ANNUAL DISCLOSURE

YEAR 2017

ACCORDING TO REGULATION (EU) 575/2013
/PART EIGHT – DISCLOSURE BY INSTITUTIONS/

UniCredit Bulbank

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This report is prepared following the requirements of the Regulation (EU) 575/2013 of the European Parliament and of The Council, Part Eight – Disclosure by Institutions and of the EBA/GL/2016/11 Guidelines on disclosure requirements under Part Eight of Regulation (EU) 575/2013.

As per the prescription of the EBA/GL/2016/11, below is a disclosure index table providing reference both to the requirements set in Part Eight of the Regulation (EU) 575/2013 and the EBA/GL/2016/11.

All amounts, unless otherwise specified, are presented in Bulgarian Lev (BGN) rounded to the nearest thousand. Bulgarian Lev is the functional and reporting currency of UniCredit Bulbank AD.

Data refer to prudential scope of consolidation.

This document was prepared in accordance with specific Internal Regulation (*Rules following the Annual Disclosure of capital adequacy information of UniCredit Bulbank AD*).

The disclosure of the Annual Consolidated Financial Statements is published on the website of UniCredit Bulbank AD (https://www.unicreditbulbank.bg/bg/za-nas/rezultati/finansovi-otcheti/).

UniCredit Bulbank

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UniCredit Bulbank

1 REPORTING ENTITY

UniCredit Bulbank AD (the Bank) is an universal Bulgarian Bank established upon triple legal merger of Bulbank AD, HVB Bank Biochim AD and Hebros Bank AD. The merger was legally completed on April 27th, 2007 with retroactive effect commencing January 1st, 2007.

UniCredit Bulbank AD possessed a full-scope banking licence for performing commercial banking activities. It is domiciled in the Republic of Bulgaria, with registered address Sofia, 7 “Sveta Nedelya” sq.

In 2017 UniCredit Bulbank AD has received BBB/Negative rating by Fitch, one of the most respectable agency in the world.

As of 1st of October 2016, UniCredit Bulbank AD is under the direct control of UniCredit S.p.A. after the transfer of the activities and ownership of the CEE Division from UniCredit Bank Austria (UCBA) to UniCredit S.p.A. (UniCredit Group/Holding Company)

2 RISK MANAGEMENT, OBJECTIVES AND POLICIES

2.1 OVERVIEW

UniCredit Bulbank offers a comprehensive range of banking and financial products and services to individuals and corporate customers including multinationals, public sector and institutional customers.

The Bank is fully integrated into UniCredit Group – a simple, successful Pan European Commercial Bank, with a fully plugged-in Corporate and Investment Banking, delivering a unique Western, Central and Eastern European network to the extensive franchise of 25 million clients.

UniCredit Group Strategy is long-term. The UniCredit Group is transforming through decisive actions to lay the groundwork for the future, changing the way it works to anticipate the clients' medium-term evolution.

Following "Banking that matters" concept UniCredit Group has a simple and successful Pan European Commercial banking model delivering relevant solutions to the real needs and wants of today's customers.

The strategic orientation of UniCredit Bulbank is to affirm and further strengthen the leadership position, both in terms of size and performance, as well as to create value for all its stakeholders. It is supported by various transformation initiatives under the umbrella of Group Transform 2019 Plan. The main transformational pillars for UniCredit Bulbank are in line with UniCredit CEE strategy: Combining the Innovations and Risk Discipline, keeping the Customer First, striving for Efficiency, Sharing & Replicating the best practices within UniCredit Group.

The implementation of UniCredit Bulbank strategy is guided by the five Fundamentals of UniCredit Group:

- Customers First
- People Development
- Cooperation and Synergies
- Risk Management
- Execution and discipline

The Risk Appetite is defined at Group level reflecting macro-scenarios and the Group Ambition in terms of capital, financial structure and profitability. This definition includes the Risk Appetite Statement and the set of KPIs together with their applicable thresholds. The Risk Appetite Statement expresses the overall perception for the risk boundaries and focus of activities. It is a commitment to a robust business model with low risk framework. The Risk Appetite Statement provides an indication of the strategies necessary to manage key risks within the perimeter of the Group.

Risk Appetite definition and approval are performed annually according to the timeline and stages in the planning calendar for Ambition and budget definition and the process of cascading the Risk Appetite to the Group's Legal Entities essentially represents the definition of local Risk Appetite.
In UniCredit Bulbank, the set of Risk Appetite KPIs and their applicable thresholds follow a top-down Holding Company proposal and are verified locally against regulatory requirements, budget and other applicable stand-alone assumptions. The local Risk Appetite Statement and set of Risk Appetite KPIs (Dashboard) are presented to the Bank's Management Board for approval and is subject to subsequent Supervisory Board approval as well.

The Risk Appetite of UniCredit Bulbank reflects the ambition to:

- Pursue **a robust business model with low risk framework** ensuring sustainable profits and return on equity above the cost of capital.
- Ensure the **fulfillment of regulatory requirements** with solid capital position, also under stressed scenarios, and maintain the capacity to fulfill ordinary and extraordinary payment obligations while minimizing costs (LCR and NSFR above 100%).
- Maintain an **efficient level of costs** while still managing customer relations in the best possible way.
- Keep specific risks under control and set boundaries for management decisions.

The annual process of defining and setting the Group Risk Appetite and the subsequent cascading to the level of local Risk Appetite is described in the *Group Risk Appetite Framework Management*.

2.2 RISK GOVERNANCE BODIES AND COMMITTEES

Supervisory Board

The Supervisory Board (SB) performs preliminary, current and consecutive control on the compliance of the Management Board's and the Bank's activities to the applicable laws, the Statute and the decisions of the General Meeting of the shareholders in the interest of the Bank's clients and shareholders.

Management Board

The Management Board (MB) arranges, administers, supervises and solves all the problems related to the Bank's activity except from those which by the force of law or the Statute are within the competence of the General Meeting of the Shareholders or the Supervisory Board.

Risk Committee

The Risk Committee is an independent permanent advisory body appointed and dismissed by the SB of the Bank. The Risk Committee advises the Supervisory Board and the Management Board of the Bank on the Bank's overall current and future risk appetite and strategy and assist the SB and MB in overseeing the implementation of the strategy by senior management of the Bank. For avoidance of doubt the Risk Committee has advisory functions only, and the SB and MB retain overall responsibility for risks, the risk management and control.

Credit Committee

The Credit Committee is a collective body for taking credit decisions, in accordance with the Statute and the relevant resolutions of the Management Board and the Supervisory Board. The Credit Committee also discusses proposed new products, internal credit rules, in compliance with regulations, takes relevant decisions or submits the issue for approval by the Management Board and/or Supervisory Board.

Credit Council

The Credit Council is a collective body for taking credit decisions in the scope of granting loans in compliance with the statutory requirements and internal bank regulations, applicable at the moment of considering the specific loan application, and the relevant resolutions of the Management and/or Supervisory Board.

Provisioning and Restructuring Committee (PRC)
The Provisioning and Restructuring Committee is a standing specialized internal body, responsible for the monitoring, evaluation, classification, and provisioning of risk exposures for losses from impairment, restructuring and write-off of risk exposures of the Bank.

The Credit Monitoring Commission
The Credit Monitoring Commission is a collective specialized internal body established for taking decisions, corresponding to the process of monitoring of loans to business, corporate and key clients.

Asset-Liability Committee (ALCO)
ALCO is equipped with decision authority in following areas:

- Integrated management of both balance sheet and off-balance sheet in given legal, regulatory and tax framework.
- Definition of boundary conditions for customer business (except credit risk and operational issues).
- Set-up of Profit centres. Development of system that generates justice, economically motivating signals. Mainly proper internal transfer pricing (FTP). Ultimately also capital should be allocated to individual Profit centres (RAROC concept).
- Risk management system in “ALCO areas” (i.e. Market Risk, Liquidity Risk).
    - Decisions within boundaries defined by Legal environment, BNB and Group.
    - Proposals in name of Bank (to change Group boundaries)

Operational and Reputational Risk Committee
The established Operational and Reputational Risk Committee greatly enhanced the regular exchange of information and promotion of the operational risk awareness within the Bank. Meetings are held quarterly and are attended by the Bank’s senior management. The Operational and Reputational Risk Committee acts also as a Permanent Workgroup, where current operational and reputational risk issues and developments are reported, and serves as a platform for discussion of unresolved issues for the purpose of finding risk mitigation solutions. General purpose: Optimization of Operational and Reputational Risk management within the Bank through:

- Regular exchange of information on Operational risk and Reputational risk affecting different units;
- Improvement of internal communication for finding proper risk mitigation solutions;
- Coordination of regular risk activities such as limits, key risk indicators, risk scenarios, loss data collection;
- Introduction and implementation of Regulatory OpRisk requirements;
- Introduction and implementation of OpRisk and RepRisk UniCredit Group standards;
- Level of competence – the entire bank and subsidiaries;
- Functions as a Permanent Workgroup (PWG) as per the Group Operational Risk Management Global Policy and Operational Risk Permanent Workgroup Operations Global Process Regulation; PWG documents are the Committee’s presentation and meeting minutes;
- Decision taking body, reconfirmed by the Management Board;
- Related activities: internal audit, legal, HR, security, operations, insurance, money laundering, out-sourcing, etc.

Internal Control Business Committee (ICBC)

The UniCredit Bulbank's Internal Control Business Committee (ICBC) supports the General Manager in the assessment of the overall Internal Control System adequacy ("System" or "ICS") in the Bank through:

- The analysis of the critical topics,
- Monitoring and prioritization of the corrective actions related to ICS, in order to contribute to the efficiency and effectiveness of the ICS.

The UniCredit Bulbank's ICBC supports the General Manager by consolidating ICS relevant topics within one committee putting forward recommendations in the examination of the proper functioning of the ICS in the Bank in order to protect the needs of business and customers and ensure compliance with external regulations as well as Group guidelines and policies and intra-bank regulations

Audit Committee

The main functions of the Audit Committee are:

- To monitor the financial reporting processes in the Bank;
- To monitor the effectiveness of the Bank's internal control system and to analyze the related periodic information;
- To monitor the effectiveness of the risk management system in the Bank;
- To monitor the effectiveness of the independent financial audit in the Bank;
- To supervise the external auditing process and the registered auditors' activity;
- To evaluate the results of the work performed by the registered auditors and to examine the status of relations with them;
- To examine, at least once a year, the adequacy of accounting principles used in the process of preparation of the annual and interim financial statements on the basis of reports and information provided by the responsible Bank officers operating within the related function, and, to discuss them, at its sole discretion, with the registered auditors;
- To review the independence of the registered auditors of the Bank in accordance with the legal requirements and the Code of Ethics of professional accountants, and to monitor the provision of additional services by the registered auditors to the Bank;
- To ensure the relationship with the registered auditors, by receiving the terms of engagement, and to assess the audit findings and recommendations, as well as the ones issued by other external supervision and control authorities;
- To evaluate the findings of the Bank's Internal Audit or the examinations and/or investigations of other responsible Bank officers operating within the related Function.

2.3 INTERNAL AUDIT FUNCTION

Internal Audit is an independent function established by Governing Bodies of UniCredit Bulbank and it is an integral part of the internal controls environment. It carries out an independent, objective assurance and consulting activity in order to evaluate, add value and improve Internal Control System. Internal Audit Department of UniCredit Bulbank is in charge of the internal audit activity within the local banking group, including UniCredit Bulbank and its subsidiaries.

The audit engagements are executed according to the UniCredit Group Internal Audit Framework applied in compliance with the local legal requirements and regulations and is based on the

International Audit Standards. UniCredit Bulbank Internal Audit is subject to a periodic quality assessment, external to the assessed function, which is realized by Audit Quality Assurance department of UniCredit S.p.A (Italy).

To achieve the degree of independence necessary to effectively carry out the responsibilities of the internal audit activity, Head of Internal Audit Department reports to the highest level of corporate governance of UniCredit Bulbank. Chief Audit Executive (CAE) is appointed with a resolution of the General Shareholding Meeting and interfaces with the Statutory Bodies, Audit Committee, UniCredit Bulbank's governing bodies including all the managerial levels, Supervisory Authorities and External Auditors as well.

Internal Audit activity is duly planned, controlled and recorded in order to determine priorities, establish and achieve objectives.

In accordance with the provisions of *Ordinance 10* of BNB, reports with the results of the internal audit activity including assessment of the control systems, measures and actions undertaken are duly prepared and presented to the Governing bodies on a quarterly and annual basis.

2.4 COMPLIANCE FUNCTION

The Compliance function in UniCredit Bulbank is organized as a Compliance Department with two Units - General Compliance Unit and Anti Money Laundering Unit. The Head of the Compliance Department reports to the Chief Executive Officer of the Bank.

Among the functional range of the General Compliance Unit are to conduct monitoring on compliance risk (second level controls), to prepare proposals for organizational and procedural changes in order to ensure the proper management of the identified compliance risks, to advice and assists the Top Management in all matters concerning compliance risk, to analyse the compliance/reputational risk in new products and businesses, etc.

Among the functional range of the Anti-Money Laundering Unit are to conduct monitoring and where necessary approval of documentation related to customer identification for existing and new customers, to ensure timely and accurate communication with the Financial Intelligence Agency (FIA), Bulgarian National Bank and/ or law enforcement agencies (as directed by law and bank policy), etc.

3 INFORMATION ON RISK MANAGEMENT, OBJECTIVES AND POLICIES BY CATEGORY OF RISKS

UniCredit Bulbank is exposed to the following risks from its use of financial instruments:

- Market Risks
- Liquidity Risks
- Credit Risks
- Operational and Reputantional Risks

Different types of risks are managed by specialized departments and bodies within the Bank's structure. The applicable policies entirely correspond to the requirements of Risk Management Group Standards as well as all respective requirements set by Bulgarian banking legislation.

3.1 MARKET, COUNTRERPARTY CREDIT RISK AND LIQUIDITY RISK

3.1.1 Management of Market risks

Market risk management in UniCredit Bulbank and consolidated subsidiaries encompasses all activities in connection with Markets and Investment Banking operations and management of the balance sheet structure.

The collective Bank's body with delegated by MB decision authority for market, liquidity and integrated risks management is ALCO (Assets and Liabilities Committee).

Risk monitoring and measurement in the area of market and liquidity risks, along with trading activities control is performed by Market Risk unit. Prudent market risk management rules and limits are explicitly defined in the Market Risk Strategy document of UniCredit Bulbank, reviewed at least annually. A product introduction process is established, in which risk managers play a decisive role in approving a new product.

UniCredit Bulbank applies uniform Group risk management procedures. Risk positions are aggregated at least daily, analyzed by the independent Market risk management unit and compared with the risk limits set by the Management Board and ALCO.

For internal risk management and Group compliant risk measurement, the Bank applies UniCredit Group's internal model IMOD. It is based on historical simulation with a 500-day market data time window for scenario generation and covers all major risk categories: interest rate risk and equity risk (both general and specific), currency risk and commodity position risk. Internal model also includes quantification of Stressed VaR and Incremental Risk Charge values. The simulation results, supplemented with distribution metrics and limit utilization are reported on a daily basis to the Management and the responsible business units.

Reliability and accuracy of the internal model is monitored via daily back-testing, comparing the simulated results with actually observed fluctuations in market parameters and in the total value of books.

A set of granular sensitivity-oriented limits accross asset classes is defined as complementary to VaR measure. The most important detailed presentations include: basis point shift value (interest rate /spread changes of 0.01 % by maturity bucket), credit spread basis point value (credit spread changes of 0.01% by maturity bucket) and FX sensitivities. In the interest rate sector, the Basis-

Point-Value (BPV) limit restricts the maximum open position by currency and time buckets, with valuation changes based on shift by 0.01% (1 basis point). Additional element is the loss-warning level limit, providing early indication of any accumulation of position losses.

Internal model results are complemented by various stress scenarios to identify potential effects of stressful market conditions on the Bank's earnings. The assumptions under such stress scenarios include extreme movements in prices or rates and deterioration in market liquidity. Stress results for major asset classes and portfolios (credit, rates and FX) and estimated impact on liquidity position are reported at least monthly to ALCO.
In 2017 the Bank's Management continued prudent risk management practice with primary focus on client-driven business.

Market risks in the trading book
In accordance with the Capital Requirements Regulation, and as defined in Group policy "Eligibility Criteria for the Regulatory Trading Book assignment", Trading Book is defined as all positions in financial instruments and commodities held either with trading intent, or in order to hedge positions held with trading intent. Books held with trading intent are composed of:

- Positions arising from client servicing and market making;
- Positions intended to be resold short term;
- Positions intended to benefit from actual or expected short-term price differences between buying and selling prices or from other price or interest rate variations.

The above defined "trading intent" is essential requirement for assignment to Regulatory Trading Book. Additionally, the following requirements have to be assessed:

- Tradability - refers to positions free of restrictions on their tradability and coherently reflected within the "Trader Mandate" of the risk-taker;
- Marketability - refers to positions for which a reliable Fair Value can be evaluated based on independently verified observable market parameters;
- Hedgeability - refers to positions for which a hedge could be put in place. The hedgeability is meant to apply for "material" risks of a position.

When opening a new book, the risk-taker makes proposal if the book should be managed as a Trading Book or a Banking Book based on the planned trading activity. The risk-taker is required to clearly declare the trading intent and therefore to explain the business strategy behind.

For risk management purpose UniCredit Bulbank uses the group internal model, incl. stressed VaR and Incremental Risk Charge (IRC).

3.1.2 Management of Counterparty credit risk

Counterparty credit (CCR) risk arises from exposures due to:

- transactions in derivative instruments;
- repurchase agreements;
- securities lending or borrowing transactions;
- margin lending transactions;
- long settlement transactions

For the purpose of mitigating counterparty risk and settlement risk, the Bank has approved credit limits for pre-settlement risk (derivatives, repo's, MM) and settlement risk.
UniCredit Bulbank employes the Group internal model method for counterparty risk measurement and limit compliance control. The limit relevant value or Conditional expected shortfall is determined as weighted average of the exposures' distribution on the counterparty's hazard rates of all scenarios higher than 87.5% scenario.

Market Risk unit monitors on a daily basis the exposures and escalates limit breaches for resolution.

UniCredit Bulbank mitigates Counterparty Credit risk from derivatives and other transactions exposed to CCR through the use of netting, collateralisation and Central Counterparties.
Netting allows for the aggregation of positive and negative Mark-to-Market derivative transactions with the same counterparty to be offset, hence reducing exposure if either counterparty were to default.
Collateral agreements (if legally enforceable in the jurisdiction) might be required, depending on the creditworthiness of the counterparty and the nature of the transaction.

Management of Wrong Way Risks
Both Holding Company and Legal Entities CCR control functions assess and manage the Wrong Way Risk, arising when the risk factors driving the exposure to a counterparty are positively correlated with the credit worthiness of that same counterparty. Wrong way Risk is then distinguished in Specific Wrong Way Risk (SWWR) and General Wrong Way Risk (GWWR).
Specific Wrong Way Risk arises when the exposure on a transaction is positively correlated with the counterparty's creditworthiness for a reason that is specific to the counterparty. Most commonly this kind of correlation is seen where there is similar material legal/economic ownership between collateral/reference entity and counterparty.
In detail, Specific Wrong Way transactions are likely to generate higher exposures than standard industry PFE (Potential Future Exposure) methodologies would indicate, as the latter applies to plain vanilla derivatives and assumes limited correlation. The Specific Wrong Way Global Policy aims to complement our exposure calculation methodologies by providing a unified group wide framework for the appetite, definition, risk monitoring and management of Specific Wrong Way Risk exposures.
General Wrong Way Risk arises when the credit quality of the counterparty is correlated with a risk factor which also affects the value of the transaction with the Group. The Global policy relating to the General Wrong Way Risk aims at defining the framework for analysing, monitoring and managing the potential impact of GWWR risk by product, region and industry and it also seeks to add additional levels of control to General Wrong Way Risk transactions.

3.1.3 Management of Liquidity risks

Liquidity risk is the risk that UniCredit Bulbank is unable to meet its financial obligations as they become due.
In UniCredit Bulbank the governance and control of the exposure of the liquidity risk is performed through setting and monitoring of several operating restrictions on a group of liquidity metrics, with the aim to prevent potential vulnerabilities in the bank's ability to meet its cash flow obligations. For some metrics, a monitoring only process is provided without setting specific restrictions. At least on a yearly basis, the risk limits and thresholds are reviewed and calibrated in order to align the risk appetite framework with the bank's strategy. UniCredit Bulbank has set targets and early warning indicators which, when breached, will trigger corrective actions in order to ensure that the bank remains within its risk appetite. UniCredit Bulbank's stress test framework assesses the bank's liquidity adequacy and the main objective is to determine whether it has sufficient liquid assets to ensure it is operating within the liquidity and funding risk appetite framework. Under a managerial perspective, the bank has to keep an amount of liquidity that is such as to survive a combined scenario of the liquidity stress test.
The details of principles and rules for the control of UniCredit Bulbank's exposure to liquidity risk are included in the Global Process Regulation – Limits Setting, Monitoring and Escalation of Breaches.

In UniCredit Bulbank the monitoring of liquidity risk is performed at three levels:

- **UniCredit Group level**: the Holding Company is in charge of overseeing the Group's liquidity in terms of compliance with the consolidated limits and warning/trigger levels and with those of all the liquidity reference banks and legal entities;
- **UniCredit Bulbank:** is responsible for compliance with its own limits and warning/trigger levels and with those of the Legal Entities falling within UniCredit Bulbank Group.
- **Legal Entities within UniCredit Bulbank Group**: they are responsible for compliance with their own limits.

A thorough description of the liquidity management set up and the relations among each single component can be found in the Liquidity Management & Control Global Policy.

Structure and organization of the liquidity risk

The main relevant functions working on managing liquidity are ALM, Treasury and Liquidity Risk function.

The monitoring of relevant set of Liquidity Indicators is carried out by these functions, according to their own responsibilities. They perform first and second level controls on liquidity, interest rate and exchange rate refinancing risk management.

From an organizational point of view, this system of check and balances ensures that the Bank has always sufficient liquidity to face its obligations in business as usual and stressed conditions. From an operational perspective, this organizational framework operates both in a Going Concern situation and in a Contingency situation.

