



# THE ECONOMY AND THE BANKING SECTOR IN BULGARIA

THIRD QUARTER OF 2025



SOFIA



## HIGHLIGHTS

- In Q2 2025, the Bulgarian economy grew by 3,5% y-o-y with the largest contribution from government consumption and gross fixed capital formation.
- Inflation accelerated by 3,7% y-o-y in Q3 2025.
- At the end of September 2025, the unemployment rate in Bulgaria reached 3,5%.
- At the end of September 2025, the budget deficit is 2,7% of the projected GDP.
- At the end of the third quarter of 2025, the total assets of the banking system reached BGN 210,1 billion, growing by 15,2% y-o-y (95,1% of the projected GDP).
- At the end of the third quarter of 2025, the banking sector reported BGN 2 826,8 million in net profit.
- The financial result of the banking system is influenced by high credit activity and the preservation of the quality of banks' credit portfolios.
- In the third quarter of 2025, credit growth remained high for both households and companies.
- As of the end of September 2025, there was a decrease in interest rates on newly contracted housing loans in EUR, on newly agreed consumer loans in EUR, as well as on newly contracted loans to enterprises in EUR.
- In the third quarter, there was a slight increase in interest rates on newly contracted loans in BGN and an increase in deposits in EUR, as well as a decrease in interest rates on deposits in BGN for households and deposits to enterprises.



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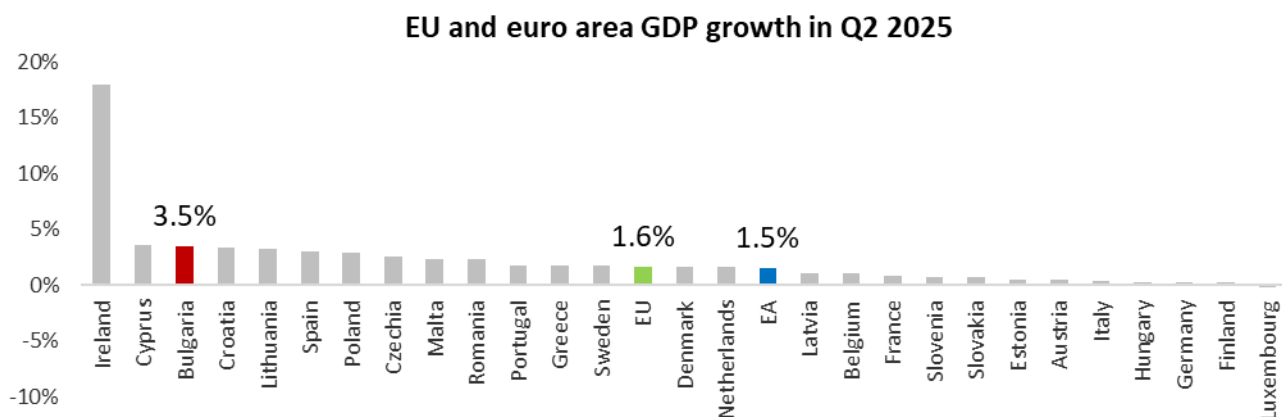
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## I. The Bulgarian economy

### Economic growth

In the second quarter of 2025, Bulgarian gross domestic product (GDP) rose by 3,5% y-o-y, compared to the increase of 3,1% in the previous quarter. According to the preliminary seasonally and calendar-adjusted data of Eurostat, the pace of growth of the Bulgarian economy remained above the EU and euro area average. Real GDP annual growth in the EU and the eurozone remains at 1.6% and 1.5% respectively on an annual basis.



Source: Eurostat, Seasonally and calendar adjusted data

The highest contribution to the economic growth in the second quarter of 2025 according to Eurostat preliminary data is government consumption and gross fixed capital formation.

During the second quarter the government consumption increased by 18,7% Y-o-Y.

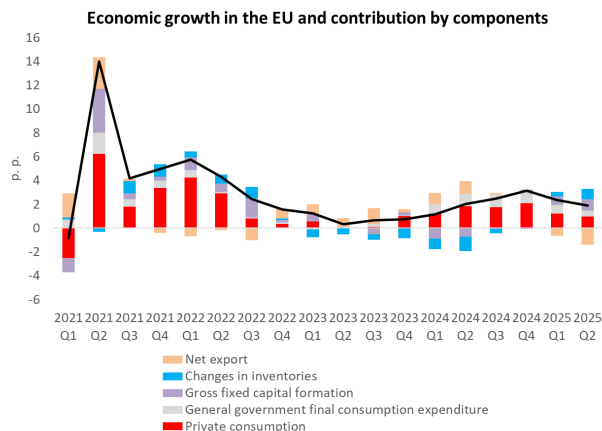
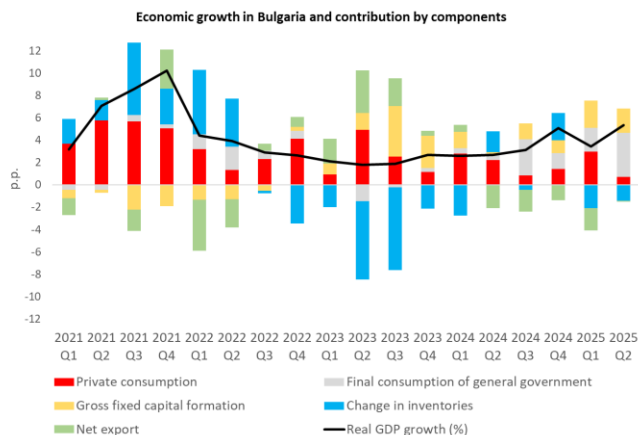
Private consumption slowed down its growth in Q2 2025. It reported growth of 1,1% Y-o-Y compared to a rise of 5,1% in the previous quarter.

In Q2 gross capital formation increased by 14,7% Y-o-Y following an increase of 11,0% in the previous quarter. In the second quarter the contribution of that component was positive and it equaled to 2,2 p.p. The change in the inventories led to a negative contribution of -1,4 p.p. in the growth structure in the second quarter of 2025. The net export contributed negatively by -0,1% for the GDP growth in the period April-June 2025.

The export of goods and services increased their pace in the second quarter of 2025 at 3,6%Y-o-Y. Imports rose to 3,6% Y-o-Y after an increase of 5,2% a quarter earlier.



In Q2 the trade deficit remained negative – 3,4% of GDP compared to -1,9% a quarter earlier.



Source: Eurostat, own calculations

For comparison, the EU economy maintained its growth rate of 1.6% on an annual basis in the second quarter of 2024. The highest contribution to the development of the European economy is made by gross fixed capital formation, which is growing on an annual basis in the structure of GDP.

According to the Bulgarian National Bank [Macroeconomic forecast](#), there are expectations the growth of the real GDP in Bulgaria for 2025 to reach 2.9%, then to slow down to 2.7% in 2026 and 2027. According to the BNB, this real GDP dynamics is mainly determined by the projected increase in real disposable household income and employment. Net exports will make a predominantly negative contribution.

With regard to the local and international organizations and institutions forecasts, in 2025, Bulgarian GDP growth is expected to be between 2,0% and 3,2%. The annual GDP growth in 2026 is estimated to attain between 2,2% and 3,1% and between 2,1% and 2,7% in 2027.



Key indicators for the Bulgarian economy														2025F	2026F	2027F	2028F		
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Q1'25	Q2'25	Q3'25					
<b>Gross domestic product</b>																			
GDP (mln. BGN)	84,150	89,600	95,391	102,741	109,916	119,906	121,088	139,602	168,354	184,875	204,907	45,553	53,270	62,017					
Real GDP growth (% y-o-y)	1	3.4	3	2.8	2.7	3.8	-3.2	7.8	4.1	1.7	3.4	2.8	3.5						
															MF (Autumn 2025)	3.0	2.7	2.5	2.4
															BNB (June 2025)	2.9	2.7	2.7	-
															IMF (Oct 2025)	3.0	3.1	-	-
															WB (June 2025)	2.0	2.2	2.4	-
															EC (Autumn 2025)	3.0	2.7	2.1	-
															EBRD (Sept 2025)	3.2	2.6	-	-
															OECD (June 2024)	2.6	2.3	-	-
<b>Contribution to GDP growth (% change)</b>																			
Final consumption expenditure	1.0	3.4	3.0	2.8	2.7	4.0	-4.4	8.1	3.4	2.4	2.8	3.4							
Household and NPISH final consumption expenditure	1.4	2.8	2.2	2.5	3.7	6.0	-0.4	8.6	4.8	4.1	4.2	5.1							
Final consumption expenditure of general government	-0.1	1.8	2.2	4.3	5.3	2.0	8.3	0.4	6.5	-1.4	4.6	10.6							
Gross fixed capital formation	3.5	2.7	-6.6	3.2	5.4	4.5	0.6	-8.3	-4.3	15.0	-1.1	11.0							
Export of goods and services	3.1	6.4	8.6	5.8	1.7	4.0	-12.1	13.2	8.3	1.3	-0.8	1.3							
Import of goods and services	5.1	4.7	5.2	7.4	5.8	5.2	-5.4	12.2	10.5	-2.7	1.3	5.2							
Trade balance/GDP (%)	-6.5	-5.7	-2	-1.5	-4.8	-4.7	-3.2	-4.0	-5.9	-4.2	-4.8	-1.9	-3.4	-5.2					
Direct foreign investments in Bulgaria (mln. EUR)	347.4	2 000.9	939.8	1 605.6	967.5	1 639.4	2 761.1	1 435.9	4 127.8	4 634.5	2 814.3	1 264.5	884.0	2 533.6					
Direct Foreign investments/GDP (%)	0.8	4.4	1.9	3.1	1.7	2.7	4.5	2.0	4.8	4.9	2.7	1.1	0.8	2.3					
Harmonised index of consumer prices (HICP) (average rate of change)	-1.6	-1.1	-1.3	1.2	2.6	2.5	1.2	2.8	13	8.6	2.6	3.9	2.9	3.7					

