ANNUAL DISCLOSURE

YEAR 2021

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

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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. The report includes also information following the requirements specified in EBA/GL/2018/10 Guidelines on disclosure of non-performing and forborne exposures.

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/en/about-us/investors/financial-reports/).

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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 has 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 2022 UniCredit Bulbank AD received BBB/Stable 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 possesses a full-scope banking license for performing commercial banking activities. The Bank offers a comprehensive range of banking and financial products and services to individuals and corporate customers including multinationals, public sector and institutional customers.

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

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

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

Simple Banking Strategy has the aim to ensure efficient operations so that UniCredit Bulbank fits to the new competitive landscape shaped by digitalization trends and changed preferences of the 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. All this is embedded in the new long-term strategic plan UniCredit Unlocked, designed to deliver sustainable performance and profitable growth through the cycle for all: investors, employees, clients.

To unlock the power of UniCredit potential implies a New Service Model, closer to clients, leveraging on the increase of the usage of digital channels & remote advisory. UniCredit Bulbank are in line with UniCredit Group strategy, which is further confirmed in the new Multy-Year Plan 2022-2024 (MYP "Team 24"), in support of the continuity and acceleration of the main four pillars:

- 1 in customer experience;
- 1 choice of employees;
- 1 in digitalization;
- 1 in ethical and sustainable business.

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2.2 RISK APPETITE

The Risk Appetite Framework is defined at UniCredit 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.

The 2022 Risk Appetite of UniCredit Bulbank reflects out ambition and commitment along the following main dimensions:

Strategic mission

- UniCredit Bulbank is part of a simple, successful Pan European Commercial Bank with a fully plugged-in CIB.
- We commit to generating sustainable returns by leveraging on our unique client footprint, and developing further our excellent client franchise, maximizing productivity through continuous cost optimization and more efficient business processes, with a proven discipline in risk management and capital allocation.

Capital

- We ensure adequate buffers over every regulatory requirements in order to guarantee a solid capital position Group-wide in an uncertain macro scenario, to manage impacts of regulation evolution and minimize the effect of potential execution risk.
- We ensure the capital adequacy taking into account – among others – the economic perspective by the means of ICAAP.
- We identify on a regular basis potential new sources of volatility for either the regulatory or the economic capital and improve, where needed, methods to measure and smoothen their respective impact on capital under normal and stressed scenarios.
- We continuously apply updated stress scenarios, starting from more recent market evolution, also leveraging on the past experience
- We apply a disciplined allocation of risk towards business and clients with positive risk adjusted return on capital.
- We are targeting a sustainable RoTE throughout the course of the Plan with increasing distribution to shareholders, ensuring a solid Group tangible equity.
- We continuously improve our models to ensure compliance with changing regulations while keeping the accuracy at highest standard.
- We defined a robust Model Risk Management framework to ensure an effective governance of the model risk deriving from capital and provisioning models, mitigated by monitoring and validation and managed through comprehensive model maintenance.

Credit Risk

- We continue to be disciplined in risk management and credit underwriting to preserve the portfolio good quality, keeping focus on a sector-based approach, considering EU next generation plan and ESG impact. In addition, we will keep leveraging on secured portfolio as preferred solution when applicable.
- Expected Loss on new business set at adequate level to support business in a controlled risk environment with CoR benefitting from de-risking phase coming to its completion, proactive actions done so far and good asset quality evolution in the context of risk normalization along MYP horizon.

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- Proactively manage clients exiting from moratoria, leveraging on a span of different initiatives also through potential re-management measure, to limit cliff effect over the next year.
- Continuing pursuing cautious stance vs Highly Leveraged Transactions (e.g. with ECB leverage ratio >6x or negative EBITDA), with a dedicated escalation process applied to new transactions.
- As Non-Core rundown confirmed by 2022, new NPE strategy will focus more on recoveries and value extraction with disposal capped to a minimum level and used as a flexible lever to maximize value.
- We carefully evaluate, monitor and limit concentration risk of all kind. In particular, we aim at actively managing concentration towards our largest Corporate and Financial Institutions clients by allocating a maximum amount of internal capital to the Bulk Risk portfolio and via a dedicated set of single-name limits, however considering also potential liquidity needs of our clients in case of Government schemes are applicable.
- We minimize the risks arising from our exposure to shadow banking entities, through the Group aggregate limits and triggers.

Liquidity and Interest Rate Risks

- To preserve the strong Group liquidity position we pursue to keep the LCR above the current limit's threshold both at Group and LEs level.
- We execute the funding plan consistently with TLAC/MREL requirements and in order to ensure an adequate buffer on LCR and NSFR
- Optimizing intragroup exposures, taking into account self-sufficiency strategy, internal/local MREL provisions and Group liquidity position.
- Our main target of IRRBB strategy is the reduction of the adverse impacts on net interest income due to interest rate volatility in a multiyear horizon in order to achieve a flow of earnings and a return on capital coherent with the strategic plan.

Market and Sovereign Risks

- We assume a low level of risk arising from trading activities, confirming the commercial banking activities as core.
- We pursue a Sovereign portfolio diversification through an investment strategy aimed at rebalancing the portfolio composition through prudent risk taking ensuring an adequate level of High Quality Liquid Assets both at Group and Legal Entity level, balancing the liquidity and profitability needs.
- We keep a cautious approach to preserve the Capital from being severely impacted by credit spread movements affecting the portfolio.

Non Financial Risks

- In a context still affected by the pandemic, we continue to give priority to ensure security to both employees and customers. We keep assessing and monitoring key risks and controls related to model characterized by remote advisory services.
- Utmost attention is devoted to prevent frauds leveraging on the outcomes of dedicated risks and controls assessments as well as from lessons learnt from internal and external events.
- We adopt adequate controls and active defenses on people, data, applications and infrastructure through an effective and timely vulnerabilities fixing process, a robust access rights management framework and a sufficient allocation of resources to embed Cyber security in the design of solutions.

- We ensure a proper ICT & Cyber Risk awareness and education for all employees, commercial partners and customers to promote appropriate conduct to defend our assets throughout the Group and preserve our reputation.
- We ensure data protection for all customers and protected parties complying with GDPR regulation and preventing reputational risks beyond simple compliance with legal requirements.
- To align with business strategy, the Group requires third party services to be in compliance with applicable laws or regulations and requires compliance with appropriate risk management standards and governance to identify, assess, mitigate, monitor and report individual and aggregate risks. We adopt a robust and comprehensive risk assessment process for Outsourcing arrangements to identify, manage and monitor the risks in all the contract lifecycle. With reference to other Third Parties, the risk framework in force ensures that the new flows are carefully assessed, following a risk based approach. Within data protection related to external services a dedicated assessment and appropriate IT security measures are adopted to ensure a level of security appropriate to the risk.
- We continuously assess and ensure the robustness and appropriateness of the internal control system and the effective interaction between the three lines of defense.
- We foster a solid control on Reputational Risk, paying particular attention on the sensitive sectors and monitoring the externally perceived level of reputation as represented in the media.
- We foster a strong compliance culture, increasing customer experience coherently with our social and reputational commitment, managing potential reputational risk sources.
- We put the clients' interest first and ensure a clear strategy of appropriate products and offers for customer clusters with sufficient granularity to avoid miss-selling or other inappropriate sales practices.
- As financial institution with banking operations around the world, UniCredit is a responsible member of the international community. We have no tolerance for allowing our products or services to be used for financial crime anywhere in the world. Our processes are designed to deter criminals from accessing the bank's capabilities and to detect and swiftly exit bad actors. Our strong risk culture supports timely identification and rectification of control weaknesses. We monitor industry trends to ensure our controls benefit from the experience of other financial services institutions. We work with law enforcement agencies in the jurisdictions in which we operate to support effective law-enforcement outcomes.
- We have no tolerance for breaching the sanctions regimes applicable to UniCredit around the world. We operate strong controls designed and continuously enhanced to prevent transactions being executed for the benefit of sanctioned countries, individuals and companies or the bank being involved in prohibited activities.

Climate & Environmental Risk

- We are totally committed to supporting our clients in a just and fair transition.
- We proceed in the integration of Climate & Environmental risks within Risk Management framework through several concrete actions and in line with the defined Roadmap.
- We carefully manage Transition Risk, ensuring proper origination, monitoring and management of the portfolios, following an holistic approach including:
  - ✓ Portfolio steering through RAF, Credit strategies cascading and sector policies issuing
  - ✓ Portfolio analysis and monitoring
  - ✓ Single counterparty risk assessment (starting from Large Corporate)

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- Regarding Physical Risk, we are focused at the enhancement of the methodology to assess vulnerable portfolios and mitigate related risks.

Social Lending

- We provide support to clients at risk of economic and social exclusion, targeting both Individuals and Enterprises, supporting projects and initiatives aiming at making a substantial social contributions on the society.

Diversity, Equity and Inclusion (DE&I)

- We foster our diverse workforce, ensuring gender parity, promoting wider ethnic and cultural diversity representation to reflect client needs.
- We are committed to nurture an inclusive, positive, and respectful environment that welcomes equity and diverse thinking for both our people and clients, with the ambition to become a fully accessible company.
- We promote DE&I principles across all organizational levels including our stakeholders and suppliers.

