

MARKET PROFILE BULGARIA

2026

DSK BANK

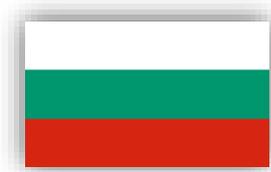
Global Securities Services



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BULGARIA



MARKET INFORMATION

Key figures

Local currency	Euro (EUR)
Market GDP (2025)	EUR 118 bn
Market capitalisation (Dec 2025)	EUR 7.25 bn
Number of listed companies (Jan 2026)	404
Stock Exchange turnover (2025)	EUR 611 mio
EU membership	Yes
Euro zone	Yes

Local Time

In wintertime	GMT+2
In summertime	GMT+3
Daylight Saving Time	same time as in EU countries

Credit Ratings

Agency	Rating	Outlook	Date
S&P	BBB+	Stable	July 10 2025
Moody's	Baa1	Stable	Jan 27 2026
Fitch	BBB+	Stable	July 10 2025

MARKET PARTICIPANTS

Market Regulator - Bulgarian National Bank

The Bulgarian National Bank (BNB) is the central bank of the Republic of Bulgaria and, since 1 January 2026, a member of the Euro Area. Its primary objective is to maintain price stability as part of the Eurosystem, participating in the formulation and implementation of the ECB's monetary policy.

BNB oversees the stability of the financial system through:

- prudential supervision of the banking sector;
- resolution functions under EU frameworks;
- ensuring the smooth functioning of payment and settlement systems.

Following euro adoption, all cash and non-cash payments in Bulgaria are conducted in EUR, while the BNB distributes euro banknotes and coins and offers unlimited, fee-free lev-to-euro exchange.

Internet website: <https://www.bnb.bg/index.htm>

Financial Supervision Commission

The Financial Supervision Commission (FSC) is a governmental body for regulation and supervision over different segments of the financial system – capital markets, insurance market, health insurance market and pension insurance market. The primary mission of the institution is to assist through legal, administrative and informational means for the maintenance of stability and transparency on the non-banking financial sector, and to ensure the protection of the consumers of financial services and products.

The unified financial supervision over the supervised entities' activity monitors compliance with the legal requirements, the companies' financial status and the reliability of information that they provide.

FSC is an active member of the International Organization of Securities Commissions - IOSCO. The Financial Supervision Commission is also a member of the International Association of Insurance Supervisors – IAIS, and a member-founder of the International Organization of Pension Supervisors – IOPS.

Internet website: <https://www.fsc.bg/en>

Bulgarian Stock Exchange-Sofia

The Bulgarian Stock Exchange-Sofia (BSE-Sofia) is a public company that was officially licensed by the State Securities and Exchange Commission to operate as a stock exchange on October 9, 1997 and is currently the only functioning stock exchange in Bulgaria.

BSE's core business includes:

- operation of a cash market (equity market, bond market and other financial instruments);
- operation and maintenance of information systems for trading in securities;
- establishment and maintenance of a clearing system guaranteeing the obligations assumed under securities transactions executed on the Exchange.

BSE has a statute of a full member of the Federation of European Securities Exchanges (FESE).

Internet website: <https://www.bse-sofia.bg/en>

The Central Depository AD

The Central Depository AD provides settlement of corporate securities in book-entry form. The Central Depository AD (CDAD) was established as a joint-stock company on the 13th of August 1997. CDAD shareholders are the major Bulgarian commercial banks that play an active role in the securities market. FSC Financial Supervision Commission, BNB and MF directly control CDAD's operations.

Internet website: <https://www.csd-bg.bg/index.xhtml>

TRADING AND SETTLEMENT

Trading environment

The Bulgarian Stock Exchange-Sofia is reachable via a XETRA link (T7[®] electronic trading platform), operated by Deutsche Boerse for both the trading on the regulated market and the beam market.

BSE's regulated market consists of two markets - BSE Main Market and BaSE Alternative Market. These markets are segmented according to qualitative and quantitative criteria regarding the issuers and their emissions of financial instruments, incl. the financial instruments type, specific requirements regarding the issuer's shareholder structure, their financial results, liquidity and information disclosure requirements.

In addition to the regulated market, BSE organizes as a multilateral trading facility the SME growth market BEAM, which enables the financing of small and medium companies in Bulgaria.

