agency, the Financial Supervision Commission and other bodies listed in the Law. Technical conditions necessary for authorised officials by bodies to gain electronic access to the system are available.

As of 31 December 2025, 8524 thousand of searches (electronically and on paper) were made in the CCR IS by the institutions and bodies with the right of access under Article 56, paragraphs 2 and 3 of the LCI. The average number of searches *per* month was 710 thousand (8620 thousand searches and the average number of 718 thousand individuals as of 31 December 2024).

Monthly CCR Searches by Bodies and Institutions under Article 56, Paragraphs 1 and 3 of the Law on Credit Institutions

(number)

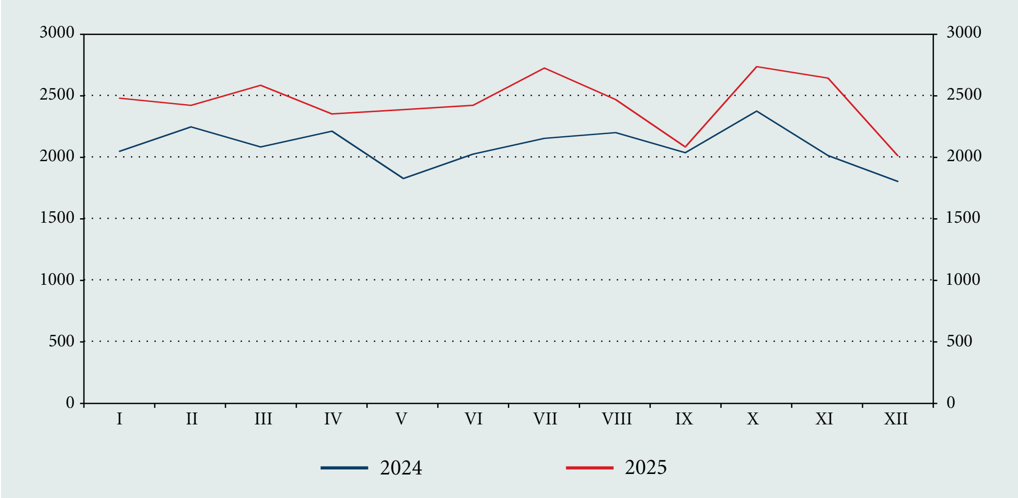


Source: BNB.

BNB Ordinance No 22 on the Central Credit Register grants individuals (including for probate purposes) and legal entities access to debt information. There were 29,405 paper applications for CCR statements in 2025: 28,651 by natural persons (of whom 6350 foreign citizens, or 22 per cent of all natural persons), 710 by legal entities, and 44 under Article 21a of Ordinance No 22 on the CCR for obtaining information under Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016. In 2024, there were 25,119 applications for CCR statements on paper: 24,453 by natural persons and 666 by legal entities.

Monthly CCR Searches Based on Paper Applications by Natural Persons and Legal Entities

(number)

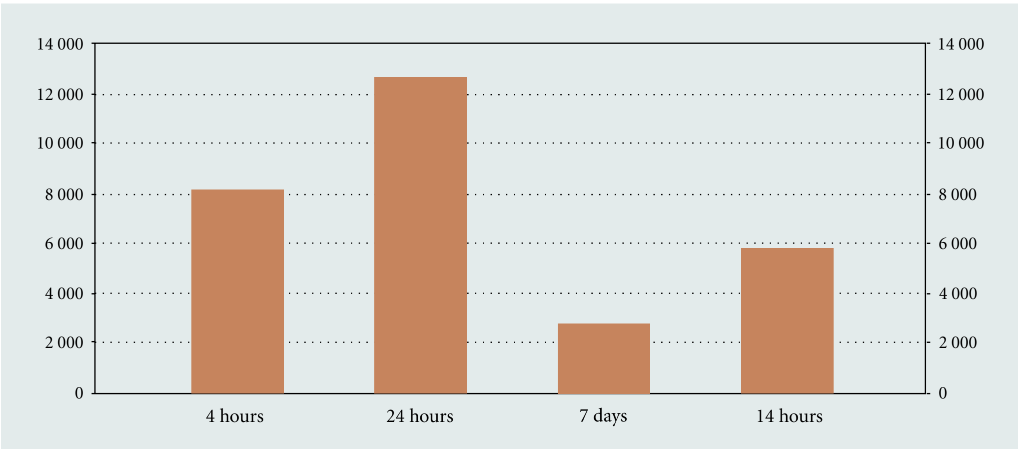


Source: BNB.

CCR statements for 2025 issued within the statutory deadline for providing information from the Register were as follows: within four working hours – 8165, up to 24 hours – 12,673, up to seven working days – 2774 and within 14 days (free of charge) – 5793. Statements issued within four hours and 24 hours occupied around 70 per cent of the total.

Paper Statements According to the Statutory Deadline for Providing CCR IS Information for 2025

(number)



Source: BNB.

The BNB provides CCR electronic services to natural persons holding a qualified certificate for electronic signatures issued by a certification service provider under the Electronic Document and Certification Services Law. Fees charged for electronic services accounted for 50 per cent of those submitted on paper. As of 31 December 2025, there were 9422 electronic applications for CCR statements by natural persons (7279 electronic applications as of 31 December 2024).

As a result of amendments to statutory requirements for the Register operation and IT developments, the CCR continuously improves and develops, with new functionalities being introduced to the CCR information system. In this context, ongoing research and requests are conducted to gain experience from other ESCB credit registers in order to keep the information up to date.

Regular working meetings are held with representatives of banks, financial institutions, payment institutions and electronic money institutions, crowdfunding service providers and bodies entitled to access the Register to optimise the process of filing and providing information to and from the CCR. Amendments to the legal framework of the CCR and necessary technological changes related to the operation of the information system have been coordinated with the Association of Banks in Bulgaria and with institutions submitting and receiving information.

The CCR cooperates with the World Bank under the Business Ready project, with the ECB, the IMF, and other international bodies providing periodical information for research, statistical analyses and annual studies.

Representatives of the CCR take part in working meetings with other interested parties under a OECD a project on the strategic development and improvement of instruments for the prevention and counteraction of corruption, as well as in an inter-service task force on the self-assessment of the Republic of Bulgaria associated with the implementation of the Ten Global Principles for Fighting Tax Crime as recommended by the OECD.

The Register of Bank Accounts and Safe Deposit Boxes

The BNB maintains an electronic information system on bank and international bank account numbers (IBAN) kept by banks, payment institutions and electronic money institutions, holders and attorneys, beneficial owners of the account holders, data on account preservation orders, bank deposit box holders and attorneys. BNB Ordinance No 12 on the Register of Bank Accounts and Safe Deposit Boxes (RBASDB) establishes the operation, scope, terms, procedure and timeliness of information flows to and from the Register. Information on bank and payment accounts and safe deposit box hires is provided in real time, with the institutions specified in Article 3 of Ordinance No 12 on the RBASDB submitting data to the BNB at least once a week within a maximum period of five business days under Article 7. Information in the RBASDB is kept five years from the date of closure of an account, respectively five years from the date of termination of a safe deposit box contract.

As of 31 December 2025, 36 institutions under Article 3 of Ordinance No 12 on the RBASDB submitted information to the Register, of which 25 banks, including the BNB, two payment institutions and nine electronic money institutions.

By end-2025, the RBASDB logged 15.53 million of active bank accounts (15.20 million as of 31 December 2024), 1.19 million of payment accounts (990.68 thousand as of 31 December 2024) kept by payment institutions and electronic money institutions and 38.36 thousand of safe deposit box hires (33.90 thousand as of 31 December 2024), including records of 2.86 million of new accounts and 2.47 million of closed accounts.

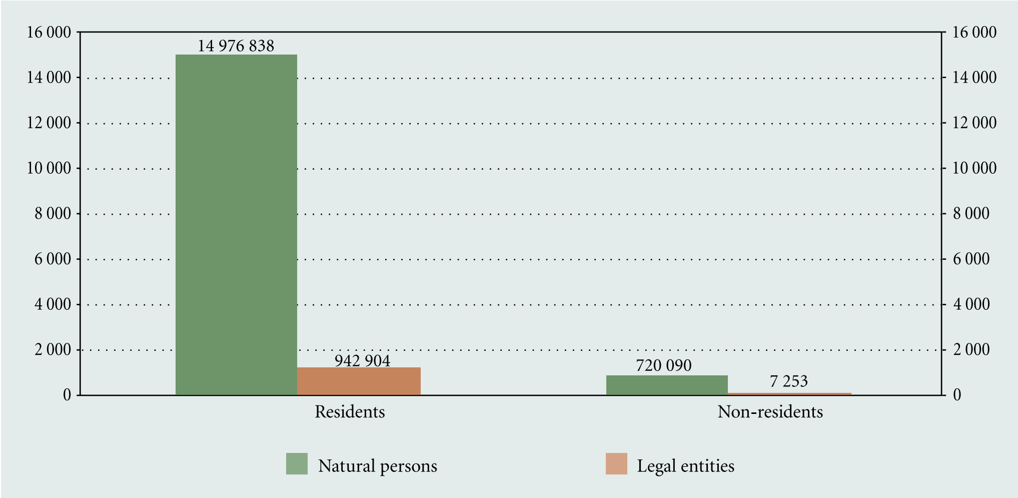
In 2025, the RBASDB information system held records of 665.21 thousand of account preservation orders and 566.64 thousand of accounts with rescinded preservation orders, against 728.72 thousand placed and 564.07 thousand rescinded preservation orders as of 31 December 2024.[175]

[175]Pursuant to § 4 of the Transitional and Final Provisions of the Ordinance on Amendment of Ordinance No 12 of the BNB of 2016 on the Register of Bank Accounts and Safe Deposit Boxes (published; Darjaven Vestnik, issue 49 of 2017), data on preservation orders are submitted to the RBASDB from 1 March 2018.

As of 31 December 2025, the RBASDB holders of bank and payment accounts were 14.98 million of resident and 720.09 thousand of non-resident natural persons and 942.90 thousand of resident and 7.25 thousand of non-resident legal entities.

Holders of Bank and Payment Accounts in the RBASDB as of 31 December 2025

(thousand)



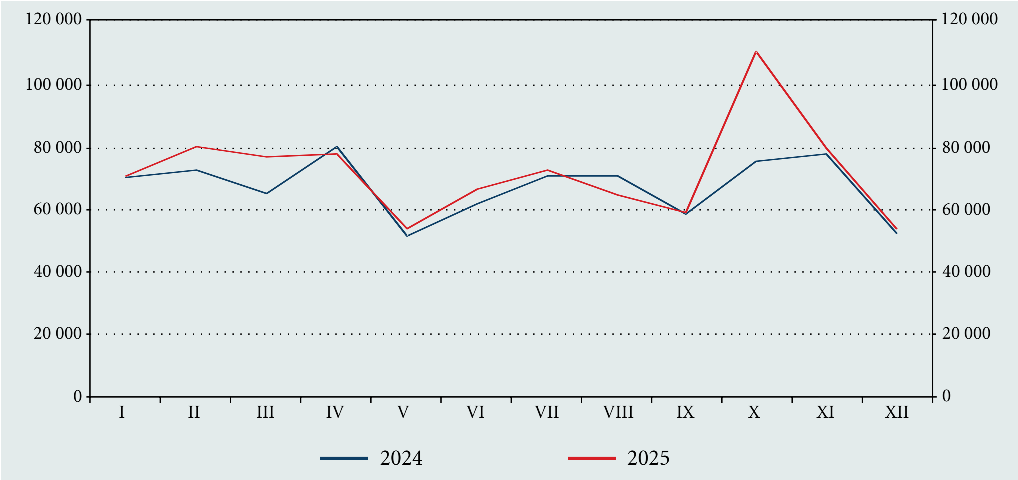
Source: BNB.

Article 56a, paragraph 3 of the Law on Credit Institutions grants access to the Register information to judicial authorities (Courts, the Prosecutor's Office, and criminal investigation authorities), the Ministry of Interior National Police General Directorate, the General Directorate for Combating Organised Crime, the General Border Police Directorate, the Internal Security Directorate, the Protection of the EU's Financial Interests Directorate and Ministry of Interior regional directorates, the State Agency for National Security, the National Revenue Agency, the Committee for Combating Corruption, the Committee for Withdrawal of Illegally Acquired Property, the Inspectorate to the Supreme Judicial Council, the Customs Agency, the Financial Supervision Commission, banks, payment and financial institutions, electronic money institutions, private and state bailiffs in enforcement proceedings, and other bodies listed in the Law. Technical conditions necessary for authorised bodies and institutions to gain electronic access to the system are available.

As of 31 December 2025, bodies and institutions entitled to access to the RBASDB under the LCI Article 56a, paragraph 3 conducted searches (electronically and on paper) on 863,197 individuals, with the average monthly number of searches reaching 71,933 (from 805,633 searches as of 31 December 2024 and an average monthly number of 67,136). In 2025, electronic searches were 856,620, or 99 per cent of all searches in the Register for the year, including 212 for a beneficial owner of a titleholder. In 2024, there were 798,128 electronic searches.

Monthly RBASDB Searches by Bodies and Institutions under Article 56a, Paragraph 3 of the Law on Credit Institutions

(number)



Source: BNB.

BNB Ordinance No 12 on the RBASDB grants natural persons (including for probate purposes) and legal entities access to information on available bank and payment accounts preservation orders, account holders and safe deposit box hires. In 2025, there were 5355 paper applications for CCR statements: 5169 by natural persons and 186 by legal entities. There were 5127 applications for RBASDB statements in 2024, of which 4919 by natural persons and 208 by legal entities. Since 2022, the BNB provides statements to individuals under Article 12a of Ordinance No 12 of the RBASDB for obtaining information pursuant to Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016.

Monthly RBASDB Searches Based on Paper Applications by Natural Persons and Legal Entities

(number)

Source: BNB.

The BNB provides electronic RBASDB services to natural persons holding a qualified electronic signature certificate issued by a certification service provider under the Electronic Document and Certification Services Law. Fees charged for electronic services accounted for 50 per cent of those submitted on paper. As of 31 December 2025, 1320 electronic statements of information available in the RBASDB were submitted to natural persons (against 1232 as of 31 December 2024).

Incoming data into the Register's Information System should correspond to the compulsory set of information as set out in Article 32a(3) of Directive (EU) 2015/849[176] by collecting also additional information under paragraph 4, which allows to identify in due time any natural person or legal entity. A new Directive (EU) 2024/1640[177] was adopted in 2024 and according to Article 16(3), the scope of information in bank account registers in EU Member States will be extended to include data on virtual IBAN, securities accounts and crypto-assets.

The work of the RBASDB is constantly evolving and improving to enhance the quality and reliability of the information collected and maintained. Regular workshops are held with representatives of banks, payment institutions and electronic money institutions, bodies and institutions entitled to the Register access to optimise the processes of filing and providing information to and from the BNB. Amendments to the legal framework of the RBASDB and necessary technological changes related to the operation of the information system have been coordinated with the Association of Banks in Bulgaria and with institutions submitting and receiving information.

In the context of the adoption of the euro as a national currency from 1 January 2026 and Article 47 of the Law on the Introduction of the Euro in the Republic of Bulgaria, the RBASDB IS automated its data submission functionality for reporting units in December 2025 to reflect changes in over 14.4 million of active bank and payment accounts from levs to euro.

The RBASDB development uses the best EU practices in creating and operating bank account registers.

Representatives of the RBASDB take part in working meetings with other interested parties on building interconnections of bank account registers in the EU and on the OECD project on strategic developement and improvement of instruments for the prevention and counteraction of corruption, as well as in a joint task force on transposing into national law of Directive (EU) 2024/1640 and introducing implementing measures under Regulation (EU) 2024/1624[178] and Regulation (EU) 2024/1620[179].

[176] Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC.

[177] Directive (EU) 2024/1640 of the European Parliament and of the Council of 31 May 2024 on the mechanisms to be put in place by Member States for the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Directive(EU) 2019/1937, and amending and repealing Directive (EU) 2015/849 (Directive (EU) 2024/1640).

[178] Regulation (EU) 2024/1624 of the European Parliament and of the Council of 31 May 2024 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing.

[179] Regulation (EU) 2025/1620 of the European Parliament and of the Council of 31 May 2024 establishing the Authority for Anti-Money Laundering and Countering the Financing of Terrorism and amending Regulations (EU) No 1093/2010, (EU) No 1094/2010 and (EU) No 1095/2010).

XIII. Research

Economic research, Bulgarian economic development analyses, and macroeconomic forecasts prepared at the BNB support the Bank management decisions and economic policy formulation.

In the review period, the new BNB Research Plan for 2025–2026 was approved, including topics related to achieving objectives and tasks of the Bulgarian National Bank stemming from the Law on the BNB and BNB participation in the European System of Central Banks. The choice of topics was based on both the results obtained in the course of previous years' research activities and the need to expand and deepen research in relevant areas and cover topical issues of recent years. Developing these topics of the plan also contributes to improving the BNB's modelling and forecasting tools.

To implement the BNB Research Plan for 2025–2026, studies were focused on ECB's monetary policy transmission to the Bulgarian economy; developing models for short-term monthly inflation forecasting in Bulgaria; developing a semi-structural model for the Bulgarian economy; analysing fiscal multipliers for Bulgaria and developing forecasting models of autonomous factors in the BNB balance sheet after its accession to the Eurosystem, including banknotes in circulation, government deposits, net assets denominated in foreign currencies, and gold.

In view of the BNB Governor's participation in monetary policy meetings of the ECB Governing Council after Bulgaria's accession to the euro area, building analytical capacity and tools to study Eurosystem monetary policy objectives and its implications for the euro area economy was completed over the review period. Analytical tools were developed to monitor and analyse economic and monetary developments in the euro area, completing the adaptation of existing macroeconometric models and the building of new models to be used for producing Eurosystem-wide forecast data for the Bulgarian economy.

The BNB continued encouraging the research potential of Bulgarian economic science and practice in macroeconomics and finance through its Discussion Papers research series. As part of the series, studies on the following topics were published over the review period: *The Impact of Labour Costs on Prices in Bulgaria* by Daniel Kasabov; *What Drives the Demand for Cash in Bulgaria?* by Tanya Karamisheva and *Profitability of the Manufacturing Sector of Bulgaria and of the Other Central and Eastern European EU Countries: Comparison and Empirical Analysis*, by Ivan Tonev.

Part of the results from BNB analytical and forecasting activities were published in the Bank's quarterly editions *Economic Review* and *Macroeconomic Forecast*. The Economic Review presents information about Bulgaria's economic development, analyses of the balance of payments flow dynamics, monetary aggregates, their link with the development of the real economy, and their bearing on price stability. External developments directly affecting the Bulgarian economy are also analysed. Issue 4 of 2024 includes the topical research *The Exposure of Bulgarian Exports to German Economic Developments*, issue 1 of 2025, a highlight on *Changes in US Trade Policy*, and in Issue 3 of 2025: a topical research on the *Analysis of Bulgaria's Fiscal Stance in the Period After 2020*.

The BNB *Macroeconomic Forecast* provides annual projections of major macroeconomic indicators for Bulgaria in the current and next two years. In view of the significant changes in the US foreign trade policy, the Macroeconomic Forecast, March 2025, includes a highlight on the topic *Exposure of Bulgarian Exports to the United States*, and, due to the escalation of the conflict between Iran and Israel in mid-June 2025, which triggered significant volatility in the oil price on international markets, the Macroeconomic Forecast, June 2025, includes a highlight on *Effects of an Oil Price Shock on Inflation and Real GDP in Bulgaria*.

XIV. Human Resource Management

In 2025, the main priorities in human resource management at the BNB focused on provision of competitive working conditions and a favourable working environment for the effective implementation of the Bank's objectives, functions and tasks. The activities focused on attracting and selecting suitable candidates, including in relation to preparations for the accession of Bulgaria to the euro area and the significant volume of activities arising from the process of introducing the euro, training and retaining highly skilled employees by providing continued career development opportunities, applying an incentive pay system, and ensuring modern working conditions.

Given the continuing shortage of highly qualified people with specialised knowledge and skills, the active representation and validation of the BNB as a recognised employer for a professional and career development in finance, economy and banking supervision was a priority in 2025. A variety of channels and platforms were used to publish offers for job vacancies in order to attract young talents with an interest in the central banking and banking supervision. Cooperation with university career centres continued to be developed. The Bank hosted a series of thematic meetings with students to discuss the current challenges on the path to Bulgaria's accession to the euro area and the introduction of the euro. During these meetings, students had the opportunity to ask questions and receive competent and comprehensive answers.

To further develop and expand existing joint initiatives with educational institutions, in June, a Memorandum of Cooperation was signed between the BNB and the St. Kliment Ohridski University of Sofia to provide graduates' career guidance and job prospects and support the training quality through participation in public lectures, discussions and other initiatives of mutual interest. In 2025, the BNB participated in nine career counselling and development forums for students and young professionals, where attendees were provided with detailed information about the Bank's recruitment processes and working conditions, as well as about its internship, fellowship and guest researcher programmes.

Due to the significant volume of activities arising from the preparations for the introduction of the euro, it became necessary during the reporting period to hire staff with qualifications and professional experience in areas such as monetary policy, market operations and analysis, and cash operations. In 2025, over 1000 candidates submitted documents to work at the BNB, and as a result of the selection process, 110 new employees were hired. 50 employees left, of whom 13 due to retirement. Over the review period, staff turnover was 4.9 per cent, an increase of 0.9 percentage points compared to the previous year. At the end of the year, BNB employees numbered 1020, up 6.6 per cent on end-2024.

In staff educational attainment structure, the share of university graduates was 79.8 per cent at the end of 2025, which is 0.5 percentage points higher than in 2024. The number of employees who have obtained doctor's degree was 39 (38 in 2024). Specialists held the largest share in the structure of staff by category at 65.1 per cent, which represents an increase of 2 percentage points compared to the previous reporting period. Management, accounting for 17.6 per cent, and support staff, accounting for 17.3 per cent, followed, with both groups showing a decrease of approximately 1 percentage point compared to 2024. No significant changes occurred in the age structure. Employees aged above 51 retained the largest share (47.4 per cent) in the age structure, followed by the 41–50 year old (31 per cent) and 31–40 year old (17 per cent). The lowest share was that of employees aged up to 30 (4.6 per cent). The gender distribution of the workforce remained virtually unchanged, with women accounting for 62.4 per cent and men for 37.6 per cent at the end of 2025.

The salary setting policy continued to build on ensuring competitive pay levels, providing opportunities to attract and retain highly skilled and motivated employees, given the country's current labour market characteristics and trends. Remuneration was based on the established principle of performance linking, taking into account each employee's contribution to Bank's tasks and goals. Other factors in determining remuneration included the professional and career development of employees.

Training and qualification opportunities remain essential for a quick and efficient entry of employees into the working process and their inclusion in the history, traditions and culture of the BNB. They also develop technical skills and improve staff management capabilities. In accordance with the approved annual training programme, Bank employees attended specialised courses and seminars both domestically and abroad, certification training programmes, IT and network and information security training, foreign language courses, educational attainments without discontinuing work, courses for specific responsibilities, *etc.*

In light of the BNB's preparations for joining the Eurosystem, a large number of staff members participated in international courses and seminars in areas related to financial markets, asset management and market operations, monetary policy, financial programming, economic research and analysis. Other key topics included banking supervision, financial stability, macroprudential regulations and resolution of credit institutions. In the first half-year, BNB employees participated successfully in the updated extended ESCB and SSM central banking and banking supervision training programmes, set up in cooperation with leading European universities and training centres. BNB experts took part in a professional certification programme for financial analysts. Employees who have obtained certificates had the opportunity to continue their professional qualifications by maintaining membership in certifying organisations, extending certificate validity, participating in discussions and providing access to specialised scientific materials.

New employees attended induction training at the BNB, which helped them become fully and effectively integrated into the institution's established culture, as well as in an online training game at the ESCB and the SSM to familiarise themselves with the system's current tasks and challenges and with broader European initiatives. A number of IT training sessions on a variety of topics took place during the reporting period, including the use of artificial intelligence in compiling reports, data visualisation and risk management in the financial sector. Other priorities included regular annual information security training for all staff working with computer equipment and other technical means having access to internet, enhancing skills and awareness of network and information security and specialised IT training for staff whose functions and tasks are related to the global interbank payment system.

Domestic specialised training courses aimed at developing technical skills related to the development of the financial sector, operational risk management, management in crisis situations, employer's obligations in submitting electronic records, declarations and statements, and personal data protection. The training sessions on managerial and leadership skills focused on building and developing successful teams and effective communication, leadership strategies for managing processes and people, time management, and business negotiation.

In 2025, a number of internal training sessions were held on the prevention of terrorist financing and the prevention of money laundering, protection of personal data and classified information, operational risk management, implementation of internal audit standards, entry into operation of the new Central Credit Register module and others. The majority of foreign language training was focused on participation in English language courses, with the objective of maintaining the previously achieved levels of proficiency and building upon them, as well as further developing conversational and communication skills by using modern business vocabulary.

BNB employees participated in university programmes to enhance their in-service education in fields such as: finance, investment and fintex; integration of climate and environmental risks into banking supervision processes; EU economic research; European studies; public administration; human resource economy; cybersecurity; automation; and project management.

Internal and international mobility continued to provide further opportunities for enhancing professional qualifications, career development and exchange of expertise. Ten staff members moved to other business areas in the Bank. Seven BNB employees worked in European banking and supervisory institutions on short-term assignments.

Ensuring health and safety at work also continued to be a key priority in managing human resources. The necessary measures were taken to prevent occupational risks and to inform and train employees to discharge their duties safely. In preparation for the introduction of the euro, safety guidelines were developed, and the necessary training sessions and briefings were organised and conducted to ensure healthy and safe working conditions when operating specialised equipment for processing banknotes and coins.