“Tone from the Top” and Risk Culture

- We strictly follow a strong Risk Culture across the organization as the core of our Group's strategy.
- As managers, we must lead by example and ensure our systems and procedure enable honest and transparent communication. As teams, we must treat mistakes as opportunities to learn together rather than placing blame. As individuals, we must take responsibility for our actions and react constructively when we are challenged ourselves.
- We pay high attention to the “Tone from the Top” which is measured at least twice a year through the capability to timely close the Audit and Regulatory findings. We allow replanning of deadlines only on very exceptional and justified basis. And for the Regulatory findings possibly subject to the relevant regulator’s approval/communication.

2.3 RISK GOVERNANCE BODIES AND COMMITTEES

Supervisory Board

The Supervisory Board (SB) shall perform 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.

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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 individuals, business, corporate and key clients.

- Regular discussion of all customers included on the Watch list;
- Overview of the approved action plans and the current status of performance of the respective actions;
- Regular discussion of analysis of the Watch List – volume, structure, evolution. The basic form of the analysis is defined and prepared by the relevant team within the Monitoring Unit and could be supplemented by request of the Credit Monitoring Commission;
- Overview of the quality of the Credit Portfolio for individuals and business clients;
- Making any other decisions in order to mitigate the risk of further deterioration of the credit exposures;
- Making decision the customer to stay by exception in the Watch list in case of customer ratingequal or worse than 8+, if it is advisable and the situation do not require transfer to Special Credit Department.

Asset-Liability Committee (ALCO)/ Financial and Credit Risk Committee – Financial risk session (FCRC - FRS)[1]

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).

[1] After October 2021 the functions of the Asset and Liabilities Committee are executed within the Financial and Credit Risk Committee – Financial Risk Session after an aptimisation in the structure of the control entities was made in the Bank as part of the Strategic Plan for Development of UniCredit Group

- Decisions within boundaries defined by Legal environment, BNB and Group.
- Proposals in name of Bank (to change Group boundaries)

Non-Financial Risk and Controls Committee

Following a simplification initiative at Group and local level, in October 2021, a new Non-Financial Risk and Controls Committee (NFRC) was established in UniCredit Bulbank. The NFRC Committee contains of four Sessions: General Session (which consist of Operational Risk Stream, Internal Control System Stream and Internal Compliance Stream); ICT Security and Cyber Risk Session; Reputational Risk Session and Third Party Risk Session.

The Non-Financial Risk and Controls Committee – General Session (NFRC–GS) – Operational Risk Stream, a successor of the former Operational and Reputational Risk Committee, is a specialized body, fundamental element of the operational risk system where current operational risk issues and developments are reported and discussed. The Committee meetings are held quarterly and attended by the Bank's senior management. The NFRC-GS acts also as a Permanent Workgroup, where current operational risk issues and developments are reported, and serves as a platform for discussion of unresolved issues for the purpose of finding risk mitigation solutions.

The Committee meets with consulting and approval functions for the following topics, evaluating and providing guidelines with reference to:

- Overseeing UniCredit Bulbank Non-Financial Risks(NFR) profile, emerging threats as well as the internal control system robustness at Local level, through the monitoring of most relevant events and incidents, weaknesses and shortcomings, also addressing and prioritizing – when needed – potential corrective actions and overall strategies for their optimization;
- External events having potential impact on UniCredit Bulbank NFRs profile, and best practices and/or lessons learned deriving from events, assessments and action plans;
- Periodical reporting provided by Risk Management on operational losses (with particular focus on events having relevant financial impacts), near misses, Risk Weighted Assets, Key Risk Indicators and Scenario Analysis, risk mitigation measures, capital at risk;
- OpRepRisk strategies, ICT and Cyber Risks assessments, Insurance Policies and Recoveries Analysis Report, Assess-ments of Relevant outsourcing transactions, ICT project risk assessments, Process risk and con-trols assessments and major Operational Risk issues etc. promoting the annual managerial self-assessment processes and evaluating its results, in order to ensure a systematic approach to operational risk assessment and to the supervision of the Internal Control System;
- Compliance and Risk Management evidences on second level controls carried out, as well as on current and expected impacts of regulations monitored;
- Relevant risks/ criticalities highlighted by Internal Audit function, for specific cases and in relation to specific areas;
- Strategic guidelines and Risk Appetite proposals including capitalization targets and capital allocation criteria for Non-Financial Risks;
- Internal Validation annual Regulatory Report on operational risk. NFRC functions as a Permanent Workgroup as per the Group Operational Risk Management Global Policy and Global Operational Regulation Group Operational Risk Mitigation Strategies;
- PWG documents are the relevant Committee Stream's presentation and meeting minutes;
- Approval and controlling of the allocated provisions for Non-Financial risk activities (Legal cases, Customer complains, Card Frauds ets.);

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- Approval of General governance policies (including Group policies and methodologies), operational limits and methodologies for the measurement, management and controlfor the different types of NFRs;
- Support the Management Board in the assessment of the overall Internal Control System adequacy ("System" or "ICS") in the Bank through the analysis of the critical topics, and monitoring and prioritization of the corrective actions related to ICS in order to contribute to the efficiency and effectiveness of the ICS;
- Support the Management Board 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;
- Support the Management Board in the assessment of the overall Internal Control System adequacy related to the Compliance Department and AML and Financial Sanctions Unit;
- Inform the Management Board for the risk exposure in Compliance area and supports the Management in taking decisions for mitigating such risks.

Non-Financial Risk and Controls Committee – Reputational Risk Session (NFRC-RRS)

The successor of the former Reputational Risk Committee, is the decision-making body for reputational risk topics and holds monthly meetings to discuss deals and issues in the scope of reputational risk; Ad-Hoc meetings may also be organized whenever a meeting is considered necessary by the Chairman, or in specific and urgent cases).

The meetings of the Non-Financial Risk and Controls Committee – Reputational Risk Session (NFRC-RRS)[2] are being performed once a month Ad-Hoc meetings may be organized whenever a meeting is considered necessary by the Chairman, or in specific and urgent cases. At the meetings of NFRC-RRS are discussed rep risk deals in its competencies and other significant rep risk topics. NFRC-RRS monitors also the exposure to reputational risk, as well as identifies and proposes risk mitigation solutions.

The NFRC - RRS is a dedicated body established with the following mission and responsibility:

- to discuss and make decision on for all transactions/initiatives/projects referring to Reputational Risk Sensitive Sectors - as regulated by the dedicated global policies - and for all other cases on Business proposal (e.g. other relevant sectors or relevant clients), and other topics and business activities generated by UniCredit Bulbank or its subsidiaries, and evaluated by the Reputational Risk function, as High reputational risk. Its approval of High risk transactions is mandatory prior to their submission to Local Transactional Committee.
- to ensure increased attention and proper "tone from the top" on the overall evaluation and management of Reputational Risk.

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;

[2] Effective as of October 2021.

- 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.

2.4 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 IIA International Professional Practices Framework (IPPF). UniCredit Bulbank Internal Audit is subject to an external periodic quality assessment.

To achieve the degree of independence necessary to effectively carry out the responsibilities of the internal audit activity, the Head of Internal Audit Department reports to the highest level of corporate governance of UniCredit Bulbank. The Head of Internal Audit Department is appointed with a resolution of the General Shareholders Meeting and reports to to the Bank's Audit Committee and Supervisory Board. The Internal Audit function interacts with all management levels in the bank, the Supervisory Authorities and the External Auditors.

The Internal Audit activity is planned and carried out following a forward-looking risk-based methodology, aiming to provide objective and insightful assurance on the effectiveness of the Bank's governance, risk management and control processes.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.

2.5 COMPLIANCE FUNCTION

The Compliance function in UniCredit Bulbank is organized as a Compliance Department with three Units - General Compliance Unit, Anti Money Laundering and Financial Sanctions Unit and Control of the Investment Intermediary Unit. Data Protection Officer is a specific, and independent function within Compliance Department performing the functions of the data protection officer and reporting to the top managerial members. 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 ensure compliance with regulatory requirements of the internal bank regulatory documents, to carry out the compliance risk assessment, 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. This is achieved through:

- Ensuring compliance with regulatory requirements, within the following main areas: Consumer protection and transparency in banking services – consumer loans and payment services; Corruption practices prevention and whistleblowing; Competition law and unfair commercial practices; Banking secrecy; Insurance intermediation for insurances without an investment element; Financial Benchmark in benchmark usage section; Conflict of interest management (outside business interests);
- Performance of a compliance risk assessment (CRA) and second level controls in accordance with a special group methodology;
- Participation in the review, analysis and preparation of internal rules, regulations and procedures for implementation of group policies and instructions within the competencies of the unit;
- Providing opinions and consultations within the competencies of Compliance Department;
- Participates in the implementation of projects related to the activity of the Bank and its subsidiaries;
- Monitoring, review and control of activities related to the group trainings in the sphere of Compliance;
- Preparation of reports for group and local management.