T7[®] market model includes the following trading forms for on-exchange trading: auction and continuous trading. In addition, Xetra provides IPO functionality. Deals are settled by the Central Depository.

BSE Trading Hours

The duration of the trading sessions for the issues traded in continuous trading is as follows:

09:30 - 10:00 Pre-trading

10:00 - 10:10 Opening auction

10:10 - 16:55 Continuous trading

16:55 - 17:00 Closing auction

17:00 - 17:30 Post-trading

Settlement cycle on the BSE is T+2 for all types of securities.

OTC Market

OTC deals are agreed on a bilateral basis while settlement details - incl. settlement cycle - are based on the agreement between the contracting parties. OTC deals also have to go through an investment intermediary. The parties also agree on the manner of settling financial obligations and the type of settlement – DVP or DFP.

Payment Systems

The Bulgarian National Bank (BNB), as part of the Eurosystem since 1 January 2026, is responsible for organizing, supporting, and developing the national payment infrastructure. It ensures the secure and efficient functioning of payment systems and oversees them in line with EU and Eurosystem standards.

BNB operates and oversees the following official payment systems in Bulgaria:

Domestic Payment Systems

- BISERA (EUR retail payment system) – The national system for interbank customer payments in euro, fully aligned with SEPA rules. It processes both bulk and instant SEPA credit transfers and provides full SEPA reachability through STEP2 and TIPS.
- RINGS (Real-Time Interbank Gross Settlement System) – Bulgaria’s RTGS payment system operated by BNB, now settling large-value payments in euro in real time.
- BORICA – National card payments operator
Established by the BNB, BORICA operates the national card payments infrastructure and ensures the processing and security of card transactions.

Instant Payment Systems

- BLINK (instant payments) – Bulgaria’s domestic instant payment system (settlement within 10 seconds, 24/7).

EU/Eurosystem Payment Systems Connected to Bulgaria

- STEP2 (EBA Clearing) – Since July 2024, BNB has been a direct participant, giving Bulgarian banks full SEPA connectivity for euro payments.
- TIPS – TARGET Instant Payment Settlement – Bulgaria successfully joined TIPS in December 2024.
BISERA and several banks are now integrated into TIPS for instant euro payments across Europe.
- TARGET (Eurosystem RTGS platform) – Following euro adoption, large-value payments in Bulgaria are settled via TARGET through BNB’s infrastructure.

Settlement

All transactions in securities, admitted to trading on the Bulgarian Stock Exchange, are settled on a DVP basis via the computerised book-entry system of the Central Depository. Settlement cycle is T+2 and is one and the same for both domestic and non-domestic investors.

Settlement instructions are sent as standard SWIFT messages. They are checked for consistency and response is sent back. Once a settlement instruction is received from the seller and the balance of the underlying securities account is sufficient, then the corresponding amount of instruments is blocked for settlement purposes.

Until 5:00 pm on T+1 corrections of already sent instructions are allowed.

On T+2 two settlement batches are being run. The first one starts at 11:30 am and covers all transactions with matching settlement instructions received until that point. The second is at 3:15 pm and covers the instructions that were matched after the first batch. Once the CD receives a confirmation for successful cash settlement from the RTGS platform, then it initiates securities settlement.

After successful settlement (cash and securities) both counterparties are notified via SWIFT.

Within the 2-day period after the transaction was made, the securities ownership will be transferred and the payment will be finally completed. The execution priority for processing the transfer orders is as follows:

- Stock Exchange trades always before OTC market transactions
- trades on behalf of the investment intermediaries' clients always before trades on behalf of the investment intermediaries themselves.

This is in conformity with the already accepted gross standard for payments in Bulgaria, and is the only way to reduce the risk inherent in the payment process since a determined risk management system in Bulgaria still does not exist. The settlement cycle is the same for stock exchange and OTC market trades. It is possible on the OTC market when indicated by the selling party to process a delivery-free-of-payment (DFP) transaction, i.e. securities delivery only outside of the payment system.

Settlement of government bonds, executed between primary dealers, is settled by the Government Bonds Depository which is operated by BNB.