Source: NSI, Eurostat, BNB

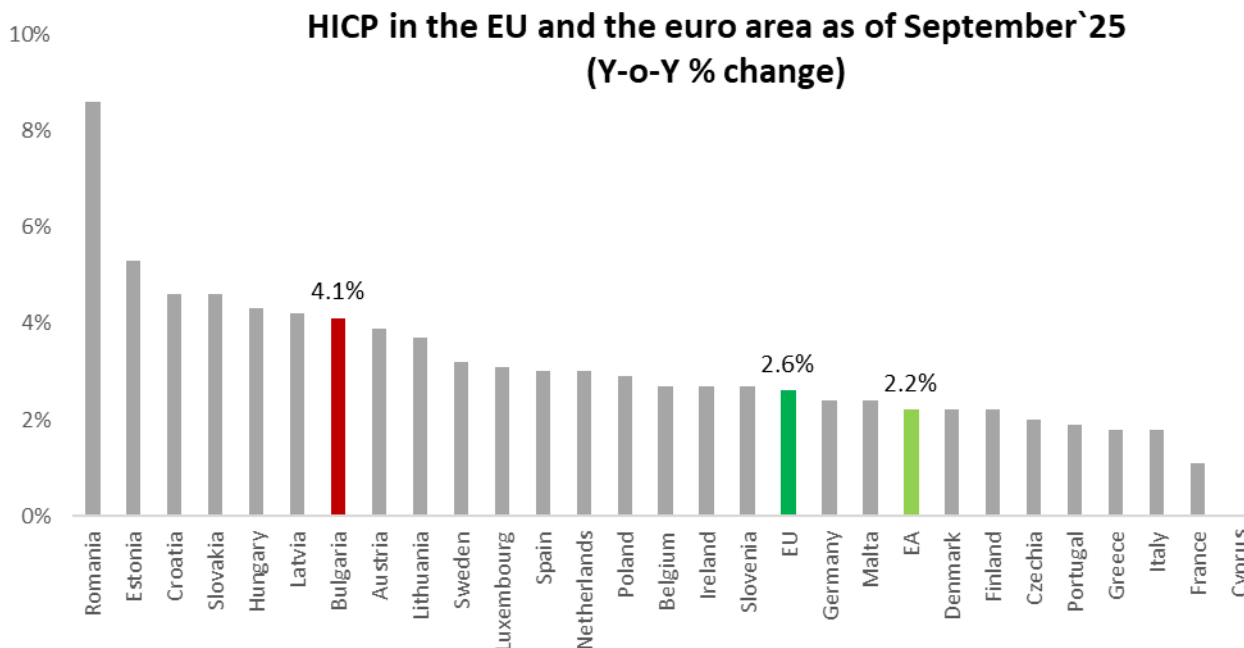
Forecasts: Bulgarian National Bank, Ministry of Finance, International Monetary Fund, World Bank, European Commission, European Bank for Reconstruction and Development, Organization for Economic Co-operation and Development



## Inflation

In the third quarter of 2025, the harmonized index of consumer prices (HICP) recorded an increase and averaged 3,7% Y-o-Y for the period, compared to 2,9% reported in the previous quarter. According to the Eurostat data, inflation in Bulgaria reached 4,1% on an annual basis at the end of September 2025, remaining above the average level for the EU of 2,6% and 2,2% for the Eurozone.

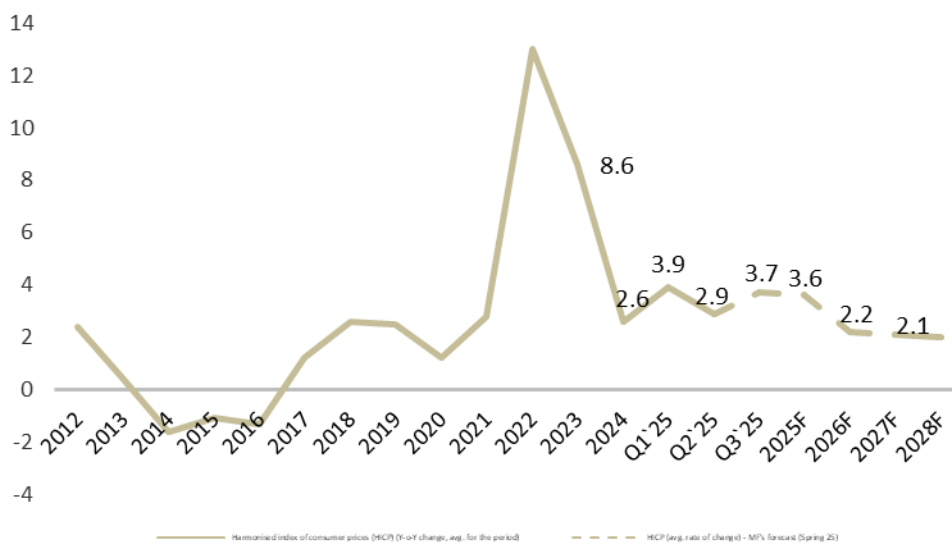
According to the Bulgarian National Bank [Macroeconomic forecast](#), the BNB forecasts the annual inflation to accelerate to 3.8% at the end of 2025, from 2.1% at the end of 2024. The average annual inflation is expected to reach 3.6% in 2025, from 2.6% in 2024. The BNB forecasts that the main factors for increasing inflation are internal to the country, as the increase in labor costs and the high growth of private consumption lead to an increase in production costs, which are passed on to the end consumers, as well as the increase in administratively determined prices of some goods and services. According to the forecast, annual inflation at the end of 2026 is expected to remain at the level of the end of 2025 (3.7% on average for the year). In 2027, the average annual inflation is expected to slow down to 3.3%.



Source: Eurostat



### Annual inflation rate (HICP on average) (%)



Source: NSI, Eurostat  
Forecast: Ministry of Finance

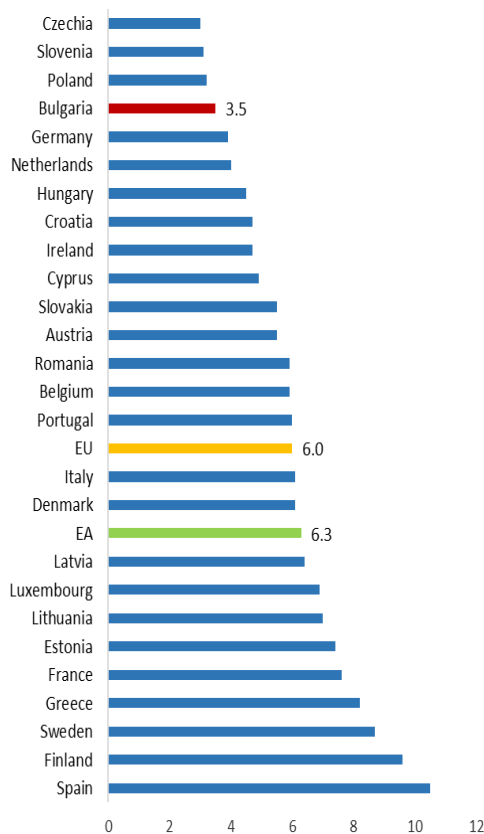


## Labour market

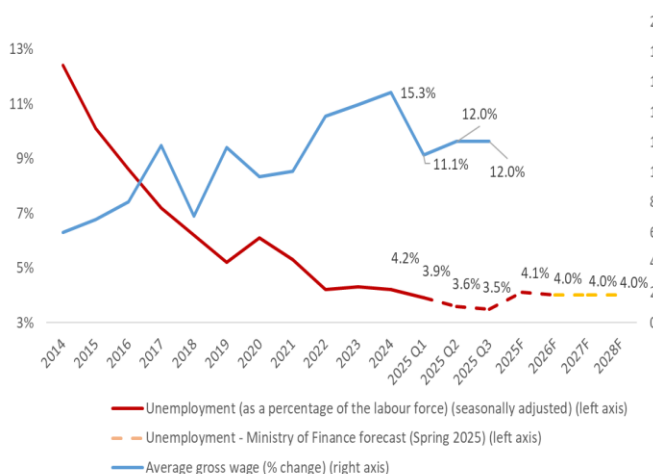
In September 2025, the unemployment rate in Bulgaria (number of people unemployed as a percentage of the labour force) slightly decreased and reached 3,5%. The unemployment rate in the country remained below the EU average and Bulgaria ranked 4<sup>th</sup> among the EU member states in terms of the lowest unemployment rate in September 2025. As of the end-September`25, the number of people unemployed in Bulgaria reached 104,5 thousand people, compared to 110,5 thousand people in the previous quarter. Likewise, as of the end of the third quarter of 2024, the number of unemployed people reached 110,3 thousand.

In September 2025, the youth unemployment rate in Bulgaria (unemployed young people under 25) was 14,5%, decreasing from 14,9% in June 2025. Simultaneously, the youth unemployment rate in the EU was 14,8%, as the highest rates were observed in Spain, Sweden and Luxembourg.

Unemployment rate in the EU and Eurozone (as of September'25)



Labour Market



Source: Eurostat, Ministry of Finance, NSI



Key indicators for the Bulgarian economy	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Q1 2025	Q2 2025	Q3 2025
<b>Labour market</b>														
Unemployment rate (as % of the labour force) (seasonally adjusted data)	12.4	10.1	8.6	7.2	6.2	5.2	6.1	5.3	4.2	4.3	4.2	3.5	3.5	3.4
Number of employed (15+ years) (thousands persons)	2,981.4	3,031.9	3,016.8	3 150.3	3 152.7	3 233.1	3 121.7	3,076.5	3 150.5	2,931.9	2,932.9	2,910.9	2,934.1	2,956.0
Number of employed in Finance and Insurance sector (thousands persons), incl.:	60.5	62.3	58.6	63.7	65.4	67.3	62.4	65.1	69.1	62.6	65.4	68.8	67.8	71.8
Number of employed in the banking sector (thousands persons)	31.7	30.7	30.4	30.1	29.9	28.2	27.4	26.8	26.0	25.7	25.2	-	-	-
Gross average monthly wage in Finance and Insurance sector	1,578	1,608	1,709	1,788	1,904	2,074	2,191	2,300	2,666	2,967	3,377	3,837	3,763	3,716