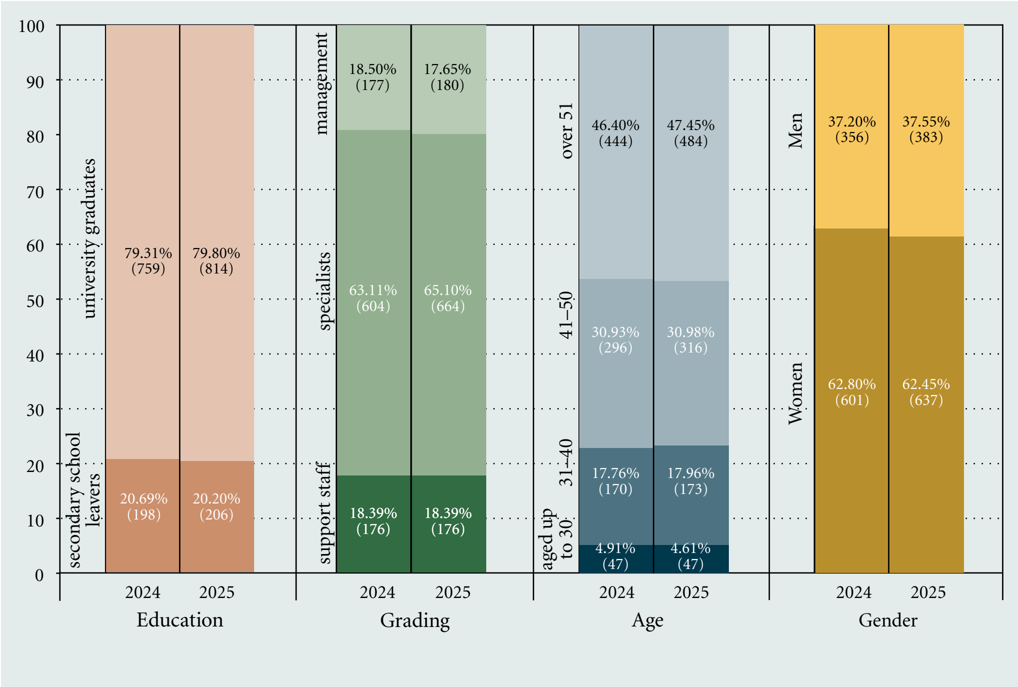
A labour legislation reform took place in the first half of 2025, introducing a unified electronic employment record, in force from 1 June. The Bank, as an employer, took steps to draw up labour books and make them available to employees in accordance with the time limits under the Law amending the Labour Code.

The BNB continued to support and encourage students and young professionals to acquire in-depth academic training and carry out research activities. Twenty-three applicants enquired into the annual postgraduate scholarship programme: six for doctors’ and 17 for masters’ degrees. Following a competition, candidates' achievements were evaluated, based on which the BNB Governing Council decided to award two masters’ degree scholarships. The studies on which the scholarship holders worked during their participation in the nine-month programme were related to the evolution and niche distribution of the fintex sector in the Republic of Bulgaria and the long-term and short-term spreads of Bulgaria’s ten-year government bond yields.

In March, the BNB announced its renewed traineeship programme for students, doctors and recent graduates with relevance to Bank activities, including economic, mathematical, humanitarian and technical studies. Under the new conditions, traineeships last up to three months, depending on the interns’ preferences and the Bank’s needs, and can take place throughout the whole year. In 2025, 90 applications were received for participation in the programme, out of which 36 students in studies such as finance, economy, mathematics and computer science, international relations, European studies, law, business administration and information systems were accepted for a traineeship. The nature and design of the SSM capital requirements, the assessment of credit risk and liquidity, the analysis of structural drivers of unemployment in Bulgaria, investment risks and opportunities for central banks, eligibility criteria for counterparties taking part in the Eurosystem monetary policy, modernisation and digitalisation of the EU supervisory process, and an analysis of the possibilities of using artificial intelligence were among the topics the trainees worked on.

Staff Structure as of 31 December of the Respective Year

(per cent, number)



Source: BNB.

XV. BNB Internal Audit

BNB internal audit conforms to the internal regulations of the Internal Audit Directorate and the ESCB Internal Auditors Committee Rules.

In 2025, there were thirteen audits: ten under the Annual Internal Audit Directorate's Programme approved by the BNB Governing Council and three under the ESCB Internal Auditors Committee's annual programme.

Audits sought objective assurance of adequate and effective risk management, control and governance inherent in the activities concerned to ensure:

- effective attainment of objectives and tasks/attainment of strategic objectives of the organisation;
- reliability and integrity of financial and operational information;
- effective and efficient operations and programmes;
- safeguarding assets;
- legal, regulatory, internal rule, policy, procedure, and contractual observance.

Audits under the Annual Internal Audit Directorate Programme

BNB Functions	Audits
Financial stability	Resolution of credit institutions
Information and communication technologies, service and maintenance	Security in creating, processing, storing and destructing information through network multifunctional devices
Security	Banking security and protection of classified information
Information and communication technologies	Verification of the compliance with the requirements of statutory regulations and adopted cybersecurity standards
Financial Accounting and Financial Statements	BNB Consolidated Financial Statements as of 30 June 2025
Banknotes and coins	Banknote and coin processing
Securities settlement systems	Automated System for Conducting Government Securities Auctions and Replacement Subscriptions (the GSA system)
Bank services provided to government and public organisations	Banking services – government agent
International reserve management	International reserve management (Treasury Directorate)
Internal audit	Follow-up on recommendations from past audits

Source: BNB.

Audits under the ESCB Annual Internal Auditors Committee Programme

BNB Functions	Audits
Internal audit	Follow-up on recommendations from past audits under the ESCB Annual Internal Auditors Committee Programme
Information and communication technologies, systems and services: acquisition, implementation and maintenance	Audit of IT providers as a third party
Banking supervision	Assessment of qualifying holdings

Source: BNB.

In 2025, the BNB Chief Auditor organised and coordinated Internal Audit Directorate work with that of the BNB external auditor, providing also assistance to the audit team from the Bulgarian National Audit Office.

BNB Internal Audit continued to submit opinions on draft internal regulations concerning major BNB functions.

The Internal Audit experts participated in professional training courses organized within the ESCB, by the Institute of Internal Auditors in Bulgaria and other organizations aimed at timely familiarization with the latest guidelines and professional practices. Training courses were tailored to the needs and requirements for qualification enhancement, knowledge and skills of the auditors and had a beneficial effect in performing audit tasks.

XVI. Preparation Activities for the BNB Accession to the Eurosystem

Legal Integration of the BNB into the Eurosystem

Following the adoption of the new Law on the Bulgarian National Bank,[180] which, as from the date specified in a Decision of the Council of the European Union on the adoption of the euro by the Republic of Bulgaria, will fully replace the current Law on the Bulgarian National Bank[181], amendments in the new LBNB were adopted with the Law on the State Budget. These amendments were intended to reflect the recommendations made in the 2024 Convergence Reports on the appointment of a caretaker government provided for in the 2023 amendments to the Constitution of the Republic of Bulgaria.

According to them, if the BNB Governor or a Deputy Governor, respectively, agrees to be appointed caretaker Prime Minister under Article 99, paragraph 5 of the Bulgarian Constitution, he shall resign from his position at the central bank. These amendments brought compliance with Article 130 of the TFEU and Article 14.2 of the Statute, ensuring compliance with the principles of institutional and personal central bank independence[182].

Following the adoption of the new Law on the BNB, work continued over the review period on drafting ordinances provided for therein. The priority and primary objective of the new Law on the BNB, as well as of the relevant statutory instruments, intended to be issued on its basis is to ensure the legal integration of the Bulgarian central bank into the Eurosystem when introducing the euro as the currency of the Republic of Bulgaria. Establishing the regulatory framework was a necessary and important step to ensure that the new BNB functions arising from the accession to the Eurosystem are performed.

Over the reporting period, BNB Ordinance No 1 of 13 November 2025 on the Format and Content of the Bulgarian National Bank's Balance Sheet,[183] BNB Ordinance No 6 of 9 January 2025 on Provision of Emergency Liquidity Assistance[184], BNB Ordinance No 18 on the Control over the Quality of Euro Banknotes and Euro Coins in Currency Circulation[185] and BNB Ordinance No 45 of 17 April 2025 on the Establishment and Regulation of the Bulgarian National Bank's Legal Relationships with Monetary Policy Counterparties[186] were adopted and published.

[180] Published in the Darjaven Vestnik, issue 13 of 13 February 2024.

[181] Published in the Darjaven Vestnik, issue 46 of 10 June 1997; last amended, issue 29 of 2024.

[182] Within the formal coordination procedure, on 5 July 2024 the ECB Governing Council adopted an Opinion on the potential appointment of the Governor or a Deputy Governor of the Bulgarian National Bank as a caretaker prime minister (CON/2024/23), thus welcoming these amendments.

[183] Published in the Darjaven Vestnik, issue 104 of 5 December 2025, in force from the date of enforcement of the Law on the Bulgarian National Bank (published in the Darjaven Vestnik, issue 13 of 13 February 2024).

[184] Published in the Darjaven Vestnik, issue 8 of 28 January 2025, in force from the date of enforcement of the Law on the Bulgarian National Bank (published in the Darjaven Vestnik, issue 13 of 13 February 2024).

[185] Published in the Darjaven Vestnik, issue 68 of 19 August 2025, effective as of 1 January 2026.

[186] Published in the Darjaven Vestnik, issue 37 of 2 May 2025, in force from the date of enforcement of the Law on the Bulgarian National Bank (published in the Darjaven Vestnik, issue 13 of 13 February 2024), with the exception of § 3, which shall enter into force one month after the date of adoption of a Decision of the Council of the European Union abrogating the derogation of the Republic of Bulgaria on the basis of Article 140(2) of the TFEU.

Pursuant to Article 36, paragraph 1 of the Law on the Government Debt, a new Ordinance No 5 on the Terms and Procedure for Acquisition, Registration, Redemption and Trade in Government Securities was adopted[187].

On the grounds of the Law on Credit Servicers and Credit Purchasers, Ordinance No 49 of 6 October 2025 on the Terms and Procedure for Granting Licenses to and Requirements for the Activity of Credit Servicers and for Providing Information by Credit Purchasers and Credit Institutions[188] and Ordinance No 50 of 13 November 2025 on Appointing Registered Auditors and External Independent Experts under Article 46, Paragraph 1, Item 3 of the Law on Credit Servicers and Credit Purchasers, and on the Requirements Applicable to Them were adopted[189].

In connection with the alignment of the regulatory framework with the legal acts applicable following the introduction of the euro, the BNB Governing Council also adopted amendments to a number of other regulations:

- pursuant to the Law on Payment Services and Payment Systems, amendments were adopted to BNB Ordinance No 3 of 18 April 2018 on the Terms and Procedure for Opening Payment Accounts, Executing Payment Transactions and Using Payment Instruments[190], as well as to BNB Ordinance No 16 of 29 March 2018 on Granting Licenses and Approvals, Entry into the Register under Article 19 of the Law on Payment Services and Payment Systems, and Requirements to the Activity of Operators of Payment Systems with Settlement Finality[191];
- pursuant to Article 36, paragraph 3 of the Law on the Government Debt, amendments were adopted to BNB Ordinance No 31 of 4 October 2007 on Government Securities Settlement[192];
- pursuant to the Law on the Recovery and Resolution of Credit Institutions and Investment Firms, amendments were adopted to BNB Ordinance No 43 of 28 July 2022 on the Terms and Procedure for Determining and Paying a Maximum Daily Amount upon Suspension of Obligations in Respect of Eligible Deposits[193] and BNB Ordinance No 44 on the Terms and Procedure for Selection of Independent Valuers under Article 55a of the Law on the Recovery and Resolution of Credit Institutions and Investment Firms[194];
- pursuant to § 3 of the Additional Provisions of the Law on Credit Institutions, amendments were adopted to Ordinance No. 8121z-444 of the Ministry of Interior and the Bulgarian National Bank of 3 May 2016 on Organisation and Control in Providing Security of Banks[195].

In connection with the introduction of the euro, BNB Ordinance No 21 of 26 November 2015 on the Minimum Required Reserves Maintained with the Bulgarian National Bank was repealed.

In addition, the ordinances provided for in the Law on the Introduction of the Euro in the Republic of Bulgaria under the competence of the central bank were prepared and

[187]Published in the Darjaven Vestnik, issue 109 of 16 December 2025, effective as of 1 January 2026.

[188]Published in the Darjaven Vestnik, issue 88 of 21 October 2025.

[189]Published in the Darjaven Vestnik, issue 104 of 5 December 2025.

[190]Published in the Darjaven Vestnik, issue 37 of 4 May 2018; last amended, issue 88 of 2025.

[191]Published in the Darjaven Vestnik, issue 32 of 13 April 2018; last amended, issue 88 of 2025.

[192]Published in the Darjaven Vestnik, issue 85 of 23 October 2007; last amended, issue 109 of 2025, effective as of 1 January 2026.

[193]Published in the Darjaven Vestnik, issue 65 of 12 August 2022; amended, issue 109 of 16 December 2025, effective as of 1 January 2026.

[194]Published in the Darjaven Vestnik, issue 65 of 12 August 2022; last amended, issue 109 of 16 December 2025, effective as of 1 January 2026.

[195]Published in the Darjaven Vestnik, issue 37 of 17 May 2016; last amended, issue 79 of 26 September 2025, effective as of 26 September 2025.

adopted by the BNB over the reporting period. As provided for in this Law, the BNB was committed to establish a regulatory framework related to:

– frontloading of banks with euro banknotes, euro coins and starter sets and the sub-frontloading by credit institutions of Bulgarian Posts and retailers therewith (Article 23, paragraph 9 of this Law);
– the information to be provided by credit institutions to the BNB in connection with the exchange of banknotes and coins during the first year of introduction of the euro in the Republic of Bulgaria (Article 26, paragraphs 12 and 14 of the Law on the Introduction of the Euro);
– the exchange of damaged banknotes and coins from levs into euro after the introduction of the euro in the Republic of Bulgaria (Article 26, paragraph 15 of the Law on the Introduction of the Euro).

Pursuant to the Law on the Introduction of the Euro in the Republic of Bulgaria, the ordinances under Article 23, paragraph 9 and Article 26, paragraphs 14 and 15 had to be adopted and published within three months of the date of adoption of the Decision of the Council of the European Union on the adoption of the euro by the Republic of Bulgaria, adopted in accordance with Article 140(2) of the Treaty on the Functioning of the European Union.

BNB Ordinance No 46 of 31 July 2025 on Frontloading and Sub-frontloading of Euro Banknotes, Euro Coins and Starter Euro Coin Kits[196]; BNB Ordinance No 47 of 31 July 2025 on the Conditions and Procedure for Providing Information by Credit Institutions under Article 26 of the Law on the Introduction of the Euro in the Republic of Bulgaria and for Retaining and Evaluating Banknotes and Coins in Levs[197] and BNB Ordinance No 48 of 31 July 2025 on the Exchange of Mutilated or Damaged Banknotes and Coins from Levs to Euro after the Introduction of the Euro in the Republic of Bulgaria[198] were finally adopted by the BNB Governing Council on 31 July 2025.

As part of its ongoing work on the regulatory framework, the BNB Governing Council also adopted a number of general terms and conditions. For example, pursuant to Ordinance No 45 of 17 April 2025 on the Establishment and Regulation of the Bulgarian National Bank's Legal Relationships with Monetary Policy Counterparties, the General Terms and Conditions of the Bulgarian National Bank on the Implementation of the Eurosystem's Monetary Policy were adopted, in force from the date of enactment of the Law on the Bulgarian National Bank (published in the Darjaven Vestnik, issue 13 of 13 February 2024).

In line with the process of introducing the euro, the BNB Governing Council also adopted the General Terms and Conditions for Exchanging Banknotes and Coins at an Announced Value, and the General Terms and Conditions for Reproduction of Banknotes and Coins in Levs.

Over the reporting period, the Governing Council also adopted a number of internal acts and documents, in line with the respective guidelines and other directly applicable acts of the European Central Bank, thus successfully completing the process of implementation and verification of the overall legal framework applicable to the Bulgarian National Bank as part of the Eurosystem.

[196] Published in the Darjaven Vestnik, issue 68 of 19 August 2025.

[197] Published in the Darjaven Vestnik, issue 68 of 19 August 2025, effective three days after its publication, except for Chapter Four which will enter into force on the date of introduction of the euro as an official monetary unit in the Republic of Bulgaria.

[198] Published in the Darjaven Vestnik, issue 68 of 19 August 2025, effective as of 1 January 2026, except for § 4 which will enter into force three days after its publication in the Darjaven Vestnik.

Communication Activities Related to the Euro Area Accession Process

Over the review period, the BNB worked intensively on communication activities related to the euro area accession process.

A national information campaign was organised and implemented in cooperation with the Ministry of Finance in accordance with the adopted National Euro Changeover Plan and the Action Plan thereto. The campaign involved engaging with various demographic groups through a variety of communication channels: television, radio, the internet, social media, and others. For the most remote areas, national television channels provided effective coverage, with the regional programmes of the Bulgarian National Radio playing an especially important role.

In its communication with the public, the BNB explained the rules governing contracts, loans, deposits, and leases in connection with the revaluation and introduction of the euro. On its website, the BNB published over 200 questions and answers regarding the introduction of the euro, and also prepared and distributed a booklet on questions and answers regarding the euro in a print run of several hundred thousand copies. Posters and brochures were also produced with information about the national side of euro coins – 'What Will the National Side of Bulgarian Euro Coins Look Like', which were distributed at bank branches, post offices, retail chains, and other locations. The Bulgarian National Bank carried out these initiatives independently, using its own resources, without concluding contracts with external contractors.

During the reporting period, the BNB signed Memoranda of Cooperation with various organisations and institutions in connection with the euro introduction process, including the University of National and World Economy (UNWE), St. Kliment Ohridski University of Sofia, the Economic and Social Council (ESC), the American Chamber of Commerce (ACC) and the Modern Trade Association (MTA). Within these partnerships, joint events and initiatives took place during the reporting period.

On Europe Day, 9 May 2025, the BNB and the Economic and Social Council (ESC) signed a Memorandum of Cooperation aiming to deepen the partnership between the two institutions in the process of Bulgaria's accession to the euro area. On the basis of the memorandum, the BNB and the ESC carried out joint communication activities in the context of the introduction of the euro. Joint brochures and infographics were prepared regarding Bulgaria's accession to the euro area intended for different target groups. BNB representatives took part in events on the introduction of the euro in Bulgaria. On 20 June 2025, the Deputy Governor of the BNB heading the Banking Department participated in the opening of ESC's National Discussion on *The effect of the eurozone. The experience of Member States*, which was held in the Council of Ministers, while other representatives of the Bulgarian National Bank participated in related events across the country.

On 19 May 2025, a Memorandum of Cooperation was signed between the BNB and the American Chamber of Commerce to ensure that long-standing cooperation between the two institutions deepens, focusing on Bulgaria's successful accession to the euro area as of 1 January 2026 and better informed businesses and households about their long-term benefits. The Bulgarian National Bank has a long-standing partnership with the American Chamber of Commerce in organising events on the euro area and Bulgaria's economic development; one example of this is the *Financial policy and competitiveness* *of the Bulgarian economy* conference organised jointly by the American Chamber of Commerce and the British-Bulgarian Chamber of Commerce.

On 3 June 2025, the BNB and the Modern Trade Association signed a Memorandum of Cooperation, focused, among others, on the implementation of a number of activities about the information campaign related to the introduction of the euro and overcoming people's fears of speculative price rises. Information materials of the Bulgarian National Bank regarding the introduction of the euro, including brochures, posters, and videos, were distributed at retail establishments which are members of the Modern Trade Association. BNB representatives took part in events on the euro organised by the Modern Trade Association.

As part of the Memorandum of Cooperation signed between the BNB and the UNWE, the Euro Days were held at the university for the second consecutive year with the participation of representatives of the BNB Governing Council, the Association of Banks in Bulgaria, represented by the chief executive officers of the largest banks in Bulgaria, the MF, the IMF, business and academic community, with nearly a thousand students in attendance.

Over the review period, the BNB Governor took part in various events focusing on the introduction of the euro in Bulgaria. These included the *Money Growth: Banking, Investment, Technology* conference, organised by Capital newspaper on 20 March 2025, as well as the event that launched the information campaign on the euro introduction on 2 September 2025 in Burgas, along with representatives of the executive and local authorities and the business community. On 25 March 2025, the BNB Deputy Governor heading the Banking Department took part in the Bulgarian Tourism and Bulgaria's Accession to the Euro Area conference.

Representatives of the BNB management and various Bank departments took part in events, conferences, interviews and news reports on the euro over the review period. The Bank regularly disclosed information on the introduction of the euro to a wide range of media outlets, both national and regional, through interviews, analyses and publications. Questions received from media, citizens and organisations were systematised, and the BNB provided answers both directly to the senders and through their timely publication on its website and in the media for the utmost publicity.

During this period, the Bank provided informational materials on the introduction of the euro to postal services, banks, retail chains, national and regional media, as well as to the offices of the Ombudsman of the Republic of Bulgaria.

The BNB also carried out a number of joint initiatives as part of the information campaign in collaboration with the ECB. One of them was the production of a one-hour BNT television documentary titled *Bulgaria and the Euro*, which aired on BNT1 during prime time. The programme featured interviews with the Governor of the BNB, the President of the ECB, European Commissioner Valdis Dombrovskis, Bulgarians working at the ECB, representatives of the Bulgarian business community, and others.

A seminar for Bulgarian journalists in Frankfurt was also held jointly with the ECB. Media representatives had the opportunity to get informed at the ECB on euro area issues and the introduction of the euro, to raise their questions, to meet the Governor of the BNB, and to attend a press conference of the President of the ECB.

The information campaign on the introduction of the euro was also supported by the ECB through regular posts on the ECB's and its President's social media accounts, which were subsequently published in the Bulgarian media and gained widespread public attention.

During this period, with the assistance of the Bulgarian National Bank, Bulgarian journalists visited the central banks of Croatia and Slovakia, where media representatives had the opportunity to ask questions regarding the introduction of the euro and the development of the euro area, to members of the governing councils of the two banks, as well as to those directly involved in the process of introducing the euro in the respective countries.

The BNB also implemented initiatives for vulnerable groups. Together with the Union of the Blind, BNB employees organised special training courses on euro banknotes and coins and how people with visual impairments can distinguish between the different denominations.

The communication process on the conversion of levs into euro was greatly facilitated by cooperation with the media, including through the provision of information on the extended opening hours of BNB vaults and bank branches. The public was kept informed in a timely manner through special reports and live segments on national television news programmes, press releases, interviews with the BNB Chief Cashier, and other communication channels.

On 31 December 2025, Bulgaria's entry into the euro area was also marked by a mapping projection on the Bulgarian National Bank building, which received widespread coverage in Bulgarian and international media, as well as on the ECB's website.

Between August and October 2025, BNB representatives participated in more than 420 information events and conferences across the country, attended by citizens, representatives of local authorities, businesses and vulnerable groups.

The framework for the communication campaign on the euro was established in the National Euro Changeover Plan in Bulgaria and further developed through the Strategy for Communication, Information and Publicity of Bulgaria's Accession to the Euro Area. Even before it was launched, steps were taken to develop a comprehensive campaign reaching all groups of society, including vulnerable and sensitive groups. In addition to this campaign, the BNB organised a number of events and initiatives. For these efforts, the central bank received an award from the 2025 'Economy in the Light' National Competition.

XVII. BNB Budget Implementation in 2025

The Governing Council adopted the BNB budget by Resolution No 579 of 10 December 2024.

The report on the Bank's budget comprises two sections pursuant to the Governing Council Internal Rules on Drafting, Implementing, and Reporting the BNB Budget: BNB Operating Expenditure and Investment Programme. The Bank adheres to environmental protection requirements in its operations.

BNB Operating Expenditure

In 2025, the BNB spent BGN 223,327 thousand on operating expenses, or 60.7 per cent of the relevant section's approved annual budget.

Currency circulation cost BGN 84,851 thousand, or 46.4 per cent of the approved annual budget for this item and 38.0 per cent of Bank operating expenditure budgeted for the reporting period. The expenditure includes banknote production and delivery cost of BGN 6753 thousand, including BGN 4839 thousand on euro banknote deliveries, while new coins production and delivery came to BGN 71,776 thousand, of which BGN 61,731 thousand on circulation coins. The BNB Governing Council 2025 Commemorative Coin Programme cost BGN 10,045 thousand. In 2025, expenditure on expertise, as well as on destruction of banknotes and coins amounted to BGN 4767 thousand, mainly due to destruction of coin blanks for circulation coins in levs. Expenses on currency processing came to BGN 205 thousand and on machine spares and servicing BGN 20 thousand. New banknote and coin design accounted for BGN 65 thousand. Premise rentals for Bank issue and cash operations cost BGN 1265 thousand.

The Bank spent BGN 48,624 thousand on *materials, services and depreciation*: 58.0 per cent of approved annual budget under this item and 21.8 per cent of Bank's operating expenditure in 2025.

Materials expenditure was BGN 2114 thousand: 19.7 per cent of approved annual budget and 0.9 per cent of all operating expenditure for the year. Inventory costs (BGN 973 thousand) and vehicle fuel and spares for the BNB transport fleet (BGN 384 thousand) occupied the largest share in this group. The Bank spent BGN 309 thousand on office consumables and BGN 232 thousand on other materials. Hygiene materials cost BGN 168 thousand.

External services costs were BGN 27,081 thousand, or 71.1 per cent of annual item budget and 12.1 per cent of all Bank operating expenditure over the reporting period. The largest share of this group consisted of the Bank's expenditure on security and fire protection contracts at BGN 7094 thousand, software maintenance subscriptions at BGN 6041 thousand and equipment maintenance subscriptions at BGN 2259 thousand. Expenditure on Bloomberg, Reuters, and other systems amounted to BGN 1777 thousand, and BORICA AD subscriptions – to BGN 1284 thousand. Major building maintenance came to BGN 1916 thousand, and property and refuse collection levies – BGN 1884 thousand. Mail, telephone and fax cost BGN 1341 thousand. Electric bills were BGN 1426 thousand and heating and water cost BGN 329 thousand. Expenditure on safety at work and special clothing was BGN 314 thousand, while judicial protection and other legal services amounted to BGN 110 thousand. Property insurance expenses were BGN 186 thousand. The Bank spent BGN 181 thousand on consultancy services.

Depreciation for 2025 cost BGN 19,429 thousand, or 55.5 per cent of the approved annual item budget and 8.7 per cent of all operating expenditure for 2025.

