Key Information Document

Purpose
This document provides you with key information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

Product
Purchase of an Interest Rate Cap

Manufacturer: UniCredit Bulbank AD – www.unicreditbulbank.bg (subgroup of UniCredit S.p.A. together with its consolidated holdings)

Call +359 2 9320 122 for more information.

The Financial Supervision Commission, Bulgaria, is responsible for supervising UniCredit Bulbank AD in relation to this Key Information Document.

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You are about to purchase a product that is not simple and may be difficult to understand.

1. What is this product?
Type
An Over the Counter (OTC) derivative contract – Purchase of an Interest Rate Cap

Term
The product has a fixed contractually agreed term and will terminate after 5 years.

Objectives
Interest Rate Caps are used for managing interest rate risks.

An Interest Rate Cap is an agreement between two contracting parties (client/UniCredit Bulbank AD), where you, as the buyer of the Interest Rate Cap, receive a compensation payment for the respective interest period (e.g. 3 months), if the reference rate (e.g. EURIBOR) exceeds the agreed cap rate on an interest-fixing date during the contractually agreed term. The amount of such a compensation payment is calculated as difference between the reference rate and the cap rate, based on the notional amount. Any interest rate with applicable periods (e.g. 3 month EURIBOR) can be selected as the reference rate. An interest-fixing occurs two banking days before the start of the respective interest period.

When purchasing the Interest Rate Cap you pay an option premium upfront, which is not refundable. The amount of the option premium depends among other things on the term of the option, the level of the cap rate and the volatility of the reference rate. Terms of up to 10 years are customary. The term of this agreement is divided into individual interest periods, which are determined by the period applicable to the reference rate.

The notional amount of the Interest Rate Cap serves merely to calculate the respective compensation payment. There is no amount payable/receivable equal to the notional amount.

You can enter into this product also in a foreign currency.

Sample product terms are set out below and are based on legally predefined or realistic assumptions and may not match your specific contract details.

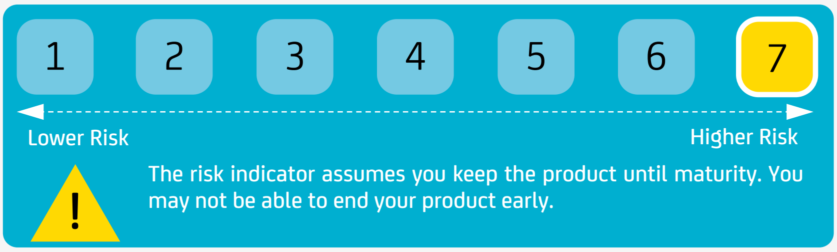
Term	5 years	Notional amount	EUR 10,000
Reference rate	3 months EURIBOR	Cap rate	3.50% p.a.
Compensation payments	quarterly payments day-count convention Act/360	Option premium	EUR 451
Day-count convention	act/360 means: Interest days in the counter are based on the number of calendar days. The calendar year in the denominator is set for 360 days. 30/360 means: The calendar month consists of 30 interest days. The calendar year is set for 360 days.		

Intended retail investor
This product is designed for retail investors who
- (i) hold this product for the contractually agreed term,
- (ii) understand that the option premium paid is not refundable and that they may receive nothing or less than the amount of the option premium and
- (iii) have comprehensive knowledge of and/or past experience with OTC derivatives and the financial markets.

2. What are the risks and what could I get in return?
Risk Indicator

The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you.

We have classified this product as 7 out of 7, which is the highest risk class.



In some circumstances you may be required to make payments to pay for losses. **The total loss you may incur may be significant.**

This product does not include any protection from future market performance so you could incur significant losses.

If we are not able to pay you what is owed, you could incur significant losses.

Performance Scenarios

What you will get from this product depends on future market performance. Market developments in the future are uncertain and cannot be accurately predicted. The scenarios shown are illustrations based on results from the past and on certain assumptions. Markets could develop very differently in the future.