Source: Eurostat, Ministry of Finance, NSI, ECB



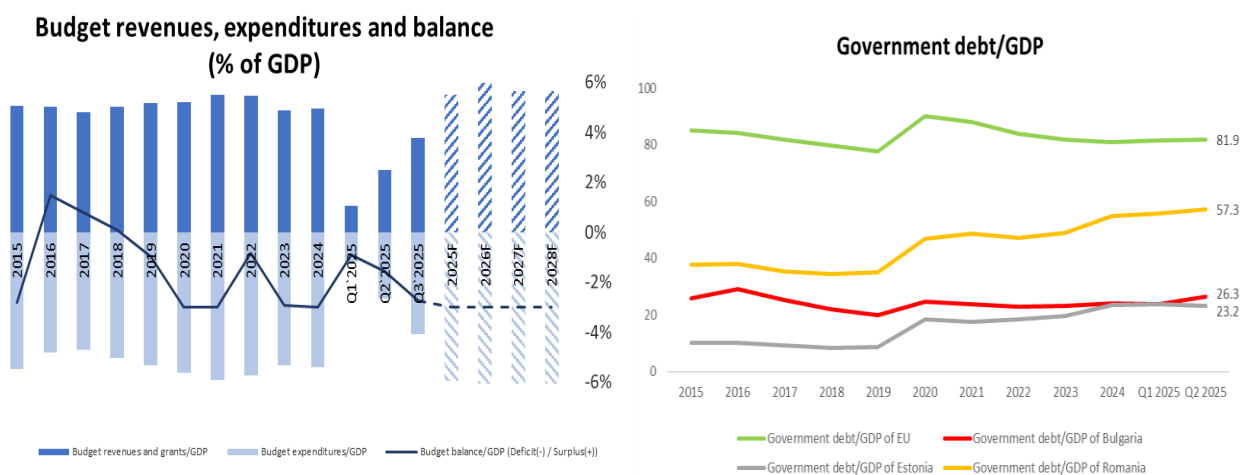
## Public sector

According to the Ministry of Finance (MF) preliminary data as of September 2025, the budget balance was negative and amounted to BGN 6,056 billion (-2,7% of the projected GDP).

Budget revenues, grants, and donations reported under the Consolidated Fiscal Program (CFP) over January-September 2025 were equal to BGN 59,8 billion (27,1% of the projected GDP). The revenues increased by BGN 7,7 billion compared with the same period in the previous year.

The CFP budget expenditures (including the Bulgarian contribution to the EU budget) reached BGN 64,3 billion (29,1% of the projected GDP). Compared to the same period last year, CFP expenditures increased by BGN 10,6 billion, i.e. they grew nominally by 19,7 percent.

As of September 30, 2025, the fiscal reserve was BGN 16,9 billion.



Source: Ministry of Finance, Eurostat

As of the end of the second quarter of 2025, Bulgarian consolidated debt to GDP was 26,3%. The ratio is significantly below the EU average of 81,9%.

The Long-term Interest Rate for Convergence Assessment Purposes (LTIR) in Bulgaria is at the same level at 3,93% as of end-September 25. In comparison with the Bulgarian data, the LTIR in Romania was 7,29%, in Hungary – 6,96%, in Poland – 5,47% and in the Czech Republic – 4,42%. LTIR in Bulgaria resumed being one of the lowest within the countries in the CEE region, which are EU members but non-euro area member states.



## Capital market

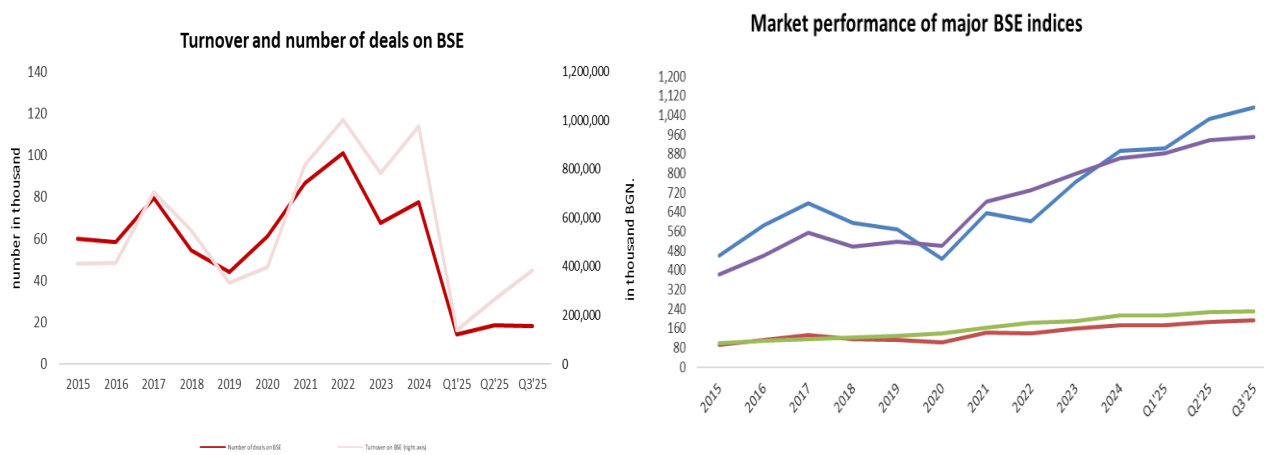
The major indices on Bulgarian Stock Exchange (BSE) closed Q3 2025 as follows: the main index SOFIX recorded a growth of 25,0% compared to the same period of the previous year, the broad-based BGBX40 increased its value by 14,5%, BGTR30 also gained 9,0%, as BGREIT special purpose vehicle index increased by 10,1%. The beamX index increased by 8,1% as of the end of Q3, compared to a year earlier.

In the third quarter of 2025, SOFIX ranked in the 7-th position of the CEE region's stock market indices performance with a rise of 4,6% on a quarterly basis.

As of September 30, 2025, the market capitalization of BSE increased by 4,1% q-o-q to BGN 19,1 billion (8,67% of the projected GDP).

Over the period July-September 2025, the turnover of BSE increased by 45,2% q-o-q to BGN 383,906 million. On an annual basis, an increase by 101,7% was reported. In the third quarter of 2025 the number of deals (18 130) decreased by 2,1% q-o-q and increased by 29,9 % y-o-y.

Over the reviewed period, the banks listed on BSE accounted for 17,6% of the total turnover and 4,5% of all deals executed on the regulated market (as per the double-entry bookkeeping). In the previous quarter, the deals performed by the listed banks on BSE accounted for 3,8%, of all trades and comprised 12,8% of the total turnover.



Source: BSE, own calculations



No	Country	Index	30 June'25	30 September'25	Δ QTD 2025
1	Romania	BET	18,740.50	21,337.00	13.86%
2	Turkey	XU 100	9,948.51	11,012.00	10.69%
3	Slovenia	SBITOP	2,278.30	2,504.90	9.95%
4	Greece	ASE	1,868.30	2,034.20	8.88%
5	Czech Republic	PX	2,157.20	2,330.40	8.03%
6	Croatia	CROBEX	3,603.50	3,798.10	5.40%
7	Bulgaria	SOFIX	1,025.22	1072.54	4.62%
8	Serbia	BELEX	2,705.33	2,820.76	4.27%
9	Poland	WIG	104,571.80	106,364.00	1.71%
10	Hungary	BUX	97,667.50	98,872.00	1.23%
11	North Macedonia	MBI 10	10,567.00	10,347.00	-2.08%
12	Russia	MOEX	2,847.44	2,684.60	-5.72%
13	Slovakia	SAX	296.32	269.03	-9.21%

Source: BSE, Bloomberg, own calculations

Key indicators for the Bulgarian economy	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Q1'25	Q2'25	Q3'25
<b>Capital market</b>														
Market capitalization/GDP	11.6%	9.6%	10.2%	24.2%	24.3%	23.2%	23.6%	23.2%	18.50%	8.37%	8.92%	7.96%	8.42%	8.67%
SOFIX	522.10	460.90	586.43	677.45	594.46	568.14	447.53	635.68	601.49	765.12	892.74	903.53	1025.22	1072.54
BGBX40	104.61	92.82	111.30	132.00	115.91	111.83	101.38	143.68	139.28	157.87	171.82	173.87	188.01	194.48
BGREIT	98.75	97.03	108.11	116.10	121.07	130.03	137.69	163.98	183.17	190.30	214.66	214.08	226.26	229.11
BGTR30	407.50	383.82	459.19	555.98	496.14	516.28	499.17	682.96	731.20	799.44	863.62	882.08	937.32	950.22
beamX	-	-	-	-	-	-	-	-	-	101.85	98.95	91.29	102.73	109.27
Turnover on BSE (thousand BGN)	774,900	410,800	416,003	705,851	550,041	333,574	397,500	818,964	1,004,390	784,243	975,217	138,945	264,359	383,906
Number of deals on BSE	118,074	60,047	58,442	79,629	54,341	44,167	61,173	86,863	101,024	67,641	77,350	14,324	18,516	18,130

Source: BSE, Bloomberg, own calculations



## II. The banking sector in Bulgaria

In its quarterly publication [Banks in Bulgaria](#), the BNB points out that in the second quarter of 2025, the banking sector operates under a high degree of uncertainty due to the processes of trade fragmentation and geopolitical conflicts. These difficult-to-predict risks lead to increased market volatility and raw materials and to a change in the macro-financial conditions for banks.

Regarding the domestic environment, economic activity is supported by strong private consumption, while its size weakens growth due to weaker exports and the vulnerability of the energy-intensive economy to fluctuations in international oil prices.

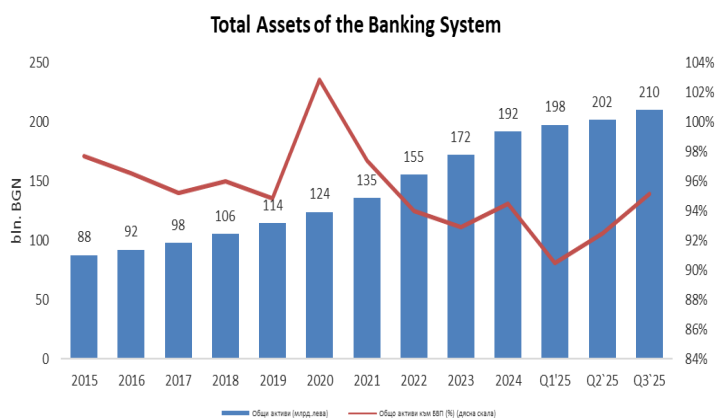
Credit activity remains high, due to the continued impact of factors on both the demand and supply side of credit.

The BNB points out that credit demand is supported by labor market conditions and the increase in disposable income, as well as by current interest rate levels.