An important tool that ensures the proper working of the check and balances system in place is the set of liquidity risk metrics, defined within the Risk Function, in cooperation with ALM and Treasury structures. The liquidity risk metrics are described in the document GOR "Liquidity Risk Taxonomy" and in the annexes for its local implementation.

Following the EBA/GL/2017/01 Guidelines on LCR disclosure to complement the disclosure of liquidity risk management under Article 435 of Regulation (EU) 575/2013, the information related to *Templates EU LIQ1: LCR disclosure template and the template on qualitative information on the LCR* is presented below.

The LCR disclosure template on quantitative information of LCR is presented in ***APPENDIX 1*** – ***EU LIQ1***: **LCR disclosure template on quantitative information** *(Template EU LIQ1, EBA/GL/2017/01)*.

The qualitative information on LCR, which complements the LCR disclosure template (EU LIQ 1) is described below:

Measurement and reporting of liquidity risk

UniCredit Bulbank measures both short-term and structural liquidity.

The metrics included in 2017 RAF were:

- the funding gap, that measures the structural liquidity risk and the dependence from the volatility of the wholesale market;
- the **3 month gap of the operative maturity ladder**, that measures the short- term liquidity risk;
- the **Liquidity Coverage Ratio (LCR)**, a regulatory metric that measure the contingency risk;
- the **Net Stable Funding Ratio (NSFR)**, that measures the structural liquidity risk.

Through the risk appetite framework, the bank monitors and controls the evolution of the **funding gap** due to the commercial activity. This metric quantifies the difference between commercial loans and commercial sources of funding and as such it represents the amount of loans to customers to be covered via funding provided/managed exclusively by Treasury/Finance.

Short-term liquidity (**operative maturity ladder**) is the main metric used to measure the short term liquidity position and is composed of Primary Gap and Counterbalancing Capacity (CBC). The STL limits are set in order to indicate whether the Bank remains in a position to fulfil its cash payment obligations, be they expected or unexpected.

Liquidity Coverage Ratio is calculated according to the Delegated Act rules.
While the operative maturity ladder and the LCR restrictions ensure that the liquidity reserves are adequate, the respect of the **NSFR** ensures that the bank maintains an appropriate balance between assets and liabilities in the medium-long term (beyond one year), preventing additional pressure on the short term liquidity position.

Concentration of funding and liquidity sources
The Funding Plan includes the set of funding instruments (with relevant amount, maturity, timing, cost) to be realized in order to cover the expected funding needs deriving from the evolution of the liquidity uses and sources, avoiding unsustainable pressure on the short-term liquidity position and respecting internal and regulatory liquidity risk limits.

Currency mismatch
The Bank has specific restrictions in place on the foreign exchange liquidity risk. These restrictions aim to maintain the short-term liquidity gaps in foreign currency within sustainable levels, taking into account the bank's access to the specific currency on the interbank market and in the Central Bank.

3.2 OPERATIONAL RISK

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events (including legal risk). Examples include compensations paid to customers for incorrect/inadequate product-related advice, IT system failures, damage to property, processing errors or fraud, subject to consolidated risk measurement and management (collection of loss data, external data, scenarios, indicators), on which the calculation of capital held for operational risk is based. Legal and compliance risk is a sub-category of operational risk: it is the risk to earnings from violations or non compliance with laws, rules, regulations, agreements, prescribed practices or ethical standards.

UniCedit Bulbank Management Board is responsible for operational risk oversight, also with the support of Audit Committee and UniCredit Bulbank Operational and Reputational Risk Committee.

In UniCredit Bulbank the operational risk management framework is a combined set of Global policies, Global Operation Instructions and Global Process Regulations for controlling, measuring and mitigating the operational risk exposure, which includes the guidelines of UniCredit Group and local documents. An integral part of the framework is the internal regulation "Data collection procedure for the purpose of operational risk assessment in UniCredit Bulbank".

The Bank has a dedicated function to operational risk management, which is independent from business and operational areas. The responsibilities of the unit are in line with those envisaged by the Holding Company. Nominated operational risk managers in the branch network and the Head Office, working on a decentralized basis, are responsible for loss data identification and reporting as well as for adoption of measures to reduce and prevent risks in their respective areas. Reputational Risk function is within the scope of the responsibility of the Operational and Reputational Risk Unit. Reputational risk is defined as the current or prospective risk to earnings and capital arising from adverse perception of the image of the financial institution on the part of customers, counterparties, shareholders/investors, regulators or employees (stakeholders). All relevant rules and policies for the management and monitoring of the Reputational Risk exposure have been adopted in full compliance with the UniCredit Group guidelines. Under the Reputational risk process, special attention is paid to the management and monitoring of the Bank's exposure towards economic sectors and transactions, such as Defence/Weapons, Nuclear energy etc. The Operational and Reputational Risk Unit continued to develop the reputational risk process in compliance with UniCredit Group principles, policies and rules for monitoring the Reputational risk exposure.

The main activities of the Operational and Reputational Risk Unit in 2017 were focused on the further development of the Operational Risk management, with emphasis on preventative and mitigation actions to reduce future losses.

A significant part of the resources of the Operational and Reputational Risk Unit were also devoted towards the implementation and monitoring of the 2017 Operational Risk Strategies of the Bank (Operational risk strategies deploy their effect in a multiyear perspective) and include different approaches to mitigate Cyber risk, Credit application fraud, Compliance risk, etc. As part of the definition of the Operational Risk Strategies 2018, the Business Syndication activity was performed. This activity is performed by the OpRepRisk unit in order to collect information related to business strategies in a forward looking perspective. The aim is to measure the operational risk arising from Strategies implementation using also risk indicators. Additionally, the Operational and Reputational Risk team was also deeply involved in several critical initiatives for the Bank, such as projects covering the General Data Protection Regulation (GDPR), the second Payment Services Directive (PSD2), Anti-money Laundering, the upgrade of the core banking system, etc.

The Bank applies the Advanced Measurement Approach (AMA) for calculation of capital requirements of operational risk and is the first bank in Bulgaria certified to use this approach, after authorisation received by Bank of Italy (as UniCredit Group's Supervisory Authority) and BNB.

The internal AMA model developed by UniCredit Group is based on internal loss data, external loss data (consortium and public data), scenario data and risk indicators. The Group AMA capital at risk is distributed through a risk-sensitive allocation mechanism to those legal entities that are authorized for AMA use. The AMA Capital charge for UniCredit Bulbank was significantly reduced (16%) as of 4Q2017 due to AMA model decision tree recalibration, significantly decreasing OpRisk losses evolution, and forward looking risk (scenario analysis) reduction.

In UniCredit Bulbank operational risk reduction is accomplished with the use of insurance policies, as well as other risk transfer methods, among which outsourcing activities. The criteria for risk reduction through insurance are formalized in the Insurance Strategy of the Bank, which defines the policy of securing the bank risk profile with adequate and optimal insurance coverage, including the main inherent risk categories to the performed activities along with the overall risk exposure. As far as outsourcing as an operational risk transfer technique is concerned, examples of outsourced services in the Bank are security services (branch security and ATM full servicing), cash counting services, IT and other services maintenance.

Apart from the above mentioned, the participants in the Operational and Reputational Risk Committee[1] on a quarterly basis identify and propose risk mitigation solutions in their respective areas of responsibility in the Bank.

Moreover, the risk culture has been constantly spread out throughout the organization. All the training activities, combined with methodological guidance and support to the other structures within the Bank by the OpRepRisk unit ensure the outstanding OpRisk awareness at Bank level. In this regard, at the end of 2017, a dedicated OpRisk training was organized and took place as a webinar for the OpRisk managers in the branch networks both in Retail Banking and Corporate Investment and Private Banking Divisions.

[1] Operational and Reputational Risk Committee monitors also the exposure to reputational risk, as well as identifies and proposes risk mitigation solutions.

3.3 CREDIT RISK

Credit risk is defined as potential losses arising from unfulfilment of any contractual obligation with regard to financial instruments receivables.

The Bank effectively manages the credit risk inherent to its trading and banking book.

The policy of the Bank related to the credit deals is determined by the principles of conformity with the law, safety, stability, profitability and liquidity.

Main Authority Bodies in the credit process are (top - down):

- The Supervisory Board
- The Management Board
- The Credit Committee
- The Credit Council
- The Chief Risk Officer
- The Head of Credit Risk Department
- The Senior Managers of Corporate Credit Underwriting Unit, Small Business Credit Underwriting Unit, Individuals Credit Underwriting Unit within the structure of Credit Risk Department
- Senior Risk Managers

The Supervisory Board is a collective body, which approves the credit policy and the Rules for lending. The Supervisory Board carries out its activity according to the strategic guidelines determined by the General Meeting of the Shareholders.

The Management Board is a collective body, which defines the guidelines in the credit policy and directions for assuming of a credit risk. The Management Board has the highest operative authority power in the credit process. The Management Board, on proposal of the Chief Risk Officer, approves/terminates the limits of the individual authority bodies.

The Credit Committee is a collective body that applies the credit policy of the Bank - it manages and controls the entire credit activity in UniCredit Bulbank. The Credit Committee carries out its activity according to the internal lending rules and a Statute, approved as per decision of the Management Board of the Bank.

The Credit Council is a collective body with less authority power than the Credit Committee. The Credit Council carries out its activity according to the present rules and a Statute, approved as per decision of the Management Board of the Bank.

The Chief Risk Officer organizes the operative management of the credit process, exercising control for the exact execution of the decisions of the collective authority bodies – Supervisory Board, Management Board, Credit Committee and the Credit Council.

The Head of Credit Risk Department delivers his decision on credit deals, which exceed the authorization of the Head of the Underwriting Units if they are within his authorization according to the internal lending rules. When the deal exceeds his authorities the Head of Credit Risk Department present the application with his opinion for consideration to the Credit Council.

The members of the Management Board, Credit Committee and Credit Council, the executives with managing functions, persons, authorized to represent the Bank under credit deals, including employees involved in the credit process, do not participate in the negotiations, in the preparation of reports, in the discussions and do not have voting decisions under credit deals, under which they or members of their families:

- are parties under the contract with the Bank;
- have substantial commercial, financial or other type of business interest in terms of the deal/ person, who is a party under the contract with the Bank. They are obliged to declare in advance the presence of business interests.

The authorities under credit deals are exercised at full differentiation between the credit and commercial function and undependently of the approved for the relevant structural unit budget.

Right to take decisions under credit deals have the authorities /bodies/ of the Bank within their relevant applicable limits in accordance with the internal rules. The level of every body is a function of the determined for it level of risk and competences for risk assessment in accordance to its place in the hierarchy of the organizational structure of the Bank.

The Provisioning and Restructuring Committee is a standing specialized internal body responsible for the monitoring, evaluation, classification, and provisioning of risk exposures.

The Credit Monitoring Commission is a collective specialized internal body established for taking decisions, corresponding to the process of monitoring of loans to business, corporate and key clients.

Credit risk monitoring and management is also focused in fulfillment of statutory lending limits set in Law on Credit Institutions. Exposures to one client exceeding 10% of the capital base are treated as big exposures and has to be approved by the Management Board. Maximum amount of an exposure to one client or group of related clients must not exceed 25% of the capital base of the Bank.

3.4 INFORMATION ON GOVERNANCE ARRANGEMENTS

3.4.1 Directorships held by members of the management body

The members of the Management Board of UniCredit Bulbank AD hold the following directorship positions:

- The CEO of UniCredit Bulbank AD is holder of one directorship position as member of the Management Board of UniCredit Bulbank AD and as member of the Supervisory Boards of its wholly owned subsidiaries UniCredit Consumer Financing EAD and UniCredit Leasing EAD, and of second directorship position as member of the Board of Directors Borica AD;
- The General Manager is holder of one directorship position as member of the Management Board of UniCredit Bulbank AD and as member of the Supervisory Boards of its wholly owned subsidiaries UniCredit Consumer Financing EAD and UniCredit Leasing EAD;
- Head of Retail Division is holder of one directorship position as member of the Management Board of UniCredit Bulbank AD and as member of the Management Board of its wholly owned subsidiary UniCredit Consumer Financing EAD;
- Head of Corporate and Investment Banking and Private Banking (CIB&PB) Division is holder of one directorship position as member of the Management Board of UniCredit Bulbank AD, as member of the Supervisory Board of its wholly owned subsidiary UniCredit Leasing EAD and as member of the Board of Directors of its wholly owned subsidiary UniCredit Factoring EAD;

- CFO is holder of one directorship position as member of the Management Board of UniCredit Bulbank AD and as member of the Supervisory Boards of its wholly owned subsidiaries UniCredit Consumer Financing EAD and UniCredit Leasing EAD;
- CRO is holder of one directorship position as member of the Management Board of UniCredit Bulbank AD and as member of the Supervisory Board of its wholly owned subsidiary UniCredit Consumer Financing EAD;
- Head of Global Banking Services (GBS) is holder of one directorship position as member of the Management Board of UniCredit Bulbank AD and of second directorship position as member of the Board of Directors of Cash Service Company AD.

3.4.2 Recruitment policy for the selection of members of the management body

In compliance with BNB requirements and *Ordinance No. 20* on the Issuance of Approvals to the Members of the Management Board (Board of Directors) and Supervisory Board of a Credit Institution and Requirements for Performing their Duties, the candidates are assessed on the basis of completed fitness and propriety question form. They meet the requirements under Article 11, paragraph 1, items 3–8 of the *Law on Credit Institutions* and cover fitness and propriety requirements necessary to hold the position.

UniCredit Bulbank established the Nomination and Compensation Committee. The Committee has the power to nominate and recommend candidates to be appointed as members of the Management Board, considering their experience and qualification needed for the bank's management and in view with the existing regulations. The Nomination and Compensation Committee has the responsibility for performing the internal assessment of the candidates for members of the Management Board

UniCredit Bulbank has adopted and implemented the rules of General guidelines on the structure, composition and remuneration of the Corporate Bodies of Group Companies, as well as procedures for the appointment of corporate officers. The policy, without prejudice to local law and/or regulations application, has the aim to define the principles, guidelines and rules for the management of corporate members at Group level with regard to:

- structure of the Corporate Bodies and requirement of their Members with the aim to balance the presence of Internal and External (independent) Members, an appropriate gender balance and an adequate composition to oversee efficaciously the whole business operation for the management and control;
- remuneration for the positions assigned according to the type and economic relevance of the subsidiaries , considering – inter alias – the corporate complexity, the business activity and the connected risk profile, the customer operation and the multiplicity of the products offered.

UniCredit Group has a structured succession EDP (Executive Development Process) and TMR (Talent Management Review) for identification and evaluation of potential succssesrors for managerial positions/roles.

3.4.3 Diversity policy, including the policy on gender diversity

At the end of December 2017, the presence of Women in top and middle management positions was assessed as balanced. Overall the rate of female SVP&Above went up from 25% to 43%. Regarding Competence Lines, the female presence is balanced among FVP in managerial roles across all above mentioned lines, with the exception of GBS. In 2017 women are 41% of the Executive population and 46% of talaents.

Female Appointment Index had slightly increased in the last four years and stands at 51.2% in 2017. Demographic data show that for female VP and FVP, Age and Seniority are aligned, which signals that women have grown professionally within the Bank.

3.4.4 Risk Reporting to Management

Risk reporting to management body covers information for all types of risks in UniCredit Bulbank: credit, market, liquidity, operational and reputational risks. The Bank has set up a reporting system based on risk profiles/parameters and the reports are prepared on a daily, weekly, monthly, quarterly and annually basis. Recipients of the information are Management board, Risk Committee, Credit Committee, ALCO, PRC, Operational and Reputational Risk Committee, other control functions in the Bank, responsible Board members, Head of Departments, Senior Managers as well as Holding Company's competence lines.

In order to improve the overall transparency of the Risk Reporting process in the Bank and aiming to have a clear overview of both internal and external managerial reports produced by the Risk Management functions, a Risk Reporting Map was introduced in 2015.

The latter was prepared and implemented through the participation of all subordinated functions in risk competence area under the supervision of the Chief Risk Officer of the Bank, where each single report is amended on the initiative of the respective Collective Body or MB member, and it is properly reviewed on a semi-annual basis.

The Risk Reporting Map valid as of the end of 2017 contains the following main information depending on the respective Risk function:

The Credit Risk reports might be differentiated on the basis of the specifics of the credit risk metrics:

Loan Portfolio – monthly Credit Risk Report including loan portfolio evolution, asset quality, loan loss provision charge and coverage, segments, regions, products and top 20 obligor performing and non-performing group; monthly Risk class migration of the loans, Individually assessed exposures for the month, etc.
A Credit Risk Profile on consolidated basis is submitted to the Supervisory Board and includes information about credit risk profile for each Legal Entity, per segment and debt migration.

Credit Risk Models – separate Validation report for each credit risk model (PD, EAD, LGD) that has been developed and is currently in use. Validation reports are preparated on annual basis and presented to MB for approval.

Credit Risk Control and Risk Integration – yearly ICAAP report is prepared and submitted to MB (and BNB) containing quantitative information regarding Econimic Capital, AFR and RTC end-of-year results and stress test, Risk Apetite summary, main Balance sheet and P&L items and KPIs as well as description of models and procedures for measuring risks according to internal models (Economic Capital).
Risk Appetite Dashboard is prepared on quarterly basis including actual end-of-quarter values of Risk Apetite KPIs against their approved thresholds.
Three different reports are produced on a quarterly basis related to data quality issues including Collateral Data Quality Report for missing information for collateral (insurance, market evaluation, statutory validity, wrong rank of mortgage, etc.); Rating Data Quality Report in respect of unrated customers, Age Restrictions, inadequate rating model used, etc.; and Tableau de Board reflecting the main issues detected during the analysis of data quality controls performed on the local PD models.

Systematic Monitoring – quarterly Watch List Report is produced with the purpose to indicate endangered customers with newly detected monitoring triggers, for which Risk Mitigation strategy has to be applied. Additionally, analysis of the Watch list is presented including volume, structure, dynamics, exceptions to the maximum recommended duration for staying in Watch list under sticter monitoring. A managerial aggregated view on client level in terms of number and volume based on the annual/ semi-annual Corporate credit review status is prepared on quarterly basis and presented at Credit Committee. A set of escalation reports related to overdue reviews and collaterals is implemented to duly inform the Management for identified issues in the monitoring process.

General reports – a couple of overview reports is prepared to present the most important aspects of the credit risk in the Bank. Monthly Risk Report – Portfolio overview, and summarized reports by segment, Expected Loss by Segment, Sub-Segment and Region, New Business expected loss and overdue credit reviews for Corporate and Small Business clients. Quarterly Overall Risk Report is submitted with information for Gross loans, Ipmaired Loans raio, coverage on impaired portfolio, loans evolution, Break down by BoI classes, Business segment and legal entity, net LLP change and cost of risk ratio. There is also information for EAD break downby business segment, performing/non-performing and industry, RWA by business segment, Stres tests on credit risk, RAF monitoring section as well as Default ageing summary.

There is a set of **Market, Operational and Reputational Risk reports**, which might be differentiated by the specifics of the risk exposure:

Market Risk - There is a set of daily managerial reports that affect some critical Market Risk metrics like Open FX position - comparison ag. limits, calculated adjustment to WSS arising from small customer FX and bankbook, Overview of market risk limit utilizations – VaR limit, FX, SOV, CPV, IRC limits, stressed VaR, STWL and LWL as well as Liquidity relevant early warning indicators plus managerial limits compliance report, liquidity relevant RAF metrics, Intraday critical payments buffer and Intraday Residual payments buffer.
Additionally, on a monthly basis are prepared the following reports – Summary of counterparty and issuer limit excesses, VAR limit and risk components history, FX, IR, CR sensitivities overview and stress test results, important volatility dynamics, VAR backtesting results. There are also Structural liquidity limits monitoring and Short-term liquidity stress tests (Survival period monitoring), Market conformity checks for all trades, PV and overdue payments on customer IRS, Liquidity Coverage Ratio, Net Sales Funding Report, Derivatives with customers and quarterly XFA adjustemnts. A detailed information about bond trading and investment portfolios including market price book value, issuer limits, CPV, PV, rating, MIFID category, derivative limit utilization.

Operational and Reputational Risk – Quarterly Operational Risk analysis/reporting is prepared with information for loss data (overview of the major loss events), scenarios, KRIs, risk mitigation measures, capital at risk, major Operational Risk issues, strategies, planned and/or implemented measures. On a semi-annual basis is submitted description of the top 5 Operational Risk net bookings as well as a Reputational Risk summary. Yearly is prepared and submitted managerial reports containing the scenario analysis results including assessed scenario storylines, and scenario 1:10 and scenario 1:40 loss estimations compared to the highest losses registered in the bank per risk category. There is also information for insurance recoveries on previous year trends (split by event type and % of losses) as well as an assessment of the impact of ICT failures in the banking running activities (expected impact) and in stressed scenarios (extreme impact).

4 SCOPE OF APPLICATION

This disclosure is prepared on consolidated basis and includes all UniCredit Bulbank's participations in financial institutions and companies providing auxiliary services where the Bank exercises control or significant influence. All participations, not listed in *Appendix 4*, are not subject of consolidation in the context of the current disclosure.

There are no significant differences between the amounts in the financial statements under the accounting scope of consolidation and the financial statements under the regulatory scope of consolidation since they are fully IFRS based. There are only presentation differences e.g. inventories are reported under Other assets in the financial reports published by UniCredit Bulbank while in FinRep Balance sheet are reported under Property, plant, equipment and investment properties. These differences do not impact major financial items, nor net assets, equity or profit or loss.

The information related to the scope of application of the regulatory framework is disclosed as follows:

- ***APPENDIX 2***: ***EU LI1*** **– Differences between accounting and regulatory scopes of consolidation and the mapping of financial statement categories with regulatory risk categories**. *(Template 1, EBA/GL/2016/11)*;
- ***APPENDIX 3***: ***EU LI2*** **– Main sources of differences between regulatory exposure amounts and carrying values in financial statements**. *(Template 2, EBA/GL/2016/11)*;
- ***APPENDIX 4***: ***EU LI3*** **– Outline of the differences in the scopes of consolidation (entity by entity)**. *(Template 3, EBA/GL/2016/11).*

5 OWN FUNDS

Capital Base (Own Funds) eligible for regulatory purposes include Tier I and Tier II capital as defined by Basel III regulatory framework.
In 2014, the new Directive 2013/36/EU requirements (CRD IV) were enforced in Bulgaria and Ordinance 8 of BNB was abrogated and substituted by Regulation (EU) 575/2013 of the European Parliament and of the Council.
In parallel to the introduction of the new Basel III regulatory framework, BNB defined two additional capital buffers: Capital Conservation buffer and Systemic Risk buffer.