Among the functional range of the Anti-Money Laundering and Financial Sanctions 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. This is achieved through:

- Design and implementation of an effective Programme for risks mitigation related to Anti-money laundering (AML), Counter terrorist financing (CTF) and Financial Sanctions (FS), based on risk analysis;
- Design and implementation of controls for the fulfilment of the AML, CTF and FS requirements; o Reconciliation of the scope and the results of the Second level control (SLC) and Risk assessment (RA) for the AML, CTF and FS perimeter, conducted by General Compliance Unit;
- Set-up of the requirements for the organization, management and control of the activities, related to clients, their identification and the transactions ordered by them in accordance to the regulatory requirements;
- Assurance of timely and accurate communication with the law enforcement a the regulatory bodies, the Specialized Directorate Financial Intelligence of the State Agency "National Security" – (FIU – SANS), Bulgarian National Bank (BNB) and/ or other law enforcement bodies in accordance with the law requirements;
- Oversite of the activity of the UCB subsidiaries in respect to the field of activity;
- Review and analysis of the hits in Siron KYC, AML and EMBARGO tool;
- Review and analysis of the signals coming from the UCB network and the subsidiaries;

- Investigation and analysis of suspicious transactions and clients by revising documentation, account statements and other information available in internal or external sources;
- Preparation of Suspicious Activity Reports (SARs) to FIU – SANS after revising the circumstances;
- Advisory to the employees of UCB and the subsidiaries in respect to the risks in the field of activity with a focus on areas with higher inherited risk (correspondent banking, trade finance, private banking, etc.);
- Participation in the analysis of new and existing products, services, processes and internal documents for UCB and the subsidiaries, providing advisory on the risks in the scope of activity;
- Support of the local parametrization of Siron KYC and AML tool;

The scope of the activity of Control of Investment Intermediary Unit (CII) is to perform verifications for compliance of agreements and/or customer orders for financial instruments transactions in relation to the requirements of the European and the local legislation.

- The CII unit is and independent structure responsible for compliance with the regulatory requirements in regard to the activities of the bank as an investment intermediary pursuant to the Markets in Financial Instruments Act (MiFIA) and Section II of Ordinance No.38 of the Financial Supervision Commission (FSC) as well as the REGULATION (EU) 2017/565 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms.
- The unit performs Compliance Risk Assessment (CRA) and Second level of control on specific areas related to the activities of the bank as an Investment intermediary to the following regulatory areas:
  - MiFIDII/MiFIR- Markets in financial instruments Directive ;
  - EMIR-Europian Markets Infrastructure Regulation;
  - Conflicts of interest - in the provision of investment services and activities;
  - MAR-Market abuse;
  - Central Depository;
  - Dodd Frank-Volcker rule (USA Law);
  - Public Offering;
  - Major holdings;
  - PRIIP's- Packaged retail and insurance-based investment products;
  - Benchmark- contribution of indexes;
  - IDD- investment investment element;
- In accordance with the requirements of Ordinance No. 38 of the Financial Supervision Commission (FSC), the Head of the CII Unit elaborates and submits to the Management body and to the Supervisory body by the 15-th day of each month of a report on the monitoring of the activities of the bank as an investment intermediary.
- The Unit performs monitoring of potential cases of market abuse with financial instruments. In case of ascertained cases of market abuse, it draws up and sends to the market regulator FSC a Suspicious Transactions Operational Report under requirements of Regulation (EU) 596/2014 on Market abuse.

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- The Unit monitors the compliance with the requirements of the Group rules for Personal account dealing. Checks the executed personal transactions of the employees.
- The Unit keeps the register of the authorised persons under Ordinance No.38 of the FSC for the activities of the bank as an Investment Intermediary and as Registration Agent.
- Checks the agreement for Registration Agent services of Ordinance No. 38, as well as the requirements of the Rules of Central Depository AD and of the internal regulations of the investment intermediary.
- Controls the transfer of shareholdings in the capital of the bank pursuant to the requirements of the Central Depository AD; submits the respective information for the shareholding structure to the competent executive bodies (the Management Board, the Bulgarian National Bank, Central Depository, the Majority Owner UniCredit S.p.A, Italy, etc.).
- Supervises the functioning of the system for handling complaints related to financial products and investment services and investment products.
- Participates in the process of new Product implementation in regard to the financial instruments and investment services pursuing the requirements of MiFID II;
- The CII unit communicates with the local regulatory bodies – Financial Supervision Commission, Bulgarian National Bank, Central Depository AD, Bulgarian Stock Exchange - Sofia AD, in accordance with the powers given to it with regard to the activity of the Bank as an investment intermediary and registration agent.

The scope of the activity of the Data Protection Officer (DPO) is to monitor and to control the compliance with European and national legislation, as well as with the group and internal banking policies in the sphere of personal data protection. This is achieved through:

- Issuing advice on Data Processing Agreements and handling of the respective registers of processors and contracts;
- Maintenance and certification of the Records of Processing Activities;
- Performance of second level controls in the area of Privacy (GDPR);
- Analysis and reconciliation of group and local policies and procedures;
- Analysis of Privacy and non-privacy legislation and issuing of opinions;
- Monitoring of regulatory and court practice in the area of Privacy;
- Performance of Compliance Risk Assessment (CRA) in the area of Privacy (GDPR);
- Preparation of reports for group and local management;
- Participation in projects with Privacy impact;
- Analysis and handling of Privacy by Design (PbD) requirements for projects and initiatives;
- Drafting responses to data subjects' inquiries and requests for exercising rights;
- Provision of support for Data Protection Impact Assessment (DPIA) conduct and recording;
- Facilitating the implementation of the Accountability principle by archiving of opinions, documents and other materials ;

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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)/ Financial and Credit Risk Committee – Financial Risk Session (FCRC – FRS).

Risk monitoring and measurement in the area of market and liquidity risks, along with trading activities control is performed by Financial Risk and Models 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 Financial Risk and Models unit and compared with the risk limits set by the Management Board and ALCO/ FCRC - FRS.

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 250-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 that are monitored for information. The simulation results, supplemented with distribution metrics and limit utilization are reported on a daily basis to the Management and the responsible business units.

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/ FCRC - FRS.

In 2021 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.

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 applies 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.

Financial Risk and Models 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.

The new standard approach for counterparty credit risk (SA-CCR) according to the capital requirement framework under Basel III was implemented within UniCredit Bulbank (aligned with UniCredit Group) in Q2 2021. The new framework replaces both non-internal model approaches: the current exposure method (CEM) and the standardized method (SM). SA-CCR is intended to be a risk-sensitive methodology because it differentiates between margined and non-margined trades and recognizes netting benefits. SA-CCR applies to OTC derivatives, ETD derivatives and long settlement transactions.

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 Counterparty Credit Risk Global Policy provides 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 (GP Counterparty Credit 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.

The main goal of UniCredit Bulbank's liquidity management is to ensure an efficient level of liquidity to allow the bank to meet ists payment obligation not only on an on-going basis, but also under market tensions without jeopardizing its franchise value or its brand's name, keeping the refinancing risk at a manageable level. Liquidity risk management is performed in a going concern situation and in contingency situation.

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 Group Liquidity Management & Control Global Policy and relevant local documents.

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 2021 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;
- the Net Stable Funding Ratio (NSFR) Adjusted, that measures the structural liquidity risk above 3 years;
- the Structural Liquidity Ratio (SLR), provides a counterbalance by the regulatory view, by taking into account the beahvioural assumptions. SLR is calculated as the ratio between medium-long term liabilities and assets that maturing above one year
- the Structural Asset Encumbrance Ratio;
- Net Intragroup Funding, and
- Loans to Deposits Ratio.

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.

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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.

A behavioural modelling of non-maturing deposits (NMDs) has been introduced in Q2 2020 in compliance with the respective EBA Guidelines. The model estimates the liquidity and interest rate characteristics the customers follow and their real behaviour, instead of the contractual/explicit profile. The modelling of NMDs (Sight and Saving deposits) aims to identify their stability (stickiness) defined as the tendency to be a permanent source of funding.

3.2 OPERATIONAL AND REPUTATIONAL 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.

UniCredit Bulbank Management Board is responsible for operational risk oversight, also with the support of UniCredit Bulbank Non-Financial Risk and Controls Committee – General Session (Operational Risk Stream).

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 (OpRepRisk Unit).

The main activities of the ORR Unit in 2021 were focused on maintaining the excellence in managing the operational and reputational risks, as well as assessment and mitigation of risks and participation in dedicated bank projects initiaitves and working groups.

The Operational Risk (OpRisk) tasks are: OpRisk Loss Data Collection and Reporting; General Ledger Analysis; Transitory and Suspense Accounts Analysis; Accounting Reconciliation; Key Risk Indicators Monitoring; Scenario Analysis; OpRisk Assessment for ICT and Cyber Risk; OpRisk Assessment of Relevant Outsourcing Transactions; Operational and Reputational Risk Strategies Definition and Monitoring, Risk and Controls Self-Assessment (RCSA). The RCSA, activity was defined in 2019, performed in UniCredit Bulbank on annual basis and further enhanced in 2020 and 2021. The activity's main goal is to involve process owners in performing a thorough self-assessment of already pre-defined risk bearing processes. Important element of this assessment is the role of ORR Unit, by being in the driving seat in coordinating the activity and challenging the process owners in evaluating the processes from risk perspective. Finally the results are shared, agreed and submitted to the NFRC Committee and to the Group.