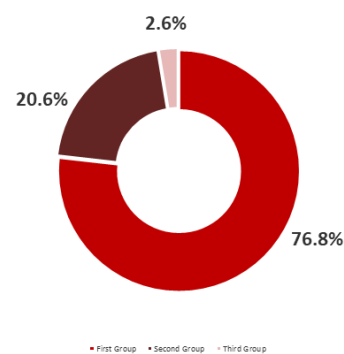
### Balance sheet statement (Statement of financial position)

#### Assets

As of the end-September`25, the banking sector total assets reached BGN 210,1 billion (95,1% of the projected GDP), growing by 15,2% y-o-y.



**Market Share in terms of Total Assets as of end-Q3'25**



Source: BNB, Ministry of Finance, own calculations

As of the end of the third quarter of 2025, the market share of the five largest banks in terms of total assets slightly decreased from 76,9% a quarter earlier to 76,8%. The share of assets of the second group of banks remain at the same level of 20,6%. The market share of the branches of foreign banks was 2,6%.

As of September 30, 2025, the loans and advances accounted for 62,1% of the total assets



and were equal to BGN 130,5 billion. Cash balances amounted to BGN 35,8 billion and comprised 17,0% of the total assets. The securities portfolio comprehended 17,1% of the total assets (BGN 35,9 billion). By comparison, at the end of the second quarter of 2025, loans and advances reported in the previous quarter comprised 63,6%, cash balances – 15,8%, and securities portfolio – 16,7%.

## Liabilities

The liabilities in the banking system (excluding total equity) amounted to BGN 184,9 billion, increasing by 15,3% y-o-y. The banks in the first group comprised 76,9% of the liabilities (BGN 142,2 billion), the second group – 20,4% (BGN 37,6 billion), and the third group – 2,7% (BGN 5,1 billion).

Total deposits of the banking system accounted for 96,4% of the liabilities (excluding equity). Regarding the Balance Sheet Statement items, the deposits' volume increased by 14,9% y-o-y to BGN 178,2 billion.

Provisions that include unsettled legal issues and lawsuits, credit commitments, guarantees, pensions, etc., accounted for 0,17% (BGN 319,2 million as an absolute amount). The item financial liabilities held for trading and other liabilities comprised 0,1% and 0,6%, respectively, of the liabilities.

## Equity

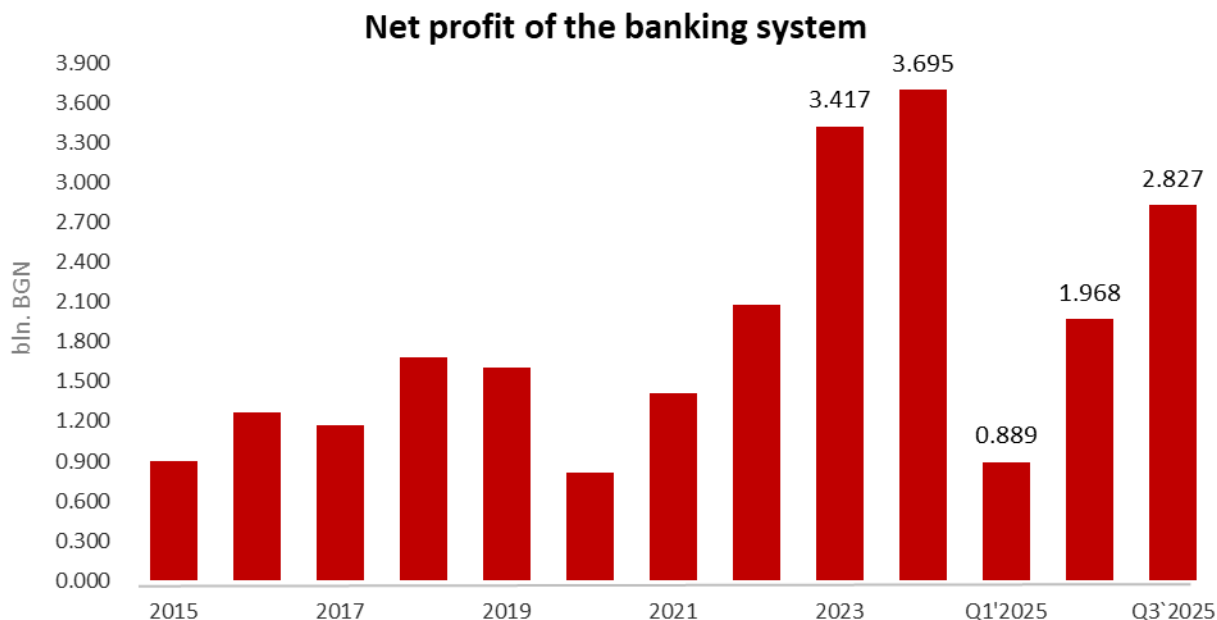
In the third quarter of 2025, the total equity of the banking system increased by BGN 613,3 million or 2,5% on a quarterly basis to BGN 25,2 billion. As of the end-September'25 the total equity raised by 14,1% compared to the same period of the previous year. The equity of the banks in the first group amounted to BGN 19,2 billion, and in the second group to BGN 5,6 billion.

## Statement of profit or loss

### Net profit

At the end of the third quarter of 2025, the banking sector reported a net profit of BGN 2 826,8 million, rising by 3,9% y-o-y. The net profit grew by BGN 106,6 million as an absolute positive change compared to the same period of the previous year when it amounted to BGN 2 720,2 million.

The financial result of the banking system is influenced by the rising interest income and the preservation of the quality of the credit portfolios of the banks.



Source: BNB

The first group of banks made up 82,8% of the net profit as of the end of the third quarter of 2025, the second group – 15,1%, and the third group – 2,1%. In comparison with the second quarter of 2025, the five biggest banks in terms of assets made up 83,3% of the net profit in the banking sector, the banks in the second group – 14,6%, and the share of the third group was 2,1%.

## Net interest income

As of the end of Q3 2025, the total net operating income of the banking system amounted to BGN 5,984 billion, increasing by 3,7% y-o-y (from BGN 5,772 billion as of the end of September 2024).

The bank's net interest income increased by 0,8% y-o-y (BGN 4,138 billion as of September 2024) and as of the end of September 2025 it reached BGN 4,170 billion.

The net interest income reflects the difference between the revenue generated from banks' interest-bearing assets and the expenses associated with paying on its interest-bearing liabilities. As of September 30, 2025, the interest income grew by 1,8% y-o-y to BGN 5,091 billion. The interest expenses amounted to BGN 921 million, increased by 7,0 % on an annual basis.

In its quarterly publication [Banks in Bulgaria](#), the BNB points out that net interest income continues to grow, but at a significantly lower rate. Lending activity remains strong, both on the demand side and on the supply side. The BNB points out that the determining factors for the supply of credit are the solid capital and the significant liquidity in the banking system.



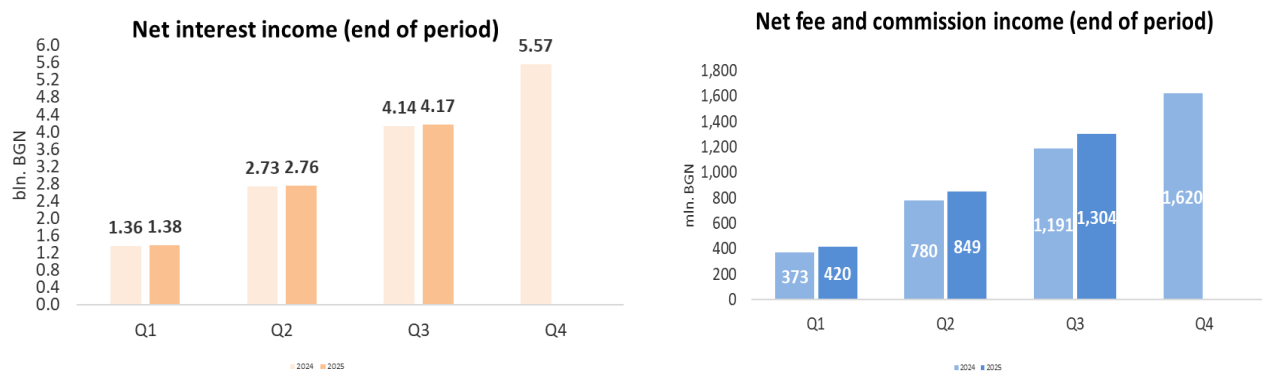
In Q3 2025, the net interest income made up 69,7% of the total net operating income of the banking system. According to the EBA data, as of Q2 2025, the net interest income of banks in the EU/EEA accounted for 57,5% of the total operating income.

## Net fee and commission income

As of the end of Q3 2025, the net fee and commission (F&C) income increased by 9,5% y-o-y to BGN 1 304,0 million.

As of the end of September 2025, the F&C revenues increased by 11,3% on an annual basis to BGN 1 698 million. F&C expenses increased by 17,6% on an annual basis reaching BGN 393,7 million as of the end of the third quarter of 2025.

As of end-September 2025, the net fee and commission income comprised 21,8% of the total net operating income of the banking system. According to the EBA data, the indicator of the banks in the EU/EEA accounted for 28,2% of the total operating income as of the end of Q2 2025.