Recommended holding period:		5 years	
Example notional amount:		EUR 10,000	
Scenarios		If you end after 1 year	If you end after 5 years
Minimum scenario	There is no minimum guaranteed return. You could lose some or all of your premium.		
Stress scenario	What you might get back or pay after costs	EUR -440	EUR -451
	Average return/loss over notional amount each year	-4.4%	-0.9%
Unfavourable scenario	What you might get back or pay after costs	EUR -438	EUR -103
	Average return/loss over notional amount each year	-4.4%	-0.2%
Moderate scenario	What you might get back or pay after costs	EUR -437	EUR 602
	Average return/loss over notional amount each year	-4.4%	1.2%
Favourable scenario	What you might get back or pay after costs	EUR -430	EUR 1,692
	Average return/loss over notional amount each year	-4.3%	3.4%

The figures shown include all the costs of the product itself, but may not include all the costs that you pay to your distributor. The figures do not take into account your personal tax situation, which may also affect how much you get back or pay.

The favourable, moderate, unfavourable and stress scenarios represent possible outcomes, which have been calculated based on simulations using the past performance of the reference rate over the past 5 years. The stress scenario shows what you might get back or pay in extreme market circumstances.

This product cannot be easily cashed in. This means it is difficult to estimate how much you would get back if you cash in before the end of the recommended holding period. You will either be unable to cash in early or you will make a large loss if you do so.

3. What happens if UniCredit Bulbank AD is unable to pay out?

Counterparties of derivative transactions are exposed to the risk that UniCredit Bulbank AD becomes unable to discharge its obligations under the transaction, for example in the case of an insolvency (inability to pay or overindebtedness) or in the case resolution measures are taken by an authority against the credit institution. Such a decision to take resolution measures can, for example, be taken if the assets of the institution are less than its liabilities, where it is unable or will, in the near future, be unable to pay its debts or other liabilities as they fall due, or where it requires extraordinary public financial support. Where resolution measures are taken, the competent resolution authority can decide on an early termination of the derivative transaction. In the case such early termination results in a claim of the counterparty against the credit institution, the decision of the resolution authority can lead to a partial or complete reduction of the principal amount of this claim or in a conversion of this claim in to equity (shares or other types of equity).

If UniCredit Bulbank AD does not fulfil its obligations connected with the product or is unable to pay, you can lose part of or the full payout or can suffer an unlimited loss. This product is not protected by any deposit guarantee scheme, legal or otherwise, or any other type of guarantee.

4. What are the costs?

The person selling you this product may charge you other costs. If so, this person will provide you with information about these costs and how they affect your investment.

Costs over time

The tables show the amounts that are taken from your investment to cover different types of costs. These amounts depend on how much you invest, how long you hold the product and how well the product does. The amounts shown here are illustrations based on an example investment amount and different possible investment periods.

We have assumed:

- The product performs as shown in the moderate scenario.
- A notional amount of EUR 10,000

	If you end after 5 years (Recommended holding period)
Total costs	EUR 268
Annual cost impact (*)	0.5%

(*) This illustrates how costs reduce your return in relation to the notional amount each year over the holding period. For example it shows that if you exit at the recommended holding period your average return per year is projected to be 1.7% before costs and 1.2% after costs.

Composition of costs

One-off costs upon entry or exit		If you end after 5 years
Entry costs	These costs are already included in the price you pay.	Up to EUR 268
Exit costs	Not applicable	

5. How long should I hold it and can I take money out early?

Recommended holding period: 5 years

The recommended holding period is equal to the contractually agreed term. You are not entitled to terminate the product unilaterally before the end of the contractually agreed term. This does not apply in case you have contractually agreed with UniCredit Bulbank AD that one party or both parties have the right to prematurely terminate this product upon notice to the other party and subject to a compensation payment (contractual early termination clause).

6. How can I complain?

You can make complaints about the product, or about the behaviour of the issuer of the product or of the persons who sell the product, on the following website https://www.unicreditbulbank.bg/en/corporate-clients/financial-markets/financial-markets-and-services, in writing to UniCredit Bulbank AD, Corporate Treasury Sales, 7 Sveta Nedelya Sq., 1000 Sofia, Bulgaria or via e-mail to DerivativeSales@UniCreditGroup.BG.

7. Other relevant information

Additional product information is available on request. UniCredit Bulbank AD reviews this Key Information Document annually. The latest version of the document is available for you under https://www.unicreditbulbank.bg/en/corporate-clients/financial-markets/financial-markets-and-services. In case you need further information feel free to contact us.