New group process ICT Project Risk Assessment is implemented in Unicredit Bulbank. The process enables the assessment of IT project risks and determine mitigation actions to reduce or control the risk itself The Risk assessment is performed at the Project start and must be renewed also before the Go Live to confirm residual risks and mitigation in place. Each Project Risk Assessment regarding multi year projects must be renewed once a year. The results of this activity are quarterly reported at Non-Financial Risk and Controls Committee.

Process Risk Controls Assessment for material changes is another new group process that is successfully implemented in UCB. The main aim is to define when a change in process is material and principle and rules to assess the operational risks regarding the impacted processes, both related and not related to products. The results of the risk assessments of the processes with material changes are quarterly reported at Non-Financial Risk and Controls Committee.

In 2021 ORR Unit continued its important participation in several key business projects driving the digital transformation of the Bank – Omnichannel project, UCX (Unified Customer Experience) project, Instant Payments, Robotic Process Automation Room project; Content Service Platform and other important business projects - UCF Integration, Flexcube upgrade. The Unit participated also in regulatory projects of the bank such as GDPR, Transaction Monitoring implementation, PSD2, Compliance consolidation Program and many activities related to improving Compliance systems, processes and centralizing the most risky compliance processes for registration and KYC review of the customers. The Unit participated in all major compliance and regulatory projects and in the significant changes in the processes of the Bank.

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 new AMA model guarantees an adequate level of stability, avoiding unexpected volatility in case of extraordinary loss events.

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 Non-Financial Risk and Controls Committee – General Session – Operational Risk Stream on a quarterly basis identify and propose risk mitigation solutions in their respective areas of responsibility in the Bank.

The Annual Internal Audit inspection, gave the highest possible overall rating to the local OpRisk management and internal control framework. The outcome of these assessments proves full compliance to the regulatory and Group standards. A sound and well-developed risk management system was established with strong focus on pro-activeness with full support of senior management and all functions in the Bank.

Reputational risk is defined as the current or prospective risk to earnings and capital decrease arising from the adverse perception of the image of the financial institution on the part of customers, counterparties(including also debt-holders, market analysts, other relevant parties, such as civil society, NGOs, media, etc.), shareholders/investors, regulators or employees (stakeholders).

Reputational risk governance activities are within the scope of the responsibilities of the Operational and Reputational Risk Unit. 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, principles, policies and rules. 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, Coal sector, Water infrastructure/Dams, Mining industry, and Non-Conventional Oil and Gas and Arctic Region Oil and Gas Industry Sector. The Operational and Reputational Risk Unit continued to develop the reputational risk process by implementation of the new group policies and further development and regular functioning of the Non-Financial Risk and Controls Committee – Reputational Risk Session as a decision making body which decides not only reputational risk deals but discusses other significant reputational risk topics.

During 2021 the ORR Unit continued to develop the reputational risk process in compliance with the UniCredit Group principles, policies and rules for monitoring the reputational risk exposure.

The Reputational Risk Management is implemented within the Bank through a dedicated set of policies with aim to:

- Identify sources of reputational risk (e.g., when entering new markets, products or lines of activities);
- Give guidelines for reputational risk assessment and measurement, monitoring and reporting to the competent corporate Bodies (e.g., Group NFRC Committee);
- Rule the necessary escalation / decision-making processes (e.g. material events escalation process).

The overall reputational risk management framework relies on the following pillars:

- The involvement of Corporate Governing Bodies, in all the relevant decisions regarding the Reputational Risk management (i.e., escalation mechanisms);
- The independence of the function in charge of Reputational Risk management and control from the risk taking functions;
- An effective system of controls, in terms of roles and responsibilities for different control levels (first, second and third lines of defense model).

During the Y2021 a new Reputational Risk Policy regarding the Coal Sector was adopted and implemented. 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 Operational and Reputational Risk unit ensure the outstanding Operational risk awareness at Bank level. With regard to Reputational Risk, remote workshop sessions dedicated on the deals out of scope of the sector reputational risk policies were performed for all Business segments, aiming to increase overall support to the Business and optimize the time for response to clients' requests.

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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 Transactional Committee – "Credit Committee session"
- The Transactional Committee – "Credit Council Session"
- The Chief Risk Officer
- The Head of Credit Risk Department
- The Senior Managers of Corporate Credit Underwriting Unit, Retail Credit Underwriting Unit (responsible for Small Business and Individuals Credit Underwriting) 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 Transactional Committee – "Credit Committee session" is a collective body for taking credit decisions in the scope of granting loans which carries out its activity in compliance with the structural documents of the Bank, the Internal Lending rules, other applicable internal banking documents and the relevant resolutions of the Management Board and/or the Supervisory Board of the Bank.

The Transactional Committee – "Credit Council Session" is a collective body for taking credit decisions in the scope of granting loans which carries out its activity in compliance with the relevant regulatory requirements, internal banking regulations, applicable and the relevant resolutions of the Management and/or Supervisory 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, Transactional Committee (Credit Committee and Credit Council sessions),

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 Transactional Committee – "Credit Council Session".

The members of the Management Board, Transactional Committee (Credit Committee and Credit Council sessions) , 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 Financial and Credit Risk Commettee – "Credit Risk session" is a standing specialized internal body responsible for the monitoring, evaluation, classification, and provisioning of risk exposures for losses from impairment, forbearance and write-off's and proposals for changes in the Credit Strategies, Credit Policies or in the credit processes.

The Credit Monitoring Commission is a collective specialized internal body established for taking decisions, corresponding to the process of monitoring of loans to individuals, 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 directorship position as member of the Board of Directors Borica AD, directorship position in the Management board of Association of Banks in Bulgaria, directorship position in the Management Board of Council of women in business in Bulgaria;
- The Deputy CEO 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 (CIB) 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;
- 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;
- The Chief Operative Officer /formerly 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 the updated *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, the applicable legislation, and following the respective guidelines of the European Banking Authority (EBA) on the assessment of the suitability of members of management bodies, as well as in alignment with the adopted internal Suitability policy, the candidates are assessed on individual basis following the criteria in the aforementioned regulations (knowledge, experience, reputation, time committment, key skills etc.) as well as collective sutability assessment is completed for the management body where the appointment is done. The candidates for Key function holder meet the requirements under Article 11, paragraph 1, items 1 and 3–8 of the *Law on Credit Institutions* and cover the suitability requirements necessary to hold the position. The candidates for MB or SB member must meet the whole requirements of abovementioned Article 11.

The bank has set a separate Nomination Committee (until 2021 the bank had “combined” Nomination and Compensation committee) which has the responsibility to identify and recommend candidates to fill management bodies vacancies (to the General meeting of shareholders for members of the Supervisory Board and to the Supervisory Board for members of the Management Board) and conducts the suitability assessment on individual level prior appointment as well as the collective assessment of the respective management body (as per the Ordinance 20 of BNB and EBA guidelines on the assessment for suitability).

UniCredit Bulbank has adopted and implemented the UniCredit Group 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. This 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 Bulbank has adopted also internal Suitability policy as per the regulatory requirements, that defines the procedures, requirements and responsibilities related to appointment of candidates as board members in the Management and the Supervisory Board as well as Key function holders.

UniCredit Group has a structured succession EDP (Executive Development Plan) 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 2021, the presence of Women in top and middle management positions was assessed as balanced. In terms of gender distribution (bank level) the proportion of female/male overall is ~76%/24%; the ratio for the managerial positions is quite balanced – 60%/40%, while for the top managerial positions (board level and direct reports to executive directors) the ratio is 50%/50%.

Women are 48% of the participants of the Talent management program (TMR). Gender diversity is one of the priority not only of the HR team, but is part of the managerial agenda across all functions, is included in the annual goals of the top managerial positions, and is implicated in various internal requirements and procedures, covering not only the gender balance, but also with regards to the remuneration and potential pay-gap, succession planning, talent development etc.

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, Supervisory Board, Risk Committee, Credit Committee, Financial and Credit Risk committee, PRC, Non-Financial Risk and Controls Committee – General Session and Reputational Risk Session, 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 the year 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.
Integrated Risk Control and Analytics – 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 Dashboard, 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 monthly basis including actual end-of-month 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. A new monthly report on ageing restrictions – automatic rating and forthcoming application of Rating's ageing is prepared from the end of the year as well as Mitigation report based on the New Default Definition's parallel run.
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 **Financial, Operational and Reputational Risk reports**, which might be differentiated by the specifics of the risk exposure:
Market Risk and Liquidity - 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 the front-office Murex arising from small customer FX and bankbook, Daily Market Risk Dashboard providing overview of market risk limit utilizations – VaR limit, FX delta, Bond notionals of Sovereign exposure and of Non-Sovereign exposure, CPV sensitivity, BP01 sensitivities, Stress Test Warning Level (STWL), EV sensitivity (worst of six scenarios), NII sensitivity, RWA of Market risk and Loss Warning Level (LWL) as well as Liquidity relevant early warning indicators plus Daily Liquidity Dashboard containing managerial and RAF limits compliance report, Intraday critical payments buffer and Intraday Residual payments buffer, report on Issuer risk and average age of positions in TB.