Payroll including social and healthcare costs were BGN 81,410 thousand or 95.3 per cent of approved budget and 36.5 per cent of the Bank's total operating expenditure. The BNB reported BGN 4951 thousand of current retirement obligations and unused paid leave under IAS 19 Employee Benefits.

Social expenditure was BGN 2989 thousand: 86.4 per cent of approved annual budget and 1.3 per cent of the Bank's operating expenditure for 2025.

Other *administrative expenditure* was BGN 2039 thousand: 39.7 per cent of annual budget and 0.9 per cent of total operating expenditure. Inland travel worth BGN 166 thousand involved mainly regional cash centre logistics and checks. Foreign travel unrelated to BNB participation in the ESCB and other EU bodies cost BGN 596 thousand. The annual BNB Staff Education and Professional Training Programme came to BGN 935 thousand. Bank employees took part in professional courses and seminars held in Bulgaria and abroad, organised by EU central banks and international financial institutions which were carried out in an on-line format. They participated in distant learning and foreign language courses.

The BNB spent BGN 3414 thousand on *ESCB participation*: 49.9 per cent of annual budget and 1.5 per cent of Bank's total operating expenditure over the review period. The annual fee for European Banking Authority membership was BGN 2082 thousand. BNB representatives sat on ESCB committees and working groups and other EU bodies, which cost BGN 731 thousand. The sum of BGN 153 thousand was paid for the ESSB Centralised Securities Database (CSDB), BGN 125 thousand for the annual fee for BNB' s participlation as a member of the Eurosystem Procurement Coordination Office (EPCO), BGN 80 thousand for the maintaince of the Securities Holdings Database (SHSDB), BGN 29 thousand to maintain DARWIN licences, BGN 22 thousand for the ECB's Statistical Data Warehouse (SDW), BGN 19 thousand for the payment of the ECB's pro rata share of the supervisory data on LSIs and BGN 2 thousand for contributions to BIRD (Banks' Integrated Reporting Dictionary) for the period from 1 September to 31 December 2024, for the Epsilon Project and the CORENET maintenance fee.

The BNB Investment Programme

The Bank spent BGN 26,335 thousand on its investment programme for 2025, or 40.9 per cent of annual budget.

Over the review period, BGN 196 thousand went to finance new construction, refurbishment and modernisation: 9.2 per cent of approved budget under this item and 0.7 per cent of investment programme expenditure.

In 2025, machine and equipment, vehicle, and other equipment investment cost BGN 13,528 thousand: 62.8 per cent of approved budget under this item and 51.4 per cent of investment programme expenditure.

Cash operations equipment cost BGN 1993 thousand. Security systems equipment amounted to BGN 35 thousand. The purchase of armoured trucks cost BGN 10,452 thousand.

BGN 1048 thousand was spent on other equipment, including: chillers for the BNB buildings at 1, Knyaz Alexander I Square and 7, Moskovska Street ; elevator systems for the BNB Cash Centre in Sofia; ventilation and air conditioning systems in the underground garage and the attic space of the BNB Cash Centre in Sofia; office containers for the rented premises in Plovdiv and Varna; delivery and installation of a loading platform for rented premises in Burgas; manufacture of containers for storing briquettes for the BNB Cash Centre in Sofia; assembly of electrical wiring and installation of electrical boards in rented warehouses in Plovdiv, Varna, and the BNB Cash Centre in Sofia;

furniture and office equipment, water heaters, mobile convectors, refrigerators, and others.

Information and communication system development cost BGN 12,602 thousand: 30.9 per cent of approved annual budget and 47.9 per cent of all investment programme expenses during the reporting period.

Software expenditure was BGN 10,191 thousand, including BGN 1040 thousand for licence purchases and BGN 9151 thousand for upgrades of the existing systems.

Hardware cost BGN 2411 thousand, mainly for updating and expanding existing systems and for purchasing computer and communications equipment.

Investment spending on ESCB membership was BGN 9 thousand.

BNB budget implementation and utilisation of funds under both sections were carried out under effective resource management and continuous monitoring.

Part of the expenditure foreseen in the investment programme relates to activities with a longer implementation period and to public procurement procedures for the selection of contractors, and therefore their implementation and recording continue in the next reporting period.

BNB Budget Implementation as of 31 December 2025

Indicators	Report 31 December 2025 (BGN thousand)	Budget 2025 (BGN thousand)	Implementation (per cent)
Section I. Operating expenditure	**223 327**	**367 825**	**60.7**
Currency circulation expenditure	84 851	183 065	46.4
Materials, services, and depreciation expenditure	48 624	83 860	58.0
Staff expenditure	81 410	85 464	95.3
Social expenditure	2 989	3 461	86.4
Other administrative expenditure	2 039	5 140	39.7
BNB expenditure related to ESCB membership	3 414	6 835	49.9
Section II. Investment programme	**26 335**	**64 447**	**40.9**
Construction, refurbishment, and modernisation expenditure	196	2 123	9.2
Expenditure on machines, equipment, vehicles, and other equipment	13 528	21 534	62.8
BNB information systems expenditure	12 602	40 750	30.9
BNB expenditure on ESCB membership	9	40	22.5

Source: BNB.

The Bulgarian National Bank continued to actively work on issues related to the euro adoption as legal tender in the Republic of Bulgaria, with this expenditure having an indirect effect on the overall implementation of the 2025 BNB budget.

XVIII. BNB Consolidated Financial Statements as of 31 December 2025

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Independent auditor's report

To the Management Board
Of Bulgarian National Bank

Report on the Audit of the Consolidated Financial Statements

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Bulgaria, and we have fulfilled our other 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

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

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

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

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

We have nothing to report in this regard.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the 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 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves true and fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with management 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.

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Report on Other Legal and Regulatory Requirements

Additional Matters to be Reported under the Accountancy Act

In addition to our responsibilities and reporting in accordance with ISAs, described above in the *Information Other than the Consolidated Financial Statements and Auditor's Report Thereon* section, in relation to the consolidated management report, we have also performed the procedures added to those required under ISAs in accordance with the Guidelines on New and Expanded Auditor's Reports and Auditor's Communication of the professional organisation of certified public accountants and registered auditors in Bulgaria, i.e. the Institute of Certified Public Accountants (ICPA). These procedures refer to testing the existence, form and content of this other information to assist us in forming an opinion about whether the other information includes the disclosures and reporting provided for in Chapter Seven of the Accountancy Act applicable in Bulgaria.

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

Based on the procedures performed, our opinion is that:

a) The information included in the consolidated management report referring to the financial year for which the consolidated financial statements have been prepared is consistent with those consolidated financial statements.
b) The consolidated management report has been prepared in accordance with the requirements of Chapter Seven of the Accountancy Act and the Law on the Bulgarian National Bank.

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

Nikolay Garnev

Legal Representative and

Registered Auditor in charge of the audit

Sonia Zarkova

Proxy of the General Manager Nikolay Garnev and

Registered Auditor in charge of the audit

Sofia, Bulgaria

26 May 2026

Translation in English of the official Auditor's report issued in Bulgarian.

Statement of Responsibilities of the Governing Council of the Bulgarian National Bank

The Governing Council of the Bulgarian National Bank is responsible for preparing and approving financial statements to present the Bank's financial position and performance for the period.

The financial statements of the Bulgarian National Bank approved by its Governing Council are prepared in accordance with the International Financial Reporting Standards adopted by the European Commission.

The Governing Council of the Bulgarian National Bank is responsible for maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Bulgarian National Bank. It has overall responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Bulgarian National Bank and to prevent or detect fraud and other irregularities.

Dimitar Radev
Governor of the Bulgarian National Bank

Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2025

(BGN'000)

	Note	2025	2024
Interest income	7	1 714 674	2 291 024
Interest expense	7	(348 754)	(525 485)
Net interest income		**1 365 920**	**1 765 539**
Fees and commission income		57 557	48 323
Fee and commission expense		(6 017)	(5 953)
Net fee and commission income		**51 540**	**42 370**
Net gains from financial assets and liabilities reported at fair value in the profit or loss or measured at amortised cost, of which	8	3 150 215	1 751 158
incl. provisions for expected credit losses under IFRS 9		-	-
Other operating income	9	70 464	73 419
Total income from banking operations		**4 638 139**	**3 632 486**
Administrative expenses	10	(250 779)	(179 396)
Profit for the period		**4 387 360**	**3 453 090**
Other comprehensive income			
Other comprehensive income that can be reclassified into profit or loss at a future point in time		67 294	(1 372)
Other comprehensive income that cannot be reclassified into profit or loss at a future point in time		-	-
Other comprehensive income, total		**67 294**	**(1 372)**
Total comprehensive income for the period		**4 454 654**	**3 451 718**
Profit attributable to:			
Equity holders of the Bank		4 387 069	3 452 922
Non-controlling interest		291	168
Profit for the period		**4 387 360**	**3 453 090**
Total comprehensive income attributable to:			
Equity holders of the Bank		4 454 363	3 452 204
Non-controlling interest		291	(486)
Total comprehensive income for the period		**4 454 654**	**3 451 718**

The accompanying notes on pages 156 to 192 form an integral part of the consolidated financial statements.

Consolidated Statement of Financial Position as of 31 December 2025

(BGN'000)

	Notes	2025	2024
ASSETS			
Cash and deposits in foreign currency	11	44 358 009	41 842 645
Gold, instruments in gold, and other precious metals	12	10 129 634	6 519 273
Financial assets at fair value through profit or loss	13	23 832 409	33 723 502
Financial assets at fair value in other comprehensive income	14	2 104 163	2 260 173
Tangible non-current assets	15	261 674	188 595
Intangible assets	16	16 881	12 553
Other Assets	17	100 956	119 126
Total assets		**80 803 726**	**84 665 867**
LIABILITIES			
Banknotes and coins in circulation	18	19 767 926	31 078 055
Liabilities to banks and other financial institutions	19	26 307 452	27 845 384
Liabilities to government institutions and other borrowings	20	15 014 968	9 733 914
Borrowings against Bulgaria's participation in international financial institutions	21	5 187 254	5 588 608
Other liabilities	22	991 618	789 889
Total liabilities		**67 269 218**	**75 035 850**
EQUITY			
Capital	23	20 000	20 000
Reserves	23	13 510 960	9 606 760
Non-controlling interest	24	3 548	3 257
Total equity		**13 534 508**	**9 630 017**
Total liabilities and equity		**80 803 726**	**84 665 867**

The accompanying notes on pages 156 to 192 form an integral part of the consolidated financial statements.

Consolidated Statement of Cash Flows for the Year Ended 31 December 2025

(BGN'000)

	Notes	2025	2024
OPERATING ACTIVITIES			
Net (loss)/profit		4 387 360	3 453 090
Adjustments			
Dividend income	9	(13 463)	(13 595)
Depreciation	15, 16	25 528	22 788
Loss on disposal of tangible assets		371	336
(Profit) on financial assets and liabilities arising from market movements		(3 418 225)	(1 717 980)
(Profit) of associates		(2 521)	(3 752)
Other adjustments		4 870	2 849
Net cash flow from operating activities before changes in operating assets and liabilities		**983 920**	**1 743 736**
Changes in operating assets			
(Increase) in gold, instruments in gold and other precious metals		(372 701)	(1 160)
Decrease in financial assets at fair value through profit or loss		9 825 649	6 217 418
(Increase) in other assets		26 130	(44 198)
Changes in operating liabilities			
Increase/(decrease) in currency in circulation		(11 310 129)	1 615 999
(Decrease) in liabilities to banks and other financial institutions		(1 537 932)	(2 558 337)
Increase/(decrease) in due to government institutions and other liabilities		5 281 054	(1 337 200)
(Decrease)/increase in other liabilities		193 083	(293 231)
Net cash inflow from operating activities		**3 089 074**	**5 343 027**
INVESTMENT ACTIVITIES			
Acquisition of tangible and intangible assets		(29 213)	(33 336)
Dividends received		13 463	13 595
(Net cash outflow) from investing activities		**(15 750)**	**(19 741)**
FINANCING ACTIVITIES			
Payments to the state budget		(550 000)	(660 000)
(Net cash outflow)/net cash inflow from financing activities		**(550 000)**	**(660 000)**
Net increase/(net decrease) in cash and cash equivalents		**2 523 324**	**4 663 286**
Cash and cash equivalents at the beginning of period		**41 875 081**	**37 211 795**
Cash and cash equivalents at the end of period	11, 17	**44 398 405**	**41 875 081**
Cash flows from interest and dividends			
Interest received		1 375 945	1 911 520
Interest paid		(332 985)	(504 968)

The accompanying notes on pages 156 to 192 form an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2025

(BGN'000)

	Capital	Revaluation of non-monetary assets	Special and other reserves	Total equity and reserves	Non-controlling interest	Total equity
Balance as of 1 January 2024	**20 000**	**144 728**	**6 670 023**	**6 834 751**	**3 743**	**6 838 494**
Profit for the period	-	-	3 452 922	3 452 922	168	**3 453 090**
Other comprehensive income:						
other income	-	*489*	*(1 207)*	*(718)*	*(654)*	***(1 372)***
Other comprehensive income, total	-	489	(1 207)	(718)	(654)	**(1 372)**
Total comprehensive income for the period	-	489	3 451 715	3 452 204	(486)	**3 451 718**
Contributions by and distributions to owners:						
contribution to the budget of the Republic of Bulgaria	-	-	(660 000)	(660 000)	-	(660 000)
dividend paid by subsidiaries to minority shareholders	-	-	*(195)*	*(195)*	-	*(195)*
Transactions with owners, total	-	-	(660 195)	(660 195)	-	**(660 195)**
Balance as of 31 December 2024	**20 000**	**145 217**	**9 461 543**	**9 626 760**	**3 257**	**9 630 017**
Balance as of 1 January 2025	**20 000**	**145 217**	**9 461 543**	**9 626 760**	**3 257**	**9 630 017**
Profit for the period	-	-	4 387 069	4 387 069	291	**4 387 360**
Other comprehensive income:		74 072	(6 778)	67 294		**67 294**
other income	-				-	
Other comprehensive income, total	-	74 072	(6 778)	67 294		**67 294**
Total comprehensive income for the period	-	74 072	4 380 291	4 454 363	291	**4 454 654**
Contributions by and distributions to owners:						
contribution to the budget of the Republic of Bulgaria	-	-	(550 000)	(550 000)	-	(550 000)
dividend paid by subsidiaries to minority shareholders	-	-	*(163)*	*(163)*	-	*(163)*
Transactions with owners, total	-	-	(550 163)	(550 163)	-	**(550 163)**
Balance as of 31 December 2025	**20 000**	**219 289**	**13 291 671**	**13 530 960**	**3 548**	**13 534 508**

The accompanying notes on pages 156 to 192 form an integral part of the consolidated financial statements.

Notes to the Consolidated Financial Statements

1. Statute and Principal Activities

The Bulgarian National Bank (the 'Bank, the BNB') is 100 per cent owned by the Bulgarian state and is the central bank of the Republic of Bulgaria. The operation of the Bank is governed by the Law on the Bulgarian National Bank (LBNB), which has been effective since 10 June 1997.

Under this Law, the principal activities of the Bank may be summarised as:

- Maintaining price stability through ensuring national currency stability;
- Exclusive right to issue banknotes and coins in Bulgaria;
- Regulation and supervision of other banks' activities in the country with a view to banking system stability maintenance;
- Establishment and operation of efficient payment systems;
- Regulation and supervision of the activity of payment system operators, payment services providers and electronic money issuers in the country;
- The Bank shall not extend credit and guarantees in any form whatsoever, including through purchase of debt instruments, to the Council of Ministers, municipalities, as well as to other government and municipal institutions, organisations and undertakings in the public sector;
- The Bank may not provide credit to banks except in the case of liquidity risk threatening to affect the stability of the banking system;
- The Bank may not deal in debt instruments issued by the Bulgarian government and municipalities, as well as by Bulgarian government and municipal institutions, organisations and public sector entities;
- The Bank may not issue Bulgarian levs in excess of the Bulgarian lev equivalent of the gross international reserves;
- The Bank acts as the fiscal agent and depository of the state.

With effect from the date on which the ECB decision[200] on establishing close cooperation becomes applicable, *i.e.* 27 July 2020, the Banks Resolution Fund (BRF) is managed by the BNB. The decisions on the BRF management are taken by the BNB Governing Council.

The Governing Council of the BNB approved the Consolidated Financial Statements for the year ending 31 December 2025, set out on pages 146 to 192, on 26 May 2026.

2. Applicable Standards

The consolidated financial statements of the Bulgarian National Bank are prepared in accordance with IFRS Accounting Standards as adopted by the European Union (IFRS Accounting Standards as adopted by the EU). The IFRS accounting standard framework adopted by the EU is essentially the national accounting base of International Accounting Standards (IAS) adopted by the EU, as regulated by the Law on Accountancy and defined in item 8 of its Additional Provisions.

3. Basis of Preparation

The consolidated financial statements are presented in Bulgarian lev rounded to the nearest thousand (BGN'000), which is the functional currency of the Bank. They are prepared on a historical cost basis, except for the items, disclosed in the table below, which are measured on an alternative basis as at each reporting date:

[200] Decision (EU) 2020/1015 of 24 June 2020 of the European Central Bank on the establishment of close cooperation between the European Central Bank and Българска народна банка (Bulgarian National Bank) (ECB/2020/30) within the meaning of Article 2, item 1 of Council Regulation (EU) No 1024/2013.

Items	Measurement basis
Derivative financial instruments	Fair value
Non-derivative financial instruments at fair value through profit or loss	Fair value
Financial assets at fair value in other comprehensive income	Fair value
Tangible non-current assets	Revalued amount, which is the asset's fair value at the revaluation date less subsequent depreciation and impairment loss
Defined benefit liability	Present value of the defined benefit liability

Use of estimates and judgements

In preparing these consolidated financial statements, the Bank has made judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, incomes and expenses, and the disclosure of contingent receivables and payables as at the financial statements date. These estimates, judgements and assumptions are based on data available as at the date of the consolidated financial statements; therefore actual future results may differ from these estimates.

The estimates and main assumptions are revised on an ongoing basis and are recognised prospectively.

Judgements

The Bank has estimated and classified cash in circulation as a financial liability (ref. note 18).

Assumptions and estimation uncertainties

Measurements of the present value of long-term obligations to retiring staff (following a defined benefit plan) use certified actuarial calculations based on mortality assumptions, rate of staff turnover, future level of salaries and discount factor. These assumptions may lead to adjustments in the next financial year; the management, however, considers them to be reasonable and appropriate for the Bank (ref. note 10).

Bank assumptions and estimates are based on the existing parameters and available information at the time of preparation of the financial statements. Existing circumstances and assumptions about future developments may change due to market changes or circumstances beyond Bank's control. Such changes are reflected in assumptions when they occur.

Determination of expected credit losses on financial assets with a low credit risk

Instruments with a low credit risk are those for which the risk of default is low, the capacity of a counterparty to perform its contract obligations in a short term is stable and long-term negative changes in economic conditions are unlikely to change the capacity to repay obligations. For its short-term receivables from banks and debt instruments reported at amortised value or at fair value in 'other comprehensive income', the Bank accepts at the reporting date that the possibility of default is unlikely, so it determines for them 12-month credit losses. In case that the low credit risk criteria are no longer true in subsequent reporting periods, the Bank conducts an analysis of the changes in credit risk compared to the initial recognition to assess the need for an adjustment instrument on losses over the life of the instrument. Definition of instruments as such with a low credit risk requires judgement. In developing this judgement, the Bank uses all reasonable and supportable information accessible to it.

Determination of expected credit losses on deposit receivables

As reported in ref. note 6(b) Credit Risk, the Bank has developed a Policy to Assessing Changes in Credit Quality and Determining Expected Credit Losses on Financial Instruments. The Bank classifies its risky assets into three risk phases depending on changes in credit risk after initial recognition of the asset and, accordingly, assesses the expected credit losses on the basis of a 12-month probability of default if there is no changed credit quality (phase 1) and based on the probability of default for the expected lifetime of the instrument (phase 2 and phase 3) where there is a significant increase in credit risk. When determining how much the credit risk is increased compared to the initial recognition of the asset, the Bank uses all reasonable and supportable information that is available, including for future periods.

Loss on non-performance is a judgement for damages that the Bank would suffer in the event of default. It is based on the difference between the contractual cash flows and the cash flows that the Bank expects to receive. Significant judgement is needed in determining the time and amount of expected cash flows. The management uses judgements based on historical experience of losses on assets with an inherent credit risk and on objective circumstances of impairment similar to those in the portfolio in calculating future cash flows.

In determining the amount of expected credit losses, the Bank uses forward-looking information on expected future changes in certain economic conditions and indicators, as well as assumptions about how changes in these indicators would affect the probability of default.

The 'probability of default' parameter is key for calculating the amount of expected credit losses and reflects the probability that the counterparty will not fulfil its contractual obligations on a certain time horizon. The Bank has developed internal models to determine the probability of default on loans, based mainly on historical information for the period for which such is available. The assessment of correlation between historical indicators of default and projected economic indicators is a significant approximate estimate. Bank's historical experience in credit losses and expectations of economic conditions may also not be representative of real losses in the future.

Fair value of financial instruments

When fair values of financial assets and liabilities in the statement of financial position cannot be obtained from active markets, they are determined by using various valuation methods, which include the use of mathematical models. Basic data for these models are derived from indicators that are observed in financial markets where possible. Otherwise, assumptions about establishing the fair value are made. Assumptions take into account factors related to liquidity, volatility of longer-term derivatives and discount rates, early payments and default assumptions related to asset-backed securities.

Some of the Bank's accounting policies and disclosures require fair value measurements of financial and non-financial assets and liabilities. For information on fair value measurements, see note 6(e) and note 15.

4. Basis of Consolidation

Subsidiaries

Subsidiaries are the entities controlled by the Bank. Control over an entity exists when the Bank is exposed to or has rights over the variable return from its participation in that entity and is able to influence that return through its powers. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The share in the net assets of the Bank's subsidiaries, which corresponds to the minority shareholders' proportionate share, is disclosed separately from 'Capital and reserves' under the 'Non-controlling interest' item.

The Bulgarian National Bank holds a majority of the BNB Printing Works and Bulgarian Mint EAD. The accounts prepared for the group contain the accounts of the parent company and subsidiaries. The BNB consolidated statements eliminate all receivables and payables, income and expenses, as well as intragroup balances and transactions, including sales.

Associates

Associates are those entities in which the Bank has significant influence, but which are neither subsidiary enterprise, nor joint venture. Investments in associates are accounted in the Bank's consolidated financial statements using the equity method as an amount corresponding to the Bank's share in the associates' own funds as of the end of the reporting period. The Bank's share of associates' net result subsequent to acquisition is disclosed in 'profit or loss' as investment income/expenses and is added to/subtracted from the carrying value of the investment.

The BNB participation in other associated companies is accounted at the price of acquisition. The Bank consolidates on an annual basis the accounts of associated companies in which its share is 20 per cent or more than 20 per cent on the basis of the equity method.

Transactions eliminated on consolidation

All receivables and payables, income and expenses, as well as intragroup profits, resulting from intercompany transactions within the group, are eliminated, except where these are immaterial.

5. Summarised Information on Accounting Policies Applied

a) Income recognition

Interest income and expenses are recognised on an accrual basis in accordance with the Bank's interest rate policy and in accordance with concluded agreements with international financial institutions and customers of the Bank. Interest income and expense are recognised in the statement of comprehensive income. Interest income and expense also include the amortisation of the discount and premium calculated on the basis of the effective interest rate.

Interest income on foreign securities held in the BNB portfolio includes interest rates on interest coupons of securities issues.

Interest income on deposits includes interest income on deposits in foreign currency and in gold.

Income from and expenses on fees and commissions from financial services of the Bank are recognised in the income statement of the Bank at the moment of provision of the respective service.

Revenue from contracts with clients is recognised when the Bank has fulfilled its performance obligations by transferring the promised services to the client. Revenue is recognised at an amount reflecting the consideration expected to be received in return. No changes in the valuation and recognition of fees and commissions have occurred as a result of the entry of IFRS 15.

Other financial income and expenses include income and expenses from sales and changes in the fair value of financial assets and liabilities in the profit or loss.

Interest income and expense are recognised in the 'profit or loss' using the effective interest rate method. The effective interest rate is the rate which precisely discounts the estimated future cash payments and income over the term of the financial asset or liability to the carrying amount of the asset or liability. The effective interest rate is determined on the initial recognition of the financial asset or liability and does not change thereafter.

The calculation of the effective interest rate includes all commissions, received or paid, as well as discounts and premiums that are an integral part of the effective interest rate. Transaction costs include incremental costs directly attributable to the acquisition, issue or derecognition of a financial asset or liability.

Interest income and expense, presented in the statement of profit or loss, include:

- interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis;
- interest on securities reported at fair value through profit or loss and on financial assets reported at fair value through other comprehensive income calculated on an effective interest rate basis.

Dividend income is recognised when the Bank establishes the right to receive a dividend.

Fee revenue is deferred and recognised in each of the separate financial periods. All gains and losses arising from changes in the fair value of financial instruments reported at fair value through profit or loss are recognised in the statement of comprehensive income.

Revenue from a grant related to depreciable assets is recognised as income for future periods upon receipt of the grant and subsequently recognised in the statement of comprehensive income over the relevant periods, systematically over the useful life of assets and proportionate to the depreciation charge for the same assets. Expenses related to depreciable assets incurred during the current period are deferred over the useful life of the assets.

Revenue from a grant related to non-depreciable assets is recognised as income for future periods upon receipt of the grant and is then recognised in the statement of comprehensive income for the periods in which the relevant expenses are accounted for.

Foreign currency differences arising from held for sale investments are recognised in profit or loss.

Net gains/losses from financial assets and liabilities at fair value through profit or loss include net gains from operations in securities, net gains from operations in foreign currency, net revaluation gains on securities, net gains from gold revaluation, net gains from revaluation of futures, and net gains from revaluation of assets and liabilities denominated in foreign currencies.

b) Recognition of assets and liabilities

All assets and liabilities of the Bank are measured at the initial acquisition cost or at fair value. Subsequent revaluations are carried out with different types of assets and liabilities being revaluated over different periods to determine their fair value. Adjustments to the accounting registers, and relevant records for recognition in the asset revaluation surplus are recorded in compliance with the IFRS Accounting Standards adopted by the EU. Where it is not possible to measure the fair value, the historical acquisition cost is used less impairment losses.