The detailed information regarding consolidated Own Funds of UniCredit Bulbank AD is disclosed in *Appendix 5* according to Commission Implementing Regulation (EU) No 1423/2013 and includes the following:

- ***APPENDIX 5A*** **– Regulatory scope Balance sheet**;
- ***APPENDIX 5B*** **– Balance sheet reconciliation methodology**;
- ***APPENDIX 5C*** **– Capital Instruments' main features template**;
- ***APPENDIX 5D*** **– Transitional Own Funds disclosure template**

Additional information for specific capital positions can be found in the Consolidated Financial Statements of UniCredit Bulbank AD.

6 CAPITAL REQUIREMENTS

For estimation of the capital requirements, UniCredit Bulbank applies:

For Credit Risk:

- Advanced Internal Rating Based Approach (A-IRB) for classes: Corporates[2]; Retail-Small Business (including covered by residential real estates); Retail – Individuals (including covered by residential real estates); and Equity claims[3];
- Foundation Internal Rating Based Approach (F-IRB) for classes: Financial Institutions; and Corporates - Specialized Lending[4];
- Standardized Approach for classes[5]: Central Governments or Central Banks; Regional Governments or Local Authorities; Multilateral Development Banks; Administrative Bodies and Non-commercial Undertakings; International Organisations; and Other items.

For Market Risk:

- Standardized Appoach.

For Operational Risk:

- Advanced Measurement Approach.

For preparation of the regulatory reports under new Regulation (EU) 575/2013, the Bank applies Financial Collateral Comprehensive Approach for credit risk mitigation where financial collateral is used.

Capital Requirements for Credit Risk, Market Risk and Operational Risk are disclosed as follow:

- ***APPENDIX 6***: ***EU OV1*** **– Overview of RWAs**. *(Template 4, EBA/GL/2016/11)*;
- ***APPENDIX 7***: ***EU CR10*** **- IRB (Specialized Lending and Equities)**. *(Template 5, EBA/GL/2016/11).*

The information for ***EU INS1 – Non-deducted participations in insurance undertakings*** *(Template 6, EBA/GL/2016/11)* is not relevant to UniCredit Bulbank.

[2] Except for Corporates – Specialized Lending.
[3] UniCredit Bulbank applies Simple Approach.
[4] UniCredit Bulbank applies Slotting Criteria Model (regulatory defined risk weights and expected loss levels).
[5] For client type detailization purposes, classes are represented in accordance with Standardized approach segregation.

7 EXPOSURES TO COUNTERPARTY CREDIT RISK

UniCredit Bulbank employes the Group internal model method for counterparty risk measurement and limit compliance control.
Market Risk unit monitors on a daily basis the exposures on counterparty credit risk and escalates limit breaches for resolution.

The concept of CVA charge is adopted for risk-adjusted pricing of derivatives.

For more details related to counterparty credit risk, please refer to point 3.1.2. above in the present document.

The information related to CCR is disclosed as follows:

- ***APPENDIX 8***: ***EU CCR1*** **– Analysis of CCR exposure by approach**. (*Template 25, EBA/GL/2016/11)*;
- ***APPENDIX 9***: ***EU CCR2*** **– CVA capital charge**. *(Template 26, EBA/GL/2016/11).*

The following information is not relevant to UniCredit Bulbank:

- ***EU CCR8 – Exposures to CCPs***. *(Template 27, EBA/GL/2016/11);*
- ***EU CCR5-A – Impact of netting and collateral held on exposure values***. *(Template 31, EBA/GL/2016/11);*
- ***EU CCR5-B – Composition of collateral for exposures to CCR***. *(Template 32, EBA/GL/2016/11);*
- ***EU CCR6 – Credit derivatives exposures***. *(Template 33, EBA/GL/2016/11).*

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8 CAPITAL BUFFERS

The detailed information regarding capital buffers of UniCredit Bulbank is disclosed according to Commission Delegated Regulation (EU) 2015/1555 of 28 May 2015.

The Bank's compliance with the requirements for a countercyclical capital buffer is disclosed in ***APPENDIX 10***: **Disclosure of the amount of institution specific countercyclical buffer** *(Table 2, EU 2015/1555)*.

The geographical distribution of a credit exposures relevant to the calculation of countercyclical buffer is presented in ***APPENDIX 11***: **Disclosure of the geographical distribution of credit exposures** *(Table 1, EU 2015/1555)*.

9 INDICATORS OF GLOBAL SYSTEMIC IMPORTANCE

In order to ensure global consistency and uniform formats and data for the disclosure of the values used to identify Global Systemically Important Institutions (G-SIIs), the EU Parliament and the Council issues a Commission Implementing Regulation (EU) No 1030/2014 of 29 September 2014.
In December 2016, Bulgarian National Bank classified UniCredit Bulbank AD as Other Systemically Important Institutions (O-SIIs) and thus the disclosure requirements set in Regulation (EU) No 1030/2014 are not relevant to the Bank.

10 CREDIT RISK ADJUSTMENTS

The carrying amounts of Bank's assets are regularly reviewed for assessment whether there is any objective evidence of impairment as follows:

- for loans and receivables – by the end of each month for the purposes of preparing interim financial statements reported to the Bulgarian National Bank and Management;
- for available for sale and held to maturity financial assets – semi-annually based on review performed the Bank and decision approved by ALCO;
- for non-financial assets – by the end of each year for the purposes of preparing annual financial statements.

If any impairment indicators exist, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Income Statement.

In assessing the provisions Management uses expert estimates such as legal and regulatory advisors as well as credit risk specialists. Usually more conservative approach is followed in order to protect the Bank in case of adverse development of uncertain events.

According to the internal evaluation process the Bank divide customers' credit portfolio into performing loans (those without detected default events) and non-performing portfolio (those with detected default events). The basis for default event detection is the approved "Methodology paper on Default according to Basel III" where generally (but not exhaustive) default event is detected always when either or both of the following conditions are met:

- the Bank considers that the obligor is unlikely to pay its credit obligations to the Bank, without recourse to actions such as realising the collateral (if held);
- the obligor is past due more than 90 days on any material credit obligation to the Bank.

In UniCredit Bulbank, all exposures with more than 90 days past due are considered as impaired.

For determination of general credit risk adjustments the bank is using the expected loss concept, which is than adjusted with loss confirmation period.
For determination of specific credit risk adjustments the bank is using either collective evaluation approach or is performing individual assessment for relative big exposures.

Following the Regulation (EU) 2015/1278, UniCredit Bulbank applies below definitions for performing and non-performing forborne exposures:

1/ Performing forborne exposures:
The Bank considers an exposure as forborne performing, when all of the following conditions are met:

- the extension of the tenor of the facility is not more than two years, from the original one; and
- the amendments in the repayment terms and conditions are NPV neutral.

2/ Non-performing forborne exposures:

Cases where as a result of declined financial standing and solvency of the obligor, the Bank has consent to distressed restructuring of the credit obligation through material forgiveness, or postponement of principal, interest, or fees which results in debt reduction (non NPV neutral).

Distressed restructuring shall be registered also in all cases of substitution of part of the debt against equity (ownership), as well as extension of the original tenor by more than 2 years.

General quantitative information on credit risk is disclosed as follows:

- ***APPENDIX 12***: ***EU CRB-B* – Total and average net amount of exposures**. *(Template 7, EBA/GL/2016/11)*;
- ***APPENDIX 13***: ***EU CRB-C* – Geographical breakdown of exposures**. *(Template 8, EBA/GL/2016/11);*
- ***APPENDIX 14***: ***EU CRB-D* – Concentration of exposures by industry or counterparty types**. *(Template 9, EBA/GL/2016/11);*
- ***APPENDIX 15: EU CRB-E* – Maturity of exposures**. *(Template 10, EBA/GL/2016/11);*
- ***APPENDIX 16***: ***EU CR1-A* – Credit quality of exposures by exposure class and instrument**. *(Template 11, EBA/GL/2016/11);*
- ***APPENDIX 17: EU CR1-B* – Credit quality of exposures by industry or counterparty types**. *(Template 12, EBA/GL/2016/11);*
- ***APPENDIX 18***: ***EU CR1-C* – Credit quality of exposures by geography**. *(Template 13, EBA/GL/2016/11);*
- ***APPENDIX 19: EU CR1-D* – Ageing of past-due exposures**. *(Template 14, EBA/GL/2016/11);*
- ***APPENDIX 20***: ***EU CR1-E* – Non-performing and forborne exposures**. *(Template 15, EBA/GL/2016/11);*
- ***APPENDIX 21: EU CR2-A* – Changes in the stock of general and specific credit risk adjustments**. *(Template 16, EBA/GL/2016/11);*
- ***APPENDIX 22***: ***EU CR2-B* – Changes in the stock of defaulted and impaired loans and debt securities**. *(Template 17, EBA/GL/2016/11).*

11 UNENCUMBERED ASSETS

According to Article 443 of the Regulation (EU) 575/2013, UniCredit Bulbank is disclosing the following information related to encumbered assets (as of 31.12.2017):

in thousands of BGN

	Carrying amount of encumbered assets	Carrying amount of non-encumbered assets
Assets:	**380 542**	**19 878 617**
Debt securities	29 733	3 725 359
Loans and advances	350 809	15 341 208
Other assets	-	812 050
	Fair value of encumbered collateral received	**Fair value of collateral received non-encumbered**
Collateral received:	**-**	**-**
Collateral received available for encumbrance	-	-
	Matching liabilities	**Encumbered assets and collateral received**
Total sources of encumbrance:	**263 336**	**380 542**
Derivatives	2 196	95 923
Repurchase agreements	29 859	29 733
Collateralised deposits other than repurchase agreements	231 281	254 886

As of 31.12.2017, there is no overcollaterisation of liabilities with encumbered assets in the Bank.

12 INFORMATION ABOUT NOMINATED ECAIS AND EIAS UNDER THE STANDARDISED APPROACH FOR CREDIT RISK

Following the requirements of Article 113 of the Regulation (EU) 575/2013, UniCredit Bulbank uses Standard & Poor's Agency ratings for calculating risk weights of its asset and off-balance sheet exposures.

The calculation methodology follows strictly the requiements listed in Article 138, Article 139, Article 140 and Article 141 of the Regulation (EU) 575/2013.

Asset Classes where ECAI are used are as follows:

- Claims or contingent claims on central governments;
- Claims or contingent claims on multilateral development banks;
- Claims or contingent claims on institutions (providing unavailability of internal rating);
- Claims or contingent claims on regional governments or local authorities;
- Short-term claims on institutions and corporates (providing unavailability of internal rating).

A breakdown of exposures under the standardised approach by asset class and risk weight (corresponding to the riskiness attributed to the exposure according to the standardised approach) assigned to each credit quality step is disclosed in ***APPENDIX 23: EU CR5*** **– Standardised approach** *(Template 20, EBA/GL/2016/11)*.

A breakdown of CCR exposures using the credit risk standardised approach to compute RWAs by portfolio (type of counterparties) and by risk weight is disclosed in ***APPENDIX 24: EU CCR3*** **– Standardised approach – CCR exposures by regulatory portfolio and risk** *(Template 28, EBA/GL/2016/11)*.

13 EXPOSURE TO MARKET RISK

UniCredit Bulbank calculates its Own funds requirements for market risk under the Standardised Approach.

The Bank does not apply internal models for calculating capital requiremenrs for market risks within the reporting cycle to the local regulator.
The Group-wide internal market risk model is applied for risk management and control purposes, and for consiolidated requirements reporting at UniCredit Group level.
For more details, please refer to point 3.1.1. above in the present document.

The Capital requirements and RWAs for market risk under the Standardised Approach are disclosed in ***APPENDIX 25*****:** ***EU MR1*** **– Market risk under the standardised approach** *(Template 34, EBA/GL/2016/11)*.

The following information is not relevant to UniCredit Bulbank:

- ***EU MR2-A – Market risk under the IMA.*** *(Template 35, EBA/GL/2016/11)*;
- **EU MR2-B –** ***RWA flow statements of market risk exposures under the IMA.*** *(Template 36, EBA/GL/2016/11)*;
- **EU MR3 –** ***IMA values for trading portfolios.*** *(Template 37, EBA/GL/2016/11)*;
- ***EU MR4 – Comparison of VaR estimates with gains/losses.*** *(Template 38, EBA/GL/2016/11).*

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14 OPERATIONAL RISK

For the purpose of reporting Capital Adequacy in accordance with Regulation (EU) 575/2013 of The European Parlament and of The Council, UniCredit Bulbank applies Advanced Measurement Approach (AMA) for the capital calculation of Operational Risk.

In order to better represent the operational risk exposure, the combination of the seven event types and the product associated to each operational event generates the twelve model risk categories.

Operational risk events are attributed exclusively to seven classes (or event types).

1. *Internal frauds* are acts intended to defraud, misappropriate property or circumvent regulations, the law or Company policy (excluding diversity or discrimination events) involving at least one internal party and excluding malicious damage. The internal fraud is originated inside the Company and the internal nature of the event must be definitely ascertained, otherwise it should be considered as external fraud. In many cases, an internal audit report may clarify this point.
2. *External frauds* are acts intended to defraud, misappropriate property or circumvent the law committed by a third party, without the assistance of an employee and excluding malicious damage:

   2.1. External frauds – Payments. This model risk category includes frauds on all payment systems, in order to have evidence of all phenomena involved in money transfer, to highlight any anomalies and deficiencies in security measures. Payment system meaning client management of cash inflows/outflows; all forms of payments; clearing, settlement and exchange services.

   2.2. External frauds – Others. This model risk category includes all events associated to all others products or non banking products (other products/services not generally considered part of a bank or investment bank's offering, e.g. insurance) or non-product related (for situations where no specific process was involved).
3. *Employment practices and workplace safety* are events resulting from violating employment or health or safety laws and agreements, personal injury claims or diversity discrimination events.
4. *Clients, products and business practices* are unintentional or negligent failure to meet obligations to clients (including fiduciary and suitability requirements) or from the features of a product. The events where the Company committed an improper business act fall into this category, likewise when it has been the victim of similar practices by another Company:

   4.1. Clients, products and business practices – Derivatives. This model risk category includes all derivative products, selling either via an exchange or over the counter; they have been isolated from all others financial instruments to better represent the phenomena;

   4.2. Clients, products and business practices - Financial Instruments. This model risk category includes all others financial instruments, selling either via an exchange or over the counter;

   4.3. Clients, products and business practices – Others. This class includes all events associated to all others products or no banking products (Other products/services not generally considered part of a bank or investment bank's offering, e.g. insurance) or non-product related (for situations where no specific process was involved).
5. *Damages to physical assets* are events caused by natural disaster or other similar event type.
6. *Business disruption and system failures* are losses caused by technology problems.
7. *Execution, delivery and process management* are failed transactions processing or process management, or losses coming from relations with counterparties and vendors. These

events are not intentional and involve documenting or completing business transactions (typically, operational risk events that occur in back office areas fall in this category):

7.1. Execution, delivery and process management – Financial Instruments. This model risk category includes all derivative products and financial instruments, selling either via an exchange or over the counter; they have been isolated to better represent the phenomena. This model risk category includes all others financial instruments, selling either via an exchange or over the counter;

7.2. Execution, delivery and process management – Payments. This model risk category includes events connected with all payment system, in order to have evidence of all phenomena involved in money transfer. Payment system meanings client management of cash inflows/outflows, all forms of payments; clearing, settlement and exchange services;

7.3. Execution, delivery and process management – Others. This model risk category includes all events associated to all others products or no banking products (Other products/services not generally considered part of a bank or investment bank's offering, e.g. insurance) or non-product related (for situations where no specific process was involved).

15 EQUITIES IN THE BANKING BOOK

According to Article 434, para 2 of the Regulation (EU) 575/2013, equivalent disclosure is made in the Annual Consolidated Financial Statements of UniCredit Bulbank AD.

16 INTEREST RATE RISK IN THE BANKING BOOK

Exposure to interest rate risk in the banking book is captured and measured on daily basis in the market risk management systems. The managerial limit-relevant risk metrics includes daily VaR and basis point value sensitivity, weekly stress test warning level and monthly reporting of regulatory required variation in economic value (instantaneous 200 bps interest rate shock ag. 20% of equity) and variation in earnings (net interest income simulation using +/- 100 bps shock of interest rates and hypothesis of evolution of assets and liabilities). Executive summary is reported in each monthly ALCO session.

According to Article 434, para 2 of the Regulation (EU) 575/2013, equivalent disclosure is made in the Annual Consolidated Financial Statements of UniCredit Bulbank AD.

17 SECURITISATION

UniCredit Bulbank applies securitisation since 2012 under the Agreement with European Investment Fund (EIF) for granting of finance to small and medium-sized enterprises under the initiative JEREMIE.
According to the Agreement (signed in 2011), the EIF provides guarantee for coverage of first loss (First Loss Portfolio Guaranee-FLPG), thus the tranche of first loss is transfer to EIF, and the Bank effectively holds the second loss tranche to this programme.
The Agreement is treated as synthetic securitisationand for regulatory purposes and from October 2016, UniCredit Bulbank applies Supervisory Formula Method for calculation of capital requirements of credit risk.

As of 31.12.2017, the allocation of tranches is as follows:
Nominal value of the portfolio: **41 306** ths.BGN
First Loss Tranche: **23 397** ths.BGN
Second Loss Tranche: **9 648** ths.BGN

18 LEVERAGE

In compliance with Article 451 of Regulation (EU) 575/2013, UniCredit Bulbank disclose the information regarding the leverage ratio and the management of the risk of excessive leverage. The Basel III framework introduces the leverage ratio as a credible supplementary measure to the risk-based capital requirements which is defined as the Capital Measure divided by the Exposure Measure. The Capital Measure is the Tier 1 capital and the Exposure Measure is the sum of on-balance sheet exposures; derivative exposures; securities financing transaction exposures; and off-balance sheet items.

The Basel III Leverage Ratio is one of the Risk Appetite KPI of UniCredit Bulbank which is subject to quarterly monitoring against the approved Risk Appetite thresholds (target, trigger and limit levels).

UniCredit Bulbank discloses the Leverage ratio according to article 499, 1 (a) of Regulation (EU) 575/2013 and Commission Implementing Regulation (EU) 2016/200 of 15 February 2016.

Detailed information is disclosed in ***APPENDIX 26:*** **Leverage ratio** *(Templates provided in Regulation EU 2016/200)*.

19 USE OF THE INTERNAL RATING BASED APPROACH TO CREDIT RISK

19.1 OVERVIEW

Starting from July 2016, UniCredit Bulbank AD applies Advanced Internal Rating Based Approach (AIRB) for calculation of capital requirements of credit risk for Corporate (excluding Specialised Lending) and Retail (Small Business and Individuals) clients' exposure. Financial Institutions and Specialised Lending clients remain at Foundation Internal Rating Based Approach (F-IRB) and exposures to Public Sector Entities, Multilateral Development Banks and Municipalities are treated under Standardised Approach. UniCredit Bulbank is the first bank in Bulgaria certified by the European Central Bank (joint decision with Bank of Italy and BNB) to use A-IRB Approach for locally developed internal models for Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

When applying Internal Rating Based Approach for calculation of capital requirements for credit risk, UniCredit Bulbank uses several rating models[6] in order to carry out clients' creditworthiness analyses. Rating models can be generally summarized as:

Group-wide rating models (GWM)

Group wide rating models[7] are used for group wide client segments or transactions, whose risk factors are independent from the counterpart's geographic location, local market characteristics, business lines and processes used. UniCredit Bulbank uses group wide rating model for creditworthiness analyses for: Multinational Companies[8]; Security Industry Companies; and Financial Institutions.

Local rating models

- *Corporate rating model*

The model is used for corporate clients (using full accounting) with a turnover < 500 Mio EUR (except for Specialized lending).
For risk parameters EAD and LGD UniCredit Bulbank uses internally developed models.

- *Slotting Criteria Model*

The model is used for assessment of capital requirements and expected loss for exposures clasifed as Specialized Lending.
As Risk parameters: EAD and LGD, UniCredit Bulbank uses regulatory defined parameters in Regulation (EU) 575/2013.

- *Retail Scoring Models*

The Bank uses two scoring models: Scoring model for Small Business and Scoring Model for Private Individuals.
For risk parameters EAD and LGD UniCredit Bulbank uses internally developed models.

Default definition and the list of the default events valid for UniCredit Bulbank are described in "Default methodology" document applied in the Bank. The document is in compliance with Article 178 of the Regulation (EU) 575/2013, further specifying list of default events maintained in the Bank.

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[6] UniCredit Bulbank uses master scale for rating result competability.
[7] Group wide rating models are developed by UCI Holding Company (HC) and are adopted by UniCredit Bulbank.
[8] Companies with turnover over 500 mln euro.

The established internal risk control environment is sound and realiable and is an integral part of the operatative working process within the Bank. Risk control fuctions ensure:

- minimum yearly validation of the rating systems in used; maintenance of relevant model and validation documentation;
- maintenance of all necessary data for management and assessment of the credit risk;
- periodic assessment of the accuracy, completeness, and appropriateness of model inputs and results.

The customer rating is not only the basis for a risk-related credit decision but, for example, also for:

- Credit conditions (interest rates, security)
- Credit risk control (reporting, watch list, early warning instruments)
- Credit risk trade (securitization)
- Cost of risk (impairment, loan loss provision)
- Calculation of capital required under Basel III (capital requirements, capital adequacy)
- Portfolio analysis (credit portfolio steering)

Cases Occasioning a Rating:

- Provision of financial statements
- Application for credit/ lending of credit
- Credit risk control/prolongation
- Change in soft facts and warning signals relevant to creditworthiness
- Change relevant to creditworthiness in connection with the overruling of a customer rating
- Removal of a rating recipient from a rating group and break-up of the entire rating group
- Existence of a warning signal
- Existence of an aging restriction
- Elimination of a default event
- New Nostro/ Loro account; MM placement/ Repo deals/ Other obligations counterparties (esp. Banks)
- New Issuer of a personal guarantee (esp. Bank or Company Guarantee/ contra-guarantee received in favour of a customer)

If there are rating relevant changes of hard/soft facts or warning signals, a new rating assessment is required.