Additionally, on a monthly basis are prepared the following reports – Summary of counterparty and issuer limit excesses, VAR limit and history by components, FX, IR, CR sensitivities overview and stress test results, important volatility dynamics, Market Conformity checks of trades concluded in Treasury, PV and overdue payments on customer IRS, derivatives exposure to customers by PV/rating/MIFID category, derivative limit utilization. There are also Structural liquidity limits monitoring and Short-term liquidity stress tests (Survival period monitoring), Liquidity Coverage Ratio and Net Stable Funding Ratio. In addition is presented a detailed information about bond trading and investment portfolios, including market price vs. book value, issuer limits and CPV limits utilization. During the last year a new set of reports is introduced – Price Transparency checks for derivative deals with the clients. Quarterly monitoring process covers the Net Stable Funding Report, Additional valuation adjustments, PV and number of trades with original maturity > 180d for CTS clients aggregated by mifid, credit rating and derivative family.

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, Operational Risk Oversight Model on small subsidiaries; ICT Project Risk Assessments Reporting. Yearly is prepared and submitted managerial reports containing Risk Control Self-Assessment Reporting; 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 the annual evaluation on local insurances with focus on insurance limits and deductibles, insurance recoveries on previous year trends (split by event type and % of losses) as well as an assessment of the impact of ICT failures and Cyber threats in the banking running activities (expected impact) and in stressed scenarios (extreme impact).

The Reputational Risk Monitoring report includes Reputational risk reporting to the Holding (focused on reputational risk deals; relevant transactions data and media coverage of operational and reputational risk events). The Reputational risk exposure is reported to the Management Board of the Bank (through the Non-Financial Risk and Control Committee – Reputational Risk Session) and to UC Group on a quarterly basis.

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. demand deposits are reported under Loans to banks in the financial reports published by UniCredit Bulbank while in FinRep Balance sheet are reported under Cash and cash balances. 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 addition to the minimum Basel III capital requirements the combined buffer requirement includes also Capital Conservation buffer, Systemic Risk buffer and Systemic Important Institution buffer. Starting from 2019 also Countercyclical capital buffer has been introduced and capital buffer for Other Systemic Important Institution has been increased.

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[3]; Retail-Small Business (including covered by residential real estates); Retail – Individuals (including covered by residential real estates); and Equity claims[4];
- Foundation Internal Rating Based Approach (F-IRB) for classes: Financial Institutions (Financial Corporates[5]); and Corporates - Specialized Lending[6];
- Standardized Approach for classes[7]: 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.

[3] Except for Corporates – Specialized Lending.
[4] UniCredit Bulbank applies Simple Approach.
[5] Exposures to third country credit institutions according to art. 107 (3) (4) of Regulation (EU) 575/2013.
[6] UniCredit Bulbank applies Slotting Criteria Model (regulatory defined risk weights and expected loss levels).
[7] For client type detailization purposes, classes are represented in accordance with Standardized approach segregation.

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7 EXPOSURES TO COUNTERPARTY CREDIT RISK

UniCredit Bulbank employes the Group internal model method for counterparty risk measurement and limit compliance control.
Financial Risk and Models 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).*

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)*.

The 2021 SREP Decision prescribes Pillar 2 Requirement (1.75%) and Pillar 2 Guidance (1.25%) for UC Bulbank, which have to be observed on sub-consolidated level starting from March 2022.

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.

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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/ FCRC - FRS;
- 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 defaulted / impaired.

For determination of general credit risk adjustments the bank is using the expected credit loss concept according to the requirements of IFRS 9.

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 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).

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New EBA/GL/2018/10 “Guidelines on disclosure of non-performing and forborne exposures” is in force since December 2019 introducing ten new templates, four of which replacing **Template 14** *EU CR1-D – Ageing of past-due exposures* and **Template 15** *EU CR1-E – Non-performing and forborne exposures* of EBA/GL/2016/11.

As an O-SII, UniCredit Bulbank discloses all new templates specified in the EBA/GL/2018/10 where the gross NPL ratio[8] on consolidated basis for the past consecutive quarters is as follow:

	Q4/2020	Q1/2021	Q2/2021	Q3/2021	Q4/2021
Gross NPL ratio	7.1%	6.5%	6.3%	5.6%	5.1%

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 17A: EU CR1-B*** **– Credit quality of exposures by industry or counterparty types**. *(Template 12, EBA/GL/2016/11);*
- ***APPENDIX 17B:*** **Credit quality of loans and advances by industry.** *(Template 6, EBA/GL/2018/10);*
- ***APPENDIX 18A***: ***EU CR1-C*** **– Credit quality of exposures by geography**. *(Template 13, EBA/GL/2016/11);*
- ***APPENDIX 18B***: **Quality of non-performing exposures by geography**. *(Template 5, EBA/GL/2018/10);*
- ***APPENDIX 19A:*** **Credit quality of performing and non-performing exposures by past due days**. *(Template 3, EBA/GL/2018/10);*
- ***APPENDIX 19B***: **Performing and non-performing exposures and related provisions.** *(Template 4, EBA/GL/2018/10);*
- ***APPENDIX 19C***: **Collateral valuation - loans and advances.** *(Template 7, EBA/GL/2018/10);*
- ***APPENDIX 20A***: **Credit quality of forborne exposures.** *(Template 1, EBA/GL/2018/10);*
- ***APPENDIX 20B***: **Quality of forbearance.** *(Template 2, EBA/GL/2018/10);*
- ***APPENDIX 21: EU CR2-A*** **– Changes in the stock of general and specific credit risk adjustments**. *(Template 16, EBA/GL/2016/11);*

8 The gross NPL ratio is the ratio of the gross carrying amount of NPLs and advances to the total gross carrying amount of loans and advances subject to the NPE definition. For the purpose of this calculation, loans and advances classified as held for sale, cash balances at central banks and other demand deposits are to be excluded both from the denominator and from the numerator.

- ***APPENDIX 22A***: ***EU CR2-B* – Changes in the stock of defaulted and impaired loans and debt securities**. *(Template 17, EBA/GL/2016/11);*
- ***APPENDIX 22B***: **Changes in the stock of non-performing loans and advances.** *(Template 8, EBA/GL/2018/10);*
- ***APPENDIX 22C***: **Collateral obtained by taking possession and execution processes.** *(Template 9, EBA/GL/2018/10);*
- ***APPENDIX 22D***: **Collateral obtained by taking possession and execution processes – vintage breakdown**. *(Template 10, EBA/GL/2018/10).*
- ***APPENDIX 23A***: **Information on loans and advances subject to legislative and non-legislative moratoria**. *(Template 1, EBA/GL/2020/02).*
- ***APPENDIX 23B***: **Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria**. *(Template 2, EBA/GL/2020/02).*
- ***APPENDIX 23C***: **Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to covid-19 crisis**. *(Template 3, EBA/GL/2020/02).*

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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 31.12.2021):

in thousands of BGN

	Carrying amount of encumbered assets	Carrying amount of non-encumbered assets
Assets:	**1 117 742**	**24 309 679**
Debt securities	842 625	3 777 882
Loans and advances	275 117	19 431 221
Other assets	0	1 100 576
	Matching liabilities	**Eencumbered assets and collateral received**
Total sources of encumbrance:	**1 128 694**	**1 117 742**
Derivatives	101 207	20 253
Repurchase agreements	614 180	612 656
Collateralised deposits other than repurchase agreements	413 307	484 833

As of 31.12.2021, 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 24*: 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 25*: EU CCR3 – Standardised approach – CCR exposures by regulatory portfolio and risk** *(Template 28, EBA/GL/2016/11)*.

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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 26**: **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 basis point value sensitivity, weekly stress test warning level and monthly reporting of regulatory required variation in economic value (instantaneous Supervisory Outlier Test interest rate shock as percentage of equity) and variation in earnings (net interest income simulation using + 100 bps/-30 (-100) bps shock of interest rates and hypothesis of constant balance sheet). Executive summary is reported in each monthly ALCO/ FCRC - FRS 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 31.12.2021, the allocation of tranches is as follows:

Nominal value of the portfolio: **1 352** ths.BGN

First Loss Tranche: **1 082** ths.BGN

Second Loss Tranche: **0** 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 27:*** **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[9] in order to carry out clients' creditworthiness analyses. Rating models can be generally summarized as:

<u>Group-wide rating models (GWM)</u>

Group wide rating models[10] 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[11]; Security Industry Companies; and Financial Institutions.

<u>Local rating models</u>

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

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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.

In 2019 a new version of the Corporate PD model was applied to ECB, reflecting the requirements of EBA Guidelines on PD estimation, LGD estimation and the treatment of defaulted exposures and in line with the new definition of default as well.

- **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.

In 2019 a new version of the SME PD model was applied to ECB, reflecting the requirements of EBA Guidelines on PD estimation, LGD estimation and the treatment of defaulted exposures and in line with the new definition of default as well.

- **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.

In 2019 a new version of the SME PD model was applied to ECB, reflecting the requirements of EBA Guidelines on PD estimation, LGD estimation and the treatment of defaulted exposures and in line with the new definition of default as well.

- **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.