Guarantee Fund

The Bulgarian market infrastructure includes a settlement guarantee mechanism operated within the systems of the Bulgarian Stock Exchange (BSE) and the Central Depository (CDAD). Its purpose is to ensure the timely settlement of stock exchange transactions and to protect the system from settlement failures.

The fund is composed of contributions from participants and can be activated to cover outstanding net settlement obligations in case a member fails to fulfil its cash settlement obligations within the prescribed deadlines. The rules for the fund's governance, contribution requirements and activation procedures are defined in the operational framework of the Central Depository (CDAD).

MARKET INSTRUMENTS

The Bulgarian stock market is open to both foreign and local investors. All BSE listed equity shares and bonds are dematerialized and kept in the Central Depository.

Type of instruments

- Government & Municipal bonds
- Corporate bonds
- Equities
- Other instruments – funds, compensatory instruments

Securities Identification

ISIN is the standard code for identification of securities in Bulgaria. It is issued by the Central Depository which is a member of ANNA (Association of National Numbering Agencies).

ANTI-MONEY LAUNDERING REQUIREMENTS

Bulgaria, as an EU and euro-area member, applies the EU Anti-Money Laundering framework, including the most recent legislative package adopted in 2024 (Regulation (EU) 2024/1624 and Directive (EU) 2024/1640). The national rules are implemented through the Measures Against Money Laundering Act and the Act on Measures Against the Financing of Terrorism, last updated in February 2026.

The Bulgarian AML framework sets detailed requirements for Customer Due Diligence (CDD), including identification and verification of customers, their representatives, beneficial owners, as well as ongoing monitoring of the business relationship.

Counter - Terrorism Financing Measures

Bulgaria applies the EU and UN restrictive measures related to counter-terrorism financing, in accordance with the Act on Measures Against the Financing of Terrorism and of Proliferation of Weapons of Mass Destruction.

All obligated entities perform screening of clients, transactions and SWIFT messages against the relevant EU and UN sanctions lists, as required under EU law.

Under the Bulgarian counter-terrorism financing legislation, measures include:

- blocking of financial assets, economic resources and accounts of designated persons.
- prohibition on the provision of financial services, funds, or economic resources to persons or entities listed under EU or UN sanctions regimes.

DISCLOSURE REQUIREMENTS FOR INVESTORS

Foreign investors are free to invest on the Bulgarian market and are treated equally as the local investors and the same market entry and investment regulations apply for them.

Investors (i.e. shareholders or the holder of the voting right attached to the shares) must disclose to the issuing company, the Financial Supervision Commission (FSC) and the BSE-Sofia both the direct (shares) and indirect holdings (voting rights) in a public company immediately but within 4 business days, once certain thresholds are reached or crossed.

Disclosure thresholds:

-
- reaching or exceeding 5%
 - every additional multiple of 5% (10%, 15%, 20%, etc.)
-

The obligation for notification also applies if an investor's holding in the company is reduced by falling below the same percentages.

If an investor's ownership reaches or exceeds 33%, 50%, 66% or more than 90% of the issued shares in a company, the investor is required to make a public tender offer to buy the remaining voting shares.

Shareholder Rights Directive II (SRD II)

SRD II has been transposed into Bulgarian law in 2020.

TAXATION

Withholding Tax

Interest and dividend payments to all private individual shareholders are subject to 10% and 5% withholding tax, respectively.

Interest income, earned on fixed income securities, issued by a company, the state, a municipality, traded on the BSE – Sofia, is tax exempt.

The standard tax rates applied for Bulgarian instruments are:

Interest income	
- Legal entities	10% withholding tax over interest payments.
- Private Individual	10% withholding tax over interest payments.
Dividend income	
- Legal entities	not subject to withholding tax over dividend payments, except for legal entities outside EU for which 5% withholding tax is applied
- Private Individual	5% withholding tax over dividend payments
Capital Gains	
- Legal entities	not subject to a capital gains tax when the purchase and sale transactions is on a regulated market
- Private Individual	not subject to a capital gains tax when the purchase and sale transactions is on a regulated market
Stamp Duty	no

GLOSSARY OF ABBREVIATIONS

AML	Anti-Money Laundering
ANNA	Association of National Numbering Agencies
BSE-Sofia	Bulgarian Stock Exchange - Sofia
CD	Central Depository AD
OTC	Over-the-counter
SRD II	Shareholder Rights Directive II

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