Notwithstanding the above factors, rating is renewed each year, whereas customers with high risk and problem exposures must be checked in shorter intervals.

The historical losses for the previous period are defined based on occurred default events in accordance with the applied Default Methodology.

19.2 QUALITATIVE INFORMATION RELATED TO LOCAL IRB MODELS

Locally developed internal models for Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) that are used for regulatory calculation of capital requirements for credit risk with their main characteristics are:

- **Corporate PD model**:

Corporate PD model is internally developed statistical regression model, developed on a data covering the period 2009-2011. The applicable floor is related to the PD of Bulgarian country. The model covers financial and qualitative factors related to the company and considers also warning signals, if any.
Based on the PD value the customers are ranked using a 23 notches rating master scale.

- **SME PD model**:

SME PD model is internally developed statistical regression model, developed on a data covering the period 2009-2014. The applicable floor is related to the PD of Bulgarian country and there is an additional conservative floor of 0.12%.
PD model covers the origination and monitoring phase with application and behavioral score calculculation. The model considers financial factors, qualitative factors and behavioral ones.
Based on the PD value the customers are ranked using a 23 notches rating master scale.

- **Private Individuals PD model**:

Private Individuals PD model is internally developed statistical regression model, developed on a data covering the period 2009-2014. The applicable floor is related to the PD of Bulgarian country and there is an additional conservative floor of 0.12%.
PD model covers the origination and monitoring phase with application and behavioral score calculculation. The model considers financial factors, qualitative factors and behavioral ones.
Based on the PD value the customers are ranked using a 23 notches rating master scale.

- **Specialised Lending Slotting Criteria model**:

For Income Producing Real Estate (IPRE) and Project Finance (PF) transactions a dedicated slotting model is used. Slotting models are used to estimate the risk for specialized lending transactions and utilize dedicated qualitative questionnaires.
As an outcome of the model the transactions are assigned to one of 4 possible slots - Strong, Good, Satisfactory, Weak.

- **LGD model**:

LGD model is developed on a data covering the period 2008-2014. The result of the model is a decision tree, splitting the exposures on the base of customer segment, product type and EAD. As part of the model internal haircuts for eligible collaterals are calculated as well.
Relevant downturn analysis is performed as well, showing positive correlation between the downturn periods and LGD estimations.

- **EAD model**:

EAD model is developed on a data covering the period 2007-2013. The result of the model is a decision tree, splitting the exposures on the base of customer segment, revolving/non-revolving type of exposure, product type and additional model specific parameters.
Relevant downturn analysis is performed as well, not showing positive correlation between the downturn periods and EAD estimations.
The percentage of RWAs (of total IRB portfolio) covered by the models for each of the Bank's regulatory portfolios is presented below:

IRB models	***IRB Regulatory Portfolios***	***RWA % of IRB Portfolio***
Group-Wide Rating Models	Banks	15.5%
	Multinationals	0.7%
Local Rating Models	Corporate	55.8%
	Slotting	13.9%
	SME	6.8%
	Retail	7.3%

Internal credit risk models are developed by Credit Risk Models and Policies Unit within Risk Management Division. Each model is being annualy validated and as part of the internal controls environment, the Internal Audit of the UniCredit Bulbank performs regular audits (on annual basis) on AIRB local models and validations.

The internal models are initially validated by an independent structure, not involved in the development of the model and where relevant the Group Internal Validation (GIV[9]) function at Holding level performs re-validation and joint validations of the local models. In order to achieve more indepence of the function in charge of the model review from the functions responsible for model development, starting from 2018 a dedicated Internal Validation Center is in place that is directly reporting to Chief Risk Officer of the UniCredit Bulbank and to the GIV.

All locally developed models (model changes) and respective validations are subject to approval by the Management Board of the Bank, including information on the models' development and validation conclusions, fulfilment of the recommendations given, the performance of the models, areas for improvement etc.

The process of modelling and validation activities planning is defined in the Group Guidelines and in the local Methodological Framework for the maintenance of the Risk Models applied in UniCredit Bulbank which stipulates in detail the roles and responsibilities of the local parties. The annual validation plan is based on 3 years perspective.

Quantitative information on the use of the IRB approach is disclosed as follows:

- ***APPENDIX 27A***: ***EU CR6*** **– IRB approach – Credit risk exposures by exposure class and PD range: Foundation IRB Approach**. *(Template 21, EBA/GL/2016/11)*;
- ***APPENDIX 27B***: ***EU CR6*** **– IRB approach – Credit risk exposures by exposure class and PD range: Advanced IRB Approach**. *(Template 21, EBA/GL/2016/11)*;
- ***APPENDIX 27C***: ***EU CR6*** **– IRB approach – Credit risk exposures by exposure class and PD range: Equity**. *(Template 21, EBA/GL/2016/11)*;
- ***APPENDIX 28A: EU CCR4*** **– IRB approach – CCR exposures by portfolio and PD scale: Foundation IRB Approach**. *(Template 29, EBA/GL/2016/11)*;
- ***APPENDIX 28B: EU CCR4*** **– IRB approach – CCR exposures by portfolio and PD scale: Advanced IRB Approach**. *(Template 29, EBA/GL/2016/11)*.

The information related to ***EU CCR7 – RWA flow statements of CCR exposures under the IMM*** *(Template 30, EBA/GL/2016/11)* is not relevant to UniCredit Bulbank.

[9] GIV is the function in charge of the validation of the Group models.

20 CREDIT RISK MITIGATION TECHNIQUES

When granting loans the Bank accepts collaterals as follows:

- Property – all types of real estates and relevant real rights;
- Pledge on movables properties;
- Pledges of all enterprise assets and shares;
- Tangible assets;
- Securities;
- Cash and receivalbes;
- Precious Metals;
- Surety and Guarantee;
- Other collaterals stipulated in the law

When negotiating the collateral the following general principles should be met:

- **Reality** – existence and perfect documentation;
- **Identity** – the collateral should be clearly concretized;
- **Exclusivity** – the Bank should be the only bearer of the rights over the collaterals or privileged lender;
- **Sufficiency** – the amount of the collateral should be enough to cover (to preliminary defined extent) the debtor's liabilities throughout the whole period of the loan;
- **Liquidity** – the collateral itself should allow the possibility for fast sale.

The obligations regarding the collateral are stipulated in written form with collateral contract.

Accepted collaterals are valued at Market Value. The value of the Properties is determined periodically by an independent registered appraiser. The value of the real estate collaterals is regularly monitored as well as the presence of their respective insurance.

Within UniCredit Bulbank exists specialised unit responsible for supporting the process of real estate financing, where cash flow predominantly originates from renting and/or sales of real estate properties and the loan is being repaid from this cash flow.

UniCredit Bulbank uses only part of the abovementioned types of collaterals when applying credit risk mitigation techniques in accordance with Regulation (EU) 575/2013:

- Financial collaterals – blocked cash and securities, strictly observing the requirements of Chapter Four *Credit Risk Mitigation* of the Regulation (EU) 575/2013. For calculation of capital requirements for credit risk under IRB approach, Financial collaterals are treated like LGD- reducing collaterals (in accordance with the Regulation (EU) 575/2013;
- Guarantees that meet the requirements of Chapter Four *Credit Risk Mitigation* of the Regulation (EU) 575/2013. For calculation of capital requirements for credit risk under IRB approach, Guarantees are treated like PD- reducing collaterals;
- Real Estate Properties that meet the requirements of Article 124, Article 125 and Article 126 of the Regulation (EU) 575/2013. For calculation of capital requirements for credit risk under IRB approach, Real Estate collaterals are treated like LGD-reducing collaterals (in accordance with the Regulation (EU) 575/2013. For exposures treated under A-IRB Approach, UniCredit Bulbank uses internally developed discount factors (part of LGD model) for eligible real estate collaterals.

The Bank is monitoring the principles for low correlation, legal cerntainty and all operative requirements.

The Bank does not apply the netting technique for calculation of its risk-weighted assets for the purposes of the Regulation (EU) 575/2013.

Quantitative information related to Credit Risk Mitigation is disclosed as follows:

- ***APPENDIX 29***: ***EU CR3*** **– CRM techniques – Overview**. *(Template 18, EBA/GL/2016/11)*;
- ***APPENDIX 30: EU CR4*** **– Standardised approach – Credit risk exposure and CRM effects**. (*Template 19, EBA/GL/2016/11)*;
- ***APPENDIX 31***: ***EU CR7*** **– IRB approach – Effect on the RWAs of credit derivatives used as CRM techniques**. *(Template 22, EBA/GL/2016/11)*;
- ***APPENDIX 32: EU CR8*** **– RWA flow statements of credit risk exposures under the IRB approach**. *(Template 23, EBA/GL/2016/11)*;
- ***APPENDIX 33***: ***EU CR9*** **– IRB approach – Backtesting of PD per exposure class**. *(Template 24, EBA/GL/2016/11).*

21 REMUNERATION POLICY

Compensation Policy of UniCredit Bulbank AD is determined by the Management Board and approved by the Supervisory Board of the Bank. The Policy is part of UniCredit Group's policy to attract, retain and motivate a highly qualified workforce. The main pillars of the Policy are in compliance with the principles set by the Group Compensation Policy. The principles of the Compensation policy of UniCredit Bulbank also apply to Bank's subsidiaries. The main principles (pillars) of the Policy are: Clear and transparent governance, Compliance with the regulatory requirements and principles of good business conduct, Continuous monitoring of the market trends and practices, Sustainable pay for sustainable performance, Motivation and retention of all employees, with particular focus on talents and key personnel. The key pillars of Compensation Policy ensure a correct definition of competitive compensation levels, internal equity and transparency

The Nomination and Compensation Committee determines on behalf of the Supervisory Board, the individual compensation of the Bank's Management Board members including the Executive Directors. The Committee consists of two members - Supervisory board Chairman and a Supervisory board member. The Nomination and Compensation Committee has the power to nominate and recommend candidates to be appointed as members of the Management Board. The Nomination and Compensation Committee acts and takes its decisions in compliance with the Group Compensation Policy, the Global Job Model, and in a manner consistent with the UniCredit Group processes of determination and review of the compensation of its senior executive staff.

A main requirement of the Incentive Systems applicable to all categories employees at all levels, is to contribute to the sustainability of the Bank and to the Group by aligning individual goals and behaviors to the long-term mission of the Group and the Bank while avoiding taking a risk that exceeds the general level of risk tolerated by the Bank. Following the UniCredit Group's Policy, UniCredit Bulbank applies the principle of "Sustainable pay for sustainable performance" when determining the results and behaviors which aim to reward.

Sustainable pay is a principle that ensures a continuous direct link between pay and performance as well as binds the rewards to the long-term value creation for the organization and to the sound and effective risk management through a variable payment which binds the pay to the achieved short-term and long-term results. The variable remuneration linked to the achieved results of the employee and to the individual contribution is supplementing the fixed salary contracted according to individual's professional qualification, experience and skills. In this way the Bank ensures an adequate balance between the fixed and the variable part of the total compensation package in order to ensure sound and effective risk management. This excludes encouraging of behaviors not aligned to the Bank's sustainable business results as well as rewarding single employees for taking risks which exceed those acceptable for the institution.

The alignment between the incentive payout levels with the overall economic results of the Bank is guaranteed by the adopted flexible and adaptive Incentive systems. In compliance with the policy and practices of UniCredit Group these systems ensure a direct link between the individual incentive payout levels on one hand and the overall achieved team and individual results for the Bank on the other. This is ensured by setting overall cap on performance related payout for the Bank as appropriate according to the Bank economic results and consistent with local market practice.

Performance Management and Incentive System is set in order to create a strong link between actual results and annual bonus, as for the purpose UniCredit Bulbank adopts a "Bonus Pool" approach, which is based on "Solidarity" approach - local overall amount for bonus allocation is subject not only to country achievement of Bank targets and results, but also to CEE Division and Group results.

In order to avoid payment of guaranteed bonuses not linked to the achieved results, the implemented Incentive Systems introduce minimum performance thresholds below which zero bonus is paid out. Thereby avoiding payment of guaranteed additional financial rewards (bonuses) that do not correspond to the achieved results. In compliance with the regulatory requirements - for the personnel belonging to the business functions, including Identified Staff, is applicable an adoption of a maximum ratio between variable and fixed remuneration of 2:1. For the rest of the staff it is a maximum ratio between the components of remuneration equal to 1:1 that is usually adopted, except for the staff of the Company Control Functions, for which it is expected that fixed remuneration is predominant component of total remuneration and incentive mechanisms are consistent with the assigned tasks as well as being independent of results from areas under their control.

Labor employment/civil contract with the Bank, including management contract, do not guarantee additional remuneration (bonus). The Incentive systems and the corresponding remuneration are constructed in accordance to the objectives stated in the Strategic plan of UniCredit Group and UniCredit Bulbank. Through the compensation systems the variable remuneration payment is aligned with performance of the goals at Bank level, performance of the goals of the respective structure and the individual contribution of the employee.

The overall evaluation of the results from the activity is based not only on the sole basis of short-term results but also on their long-term impact on company's achievements. This is ensured through setting the annual goals targeted to sustainable value creation for the company with particular reference to risk. The goals are set by implementation of key performance indicators (KPIs) that include besides profitability other drivers of sustainable business development including reference to risk, and efficiency, customer satisfaction, quality of internal interaction between business lines, sustainable transfer of knowledge and ensuring business continuity and process management. Performance is measured and rewarded not only on the sole basis of achieving financially-based objectives but also on other criteria for example - risk management, adherence to group values and standards of consistently ethical behavior. Evaluation is made also of the contribution of each individual and unit to the overall value created by the related business group and to the organization as a whole.

Evaluating the activity of the control functions and defining the remuneration is based on the principle of independence of the structural units that they control. This is achieved by not setting financial goals of the control functions that are related to the achievement of financial and business goals of the structures that they control.

According to the Bulgarian and European legislation, UniCredit Bulbank introduces the identified staff category for which the principles of deferred variable compensation payout in cash and equity apply. Identified staff is divided into two groups. Group Identified Staff - responsible for the daily management of the bank (which positions belong to the Group SVP band or above) and heads of independent control functions. Local Identified staff - all other employees in selected roles which meets European quantitative and qualitative criteria and consistent with the governance structure of UniCredit Bulbank. For Identified staff are determined certain specific performance indicators, through the measurement of which is warranted that in case of poor performance, reduction of deferred remuneration will apply (so-called Malus conditions / Zero Factor, which could completely cancel the payment of variable remuneration in case of unsatisfactory results). The variable compensation of the identified staff is paid within a predetermined four, five or six year period and take into account the performance on key performance indicators (KPIs) related to the operating activities and long-term development of the Bank. Bonus payouts are made in separate parts through a balanced structure of upfront (following the moment of performance evaluation) and deferred payouts in cash and instruments (shares).

The schemes of variable compensation (bonus) payout for the staff categories for which the principles of upfront and deferred payouts in cash and shares are applied, are as follow:

Staff category	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6
	Cash & Shares	**Cash**	**Shares**	**Shares**	**Shares**	**Cash**
EVP & above & other identified staff	20% & 20%	10%	10%	10%	10%	20%
	Cash & Shares	**Cash**	**Shares**	**Cash & Shares**	**-**	-
SVP & other identified staff	30% & 30%	10%	10%	10% & 10%	-	-
	Cash & Shares	**Cash & Shares**	**Shares**	**Cash**	**-**	**-**
Local identified staff	30% & 30%	10% & 10%	10%	10%	-	-

A retention period applies to the remuneration in shares.
For 2017 year this group includes the members of the Supervisory Board of the Bank, the Chief Executive Officer and the General Manager of UniCredit Bulbank, the Members of the Management board of the Bank, the Managers of Control functions, UniCredit Leasing Management Board members, UniCredit Consumer Financing Management Board members, employees in Markets and Brokerage Department depending on their individual limits for transactions incl. Head of Markets and Brokerage Department, members of Credit council/ Credit Committee, employees in Risk Management Division with individual limits for approval of loans exceeding the quantitative criteria. The criteria for inclusion in the category of "identified staff" follow the detailed criteria of the European Banking Authority and are consistent with the approach of UniCredit Group, taking into account the powers of individual material impact.

For every member of Identified staff, for every particular year, the payment of the Bonus shall be subject to the assessment, which may confirm, reduce or cancel eligibility to the Bonus Instalment. For Identified staff is applied the threshold for variable remuneration of 50 000 Euro, below which variable remuneration is not deferred.

In thousands of BGN

2017 Executive's Compensation

Staff category	Number of participants	Total fixed compensation for 2017	Total variable compensation for 2017	Deferred variable compensation depending on the year of payment and underlying instruments									
				Cash	Shares	Cash	Shares	Shares	Cash	Shares	Shares	Cash	Shares
				2018		2019		2020	2021		2022	2023	
Identified staff	**33**	**6 742**	**3 401**	**1 507**		**255**	**51**	**613**	**139**	**254**	**237**	**230**	**115**

UniCredit Bulbank

APPENDICES

UniCredit Bulbank

APPENDIX 1

EU LIQ1: LCR DISCLOSURE TEMPLATE ON QUANTITATIVE INFORMATION /AS OF 31.12.2017/

In thousands of BGN

		Total unweighted value	Total weighted value
Scope of consolidation (solo) UC Bulbank only			
Currency and units (BGN thousand)			
Quarter ending on (31 December 2017)		31.12.2017	31.12.2017
Number of data points used in the calculation of averages		12	12
HIGH-QUALITY LIQUID ASSETS			
1	Total high-quality liquid assets (HQLA)		6 508 499
CASH-OUTFLOWS			
2	Retail deposits and deposits from small business customers, of which:	9 522 694	888 678
3	*Stable deposits*	2 046 753	102 338
4	*Less stable deposits*	7 475 941	786 340
5	Unsecured wholesale funding	5 080 517	1 783 875
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	3 436 651	759 026
7	*Non-operational deposits (all counterparties)*	1 643 866	1 024 849
8	*Unsecured debt*	-	-
9	Secured wholesale funding		-
10	Additional requirements	1 714 352	180 087
11	*Outflows related to derivative exposures and other collateral requirements*	10 724	10 724
12	*Outflows related to loss of funding on debt products*	-	-
13	*Credit and liquidity facilities*	1 703 628	169 363
14	Other contractual funding obligations	-	-
15	Other contingent funding obligations	1 047 141	-
16	**TOTAL CASH OUTFLOWS**		2 852 640
CASH-INFLOWS			
17	Secured lending (eg reverse repos)	273 139	-
18	Inflows from fully performing exposures	693 556	620 742
19	Other cash inflows	2 632 605	1 322
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)		-
EU-19b	(Excess inflows from a related specialised credit institution)		-
20	**TOTAL CASH INFLOWS**	3 599 300	622 064
EU-20a	***Fully exempt inflows***	-	-
EU-20b	***Inflows Subject to 90% Cap***	-	-
EU-20c	***Inflows Subject to 75% Cap***	3 599 300	622 064
			TOTAL ADJUSTED VALUE
21	**LIQUIDITY BUFFER**		**6 508 499**
22	**TOTAL NET CASH OUTFLOWS**		**2 230 576**
23	**LIQUIDITY COVERAGE RATIO (%)**		**291.79%**

UniCredit Bulbank

APPENDIX 2

EU LI1 – DIFFERENCES BETWEEN ACCOUNTING AND REGULATORY SCOPES OF CONSOLIDATION AND THE MAPPING OF FINANCIAL STATEMENT CATEGORIES WITH REGULATORY RISK CATEGORIES /AS OF 31.12.2017/

In thousands of BGN

	a	b	c	d	e	f	g
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items				
			Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash and balances with Central Bank	3 729 633	3 729 633	3 729 633	-	-	-	-
Non-derivative financial assets held for trading	23 819	23 819	23 783	-	-	36	-
Derivatives held for trading	86 332	86 332	-	86 332	-	4 704	-
Derivatives held for hedging	6 339	6 339	-	6 339	-	-	-
Loans and advances to banks	1 629 431	1 629 431	1 629 431	-	-	-	-
Loans and advances to customers	10 629 087	10 629 087	10 596 077	-	33 010	-	-
Available for sale investments	3 762 901	3 762 901	3 762 901	-	-	-	-
Investments in associates	2 717	2 722	2 722	-	-	-	-
Property, plant, equipment and investment properties	196 345	268 059	268 059	-	-	-	-
Intangible assets	38 024	38 024		-	-	-	38 024
Deferred tax assets	8 673	8 655	8 655	-	-	-	-
Other assets	147 046	74 157	74 157	-	-	-	-
Total assets	**20 260 347**	**20 259 159**	**20 095 418**	**92 671**	**33 010**	**4 740**	**38 024**
Liabilities							
Financial liabilities held for trading	82 483	82 483	-	-	-	-	82 483
Derivatives used for hedging	42 898	42 898	-	-	-	-	42 898
Deposits from banks	1 258 484	1 258 483	-	-	-	-	1 258 483
Deposits from customers	15 512 999	15 517 748	57 187	-	-	-	15 517 748
Provisions	41 946	41 946	2 183	-	-	-	39 763
Current tax liabilities	5 022	5 004	-	-	-	-	5 004
Deferred tax liabilities	59	59	-	-	-	-	59
Other liabilities	116 710	116 265	-	-	-	-	116 265
Total liabilities	**17 060 601**	**17 064 886**	**59 370**	**-**	**-**	**-**	**17 062 703**

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APPENDIX 3

EU LI2 – MAIN SOURCES OF DIFFERENCES BETWEEN REGULATORY EXPOSURE AMOUNTS AND CARRYING VALUES IN FINANCIAL STATEMENTS /AS OF 31.12.2017/

In thousands of BGN

		a	b	c	d	e
			Items subject to			
		Total	Credit risk framework	CCR framework	Securitisation framework	Market risk framework
1	**Assets carrying value amount under the scope of regulatory consolidation (as per template EU LI1)**	**20 259 159**	**20 095 418**	**92 671**	**33 010**	**4 740**
2	Liabilities carrying value amount under the regulatory scope of consolidation (as per template EU LI1)	17 064 886	59 370	-	-	-
3	Total net amount under the regulatory scope of consolidation	-	-	-	-	-
4	Off-balance-sheet amounts	3 493 663	1 443 270	-	-	-
5	*Differences in valuations*	-	-	-	-	-
6	*Differences due to different netting rules, other than those already included in row 2*	-	-	-	-	-
7	*Differences due to consideration of provisions*	-	643 779	-	35	-
8	*Differences due to prudential filters*	-	-	-	-	-
9	*Collaterals*	-	27 025		-23 397	
10	*Equity*	-	-11 439	-	-	-
11	*Other assets*	-	-720 262	-	-	-
12	Deferred tax assets	-	1 077	-	-	-
13	Exposure at default resulting from the Limit Overdraft Factor of the Bank's EAD model	-	87 240	-	-	-
14	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	-	-	103 711	-	-
16	**Exposure amounts considered for regulatory purposes**	**21 712 769**	**21 506 738**	**196 382**	**9 648**	**4 740**