In 2019 Expected Loss Best Estimate component was introduced as well. The component is used in the calculation of the Risk Weighted Assets of Defaulted assets.

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- **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.

As of 31.12.2021, the percentage of RWAs (of total IRB portfolio) covered by the models for each of the Bank's regulatory portfolios is presented below:

	RWA	EAD	RWA % of IRB Portfolio
Corporate	4 342 101 704	6 942 835 996	63.0%
Banks	502 786 660	1 005 710 626	7.3%
Multinationals	170 721 290	415 885 018	2.5%
Slotting	997 809 241	1 401 210 754	14.5%
SME	421 690 107	1 002 442 367	6.1%
Retail	453 170 980	3 135 204 787	6.6%
Total IRB Portfolio	**6 888 279 983**	**13 903 289 547**	**100.0%**

Internal credit risk models are developed by Credit Risk Models and Systems 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 the Group Internal Validation (GIV[12]) function at Holding level performs quality assurance of the validation reports 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.

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

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

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

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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 30***: ***EU CR3*** **– CRM techniques – Overview**. *(Template 18, EBA/GL/2016/11)*;
- ***APPENDIX 31: EU CR4*** **– Standardised approach – Credit risk exposure and CRM effects**. (*Template 19, EBA/GL/2016/11)*;
- ***APPENDIX 32***: ***EU CR7*** **– IRB approach – Effect on the RWAs of credit derivatives used as CRM techniques**. *(Template 22, EBA/GL/2016/11)*;
- ***APPENDIX 33: EU CR8*** **– RWA flow statements of credit risk exposures under the IRB approach**. *(Template 23, EBA/GL/2016/11)*;
- ***APPENDIX 34***: ***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 three members – Supervisory board members. The Nomination and Compensation Committee has the responsibility to nominate and recommend candidates to be appointed as members of the Management Board and conducts the sutability assessment on individual level prior appointment as well as the collective assessment of the respective management body (as per the BNB and EBA guidelines). 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 and Human Resources , 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.

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 to 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 Remuneration policy of UniCredit Bulbank AD is approved by the Supervisory Board of the Bank. The Policy is consistent with UniCredit Group's policy to attract, retain and motivate a highly qualified workforce and its main pillars are in compliance with the principles set by the Group remuneration policy, and 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 and mission-critical resources. The key pillars of Remuneration policy ensure correct definition of competitive compensation levels, internal equity and transparency.

The Remuneration committee is responsible for the preparation of decisions on remuneration to be taken by the Supervisory Board, including the remuneration of the members of the management board of the Bank and the Executive Directors. The Remuneration committee consists of three members – Supervisory board members and 2 of them are independent thus complying with the requirements of the Credit Institutions Act. Until 2021 the bank had Nomination and Compensation Committee as a single body and in the middle of 2021 the two committees were separated as a Remuneration committee and Nomination committee with different members and rules of procedure, in order to comply completely with the regulatory requirements. Members of the Remuneration committee (2 independent members and 1 "non-independent") were appointed/re-appointed in September 2021 for a mandate of 3 years as per the rules for the work of the Remuneration committee. The Remuneration committee meetings in terms of time-line follow the compensation processes withing the UniCredit Group and roughly include dedicated meetings in February/March for reviewing the bank's performance and the individual proposals for remuneration of the Material risk takers, in April for approving the total country bonus pool, in July for approving the Remuneration policy, the goals of the Material risk takers and the Group Incentive System rules, as well as ad-hoc meetings related to other matters like update of the Performance management rules, gender pay-gap status, result of the identification process for Material risk takers and similar. The proposals of the Remuneration committee are then provided for Supervisory board approval on the preliminary planned meetings or in case of targteing certain deadlines, even through per-rollam approvals.

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 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 connected 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.

The 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” principle - local overall amount for bonus allocation is subject not only to country achievement of Bank targets and results, but also to CE/EE 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, 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 Material risk takers, is applicable a maximum ratio between variable and fixed remuneration of 2:1. For the rest of the staff it is a maximum ratio between the variable and the fixed components of the remuneration equal to 1:1, except for the staff of the Company Control Functions and Human Resources, for which it is expected that the fixed remuneration is a predominant component of the total remuneration and the 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 additional rewards (bonuses) are subject of achieveing certain entry conditions on Group, Division and Country level, which conditions are related not only to the profitability, but also to the long-term sustainability through assigning sets of KPIs related to capital and liquidity, providing opportunity for adjustment related to the risk performance. The annual 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.

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 the European legislation, UniCredit Bulbank introduces the Material Risk Takers (identified staff) category for which the principles of deferred variable compensation payout in cash and equity apply. Material Risk Takers iIdentified staff) are divided into two groups.

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Group Material Risk Takers - 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 Material Risk Taker - all other employees in selected roles which meet the 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 guaranteed 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 Material Risk Takers is paid within a predetermined four to six year period. 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
Senior Management[1]	**Cash**	20%	-	5%	5%	-	15%
	Shares	20%	-	10%	10%	15%	-
Other Group Identified Staff and Local Identified Staff whose variable remuneration amount exceeds 119,680 EUR	**Cash**	20%	-	-	15%	15%	-
	Shares	20%	15%	15%	-	-	-
Other Group Identified Staff and Local Identified Staff whose variable remuneration amount is equal to or below 119,680 EUR	**Cash**	30%	-	-	10%	10%	-
	Shares	30%	10%	10%	-	-	-

[1] Senior management includes all EVPs & Above, as well as CEO, Deputy CEO/General Manager, all Management board members of UniCredit Bulbank regardless the banding and Similar roles. Similar roles to Management Board members in terms of compensation based on specific provisions in local legislation. Similar roles to be evaluated based on benchmarking considering also the country of main labor contract (for example Bulgarian employees are benchmarked vs Bulgarian Board members, expats from CEE are benchmarked vs CEE expats Board Members, Italian expats are benchmarked vs Italian Board members etc.) The remuneration for the purpose of such evaluation will be calculated as the sum of annualized gross fixed remuneration and variable remuneration awarded.

A retention period applies to the remuneration in shares.

For 2021 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 Material Risk Takers 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 Material Risk Takers, 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

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Material Risk Takers is applied the threshold for variable remuneration of 50 000 Euro or one third of the total annual remuneration, below which variable remuneration is not deferred.

In thousands of BGN

2021 Executive's Compensation															
Staff category	Number of participants	Total fixed compensation for 2021	Total variable compensation for 2021	Deferred variable compensation depending on the year of payment and underlying instruments											
				Cash	Shares	Cash	Shares	Cash	Shares	Cash	Shares	Cash	Shares	Cash	Shares
				2022		2023		2024		2025		2026		2027	
Identified staff	**98**	**11 513**	**4 461**	**2 310**	**0**	**0**	**557**	**140**	**8**	**131**	**271**	**8**	**263**	**386**	**387**

Below is provided aggregated quantitative information on the remuneration, broken down by business area:

In thousands of BGN

Area	Total remuneration (HR cost)	Thereof: Fixed remuneration	Thereof: Variable payments
Total consolidated	*169 887*	*120 984*	*19 037*
Corporate	20 442	15 349	2 359
Retail	74 930	52 297	7 142
Leasing	6 725	5 178	624
Executives	6 914	4 100	2 814
Others	60 876	44 060	6 097

APPENDICES

UniCredit Bulbank

APPENDIX 1

EU LIQ1: LCR DISCLOSURE TEMPLATE ON QUANTITATIVE INFORMATION

In thousands of BGN

Scope of consolidation (solo) UC Bulbank only		Total unweighted value	Total weighted value
Currency and units (BGN thousand)			
Quarter ending on (31 December 2021)		31.12.2021	31.12.2021
Number of data points used in the calculation of averages		**12**	**12**
HIGH-QUALITY LIQUID ASSETS			
1	Total high-quality liquid assets (HQLA)		10 341 774
CASH-OUTFLOWS			
2	Retail deposits and deposits from small business customers, of which:	13 191 142	1 078 640
3	*Stable deposits*	6 184 273	309 214
4	*Less stable deposits*	7 006 869	769 426
5	Unsecured wholesale funding	6 684 746	3 053 628
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	448 344	92 612
7	*Non-operational deposits (all counterparties)*	6 236 402	2 961 016
8	*Unsecured debt*		
9	Secured wholesale funding		
10	Additional requirements	6 844 184	3 235 042
11	*Outflows related to derivative exposures and other collateral requirements*	2 867 600	2 867 600
12	*Outflows related to loss of funding on debt products*		
13	*Credit and liquidity facilities*	3 976 584	367 442
14	Other contractual funding obligations		
15	Other contingent funding obligations	2 369 666	180 938
16	**TOTAL CASH OUTFLOWS**		7 548 248
CASH-INFLOWS			
17	Secured lending (eg reverse repos)	179 584	0
18	Inflows from fully performing exposures	3 316 008	3 288 707
19	Other cash inflows	0	0
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**	3 495 592	3 288 707
EU-20a	***Fully exempt inflows***		
EU-20b	***Inflows Subject to 90% Cap***		
EU-20c	***Inflows Subject to 75% Cap***	3 495 592	3 288 707
			TOTAL ADJUSTED VALUE
21	**LIQUIDITY BUFFER**		**10 341 774**
22	**TOTAL NET CASH OUTFLOWS**		**4 259 541**
23	**LIQUIDITY COVERAGE RATIO (%)**		**242.79%**