International Financial Reporting Standards adopted by the EU do not require presentation of assets in a specified balance sheet format and may be designated as underlying assets (tangible fixed assets, intangible fixed assets, inventories, investment property, asset acquisition loans, and impairment of assets) and assets that are classified as financial instruments.

c) Financial instruments

The Bank can recognise a financial asset or liability in its balance sheet only in cases where it becomes a party to the contractual provisions of financial instruments used. The Bank derecognises a financial asset:

- when it loses control over the contractual rights to the financial asset and transfers substantially all the risks and rewards of ownership;
- when the obligation stated in the contract is repaid or cancelled or expired.

i) Classification

The classification is critical to the measurement of financial instruments and how the Bank reflects that measurement in the financial statements.

For the purposes of subsequent measuring of financial assets, the BNB uses the following business models:

- financial assets held to collect contractual cash flows;
- financial assets held to collect contractual cash flows and for sale.
- financial assets held for trading and financial assets designated at initial recognition as at fair value through profit or loss.

The evaluation whether cash flows of debt instruments consist only of the principal and interest is based on the facts and circumstances of the initial recognition of assets. The Bank classifies the financial assets depending on the business model for managing a particular class of financial assets and the nature of the contractual cash flows of the financial asset.

The business model of the financial assets held to collect the contractual cash flows includes all current accounts of the Bank with foreign correspondents, and the cash flows under the model used for these assets represent only principal and interest payments. These financial assets are measured at amortized cost.

The Bank classifies the financial assets on initial recognition depending on the business model for managing a particular class of financial assets and the nature of the contractual cash flows of the financial asset.

Financial liabilities are accounted at fair value or at amortised cost, except for the treatment of differences arising from changes in own credit risk for financial instruments designated to account for fair value in profit or loss. Under IFRS 9, these differences are recognised in other comprehensive income without subsequent reclassification in the statement of comprehensive income. As of the date of present statements, the Bank does not account financial liabilities in this category.

ii) Recognition

The Bank recognises trading financial assets and investments, the Bank's loans and receivables, and financial liabilities at amortised cost on the date at which they are originated. All other financial assets and financial liabilities are recognised when the Bank becomes a party to financial instrument contracts.

Financial assets and liabilities are recognised in off-balance-sheet accounts from the trade date to the date of their settlement and are recorded in the BNB statement of financial position at the settlement date (value date). The initial recognition is at acquisition cost, *i.e.* the fair price paid on acquisition. Transaction costs are included in the acquisition cost of all assets and liabilities. From that moment on, any changes in their fair value are recognised by the Bank as income or expense.

(iii) Amortised cost measurement

Assets measured at amortised cost are initially recognised at acquisition cost, then measured at amortised cost, which is the initial measurement of the asset adjusted for the amortised premium or discount using the effective interest rate method and adjusted to expected credit losses for each asset calculated based on the methodology adopted by the BNB Governing Council. Premium and discount are amortised for each individual item and are recognised in the Bank's income statement. Interest is calculated and recognised on a daily basis in the Bank's statement of comprehensive income.

iv) Fair value measurement in other comprehensive income

The Bank measures its debt instruments at fair value in other comprehensive income where both conditions are satisfied:

- the financial asset is held within a business model for the purposes of collecting contractual cash flows and for its sale; and
- according to the contractual terms of the financial asset, on specified dates they give rise to cash flows representing only payments of principal or interest.

In respect of financial assets accounted for in other comprehensive income, the interest income, foreign exchange revaluations and impairment losses or their recovery are recognised in profit or loss and calculated in a similar manner as financial assets measured at amortised cost. Other changes in the fair value of these financial assets are recognised in other comprehensive income. Upon their derecognition, the cumulative change in the fair value recognised in other comprehensive income is included in profit or loss.

v) Measurement of financial assets designated as such at fair value in other comprehensive income (equity instruments)

The Bank has irrevocably classified in this category its equity investments (not traded on the stock exchange) designated at fair value through other comprehensive income because they qualify as equity under IAS 32 Financial Instruments: Presentation and are not held for trading purposes. Classification is determined on an individual instrument basis.

Gains and losses from these financial assets are never recognised in the profit or loss of the Bank. Dividends are recognised as other operating income in the income statement when the right to payment is established.

Equity instruments designated as such at fair value through other comprehensive income are not subject to an impairment test.

vi) Fair value measurement and disclosure principles

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 in the principal market and, if no such market is available, then in the most advantageous and accessible market on the measurement date. The fair value of a liability reflects the effect of non-performance risk.

Whenever possible, the Bank measures the fair value of an instrument using quoted prices in an active market of that instrument. A market is considered as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If no quoted price in an active market is available, the Bank uses the most relevant observable inputs and makes minimum use of unobservable data. The aim of using a valuation technique is to estimate the price that would be obtained in an orderly transaction between market participants. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Bank, incorporates all factors that market participants would consider in determining a price, and is consistent with accepted economic methodologies for pricing financial instruments.

Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. The Bank calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, *i.e.* the fair value of the consideration given or received. When the Bank finds a difference between the fair value at initial recognition and the transaction price, and the fair value is neither evidenced by quoted price in an active market for identical assets or liabilities, nor based on a valuation technique based only on data from observable markets, then the financial instrument is initially recognised at fair value adjusted with the difference between the fair value at initial recognition and the transaction price. This difference is subsequently recognised in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

The Bank recognises assets and long positions at a bid price and liabilities and short positions at an ask price when assets or liabilities measured at fair value have a bid and an ask price.

Were the Bank has positions in a group of financial assets and financial liabilities, it is exposed to market risk and credit risk. The Bank, on the basis of its net exposure to such risks, measures them at fair value on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. These portfolio-level adjustments are allocated to the individual assets and liabilities that make the group of financial assets and financial liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

Where the Bank has positions with offsetting risks, mid-market prices are used to measure them and a bid or ask price adjustment is applied only to the net open position as appropriate. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Bank entity and the counterparty, where appropriate. Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that the Bank believes a third-party market participant would take them into account in pricing a transaction.

The Bank recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

vii) Derecognition

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to the receipt of the contractual cash flows from the financial asset in the transaction in which substantially all risks and rewards of ownership of the financial asset are transferred.

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled or when the cash flows of financial liability are expired.

The Bank enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or the substantial risks and rewards of the transferred assets or a part of them. If a part of or all substantial risks and rewards are retained, then the transferred assets are not derecognised from the statement of financial position.

Transfers of assets with retention of a part of or all substantial risks and rewards are, for instance, securities lending or repurchase agreements.

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

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

viii) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when the Bank has a legal right to offset the recognised amounts and intends to settle the asset or the liability on a net basis. Accounting for assets, net of adjustments, is not considered to be offsetting.

Income and expenses are presented on a net basis only when permitted by the accounting standards or for gains and losses arising from a group of similar transactions such as in the Bank's trading operations.

ix) Impairment of assets

At each reporting date, the Bank analyses impairment of Financial assets classified as Financial assets at fair value in other comprehensive income and Financial assets at amortised cost, using the impairment categories in accordance with IFRS 9:

- The Bank calculates the expected credit losses on the basis of a 12-month probability of default where there is no a significant increase in the credit risk compared to the initial recognition. Probability of default is the management's estimate of the likelihood of a debtor/credit borrower defaulting on its financial obligation over a given time period, reflected through the measured/calculated impairment;
- The Bank calculates expected credit losses for the residual lifetime of the financial asset where reasonable and supportable information is available that refers more to future events. The increase in credit risk from initial recognition rises significantly before the financial instrument becomes past due. In the case of a loss expected by the management, the impairment represents the share of the exposure/asset lost.

In assessing collective impairment, the Bank uses statistical modelling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modelling. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Impairment losses from assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of the estimated future cash flows discounted by the original effective interest rate of the asset. Impairment losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised through unwinding of the discount, but on the amortised cost. When a subsequent event reduces the impairment loss, the reduction in the impairment loss is reversed through profit or loss.

Impairment losses on held-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in equity to profit or loss. The cumulative loss that is transferred from equity and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. If, in a subsequent period, the fair value of an impaired debt security increases, and the increase can be objectively linked to an event that occurred after the impairment loss had been recognised in profit or loss, then the impairment loss is reversed and the reversed amount is recognised in profit and loss.

x) Financial assets and liabilities held to collect contractual cash flows and for sale

Financial assets and liabilities held to collect contractual cash flows and for sale are recognised initially at fair value in the statement of financial position, with transaction costs recognised in profit or loss. All changes in the fair value are recognised as net income from trading operations in profit or loss.

xi) Financial assets held within a business model whose objective is to hold financial assets to collect contractual cash flows

Financial assets held within a business model whose objective is to hold financial assets to collect contractual cash flows are initially recognised at acquisition cost and subsequently are carried at amortised cost which is the initial asset valuation adjusted for the amortised premium or discount using the effective interest rate method. Premium or discount are amortised for each individual item and is recognised in the Bank's income statement. Interest is calculated and recognised on a daily basis in the Bank's statement of comprehensive income.

d) Gold and other precious metals

The BNB as a central bank maintains particular volumes of gold as part of Bulgaria's international reserves. In compliance with the requirements of the Law on the BNB, the Bank may take any necessary action in connection with the acquisition, possession and sale of gross international reserves, including monetary gold. Consequently, monetary gold as part of international reserves may be immediately used by the BNB without further constraints which determines it as a monetary asset. Pursuant to the requirements of the 'General Provisions for Defining the Valuation Basis in the Financial Statements' to the IFRS, s well as in the absence of a specific IFRS to determine the treatment of such a transaction, the Bank defines the recognition and valuation of the monetary gold as an asset reported at fair value through profit or loss as the most reliable and appropriate base for a subsequent valuation of this financial asset. Gold and other precious metals are measured at market value based on the London Bullion Market fixing in euro at the reporting date.

Monetary gold

Gold in standard form (monetary gold) is initially recognised at acquisition cost. Monetary gold and other gold instruments are valued daily at the latest market value posted on the wholesale gold market in London, the UK. Unrealised gains and losses from revaluation of monetary gold and other gold instruments of the Bank are recognised in the income statement.

e) Equity investments

For the purposes of measuring the equity investments subsequent to initial recognition, they are classified as held-for-trading financial assets and measured at fair value in other comprehensive income.

Details of investments held by the Bank are set out in note 14.

f) Property, plant, equipment and intangible assets

The policy pursued by the Bank is to present land, buildings and other groups of fixed tangible assets in the statements of financial position at revalued amount as per the alternative approach allowed in IAS 16 Property, Plant and Equipment. The Bank recognises an intangible asset if it meets the criteria for recognition under International Financial Reporting Standards. Intangible assets are presented in the statement of financial position at acquisition cost, including paid duties, non-recoverable taxes, as well as direct costs of preparing the asset for its intended use, less accumulated amortisation and impairment losses.

Land and buildings are measured at fair value which is regularly assessed by professionally qualified valuers. The revaluation of property is done asset by asset, and any accumulated depreciation at the revaluation date is derecognised against the gross carrying amount of the asset, and the net amount restated to the revalued amount of the asset. When the value of assets increases as a result of revaluation, the increase is reflected directly in other comprehensive income. When the value of assets decreases as a result of revaluation, the decrease is recognised by decreasing the revaluation reserve in equity, and in case of a shortage, the difference is recognised as an expense in the statement of comprehensive income.

i) Subsequent costs

The separately accounted for costs incurred to replace a component of an item of property, plant and equipment are capitalised. All other subsequent costs are capitalised only when future economic benefits embodied in the item of property, plant and equipment will flow to the Bank. All other costs are recognised in 'profit or losses' as incurred.

ii) Depreciation and amortisation

The depreciation/amortisation shall be carried out from the day of initial asset recognition according to the straight-line method for the expected useful life. Land is not depreciated. The Governing Council of the BNB approves the annual depreciation rates presented below:

(per cent)

Assets	
Buildings	2–4
Plant & equipment	3-15
Computers	30–33.3
Fixtures and fittings	15-20
Motor vehicles	8-25
Intangible assets	20-25

Expenses incurred for the acquisition of property, plant, equipment and intangible assets are not depreciated until they are brought into use.

iii) Recoverable amount of assets

The recoverable amount of the Bank's fixed assets is the higher of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using the Bank's incremental borrowing rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

iv) Reversals of impairment

Impairment losses of tangible fixed assets are reversed when a change occurs in the estimates used to determine the recoverable amount and may be reversed only up to that carrying amount of the asset at which it would be assessed after deducting any accumulated amortisation if impairment losses were not recognised.

v) Derecognition and sales

An item of property, plant or equipment is derecognised from the Bank's balance sheet at the time of its sale or when the asset is definitively disposed of and no other economic benefits are expected. Gains or losses arising from derecognition or disposal of tangible fixed assets are determined as the difference between the sale proceeds and the carrying amount of the asset and are recognised as income or expense in the statement of comprehensive income. Tangible fixed assets withdrawn from active use and held for sale are reported at their carrying amount at the date when the asset is retired from active use.

g) Inventories

Inventories are assets held by the Bank that will be used in the core business, in the process of providing services. Inventories are reported in the Bank's balance sheet at a historical price that includes the sum of all purchase costs and costs associated with their delivery to their current location and condition. Purchase costs include a purchase price at invoice, import duties, non-refundable taxes and excise duties. Delivery costs include shipping and handling costs. Write-off of inventories is carried out using the weighted average method.

In the event of a fall in market prices, in the case of physical damage to inventories, when the products are aged, the value of inventories is adjusted, *i.e.* they are valued at the lower net realisable value.

At the end of the reporting period, the net realisable value of inventories is valued, and if it is lower than the supply, the difference is related to current expenses. For each subsequent reporting period, a new estimate of net realisable value is made. If during the relevant reporting period, there are conditions for an increase in the value of the inventory, its recovery is up to the amount that it had before the decrease. This reversal of the book value is accounted for as an increase in inventories and as other current income.

h) Foreign exchange

Gains and losses arising in foreign currencies are translated to BGN at the official rates of exchange on the transaction date. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated in levs at the official exchange rate of the Bank on that day. Foreign currency gains and losses resulting from the revaluation of monetary assets and liabilities are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Outstanding forward contracts in foreign currency are marked to market. Gains and losses on revaluation of outstanding forward contracts are recognised in profit or loss.

The exchange rates of the major foreign currencies as of 31 December 2025 and 31 December 2024 are as follows:

Currency	31 December 2025	31 December 2024
US dollar	1: BGN 1.66355	1: BGN 1.88260
Euro	1: BGN 1.95583	1: BGN 1.95583
Special Drawing Rights	1: BGN 2.28024	1: BGN 2.45516
Gold	1 troy ounce: BGN 7261.27	1 troy ounce: BGN 4905.69

i) Taxation

The Bank is not subject to income tax from its core activities. Income tax from subsidiaries for the period comprises current tax and deferred tax. Current tax comprises tax payable calculated on the basis of the expected taxable income for the period, using the effective tax rate or the current one at the reporting date. Deferred tax is derived using the balance sheet liability method on all temporary differences between the amounts used for taxation purposes and the carrying amounts of assets and liabilities.

The deferred tax is calculated using tax rates which are expected to be applied for the period of asset realisation or liability settlement. The effect of changes in the tax rates on the deferred tax is recorded in the statement of comprehensive income up to the amount already charged or reported directly as other comprehensive income.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the unused tax losses or tax credit can be utilised. The deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

j) Provisions

Provisions related to ongoing legal cases or other obligations are reported when the Bank has assumed a legal or constructive obligation as a result of some past events, the repayment of which is likely to be associated with lost economic benefits, and where a reliable assessment can be made of the amount of the obligation. Provisions are charged only when the Bank is able to reliably determine the size of future outgoing cash flows. Expenses on provisions are presented in the income statement, net of the amount of expenses reimbursed. When the effect of time differences in the value of money is material, provisions are discounted, and the increase in the provision resulting from the passage of time is presented as a financial expense.

k) **Profit distribution policy of the Bank**

The Bank's policy of distribution of profit from banking operations is defined in the Law on the BNB. Internal rules for preparation of financial statements and accounting policies were adopted upon a resolution of the Governing Council effective from 1 January 2007, which are in compliance with Article 36, paragraphs 1 and 2 of the Law on the BNB. According to these rules, the Bank allocates to special reserves unrealised net gains and losses arising from revaluation of assets and liabilities denominated in foreign currency or gold. According to the requirements of Article 8, paragraph 2 of the Law on the BNB, the Bank sets aside 25 per cent of the excess of its annual revenue over its annual expenditure into a Reserve Fund. According to Article 8, paragraph 3 of the Law on the BNB, after the allocation to the Reserve Fund, the Bank may allocate reserves to cover market risk losses and other reserves upon a decision of the Governing Council. Subsequent to the allocation of reserves as required by the Law on the BNB, the Bank stipulates the remainder to be paid into the State Budget. The distribution of excess of revenue over expenditure is set out in note 23.

l) **Cash and cash equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, current accounts and time deposits with maturities of less than three months of the Bank and subsidiaries (set out in notes 11 and 17).

m) **Employee benefits**

The Bank has the obligation to pay certain amounts to each employee who retires in accordance with the requirements of Article 222, § 3 of the Labour Code in Bulgaria. According to these Labour Code requirements, on termination of the employment contract of an employee who has become entitled to retirement, the employer is obliged to pay him/her compensation amounting to twice his/her gross monthly salary. If, at the date of retirement, the employee has been employed by the Bank for ten or more years, the amount of the compensation is six gross monthly salaries. As at the date of the statement of financial position, the Bank's management estimates the approximate amount of the potential expenditures for all employees based on an actuarial report using the projected unit credit method.

The estimated amount of the obligation and the main assumptions, on the base of which the estimation of the obligation has been made, are disclosed in note 10.

Termination benefits

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

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under a short-term cash bonus or profit-sharing plans if the Bank has a present constructive obligation to pay this amount as a result of past services provided by the employee, and the obligation can be estimated reliably. The Bank recognises as a liability the undiscounted amount of the estimated costs related to annual leave expected to be paid in exchange for the employee's service for the period completed.

n) **Leases**

The Bank applies the practical relief as provided for by the standard and has elected to account for short-term leases of plant and equipment (leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and applies the lease of low-value assets recognition exemption to leases of office furniture that is considered to be of low value. Lease payments for short-term leases of low-value assets are recognised as expenses on a linear basis over the term of the lease.

For each new contract, the Bank is required to assess whether the contract is a lease or contains lease components. In the event of a change in the terms and conditions of a lease, the Bank makes a new assessment to establish whether the contract is a lease or contains lease components.

o) Amendments to Accounting Policies and Disclosures

Standards (amendments) that have entered into force and have been adopted by the European Union

The accounting policies applied by the Bank are consistent and in line with those of the previous financial year. The Bank implemented the following IFRS accounting standards, adopted by the EU and amendments to IFRS Accounting Standards adopted by the EU, effective as of 1 January 2025.

Amendments to IAS 21: The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability

The amendments require an entity to apply a consistent approach to assessing whether a currency is exchangeable. If a currency could not be exchangeable into the other currency, an entity should determine a spot exchange rate at the measurement date. The amendments note that an entity may use an observable exchange rate without adjustment or any other estimation technique. These amendments were adopted on 12 November 2024 and published in the Official Journal of the EU on 13 November 2024.

The amendments have not affected the Bank's accounting policies and financial statements.

Standards/amendments not yet effective and adopted by the European Union

As of the date of approval of these Financial Statements, new standards, amendments and clarifications to existing standards were published, but not yet effective or adopted by the EU for the financial year beginning on 1 January 2025, and not applied by the Bank from an earlier date. The management expects all standards and amendments to be adopted in the Bank's accounting policy during the first period starting after the date of their entry into force. Information on these standards and amendments is presented below.

Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosure – Classification and Measurement of Financial Instruments (Amendments)

The amendments are effective for annual reporting periods beginning on or after 1 January 2026. They clarify that a financial liability is derecognised on the 'settlement date', when the liability is extinguished, cancelled, expired or otherwise qualifies for derecognition. They introduce a choice of accounting policy for derecognising financial liabilities settled through electronic payment systems before the settlement date, if certain conditions are met. In addition, the amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance (ESG)-linked features and other similar contingent features. The amendments also clarify the treatment of assets with non-recourse features and contractually linked instruments and introduce additional disclosures under IFRS 7 concerning financial assets and liabilities of a contingent nature (including those with ESG-linked features) and equity instruments classified at fair value through other comprehensive income. The amendments were adopted by the EU on 27 May 2025 and published in the Official Journal of the EU on 28 May 2025. The Bank management will assess the impact of the amendments on its accounting policies.

Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures – Nature-dependent electricity contracts (amendments)

The amendments include clarifying the application of the 'own-use' requirements permitting hedge accounting if the contracts covered by the amendments are used as hedging tools and adding new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows. The clarifications on the 'own-use' requirements have to be applied retrospectively, and guidance permitting hedge accounting has to be applied prospectively to new hedge relationships defined on or after the date of initial application. The amendments effective for annual reporting periods beginning on or after 1 January 2026, have been endorsed by the EU on 30 June 2025 and published in the Official Journal of the EU on 1 July 2025. The application of the amendments is not expected to have a significant effect on the financial statements of the Bank.

Annual Improvements to IFRS Accounting Standards – Volume 11.

International Accounting Standard Board's annual improvement process considers clarifications and amendments to IFRSs that are not urgent but necessary. In July 2024, the IASB published the Annual Improvements to IFRS Accounting Standards – Volume 11. The purpose of these improvements is to clarify, simplify, correct, or amend the following standards in order to enhance consistency:

- IFRS 1 Initial Application of IFRS – amendments relating to hedge accounting upon initial application;
- IFRS 7 Financial Instruments: Disclosures – gain or loss on derecognition; application guidance; disclosure of deferred difference between fair value and transaction price; credit risk disclosures;
- IFRS 9 Financial Instruments – Derecognition of lease liabilities; transaction price;
- IFRS 10 Consolidated Financial Statements – Determination of a de facto agent;
- IAS 7 Statement of Cash Flows – Cost method.

The amendments, effective as of 1 January 2026, were adopted by the EU on 9 July 2025, and published in the Official Journal of the EU on 10 July 2025. The Annual Improvements to IFRS Accounting Standards – Volume 11 are not expected to have material effect on the financial position or performance of the Bank.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 introduces new requirements for presentation in the statement of profit or loss; specifically, the entity must classify all income and expenses in the statement of profit or loss in one of the following five categories: the operating category; the investing category; the financing category; the income taxes category; the discontinued operations category. These categories are supplemented by requirements for providing totals and subtotals of 'operating profit or loss', 'profit or loss before financing and income taxes', and 'profit or loss'. The standard also requires disclosure of management-defined performance indicators and includes new requirements for aggregation and disaggregation of financial information on the basis of identified 'roles' of primary financial statements and explanatory notes. In addition, there are subsequent amendments to other accounting standards. IFRS 18 will become effective for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. Retrospective application is required both in annual and interim financial statements. The standard was endorsed by the EU on 13 February 2026 and published in the Official Journal of the EU on 16 February 2026. In the next reporting periods, the Bank will analyse the requirements of the standard and assess its effect on the financial position and performance of the Bank.

Standards/amendments not yet effective and not adopted by the European Union

IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 permits subsidiaries without public accountability to apply reduced disclosure requirements if their parent (final or interim) prepares consolidated financial statements available for public use in accordance with IFRS accounting standards. At the same time, these subsidiaries continue to apply the recognition, measurement and presentation requirements in other IFRS accounting standards. Unless otherwise specified, eligible entities that choose to apply IFRS 19 are not required to apply the disclosure requirements in other IFRS accounting standards. IFRS 19 will become effective for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The standard has not been yet endorsed by the EU. In the next reporting periods, the management will analyse the requirements of the standard and assess its effect on the performance of the Bank.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015, the IASB postponed the effective date of these amendments indefinitely, pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. The Bank will analyse and assess the impact of the amendment on its financial position or performance.

Amendments to IAS 21: The Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency (issued on 13 November 2025)

The amendments apply to annual periods beginning on or after 1 January 2027, with earlier application permitted. The amendments require a translation from a non-hyperinflationary functional currency to a hyperinflationary presentation currency at the closing rate. If an entity's functional currency is the currency of a non-hyperinflationary economy, but its presentation currency is the currency of a hyperinflationary economy, its performance and financial position shall be restated in the presentation currency by restating all amounts (*i.e.,* assets, liabilities, capital positions, income, and expenses) and all comparative figures at the closing rate on the date of the most recent statement of financial position. An entity whose functional currency and presentation currency are the currency of a hyperinflationary economy shall restate the comparative amounts of a foreign operation whose functional currency is the currency of a non-hyperinflationary economy, by applying the general price index to the comparative figures of the foreign operation. The amendments also introduce certain additional disclosure requirements. The amendments have not yet been endorsed by the EU.

6. Financial Risk Management Policy Disclosure

a) Introduction and overview

Introduction to the financial risk management policy

The Bank is exposed to the following types of risk in relation to the financial instruments operations:

- credit risk;
- liquidity risk;
- market risk;
- operational risk.

This note provides information on the Bank's goals, exposures to each of the above types of risk and the policies and processes for risk measurement and management.

General provisions of risk management

In the process of management of the gross international reserves, the Bank aims to achieve high security and liquidity of the assets, first, and then to maximise returns in the situation of the current global financial markets. Its investment strategy depends mainly on the specific functions of the Bank operating under a currency board arrangement and in full compliance with the requirements of the Law on the BNB.

The major portion of BNB's international reserves is invested in assets of comparatively low credit risk, such as discount and coupon securities issued by highly rated issuers (governments, government agencies or supranational financial institutions), and short-term foreign currency or gold deposits placed with first-rate foreign banks. The remaining portion is held in SDRs on BNB accounts with the IMF and in monetary gold kept in the Bank's vaults.

A specialised international reserves risk management unit is responsible for preparing and submitting for approval a draft of strategic asset structuring, setting up benchmark for the international reserves and investment management limits. On a quarterly basis, an overall review is made of the changes in the market conditions, the amount and structure of international reserves, and if required, the investment limits and model portfolios (benchmarks) are updated. The monitoring of underlying limits, rules, and procedures is undertaken on a daily basis. Reports are regularly prepared for both the needs of international reserves operating management and providing updated information to the Bank's management.