APPENDIX 4

EU LI3 – OUTLINE OF THE DIFFERENCES IN THE SCOPES OF CONSOLIDATION (ENTITY BY ENTITY) /AS OF 31.12.2017/

Name of the entity	Method of accounting consolidation	Method of regulatory consolidation				Description of the entity
		Full consolidation	Proportional consolidation	Neither consolidated nor deducted	Deducted	
UniCredit Factoring EAD	Full consolidation	X				Factoring activities
UniCredit Consumer Financing EAD	Full consolidation	X				Consumer lending and other similar activities in line with the applicable law and regulations
UniCredit Leasing EAD	Full consolidation	X				Leasing activities
UniCredit Fleet Management EOOD	Full consolidation	X				Transport services
Cash Service Company AD	Proportional consolidation		X			Accepting, processing, safekeeping and delivering of valuable consignments with banknotes and coins to the banks

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APPENDIX 5A

REGULATORY SCOPE BALANCE SHEET
/AS OF 31.12.2017/

In thousands of BGN

ASSETS	
Cash and balances with Central Bank	3 729 633
Non-derivative financial assets held for trading	23 819
Derivatives held for trading	86 332
Derivatives hedging	6 339
Loans and advances to banks	1 629 431
Loans and advances to customers	10 629 087
Available for sale investments	3 762 901
Investments in subsidiaries and associates	2 722
Property, plant, equipment and investment properties	268 059
Intangible assets	38 024
Deferred tax assets	8 655
Other assets	74 157
TOTAL ASSETS	**20 259 159**
LIABILITIES	
Financial liabilities held for trading	82 483
Derivatives used for hedging	42 898
Deposits from banks	1 258 483
Deposits from customers	15 517 748
Provisions	41 946
Current tax liabilities	5 004
Deferred tax liabilities	59
Other liabilities	116 265
TOTAL LIABILITIES	**17 064 886**
EQUITY	
Share capital	285 777
Revaluation and other reserves	236 365
Retained earnings	2 260 618
Profit for the year	411 513
TOTAL EQUITY	**3 194 273**
TOTAL LIABILITIES AND EQUITY	**20 259 159**

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APPENDIX 5B

BALANCE SHEET RECONCILIATION METHODOLOGY
/AS OF 31.12.2017/

In thousands of BGN

Positions and regulatory corrections	Balance sheet positions included in the calculation of CET 1						Balance sheet positions included in the calculation of Tier 2	Other corrections	Total
	Share capital	Revaluation reserves	Retained earnings	Profit for the year	Adjustments to CET1 due to prudential filters	Intangible assets	Subordinated liabilities		
Balances as at 31 December 2017 of the positions included in the calculation of CET 1	**285 777**	**236 365**	**2 260 618**	**411 513**	**-**	**-38 024**		**-**	**3 156 249**
Regulatory corrections of CET 1									
Correction of Cash flow hedges reserves	-	28 052	-	-		-		-	28 052
Current year profit, not yet eligible for own funds inclusion	-	-	-	-411 513		-		-	-411 513
Deferred tax liabilities associated to intangible assets	-	-	-	-		1 077			1 077
Shortfall related to performing exposures treated under A-IRB	-	-	-	-		-		-33 390	-33 390
Fair value gains and losses arising from the institution's own credit risk related to derivative liabilities					-453				-453
Total regulatory corrections of CET 1 (fully loaded)	**-**	**28 052**	**-**	**-411 513**	**-453**	**1 077**		**-33 390**	**-416 227**
Core Equity Tier 1 (CET 1) (fully loaded)	**285 777**	**264 417**	**2 260 618**	**-**	**-453**	**-36 947**		**-33 390**	**2 740 022**
Correction of positive revaluation reserve related to available for sale financial assets (20%)	-	-53 628	-	-		-		-	-53 628
10% from shortfall related to performing exposures treated under A-IRB (transitional provisions)								3 339	3 339
Total regulatory corrections of CET 1 (transitional provisions)	**-**	**-53 628**	**-**	**-**	**-**	**-**		**3 339**	**-50 289**
Core Equity Tier 1 (CET 1) (transitional provisions)	**285 777**	**210 789**	**2 260 618**	**-**	**-453**	**-36 947**		**-30 051**	**2 689 733**
Balances as at 31 December 2017 of the positions included in the calculation of Tier 2							**-**		**-**
Regulatory corrections of Tier 2									
Excess of loan loss provisions over expected loss on defaulted exposures treated under A-IRB (capped to 0.6% from A-IRB RWA)							-	42 208	42 208
Total regulatory corrections of Tier 2 (fully loaded)							**-**	**42 208**	**42 208**
Tier 2 capital (fully loaded)							**-**	**42 208**	**42 208**
10% from shortfall related to performing exposures treated under A-IRB (transitional provisions)								-3 339	-3 339
Total regulatory corrections of Tier 2 (transitional provisions)							**-**	**-3 339**	**-3 339**
Tier 2 capital (transitional provisions)							**-**	**38 869**	**38 869**
Total own funds (fully loaded)	**285 777**	**264 417**	**2 260 618**	**-**	**-453**	**-36 947**	**-**	**8 818**	**2 782 230**
Total own funds (transitional provisions)	**285 777**	**210 789**	**2 260 618**	**-**	**-453**	**-36 947**	**-**	**8 818**	**2 728 602**

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APPENDIX 5C

CAPITAL INSTRUMENTS' MAIN FEATURES TEMPLATE
/AS OF 31.12.2017/

In thousands of BGN

Capital instruments' main features template ([1])			
1	Issuer	N/A	N/A
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement	N/A	N/A
3	Governing law(s) of the instrument	N/A	N/A
	Regulatory treatment	N/A	N/A
4	Transitional CRR rules	N/A	N/A
5	Post-transitional CRR rules	N/A	N/A
6	Eligible at solo/(sub-)consolidated/solo & (sub-)consolidated	N/A	N/A
7	Instrument type (types to be specified by each jurisdiction)	N/A	N/A
8	Amount recognised in regulatory capital (in TBGN as of December 31, 2017)	N/A	N/A
9	Nominal amount of instrument (in TBGN)	N/A	N/A
9a	Issue price	N/A	N/A
9b	Redemption price	N/A	N/A
10	Accounting classification	N/A	N/A
11	Original date of issuance	N/A	N/A
12	Perpeptual or dated	N/A	N/A
13	Original maturity date	N/A	N/A
14	Issuer call subjet to prior supervisory approval	N/A	N/A
15	Optional call date, contingent call dates, and redemption amount	N/A	N/A
16	Subsequent call dates, if applicable	N/A	N/A
	Coupons / dividends	N/A	N/A
17	Fixed or floating dividend/coupon	N/A	N/A
18	Coupon rate and any related index	N/A	N/A
19	Existence of a dividend stopper	N/A	N/A
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing	N/A	N/A
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A	N/A
21	Existence of step up or other incentive to redeem	N/A	N/A
22	Noncumulative or cumulative	N/A	N/A
23	Convertible or non-convertible	N/A	N/A
24	If convertible, conversion trigger (s)	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, specifiy instrument type convertible into	N/A	N/A
29	If convertible, specifiy issuer of instrument it converts into	N/A	N/A
30	Write-down features	N/A	N/A
31	If write-down, write-down trigger (s)	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
35	Position in subordination hierachy in liquidation (specify instrument type immediately senior to instrument)	N/A	N/A
36	Non-compliant transitioned features	N/A	N/A
37	If yes, specifiy non-compliant features	N/A	N/A

(1) 'N/A' inserted if the question is not applicable

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APPENDIX 5D

TRANSITIONAL OWN FUNDS DISCLOSURE TEMPLATE /AS OF 31.12.2017/

In thousands of BGN

	Common Equity Tier 1 capital: instruments and reserves (1)	(A) Amount at Disclosure	(B) Regulation (EU) No 575/2013 article reference	(C) Amounts subject to Pre-Regulation (EU) No 575/2013 treatment OR prescribed residual amount of Regulation (EU) 575/2013
1	Capital instruments and the related share premium accounts	285 777	26 (1), 27, 28, 29, EBA list 26 (3)	N/A
	of which: Instrument type 1	N/A	EBA list 26 (3)	N/A
	of which: Instrument type 2	N/A	EBA list 26 (3)	N/A
	of which: Instrument type 3	N/A	EBA list 26 (3)	N/A
2	Retained earnings	2 260 618	26 (1) (c)	N/A
3	Accumulated other comprehensive income (and any other reserves)	236 365	26 (1)	N/A
3a	Funds for general banking risk	-	26 (1) (f)	N/A
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1	N/A	486 (2)	N/A
	Public sector capital injections grandfathered until 1 january 2018	N/A	483 (2)	N/A
5	Minority interests (amount allowed in consolidated CET1)	-	84, 479, 480	N/A
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	-	26 (2)	N/A
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**2 782 760**		N/A
	Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	-	34, 105	N/A
8	Intangible assets (net of related tax liability) (negative amount)	-29 558	36 (1) (b), 37, 472 (4)	N/A
9	Empty set in the EU	-		N/A
10	Deferred tax assets that rely on future profitability excluding those arising from temporary difference (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-	36 (1) (c), 38, 472 (5)	N/A
11	Fair value reserves related to gains or losses on cash flow hedges	28 052	33 (a)	N/A
12	Fair value gains and losses arising from the institution's own credit risk related to derivative liabilities	-453	33 (c)	
13	Negative amounts resulting from the calculation of expected loss amounts	-26 712	36 (1) (d), 40, 159, 472 (6)	N/A
14	Any increase in equity that results from securitised assets (negative amount)	-	32 (1)	N/A
15	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-	33 (1) (b) (c)	N/A
16	Defined-benefit pension fund assets (negative amount)	-	36 (1) (e), 41, 472 (7)	N/A
17	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	-	36 (1) (f), 42, 472 (8)	N/A
18	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negatvie amount)	-	36 (1) (g), 44, 472 (9)	N/A
19	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	36 (1) (h), 43, 45, 46, 49 (2) (3), 79, 472 (10)	N/A
20	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	36 (1) (i), 43, 45, 47, 48 (1) (b), 49 (1) to (3), 79, 470, 472 (11)	N/A
21	Empty set in the EU	-		N/A
21a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-	36 (1) (k)	N/A
21b	of which: qualifying holdings outside the financial sector (negative amount)	-	36 (1) (k) (i), 89 to 91	N/A
21c	of which: securitisation positions (negative amount)	-	36 (1) (k) (ii) ; 243 (1) (b); 244 (1) (b); 258	N/A
21d	of which: free deliveries (negative amount)	-	36 (1) (k) (iii), 379 (3)	N/A
22	Deferred tax assets arising from temporary difference (amount above 10 % threshold , net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-	36 (1) (c), 38, 48 (1) (a), 470, 472 (5)	N/A
23	Amount exceeding the 15% threshold (negative amount)	-	48 (1)	N/A
24	of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-	36 (1) (i), 48 (1) (b), 470, 472 (11)	N/A
25	Empty set in the EU	-		N/A
26	of which: deferred tax assets arising from temporary difference	-	36 (1) (c), 38, 48 (1) (a), 470, 472 (5)	N/A
26a	Losses for the current financial year (negative amount)	-	36 (1) (a), 472 (3)	N/A
26b	Foreseeable tax charges relating to CET1 items (negative amount)	-	36 (1) (l)	N/A
27	Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-CRR treatment	-		N/A
27a	Regulatory adjustments relating to unrealised gains pursuant to Articles 467 and 468	-53 628		N/A
27b	Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre CRR	-	481	N/A

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	Common Equity Tier 1 capital: instruments and reserves (1)	(A) Amount at Disclosure	(B) Regulation (EU) No 575/2013 article reference	(C) Amounts subject to Pre-Regulation (EU) No 575/2013 treatment OR prescribed residual amount of Regulation (EU) 575/2013
28	Qualifying AT1 deductions that exceeds the AT1 capital of the institution (negative amount)	-10 728	36 (1) (j)	N/A
29	Total regulatory adjustments to Common Equity Tier 1 (CET1)	-93 027		N/A
30	**Common Equity Tier 1 (CET1) capital**	**2 689 733**		N/A
	Additional Tier 1 (AT1) capital: instruments			
31	Capital instruments and the related share premium accounts	-	51, 52	N/A
32	of which: classified as equity under applicable accounting standards	-		N/A
33	of which: classified as liabilities under applicable accounting standards	-		N/A
34	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1	-	486 (3)	N/A
	Public sector capital injections grandfathered until 1 january 2018	-	483 (3)	N/A
35	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interest not included in row 5) issued by subsidiaries and held by third parties	-	85, 86, 480	N/A
36	of which: instruments issued by subsidiaries subject to phase-out	-	486 (3)	N/A
37	**Additional Tier 1 (AT1) capital before regulatory adjustments**	-		N/A
	Additional Tier 1 (AT1) capital: regulatory adjustments			
38	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)	-	52 (1) (b), 56 (a), 57, 475 (2)	N/A
39	Holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	56 (b), 58, 475 (3)	N/A
40	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	56 (c), 59, 60, 79, 475 (4)	N/A
41	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	56 (d), 59, 79, 475 (4)	N/A
42	Regulatory adjustments applied to Additional Tier 1 capital in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase-out as prescribed in Regulation (EU) No 585/2013 (ie. CRR residual amounts)	N/A		N/A
42a	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013	-10 728	472, 473(3)(a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)	N/A
	thereof: Intangible assets	-7 389	472 (4)	
	thereof: IRB shortfall of provisions to expected losses	-3 339	472 (6)	
42b	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Tier 2 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013	-	477, 477 (3), 477 (4) (a)	N/A
42c	Amounts to be deducted from added to Additional Tier 1 capital with regard to additional filters and deductions required pre- CRR	-	467, 468, 481	N/A
43	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)	-	56 (e)	N/A
44	Total regulatory adjustments to Additional Tier 1 (AT1) capital	-10 728		N/A
45	Additional Tier 1 (AT1) capital			N/A
46	**Tier 1 capital (T1 = CET1 + AT1)**	**2 689 733**		N/A
	Tier 2 (T2) capital: instruments and provisions			
47	Capital instruments and the related share premium accounts	-	62, 63	N/A
48	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2	-	486 (4)	N/A
	Public sector capital injections grandfathered until 1 january 2018	-	483 (4)	N/A
49	Qualifying own funds instruments included in consolidated T2 capital (including minority interest and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third party	-	87, 88, 480	N/A
50	of which: instruments issued by subsidiaries subject to phase-out	-	486 (4)	N/A
51	Credit risk adjustments	42 208	62 (c) & (d)	N/A
52	**Tier 2 (T2) capital before regulatory adjustment**	**42 208**		N/A
	Tier 2 (T2) capital: regulatory adjustments			
53	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	63 (b) (i), 66 (a), 67, 477 (2)	N/A
54	Holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institutions designed to inflate artificially the own funds of the institution (negative amount)	-	66 (b), 68, 477 (3)	N/A
55	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10 % threshold and net of eligible short positions) (negative amount)	-	66 (c), 69, 70, 79, 477 (4)	N/A
55a	Of which new holdings not subject to transitional arrangements	-		N/A
55b	Of which holdings existing befor 1 January 2013 and subject to transitional arrangements	-		N/A
56	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amounts)	-	66 (d), 69, 79, 477 (4)	N/A

	Common Equity Tier 1 capital: instruments and reserves (1)	(A) Amount at Disclosure	(B) Regulation (EU) No 575/2013 article reference	(C) Amounts subject to Pre-Regulation (EU) No 575/2013 treatment OR prescribed residual amount of Regulation (EU) 575/2013
57	Regulatory adjustments applied to tier 2 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)	N/A		N/A
57a	Residual amounts deducted from Tier 2 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013	-3339	472, 472(3)(a), 472 (4), 472 (6), 472 (8), 472 (9), 472 (10) (a), 472 (11) (a)	N/A
57b	Residual amounts deducted from Tier 2 capital with regard to deduction from Additional Tier 1 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013		475, 475 (2) (a), 475 (3), 475 (4) (a)	N/A
57c	Amounts to be deducted from or added to Tier 2 capital with regard to additional filters and deductions required pre- CRR		467, 468, 481	N/A
58	Total regulatory adjustments to Tier 2 (T2) capital	-3 339		N/A
59	**Tier 2 (T2) capital**	**38 869**		N/A
60	**Total capital (TC = T1 + T2)**	**2 728 602**		N/A
60a	Risk weighted assets in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amount)	N/A		N/A
	Of which:... items not deducted from CET1 (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. Deferred tax assets that rely on future profitability net of related tax liability, indirect holdings of own CET1, etc)	N/A	472, 472 (5), 472 (8) (b), 472 (10) (b), 472 (11) (b)	N/A
	Of which:...items not deducted from AT1 items (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. Reciprocal cross holdings in T2 instruments, direct holdings of non-significant investments in the capital of other financial sector entities, etc.)	N/A	475, 475 (2) (b), 475 (2) ©, 475 (4) (b)	N/A
	Items not deducted from T2 items (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. Indirect holdings of own T2 instruments, indirect holdings of non-significant investments in the capital of other financial sector entities, indirect holdings of significant investments in the capital of other financial sector entities etc)	N/A	477, 477 (2) (b), 477 (2) (c), 477 (4) (b)	N/A
61	**Total risk-weighted assets**	**9 986 483**		N/A
Capital ratios and buffers				
62	Common Equity Tier 1 (as a percentage of total risk exposure amount)	26.93%	92 (2) (a), 465	N/A
63	Tier 1 (as a percentage of total risk exposure amount	26.93%	92 (2) (b), 465	N/A
64	Total capital (as a percentage of total risk exposure amount	27.32%	92 (2) (c)	N/A
65	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements plus a systemic risk buffer, plus systemically important institution buffer expressed as a percentage of total risk exposure amount)	5.50%	CRD 128, 129, 140	N/A
66	of which: capital conservation buffer requirement	2.50%		N/A
67	of which: countercyclical buffer requirement	not yet implemented		N/A
68	of which: systemic risk buffer requirement	3.00%		N/A
68a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	not yet implemented	CRD 131	N/A
69	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	not yet implemented	CRD 128	N/A
69	[non-relevant in EU regulation]	N/A		N/A
70	[non-relevant in EU regulation]	N/A		N/A
71	[non-relevant in EU regulation]	N/A		N/A
Amounts below the thresholds for deduction (before risk-weighting)				
73	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions	7 172	36 (1) (h), 45, 46, 472 (10) 56 (c), 59, 60, 475 (4), 66 (c), 69, 70, 477 (4)	N/A
74	Direct and indirect holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions	11 439	36 (1) (i), 45, 48, 470, 472 (11)	N/A
75	Empty set in the EU	N/A		N/A
76	Deferred tax assets arising from temporary difference (amount below 10 % threshold , net of related tax liability where the conditions in Article 38 (3) are met)	-	36 (1) (c), 38, 48, 470, 472 (5)	N/A
Applicable caps on the inclusion of provisions in Tier 2				
77	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	N/A	62	N/A
78	Cap on inclusion of credit risk adjustments in T2 under standardised approach	N/A	62	N/A
79	Credit risk adjustments included in T2 in respect of exposures subject to internal rating-based approach (prior to the application of the cap)	42 208	62	N/A
80	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	42 208	62	N/A
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)				
81	- Current cap on CET1 instruments subject to phase-out arrangements	-	484 (3), 486 (2) & (5)	N/A
82	- Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	484 (3), 486 (2) & (5)	N/A
83	- Current cap on AT1 instruments subject to phase-out arrangements	-	484 (4), 486 (3) & (5)	N/A
84	- Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	484 (4), 486 (3) & (5)	N/A
85	- Current cap on T2 instruments subject to phase-out arrangements	-	484 (5), 486 (4) & (5)	N/A
86	- Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	484 (5), 486 (4) & (5)	N/A

(1) 'N/A' inserted if the question is not applicable

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APPENDIX 6

EU OV1 - OVERVIEW OF RWAs /AS OF 31.12.2017/

In thousands of BGN

			RWAs		Minimum capital requirements
			31.12.2017	31.12.2016	31.12.2017
	1	**Credit risk (excluding CCR)**	**8 908 813**	**8 838 435**	**712 705**
Article 438(c)(d)	2	Of which the standardised approach	1 983 538	2 239 579	158 683
Article 438(c)(d)	3	Of which the foundation IRB (FIRB) approach	1 785 593	1 513 652	142 847
Article 438(c)(d)	4	Of which the advanced IRB (AIRB) approach	5 118 907	5 067 978	409 513
Article 438(d)	5	Of which equity IRB under the simple risk-weighted approach or the IMA	20 775	17 226	1 662
Article 107, Article 438(c)(d)	**6**	**CCR**	**112 010**	**130 921**	**8 961**
Article 438(c)(d)	7	Of which mark to market	110 860	128 358	8 869
Article 438(c)(d)	8	Of which original exposure			
	9	Of which the standardised approach			
	10	Of which internal model method (IMM)			
Article 438(c)(d)	11	Of which risk exposure amount for contributions to the default fund of a CCP			
Article 438(c)(d)	12	Of which CVA	1 150	2 563	92
Article 438(e)	13	Settlement risk	-	-	-
Article 449(o)(i)	**14**	**Securitisation exposures in the banking book (after the cap)**	**675**	**2 212**	**54**
	15	Of which IRB approach			
	16	Of which IRB supervisory formula approach (SFA)	675	2 212	54
	17	Of which internal assessment approach (IAA)			
	18	Of which standardised approach			
Article 438 (e)	**19**	**Market risk**	**37 464**	**40 026**	**2 997**
	20	Of which the standardised approach	37 464	40 026	2 997
	21	Of which IMA			
Article 438(e)	22	Large exposures	-	-	-
Article 438(f)	**23**	**Operational risk**	**903 338**	**972 000**	**72 267**
	24	Of which basic indicator approach			
	25	Of which standardised approach			
	26	Of which advanced measurement approach	903 338	972 000	72 267
Article 437(2), Article 48 and Article 60	**27**	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	**24 183**	**30 155**	**1 935**
Article 500	28	Floor adjustment			
	29	**Total**	**9 986 483**	**10 013 749**	**798 919**