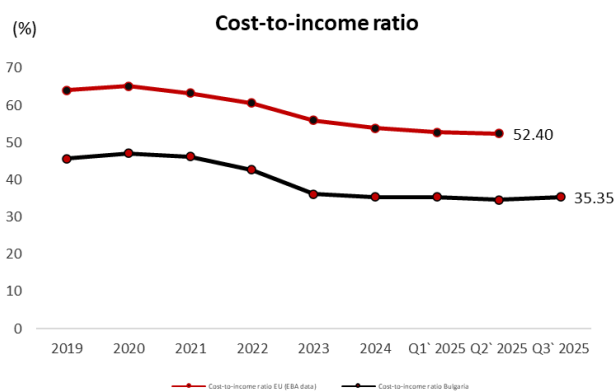
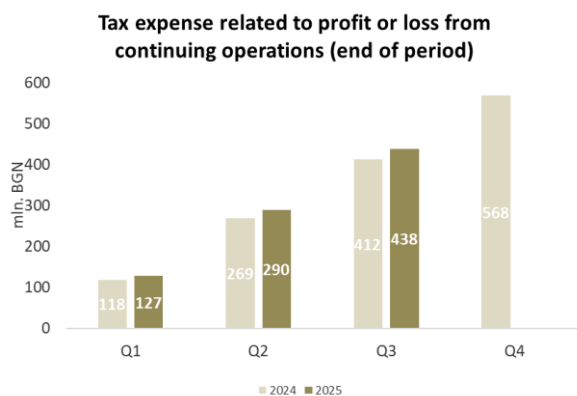
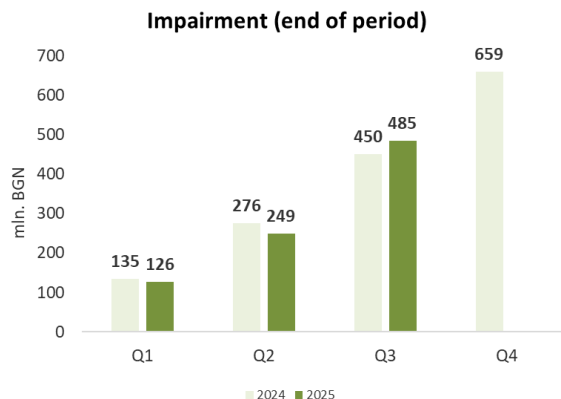
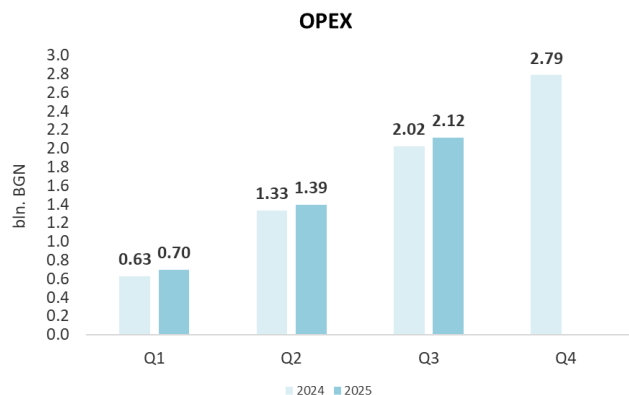


Source: BNB, own calculations

## Operating expenses and impairments

As of the end of Q3 2025, the administrative expenses, including overhead costs, increased by 4,8% (BGN 84,8 million in absolute terms) compared to the same period of 2024 as they reached BGN 1 870 million. The total operating expenses (administrative expenses and depreciation) grew by 4,7% y-o-y to BGN 2 115 million. As of end-September 2025, the impairment costs of financial assets not measured at fair value through profit or loss increased by 7,6%, reaching BGN 484,7 million (compared to BGN 450,4 million as of the end of September 2024).

As of the end of Q3 2025, the Cost-to-Income ratio for the banking system was 35,35%, which marked an increase compared with the level of the previous quarter which was 34,60%. According to the EBA data, as of Q2 2025, the average Cost-to-Income ratio of banks in the EU/EEA was 52,40%.



Source: BNB, EBA, own calculations

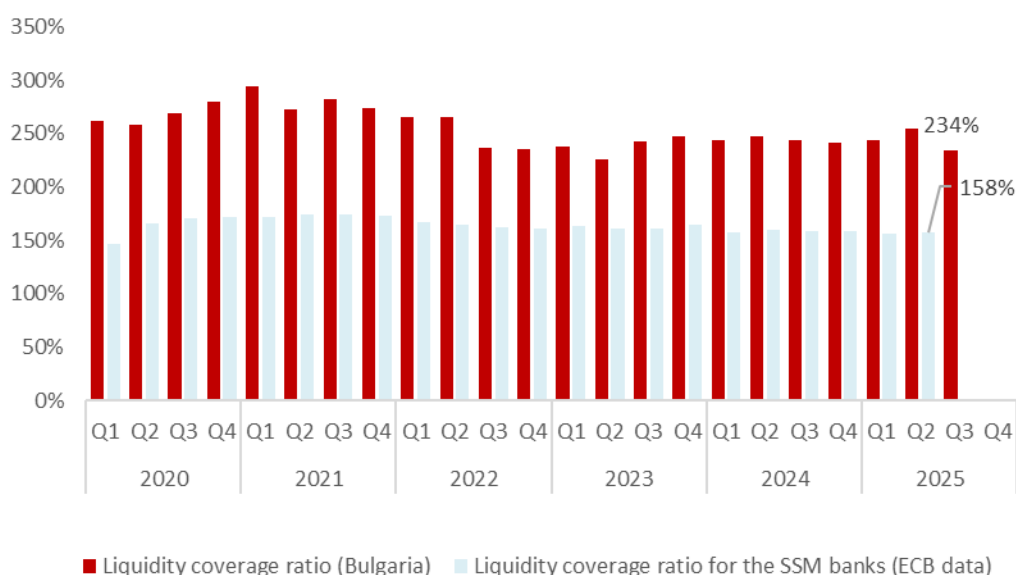


## Financial indicators

### Liquidity

According to the BNB data, as of end-September 2025, the liquidity buffer and the net liquidity outflows were equal to BGN 59,4 billion and BGN 25,4 billion, respectively. The liquidity coverage ratio (LCR) was 234,0% compared to 254,0% as of June 2025. According to the ECB data, the LCR for the banks participating in the Single Supervisory Mechanism was 157,84% at the end of Q2 2025.

Liquidity coverage ratio (LCR)



Source: BNB, ECB

### Capital adequacy

The capital position of the banking sector remained robust as the capital adequacy ratios continued to exceed the minimum regulatory requirements significantly.

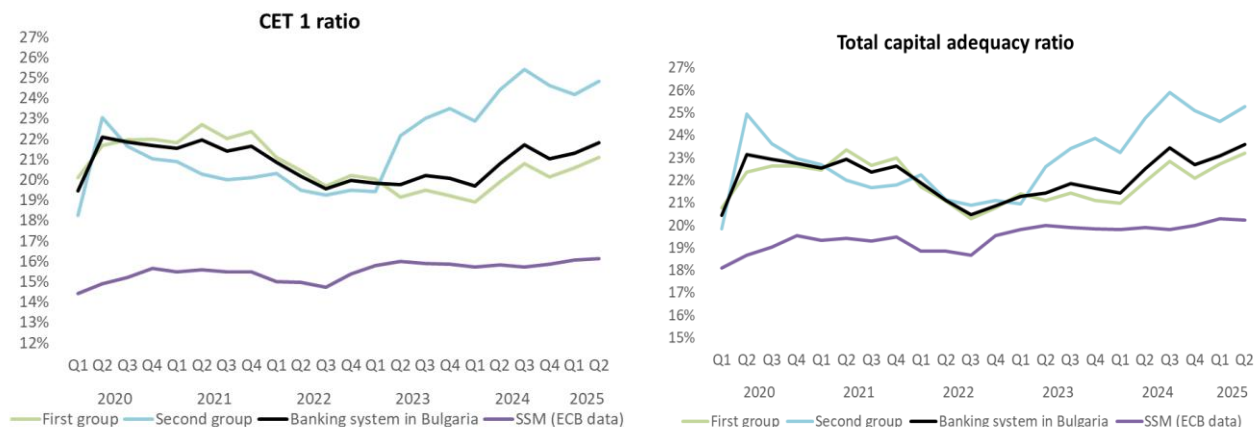
As of the end of Q2 2025, the common equity tier 1 (CET 1) ratio for the entire banking system stands at 21,83%, increasing from 21,32%, the level reported at end-March 2025. For the banks in the first group, the indicator increased from 20,60% to 21,09 %, and for the second group, it increased from 24,19% to 24,83%.

The total capital adequacy ratio increased to 23,61% from 23,10% at the banking system level. As of the end of June 2025, the CAR ratio for the first group of banks was 23,19% and 25,26% for the second group (22,72% and 24,63%, respectively, a quarter earlier).

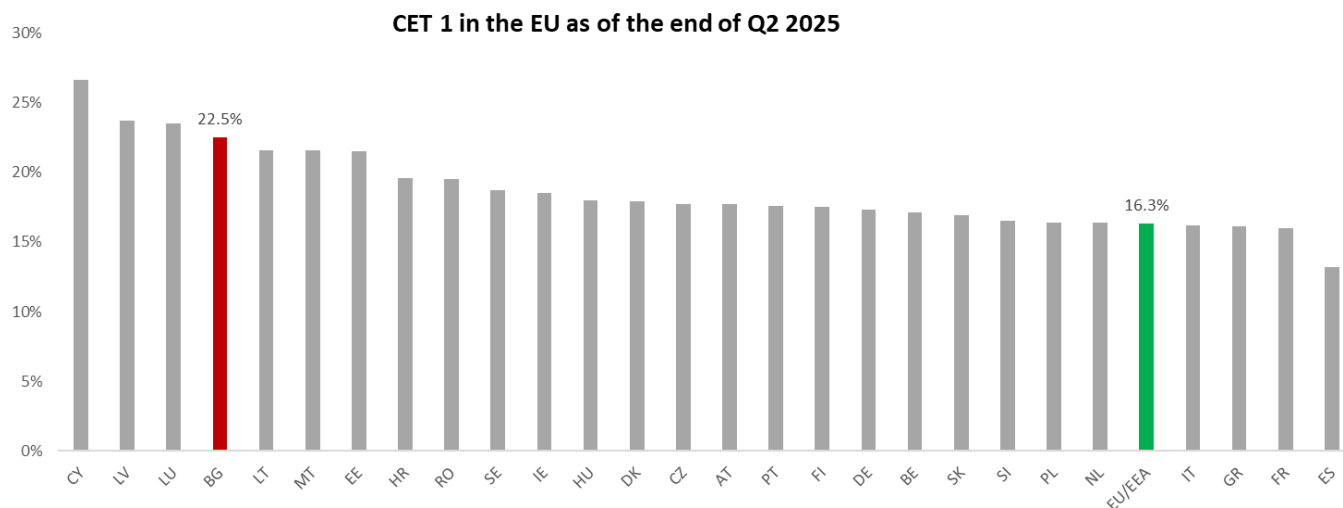
The capital adequacy ratios of the banks operating in Bulgaria are above the SSM's average.



According to the ECB data, as of June 2025, CET 1 and CAR ratios were 16,12%, and 20,24%, respectively.