All approved financial instruments and asset classes, in which the BNB may invest, are specified in internal documents. The documents define the main portfolios and the respective model portfolios (benchmarks), all limits for credit, interest rate, currency and operational risk, contains a list of approved debt instrument issuers which the BNB may invest in, and a list of the foreign financial institutions which are counterparties of the Bank.

The international reserves management is governed by a business procedure and rules of behaviour regulating the performance of the functions and tasks of the main structural units involved in the process.

b) **Credit risk**

The BNB is exposed to credit risk through its trading operations and investment activities and in cases where it acts as an intermediary on behalf of the government or other public institutions. The Bank assumes credit risk also in operations of purchases and sales of foreign currency with banks. In general, this credit risk is associated with the probability of insolvency of a BNB's counterparty or the insolvency of an issuer, in whose debt instruments the Bank has invested its own funds. The credit risk in managing BNB's gross international reserves is assessed in line with the requirements in Article 28, paragraph 3 of the Law on the BNB. According to these requirements, the BNB may invest international reserves in debt instruments issued by foreign governments, central banks, other foreign financial institutions or international financial organisations whose debts are rated with one of the top two grades by two internationally recognised credit rating agencies and are payable in freely convertible currency in line with an internally developed methodology as per the requirements of Article 28 of the LBNB.

According to these requirements, the approved types of financial instruments for investment of funds in managing the international reserves are as follows:

- investment programmes with central banks;
- automatic borrowings/lending of securities with the main depository;
- tri-party repo agreements with specially designated counterparties of the BNB carried out through the Bank's main depository as a third party;
- deposits in foreign currency (time deposits and funds on current accounts) with BNB counterparties, including central banks or supranational financial institutions;
- deposits in gold (time deposits and funds on current accounts) with BNB counterparties, including central banks or supranational financial institutions;
- commercial securities (of up to one year term to maturity), issued by governments or government guaranteed institutions, supranational financial institutions, specialised financial agencies, banks, and other financial institutions;
- bonds issued by governments or government guaranteed institutions, supranational financial institutions, specialised financial agencies, banks and other financial institutions – issuers of covered bonds. All bonds must be with a one-off payment of their face value on the maturity date and without any embedded option;
- purchases and sales of foreign currency with a value date of up to two business days.
- purchases and sales of banknotes in foreign currency (euro) and their subsequent storage with investment goals and for purposes of performance of the currency board functions.

Two basic types of limits are set which are calculated on the basis of the market value of foreign currency reserves: i) a maximum or minimum limit on the weight of each asset class in the Issue Department balance sheet, and ii) an individual maximum acceptable exposure of the BNB to a country, including an individual exposure to an issuer/counterparty (concentration limit).

Over the review period, the BNB continued to pursue a conservative policy in terms of credit risk management in the investment of gross international reserves. Some political risks decreased in the first half of the year and the preventive restrictions introduced in the course of the previous year for investments in counterparties and issuers from certain countries in this respect were lifted. In the second half of 2025, the investment framework and some of the credit risk tolerance limits were optimised to provide greater liquidity to assets and a smooth transition in the process of BNB accession to the Eurosystem from early 2026.

To achieve its main objectives of high international reserve security and liquidity, the bulk of assets continued to be invested into euro area core country government bonds and government guaranteed debt securities, funds at supranational financial institutions, as well as short term deposits with foreign central and first class commercial banks.

By end-2025, the exposure to credit risk remained limited with approximately 42 per cent of international reserves was invested into assets with the highest AAA long-term credit rating.

c) **Liquidity risk**

Liquidity risk arises in the funding of the Bank's core activities and in the management of its positions. It is primarily manifested in two aspects: the first aspect is the risk for the Bank of being unable to meet its obligations when due and the second aspect comprises the risk for the BNB of being unable to sell an asset on international markets at a fair value within an appropriate time frame in compliance with the respective market conventions.

The BNB is striving to maintain a balance between the maturity of attracted funds and that of assets by means of investments in financial instruments of a different maturity structure. The instruments for attracting Bank funds, which are provided to customers on the liability side, are mainly deposit/investment accounts and settlement accounts.

The Bank maintains a minimum level of liquidity by type of currency on a daily basis to ensure all BNB payments in foreign currency. To better manage the risk arising from liquidation of positions in financial instruments, the latter are grouped by liquidity rank subject to the level of difficulty (*i.e.* discount from the fair value), at which they could be sold on the market. Liquidity limits on BNB's exposures are set for the different types of financial instruments based on the liquidity ranks.

As part of the overall liquidity risk management strategy, the Bank maintains a liquidity portfolio denominated in euro and assets denominated in other currencies for the purposes of meeting its cash inflows and outflows.

The Bank's financial assets and liabilities, analysed by residual term to maturity from the date of the statement of financial position to the date of any subsequent agreement or contractual maturity, are as follows:

(BGN'000)

	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	Undefined maturity	Total
As of 31 December 2025							
Financial assets							
Cash and deposits in foreign currency	44 358 009	-	-	-	-	-	44 358 009
incl. provisions for expected credit losses under IFRS 9	-	-	-	-	-		
Gold, Instruments in gold, and other precious metals	10 129 634	-	-	-	-	-	10 129 634
incl. provisions for expected credit losses under IFRS 9	-	-	-	-	-	-	-
Financial assets at fair value through profit and loss	1 095 380	3 321 467	4 951 912	12 833 731	1 629 919	-	23 832 409
Financial assets at fair value in other comprehensive income	223 751	-	-	-	-	1 880 412	2 104 163
Other assets	40 396	-	-	-	-	-	40 396
Total financial assets	**55 847 170**	**3 321 467**	**4 951 912**	**12 833 731**	**1 629 919**	**1 880 412**	**80 464 611**
Financial liabilities							
Banknotes and coins in circulation	-	-	-	-	-	19 767 926	19 767 926
Liabilities to banks and other financial institutions	26 307 452	-	-	-	-	-	26 307 452
Liabilities to government institutions and other borrowings	15 014 968	-	-	-	-	-	15 014 968
Borrowings against Bulgaria's participation in international financial institutions	-	-	-	-	-	5 187 254	5 187 254
Total financial liabilities	**41 322 420**	**-**	**-**	**-**	**-**	**24 955 180**	**66 277 600**
Asset–liability maturity mismatch	**14 524 750**	**3 321 467**	**4 951 912**	**12 833 731**	**1 629 919**	**(23 074 768)**	**14 187 011**
As of 31 December 2024							
Financial assets							
Cash and deposits in foreign currency	41 847 060	-	-	-	-	(4 415)	41 842 645
incl. provisions for expected credit losses under IFRS 9	-	-	-	-	-	*(4 415)*	*(4 415)*
Gold, instruments in gold, and other precious metals	6 519 273	-	-	-	-	-	6 519 273
incl. provisions for expected credit losses under IFRS 9	-	-	-	-	-	-	-
Financial assets at fair value through profit and loss	3 549 871	6 017 154	8 956 425	15 183 884	16 168	-	33 723 502
Financial assets at fair value in other comprehensive income	240 916	-	-	-	-	2 019 257	2 260 173
Other assets	32 424	-	-	-	-	-	32 424
Total financial assets	**52 189 544**	**6 017 154**	**8 956 425**	**15 183 884**	**16 168**	**2 014 842**	**84 378 017**
Financial liabilities							
Banknotes and coins in circulation	-	-	-	-	-	31 078 055	31 078 055
Liabilities to banks and other financial institutions	27 845 384	-	-	-	-	-	27 845 384
Liabilities to government institutions and other borrowings	9 733 914	-	-	-	-	-	9 733 914
Borrowings against Bulgaria's participation in international financial institutions	-	-	-	-	-	5 588 608	5 588 608
Total financial liabilities	**37 579 298**	**-**	**-**	**-**	**-**	**36 666 663**	**74 245 961**
Asset–liability maturity mismatch	**14 610 246**	**6 017 154**	**8 956 425**	**15 183 884**	**16 168**	**(34 651 821)**	**10 132 056**

The outstanding contractual discounted maturities of the Bank's financial liabilities are, as follows:

(BGN'000)

	Book value	Gross nominal outgoing cash flow	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	Over five years
As of 31 December 2025							
Banknotes and coins in circulation	19 767 926	19 767 926	-	-	-	-	19 767 926
Liabilities to banks and other financial institutions	26 307 452	26 307 452	26 307 452	-	-	-	-
Liabilities to government institutions and other borrowings	15 014 968	15 014 968	15 014 968	-	-	-	-
Borrowings against Bulgaria's participation in international financial institutions	5 187 254	5 187 254	-	-	-	-	5 187 254
	66 277 600	**66 277 600**	**41 322 420**	-	-	-	**24 955 180**
As of 31 December 2024							
Banknotes and coins in circulation	31 078 055	31 078 055	-	-	-	-	31 078 055
Liabilities to banks and other financial institutions	27 845 384	27 845 384	27 845 384	-	-	-	-
Liabilities to government institutions and other borrowings	9 733 914	9 733 914	9 733 914	-	-	-	-
Borrowings against Bulgaria's participation in international financial institutions	5 588 608	5 588 608	-	-	-	-	5 588 608
	74 245 961	**74 245 961**	**37 579 298**	-	-	-	**36 666 663**

d) Market risk

Market risk

All financial instruments are subject to market risk, *i.e.* the risk of impairment as a result of changes in the market conditions. The instruments are evaluated on a daily basis at fair market value which best reflects current financial market conditions for the respective type of financial instruments. The Bank manages its portfolios in response to changing market conditions and to changes in the liability structure of Issue Department balance sheet. Market risk exposure is managed in accordance with the risk limits specified in the document *Investment Limits and Benchmarks for the Management of the Gross International Reserves.*

The table below presents one important measure of market risk, *i.e.* Value at Risk (VaR). VaR is an indicator of the maximum loss over a certain period of time (holding period) and with a certain probability (called a confidence level or confidence interval). The VaR used in this Report is based on a 95 per cent confidence level and a one-day holding period.

To calculate the overall risk, currency risk and interest rate risk, the empiric distributions, derived from time series of 30 daily observations of total income, currency income and interest income of assets, respectively have been used. The correlation between the currency and interest rate risk is also presented. For each of the parameters, the value as of the last date for the period, the average value for the whole period and the minimum and maximum values have been calculated.

(BGN'000)

	As of 31 December 2025	Average	Maximum	Minimum
Currency risk	(73 195)	(109 156)	(317 177)	(27 059)
Interest rate risk	(10 982)	(21 600)	(47 523)	(1 922)
Correlation (per cent)	(0.24)	0.15	0.61	(0.43)
Overall risk	**(69 887)**	**(115 048)**	**(312 832)**	**(26 527)**
	As of 31 December 2024	**Average**	**Maximum**	**Minimum**
Currency risk	(111 833)	(65 699)	(130 275)	(17 676)
Interest rate risk	(8 467)	(4 701)	(23 669)	2 819
Correlation (per cent)	0.58	0.18	0.69	(0.32)
Overall risk	**(118 889)**	**(60 880)**	**(130 322)**	**(3 143)**

Interest rate risk

The Bank's operations are subject to the risk of interest rate fluctuations, which impact the prices of interest-earning assets (including investments) and interest-bearing liabilities. Modified duration is used as a key measurement for absolute interest rate risk. It measures the effect of the change in the market value of an asset (liability) in percentage points in response to a 1 basis point (1/100th of 1 per cent) change in the interest rate levels. In addition, portfolios' technical parameters such as protuberance (convexity), duration in a fixed point of the yield curve, *etc.* are monitored on a daily basis. For each portfolio held by the BNB, the interest rate risk is limited by a model portfolio (benchmark) and by the investment limits for a maximum deviation of the modified duration of the portfolio from that of the respective benchmark. The relative interest risk limit of investment portfolios has been set on the basis of the risk measure *i.e.* relative yield volatility measure.

Assets and liabilities with floating interest rates involve the risk of changes in the base which serves to determine the interest rates.

(BGN'000)

	Total	Floating rate instruments	Fixed rate instruments		
			Up to 1 month	From 1 to 3 months	Over 3 months
As of 31 December 2025					
Interest-earning assets					
Cash and deposits in foreign currency	44 221 449	12 120 806	32 100 643	-	-
Gold, instruments in gold, and other precious metals	-	-	-	-	-
Financial assets at fair value through profit or loss	23 394 480	453 560	1 077 166	3 216 987	18 646 767
Financial assets at fair value in other comprehensive income	223 751	-	223 751	-	-
Other interest-earning assets	40 396	31 396	9 000	-	-
Total	**67 880 076**	**12 605 762**	**33 410 560**	**3 216 987**	**18 646 767**
Interest-bearing liabilities					
Liabilities to banks and other financial institutions	26 307 452	-	26 307 452	-	-
Liabilities to government institutions and other borrowings	15 014 483	15 014 483	-	-	-
Borrowings against Bulgaria's participation in international financial institutions	3 351 813	3 351 813	-	-	-
Total	**44 673 748**	**18 366 296**	**26 307 452**	**-**	**-**
Interest-bearing asset/liability gap	**23 206 328**	**(5 760 534)**	**7 103 108**	**3 216 987**	**18 646 767**
As of 31 December 2024					
Interest-earning assets					
Cash and deposits in foreign currency	41 285 869	24 041 546	17 244 323	-	-
Gold, Instruments in gold, and other precious metals	-	-	-	-	-
Financial assets at fair value through profit or loss	33 254 159	454 967	3 502 366	5 950 249	23 346 577
Financial assets at fair value in other comprehensive income	240 916	-	240 916	-	-
Other interest-earning assets	32 424	23 424	9 000	-	-
Total	**74 813 368**	**24 519 937**	**20 996 605**	**5 950 249**	**23 346 577**
Interest-bearing liabilities					
Liabilities to banks and other financial institutions	27 845 384	-	27 845 384	-	-
Liabilities to government institutions and other borrowings	9 733 516	9 733 516	-	-	-
Borrowings against Bulgaria's participation in international financial institutions	3 608 935	3 608 935	-	-	-
Total	**41 187 835**	**13 342 451**	**27 845 384**	**-**	**-**
Interest-bearing asset/liability gap	**33 625 533**	**11 177 486**	**(6 848 779)**	**5 950 249**	**23 346 577**

For managing interest rate risk and the band of interest rate changes, the sensitivity of financial assets and liabilities to various standard and non-standard interest rate movement scenarios are monitored.

The standard scenarios include the following changes in yield curves: (i) a 100 basis points instant parallel increase; (ii) a 100 basis points instant parallel decrease; (iii) a 50 basis points parallel increase in the yield curves for a period of 12 months; and (iv) a 50 basis points parallel decrease in the yield curves also for a period of 12 months. The second two scenarios assume that the change in yields takes place at the beginning of the period, and over the one-year period the yield curve remains unchanged.

The analysis of the sensitivity of the Bank's assets (to first approximation) to changes in interest rates, assuming a constant spread of assets and liabilities and parallel shifts in the yield curves of the relevant assets, is as follows:

(BGN'000)

	100 basis points intra-day instant parallel increase	100 basis points intra-day instant parallel decrease	50 basis points parallel increase in the beginning of the period	50 basis points parallel decrease in the beginning of the period
As of 31 December 2025	(460 113)	460 113	1 294 258	1 176 964
As of 31 December 2024	(318 904)	318 904	1 899 294	1 595 055

Currency risk

For the Bank, a currency risk exists where there is a mismatch between the currency structure of assets and that of liabilities. The Bank is exposed to currency risk when entering into transactions in financial instruments denominated in foreign currencies other than the euro.

With the introduction of the currency board arrangement in Bulgaria and the fixing of the Bulgarian currency to the euro, the Bank's financial statements, prepared in Bulgarian levs, are affected by movements in the exchange rate of the lev against the currencies other than the euro.

To minimise currency risk, there is a limit to the mismatches between the currency structure of assets and that of liabilities. According to Article 31, paragraph 3 of the Law on the BNB, the total market value of assets in a foreign currency other than the euro, SDR and monetary gold, may not deviate by more than +/-2 per cent from the market value of the liabilities denominated in these currencies.

(BGN'000)

	31 December 2025	31 December 2024
Assets		
Bulgarian lev and euro	65 079 696	70 454 262
US dollar	226 897	1 871 998
Japanese yen	8	11
Pound sterling	19	26
SDR	5 476 019	5 893 135
Gold	10 021 086	6 446 435
Other	1	-
	80 803 726	**84 665 867**
Liabilities, capital and reserves		
Bulgarian lev and euro	75 219 051	77 024 767
US dollar	228 998	1 875 968
Japanese yen	2	1
Pound sterling	-	-
SDR	5 355 623	5 765 079
Other	52	52
	80 803 726	**84 665 867**
Net position		
Bulgarian lev and euro	(10 139 355)	(6 570 505)
US dollar	(2 101)	(3 970)
Japanese yen	6	10
Pound sterling	19	26
SDR	120 396	128 056
Gold	10 021 086	6 446 435
Other	(51)	(52)

e) Using accounting judgements and assumptions

The Governing Council of the BNB discusses the development, selection and disclosure of information about the accounting policies and assumptions used, as well as their application.

These disclosures supplement the notes to the financial risk management.

Management's major priorities in the next few years will still be to maintain monetary and financial system stability in the country, keep the Bank's stable liquidity position and improve continuously Bank's valuation methods and techniques, international reserves management and control on international financial markets.

1) Determination of fair values

In note 5(c), item 4, the Bank has disclosed the accounting policy applied and principles used by it for fair value measurement and disclosure.

The determination of fair values of financial assets and liabilities for which there is no observable market price requires the use of valuation techniques described in the accounting policy. For financial instruments that trade infrequently and whose price is not transparent, the fair value is less objective and requires an expert's judgement depending on liquidity, concentration, market factors uncertainty, pricing assumptions, and other risks affecting the particular instrument.

2) Valuation of financial instruments

The Bank measures the fair value of financial instruments using the following hierarchy of methods:

- **Level 1**: a quoted market price or closing price for positions for which there is a reliable market;
- **Level 2**: valuation techniques based on observable market information about the yield curve. This category of methods is used to measure debt securities for which there is no reliable market;
- **Level 3**: valuation techniques, where inputs on financial assets and liabilities are not based on observable market data.

The fair values of financial assets and liabilities traded in international financial markets for which there is available market information are based on market quotations or closing market prices. The use of observable market prices and information reduces the need for management judgement and estimation and also reduces the uncertainty associated with determination of fair values. The availability of actual market prices and information varies depending on products and markets and changes because of specific events and the general conditions of financial markets. The Bank determines the fair values of all other financial instruments for which there are no current market quotes by using a valuation technique based on a net present value. The net present value is computed by means of market yield curves and credit spreads, where necessary, for the relevant instrument. The purpose of the valuation techniques is to determine a fair value which reflects the price of the financial instrument on the reporting date.

The Bank has established a control framework with respect to the measurement of fair values. The fair values of financial instruments controls are set by a specialised risk analysis and control unit. Specific controls include: checking the actual price information; regular reviews of current valuation models, and, if necessary, a development, approval and introduction of new valuation models; follow-up verification by means of analysis and comparison of data from various information sources, *etc.*

The table below analyses financial instruments reported at fair value using valuation models. The data does not include equity instruments reported at acquisition cost (note 14).

(BGN'000)

	Level 1 Quoted market prices on active markets	Level 2 Valuation techniques (using market data)	Total
31 December 2025			
Cash and deposits in foreign currency	44 358 009	-	44 358 009
incl. provisions for expected credit losses under IFRS 9	-	-	-
Gold, Instruments in gold, and other precious metals	10 129 634	-	10 129 634
incl. provisions for expected credit losses under IFRS 9	-	-	-
Financial assets at fair value through profit or loss	23 275 131	557 278	23 832 409
Total	**77 762 774**	**557 278**	**78 320 052**
31 December 2024			
Cash and deposits in foreign currency	41 842 645	-	41 842 645
incl. provisions for expected credit losses under IFRS 9	*(4 415)*	-	*(4 415)*
Gold, instruments in gold, and other precious metals	6 519 273	-	6 519 273
incl. provisions for expected credit losses under IFRS 9	-	-	-
Financial assets at fair value through profit or loss	25 644 384	8 079 118	33 723 502
Total	**74 006 302**	**8 079 118**	**82 085 420**

In 2025 and 2024, there was no movement to or from classified financial instruments in Level 2.

Financial instruments not measured at fair value, but by applying a level of the fair value hierarchy where a fair value measurement is categorised, are analysed as follows:

(BGN'000)

	Level 1 Quoted market prices on active markets	Level 2 Observable inputs other than quoted prices	Total
31 December 2025			
Liabilities to banks and other financial institutions	-	26 307 452	26 307 452
Liabilities to government institutions and other borrowings	-	15 014 968	15 014 968
Borrowings against Bulgaria's participation in international financial institutions	-	5 187 254	5 187 254
Total	**-**	**46 509 674**	**46 509 674**
31 December 2024			
Liabilities to banks and other financial institutions	-	27 845 384	27 845 384
Liabilities to government institutions and other borrowings	-	9 733 914	9 733 914
Borrowings against Bulgaria's participation in international financial institutions	-	5 588 608	5 588 608
Total	**-**	**43 167 906**	**43 167 906**

The management considers that the carrying amount of the financial instruments disclosed in the table above is reasonably close to their fair value as of the reporting date due to their short-term nature.

f) Maturity structure of assets and liabilities

The Bank's assets and liabilities, analysed by residual term to maturity from the date of the statement of financial position to the date of any subsequent agreement or contractual maturity, are as follows:

(BGN'000)

	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	Undefined maturity	Total
As of 31 December 2025							
Financial assets							
Cash and deposits in foreign currency	44 358 009	-	-	-	-		44 358 009
incl. provisions for expected credit losses under IFRS 9	-	-	-	-	-		
Gold, instruments in gold, and other precious metals	10 129 634	-	-	-	-	-	10 129 634
incl. provisions for expected credit losses under IFRS 9	-	-	-	-	-	-	-
Financial assets at fair value through profit and loss	1 095 380	3 321 467	4 951 912	12 833 731	1 629 919	-	23 832 409
Financial assets at fair value in other comprehensive income	223 751	-	-	-	-	1 880 412	2 104 163
Tangible assets	-	-	-	-	-	261 674	261 674
Intangible assets	-	-	-	-	-	16 881	16 881
Other assets	40 396	-	-	-	-	60 560	100 956
Total financial assets	**55 847 170**	**3 321 467**	**4 951 912**	**12 833 731**	**1 629 919**	**2 219 527**	**80 803 726**
Financial liabilities							
Banknotes and coins in circulation	**-**	**-**	**-**	**-**	**-**	**19 767 926**	**19 767 926**
Liabilities to banks and other financial institutions	**26 307 452**	-	-	-	-	-	26 307 452
Liabilities to government institutions and other borrowings	15 014 968	-	-	-	-	-	15 014 968
Borrowings against Bulgaria's participation in international financial institutions	-	-	-	-	-	5 187 254	5 187 254
Other liabilities						991 618	991 618
Total financial liabilities	41 322 420	-	-	-	-	25 946 798	67 269 218
Asset–liability maturity mismatch	**14 524 750**	**3 321 467**	**4 951 912**	**12 833 731**	**1 629 919**	**(23 727 271)**	**13 534 508**
As of 31 December 2024							
Financial assets							
Cash and deposits in foreign currency	41 847 060	-	-	-	-	(4 415)	41,842,645
incl. provisions for expected credit losses under IFRS 9	-	-	-	-	-	*(4 415)*	*(4 415)*
Gold, instruments in gold, and other precious metals	6 519 273	-	-	-	-	-	6 519 273
incl. provisions for expected credit losses under IFRS 9	-	-	-	-	-	-	-
Financial assets at fair value through profit and loss	3 549 871	6 017 154	8 956 425	15 183 884	16 168	-	33 723 502
Financial assets at fair value in other comprehensive income	240 916	-	-	-	-	2 019 257	2 260 173
Tangible assets	-	-	-	-	-	188 595	188 595
Intangible assets	-	-	-	-	-	12 553	12 553
Other assets	32 424	-	-	-	-	86 702	119 126
Total financial assets	**52 189 544**	**6 017 154**	**8 956 425**	**15 183 884**	**16 168**	**2 302 692**	**84 665 867**
Financial liabilities							
Banknotes and coins in circulation	-	-	-	-	-	31 078 055	31 078 055
Liabilities to banks and other financial institutions	27 845 384	-	-	-	-	-	27 845 384
Liabilities to government institutions and other borrowings	9 733 914	-	-	-	-	-	9 733 914
Borrowings against Bulgaria's participation in international financial institutions	-	-	-	-	-	5 588 608	5 588 608
Other liabilities	-	-	-	-	-	789 889	789 889
Total liabilities	**37 579 298**	**-**	**-**	**-**	**-**	**37 456 552**	**75 035 850**
Asset–liability maturity mismatch	**14 610 246**	**6 017 154**	**8 956 425**	**15 183 884**	**16 168**	**(35 153 860)**	**9 630 017**

7. Interest Income and Expenses

(BGN'000)

	31 December 2025	31 December 2024
Interest income		
– securities	1 018 058	1 273 255
– deposits	696 606	1 017 628
– other	10	141
	1 714 674	**2 291 024**
Interest expenses		
– deposits	348 754	525 331
– other	-	154
	348 754	**525 485**

In 2025, the deposit facility rate retained its positive values as a continuation of its downward trend which started in the second half of 2024. Following a decision of the ECB Governing Council, with effect from 11 June 2025, the interest rate on the deposit facility was reduced to 2.00 per cent, down 100 basis points compared to the end of the previous reporting period. As a result of these changes, interest income from current accounts and deposits includes interest income from deposits and current accounts with foreign correspondent banks resulting from the application of positive reference interest rates, amounting to BGN 696,606 thousand (31 December 2024: BGN 1,017,628 thousand).

As of 31 December 2025, interest expenses on current accounts of BNB customers as a result of using positive reference interest rates amounted to BGN 348,754 thousand (31 December 2024: BGN 525,331 thousand).

In addition, BGN 12,342 thousand of interest paid on the technical account of the national system component TARGET2-BNB at the ECB are included (as of 31 December 2024: BGN 21,333 thousand) as a result of using positive reference interest rates.