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APPENDIX 7

EU CR10 - IRB SPECIALIZED LENDING AND EQUITIES
/AS OF 31.12.2017/

In thousands of BGN

SPECIALISED LENDING							
Regulatory categories	**Remaining maturity**	**On-balance sheet amount**	**Off-balance sheet amount**	**Risk weight**	**Exposure amount**	**RWAs**	**Expected losses**
Category 1	Less than 2.5 years	-	-	50%	-	-	-
	Equal to or more than 2.5 years	210 741	7 856	70%	213 427	149 390	854
Category 2	Less than 2.5 years	-	-	70%	-	-	-
	Equal to or more than 2.5 years	564 885	104 963	90%	614 105	551 354	4 901
Category 3	Less than 2.5 years	-	-	115%	-	-	-
	Equal to or more than 2.5 years	115 836	6 244	115%	122 320	140 599	3 423
Category 4	Less than 2.5 years	-	-	250%	-	-	-
	Equal to or more than 2.5 years	16 965	452	250%	18 025	45 063	1 442
Category 5	Less than 2.5 years	-	-	-	-	-	-
	Equal to or more than 2.5 years	79 213	16	-	167 978	-	83 989
Total	Less than 2.5 years	**-**	**-**		**-**	**-**	**-**
	Equal to or more than 2.5 years	**987 640**	**119 531**		**1 135 855**	**886 406**	**94 609**

Equities under the simple risk-weighted approach						
Categories	**On-balance sheet amount**	**Off-balance sheet amount**	**Risk weight**	**Exposure amount**	**RWAs**	**Capital requirements**
Private equity exposures	10 008	-	190%	10 008	19 015	1 521
Exchange-traded equity exposures	607	-	290%	607	1 760	141
Other equity exposures	-	-	370%	-	-	-
Total	**10 615**	**-**		**10 615**	**20 775**	**1 662**

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APPENDIX 8

EU CCR1 – ANALYSIS OF CCR EXPOSURE BY APPROACH /AS OF 31.12.2017/

In thousands of BGN

		a	b	c	d	e	f	g
		Notional	Replacement cost/current market value	Potential future credit exposure	EEPE	Multiplier	EAD post CRM	RWAs
1	Mark to market		92 671	103 711			196 382	110 860
2	Original exposure							
3	Standardised approach					1.4		
4	IMM (for derivatives and SFTs) SFTs)					1.4		
5	Of which securities financing transactions					1.4		
6	Of which derivatives and long settlement transactions					1.4		
7	Of which from contractual cross- product netting					1.4		
8	Financial collateral simple method (for SFTs)							
9	Financial collateral comprehensive method (for SFTs)							
10	VaR for SFTs							
11	**Total**							

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APPENDIX 9

EU CCR2 – CVA CAPITAL CHARGE
/AS OF 31.12.2017/

In thousands of BGN

		a	b
		Exposure value	**RWAs**
1	Total portfolios subject to the advanced method	-	-
2	(i) VaR component (including the 3× multiplier)		
3	(ii) SVaR component (including the 3× multiplier)		
4	All portfolios subject to the standardised method	6 539	1 150
EU4	Based on the original exposure method	-	-
5	Total subject to the CVA capital charge	6 539	1 150

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APPENDIX 10

DISCLOSURE OF THE AMOUNT OF INSTITUTION SPECIFIC COUNTERCYCLICAL BUFFER /AS OF 31.12.2017/

In thousands of BGN

Row		Column
		010
010	Total risk exposure amount	13 068 525
020	Institution specific countercyclical buffer rate	0%
030	Institution specific countercyclical buffer requirement	0%

APPENDIX 11

DISCLOSURE OF THE GEOGRAPHICAL DISTRIBUTION OF CREDIT EXPOSURES /AS OF 31.12.2017/

In thousands of BGN

Row		General credit exposures		Trading book exposure		Securitisation exposure		Own funds requirements				Own funds requirement weights	Countercyclical capital buffer rate
		Exposure value for SA	Exposure value IRB	Sum of long and short position of trading book	Value of trading book exposure for internal models	Exposure value for SA	Exposure value for IRB	*of which: General credit exposures*	*of which: Trading book exposures*	*of which: Securitisation exposures*	Total		
		010	020	030	040	050	060	070	080	090	100	110	120
010	Breakdown by country	2 318 275	10 293 457	447 145	-	-	9 648	645 984	2 990	2 550	651 524	0.00%	0.00%
	Country: ANDORRA	-	6	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: UNITED ARAB EMIRATES	-	65	-	-	-	-	2	-	-	2	0.00%	0.00%
	Country: ALBANIA	-	10	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: ARMENIA	-	425	-	-	-	-	14	-	-	14	0.00%	0.00%
	Country: ARGENTINA	-	2	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: AUSTRIA	103	342	-	-	-	-	17	-	-	17	0.00%	0.00%
	Country: AUSTRALIA	-	95	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: AZERBAIJAN	-	1	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: BOSNIA AND HERZEGOVINA	-	13	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: BELGIUM	-	147	-	-	-	-	18	-	-	18	0.00%	0.00%
	Country: BULGARIA	2 260 486	9 769 568	447 103	-	-	9 648	614 482	2 987	2 550	620 019	0.00%	0.00%
	Country: BRAZIL	-	26	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: BELARUS	-	31	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: CANADA	-	41 023	-	-	-	-	1 142	-	-	1 142	0.00%	0.00%
	Country: SWITZERLAND	17	3 434	-	-	-	-	38	-	-	38	0.00%	0.00%
	Country: CYPRUS	30	13 936	-	-	-	-	722	-	-	722	0.00%	0.00%
	Country: CZECH REPUBLIC	83	23	-	-	-	-	8	-	-	8	0.00%	0.00%
	Country: GERMANY	14 747	6 288	-	-	-	-	1 236	-	-	1 236	0.00%	0.00%
	Country: DENMARK	-	5	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: ALGERIA	-	1 805	-	-	-	-	180	-	-	180	0.00%	0.00%
	Country: ESTONIA	1	-	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: EGYPT	-	52	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: SPAIN	52	75	-	-	-	-	4	-	-	4	0.00%	0.00%
	Country: FINLAND	152	8	-	-	-	-	12	-	-	12	0.00%	0.00%
	Country: FRANCE	17 542	28	-	-	-	-	1 403	-	-	1 403	0.00%	0.00%
	Country: UNITED KINGDOM	-	292 699	-	-	-	-	9 312	-	-	9 312	0.00%	0.00%
	Country: GEORGIA	-	189	-	-	-	-	17	-	-	17	0.00%	0.00%
	Country: GREECE	986	716	-	-	-	-	81	-	-	81	0.00%	0.00%
	Country: CROATIA	42	-	-	-	-	-	3	-	-	3	0.00%	0.00%
	Country: HUNGARY	20	6	-	-	-	-	2	-	-	2	0.00%	0.00%
	Country: IRELAND	-	82	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: ISRAEL	8	40	-	-	-	-	2	-	-	2	0.00%	0.00%
	Country: INDIA	220	27	-	-	-	-	18	-	-	18	0.00%	0.00%
	Country: ITALY	3 807	1 581	-	-	-	-	400	-	-	400	0.00%	0.00%
	Country: JORDAN	-	41	-	-	-	-	4	-	-	4	0.00%	0.00%
	Country: JAPAN	-	6	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: KYRGYZSTAN	-	244	-	-	-	-	2	-	-	2	0.00%	0.00%
	Country: KUWAIT	-	175	-	-	-	-	1	-	-	1	0.00%	0.00%

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Row		General credit exposures		Trading book exposure		Securitisation exposure		Own funds requirements				Own funds requirement weights	Countercyclical capital buffer rate
		Exposure value for SA	Exposure value IRB	Sum of long and short position of trading book	Value of trading book exposure for internal models	Exposure value for SA	Exposure value for IRB	*of which: General credit exposures*	*of which: Trading book exposures*	*of which: Securitisation exposures*	Total		
	Country: KAZAKHSTAN	-	11	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: LEBANON	-	1	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: SRI LANKA	-	297	-	-	-	-	36	-	-	36	0.00%	0.00%
	Country: LITHUANIA	-	-	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: LATVIA	-	52	-	-	-	-	1	-	-	1	0.00%	0.00%
	Country: LIBYAN ARAB JAMAHIRIYA	-	2	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: MOROCCO	72	610	-	-	-	-	40	-	-	40	0.00%	0.00%
	Country: MARSHALL ISLANDS	-	31 196	-	-	-	-	864	-	-	864	0.00%	0.00%
	Country: MACEDONIA,THE FORMER YUGOSLAV REPUBLIC	35	14	-	-	-	-	3	-	-	3	0.00%	0.00%
	Country: MALTA	5	-	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: MEXICO	-	4	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: MALAYSIA	-	100	-	-	-	-	4	-	-	4	0.00%	0.00%
	Country: NETHERLANDS	-	52 607	-	-	-	-	7 310	-	-	7 310	0.00%	0.00%
	Country: NORWAY	-	41	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: OMAN	-	15	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: PERU	205	-	-	-	-	-	16	-	-	16	0.00%	0.00%
	Country: PAKISTAN	-	22	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: POLAND	-	56	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: PALESTINA	-	34	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: PORTUGAL	-	4	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: QATAR	-	16	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: ROMANIA	333	46	-	-	-	-	29	-	-	29	0.00%	0.00%
	Country: SERBIA	-	20	-	-	-	-	1	-	-	1	0.00%	0.00%
	Country: RUSSIAN FEDERATION	171	51 399	-	-	-	-	3 834	-	-	3 834	0.00%	0.00%
	Country: SAUDI ARABIA	-	47	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: SEYCHELLES	-	1	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: SUDAN	-	18	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: SWEDEN	-	1	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: SLOVENIA	-	3	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: SLOVAKIA	-	65	-	-	-	-	1	-	-	1	0.00%	0.00%
	Country: SAN MARINO	-	116	-	-	-	-	15	-	-	15	0.00%	0.00%
	Country: SYRIAN ARAB REPUBLIC	-	1	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: THAILAND	-	1	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: TURKMENISTAN	-	30	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: TURKEY	19 098	752	-	-	-	-	1 528	-	-	1 528	0.00%	0.00%
	Country: TAIWAN	2	-	-	-	-	-	0	-	-	-	0.00%	0.00%
	Country: UKRAINE	57	412	-	-	-	-	7	-	-	7	0.00%	0.00%
	Country: UNITED STATES	-	22 237	42	-	-	-	3 175	3	-	3 178	0.00%	0.00%
	Country: SAINT VINCENT AND THE GRENADINES	-	3	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: VENEZUELA	-	9	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: VIET NAM	1	-	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: Others Countries	-	-	-	-	-	-	-	-	-	-	0.00%	0.00%
020													

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APPENDIX 12

EU CRB-B – TOTAL AND AVERAGE NET AMOUNT OF EXPOSURES /AS OF 31.12.2017/

In thousands of BGN

		a	b
		Net value of exposures at the end of the period	**Average net exposures over the period**
1	Central governments or central banks	-	-
2	Institutions	1 814 272	1 899 405
3	Corporates	8 131 017	8 192 308
4	*Of which: Specialised lending*	1 107 171	1 276 108
5	*Of which: SMEs*	4 818 616	4 865 155
6	Retail	3 226 325	3 225 699
7	*Secured by real estate property*	2 125 267	2 095 665
8	*SMEs*	411 613	421 735
9	*Non-SMEs*	1 713 654	1 673 930
10	*Qualifying revolving*	284 660	279 397
11	*Other retail*	816 398	850 637
12	*SMEs*	660 281	666 680
13	*Non-SMEs*	156 117	183 957
14	Equity	10 615	73 656
15	***Total IRB approach***	**13 182 229**	**13 391 068**
16	Central governments or central banks	7 211 088	7 090 852
17	Regional governments or local authorities	36 943	41 617
18	Public sector entities	2 666	2 454
19	Multilateral development banks	8 603	14 958
20	International organisations	-	-
21	Institutions	3 736	19 383
22	Corporates	990 015	823 743
23	*Of which: SMEs*	-	-
24	Retail	1 382 918	47 383
25	*Of which: SMEs*	239 450	8 723
26	Secured by mortgages on immovable property	43 623	62 465
27	*Of which: SMEs*	2 899	1 187
28	Exposures in default	25 341	6 579
29	Items associated with particularly high risk	4 788	2 286
30	Covered bonds	-	-
31	Claims on institutions and corporates with a short-term credit assessment	448	110
32	Collective investments undertakings	-	-
33	Equity exposures	-	-
34	Other exposures	-	142 224
35	***Total standardised approach***	**9 710 169**	**8 254 054**
36	***Total***	**22 892 398**	**21 645 122**

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APPENDIX 13

EU CRB-C – GEOGRAPHICAL BREAKDOWN OF EXPOSURES /AS OF 31.12.2017/

In thousands of BGN

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u
		Net value																				
		EUROPE	Country BULGARIA	Country ITALY	Country UNITED KINGDOM	Country GERMANY	Country BELGIUM	Country NETHERLANDS	Country AUSTRIA	Country LUXEMBOURG	Country POLAND	Country SWEDEN	Country FINLAND	Other European countries	AMERICA	Country USA	ASIA	Country TURKEY	REST OF THE WORLD	Country RUSSIAN FEDERATION	Country SWITZERLAND	TOTAL
1	Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
2	Institutions	1 699 546	4 050	1 150 942	31 502	227 259	195 575	7 823	32 704	14 368	12 299	6 446	4 832	11 746	31 701	31 504	42 918	39 778	40 107	-	37 959	**1 814 272**
3	Corporates	7 946 475	7 570 946	4 806	290 729	10 750	-	52 299	-	-	-	-	-	16 945	45 033	14 988	4 210	2 831	135 299	93 417	6 000	**8 131 017**
4	Retail	3 219 797	3 217 096	661	793	281	48	60	345	-	44	-	10	459	144	10	1 375	166	5 009	4 202	105	**3 226 325**
5	Equity	3 549	3 442	-	-	-	107	-	-	-	-	-	-	-	7 066	7 066	-	-	-	-	-	**10 615**
6	***Total IRB approach***	**12 869 367**	**10 795 534**	**1 156 409**	**323 024**	**238 290**	**195 730**	**60 182**	**33 049**	**14 368**	**12 343**	**6 446**	**4 842**	**29 150**	**83 944**	**53 568**	**48 503**	**42 775**	**180 415**	**97 619**	**44 064**	**13 182 229**
7	Central governments or central banks	7 211 088	7 211 053	4	-	-	-	-	-	-	-	-	-	31	-	-	-	-	-	-	-	**7 211 088**
8	Regional governments or local authorities	36 943	36 943	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**36 943**
9	Public sector entities	2 666	2 666	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**2 666**
10	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8 603	-	-	**8 603**
11	International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
12	Institutions	3 443	597	266	-	120	-	-	-	-	-	-	-	2 460	293	293	-	-	-	-	-	**3 736**
13	Corporates	977 499	951 217	1 194	-	17 484	-	-	-	-	412	-	1 395	5 797	205	-	11 876	11 766	435	334	30	**990 015**
14	Retail	1 382 892	1 382 891	1	-	-	-	-	-	-	-	-	-	-	-	-	3	2	23	20	-	**1 382 918**
15	Secured by mortgages on immovable property	43 395	43 395	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	228	171	-	**43 623**
16	Exposures in default	25 341	25 308	33	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**25 341**
17	Items associated with particularly high risk	4 788	4 788	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**4 788**
18	Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
19	Claims on institutions and corporates with a short-term credit assessment	8	-	-	-	-	-	-	-	-	-	-	-	8	-	-	440	-	-	-	-	**448**
20	Collective investments undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
21	Equity exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
22	Other exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
23	***Total Standardised approach***	**9 688 063**	**9 658 858**	**1 498**	**-**	**17 604**	**-**	**-**	**-**	**-**	**412**	**-**	**1 395**	**8 296**	**498**	**293**	**12 319**	**11 768**	**9 289**	**525**	**30**	**9 710 169**
24	***Total***	**22 557 430**	**20 454 392**	**1 157 907**	**323 024**	**255 894**	**195 730**	**60 182**	**33 049**	**14 368**	**12 755**	**6 446**	**6 237**	**37 446**	**84 442**	**53 861**	**60 822**	**54 543**	**189 704**	**98 144**	**44 094**	**22 892 398**

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APPENDIX 14

EU CRB-D – CONCENTRATION OF EXPOSURES BY INDUSTRY OR COUNTERPARTY TYPES /AS OF 31.12.2017/

In thousands of BGN

		a	b	c	d	e	f	g	h	i	j	l	m	n	o	p	q	r	s	u
		Agriculture, forestry and fishing	Mining and quarrying	Manufacturing	Electricity, gas, steam and air conditioning supply	Water supply	Construction	Wholesale and retail trade	Transport and storage	Accommodation and food service activities	Information and communication	Real estate activities	Professional, scientific and technical activities	Administrative and support service activities	Public administration and defence, compulsory social security	Education	Human health services and social work activities	Arts, entertainment and recreation	Other services	Total
1	Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
2	Institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
3	Corporates	420 158	33 233	2 303 736	459 870	12 632	546 843	2 203 672	217 291	241 284	191 000	720 576	196 452	115 822	-	3	8 550	251	21 493	**7 692 866**
4	Retail	138 926	1 818	148 023	5 362	4 812	95 150	389 492	108 782	33 041	26 208	12 528	59 542	20 283	-	1 685	11 169	3 797	2 163 723	**3 224 341**
5	Equity	-	-	-	-	-	-	-	-	-	-	67	-	-	-	-	-	-	-	**67**
6	***Total IRB approach***	**559 084**	**35 051**	**2 451 759**	**465 232**	**17 444**	**641 993**	**2 593 164**	**326 073**	**274 325**	**217 208**	**733 171**	**255 994**	**136 105**	**-**	**1 688**	**19 719**	**4 048**	**2 185 216**	**10 917 274**
7	Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	3 755 093	17	-	519	35	**3 755 664**
8	Regional governments or local authorities	-	-	-	-	-	-	-	-	-	-	-	-	-	36 943	-	-	-	-	**36 943**
9	Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	175	2 488	**2 663**
10	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
11	International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
12	Institutions	-	-	-	-	-	2 449	-	-	-	-	-	-	-	-	-	-	-	-	**2 449**
13	Corporates	42 599	1 569	156 288	74 174	5 665	98 742	252 468	145 551	22 720	17 927	23 063	4 177	853	-	-	10	305	58 890	**905 001**
14	Retail	760	64	1 193	291	169	1 759	7 895	484	462	3 195	36	1 269	462	-	58	56	42	42 773	**60 968**
15	Secured by mortgages on immovable property	237	-	721	-	-	3 966	1 360	50	13 970	729	16 141	805	-	-	-	-	75	5 569	**43 623**
16	Exposures in default	1 265	-	2 350	-	4	1 330	3 196	1 489	301	32	-	4	-	-	-	-	4	5	**9 980**
17	Items associated with particularly high risk	-	-	-	-	-	3 307	-	-	-	-	1 481	-	-	-	-	-	-	-	**4 788**
18	Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
19	Claims on institutions and corporates with a shortterm credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
20	Collective investments undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
21	Equity exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
22	Other exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
23	***Total standardised approach***	**44 861**	**1 633**	**160 552**	**74 465**	**5 838**	**111 553**	**264 919**	**147 574**	**37 453**	**21 883**	**40 721**	**6 255**	**1 315**	**3 792 036**	**75**	**66**	**1 120**	**109 760**	**4 822 079**
24	***Total***	**603 945**	**36 684**	**2 612 311**	**539 697**	**23 282**	**753 546**	**2 858 083**	**473 647**	**311 778**	**239 091**	**773 892**	**262 249**	**137 420**	**3 792 036**	**1 763**	**19 785**	**5 168**	**2 294 976**	**15 739 353**

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APPENDIX 15

EU CRB-E – MATURITY OF EXPOSURES /AS OF 31.12.2017/

In thousands of BGN

		a	b	c	d	e	f
		Net exposure value					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Central governments or central banks	-	-	-	-	-	-
2	Institutions	368 994	602 298	488 444	131 178	-	1 590 914
3	Corporates	771 022	1 231 669	1 866 740	1 671 614	-	5 541 045
4	Retail	228 317	387 838	338 224	1 810 203	-	2 764 582
5	Equity	-	-	-	-	10 615	10 615
6	***Total IRB approach***	**1 368 333**	**2 221 805**	**2 693 408**	**3 612 995**	**10 615**	**9 907 156**
7	Central governments or central banks	3 421 203	169 586	899 677	2 702 462	6 654	7 199 582
8	Regional governments or local authorities	960	41	7 065	26 612	-	34 679
9	Public sector entities	7	170	56	34	-	267
10	Multilateral development banks	-	-	-	-	-	-
11	International organisations	-	-	-	-	-	-
12	Institutions	51	2 675	-	-	-	2 726
13	Corporates	19 781	120 814	571 880	122 913	2 023	837 410
14	Retail	2 467	289 830	781 156	253 321	35 111	1 361 886
15	Secured by mortgages on immovable property	81	4 436	5 336	16 787	-	26 640
16	Exposures in default	2 086	2 429	16 861	2 217	-	23 593
17	Items associated with particularly high risk	-	-	2 416	2 372	-	4 788
18	Covered bonds	-	-	-	-	-	-
19	Claims on institutions and corporates with a shortterm credit assessment	-	8	-	-	-	8
20	Collective investments undertakings	-	-	-	-	-	-
21	Equity exposures	-	-	-	-	-	-
22	Other exposures	-	-	-	-	-	-
23	***Total standardised approach***	**3 446 636**	**589 989**	**2 284 447**	**3 126 718**	**43 788**	**9 491 579**
24	***Total***	***4 814 969***	***2 811 794***	***4 977 855***	***6 739 713***	***54 403***	***19 398 735***