Source: BNB, ECB



Source: EBA, Risk Dashboard, Q2 2025

Note: On the graphs, the data for Bulgaria is based on the information submitted to EBA by four banks, and do not refer to the entire banking system;

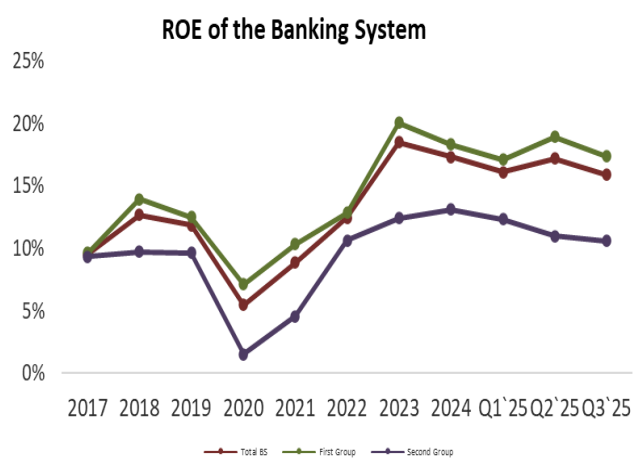
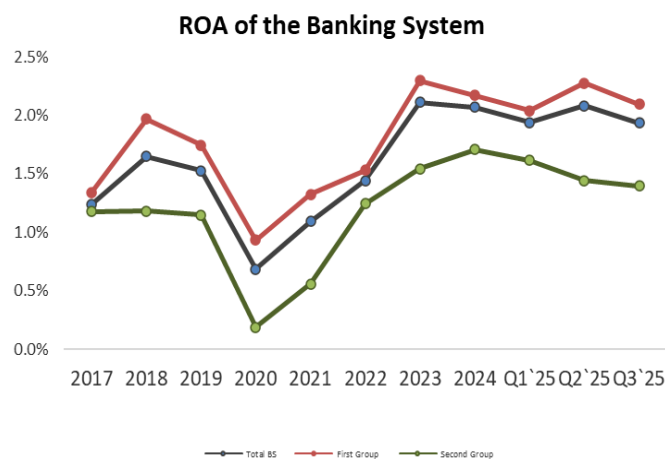


## Profitability

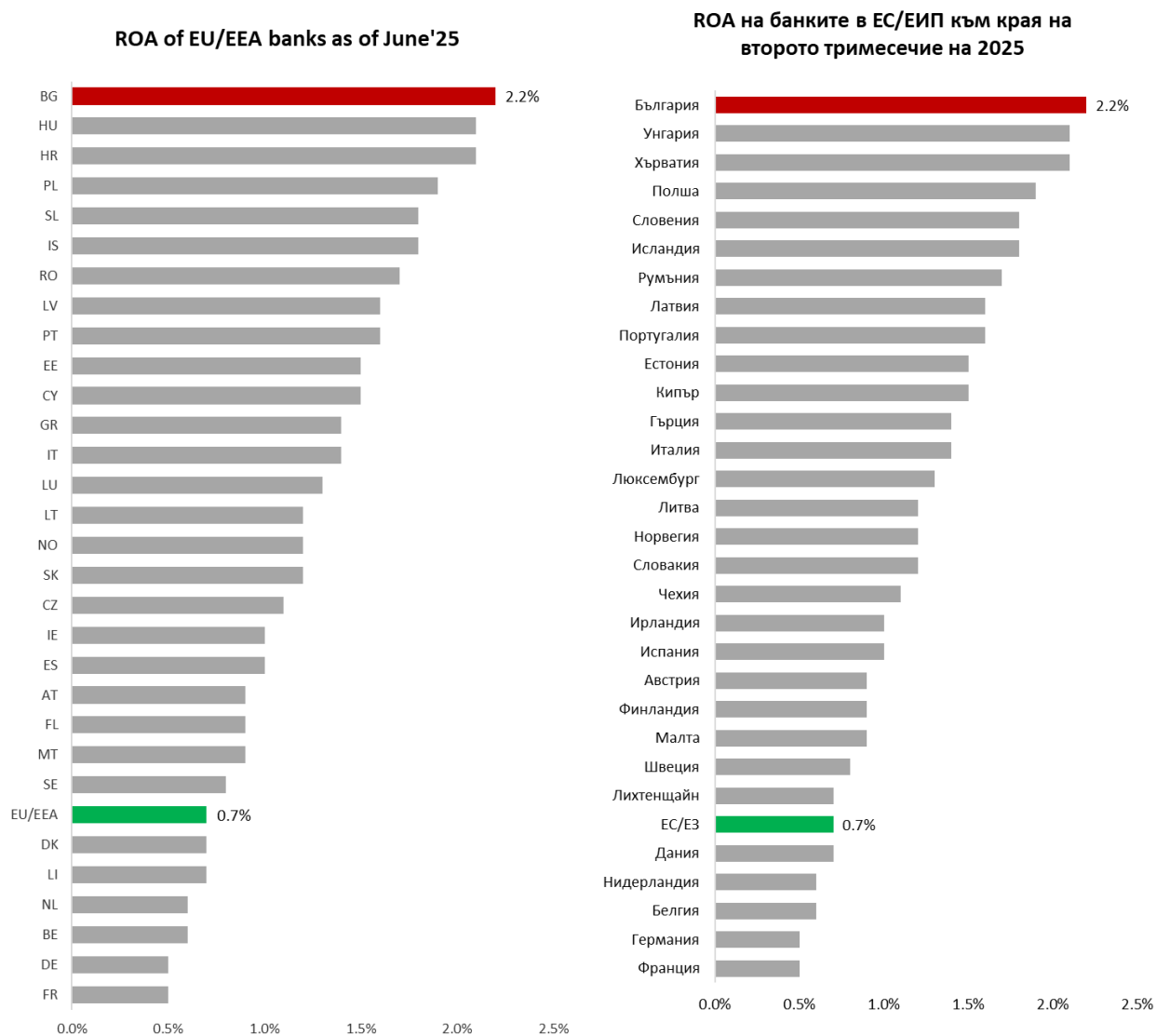
As of September 30, 2025, the Return on Assets (ROA) of the Bulgarian banking system decreased to 1,9% from 2,1 at the previous quarter. The ratio for the first group was 2,1% and for the second group it was 1,4%. According to the latest ECB data as of the first quarter of 2025, the average ROA of the European banks stood at 0,7%.

The Return on Equity (ROE) of the Bulgarian banking system decreased to 15,9% as of the end of Q3 2025 compared to 17,2% a quarter earlier. The ratios for the first and second groups of banks were 17,4% and 10,6%, respectively.

According to the ECB data, the average ROE of the European banks stood at 10,11% as of the end of Q2 2025.



Source: BNB, ECB



Source: EBA Risk Dashboard, Q2 2025

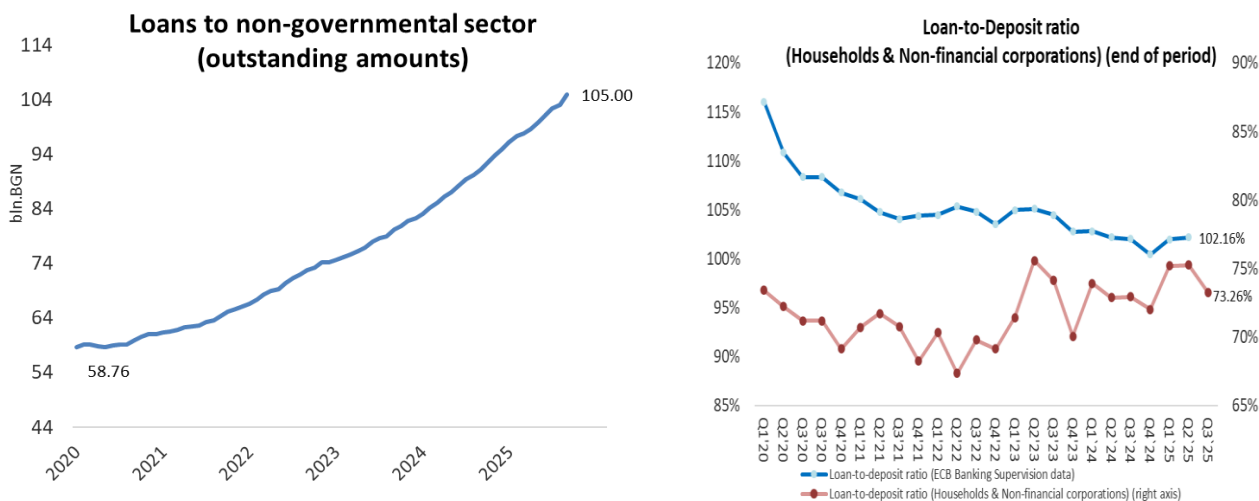
Note: Data for Bulgaria is based on the information submitted to EBA by four banks, and do not refer to the entire banking system;



## Loans and deposits

According to the Bulgarian National Bank's [Macroeconomic forecast](#) the BNB indicates that they expect interest rates on newly agreed term deposits for the non-government sector in general to remain unchanged, with mixed dynamics forecast in individual sectors. In the household sector, they expect a certain increase, due to indications of higher interest rates offered by some of the large commercial banks towards the end of the second quarter, which could be linked to the desire to attract part of the free cash of households into the banking system. The BNB forecasts that interest rates on newly granted loans to non-financial enterprises will continue to decrease until the beginning of 2026, after which they will gradually increase in line with market expectations for the dynamics of short-term interest rates in the euro area.

As of the end-September 2025, according to the BNB Monetary Statistics, total loans to the non-government sector (non-financial corporations and households) picked up by 15,1% y-o-y, reaching BNG 105,0 billion.



Source: BNB, Monetary Statistics, ECB, own calculations

The volume of non-performing loans (past due more than 90 days, excluding items Central Banks and Credit Institutions) increased towards the end of September, reaching levels of BGN 2,448 billion compared to the end of June 2025, when they amounted to BGN 2,337 billion. The share of non-performing loans to gross loan portfolio in the banking system increased from 1,77% as of June '25 to 1,83% as of end-September '25, according to the calculations based on the data of the BNB Banking Supervision Department but remain lower than a year ago.