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APPENDIX 2

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

In thousands of BGN

	a	b	c	d	e	f	g
			Carrying values of items				
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	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	6 677 438	6 677 438	6 677 438				
Non-derivative financial assets held for trading	4 901	4 901	0			4 901	
Derivatives held for trading	87 039	87 039		87 039		6 925	
Derivatives held for hedging	11 976	11 976		11 976			
Loans and advances to banks	700 788	700 788	521 217	179 571			
Loans and advances to customers	13 946 002	13 946 005	13 944 923		1 082		
Investment sequrities	3 475 362	3 475 362	3 475 362				
Investments in associates	3 426	3 433	3 433				
Property, plant, equipment and investment properties	329 187	320 989	320 989				
Intangible assets	91 343	91 343	41 298				50 045
Current tax assets	8	8	8				
Deferred tax assets	3 940	3 932	3 932				
Other assets	97 812	104 207	104 207				
Total assets	**25 429 222**	**25 427 421**	**25 092 807**	**278 586**	**1 082**	**11 826**	**50 045**
Liabilities							
Financial liabilities held for trading	47 148	47 148					47 148
Derivatives used for hedging	65 287	65 287					65 287
Deposits from banks	1 211 620	1 211 620					1 211 620
Deposits from customers	19 800 871	19 806 591	44 113				19 762 478
Debt securities issued	313 104	313 104					313 104
Provisions	120 253	120 253	50 025				70 228
Current tax liabilities	5 647	5 596					5 596
Deferred tax liabilities	6 192	6 192	3 784				2 408
Other liabilities	147 317	146 829					146 829
Total liabilities	**21 717 439**	**21 722 620**	**97 922**	**0**	**0**	**0**	**21 624 698**

APPENDIX 3

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

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)**	25 427 421	25 092 807.00	278 586	1 082	11 826
2	Liabilities carrying value amount under the regulatory scope of consolidation (as per template EU LI1)	21 722 620	97 922.00	0	0	0
3	Total net amount under the regulatory scope of consolidation					
4	Off-balance-sheet amounts	6 862 202	2 975 161.00			
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*		680 304.00		0	
8	*Differences due to prudential filters*					
9	*collaterals*		-11 155.00		-1 082	
10	*Equity*		11 439.00			
11	*Other assets*		-863 330.00			
12	Deferred tax assets		-53 829.00			
13	From EAD model for F clients (acc 9834)		137 098.00			
14	Replacement cost under the SA-CCR associated with all derivatives transactions (i.e. net of eligible cash variation margin)			81 822		
15	Effect of the eligible cash variation margin received offset against derivatives market value associated with all derivatives transactions (mark-to-market method)			1 017		
16	Potential future exposure contribution under SA-CCR associated with all derivatives transactions (i.e. net of eligible cash variation margin)			173 149		
17	**Exposure amounts considered for regulatory purposes**	28 028 310	27 827 102.00	356 934	0	11 826

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APPENDIX 4

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

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

In thousands of BGN

ASSETS	
Cash and balances with Central Bank	6 677 438
Non-derivative financial assets held for trading	4 901
Derivatives held for trading	87 039
Derivatives hedging	11 976
Loans and advances to banks	700 788
Loans and advances to customers	13 946 005
Financial assets at fair value through other comprehensive income	3 475 362
Investments in subsidiaries and associates	3 433
Property, plant, equipment and investment properties	320 989
Intangible assets	91 343
Current tax assets	8
Deferred tax assets	3 932
Other assets	104 207
TOTAL ASSETS	**25 427 421**
LIABILITIES	
Financial liabilities held for trading	47 148
Derivatives used for hedging	65 287
Deposits from banks	1 211 620
Deposits from customers	19 806 591
Debt securities issued	313 104
Provisions	120 253
Current tax liabilities	5 596
Deferred tax liabilities	6 192
Other liabilities	146 829
TOTAL LIABILITIES	**21 722 620**
EQUITY	
Share capital	285 777
Revaluation and other reserves	141 109
Retained earnings	2 907 879
Profit for the year	370 036
TOTAL EQUITY	**3 704 801**
TOTAL LIABILITIES AND EQUITY	**25 427 421**

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APPENDIX 5B

BALANCE SHEET RECONCILIATION METHODOLOGY

In thousands of BGN

Positions and regulatory corrections	Balance sheet positions included in CET 1							Balance sheet positions included in Tier 2	Other corrections	Total
	Share capital	Revaluation reserves	Other reserves	Retained earnings	Profit for the year	Adjustments to CET1 due to prudential filters	Intangible assets	Subordinated liabilities		
Balances as at 31 December 2021 of the positions included in the calculation of CET 1	**285 777**	**139 207**	**1 902**	**2 907 879**	**370 036**		**-91 343**			**3 613 458**
<u>Regulatory corrections of CET 1</u>										
Correction of Cash flow hedges reserves		30 297								30 297
Current year profit, not yet eligible for own funds inclusion					-370 036					-370 036
Intangible assets subject to 100% RW							37 514			
Deferred tax liabilities associated to intangible assets							3 784			3 784
Shortfall related to performing exposures treated under A-IRB									-163	-163
Fair value gains and losses arising from the institution's own credit risk related to derivative liabilities						-5 203				-5 203
Other deductions						-8 464				-8 464
Total regulatory corrections of CET 1 (fully loaded)		**30 297**			**-370 036**	**-13 667**	**41 298**		**-163**	**-312 271**
Core Equity Tier 1 (CET 1) (fully loaded)	**285 777**	**169 504**	**1 902**	**2 907 879**		**-13 667**	**-50 045**		**-163**	**3 301 187**
Core Equity Tier 1 (CET 1) (transitional provisions)	**285 777**	**169 504**	**1 902**	**2 907 879**		**-13 667**	**-50 045**		**-163**	**3 301 187**
Balances as at 31 December 2021 of the positions included in the calculation of Tier 2										
<u>Regulatory corrections of Tier 2</u>										
Excess of loan loss provisions over expected loss on defaulted exposures treated under A-IRB (capped to 0.6% from A-IRB RWA)									44 515	44 515
Total regulatory corrections of Tier 2 (fully loaded)									**44 515**	**44 515**
Tier 2 capital (fully loaded)									**44 515**	**44 515**
Tier 2 capital (transitional provisions)									**44 515**	**44 515**
Total own funds (fully loaded)	**285 777**	**169 504**	**1 902**	**2 907 879**		**-13 667**	**-50 045**		**44 352**	**3 345 702**
Total own funds (transitional provisions)	**285 777**	**169 504**	**1 902**	**2 907 879**		**-13 667**	**-50 045**		**44 352**	**3 345 702**

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APPENDIX 5C

CAPITAL INSTRUMENTS' MAIN FEATURES TEMPLATE

In thousands of BGN

	Capital instruments' main features template (1)	
1	Issuer	UniCredit Bulbank AD
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement	ISIN BG1100001061
3	Governing law(s) of the instrument	Bulgarian
	Regulatory treatment	Common Equity Tier 1
4	Transitional CRR rules	Tier 1Capital
5	Post-transitional CRR rules	Common Equity Tier 1
6	Eligible at solo/(sub-)consolidated/solo & (sub-)consolidated	Solo & Consolidated
7	Instrument type (types to be specified by each jurisdiction)	ordinarydematerialized registered voting shares, with face value of one BGN each
8	Amount recognised in regulatory capital (in TBGN as of December 31, 2017)	285 777
9	Nominal amount of instrument (in TBGN)	285 777
9a	Issue price	100 per cent
9b	Redemption price	100 per cent
10	Accounting classification	Share capital
11	Original date of issuance	30.05.2007
12	Perpeptual or dated	Perpeptual
13	Original maturity date	N/A
14	Issuer call subjet to prior supervisory approval	Yes
15	Optional call date, contingent call dates, and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	
17	Fixed or floating dividend/coupon	N/A
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	no
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing	N/A
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A
21	Existence of step up or other incentive to redeem	no
22	Noncumulative or cumulative	N/A
23	Convertible or non-convertible	N/A
24	If convertible, conversion trigger (s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specifiy instrument type convertible into	N/A
29	If convertible, specifiy issuer of instrument it converts into	N/A
30	Write-down features	No
31	If write-down, write-down trigger (s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierachy in liquidation (specify instrument type immediately senior to instrument)	Upon dissolution of the Bank it shall be declared in liquidation and the surplus assets of the Bank after discharge of its liabilities to the creditors shall be distributed between the shareholders pro ratio to the shares held by them.The consequences of the declaration of the Bank in bankruptcy shall be regulated by the applicable law
36	Non-compliant transitioned features	No
37	If yes, specifiy non-compliant features	N/A
(1) 'N/A' inserted if the question is not applicable		