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APPENDIX 16

EU CR1-A – CREDIT QUALITY OF EXPOSURES BY EXPOSURE CLASS AND INSTRUMENT /AS OF 31.12.2017/

In thousands of BGN

		a	b	c	d	e	f	G
		Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values
		Defaulted exposures	Non-defaulted exposures					(a+b-c-d)
1	Central governments or central banks	-	-	-	-	-	-	-
2	Institutions	-	1 814 272	-	-	-	-	1 814 272
3	Corporates	688 443	7 950 943	508 369	-	15 862	124 028	8 131 017
4	*Of which: Specialised lending*	167 981	1 035 129	95 939	-	3 081	15 884	1 107 171
5	*Of which: SMEs*	470 902	4 721 962	374 248	-	9 177	105 638	4 818 616
6	Retail	196 711	3 165 024	135 410	-	3 018	32 640	3 226 325
7	*Secured by real estate property*	130 085	2 065 756	70 574	-	1 562	15 962	2 125 267
8	*SMEs*	45 997	399 869	34 253	-	837	5 541	411 613
9	*Non-SMEs*	84 088	1 665 887	36 321	-	725	10 421	1 713 654
10	*Qualifying revolving*	4 948	285 867	6 155	-	115	2 156	284 660
11	*Other retail*	61 678	813 401	58 681	-	1 341	14 522	816 398
12	*SMEs*	37 120	659 685	36 524	-	1 072	10 187	660 281
13	*Non-SMEs*	24 558	153 716	22 157	-	269	4 335	156 117
14	*Equity*	-	10 615	-	-	-	-	10 615
15	***Total IRB approach***	**885 154**	**12 940 854**	**643 779**	**-**	**18 880**	**156 668**	**13 182 229**
16	Central governments or central banks	-	7 211 116	28	-	-	-	7 211 088
17	Regional governments or local authorities	-	37 182	239	-	-	11	36 943
18	Public sector entities	-	2 669	3	-	-	2	2 666
19	Multilateral development banks	-	8 603	-	-	-	-	8 603
20	International organisations	-	-	-	-	-	-	-
21	Institutions	-	3 736	-	-	-	-	3 736
22	Corporates	-	995 010	4 995	-	-	55	990 015
23	*Of which: SMEs*	-	-	-	-	-	-	-
24	Retail	-	1 413 641	30 723	-	-	41	1 382 918
25	*Of which: SMEs*	-	240 718	1 268	-	-	16	239 450
26	Secured by mortgages on immovable property	-	43 792	169	-	-	58	43 623
27	*Of which: SMEs*	-	2 900	1	-	-	-	2 899
28	Exposures in default	109 383	-	84 042	-	237	3 872	25 341
29	Items associated with particularly high risk	-	4 821	33	-	-	26	4 788
30	Covered bonds	-	-	-	-	-	-	-
31	Claims on institutions and corporates with a shortterm credit assessment	-	448	-	-	-	-	448
32	Collective investments undertakings	-	-	-	-	-	-	-
33	Equity exposures	-	-	-	-	-	-	-
34	Other exposures	-	-	-	-	-	-	-
35	***Total standardised approach***	**109 383**	**9 721 018**	**120 232**	**-**	**237**	**4 065**	**9 710 169**
36	***Total***	**994 537**	**22 661 872**	**764 011**	**-**	**19 117**	**160 733**	**22 892 398**
37	Of which: Loans	983 678	15 421 582	761 747	-	19 117	158 895	15 643 513
38	Of which: Debt securities	-	3 755 137	81	-	-	-	3 755 056
39	Of which: Offbalance-sheet exposures	10 859	3 485 153	2 183	-	-	1 838	3 493 829

APPENDIX 17

EU CR1-B – CREDIT QUALITY OF EXPOSURES BY INDUSTRY OR COUNTERPARTY TYPES /AS OF 31.12.2017/

In thousands of BGN

		a	b	c	d	e	f	g
		Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges	Net values
		Defaulted exposures	Non-defaulted exposures					(a +b-c-d)
1	Agriculture, forestry and fishing	16 018	605 689	17 762	-	190	6 723	603 945
2	Mining and quarrying	575	36 648	539	-	-	6	36 684
3	Manufacturing	246 776	2 555 163	189 628	-	2 240	36 351	2 612 311
4	Electricity, gas, steam and air conditioning supply	2 452	542 452	5 207	-	4	564	539 697
5	Water supply	485	23 311	514	-	12	35	23 282
6	Construction	111 896	729 687	88 037	-	2 531	21 227	753 546
7	Wholesale and retail trade	155 910	2 851 291	149 118	-	2 926	40 690	2 858 083
8	Transport and storage	21 024	472 017	19 394	-	308	3 086	473 647
9	Accommodation and food service activities	43 571	299 710	31 503	-	139	13 473	311 778
10	Information and communication	3 079	239 660	3 648	-	48	593	239 091
11	Real estate activities	206 361	671 761	104 230	-	3 453	20 856	773 892
12	Professional, scientific and technical activities	29 589	257 634	24 974	-	2 658	1 766	262 249
13	Administrative and support service activities	5 057	137 400	5 037	-	34	994	137 420
14	Public administration and defence, compulsory social security	-	3 792 276	240	-	-	11	3 792 036
15	Education	84	1 718	39	-	-	13	1 763
16	Human health services and social work activities	480	19 638	333	-	10	40	19 785
17	Arts, entertainment and recreation	16	5 185	33	-	-	11	5 168
18	Other services	127 307	2 243 396	75 727	-	1 485	19 907	2 294 976
19	***Total***	**970 680**	**15 484 636**	**715 963**	**-**	**16 038**	**166 346**	**15 739 353**

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APPENDIX 18

EU CR1-C – CREDIT QUALITY OF EXPOSURES BY GEOGRAPHY /AS OF 31.12.2017/

In thousands of BGN

		a	b	c	d	e	f	g
		Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges	Net values
		Defaulted exposures	Non-defaulted exposures					(a+ b -c-d)
1	**EUROPE**	**1 000 974**	**22 286 914**	**730 458**		**16 027**	**160 910**	**22 557 430**
2	OF WHICH: BULGARIA	1 000 040	20 183 498	729 145		16 008	160 504	20 454 393
3	OF WHICH: ITALY	310	1 157 649	52		4	6	1 157 907
4	OF WHICH: UNITED KINGDOM	259	323 455	690		2	137	323 024
5	OF WHICH: GERMANY	92	255 903	101		5	11	255 894
6	OF WHICH: BELGIUM	2	195 730	2		-	-	195 730
7	OF WHICH: NETHERLANDS	2	60 339	159		-	158	60 182
8	OF WHICH: AUSTRIA	-	33 050	1		-	-	33 049
9	OF WHICH: LUXEMBOURG	-	14 368	-		-	-	14 368
10	OF WHICH: POLAND	48	12 721	14		2	13	12 755
11	OF WHICH: SWEDEN	1	6 446	1		-	-	6 446
12	OF WHICH: FINLAND	-	6 242	5		-	5	6 237
13	OF WHICH: OTHER EUROPEAN COUNTRIES	220	37 513	288		6	76	37 445
14	**AMERICA**	**109**	**84 490**	**157**		**-**	**128**	**84 442**
15	OF WHICH: USA	107	53 906	152		-	124	53 861
16	**ASIA**	**57**	**60 817**	**52**		**1**	**30**	**60 822**
17	OF WHICH: TURKEY	1	54 551	9		-	9	54 543
18	**REST OF THE WORLD**	**1 712**	**188 849**	**857**		**9**	**55**	**189 704**
19	OF WHICH: RUSSIA	1 496	97 138	490		7	48	98 144
20	OF WHICH: SWITZERLAND	-	44 094	-		-	-	44 094
21	**TOTAL**	**1 002 852**	**22 621 070**	**731 524**		**16 037**	**161 123**	**22 892 398**

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APPENDIX 19

EU CR1-D – AGEING OF PAST-DUE EXPOSURES /AS OF 31.12.2017/

In thousands of BGN

		a	b	c	d	e	f
		Gross carrying values					
		≤ 30 days *	> 30 days ≤ 60 days	> 60 days ≤ 90 days	> 90 days ≤ 180 days	> 180 days ≤ 1 year	> 1 year
1	Loans	9 773 466	73 889	291 087	66 095	93 918	557 190
2	Debt securities						
3	***Total exposures***	***9 773 466***	***73 889***	***291 087***	***66 095***	***93 918***	***557 190***

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APPENDIX 20

EU CR1-E – NON-PERFORMING AND FORBORNE EXPOSURES /AS OF 31.12.2017/

In thousands of BGN

		a	b	c	d	e	f	g	h	i	j	k	l	m
		Gross carrying values of performing and non-performing exposures							Accumulated impairment and provisions and negative fair value adjustments due to credit risk				Collaterals and financial guarantees received	
		of which performing	of which performing but past due > 30 days and <= 90 days	of which performing forborne	of which non-performing				on performing exposures		On non-performing exposures		On non-performing exposures	Of which forborne exposures
						of which defaulted	of which impaired	of which forborne		of which forborne		of which forborne		
010	Debt securities	3 755 137							-81					
020	Loans and advances	15 435 833	87 996	313 736	994 183	994 183	923 166	583 225	-75 925	-7 473	-685 857	-341 171	279 778	46 516
030	Off-balance-sheet exposures	3 485 153		2 227	10 859	10 859		431			-2 183		8 951	1 470

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APPENDIX 21

EU CR2-A – CHANGES IN THE STOCK OF GENERAL AND SPECIFIC CREDIT RISK ADJUSTMENTS /AS OF 31.12.2017/

In thousands of BGN

		a	b
		Accumulated specific credit risk adjustment	Accumulated general credit risk adjustment
1	**Opening balance**	**921 697**	**87 091**
2	Increases due to amounts set aside for estimated loan losses during the period	298 855	49 561
3	Decreases due to amounts reversed for estimated loan losses during the period	-177 515	-60 646
4	Decreases due to amounts taken against accumulated credit risk adjustments	-417 461	
5	Transfers between credit risk adjustments		
6	Impact of exchange rate differences	-376	
7	Business combinations, including acquisitions and disposals of subsidiaries		
8	Other adjustments	12	
9	**Closing balance**	**625 212**	**76 006**
10	Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	28 088	
11	Specific credit risk adjustments directly recorded to the statement of profit or loss		

APPENDIX 22

EU CR2-B – CHANGES IN THE STOCK OF DEFAULTED AND IMPAIRED LOANS AND DEBT SECURITIES /AS OF 31.12.2017/

In thousands of BGN

		a Gross carrying value defaulted exposures
1	**Opening balance**	1 546 108
2	Loans and debt securities that have defaulted or impaired since the last reporting period	141 096
3	Returned to non-defaulted status	-110 820
4	Amounts written off	-416 830
5	Other changes - collected amounts	-165 374
6	**Closing balance**	994 180

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APPENDIX 23

EU CR5 – STANDARDISED APPROACH
/AS OF 31.12.2017/

In thousands of BGN

	Exposure classes	Risk weight																Total	Of which unrated
		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others	Deducted		
1	Central governments or central banks	7 190 104	-	-	-	-	-	-	-	-	-	-	9 673	-	-	-	-	**7 199 777**	299 055
2	Regional government or local authorities	-	-	-	-	-	-	-	-	-	35 693	-	-	-	-	-	-	**35 693**	35 693
3	Public sector entities	-	-	-	-	-	-	-	-	-	1 171	-	-	-	-	-	-	**1 171**	1 171
4	Multilateral development banks	63 661	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**63 661**	63 661
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	-
6	Institutions	-	-	-	-	276	-	2 955	-	-	-	-	-	-	-	-	-	**3 231**	3 231
7	Corporates	-	-	-	-	-	-	16 873	-	-	868 208	-	-	-	-	-	-	**885 081**	885 081
8	Retail	-	-	-	-	-	-	-	-	1 367 174	-	-	-	-	-	-	-	**1 367 174**	1 367 174
9	Secured by mortgages on immovable property	-	-	-	-	-	9 102	26 022	-	-	-	-	-	-	-	-	-	**35 124**	35 124
10	Exposures in default	-	-	-	-	-	-	-	-	-	11 699	12 764	-	-	-	-	-	**24 463**	24 463
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	4 788	-	-	-	-	-	**4 788**	4 788
12	Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	-
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	220	8	-	-	-	-	-	**228**	228
14	Collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	-
15	Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	-
16	Other items	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	-
17	**Total**	**7 253 765**	**-**	**-**	**-**	**276**	**9 102**	**45 850**	**-**	**1 367 174**	**916 991**	**17 560**	**9 673**	**-**	**-**	**-**	**-**	**9 620 391**	**2 719 669**

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APPENDIX 24

EU CCR3 – STANDARDISED APPROACH – CCR EXPOSURES BY REGULATORY PORTFOLIO AND RISK /AS OF 31.12.2017/

In thousands of BGN

	Exposure classes	Risk weight											Total	Of which unrated
		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others		
1	Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Regional government or local authorities	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Corporates	-	-	-	-	-	-	-	-	1 417	-	-	1 417	1 417
8	Retail	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Other items	-	-	-	-	-	-	-	-	-	-	-	-	-
11	**Total**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1 417**	**-**	**-**	**1 417**	**1 417**

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APPENDIX 25

EU MR1 – MARKET RISK UNDER THE STANDARDISED APPROACH /AS OF 31.12.2017/

In thousands of BGN

		a	b
		RWAs	**Capital requirements**
	Outright products		
1	Interest rate risk (general and specific)	37 338	2 987
2	Equity risk (general and specific)	38	3
3	Foreign exchange risk	-	-
4	Commodity risk	88	7
	Options		
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitisation (specific risk)	-	-
9	**Total**	**37 464**	**2 997**

UniCredit Bulbank

APPENDIX 26

LEVERAGE RATIO
/AS OF 31.12.2017/

In thousands of BGN

Summary reconciliation of accounting assets and leverage ratio exposures	
Total assets as per published financial statements	20 259 159
Adjustments for derivative financial instruments	103 711
Adjustments for securities financing transactions "SFTs"[1]	-
Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	1 327 895
Other adjustments	-42 738
Total leverage ratio exposure	**21 648 027**

[1] SFT, which is an abbreviation of Securities Financing Transaction and shall mean 'repurchase transactions, securities or commodities lending or borrowing transactions, long settlement transactions and margin lending transactions' of Regulation (EU) № 575/2013.

In thousands of BGN

Leverage ratio common disclosure	
Tier 1 capital - Fully phased in	**2 740 022**
Leverage ratio in accordance with Regulation (EU) № 575/2013	**12.66%**

In thousands of BGN

Leverage ratio exposures - Regulation (EU) № 575/2013	
Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	**20 166 488**
Trading book exposures	36
Banking book exposures, of which:	20 166 452
Exposures treated as sovereigns	7 199 582
Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	34 946
Institutions	1 593 648
Secured by mortgages of immovable properties	2 026 623
Retail exposures	2 053 501
Corporate	6 167 837
Exposures in default	307 195
Other exposures (eg equity, securitisations, and other non-credit obligation assets)	783 120
Asset amounts deducted in determining Tier 1 capital	**-42 738**
Derivative exposures, of which:	**196 382**
Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	92 671
Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	103 711
Securities financing transaction exposures, of which:	**-**
Counterparty credit risk exposure for SFT assets	-
Other off-balance sheet exposures	**1 327 895**

UniCredit Bulbank

APPENDIX 27A

EU CR6 – IRB APPROACH – CREDIT RISK EXPOSURES BY EXPOSURE CLASS AND PD RANGE
FOUNDATION IRB APPROACH
/AS OF 31.12.2017/

In thousands of BGN

		a	b	c	d	e	f	g	h	i	j	k	l
FIRB	PD scale	Original on-balance sheet gross exposures	Off-balance sheet exposures pre-CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWAs	RWA density	EL	Value adjustments and provisions
Institutions	0.00 to <0.15	269 037	99 356	17.94%	286 864	0.10%	56	45.00%	2.50	118 360	41.26%	126	-
Institutions	0.15 to <0.25	1 318 956	73 919	59.01%	1 362 574	0.16%	11	45.00%	2.50	754 274	55.36%	986	-
Institutions	0.25 to <0.50	444	35 092	64.16%	22 959	0.40%	13	45.00%	2.50	19 493	84.91%	41	-
Institutions	0.50 to <0.75	-	8 906	50.00%	4 453	0.57%	2	45.00%	2.50	3 495	78.49%	12	-
Institutions	0.75 to <2.50	2 471	5 941	23.50%	3 867	0.77%	3	45.00%	2.50	3 436	88.86%	13	-
Institutions	2.50 to <10.00	-	144	50.00%	72	3.74%	4	45.00%	2.50	114	158.41%	1	-
Institutions	10.00 to <100.00	5	-	0.00%	5	30.77%	1	45.00%	2.50	15	292.97%	1	-
Institutions	100.00 (Default)	-	-	0.00%	-	0.00%	-	0.00%	-	-	0.00%	-	-
Institutions	**Subtotal**	**1 590 914**	**223 358**	**40.24%**	**1 680 794**	**0.16%**	**90**	**45.00%**	**2.50**	**899 187**	53.50%	**1 180**	**-**
Corporates: Of which: specialised lending	Excelent	211 282	7 856	27.30%	213 427		21			149 390	70.00%	854	541
Corporates: Of which: specialised lending	Good	569 007	104 965	46.42%	614 107		94			551 354	89.78%	4 901	4 123
Corporates: Of which: specialised lending	Satisfactory	117 637	6 244	75.00%	122 320		31			140 599	114.94%	3 423	1 801
Corporates: Of which: specialised lending	Weak	17 686	452	75.00%	18 025		2			45 063	250.00%	1 442	721
Corporates: Of which: specialised lending	Default	167 966	16	75.00%	167 977		39			-	0.00%	83 989	88 753
Corporates: Of which: specialised lending	**Subtotal**	**1 083 579**	**119 531**	**46.77%**	**1 135 856**		**187**			**886 406**	78.04%	**94 609**	**95 939**
Total (all portfolios)		**2 674 492**	**342 890**	**42.23%**	**2 816 649**	**0.16%**	**277**	**45.00%**	**2.50**	**1 785 592**	63.39%	**95 789**	**95 939**

APPENDIX 27B

EU CR6 – IRB APPROACH – CREDIT RISK EXPOSURES BY EXPOSURE CLASS AND PD RANGE
ADVANCED IRB APPROACH
/AS OF 31.12.2017/

In thousands of BGN

		a	b	c	d	e	f	g	h	i	j	k	l
AIRB	PD scale	Original on-balance sheet gross exposures	Off-balance sheet exposures pre-CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWAs	RWA density	EL	Value adjustments and provisions
Corporates	0.00 to <0.15	307 018	566 074	29.94%	476 500	0.08%	44	47.12%	1.31	101 231	21.24%	168	13
Corporates	0.15 to <0.25	66 925	137 476	32.96%	112 236	0.19%	14	53.16%	1.77	48 577	43.28%	112	16
Corporates	0.25 to <0.50	76 058	91 411	33.27%	106 466	0.42%	20	52.45%	1.69	67 971	63.84%	230	86
Corporates	0.50 to <0.75	64 846	161 876	42.17%	133 114	0.61%	16	52.10%	2.08	125 810	94.51%	427	102
Corporates	0.75 to <2.50	474 925	178 378	36.73%	539 639	1.23%	43	44.87%	2.62	555 816	103.00%	2 944	1 342
Corporates	2.50 to <10.00	8 825	33 120	30.35%	18 877	6.55%	21	39.11%	2.25	27 793	147.23%	513	90
Corporates	10.00 to <100.00	23 469	3 106	38.18%	24 655	19.97%	2	32.45%	3.54	46 625	189.11%	1 596	1 066
Corporates	100.00 (Default)	49 547	358	96.23%	49 891	100.00%	31	80.67%	1.90	-	0.00%	40 249	35 468
Corporates	**Subtotal**	**1 071 612**	**1 171 800**	**33.33%**	**1 461 378**	**1.04%**	**191**	**48.39%**	**2.00**	**973 824**	**66.64%**	**46 239**	**38 182**
Corporates: Of which: sme	0.00 to <0.15	95 521	75 098	48.33%	131 815	0.12%	47	45.00%	2.59	40 523	30.74%	70	28
Corporates: Of which: sme	0.15 to <0.25	110 495	91 985	43.30%	149 964	0.20%	118	28.31%	3.13	35 726	23.82%	83	52
Corporates: Of which: sme	0.25 to <0.50	334 602	175 021	42.49%	408 155	0.40%	371	41.08%	2.94	204 899	50.20%	666	294
Corporates: Of which: sme	0.50 to <0.75	218 597	96 977	46.31%	262 368	0.63%	275	41.67%	2.28	141 667	54.00%	675	307
Corporates: Of which: sme	0.75 to <2.50	1 617 040	545 047	39.30%	1 806 091	1.49%	997	36.94%	2.95	1 303 743	72.19%	9 879	5 424
Corporates: Of which: sme	2.50 to <10.00	923 831	279 613	41.74%	1 035 217	4.48%	721	32.96%	2.80	891 214	86.09%	15 985	8 888
Corporates: Of which: sme	10.00 to <100.00	121 472	31 678	28.94%	130 641	14.79%	58	28.22%	3.42	141 162	108.05%	4 983	3 915
Corporates: Of which: sme	100.00 (Default)	470 481	8 006	94.74%	478 066	100.00%	291	59.73%	1.57	-	0.00%	285 549	355 339
Corporates: Of which: sme	**Subtotal**	**3 892 040**	**1 303 424**	**41.67%**	**4 402 316**	**2.46%**	**2 878**	**38.83%**	**2.73**	**2 758 934**	**62.67%**	**317 890**	**374 248**
Retail Secured on real estate property	0.00 to <0.15	192 770	12 162	81.70%	202 706	0.12%	2 647	14.32%		8 525	4.21%	36	11
Retail Secured on real estate property	0.15 to <0.25	169 610	6 962	100.34%	176 511	0.20%	2 471	14.11%		10 190	5.77%	49	20
Retail Secured on real estate property	0.25 to <0.50	346 911	14 263	93.70%	360 275	0.37%	5 680	14.01%		32 087	8.91%	185	92
Retail Secured on real estate property	0.50 to <0.75	210 390	8 739	97.19%	218 818	0.61%	3 501	14.70%		28 523	13.03%	195	107
Retail Secured on real estate property	0.75 to <2.50	657 276	16 177	120.77%	676 066	1.36%	10 423	15.98%		156 405	23.13%	1 466	887
Retail Secured on real estate property	2.50 to <10.00	291 994	2 024	280.51%	296 915	4.93%	4 839	15.61%		142 374	47.95%	2 276	1 295
Retail Secured on real estate property	10.00 to <100.00	135 683	796	318.04%	137 845	19.85%	2 650	14.65%		106 915	77.56%	4 076	2 240
Retail Secured on real estate property	100.00 (Default)	130 069	16	0.00%	130 069	100.00%	1 995	35.74%		-	0.00%	46 493	65 922
Retail Secured on real estate property	**Subtotal**	**2 134 703**	**61 138**	**108.81%**	**2 199 205**	**2.63%**	**34 206**	**16.26%**		**485 018**	**22.05%**	**54 777**	**70 574**
Retail Qualifying revolving	0.00 to <0.15	6 853	69 814	63.11%	50 909	0.12%	30 442	31.96%		1 239	2.43%	20	6
Retail Qualifying revolving	0.15 to <0.25	5 510	20 916	64.09%	18 916	0.20%	12 615	32.63%		691	3.65%	12	5
Retail Qualifying revolving	0.25 to <0.50	10 964	25 165	63.04%	26 827	0.36%	16 980	33.54%		1 630	6.08%	32	15
Retail Qualifying revolving	0.50 to <0.75	7 517	12 662	63.28%	15 529	0.62%	10 796	33.62%		1 452	9.35%	32	16
Retail Qualifying revolving	0.75 to <2.50	27 689	36 785	62.13%	50 546	1.45%	37 066	33.64%		8 984	17.77%	246	132
Retail Qualifying revolving	2.50 to <10.00	29 648	17 949	62.78%	40 916	5.00%	30 271	34.43%		17 761	43.41%	707	444
Retail Qualifying revolving	10.00 to <100.00	12 193	2 202	67.33%	13 676	16.02%	11 246	34.65%		11 699	85.55%	759	974
Retail Qualifying revolving	100.00 (Default)	4 751	197	0.00%	4 751	100.00%	6 192	65.90%		-	0.00%	3 131	4 563
Retail Qualifying revolving	**Subtotal**	**105 124**	**185 691**	**62.98%**	**222 069**	**2.42%**	**155 608**	**34.05%**		**43 456**	**19.57%**	**4 939**	**6 155**
Other retail	0.00 to <0.15	22 837	40 180	53.74%	44 263	0.12%	6 184	45.33%		5 221	11.80%	25	7
Other retail	0.15 to <0.25	21 129	26 139	54.72%	35 246	0.20%	2 865	47.37%		5 918	16.79%	33	9
Other retail	0.25 to <0.50	47 851	44 379	54.48%	71 530	0.39%	4 522	49.83%		18 739	26.20%	139	50
Other retail	0.50 to <0.75	54 104	28 583	56.21%	68 671	0.61%	3 859	50.32%		23 211	33.80%	211	84
Other retail	0.75 to <2.50	263 867	57 891	59.23%	294 316	1.41%	14 105	55.01%		151 467	51.46%	2 290	910
Other retail	2.50 to <10.00	127 161	15 308	63.21%	135 804	4.85%	8 495	55.31%		92 185	67.88%	3 641	1 486
Other retail	10.00 to <100.00	61 671	1 915	85.61%	63 037	21.47%	5 151	52.07%		63 154	100.19%	7 156	3 240
Other retail	100.00 (Default)	61 544	519	74.23%	61 843	100.00%	6 615	77.64%		-	0.00%	48 014	52 894
Other retail	**Subtotal**	**660 164**	**214 915**	**56.83%**	**774 710**	**3.52%**	**51 796**	**54.83%**		**359 895**	**46.46%**	**61 508**	**58 681**
Total (all portfolios)		**7 863 644**	**2 936 967**	**42.23%**	**9 059 680**	**2.35%**	**244 679.00**	**36.15%**	**2.55**	**4 621 128**	**51.01%**	**485 352**	**547 840**