8. Net Gains From Financial Assets and Liabilities Reported at Fair Value in the Profit or Loss

(BGN'000)

	31 December 2025	31 December 2024
Net (losses) from operations in securities	(21 507)	(71 300)
Net gains/(losses) from operations in foreign currency	(4 978)	679
Net revaluation gains/(losses) on futures	(25)	13
Net revaluation gains/(losses) on securities	(65 444)	147 733
Net revaluation gains on foreign currency assets and liabilities	4 509	3 925
Net revaluation gains on gold	3 237 660	1 670 108
	3 150 215	**1 751 158**

Net gains/(losses) from financial assets and liabilities carried at fair value through profit or loss as of 31 December 2025 were largely attributable to revaluation of gold of BGN 3,237,660 thousand due to an increase in the market price of gold, from BGN 4905.69 *per* troy ounce as of 31 December 2024 to BGN 7261.27 as of 31 December 2025, or an increase by 48.02 per cent.

Net losses from operations in securities amounted to BGN 21,507 thousand. The main factor behind this was the yields at which euro-denominated high credit quality bonds were traded.

The net effect from revaluation of securities resulting from all market movements was negative: BGN 65,444 thousand. It was also driven by the rise in yields to maturity.

9. Other Operating Income

(BGN'000)

	31 December 2025	31 December 2024
Income from subsidiaries	36 048	37 890
Income from associates	2 521	3 752
Income from sale of coins	16 634	17 062
Dividend income	13 463	13 595
Other income, net	1 798	1 120
	70 464	**73 419**

In 2025, the BNB received dividends from BNB's participation in BNB Printing Works AD amounting to BGN 3641 thousand and in BORICA AD of BGN 2881 thousand.

For the purposes of consolidated financial statements, the dividends received from the BNB Printing Works AD and Bulgarian Mint EAD are eliminated.

In 2025, the BNB received dividend payment of BGN 6941 thousand for its equity stake in the Bank for International Settlements (BIS).

Other net income as of 31 December 2025 includes financial income from subsidiaries of BGN 789 thousand.

10. General Administrative Expenses

(BGN'000)

	31 December 2025	31 December 2024
Staff expenditure	98 129	84 291
Administrative expenses	120 009	66 900
Depreciation	25 484	22 788
Other expenses	7 157	5 417
	250 779	**179 396**

The number of employees of the Bank and its subsidiaries is 1267 as of 31 December 2025 (31 December 2024: 1198), including the BNB staff of 1020 (31 December 2024: 957).

Staff expenditure include salaries, social and health insurance costs charged under the local legislation provisions as at 31 December 2025, and social activities costs, respectively for the BNB: BGN 84,399 thousand (31 December 2024: BGN 72,142 thousand), for the BNB Printing Works AD: BGN 9660 thousand (31 December 2024: BGN 8825 thousand), and for the Bulgarian Mint EAD: BGN 4070 thousand (31 December 2024: BGN 3324 thousand).

Staff expenditure includes expenses for remunerations paid to the BNB Governing Council members of BGN 1639 thousand as of 31 December 2025 (31 December 2024: BGN 1573 thousand), presented, as follows:

(BGN'000)

	31 December 2025	31 December 2024
Total gross remuneration expenses*	1 639	1 573
including bonuses up to established threshold in accordance with Article 23, paragraph 3 of the LBNB by BNB Governing Council's resolution of 30 July 2015**	464	464
Expenses on BNB Governing Council members' retirement/ termination benefits	236	82
Total gross remuneration paid to the BNB Governing Council members	**1 875**	**1 655**

* Remunerations are before taxation.

** For more information, see the BNB Press Release of 30 July 2015: https://bnb.bg/AboutUs/PressOffice/POPressReleases/POPRDate/PR_20150730_1_EN

With the adoption of the BNB budget for 2025, the amount of monthly remunerations of the Governing Council members is set, as follows: Governor – BGN 27,434; Deputy Governors – BGN 23,515; other Governing Council members – BGN 7838.

Staff retirement liabilities calculated based on actuarial valuation and pursuant to IAS 19 'Employee Benefits' are presented, as follows:

(BGN'000)

	2025	2024
Defined benefit liabilities as of 1 January	**8 546**	**6 990**
Plan benefits paid	(405)	(452)
Current service cost	1 159	959
Interest expense	326	275
Actuarial loss arising from experience adjustment	714	617
Actuarial loss arising from a change in demographic assumptions	4	90
Actuarial loss arising from a change in financial assumptions	5	62
Actuarial loss recognised in expenses	6	5
Defined benefit liabilities as at 31 December	**10 356**	**8 546**

Costs recognised in profit or loss

(BGN'000)

	31 December 2025	31 December 2024
Current service cost	1 159	959
Interest expense	326	275
Actuarial losses	6	5
Total	**1 491**	**1 239**

Actuarial assumptions

The key actuarial assumptions as at the Financial Statements date are the following (weighted average):

(per cent)

	31 December 2025	31 December 2024
Discount interest rate as at 31 December	3.93	3.93
Future salary growth	9.00	9.00

(BGN'000)

Distribution of BNB staff liabilities (subsidiaries excluded) by residual term	31 December 2025	31 December 2024
Up to 1 year	1 785	1 379
From 1 to 3 years	1 049	803
From 3 to 5 years	879	832
From 5 to 10 years	1 956	1 610
Over 10 years	3 242	2 801
Total	**8 911**	**7 425**

Administrative expenses include the BNB's currency circulation expenses of BGN 84,851 thousand as of 31 December 2025 (31 December 2024: BGN 27,398 thousand).

Administrative expenses include expenses related to the activities of the Banks Resolution Fund. The costs of BRF management arising from the function of the BNB as a resolution authority are financed by fees collected from credit institutions established in the Republic of Bulgaria and the branches of third-country credit institutions under Article 59a, paragraph 1 of the Law on the BNB in line with Article 8, paragraph 1 of the BNB Ordinance No 40 of 1 December 2020, amended in October 2022, on Determining the Amount of Fees to Cover Administrative Costs of the Bulgarian National Bank Arising from Supervisory and Resolution Function. The total amount of fees to cover the administrative costs of the BNB arising from the function of the resolution of credit institutions amounts to BGN 4029 thousand.

11. Cash and Deposits in Foreign Currency

(BGN'000)

	31 December 2025	31 December 2024
Cash in foreign currency	56 886	379 218
Current accounts in other banks	12 143 688	24 072 563
incl. provisions for expected credit losses under IFRS 9	-	*(1 646)*
Deposits in foreign currency	32 157 435	17 390 864
incl. provisions for expected credit losses under IFRS 9	-	*(2 769)*
	44 358 009	**41 842 645**

Cash and deposits in foreign currencies with correspondents are disclosed, as follows:

(BGN'000)

	31 December 2025	31 December 2024
Euro area residents		
In EUR	13 290 656	26 267 593
incl. provisions for expected credit losses under IFRS 9	-	*(3 122)*
In other currencies	-	948 704
incl. provisions for expected credit losses under IFRS 9	-	*(246)*
	13 290 656	**27 216 297**
Non-euro area residents		
In EUR	27 480 927	10 035 478
incl. provisions for expected credit losses under IFRS 9	-	*(908)*
In other currencies	3 586 426	4 590 870
incl. provisions for expected credit losses under IFRS 9	-	*(139)*
	31 067 353	**14 626 348**
	44 358 009	**41 842 645**

Time deposits in foreign currency with correspondents with counterparty's credit rating graded by at least two of the six internationally recognised credit rating agencies – *Standard&Poor's, Fitch Ratings, Moody's, DBRS, R&I* and *JCRA* – are disclosed below:

(BGN'000)

	Counterparty short-term credit rating	31 December 2025	31 December 2024
Investment graded deposits by the counterparty's credit rating	*A-1+*	26 397 934	11 596 260
	incl. provisions for expected credit losses under IFRS 9	-	*(1 275)*
	A-1	5 703 347	5 771 306
	incl. provisions for expected credit losses under IFRS 9	-	*(1 494)*
		32 101 281	**17 367 566**

The disclosure by credit rating does not include demand deposits with external managers.

The BNB maximum exposure to credit risk is equivalent to the book value of cash on current accounts and deposits.

12. Gold, Instruments in Gold, and Other Precious Metals

	31 December 2025		31 December 2024	
	'000 troy ounces	BGN'000	'000 troy ounces	BGN'000
Gold bullion in standard form	513	3 725 343	513	2 516 829
Gold deposits in standard form	867	6 295 743	801	3 929 606
Gold in other form	17	103 656	14	70 520
Other precious metals		4 892		2 318
		10 129 634		**6 519 273**

Gold in standard form includes gold held for safekeeping with a depository and deposits. Deposits in gold are held with banks whose liabilities are rated with one of the two highest ratings given by two internationally recognised rating agencies.

Gold in other form includes commemorative gold coins of BGN 103,656 thousand.

Other precious metals include silver commemorative coins of BGN 122 thousand and platinum commemorative coins of BGN 4770 thousand.

13. Financial Assets at Fair Value through Profit and Loss

(BGN'000)

Securities at fair value through profit or loss	31 December 2025	31 December 2024
Foreign treasury bills, notes and bonds	23 832 409	33 723 502
Total	**23 832 409**	**33 723 502**

Securities comprise of both coupon and discount securities denominated in euro and US dollars. The coupon interest of the EUR-denominated securities was 1.97 per cent as of 31 December 2025 (31 December 2024: 1.13 per cent).

The securities issued by foreign governments and other issuers or relevant issuers with credit rating graded by at least two of the six internationally recognised credit rating agencies – *Standard&Poor's*, *Fitch Ratings, Moody's, DBRS, R&I* and *JCRA*, are disclosed as follows:

(BGN'000)

	Issue/issuer credit rating	31 December 2025	31 December 2024
Investment graded securities by the issue/issuer credit rating	*AAA*	22 565 879	28 764 666
	AA+	276 167	332 854
	AA	781 048	4 033 570
	AA-	209 315	446 441
	A	-	145 971
		23 832 409	**33 723 502**

14. Financial Assets at Fair Value in Other Comprehensive Income

(BGN'000)

	31 December 2025	31 December 2024
Republic of Bulgaria's quota in the IMF	2 043 779	2 200 560
Equity investments in international financial institutions	30 605	32 355
Investments in associates	29 779	27 258
	2 104 163	**2 260 173**

The Republic of Bulgaria's quota in the IMF is SDR 896,300 thousand (31 December 2024: SDR 896,300 thousand). BGN 223,751 thousand of the Republic of Bulgaria's quota in the IMF represents the reserve tranche held with the IMF (31 December 2024: BGN 240,916 thousand). The IMF pays remuneration (interest) to those members that have a remunerated reserve tranche position, at an average rate of 2.95 per cent (31 December 2024: 3.86 per cent).

Equity investments in international financial institutions include the equity investment in the Bank for International Settlements (BIS), and 25 per cent of the equity investment in the BIS is paid up. As of 31 December 2025, the current value of 10,000 thousand of shares in SDR amounted to BGN 22,802 thousand, while as of 31 December 2024 it was BGN 24,552 thousand (ref. note 28). The capital subscribed, but not paid-in has an option to be paid in within three months upon a decision of the BIS Board of Governors.

Equity investments in international financial institutions do not exceed 10 per cent of the subscribed share capital of the respective institution.

Investments in international financial institutions also include BNB's participation in the ECB. As of 1 January 2007 (when the Republic of Bulgaria joined the EU), the Bulgarian National Bank has a share in the ECB capital. As at 30 June 2024, the amount of the BNB paid-up share in the ECB capital is EUR 3991.2 thousand or BGN 7806 thousand.

Pursuant to Article 28 of the Statute of the ESCB and the ECB, only ESCB NCBs are entitled to participate in the ECB capital. Capital subscription follows the requirements and the key set forth in Article 29 of the Statute of the ESCB and ECB, *i.e.* the share of each NCB in the ECB capital is determined in percentage and corresponds to the share of the respective Member State in the EU's total population and GDP (in equal proportions). The percentage is adjusted every five years and whenever a new Member State joins the EU. The latest adjustment (eighth) took place on 1 February 2020 following the withdrawal of the United Kingdom from the EU. As of 31 December 2025, the BNB's capital share in the ECB subscribed capital is 0.9832 per cent, which corresponds to EUR 106,431.5 thousand.

As a non-euro area NCB, the BNB is required to pay up the minimum percentage of its subscribed capital in the ECB, which is pursuant to Article 47 of the Statute of the ESCB and of the ECB (as set out by the ECB General Council) and represents the BNB contribution to the ECB operational costs. From 29 December 2010, this percentage amounts to 3.75 per cent. Unlike euro area NCBs, the BNB is not entitled to the ECB's distributable profit, nor is it required to fund any loss of the ECB. Upon joining the euro area, the BNB will be required to pay up the remaining 96.25 per cent of its capital subscription to the ECB, which is EUR 102,440.3 thousand.

The Bank exercises a substantial influence on the financial and operational policies of the associated companies listed below, and its investments in domestic companies are as follows:

Associates	Shareholding, per cent	Principal activity
BORICA AD	36.11	Payment system operator
Cash Services Company AD	25.00	Handling of sealed parcels of Bulgarian coins and banknotes transferred from the BNB and the banks

15. Tangible Non-Current Assets

The fair value of land and buildings is categorised as Level-3 fair value based on the input data for the given assessment technique.

For the remaining asset classes – Plant and Machinery, Equipment, Vehicles, Fixtures and Fittings, the fair value is considered to be their present value on the Bank's balance sheet as most of them were bought in the last four years and their book value is close to their fair value.

(BGN'000)

	Land and buildings	Plant and equipment	IT equipment	Office equipment	Right of use asset	Other equipment (including motor vehicles)	Assets under construction	Total
As of 1 January 2025	**202 363**	**149 272**	**43 782**	**9 549**	**62**	**9 852**	**6 086**	**420 966**
Additions	-	237	48	37	-	10	18 602	18 934
Disposals	(26)	(1 205)	(56)	(18)	-	(2)	-	(1 307)
Transfers	-	2 812	3 118	721	-	10 827	(17 478)	-
Revaluation	74 072	-	-	-	-	-	-	74 072
As of 31 December 2025	**276 409**	**151 116**	**46 892**	**10 289**	**62**	**20 687**	**7 210**	**512 665**
Depreciation and impairment loss								
As of 1 January 2025	(93 454)	(84 199)	(38 502)	(8 503)	(59)	(7 654)	-	(232 371)
Charge for the period	(5 746)	(8 918)	(3 387)	(183)	(3)	(1 325)	-	(19 562)
On disposals	1	868	55	17	-	1	-	942
As of 31 December 2025	**(99,199)**	**(92 249)**	**(41 834)**	**(8 669)**	**(62)**	**(8 978)**	**-**	**(250 991)**
Net book value as of 31 December 2025	**177 210**	**58 867**	**5 058**	**1 620**	**-**	**11 709**	**7 210**	**261 674**
Net book value as of 31 December 2024	**108 909**	**65 073**	**5 280**	**1 046**	**3**	**2 198**	**6 086**	**188 595**
As of 1 January 2024	**202 363**	**132 271**	**51 793**	**9 653**	**62**	**8 251**	**3 570**	**407 963**
Additions	-	1 393	238	22	-	4	28 404	30 061
Disposals	-	(3 709)	(12 764)	(189)	-	(60)	(336)	(17 058)
Transfers	-	19 317	4 515	63	-	1 657	(25 552)	-
Revaluation	-	-	-	-	-	-	-	-
As of 31 December 2024	**202 363**	**149 272**	**43 782**	**9 549**	**62**	**9 852**	**6 086**	**420 966**
Depreciation and impairment loss								
As of 1 January 2024	(87 754)	(80 441)	(47 687)	(8 576)	(47)	(7 337)	-	(231 842)
Charge for the period	(5 700)	(7 467)	(3 579)	(116)	(12)	(377)	-	(17 251)
On disposals	-	3 709	12 764	189	-	60	-	16 722
Revaluation	-	-	-	-	-	-	-	-
As of 31 December 2024	(93 454)	(84 199)	(38 502)	(8 503)	(59)	(7 654)	-	(232 371)
Net book value as of 31 December 2024	108 909	65 073	5 280	1 046	3	2 198	6 086	188 595

The fair value of fully amortised tangible fixed assets as of 31 December 2025 was BGN 74,884 thousand (31 December 2024: BGN 68,345 thousand).

16. Intangible Assets

(BGN'000)

	Software	Other intangible assets	Development costs	Total
As of 1 January 2025	**74 430**	**166**	**101**	**74 697**
Additions	85	14	10 200	10 299
Disposals	(68)	-	-	(68)
Transfers	8 083	-	(8 083)	-
As of 31 December 2025	**82 530**	**180**	**2 218**	**84 928**
Depreciation and impairment loss				
As of 1 January 2025	**(61 994)**	**(150)**	**-**	**(62 144)**
Charge for the period	(5 955)	(11)	-	(5 966)
On disposals	63	-	-	63
As of 31 December 2025	**(67 886)**	**(161)**	**-**	**(68 047)**
Net book value as of 31 December 2025	**14 644**	**19**	**2 218**	**16 881**
Net book value as of 31 December 2024	**12 436**	**16**	**101**	**12 553**

As of 31 December 2025, software includes licenses purchased by the BNB to the total amount of BGN 475 thousand (31 December 2024: BGN 1717 thousand), and software products to the amount of BGN 7607 thousand (BGN 1262 thousand as of end-December 2024).

(BGN'000)

	Software	Other intangible assets	Development costs	Total
As of 1 January 2024	**72 853**	**164**	**236**	**73 253**
Additions	2	15	3 258	3 275
Disposals	(1 818)	(13)	(415)	(2 246)
Transfers	3 393	-	(2 978)	415
As of 31 December 2024	**74 430**	**166**	**101**	**74 697**
Depreciation and impairment loss				
As of 1 January 2024	**(58 283)**	**(155)**	**-**	**(58 438)**
Charge for the period	(5 529)	(8)	-	(5 537)
On disposals	1 818	13	-	1 831
As of 31 December 2024	**(61 994)**	**(150)**	**-**	**(62 144)**
Net book value as of 31 December 2024	**12 436**	**16**	**101**	**12 553**
Net book value as of 31 December 2023	**14 570**	**9**	**236**	**14 815**

As of 31 December 2024, software includes licenses purchased by the BNB to the total amount of BGN 1717 thousand (31 December 2023: BGN 3417 thousand), and software products to the amount of BGN 1262 thousand (31 December 2023: BGN 7155 thousand).

17. Other Assets

(BGN'000)

	31 December 2025	31 December 2024
Cash held by subsidiaries with local banks	40 393	32 436
Investment of subsidiary undertakings in joint ventures and associates	9 620	11 434
Commemorative coins for sale	268	372
Inventories	42 768	64 084
Accounts receivable	3 149	4 803
Deferred charges	3 602	4 100
Other receivables	1 156	1 897
	100 956	**119 126**

Cash held by subsidiaries with local banks comprise BGN 27,435 thousand of Printing Works of the BNB Corp. and BGN 12,958 thousand of Bulgarian Mint EAD.

Investments of subsidiary undertakings in joint ventures and associates include a non-monetary contribution in the form of banknote production equipment to the capital of François-Charles Oberthur Group with which BNB Printing Works AD has established a joint venture for banknote production.

18. Banknotes and Coins in Circulation

(BGN'000)

	31 December 2025	31 December 2024
Banknotes in circulation	19 222 847	30 451 467
Coins in circulation	545 079	626 588
	19 767 926	**31 078 055**

19. Liabilities to Banks and Other Financial Institutions

(BGN'000)

	31 December 2025	31 December 2024
Demand deposits from banks and other financial institutions		
– in BGN	22 313 099	22 937 851
– in foreign currency	3 994 353	4 907 533
	26 307 452	**27 845 384**

Demand deposits include BGN 19,708,345 thousand representing the required reserves, which all local banks are required to maintain on accounts with the BNB (31 December 2024: BGN 17,029,361 thousand).

The allocation of minimum required reserves of commercial banks in the BNB is in accordance with BNB Ordinance No 21.

20. Liabilities to Government Institutions and Other Borrowings

(BGN'000)

	31 December 2025	31 December 2024
Current accounts		
– in BGN	11 076 861	6 652 089
– in foreign currency	3 938 107	3 081 825
Time deposit accounts	**15 014 968**	**9 733 914**

Government's accounts in national and foreign currency with the Bank comprise funds held on behalf of the state budget and other government organisations. The Bank applies interest rates in line with the General Terms and Conditions of the Bulgarian National Bank on servicing accounts of banks, budget organisations and other customers adopted by a resolution of the BNB Governing Council of 26 November 2015 and last amended in 2023. As from 18 November 2019, the Bank does not open and service time deposit accounts of the government and other government institutions in accordance with the General Terms and Conditions of the Bulgarian National Bank on servicing accounts of banks, budget organisations and other customers.

As of 31 December 2025, obligations to pay interest of BGN 485 thousand on current accounts of customers have been accrued (31 December 2024: BGN 398 thousand).

21. Borrowings against Bulgaria's Participation in International Financial Institutions

The borrowings against Bulgaria's participation in the IMF as of 31 December 2025 amounted to BGN 1,814,918 thousand, or SDR 795,933 thousand (BGN 1,954,143 thousand, or SDR 795,933 thousand as of 31 December 2024).

Borrowings from the IMF are denominated in SDRs. Borrowings related to Bulgaria's quota in the IMF are non-interest bearing with no stated maturity. This note includes account No 1 and account No 2 of the IMF in levs amounting to BGN 5248 thousand (31 December 2024: BGN 5412 thousand).

The Bank's borrowings from the IMF of the general and special allocation of SDRs amount to SDR 1,333,649,773 and SDR 136,289,102 respectively. Repayment will take place on IMF's demand. Under Article XX of IMF Statute, the Bank receives interest on the existing SDRs and pays a fee on its borrowings from the general and special allocation at the same interest rate.

22. Other Liabilities

(BGN'000)

	31 December 2025	31 December 2024
Funds of EU institutions and bodies	311 019	108 656
Funds of Banks Resolution Fund	487 671	479 022
Salaries and social security payable	14 537	11 453
Deferred income	871	1 483
Other liabilities	177 520	189 275
	991 618	**789 889**

Funds of EU institutions and bodies include European Commission's funds and European Investment Bank's funds. Pursuant to Article 9 of Council Regulation (EC, Euratom) No 1150 of 2000 and Bulgaria's participation in the funding of the EU budget, the Bank opened accounts of the European Commission. As of 31 December 2025, the funds on these accounts were BGN 311,019 thousand (31 December 2024: BGN 108,656 thousand).

As from 27 July 2020, in line with the requirements of § 56, paragraph 1 of the Transitional and Final Provisions of the Law on Amendment to the LRRCIIF, the Bulgarian National Bank as a resolution authority of credit institutions is the holder of the funds available in the Banks Resolution Fund's accounts. As of 31 December 2025, the funds amounted to BGN 487,671 thousand (31 December 2024: BGN 479,022 thousand).

23. Capital and Reserves

The capital of the Bank is determined by the Law on the BNB and amounts to BGN 20,000 thousand.

Non-monetary asset revaluation reserves comprise the net change in fair value of property, equity investments and other non-monetary assets.

Pursuant to Article 36 of the Law on the Bulgarian National Bank, unrealised gains/losses arising from the revaluation of assets and liabilities denominated in foreign currencies or gold are transferred to a special reserve account and form special reserves.

Other reserves include 25 per cent of the annual excess of revenue over expenditure after the allocation to special reserves and reserves established upon a resolution of the BNB Governing Council.

As of 31 December 2025, profit distribution in accordance with the profit distribution policy disclosed in note 5 (j) is as follows:

(BGN'000)

	31 December 2025	31 December 2024
Profit/(loss) for the period	**4 387 360**	**3 453 090**
Allocation to special reserve under Article 36 of the LBNB:		
Unrealised (profit) from gold revaluation	(3 237 660)	(1 670 108)
Unrealised loss from revaluation of financial assets at fair value through profit or loss	120 791	(147 733)
Unrealised (profit) from foreign currency valuation	(4 508)	(3 925)
Other unrealised loss/(gain)	25	(13)
Result after allocation to special reserve including:	**1 266 008**	**1 631 311**
Allocation (from)/to Reserve Fund under Article 8 of the LBNB	*313 678*	*405 404*
Result from consolidation and non-controlling interest	*11 297*	*9 697*
Allocation to a special purpose fund under Article 8 of the LBNB	*391 445*	*666 210*
Planned contribution to the state budget	*549 588*	*550 000*

24. Non-controlling Interest

The BNB Printing Works AD is a joint-stock company with two shareholders: the BNB and the State represented by the Ministry of Finance. The BNB holds a majority stake of 95.6 per cent of the company's capital and the government, through the MF – a non-controlling stake of 4.4 per cent of the company's capital.

25. Monetary Liabilities and Gross International Reserves

(BGN'000)

	31 December 2025	31 December 2024
Gross international reserves		
Cash and foreign currency denominated deposits	44 358 009	41 842 645
Monetary gold and other instruments in gold	10 129 634	6 446 435
Security investments	23 832 400	33 723 502
Equity investments and quota in the IMF	223 751	240 916
	78 543 794	**82 253 498**
Monetary liabilities		
Banknotes and coins in circulation	19 767 926	31 078 055
Liabilities to banks and other financial institutions	25 679 611	27 072 126
Liabilities to government institutions	14 375 063	9 104 048
Other liabilities	1 578 765	1 511 780
	61 401 365	**68 766 009**
Surplus of gross international reserves over monetary liabilities	17 142 429	13 487 489

Interest receivable and interest payable are carried to the relevant financial assets and liabilities.

Monetary gold and other instruments in gold are revalued on a daily basis based on the euro fixing of the London Bullion Market closing price.

26. Related Party Transactions

Bulgarian Government

International Monetary Fund

As of 31 December 2025, the Republic of Bulgaria received no funds under IMF agreements.

The Republic of Bulgaria's quota in the IMF is secured by promissory notes jointly signed by the Bank and the Government (ref. note 21).

Government bank accounts

As of 31 December 2025, government budget organisations have bank accounts with the Bank (ref. note 20).