The share of non-performing loans to non-financial corporations increased from 2,31% as of the end of June 2025 to 2,39% at the end of September 2025. Over the reviewed period, the ratio of mortgage loans decreased from 0,41% to 0,36%. The share of non-performing

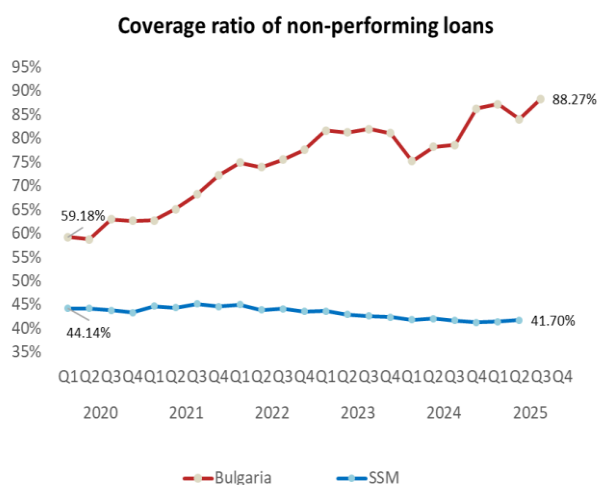
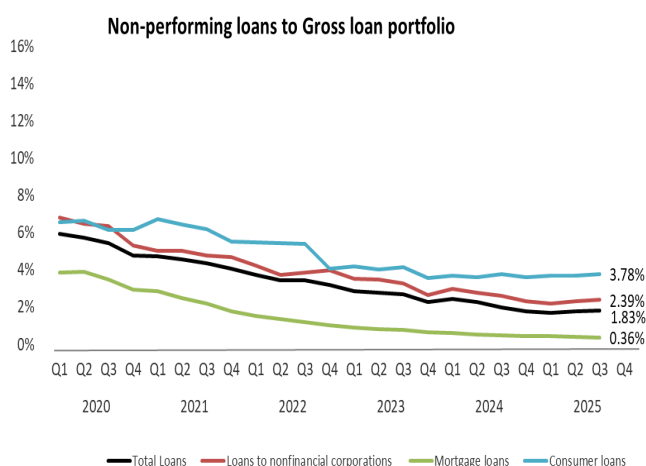


consumer loans increased from 3,71% to 3,78% as of the end of Q3 2025.

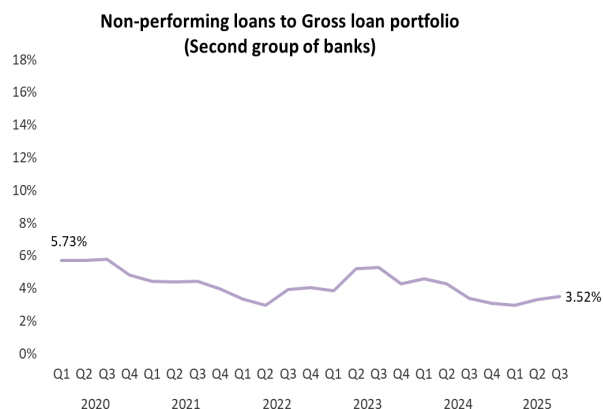
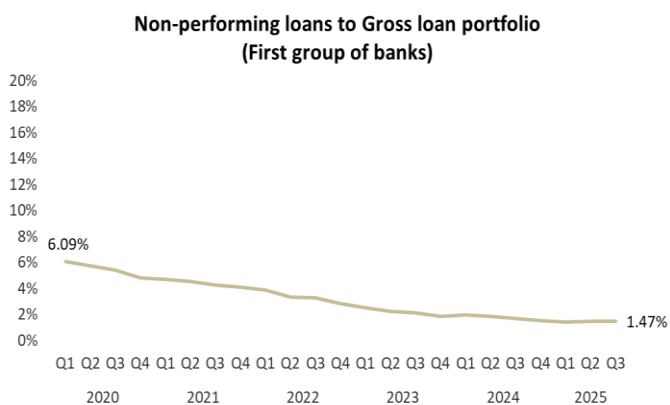
The amount of non-performing loans to non-financial corporations increased to BGN 1,321 billion as of the end-September 2025 from BGN 1,258 billion as of the end-June 2025. The non-performing mortgage loans decreased to BGN 120 million (from BGN 128 million a quarter earlier). The non-performing consumer loans increased to BGN 888 million, from BGN 836 million a quarter earlier.

The ratio of non-performing gross loans reported by the banks in the first group increased to 1,47% at the end of the third quarter of 2025 (growth from 1,45% a quarter earlier). The ratio reported by the banks in the second group increased to 3,52% (from 3,33% a quarter earlier).

The coverage ratio of non-performing loans in the Bulgarian banking system stood at 88,3% at the end of Q3 2025 compared to 84,0% a quarter earlier. According to the latest ECB data as of the second quarter of 2025, the coverage ratio of non-performing loans for the European banks was 41,7%.



Source: BNB, ECB, own calculations

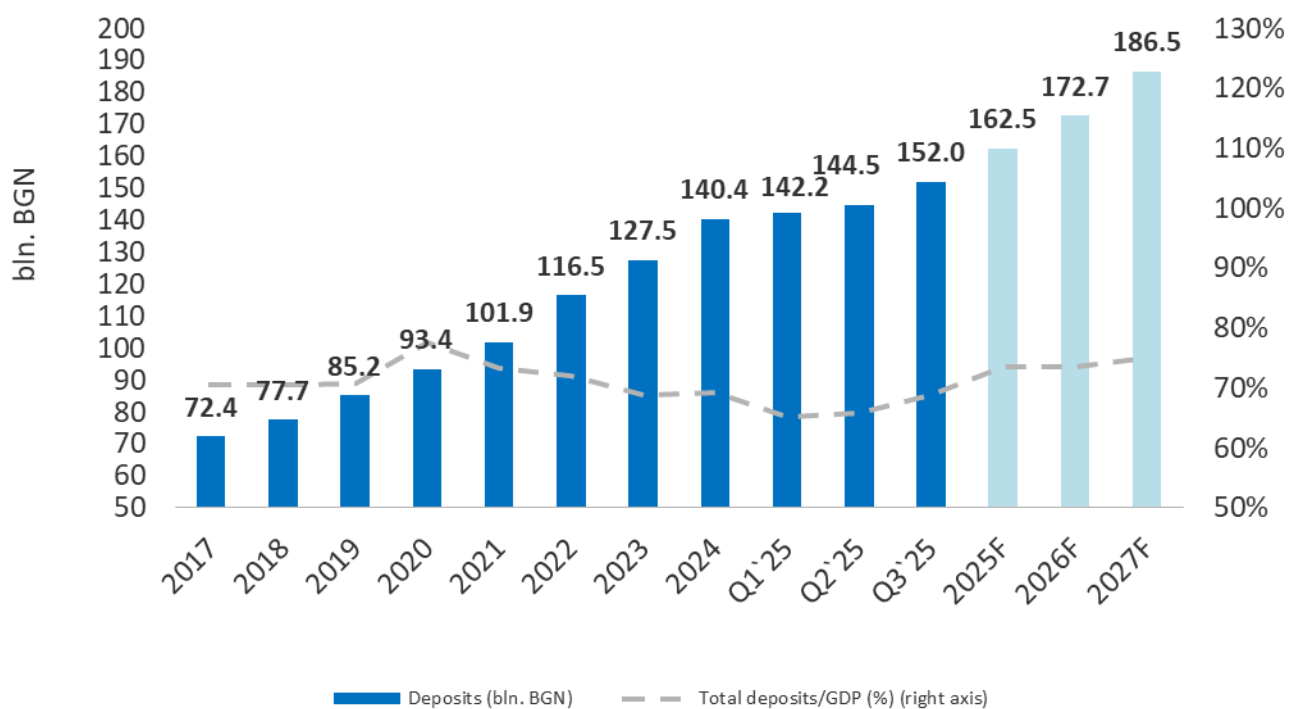


Source: BNB, own calculations



The total amount of deposits in the banking system continued to rise. As of the end of September 2025, the total deposits of the banking system reached BGN 152,0 billion, picking up by 13,4% y-o-y. The deposits' growth is slower compared with the reported increase of 10,0% reported at the end-June.

### Total deposits in the banking system



Source: BNB, own calculations  
Forecast: BNB, Ministry of Finance

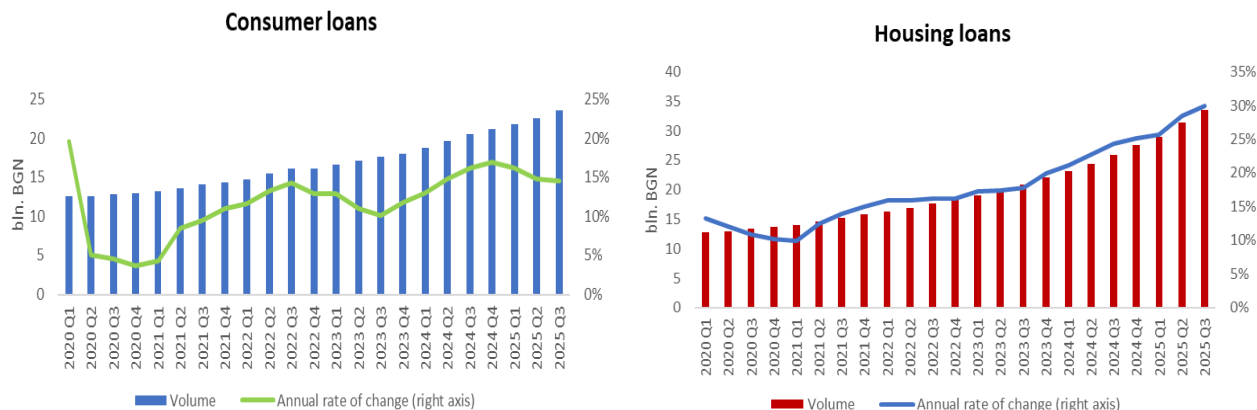
### Loans and deposits to households

At the end of Q3 2025, according to the BNB Banking Supervision Department data, the volume of consumer loans was equal to BGN 23,49 billion compared to BGN 22,56 billion a quarter earlier and BGN 20,50 billion a year earlier. In the third quarter of 2025, the volume of consumer loans grew by 4,2% on a quarterly basis and increased by 14,6% on an annual basis.

The volume of housing loans amounted to BGN 33,56 billion compared to BGN 31,38 billion as of end-September 2025 and BGN 25,84 billion as of end-September 2024. It increased by



6,9% on a quarterly basis and by 29,9% on an annual basis.