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APPENDIX 27C

EU CR6 – IRB APPROACH – CREDIT RISK EXPOSURES BY EXPOSURE CLASS AND PD RANGE
EQUITY
/AS OF 31.12.2017/

In thousands of BGN

		a	b	c	d	e	f	g	h	i	j	k	l
EQUITY	PD scale	Original on-balance sheet gross exposures	Off-balance sheet exposures pre-CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWAs	RWA density	EL	Value adjustments and provisions
Equity	Equity	22 487	-		22 487		11			50 192	223.21%	88	-
Total (all portfolios)		22 487	-		22 487		11			50 192	223.21%	88	-

UniCredit Bulbank

APPENDIX 28A

EU CCR4 – IRB APPROACH – CCR EXPOSURES BY PORTFOLIO AND PD SCALE
FOUNDATION IRB APPROACH
/AS OF 31.12.2017/

In thousands of BGN

FIRB	PD scale	EAD post CRM	Average PD	Number of obligors	Average LGD	Average maturity	RWAs	RWA density
Institutions	0.00 to <0.15	5 826	0.12%	5	45.00%	2.50	2 691	46.20%
Institutions	0.15 to <0.25	100 743	0.16%	4	45.00%	2.50	55 760	55.35%
Institutions	0.25 to <0.50	293	0.30%	1	45.00%	2.50	168	57.40%
Institutions	0.50 to <0.75	-	0.00%	-	0.00%	-	-	0.00%
Institutions	0.75 to <2.50	201	0.76%	1	45.00%	2.50	177	88.35%
Institutions	2.50 to <10.00	-	0.00%	-	0.00%	-	-	0.00%
Institutions	10.00 to <100.00	-	0.00%	-	0.00%	-	-	0.00%
Institutions	100.00 (Default)	-	0.00%	-	0.00%	-	-	0.00%
Institutions	**Subtotal**	**107 062**	**0.16%**	**11**	**45.00%**	**2.50**	**58 797**	**54.92%**
Corporates: Of which: specialised lending	Excelent	10 628		10			7 440	70.00%
Corporates: Of which: specialised lending	Good	22 706		41			20 435	90.00%
Corporates: Of which: specialised lending	Satisfactory	1 420		6			1 633	115.00%
Corporates: Of which: specialised lending	Default	4 600		2			-	0.00%
Corporates: Of which: specialised lending	**Subtotal**	**39 354**		**59**			**29 508**	**74.98%**
Total (all portfolios)		**146 416**	**0.16%**	**70**	**45.00%**	**2.50**	**88 304**	**60.31%**

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APPENDIX 28B

EU CCR4 – IRB APPROACH – CCR EXPOSURES BY PORTFOLIO AND PD SCALE ADVANCED IRB APPROACH /AS OF 31.12.2017/

In thousands of BGN

AIRB	PD scale	EAD post CRM	Average PD	Number of obligors	Average LGD	Average maturity	RWAs	RWA density
Corporates	0.00 to <0.15	25 800	0.13%	2	45.00%	2.50	6 254	24.24%
Corporates	0.15 to <0.25	11 860	0.15%	3	44.69%	2.50	3 473	29.29%
Corporates	0.25 to <0.50	1 850	0.41%	2	45.00%	2.50	1 735	93.75%
Corporates	0.50 to <0.75	-	0.00%	-	0.00%	-	-	0.00%
Corporates	0.75 to <2.50	4 338	1.10%	9	45.00%	2.50	4 713	108.64%
Corporates	2.50 to <10.00	245	6.95%	2	45.00%	2.50	417	170.28%
Corporates	10.00 to <100.00	-	0.00%	-	0.00%	-	-	0.00%
Corporates	100.00 (Default)	49	100.00%	1	45.00%	2.50	-	0.00%
Corporates	**Subtotal**	**44 142**	**0.28%**	**19**	**44.92%**	**2.50**	**16 592**	**37.59%**
Corporates: Of which: sme	0.00 to <0.15	61	0.08%	2	45.00%	2.50	25	41.32%
Corporates: Of which: sme	0.15 to <0.25	-	0.00%	-	0.00%	-	-	0.00%
Corporates: Of which: sme	0.25 to <0.50	577	0.42%	8	45.00%	2.50	372	64.52%
Corporates: Of which: sme	0.50 to <0.75	113	0.64%	3	45.00%	2.50	60	53.10%
Corporates: Of which: sme	0.75 to <2.50	2 820	1.89%	16	45.00%	2.50	3 343	118.53%
Corporates: Of which: sme	2.50 to <10.00	415	4.76%	9	45.00%	2.50	494	119.13%
Corporates: Of which: sme	10.00 to <100.00	81	10.77%	1	45.00%	2.50	149	182.69%
Corporates: Of which: sme	100.00 (Default)	-	0.00%	-	0.00%	-	-	0.00%
Corporates: Of which: sme	**Subtotal**	**4 067**	**2.09%**	**39**	**45.00%**	**2.50**	**4 443**	**109.25%**
Other retail	0.00 to <0.15	-	0.00%	-	0.00%	-	-	0.00%
Other retail	0.15 to <0.25	47	0.18%	1	45.00%	2.50	6	13.84%
Other retail	0.25 to <0.50	138	0.39%	2	45.00%	2.50	37	26.45%
Other retail	0.50 to <0.75	47	0.51%	1	45.00%	2.50	12	26.38%
Other retail	0.75 to <2.50	108	1.56%	4	45.00%	2.50	48	44.01%
Other retail	2.50 to <10.00	-	0.00%	-	0.00%	-	-	0.00%
Other retail	10.00 to <100.00	-	0.00%	-	0.00%	-	-	0.00%
Other retail	100.00 (Default)	-	0.00%	-	0.00%	-	-	0.00%
Other retail	**Subtotal**	**340**	**0.75%**	**8**	**45.00%**	**2.50**	**103**	**30.28%**
Total (all portfolios)		**48 550**	**0.44%**	**66**	**44.92%**	**2.50**	**21 139**	**43.54%**

UniCredit Bulbank

APPENDIX 29

EU CR3 – CRM TECHNIQUES – OVERVIEW /AS OF 31.12.2017/

In thousands of BGN

		a	b	c	d	e
		Exposures unsecured – Carrying amount	Exposures secured – Carrying amount	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
1	Total loans	9 989 274	3 593 677	3 540 865	52 812	-
2	Total debt securities	3 755 056	-	-	-	-
3	**Total exposures**	**13 744 330**	**3 593 677**	**3 540 865**	**52 812**	**-**
4	Of which defaulted	151 501	134 349	134 297	51	-

UniCredit Bulbank

APPENDIX 30

EU CR4 – STANDARDISED APPROACH – CREDIT RISK EXPOSURE AND CRM EFFECTS /AS OF 31.12.2017/

In thousands of BGN

		a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWA density	
	Exposure classes	On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount	Off-balance-sheet amount	RWAs	RWA density
1	Central governments or central banks	7 199 582	11 506	7 199 582	195	24 183	0.34%
2	Regional government or local authorities	34 679	2 264	34 679	1 014	35 693	100.00%
3	Public sector entities	267	2 399	266	905	1 171	100.00%
4	Multilateral development banks	-	8 603	59 178	4 483	-	0.00%
5	International organisations	-	-	-	-	-	0.00%
6	Institutions	2 726	1 010	2 726	505	1 533	47.45%
7	Corporates	837 410	152 605	831 167	53 914	866 428	97.89%
8	Retail	1 361 886	21 032	1 361 789	5 385	1 024 420	74.93%
9	Secured by mortgages on immovable property	26 640	16 983	26 640	8 484	16 034	45.65%
10	Exposures in default	23 593	1 748	23 589	874	30 845	126.09%
11	Exposures associated with particularly high risk	4 788	-	4 788	-	7 182	150.00%
12	Covered bonds	-	-	-	-	-	0.00%
13	Institutions and corporates with a short-term credit assessment	8	440	8	220	232	101.75%
14	Collective investment undertakings	-	-	-	-	-	0.00%
15	Equity	-	-	-	-	-	0.00%
16	Other items	-	-	-	-	-	0.00%
17	**Total**	**9 491 579**	**218 590**	**9 544 412**	**75 979**	**2 007 721**	**20.87%**

UniCredit Bulbank

APPENDIX 31

EU CR7 – IRB APPROACH – EFFECT ON THE RWAs OF CREDIT DERIVATIVES USED AS CRM TECHNIQUES /AS OF 31.12.2017/

In thousands of BGN

		a	b
		Pre-credit derivatives RWAs	**Actual RWAs**
1	**Exposures under FIRB**		
2	Central governments and central banks	-	-
3	Institutions	899 187	899 187
4	Corporates – SMEs	-	-
5	Corporates – Specialised lending	886 406	886 406
6	Corporates – Other	-	-
7	**Exposures under AIRB**		
8	Central governments and central banks	-	-
9	Institutions	-	-
10	Corporates – SMEs	2 758 679	2 758 679
11	Corporates – Specialised lending	-	-
12	Corporates – Other	973 824	973 824
13	Retail – Secured by real estate SMEs	128 741	128 741
14	Retail – Secured by real estate non- SMEs	356 278	356 278
15	Retail – Qualifying revolving	43 456	43 456
16	Retail – Other SMEs	297 607	297 607
17	Retail – Other non-SMEs	62 288	62 288
18	Equity IRB	49 373	49 373
19	Other non-credit obligation assets	469 436	469 436
20	**Total**	**6 925 275**	**6 925 275**

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APPENDIX 32

EU CR8 – RWA FLOW STATEMENTS OF CREDIT RISK EXPOSURES UNDER THE IRB APPROACH /AS OF 31.12.2017/

In thousands of BGN

		a	b
		RWA amounts	**Capital requirements**
1	**RWAs as at the end of the previous reporting period**	**6 682 529**	**534 602**
2	Asset size	-143 589	-11 487
3	Asset quality	-82 028	-6 562
4	Model updates		
5	Methodology and policy		
6	Acquisitions and disposals		
7	Foreign exchange movements		
8	Other		
9	**RWAs as at the end of the reporting period**	**6 456 912**	**516 553**

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APPENDIX 33A

EU CR9 – IRB APPROACH – BACKTESTING OF PD PER EXPOSURE CLASS FOUNDATION IRB APPROACH /AS OF 31.12.2017/

In thousands of BGN

a	b	c	d	e	f		g	h	i
FIRB	PD range	External rating equivalent	Weighted average PD	Arithmetic average PD by obligors	Number of obligors		Defaulted obligors in the year	Of which new obligors	Average historical annual default rate
					End of previous year	End of the year			
Institutions	0.00 to <0.15		0.09%	0.33%	53	56	-	-	
Institutions	0.15 to <0.25		0.24%	1.90%	3	11	-	-	
Institutions	0.25 to <0.50		0.30%	2.15%	3	13	-	-	
Institutions	0.50 to <0.75		0.59%	0.75%	5	2	-	-	
Institutions	0.75 to <2.50		0.79%	1.20%	2	3	-	-	
Institutions	2.50 to <10.00		3.13%	3.13%	1	4	-	-	
Institutions	10.00 to <100.00		30.79%	30.79%	1	1	-	-	
Institutions	**Subtotal**		**0.10%**	**1.03%**	**68**	**90**	**-**	**-**	**0.00%**

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APPENDIX 33B

EU CR9 – IRB APPROACH – BACKTESTING OF PD PER EXPOSURE CLASS
ADVANCED IRB APPROACH
/AS OF 31.12.2017/

In thousands of BGN

a	b	c	d	e	f		g	h	i
AIRB	PD range	External rating equivalent	Weighted average PD	Arithmetic average PD by obligors	Number of obligors		Defaulted obligors in the year	Of which new obligors	Average historical annual default rate
					End of previous year	End of the year			
Corporates	0.00 to <0.15		0.08%	0.77%	33	44	-	-	
Corporates	0.15 to <0.25		0.18%	4.54%	10	14	-	-	
Corporates	0.25 to <0.50		0.38%	5.78%	36	20	-	-	
Corporates	0.50 to <0.75		0.66%	5.41%	15	16	-	-	
Corporates	0.75 to <2.50		1.41%	16.70%	57	43	-	-	
Corporates	2.50 to <10.00		4.20%	39.82%	25	21	-	-	
Corporates	10.00 to <100.00		19.99%	50.59%	3	2	-	-	
Corporates	**Subtotal**		**1.43%**	**13.74%**	**179**	**160**	**-**	**-**	**1.29%**
Corporates: Of which: sme	0.00 to <0.15		0.10%	1.13%	53	47	-	-	
Corporates: Of which: sme	0.15 to <0.25		0.18%	1.32%	107	118	-	-	
Corporates: Of which: sme	0.25 to <0.50		0.38%	2.76%	376	371	-	-	
Corporates: Of which: sme	0.50 to <0.75		0.64%	3.94%	255	275	2	-	
Corporates: Of which: sme	0.75 to <2.50		1.39%	10.11%	966	997	6	-	
Corporates: Of which: sme	2.50 to <10.00		4.14%	28.36%	741	721	27	-	
Corporates: Of which: sme	10.00 to <100.00		13.12%	85.52%	53	58	5	-	
Corporates: Of which: sme	**Subtotal**		**2.27%**	**14.72%**	**2 551**	**2 587**	**40**	**-**	**1.29%**
Retail Secured on real estate property: Of which: sme	0.00 to <0.15		0.12%	0.34%	129	133	1	-	
Retail Secured on real estate property: Of which: sme	0.15 to <0.25		0.19%	0.60%	152	148	-	-	
Retail Secured on real estate property: Of which: sme	0.25 to <0.50		0.39%	1.33%	362	333	2	-	
Retail Secured on real estate property: Of which: sme	0.50 to <0.75		0.62%	2.26%	276	291	1	-	
Retail Secured on real estate property: Of which: sme	0.75 to <2.50		1.38%	5.40%	1 307	1 194	13	-	
Retail Secured on real estate property: Of which: sme	2.50 to <10.00		4.78%	16.43%	640	612	27	-	
Retail Secured on real estate property: Of which: sme	10.00 to <100.00		24.41%	74.54%	359	279	62	-	
Retail Secured on real estate property: Of which: sme	**Subtotal**		**3.77%**	**14.13%**	**3 225**	**2 990**	**106**	**-**	**3.44%**
Retail Secured on real estate property: Of which: non-sme	0.00 to <0.15		0.12%	0.35%	1 987	2 397	2	-	
Retail Secured on real estate property: Of which: non-sme	0.15 to <0.25		0.20%	0.56%	1 935	2 187	3	-	
Retail Secured on real estate property: Of which: non-sme	0.25 to <0.50		0.36%	1.02%	4 695	5 139	9	-	
Retail Secured on real estate property: Of which: non-sme	0.50 to <0.75		0.61%	1.69%	2 957	3 002	4	-	
Retail Secured on real estate property: Of which: non-sme	0.75 to <2.50		1.37%	3.87%	8 506	8 657	16	-	
Retail Secured on real estate property: Of which: non-sme	2.50 to <10.00		4.98%	14.11%	3 994	4 001	37	-	
Retail Secured on real estate property: Of which: non-sme	10.00 to <100.00		18.73%	52.44%	2 286	2 277	171	-	
Retail Secured on real estate property: Of which: non-sme	**Subtotal**		**2.62%**	**8.37%**	**26 360**	**27 660**	**242**	**-**	**2.12%**
Retail Qualifying revolving	0.00 to <0.15		0.12%	0.33%	22 706	25 978	54	-	
Retail Qualifying revolving	0.15 to <0.25		0.20%	0.60%	9 287	10 305	41	-	
Retail Qualifying revolving	0.25 to <0.50		0.36%	1.16%	12 289	13 560	40	-	
Retail Qualifying revolving	0.50 to <0.75		0.61%	2.06%	8 138	8 559	45	-	
Retail Qualifying revolving	0.75 to <2.50		1.44%	4.87%	28 054	29 757	233	-	
Retail Qualifying revolving	2.50 to <10.00		4.99%	16.86%	22 717	24 486	536	-	
Retail Qualifying revolving	10.00 to <100.00		16.06%	49.27%	8 015	9 284	773	-	
Retail Qualifying revolving	**Subtotal**		**2.48%**	**8.62%**	**111 206**	**121 929**	**1 722**	**-**	**2.12%**
Other retail: Of which: sme	0.00 to <0.15		0.12%	0.33%	2 110	2 435	12	-	
Other retail: Of which: sme	0.15 to <0.25		0.20%	0.70%	765	909	1	-	
Other retail: Of which: sme	0.25 to <0.50		0.39%	1.51%	1 363	1 547	7	-	
Other retail: Of which: sme	0.50 to <0.75		0.61%	2.51%	1 087	1 282	6	-	
Other retail: Of which: sme	0.75 to <2.50		1.41%	6.21%	4 852	5 407	67	-	
Other retail: Of which: sme	2.50 to <10.00		4.70%	18.80%	3 326	3 404	170	-	
Other retail: Of which: sme	10.00 to <100.00		22.39%	85.61%	1 525	1 417	303	-	
Other retail: Of which: sme	**Subtotal**		**3.62%**	**15.25%**	**15 028**	**16 401**	**566**	**-**	**3.44%**
Other retail: Of which: non-sme	0.00 to <0.15		0.12%	0.28%	3 512	2 965	9	-	
Other retail: Of which: non-sme	0.15 to <0.25		0.20%	0.44%	1 894	1 423	3	-	
Other retail: Of which: non-sme	0.25 to <0.50		0.36%	0.80%	2 577	1 839	6	-	
Other retail: Of which: non-sme	0.50 to <0.75		0.63%	1.37%	2 164	1 507	4	-	
Other retail: Of which: non-sme	0.75 to <2.50		1.42%	3.13%	5 946	4 071	40	-	
Other retail: Of which: non-sme	2.50 to <10.00		5.18%	11.15%	4 207	2 786	76	-	
Other retail: Of which: non-sme	10.00 to <100.00		19.42%	40.45%	3 609	2 739	341	-	
Other retail: Of which: non-sme	**Subtotal**		**4.31%**	**9.13%**	**23 909**	**17 330**	**479**	**-**	**2.12%**

UniCredit Bulbank

Declaration by the Manager charged with preparing the financial reports

The undersigned, Jasna Mandac – CFO and Member of the Management Board of UniCredit Bulbank AD, in his/her capacity as the Manager charged with preparing the financial reports of UniCredit Bulbank AD

DECLARES

that, pursuant to article 154-bis, paragraph 2, of the "Consolidated Law on Financial Intermediation", the information disclosed in this document corresponds to the accounting documents, books and records.

Sofia,

June 14, 2018

Jasna Mandac

CFO and Member of the Management Board
of UniCredit Bulbank AD

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/signature/