Fiduciary activities

In accordance with the Law on the BNB and under the terms agreed upon with the Minister of Finance, the BNB acts as an agent in government or government-guaranteed debts. With regard to this role, the BNB performs agent and central depository services related to the administration and management of government securities issued by the Ministry of Finance. The Bank receives commission for providing these services. These government securities are not assets or liabilities of the BNB and are not recognised in its consolidated statement of financial position. The Bank is not exposed to any credit risk relating to government securities as it does not guarantee them. As of 31 December 2025, the par value of the government securities held in custody was BGN 11,843 million (31 December 2024: BGN 11,935 million).

Oberthur Fiduciaire AD

BNB Printing Works AD, as a company with a significant holding (30 per cent of company's shares), and the Bulgarian National Bank (a majority owner of Printing Works of BNB AD), as related parties of the company, carried out sales and/or purchases of services and materials at contract prices with the company in 2025.

27. Subsidiaries Included in Consolidated Financial Statements

(per cent)

Ownership interest	31 December 2025	31 December 2024
Bulgarian Mint EAD	100	100
BNB Printing Works AD (ref. note 24)	95.6	95.6

The net income from subsidiaries for the reporting period comprises the net result of BGN 5402 thousand from the Bulgarian Mint EAD (31 December 2024: BGN 2117 thousand) and BGN 3359 thousand from the BNB Printing Works AD (31 December 2024: BGN 3810 thousand).

28. Commitments and Contingencies

1) Participation in the Bank for International Settlements

The Bank holds 8000 shares of the capital of the BIS, each amounting to SDR 5000. Twenty-five per cent of the equity investment in the BIS is paid up. The capital subscribed but not paid in is with the option to be paid in within three months following a decision of the BIS Board of Governors. The contingent amount as of 31 December 2025 was BGN 68,407 thousand (31 December 2024: BGN 73,655 thousand).

2) IMF quota

The IMF quota is secured by promissory notes jointly signed by the Bank and the government of the Republic of Bulgaria amounting to BGN 1,856,213 thousand.

3) Capital commitments

As of 31 December 2025, the Bank has committed to BGN 30,471 thousand to purchase non-current assets (31 December 2024: BGN 29,953 thousand).

4) Other commitments and liabilities

There are no other outstanding guarantees, letters of credit or commitments to purchase or sell either gold, other precious metals or foreign currency.

5) Other contingent liabilities

The BNB is being sued in relation to alleged compensation for delayed payment of deposits above the guaranteed amount or for challenging money transfers by customers of Corporate Commercial Bank AD (in bankruptcy) to a total amount of around BGN 12.2 million (31 December 2024: BGN 26.5 million).

Based on the Bank's assessment of the likely outcome of the legal proceedings, in 2025 provisions amounting to BGN 9773 thousand were made pursuant to IAS 37 (2024: BGN 12,609 thousand). Assessments are periodically revised in order to reflect developments on all legal disputes and the circumstances related thereto.

In 2022, two identical cases against the BNB before a Federal Court were closed with final decisions of the federal court due to lack of jurisdiction. They were related to alleged compensation of about USD 200 million each for actions of Corporate Commercial Bank AD (in bankruptcy) conservators appointed in 2014.

29. Events Which Occurred after the Reporting Date

According to the Law on the Introduction of the Euro in the Republic of Bulgaria[201], as of 1 January 2026, the euro becomes official currency and legal tender in the Republic of Bulgaria. The official exchange rate is fixed at 1.95583 levs per 1 euro. In view of the fact that this official exchange rate coincides with the fixing rate of the Bulgarian lev to the euro under the currency board in force until the end of 2025, the Bank[202] does not expect the conversion of the opening balances into euro as of 1 January 2026 and the changeover process to affect its financial position.

[201] Published in the Darjaven Vestnik, issue 70 of 20 August 2024.
[202] Introduced on 1 July 1997 by the Law on the Bulgarian National Bank (published; Darjaven Vestnik, issue 46 of 10 June 1997)

On 28 February 2026, the US and Israel carried out coordinated military strikes on the territory of Iran, which led to a sharp escalation of hostilities in the Middle East. In the following days, Iran retaliated with missiles and drones against Israel and a number of Gulf countries.

The hostilities caused a disruption of fuel supplies through the Strait of Hormuz, causing significant fluctuations in international markets, including rising oil and gas prices.

Although no direct adverse effects on the Bank's operations have been identified as of the date of preparation of these financial statements, the management continues to closely monitor developments, including the potential impact of possible extended military actions on the economic environment, higher fuel prices, inflation and possible second-round effects as a result of disrupted trade links.

On 13 February 2024, in issue 13 of the Darjaven Vestnik, the Law on the Bulgarian National Bank (the new Law on the BNB) was published (approved on 1 February 2024 by the 49th National Assembly). It aims to ensure the legal integration of the Bulgarian National Bank into the Eurosystem upon the introduction of the euro as the currency of the Republic of Bulgaria. The new Law on the BNB enters into force on the day of the introduction of the euro, except for few provisions that should ensure the preparation of the BNB for the introduction of the euro. It provides for the statutory capital of the BNB to be EUR 1 billion. In order to ensure the implementation of this provision, the Governing Council of the BNB has adopted a resolution on the establishment of a special purpose fund 'Increase in the BNB statutory capital'.

Besides the events disclosed above, there are no other events occurring after 31 December 2025 that require additional adjustments and/or disclosures to the Bank's financial statements for the year ending 31 December 2025.

Information under Article 18, Paragraph 5 of the LBNB Concerning Resolutions Adopted by the BNB Governing Council in 2025

Reporting and Budget

RESOLUTION No 129 of 3 April

The BNB Annual Report for 2024 was approved at first reading.

RESOLUTION No 130 of 3 April

The BNB Governing Council approved the report on the implementation of the BNB budget for 2024 to be included in the Annual Report of the Bulgarian National Bank for 2024.

RESOLUTION No 160 of 17 April

The BNB Annual Report for 2024 was approved.

RESOLUTION No 368 of 31 July

The BNB Governing Council determined the individual amount of fees to cover administrative costs of the BNB for 2024 arising from supervisory and resolution functions.

RESOLUTION No 487 of 15 October

The BNB Governing Council determined an estimated individual amount of fees to cover administrative costs of the BNB for 2025 arising from supervisory and resolution functions.

RESOLUTION No 494 of 27 October

The BNB Governing Council adopted Ordinance repealing Ordinance No 21 of 26 November 2015 on the Minimum Required Reserves Maintained with the Bulgarian National Bank by Banks, effective as of 1 January 2026.

RESOLUTION No 527 of 13 November

The BNB Budget for 2026 was approved at first reading.

RESOLUTION No 528 of 13 November

The BNB Report for January–June 2025 was approved at first reading.

RESOLUTION No 529 of 13 November

The Report on the BNB Budget Implementation for the first half of 2025 was approved.

RESOLUTION No 564 of 27 November

The BNB Report for January–June 2025 was approved.

RESOLUTION No 568 of 27 November

In view of the euro’s introduction as national currency and the discontinuation of non-cash transactions and operations denominated in levs as of 1 January 2026, the preparation and publication of the LEONIA Plus index and the announcement of a key interest rate under Article 35 of the Law on the Bulgarian National Bank were discontinued.

RESOLUTION No 593 of 8 December

The BNB budget for 2026 was approved.

Gross International Reserves

RESOLUTION No 3 of 9 January

The BNB Governing Council took note of the selected benchmark for dynamic asset allocation in the first quarter of 2025.

RESOLUTION No 93 of 6 March

The BNB Governing Council took note of the International Reserve Management Report in 2024.

RESOLUTION No 295 of 24 June

The BNB Governing Council took note of the International Reserve Management Report in the first quarter of 2025.

RESOLUTION No 321 of 8 July

The BNB Governing Council took note of the selected benchmark for dynamic asset allocation in the third quarter of 2025.

RESOLUTION No 367 of 31 July

The BNB Governing Council took note of the International Reserve Management Report in the second quarter of 2025.

RESOLUTION No 495 of 27 October

The BNB Governing Council took note of the selected benchmark for dynamic asset allocation in the fourth quarter of 2025.

Resolution No 536 of 13 November

The BNB Governing Council took note of the International Reserve Management Report in the third quarter of 2025.

Payment Systems and Payment Oversight

RESOLUTION No 70 of 20 February

The BNB Governing Council took note of the Annual Report of the Conciliation Commission for 2024.

The BNB Governing Council took note of the Annual Report of the Sectoral Conciliation Commission on Financial Services for 2024.

RESOLUTION No 72 of 20 February

The BNB Governing Council took note of the calculated average amount of fees charged by banks on services under appendix 1 to Article 34 of Ordinance No 3 of the BNB on current accounts as of 31 December 2024 in relation to Article 120, paragraph 6 of the Law on Payment Services and Payment Systems and Article 35, paragraph 2 of Ordinance No 3 of the BNB.

RESOLUTION No 168 of 17 April

The Bulgarian National Bank complies with Joint Guidelines on the system established by the European Supervisory Authorities for the exchange of information relevant to the assessment of the fitness and propriety of holders of qualifying holdings, directors and key function holders of financial institutions and financial market participants by competent authorities (JC/GL 2024 88) (the 'Guidelines'), in accordance with the deadlines laid down in point 21 of the Guidelines. The Guidelines are issued by the European Supervisory Authorities and published on their official websites.

RESOLUTION No 210 of 8 May

The BNB complies with effect from 20 May 2025 with Guidelines amending Guidelines EBA/2019/04 on ICT and security risk management (Guidelines EBA/GL/2025/02 of 11 February 2025) issued by the European Banking Authority and published on its official website.

RESOLUTION No 244 of 22 May

The BNB complies with effect from 23 May 2025 with Joint Guidelines on the estimation of the aggregated annual costs and losses caused by major ICT-related incidents under Regulation (EU) 2022/2554 (JC/GL/2024/34). The joint guidelines are issued by the European Supervisory Authorities and published on their official websites.

RESOLUTION No 473 of 6 October

The Governing Council adopted amendments to Ordinance No 3 of 18 April 2018 on the Terms and Procedure for Opening Payment Accounts, Executing Payment Transactions and Using Payment Instruments.

RESOLUTION No 474 of 6 October

The Governing Council adopted an Ordinance on Amendment of Ordinance No 16 of 29 March 2018 on Granting Licenses and Approvals, Entry into the Register under Article 19 of the Law on Payment Services and Payment Systems, and Requirements to the Activity of Operators of Payment Systems with Settlement Finality.

RESOLUTION No 567 of 27 November

The BNB Governing Council approved, with effect from 1 January 2026, the suspension of BORICA AD's activities as operator of the BISERA6 system for servicing customer transfers in levs.

The license of BORICA AD, issued by Resolution No 62 of 3 June 2010 of the BNB Governing Council, for operating the system for servicing customer transfers in levs at a designated time (BSERA6), is invalidated with effect from 1 January 2026.

RESOLUTION No 605 of 8 December

The BNB Governing Council amended BORICA AD's (UIC 201230426) license for conducting activities as an operator of a payment system for servicing payments made with card-related payment instruments – BORICA.

With effect from 1 January 2026, the BORICA system will begin processing card payment transactions in euro and will be included as an ancillary system in the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET) system.

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Between January and December 2025, the BNB Governing Council adopted seven resolutions on applications for issuance of preliminary approvals/authorisations and ten resolutions on the exercise of other powers related to payment supervision.

Currency in Circulation

RESOLUTION No 2 of 9 January

The BNB Governing Council took note of the availability and developments in the BNB Strategic Stock of Banknotes for 2024.

RESOLUTION No 30 of 23 January

The BNB Governing Council decided to withdraw from circulation commemorative coins issued in 2019, which ceased to be legal tender on 3 February 2025.

Commemorative coins issued in 2019 will be exchangeable at BNB tills at nominal value with no limit on the quantity free of charge until 31 December 2026.

RESOLUTION No 31 of 23 January

The BNB Governing Council approved a List of selling prices of banknotes and coins sold by the BNB at prices other than their nominal value.

RESOLUTION No 116 of 17 March

The BNB Governing Council decided to put into circulation, as of 28 April 2025, a silver commemorative coin '175 Years since the Birth of Zahari Stoyanov' of the Bulgarian Revival series.

RESOLUTION No 138 of 3 April

The silver commemorative coin '175 Years since the Birth of Zahari Stoyanov', issue 2025, will be sold at BNB tills at BGN 162 (one hundred and sixty-two levs).

RESOLUTION No 147 of 9 April

The BNB Governing Council approved the revised graphic designs for the Bulgarian national side of the euro coins of all denominations: 1 cent; 2, 5, 10, 20 and 50 cents; EUR 1 and EUR 2, with only one change - year of issue '2026'. Mint EAD revised the artistic designs.

RESOLUTION No 185 of 17 April

The BNB Governing Council decided to put into circulation, as of 9 June 2025, a copper commemorative coin '100 Years since the Birth of Georgi Partsalev' of the Bulgarian Artists series.

RESOLUTION No 267 of 22 May

The price at which the copper commemorative coin '100 years since the birth of Georgi Partsalev', issue 2025, will be sold at BNB tills is BGN 60 (sixty levs).

RESOLUTION No 278 of 5 June

The BNB Governing Council decided to put into circulation, as of 7 July 2025, a silver commemorative coin '175 Years since the Birth of Ivan Vazov' of the Bulgarian Revival series.

RESOLUTION No 305 of 24 June

The silver commemorative coin '175 Years since the Birth of Ivan Vazov', issue 2025, will be sold at BNB tills at BGN 162 (one hundred and sixty two levs).

RESOLUTION No 318 of 1 July

The BNB Governing Council amended Resolution No 305 of 24 June 2025 on determining the price at which the silver commemorative coin '175 Years since the Birth of Ivan Vazov' is to be sold and, as of 7 July 2025, the coin will be sold at BNB tills at BGN 168 (one hundred and sixty-eight levs).

RESOLUTION No 336 of 8 July

The BNB Governing Council adopted the Commemorative Coin and Banknote Production Programme for 2026.

The BNB Governing Council took note of the Preliminary Commemorative Coin and Banknote Production Programme for 2027 and 2028 as a basis for preparing annual programmes.

RESOLUTION No 383 of 31 July

The BNB Governing Council approved a List of selling prices of banknotes and coins sold by the BNB at prices other than their nominal value.

RESOLUTION No 384 of 31 July

The BNB Governing Council decided to put into circulation, as of 7 October 2025, a silver commemorative coin '125 Years of Emergency Medical Care in Bulgaria'.

RESOLUTION No 442 of 15 September

The BNB Governing Council amended the name of the BNB Commemorative Coin Programme for 2026 and the BNB Preliminary Commemorative Coin Programme for 2027 and 2028. Within them, separate sections for collector and commemorative coins planned for minting by the BNB will be set up.

The nominal value of the copper coin '150 Years since the Birth of Krastyo Sarafov' of the Bulgarian Artists series, issue 2026, was amended from EUR 2 to EUR 5.

The BNB Governing Council discontinued the minting of the gold commemorative coin 'Virgin Mary – Golden Apple' and its four nominal values of BGN 10, 20, 50 and 100, with unlimited mintage, effective as of 1 January 2026.

RESOLUTION No 443 of 15 September

The BNB Governing Council decided to put into circulation, as of 24 November 2025, a gold commemorative coin 'St. Patriarch Euthymius of Tarnovo'.

RESOLUTION No 460 of 26 September

The BNB Governing Council amended Resolution No 417 of 27 August 2025 on determining the price at which the silver commemorative coin '125 Years of Emergency Medical Care in Bulgaria' is to be sold and, as of 7 October 2025, the coin will be sold at BNB tills at BGN 180/EUR 92.03 (one hundred and eighy levs/ninety-two euro and three cents).

RESOLUTION No 481 of 6 October

The price at which the gold commemorative coin 'St. Patriarch Euthymius of Tarnovo', issue 2025, will be sold at BNB tills, is BGN 2430.00/EUR 1242.44 (two thousand four hundred and thirty levs/one thousand two hundred forty-two euro and forty-four cents).

RESOLUTION No 507 of 27 October

The BNB Governing Council set the final ranking in the anonymous competition for the gold collector coin 'St. Ivan Rilski' of the Bulgarian Iconography series, issue 2026, and chose the design by Simeon Tsintsarski. It also determined coin specifications.

RESOLUTION No 508 of 27 October

The BNB Governing Council set the final ranking in the anonymous competition for the silver collector coin 'The Monastery of Holy Transfiguration of God' of the Bulgarian Churches and Monasteries series, issue 2026, and chose the design by Svetlin Balezdrov. It also determined coin specifications.

RESOLUTION No 509 of 27 October

The BNB Governing Council set the final ranking in the anonymous competition for the silver collector coin '125 Years Electric Tram in Bulgaria, issue 2026, and chose the design by Svetlin Balezdrov. It also determined coin specifications.

RESOLUTION No 540 of 13 November

The BNB Governing Council complements the BNB Coin Programme for 2026 and the BNB Preliminary Coin Programme for 2027 and 2028.

RESOLUTION No 542 of 13 November

The BNB Governing Council set the final ranking in the anonymous competition for the copper collector coin '150 Years since the Birth of Krastyo Sarafov' of the Bulgarian Artists series, issue 2026, and chose the design by Plamen Chernev and Preslav Chernev.

RESOLUTION No 543 of 13 November

The BNB Governing Council amended Resolution No 481 of 6 October 2025 on determining the price at which the gold commemorative coin 'St. Patriarch Euthymius of Tarnovo' is to be sold and, as of 24 November 2025, the coin will be sold at BNB tills at BGN 2590 (EUR 1324.25).

RESOLUTION No 600 of 8 December

The BNB Governing Council adopted Ordinance on Amendment of Ordinance No 24 of 26 April 1999 on the Exchange of Old Banknotes and Coins for New Banknotes and Coins in Connection with the Redenomination of the Bulgarian Lev, with effect from 1 January 2026.

RESOLUTION No 601 of 8 December

The Governing Council of the BNB adopted Ordinance on Amendment of Ordinance No 39 of 28 March 2019 on the Nominal Value, Coverage, Form and Design of Banknotes and Coins Put into Circulation, with effect from 1 January 2026.

RESOLUTION No 614 of 8 December

The BNB Governing Council decided to put into circulation as of 26 January 2026 a silver collector coin '125 Years Electric Tram in Bulgaria'.

RESOLUTION No 663 of 22 December

The BNB Governing Council approved a List of Selling Prices of banknotes and coins sold by the BNB at prices other than their nominal value.

Maintaining Banking System Stability and Protecting Depositor Interests

RESOLUTION No 105 of 17 March

The BNB Governing Council took note of the Report on the State of the Banking System (fourth quarter of 2024).

It also took note of the publication of 'Banks in Bulgaria (October–December 2024)'.

RESOLUTION No 107 of 17 March

The BNB Governing Council set the countercyclical capital buffer rate applicable to credit risk exposures in the Republic of Bulgaria at 2.0 per cent in the second quarter of 2026.

RESOLUTION No 136 of 3 April

The BNB intends to comply with effect from 30 December 2025 with Guidelines on internal policies, procedures and controls to ensure the implementation of Union and national restrictive measures (EBA/GL/2024/14) issued by the European Banking Authority and published on its official website.

RESOLUTION No 168 of 17 April

The Bulgarian National Bank complies with Joint Guidelines on the system established by the European Supervisory Authorities for the exchange of information relevant to the assessment of the fitness and propriety of holders of qualifying holdings, directors and key function holders of financial institutions and financial market participants by competent authorities (JC/GL 2024 88) (the 'Guidelines'), in accordance with the time limits laid down in point 21 of the Guidelines. The Guidelines are issued by the European Supervisory Authorities and published on their official websites.

RESOLUTION No 245 of 22 May

The BNB complies as of 11 January 2026 with the Guidelines on the management of environmental, social and governance (ESG) risks (EBA/GL/2025/01), issued by the European Banking Authority and published on its official website.

RESOLUTION No 292 of 19 June

The BNB Governing Council set the countercyclical capital buffer rate applicable to credit risk exposures in the Republic of Bulgaria at 2.0 per cent in the third quarter of 2026.

RESOLUTION No 294 of 24 June

The BNB Governing Council took note of the Report on the State of the Banking System (first quarter of 2025).

The BNB Governing Council took note of the publication of Banks in Bulgaria (January–March 2025).

RESOLUTION No 436 of 15 September

The BNB Governing Council adopted Ordinance on Amendment of Ordinance No 8121z-444 of 3 May 2016 on the Organisation and Control for Ensuring Bank and Financial Institution Security.

RESOLUTION No 454 of 26 September

The BNB Governing Council took note of the Report on the State of the Banking System (second quarter of 2025).

The BNB Governing Council took note of the publication of Banks in Bulgaria (April–June 2025).

RESOLUTION No 456 of 26 September

The BNB Governing Council set the countercyclical capital buffer rate applicable to credit risk exposures in the Republic of Bulgaria at 2.0 per cent in the fourth quarter of 2026.

RESOLUTION No 489 of 27 October

The BNB Governing Council adopted Ordinance on Amendment of Ordinance No 7 on the Organisation and Risk Management in Banks.

RESOLUTION No 490 of 27 October

The BNB Governing Council adopted Ordinance on Amendment of Ordinance No 30 on Calculation of the Amount of Premium Contributions Due by Banks under the Law on Bank Deposit Guarantee.

RESOLUTION No 496 of 27 October

The Governing Council set six other systemically important institutions (O-SIIs) pursuant to Article 9, paragraph 11 in relation with paragraphs 1, 3 and 7 of BNB Ordinance No 8 on capital buffers, the combined buffer requirement, restrictions on distributions and the guidance on additional own funds and in accordance to their overall rating: UniCredit Bulbank AD, DSK Bank AD, United Bulgarian Bank AD, Eurobank Bulgaria AD, First Investment Bank AD, Invest Capital AD.

The BNB Governing Council set the buffer rate for other systemically important institutions to be applied as of 1 January 2026 on an individual, consolidated or both individual and consolidated basis.

In accordance with Article 11, paragraph 4 of BNB Ordinance No 8, the publication of the decision shall be made one month after the notification to the European Systemic Risk Board.

RESOLUTION No 571 of 27 November

The BNB Governing Council decided to inform the European Systemic Risk Board (ESRB) that it is not necessary to introduce a voluntary reciprocity with respect to the macroprudential measures of Lithuania, Luxembourg, the Netherlands, Sweden, Germany, Norway, Portugal, Italy, Denmark and Belgium based on the review of the current data, showing an insignificant size of specific exposures referred to in Recommendation ESRB/2015/2 and its subsequent amendments.

RESOLUTION No 586 of 3 December

The BNB Governing Council adopted a national decision pursuant to an instruction by the European Central Bank (ECB), whereby it granted prior approval for direct acquisition by the Bulgarian-American Credit Bank AD of a qualifying holding exceeding the threshold of 50 per cent of shares in capital and voting rights in Tokuda Bank EAD

RESOLUTION No 603 of 8 December

The systemic risk buffer rate was set at 3 per cent for all banks, applicable to all risk exposures in Bulgaria.

RESOLUTION No 634 of 22 December

The BNB Governing Council adopted Ordinance No 2 of 2006 on the Licenses, Approvals and Permissions Granted by the Bulgarian National Bank according to the Law on Credit Institutions.

RESOLUTION No 635 of 22 December

The Governing Council adopted Ordinance on Amendment of Ordinance No 7 of 24 April 2014 on the Organisation and Risk Management in Banks.

RESOLUTION No 636 of 22 December

The BNB Governing Council adopted Ordinance on Amendment of Ordinance No 37 of 16 July 2018 on Internal Exposures of Banks.

RESOLUTION No 639 of 22 December

The BNB Governing Council took note of the Report on the State of the Banking System (third quarter of 2025).

The BNB Governing Council took note of the publication of Banks in Bulgaria (July–September 2025).

RESOLUTION No 640 of 22 December

The BNB Governing Council set the countercyclical capital buffer rate applicable to credit risk exposures in the Republic of Bulgaria at 2.0 per cent for the first quarter of 2027.

In the January to December 2025 period, the Governing Council of BNB adopted:

- 53 resolutions pursuant to Article 11, paragraphs 1 and 3 of the LCI for holding a position of a member of a management body and Article 11a of the LCI for holding key positions and relevant administrative proceedings;
- 42 decisions related to the supervisory review and assessment process pursuant to Article 79c of the LCI;
- 14 resolutions pursuant to Article 76, paragraph 4 of the LCI on coordinating the choice of an auditor of a credit institution;
- 55 resolutions related to performed supervisory inspections and other approvals, authorisations and actions on administrative procedures;
- 26 resolutions related to own funds;
- 13 resolutions pursuant to Article 71, paragraph 5 of the Law on Credit Institutions on the approval of an amendment to the Articles of Association of a credit institution.

BNB Activities on Resolution of Credit Institutions

RESOLUTION No 5 of 9 January

The BNB Governing Council determined eligible classes of assets, investment restrictions for market and credit risk and the permitted issuers for each of the asset classes when deciding to invest BRF financial means in a structured index account with the BNB for 2025.

RESOLUTION No 15 of 22 January

Taking into account the position adopted by Resolution No 557 of 12 November 2024 of the BNB Governing Council, abstained from adopting a draft decision of the Single Resolution Board on amending a decision on setting a minimum requirement for own funds and eligible liabilities (MREL) of OTP banka d.d. (Slovenia).

RESOLUTION No 16 of 22 January

The BNB Governing Council approved on a preliminary basis a draft joint decision on a resolution plan and resolvability assessment of KBC Group N.V. for 2024 and on setting a MREL of the resolution entity and its subsidiaries of KBC Group N.V.

RESOLUTION No 24 of 23 January

The financial means of the sub-fund under Article 134, paragraph 1, item 1 of the LRRCIIF shall continue to be held in a current account with the Bulgarian National Bank for the 1 February–30 April 2025 period.

The financial means of the sub-fund under Article 134, paragraph 1, item 2 of the LRRCIIF shall continue to be held in a current account with the BNB for the 1 February–30 April 2025 period.

RESOLUTION No 39 of 31 January

The BNB Governing Council agreed with the SRB draft decision to grant prior authorisation for the reduction without replacement of eligible liabilities instruments under Article 78a(1)(b) of Regulation (EU) No 575/2013, in relation to a written application by KBC Group N.V and KBC Bank N.V.

RESOLUTION No 50 of 7 February

The BNB Governing Council adopted Ordinance on Amendment to Ordinance No 41 of 25 February 2021 on Determining the Amount of Individual Annual Contributions of Branches of Third-country Credit Institutions to the Banks Resolution Fund.