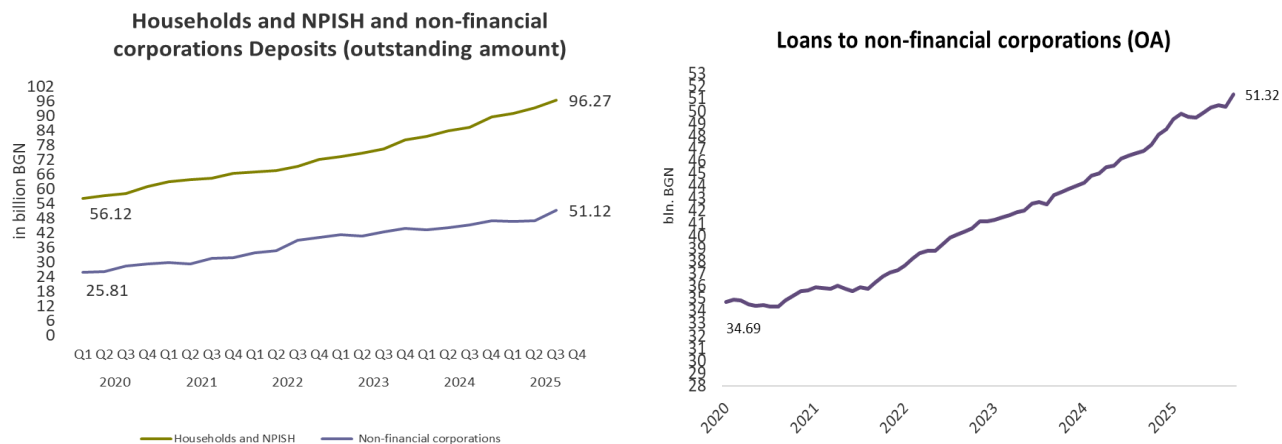


Source: BNB, Banking Supervision Department, own calculations

At the end of Q3 2025, the total amount of deposits from households and NPISH grew by 12,9% y-o-y (up from 6,1% reported at the end-June 2025). Deposits from households reached BGN 96,27 billion (43,6% of the projected GDP) which composed 63,3% of the deposits in the banking system.

## Loans and deposits to non-financial corporations

As of September 30, 2025, the total amount of deposits to non-financial corporations increased by 12,9% y-o-y (growth from a 6,1% a quarter earlier), reaching BGN 51,12 billion. According to the BNB's monetary statistics, the loans outstanding amount to non-financial corporations grew by 9,6% y-o-y to BGN 51,32 billion at the end of Q3 2025. The quarterly increase of loans to non-financial corporations is 2,1%.



Source: BNB, Monetary statistics



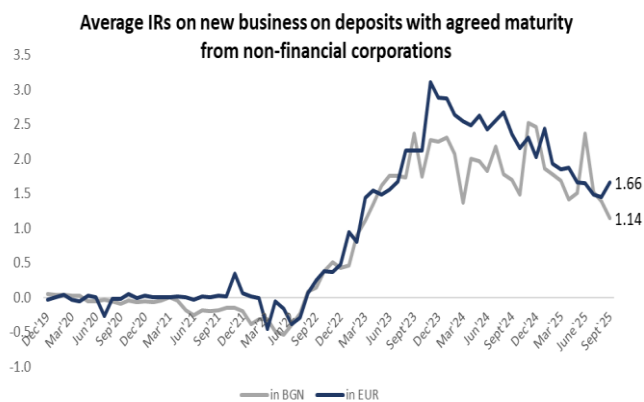
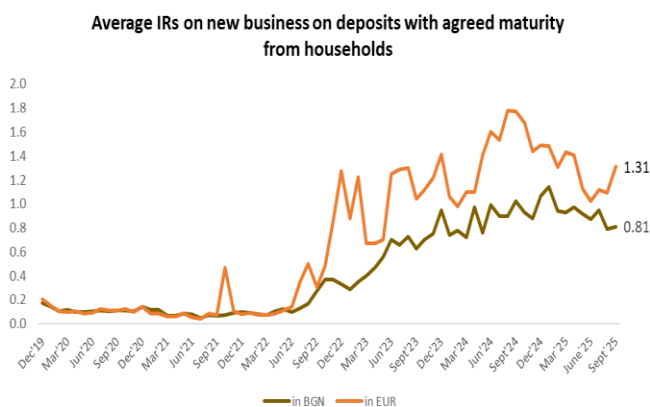
## Interest rates

At the end of the third quarter of 2025, interest rates on newly contracted housing loans in EUR, on newly contracted consumer loans in EUR, as well as on newly contracted loans to enterprises in EUR are observed. At this time, an increase in interest rates on newly contracted loans in BGN is observed. With regard to deposits, an increase in interest rates on deposits in EUR is observed, as well as a decrease in interest rates on deposits in BGN for households and deposits for enterprises.

### Interest rates on deposits

As of the end of September 2025, the average interest rate on deposits with agreed maturity in BGN to households (new business) decreased to 0,81% (from 0,87% a quarter earlier). The average interest rate on deposits in EUR increased and they reached 1,31% (from 1,02% a quarter earlier).

As of the end of Q3 2025, the average interest rate on deposits with agreed maturity to non-financial corporations (new business) in BGN decreased from 2,37% to 1,14%. The average interest rate on deposits in EUR slightly increased from 1,65% to 1,66%.



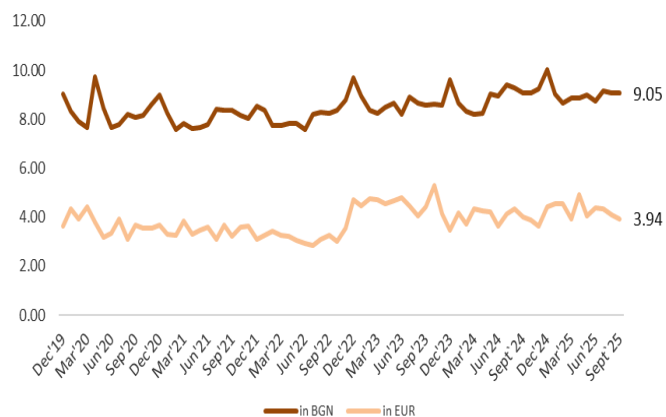
Source: BNB

### Interest rates on loans

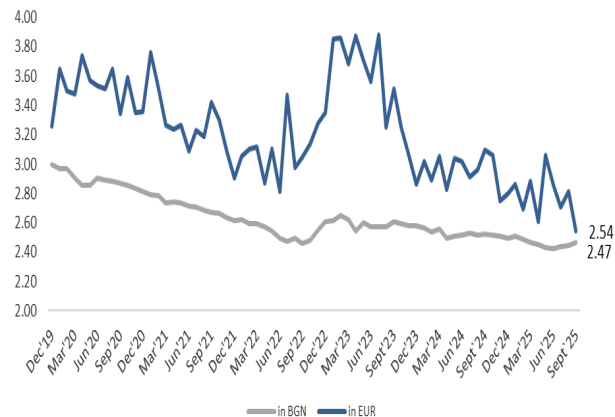
At the end of Q3 2025, the average interest rate on mortgage loans in BGN slightly increased to 2,47% (from 2,43% a quarter earlier). The average interest rate on mortgage loans in EUR decreased from 2,85% as of end-June`25 to 2,54% as of end-September`25.



(%) **Average IRs on consumer loans (new business)**



(%) **Average IRs on housing loans (new business)**



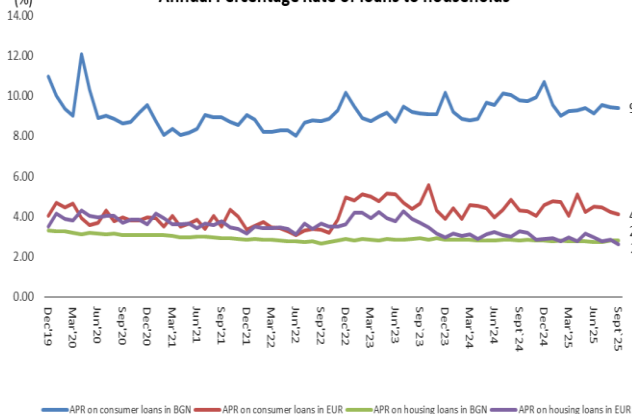
Source: BNB

As of the end of September 2025, the average interest rate on consumer loans in BGN slightly increased from 8,76% % in Q2 to 9,05% in Q3 2025. Concurrently, the average interest rate on consumer loans in EUR decreased from 4,37% in Q2 2025 to 3,94% in Q3 2025.

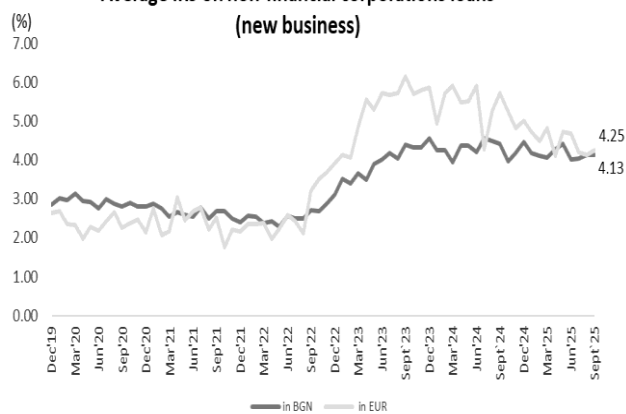
The annual percentage rate (APR), which, in addition to the interest, also includes all fees and commissions related to the loan, as of September 2025, slightly increased to 2,82% (2,74% as of June`25) for housing loans in BGN. The APR on housing loans in EUR decreased from 2,95% at the end of June 2025 to 2,61% at the end of September 2025. The APR level for consumer loans in BGN increased from 9,14%, to 9,40%, and for those in EUR, a decrease was observed from 4,50% to 4,11% as of September 2025.

The average interest rate on loans to non-financial corporations (new business) in BGN increased from 4,01% as of the end-June`25 to 4,13% as of end-September`25. The average IR on loans agreed in EUR decreased from 4,67% to 4,25% as of September 2025.

(%) **Annual Percentage Rate of loans to households**



(%) **Average IRs on non-financial corporations loans (new business)**



Source: BNB



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*The views provided are those prevailing as of November 28, 2025.*