RESOLUTION No 74 of 20 February

The BNB Governing Council approved the resolution plan of TBI Financial Services B.V., Netherlands for 2023 along with a minimum requirement for own funds and eligible liabilities (MREL) for TBI Bank EAD on a consolidated basis.

RESOLUTION No 75 of 20 February

The BNB Governing Council approved the resolution plan of the First Investment Bank AD for 2023 along with a minimum requirement for own funds and eligible liabilities (MREL) for the First Investment Bank AD on a consolidated basis.

RESOLUTION No 87 of 25 February

The BNB Governing Council approved the resolution plan of Bulgarian Development Bank EAD for 2023 along with a minimum requirement for own funds and eligible liabilities (MREL) for Bulgarian Development Bank EAD on a consolidated basis.

RESOLUTION No 88 of 25 February

The BNB Governing Council approved the resolution plan of Central Cooperative Bank AD for 2023 along with a minimum requirement for own funds and eligible liabilities (MREL) for Central Cooperative Bank AD on a consolidated basis.

RESOLUTION No 90 of 27 February

The Governing Council agreed to adopt a 'conditional' SRB draft decision on a resolution plan and resolvability assessment of the Eurobank Ergasias Services and Holdings S.A. group and its subsidiaries along with a draft group resolution plan for 2024 and a draft decision on MREL for Eurobank S.A. as a resolution entity and of the subsidiaries – Eurobank Cyprus LTD, Hellenic Bank Public Company LTD and Eurobank Bulgaria AD – and the provision of this decision to the relevant national resolution authorities for enforcement.

RESOLUTION No 91 of 27 February

The BNB Governing Council agreed with the draft decision of the Single Resolution Board granting prior authorisations for reduction without replacing eligible liabilities instruments under Article 78a(1)(b) of Regulation (EU) No 575/2013 in relation to a written application from KBC Group N.V. regarding KBC Group N.V. and KBC Bank N.V.

RESOLUTION No 132 of 3 April

The Governing Council determined an individual annual contribution of branches of third-country credit institutions to the Banks Resolution Fund for 2025 in the amount of BGN 130,399.88 (one hundred and thirty thousand three hundred ninety-nine levs and eighty-eight stotinkas).

RESOLUTION No 134 of 3 April

The BNB Governing Council decided to implement the SRB Decision (SRB/EES/2024RPC/184) on setting MREL with regard to Eurobank Bulgaria AD on an individual basis, in line with the relevant provisions of the Law on the Recovery and Resolution of Credit Institutions and Investment Firms.

RESOLUTION No 152 of 9 April

The BNB Governing Council agreed with the SRB draft decision to grant prior authorisation for the reduction without replacement of eligible liabilities instruments under Article 78a(1)(b) of Regulation (EU) No 575/2013, in relation to a written application by UniCredit S.p.A.

RESOLUTION No 153 of 9 April

The BNB Governing Council agreed with the draft decision of the Single Resolution Board to approve a group resolution plan for 2024 and an assessment of the resolvability of UniCredit S.p.A. and its subsidiaries and on setting the MREL of UniCredit S.p.A. as a resolution entity and its subsidiaries, including UniCredit Bulbank AD.

RESOLUTION No 162 of 17 April

The BNB Governing Council adopted the Annual Report of the Banks Resolution Fund for 2024.

RESOLUTION No 163 of 17 April

The Governing Council adopted an adjustment to the deduction of funds raised in the sub-fund under Article 134, paragraph 1, item 2 of the LRRCIIF from the liabilities of credit institutions for contributions to the SRF for 2023. The amounts reimbursed by the SRB in relation to adjusted contributions for 2023 to the SRF should be added to the funds of the sub-fund under Article 134, paragraph 1, item 2 of the LRRCIIF and used in accordance with the provisions of § 56, paragraph 2 of the TFP of the Law on Amendment of the LRRCIIF.

RESOLUTION No 164 of 17 April

Financial means of the sub-fund under Article 134, paragraph 1, item 1 of the LRRCIIF should continue to be held in a current account with the BNB for 1 May–31 July 2025.

The financial means of the sub-fund under Article 134, paragraph 1, item 2 of the LRRCIIF shall continue to be held in a current account with the BNB for the 1 May–31 July 2025 period.

RESOLUTION No 198 of 17 April

The BNB Governing Council agreed with the draft decision of the SRB granting a general prior authorisation for the reduction of eligible liabilities instruments under Article 78a(1), second sub-paragraph of Regulation (EU) No 575/2013, in relation to a written application from Eurobank S.A.

RESOLUTION No 199 of 17 April

The BNB Governing Council agreed with the SRB draft decision to grant prior authorisation for the reduction without replacement of eligible liabilities instruments under Article 78a(1)(b) of Regulation (EU) No 575/2013, in relation to a written application by UniCredit Bank Austria AG.

RESOLUTION No 205 of 30 April

The BNB Governing Council agreed with the SRB draft decision to grant prior authorisation for the reduction without replacement of eligible liabilities instruments under Article 78a(1)(b) of Regulation (EU) No 575/2013, in relation to KBC Group N.V and KBC Bank N.V.

RESOLUTION No 211 of 8 May

The BNB Governing Council decided to implement the SRB Decision (SRB/EES/2024RPC/130) on setting MREL with regard to UniCredit Bulbank AD in line with the relevant provisions of the LRRCIIF.

RESOLUTION No 240 of 19 May

The BNB Governing Council agreed with the draft decision of the SRB on the approval of a group resolution plan for 2024 and assessment of KBC Group N.V. and its subsidiaries' resolvability and on setting MREL of the resolution entity KBC Group N.V. and its subsidiaries, including UniCredit Bulbank AD.

RESOLUTION No 263 of 22 May

The BNB Governing Council approved a joint decision on the resolution plan of ProCredit Holding AG and its subsidiaries for 2024 and on setting MREL for ProCredit Bank (Bulgaria) EAD as a resolution entity on an individual basis.

RESOLUTION No 264 of 22 May

The BNB Governing Council granted TBI Bank EAD prior authorisation to exercise a call option ahead of a contractual maturity for one year regarding bond issues.

RESOLUTION No 277 of 5 June

The BNB Governing Council decided to implement the SRB Decision (SRB/EES/2024RPC/135) on setting MREL with regard to United Bulgarian Bank AD in line with the relevant provisions of the LRRCIIF.

RESOLUTION No 298 of 24 June

The BNB Governing Council approved the resolution plan of the First Investment Bank AD for 2024 and a MREL of the Bank.

RESOLUTION No 299 of 24 June

The BNB Governing Council approved the resolution plan of Novito Opportunities Fund AGmvK for 2024.

It set MREL for Municipal Bank AD on an individual basis.

RESOLUTION No 300 of 24 June

The BNB Governing Council approved the resolution plan of Festa Holding AD for 2024.

It set MREL for Investbank AD on an individual basis.

RESOLUTION No 311 of 26 June

The BNB Governing Council agreed with the SRB draft decision to grant prior authorisation for the reduction without replacement of eligible liabilities instruments under Article 78a(1)(b) of Regulation (EU) No 575/2013, in relation to a written application by UniCredit S.p.A.

RESOLUTION No 345 of 10 July

The BNB Governing Council agreed on a preliminary basis with the SRB draft decision on setting a minimum requirement for own funds and eligible liabilities (MREL) for DSK Bank AD.

The BNB Governing Council refrains from approving the SRB draft decision on setting a MREL for OTP banka d.d. on a preliminary basis.

RESOLUTION No 352 of 17 July

The BNB Governing Council agreed with the SRB draft decision to grant prior authorisation for the reduction without replacement of eligible liabilities instruments under Article 78a(1)(b) of Regulation (EU) No 575/2013, in relation to a written application by UniCredit Bank GmbH.

RESOLUTION No 355 of 29 July

The BNB Governing Council agreed with the SRB draft decision to grant prior authorisation for the reduction without replacement of eligible liabilities instruments under Article 78a(1)(b) of Regulation (EU) No 575/2013, in relation to a written application by UniCredit Bank Austria AG.

RESOLUTION No 369 of 31 July

The financial means of the sub-fund under Article 134, paragraph 1, item 1 of the LRRCIIF shall continue to be held in a current account with the BNB for the 1 August–31 October 2025 period.

The financial means of the sub-fund under Article 134, paragraph 1, item 2 of the LRRCIIF shall continue to be held in a current account with the BNB for the 1 August–31 October 2025 period.

RESOLUTION No 373 of 31 July

The BNB Governing Council approved the resolution plan of Tokuda Bank AD for 2024.

RESOLUTION No 374 of 31 July

The BNB Governing Council approved the resolution plan of Texim Bank AD for 2024.

RESOLUTION No 375 of 31 July

The BNB Governing Council approved the resolution plan of Bulgarian-American Credit Bank AD for 2024.

RESOLUTION No 376 of 31 July

The BNB Governing Council approved the resolution plan of D Commerce Bank AD for 2024 of the credit institution and the preferred strategy.

RESOLUTION No 399 of 15 August

The BNB Governing Council approved the resolution plan of Allianz Bulgaria Holding AD (Allianz Group) for 2024.

It set a minimum requirement for own funds and eligible liabilities (MREL) for Allianz Bank Bulgaria AD on an individual basis.

RESOLUTION No 400 of 15 August

The BNB Governing Council approved the resolution plan of Bulgarian Development Bank EAD for 2024.

It set a minimum requirement for own funds and eligible liabilities (MREL) for Bulgarian Development Bank EAD on a consolidated basis.

RESOLUTION No 401 of 15 August

The BNB Governing Council approved the resolution plan of Invest Capital AD for 2024.

It set a minimum requirement for own funds and eligible liabilities (MREL) for Central Cooperative Bank AD on an individual basis.

RESOLUTION No 402 of 15 August

The BNB Governing Council approved the resolution plan of International Asset Bank AD for 2024.

It set a minimum requirement for own funds and eligible liabilities (MREL) for International Asset Bank AD.

RESOLUTION No 403 of 15 August

The BNB Governing Council approved the resolution plan of the TBI Financial Services B.V., the Netherlands (TBI Group) for 2024.

It set a minimum requirement for own funds and eligible liabilities (MREL) for TBI Bank EAD on a consolidated basis, consistent with the group level resolution.

RESOLUTION No 450 of 18 September

The BNB Governing Council agreed with the draft decision of the SRB granting a general prior authorisation for the reduction of eligible liabilities instruments under Article 78a(1), second sub-paragraph of Regulation (EU) No 575/2013, in relation to a written application from Eurobank S.A.

RESOLUTION No 451 of 18 September

The BNB Governing Council agreed with the draft decision of the Single Resolution Board granting a general prior authorisation for the reduction of eligible liabilities instruments under Article 78a(1), second sub-paragraph of Regulation (EU) No 575/2013, in relation to a written application from UniCredit S.p.A.

RESOLUTION No 488 of 15 October

The BNB does not apply the simplified requirements when preparing resolution plans for credit institutions falling within the BNB direct powers as a resolution authority.

The BNB Governing Council does not propose to the SRB the application of simplified requirements to credit institutions falling within the direct powers of the SRB.

RESOLUTION No 503 of 27 October

The financial means of the sub-fund under Article 134, paragraph 1, item 1 of the LRRCIIF will continue to be held in a current account with the BNB for the 1 November 2025-31 January 2026 period.

The financial means of the sub-fund under Article 134, paragraph 1, item 2 of the LRRCIIF will continue to be held in a current account with the BNB for the 1 November 2025-31 January 2026 period.

RESOLUTION No 520 of 29 October

The Governing Council agreed to adopt a ‘conditional’ decision on a resolution plan and resolvability assessment of the Eurobank Ergasias Services and Holdings S.A. group and its subsidiaries along with a draft resolution plan for 2025 and a MREL for Eurobank S.A. as a resolution entity and of the subsidiaries – Eurobank LTD and Eurobank Bulgaria AD – and the provision of this decision to the relevant national resolution authorities for enforcement.

RESOLUTION No 556 of 19 November

The BNB Governing Council approved on a preliminary basis a draft joint decision on a resolution plan and resolvability assessment of KBC Group N.V. (KBC Group) For 2025 and a draft joint decision on setting MREL of the resolution entity and its subsidiaries of KBC Group.

RESOLUTION No 557 of 21 November

The BNB Governing Council approved on a preliminary basis a draft joint decision on a resolution plan and resolvability assessment of UniCredit S.p.A. (UniCredit Group) and a draft joint decision on setting MREL of the UniCredit Group as a resolution entity and its subsidiaries, including UniCredit Bulbank AD.

RESOLUTION No 562 of 25 November

The BNB Governing Council agreed with the SRB draft decision to grant prior authorisation for the reduction without replacement of eligible liabilities instruments under Article 78a(1)(b) of Regulation (EU) No 575/2013, in relation to KBC Bank N.V and KBC Group N.V.

RESOLUTION No 592 of 5 December

The BNB Governing Council agreed with the SRB draft decision to grant prior authorisation for the reduction without replacement of eligible liabilities instruments under Article 78a(1)(b) of Regulation (EU) No 575/2013, in relation to a written application by UniCredit S.p.A.

RESOLUTION No 598 of 8 December

The BNB Governing Council adopted Ordinance on Amendment to Ordinance No 43 of 28 July 2022 on the Terms and Procedure for Determining and Paying a Maximum Daily Amount upon Suspension of Obligations in Respect of Eligible Deposits.

RESOLUTION No 599 of 8 December

The BNB Governing Council adopted Ordinance on Amendment to Ordinance No 44 on the Terms and Procedure for the Selection of Independent Valuers under Article 55a of the Law on the Recovery and Resolution of Credit Institutions and Investment Firms.

RESOLUTION No 610 of 8 December

The BNB Governing Council decided to implement SRB decision on setting a minimum requirement for own funds and eligible liabilities (MREL) with regard to Eurobank Bulgaria AD on an individual basis, in line with the relevant provisions of the Law on the Recovery and Resolution of Credit Institutions and Investment Firms.

RESOLUTION No 611 of 8 December

The BNB Governing Council adopted multiannual resolvability testing programmes for the 2026–2028 period for credit institutions for which the Bulgarian National Bank is a resolution authority.

Legal Integration of the BNB into the Eurosystem

RESOLUTION No 1 of 9 January

The BNB Governing Council adopted Ordinance No 6 on the Provision of Emergency Liquidity Support, which enters into force from the date of enactment of the Law on the Bulgarian National Bank (published; Darjaven vestnik, issue 13 of 13 February 2024).

RESOLUTION No 159 of 17 April

The BNB Governing Council adopted Ordinance No 45 on the Establishment and Regulation of the Bulgarian National Bank's Legal Relationships with Monetary Policy Counterparties, which enters into force from the date of enactment of the Law on the Bulgarian National Bank (Darjaven Vestnik, issue No 13 of 13 February 2024).

RESOLUTION No 381 of 31 July

The BNB Governing Council adopted Ordinance No 18 on the Control over Quality of Banknotes and Coins in Circulation, which will enter into force three days after its publication in the Darjaven Vestnik, issue 13 of 13 February 2024.

RESOLUTION No 382 of 31 July

The BNB Governing Council adopted Ordinance No 46 on Frontloading and Sub-frontloading of Euro Banknotes, Euro Coins and Starter Euro Coin Kits.

The BNB Governing Council adopted Ordinance No 47 on the Conditions and Procedure for Providing Information by Credit Institutions under Article 26 of the Law on the Introduction of the Euro in the Republic of Bulgaria and for Retaining and Evaluating Banknotes and Coins in Levs, which will enter into force three days after its publication in the Darjaven Vestnik.

The BNB Governing Council adopted Ordinance No 48 on the Exchange of Mutilated or Damaged Banknotes and Coins from Levs to Euro after the Introduction of the Euro in the Republic of Bulgaria, which will enter into force on the date of introduction of the euro.

Statistics

RESOLUTION No 621 of 12 December

The BNB Governing Council adopted Ordinance on Amendment to Ordinance No 17 of 29 March 2018 on the Monetary and Interest Rate Statistics.

The Fiscal Agent and State Depository Function

RESOLUTION No 596 of 8 December

The BNB Governing Council adopted Ordinance No 5 on the Terms and Procedure for Acquisition, Registration, Redemption and Trade in Government Securities.

RESOLUTION No 597 of 8 December

The BNB Governing Council adopted Ordinance on Amendment to Ordinance No 31 of 4 October 2007 on Government Securities Settlements, effective as of 1 January 2026.

RESOLUTION No 637 of 22 December

The BNB Governing Council adopted Ordinance on Amendment to Ordinance No 15 of 4 October 2007 on the Control over Transactions in Government Securities.

The Central Credit Register and the Register of Bank Accounts and Safe Deposit Boxes

RESOLUTION No 491 of 27 October

The BNB Governing Council adopted Ordinance on Amendment of Ordinance No 22 of 16 July 2009 on the Central Credit Register.

RESOLUTION No 492 of 27 October

The BNB Governing Council adopted Ordinance on Amendment of Ordinance No 12 of 29 September 2016 on the Register of Bank Accounts and Safe Deposit Boxes.

RESOLUTION No 622 of 12 December

The BNB Governing Council adopted Ordinance on Amendment of Ordinance No 22 of 16 July 2009 on the Central Credit Register.

Regulation of Credit Servicers and Credit Purchasers

RESOLUTION No 412 of 27 August

The Bulgarian National Bank complies, as of 27 August 2025, with the Guidelines on the assessment of adequate knowledge and experience of the management or administrative organ of credit servicers, as a whole, under Directive (EU) 2021/2167 (EBA/GL/2023/09) and the Guidelines on the establishment and maintenance of national lists or registers of credit servicers under Directive (EU) 2021/2167 (EBA/GL/2024/02). The Guidelines are issued by of the European Banking Authority and published on its official website.

RESOLUTION No 475 of 6 October

The BNB Governing Council adopted Ordinance No 49 on the Terms and Procedure for Granting Licenses to and Requirements for the Activity of Credit Servicers and for Providing Information by Credit Purchasers and Credit Institutions.

RESOLUTION No 532 of 13 November

The BNB Governing Council adopted Ordinance No 50 on Appointing Registered Auditors and External Independent Experts under Article 46, Paragraph 1, Item 3 of the Law on Credit Servicers and Credit Purchasers, and on the Requirements Applicable to Them.

Research

RESOLUTION No 17 of 23 January

The BNB Governing Council took note of the BNB forecast of key macroeconomic indicators for 2024–2026 (prepared as of 15 January 2025) to be published in the Macroeconomic Forecast (December 2024).

RESOLUTION No 53 of 7 February

The BNB awarded two nine-month master's degree scholarships at BGN 750 monthly for 2025.

RESOLUTION No 81 of 20 February

The BNB Governing Council took note of the analysis of major economic developments and dynamics of the main macroeconomic indicators in the first and second quarters of 2025, to be published in the Economic Review, issue 4 of 2024.

RESOLUTION No 161 of 17 April

The BNB Governing Council took note of the BNB forecast of key macroeconomic indicators for 2025–2027 (prepared as of 26 March 2025) to be published in the Macroeconomic Forecast (March 2025).

RESOLUTION No 246 of 22 May

The BNB Governing Council took note of the analysis of major economic developments and dynamics of the main macroeconomic indicators in the second and third quarters of 2025, to be published in the Economic Review, issue 1 of 2025.

RESOLUTION No 333 of 8 July

The BNB Governing Council took note of the BNB forecast of key macroeconomic indicators for 2025–2027 (prepared as of 26 June 2025) to be published in the Macroeconomic Forecast (June 2025).

RESOLUTION No 380 of 31 July

The BNB Governing Council took note of the analysis of the major macroeconomic developments and the assessments of developments in the main macroeconomic indicators in the third and fourth quarters of 2025 to be published in the Economic Review, issue 2 of 2025.

RESOLUTION No 478 of 6 October

The BNB Governing Council took note of the analysis of the major economic developments and the assessments of developments in main macroeconomic indicators in the fourth quarter of 2025 and first quarter of 2026 to be published in the Economic Review, issue 3 of 2025.

BNB Internal Audit

RESOLUTION No 214 of 8 May

The BNB Governing Council approved Chief Auditor's Report on the activity of the BNB Internal Audit Directorate for 2024.

RESOLUTION No 613 of 8 December

The BNB Governing Council adopted the Annual Activity Plan of the Internal Audit Directorate for 2026 and an updated strategy on the activities of the External Audit Directorate for the period up to 2028.

General Meetings

RESOLUTION No 128 of 28 March

The BNB Governing Council gave its consent to the Executive Director of the BNB Printing Works AD to vote at the Annual General Meeting of Shareholders of Oberthur Fiduciaire AD on: approving the Report of the Board of Directors on company's activities for 2024, approving annual financial statements for 2024, certified by Ernst & Young Audit OOD, and the auditor's report; allocation of the profit of BGN 2,256,115.00 for 2024, as follows: one-tenth of the profit to be allocated to the Reserve Fund and the remaining part to the amount of BGN 2,030,504.00 plus BGN 84,809.00 of retained profit from past years to be distributed as a dividend to shareholders in the amount of BGN 2.31 *per* share; granting discharge to the members of the Board of Directors for their activities in 2024; reelecting Tomas Savare, Jean-Michel Guichot, Plamen Tsvyatkov, Etienne Couelle, Petar Chbanov, Chavdar Kamenov for a term of five years; dismissing Lyudmila Elkova as a member of the Board of Directors and electing Nikolay Nenovsky as a member of the Board of Directors for a term of five years.

RESOLUTION No 209 of 8 May

The BNB Governing Council gave its consent to the Governor to authorise a representative of the BNB to vote at the Annual General Meeting of Shareholders of the BNB Printing Works AD on: adoption of the Report of the Board of Directors on the activities of the company for 2024; approval of the annual financial statements of the BNB Printing Works AD for 2024, certified by the audit company HLB Bulgaria OOD; discharge of the members of the Board of Directors for their activities in 2024; distribution of the profit for 2024 in the amount of BGN 3,810,187.95, as follows: BGN 5852.57 to be allocated to the Reserve Fund and the remaining part of BGN 3,804,335.38 of the profit to be distributed as a dividend to shareholders in proportion to their shares.

RESOLUTION No 274 of 5 June

The BNB Governing Council gave its consent to the Governor to authorise a representative of the BNB to vote at the Annual General Meeting of Shareholders of the Cash Services company AD on: adoption of the Report of the Board of Directors of the company for 2024; annual financial statements for 2024 and the Report of the independent auditor Grant Thornton OOD; distribution of the profit for 2024 in the amount of BGN 2,604,715.31, as follows: 10 per cent of the profit in the amount of BGN 260,471.53 to be allocated to the Reserve Fund, and the remaining amount of BGN 2,344,243.78 to be allocated as retained profit of the Cash Services Company AD, with no dividend to be distributed to the shareholders; discharge from liability of the members of the Company's Board of Directors, and the former members of the Board of Directors Andrey Gurov and Irina Martseva for their activities in 2024; dismissal of the outgoing members of the Board of Directors: Petar Chobanov, Anna Manolova, Vladimir Vlaev, Emil Hristov, Ivailo Glavchovski, Tatyana Ivanova, James Iolovski due to expiry of their term of office; electing members of the Board of Directors for a term of three years: Petar Chobanov, Anna Manolova, Vladimir Vlaev, Emil Hristov, Ivailo Glavchovski, Tatyana Ivanova, James Jolovski.

RESOLUTION No 293 of 24 June

The BNB Governing Council gave its consent the Governor to authorise a BNB representative to vote at the regular General Meeting of Shareholders of BORICA AD on: adoption of the Report on the Activities of BORICA AD for 2024 and of the annual financial statements of BORICA AD for 2024; adoption of the Auditor's Report on annual financial statements of BORICA AD for 2024; approving amendments to the Statute of the Audit Committee of BORICA AD; distribution of BORICA AD's profit of BGN 15,389,343.27 for 2024 as follows: BGN 7,979,205.00 to be paid out as a dividend to shareholders in proportion to their shares, and the remaining net profit for 2024 in the amount of BGN 7,410,138.27 to be allocated to 'Additional Reserves of a General Nature'; discharge from liability of the members of the Board of Directors, as well as former members of the Board of Directors Nikolay Spasov and Petar Slavov for their activities in 2024; dismissal of Peter Ruben as a member of the Board of Directors and election of Christof De Mil as a member of the Board of Directors with a term until 17 September 2029; approving the specialised auditing company BDO AFA OOD as the company's auditor to conduct the audit and certification of the company's annual financial statements for 2025.

RESOLUTION No 453 of 26 September

The BNB Governing Council approved, on the grounds of Article 12, paragraph 1, item 6 of the Statue of the Bulgarian Mint EAD, the audited and certified annual financial statements and the Report of Bulgarian Mint EAD for 2024. The BNB Governing Council approved the independent auditor report of the AFA OOD on the audit of the annual financial statements of Bulgarian Mint EAD for 2024. The BNB Governing Council decided that the net profit of Bulgarian Mint EAD for 2024 in the amount of BGN 2,117,308.17 should be allocated as retained profit of Bulgarian Mint EAD, with no dividend to be distributed to the sole owner and members of the Company's Board of Directors being discharged from liability of the for their activities in 2024. The BNB Governing Council decided to terminate the office of Lyudmila Elkova as a member of the Board of Directors of Bulgarian Mint EAD and to elect Iliya Lingorski with a term of office until the expiration of the term of office of the members of the Board of Directors, appointed by Decision No 226 of 20 May 2024.

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In the January–December 2025 period, the BNB Governing Council adopted resolutions on approval of internal rules of the Bank (16 resolutions), public procurement and contracts[200] (19 resolutions) and organisation of the Bank's activities (254 resolutions, including 24 resolutions on banking supervision's activities, 34 resolutions on the organisation of credit institution resolution activities, six resolutions on the organisation of payment supervision activities, and loans, two resolutions on the organisation of regulation activities of credit servicers and credit purchasers, 92 resolutions adopting information on the implementation of the National Plan on Euro Introduction within the competence of the BNB).

[200] Detailed information on procurement procedures is available in the Centralised Automated Information System (CAIS EOP), www.eop.bg.

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The sculptural composition by Kiril Shivarov depicting Hermes and Demeter on the southern façade of the Bulgarian National Bank building is used in cover design.