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APPENDIX 5D

TRANSITIONAL OWN FUNDS DISCLOSURE TEMPLATE

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	2 909 781	26 (1) (c)	N/A
3	Accumulated other comprehensive income (and any other reserves)	139 207	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**	**3 334 765**		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)	-50 045	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	30 297	33 (a)	N/A
12	Fair value gains and losses arising from the institution's own credit risk related to derivative liabilities	-5 203	33 (c)	
13	Negative amounts resulting from the calculation of expected loss amounts	-163	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	-8 464		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)	-	36 (1) (j)	N/A
29	Total regulatory adjustments to Common Equity Tier 1 (CET1)	-33 578		N/A
30	**Common Equity Tier 1 (CET1) capital**	**3 301 187**		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	-	472, 473(3)(a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)	N/A
	thereof: Intangible assets	-	472 (4)	
	thereof: IRB shortfall of provisions to expected losses		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	-		N/A
45	Additional Tier 1 (AT1) capital			N/A
46	**Tier 1 capital (T1 = CET1 + AT1)**	**3 301 187**		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	44 515	62 (c) & (d)	N/A
52	**Tier 2 (T2) capital before regulatory adjustment**	**44 515**		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

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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
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	-	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			N/A
59	**Tier 2 (T2) capital**	**44 515**		N/A
60	**Total capital (TC = T1 + T2)**	**3 345 702**		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**	**11 262 227**		N/A
Capital ratios and buffers				
62	Common Equity Tier 1 (as a percentage of total risk exposure amount)	29.31%	92 (2) (a), 465	N/A
63	Tier 1 (as a percentage of total risk exposure amount	29.31%	92 (2) (b), 465	N/A
64	Total capital (as a percentage of total risk exposure amount	29.71%	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)	6.99%	CRD 128, 129, 140	N/A
66	of which: capital conservation buffer requirement	2.50%		N/A
67	of which: countercyclical buffer requirement	0.49%		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	1.00%	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)	15 656	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)	0	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)	44 515	62	N/A
80	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	44 515	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

In thousands of BGN

			RWAs		Minimum capital requirements
			31.12.2021	31.12.2020	31.12.2021
	1	**Credit risk (excluding CCR)**	**9 872 541**	**9 997 574**	**789 804**
Article 438(c)(d)	2	Of which the standardised approach	2 623 301	2 338 341	209 864
Article 438(c)(d)	3	Of which the foundation IRB (FIRB) approach	1 363 859	1 940 599	109 109
Article 438(c)(d)	4	Of which the advanced IRB (AIRB) approach	5 845 769	5 682 099	467 662
Article 438(d)	5	Of which equity IRB under the simple risk-weighted approach or the IMA	39 612	36 535	3 169
Article 107, Article 438(c)(d)	**6**	**CCR**	**177 917**	**105 924**	**14 233**
Article 438(c)(d)	7	Of which mark to market	171 837	88 783	13 747
Article 438(c)(d)	8	Of which original exposure			
	9	Of which the standardised approach			
	10	Of which internal model method (IMM)	2 292	10 753	183
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	3 788	6 388	303
Article 438(e)	13	Settlement risk			
Article 449(o)(i)	**14**	**Securitisation exposures in the banking book (after the cap)**			
	15	Of which IRB approach			
	16	Of which IRB supervisory formula approach (SFA)			
	17	Of which internal assessment approach (IAA)			
	18	Of which standardised approach			
Article 438 (e)	**19**	**Market risk**	**91 651**	**85 813**	**7 332**
	20	Of which the standardised approach	91 651	85 813	7 332
	21	Of which IMA			
Article 438(e)	22	Large exposures			
Article 438(f)	**23**	**Operational risk**	**1 110 063**	**1 073 550**	**88 805**
	24	Of which basic indicator approach			
	25	Of which standardised approach			
	26	Of which advanced measurement approach	1 110 063	1 073 550	88 805
Article 437(2), Article 48 and Article 60	27	Amounts below the thresholds for deduction (subject to 250% risk weight)	10 055	11 545	804
Article 500	28	Floor adjustment			
	29	**Total**	**11 262 227**	**11 274 406**	**900 978**

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APPENDIX 7

EU CR10 - IRB SPECIALIZED LENDING AND EQUITIES

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	102 035	1 395	50%	102 752	51 043	
	Equal to or more than 2.5 years	459 628	34 034	70%	466 581	326 607	1 866
Category 2	Less than 2.5 years	156 883	24 321	70%	172 380	120 569	689
	Equal to or more than 2.5 years	355 731	115 730	90%	429 223	386 165	3 433
Category 3	Less than 2.5 years	11 467	931	115%	12 374	14 229	346
	Equal to or more than 2.5 years	39 591	1 267	115%	49 631	56 851	1 384
Category 4	Less than 2.5 years	8 622	5	250%	8 627	21 567	690
	Equal to or more than 2.5 years			250%			
Category 5	Less than 2.5 years	2 179			37 987		18 994
	Equal to or more than 2.5 years	42 523	1 203		92 078		46 039
Total	**Less than 2.5 years**	**281 186**	**26 652**		**334 120**	**207 408**	**20 719**
	Equal to or more than 2.5 years	**897 473**	**152 234**		**1 037 513**	**769 623**	**52 722**

Equities under the simple risk-weighted approach						
Categories	On-Balance Sheet amount	Off-Balance Sheet amount	Risk weight	Exposure amount	RWAs	Expected Losses
Private equity exposures	19 203		190%	19 203	36 486	154
Exchange-traded equity exposures	1 078		290%	1 078	3 126	9
Other equity exposures	0		370%			
Total	**20 281**			**20 281**	**39 612**	**163**

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APPENDIX 8

EU CCR1 – ANALYSIS OF CCR EXPOSURE BY APPROACH

In thousands of BGN

	a	b	c	d	e	f	g
	Notional	Replacement cost under the SA-CCR associated with all derivatives transactions (i.e. net of eligible cash variation margin)	Potential future exposure contribution under SA-CCR associated with all derivatives transactions (i.e. net of eligible cash variation margin)	Effect of the eligible cash variation margin received offset against derivatives market value associated with all derivatives transactions (mark-to-market method)	Multiplier	EAD post CRM	RWAs
SA CCR EAD		81 822	173 149	1 017		352 576	171 837
Original exposure							
Standardised approach					1.4		
IMM (for derivatives and SFTs)					1.4		
Of which securities financing transactions					1.4		
Of which derivatives and long settlement transactions					1.4		
Of which from contractual cross-product netting					1.4		
Financial collateral simple method (for SFTs)							
Financial collateral comprehensive method (for SFTs)							
VaR for SFTs							
Total							**171 837**

APPENDIX 9

EU CCR2 – CVA CAPITAL CHARGE

In thousands of BGN

		a	b
		Exposure value	RWAs
1	Total portfolios subject to the advanced method	0	0
2	(i) VaR component (including the 3× multiplier)		
3	(ii) SVaR component (including the 3× multiplier)		
4	All portfolios subject to the standardised method	21 763	3 788
EU4	Based on the original exposure method	0	0
5	Total subject to the CVA capital charge	21 763	3 788

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APPENDIX 10

DISCLOSURE OF THE AMOUNT OF INSTITUTION SPECIFIC COUNTERCYCLICAL BUFFER

In thousands of BGN

Row		Column
		010
010	Total risk exposure amount	16 005 290
020	Institution specific countercyclical buffer rate	0.5%
030	Institution specific countercyclical buffer requirement	0.5%

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APPENDIX 11

DISCLOSURE OF THE GEOGRAPHICAL DISTRIBUTION OF CREDIT EXPOSURES

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	2 723 454	12 752 313	529 523	0	0	0	711 415	6 860		718 275	100.0%	0.49%
	Country: Albania	0	1	0	0	0	0	0	0		0	0.0%	0.00%
	Country: Algeria	0	2 109	0	0	0	0	283	0		283	0.0%	0.00%
	Country: Argentina	0	2	0	0	0	0	0	0		0	0.0%	0.00%
	Country: Armenia	0	5 691	0	0	0	0	707	0		707	0.1%	0.00%
	Country: Australia	0	101	0	0	0	0	0	0		0	0.0%	0.00%
	Country: Austria	891	27	0	0	0	0	71	0		71	0.0%	0.00%
	Country: Belarus	0	20	0	0	0	0	1	0		1	0.0%	0.00%
	Country: Belgium	0	338	0	0	0	0	18	0		18	0.0%	0.00%
	Country: Bosnia and Herzegovina	0	1	0	0	0	0	0	0		0	0.0%	0.00%
	Country: Brazil	0	25	0	0	0	0	0	0		0	0.0%	0.00%
	Country: Bulgaria	2 688 302	12 411 608	529 523	0	0	0	690 218	6 860		697 078	97.0%	0.50%
	Country: Canada	0	68 223	0	0	0	0	1 552	0		1 552	0.2%	0.00%
	Country: Croatia	20	0	0	0	0	0	2	0		2	0.0%	0.00%
	Country: Cyprus	0	16 769	0	0	0	0	1 668	0		1 668	0.2%	0.00%
	Country: Czech Republic	9	1	0	0	0	0	1	0		1	0.0%	0.50%
	Country: Denmark	0	6	0	0	0	0	0	0		0	0.0%	0.00%
	Country: Ecuador	270	0	0	0	0	0	0	0		0	0.0%	0.00%
	Country: Estonia	0	77	0	0	0	0	17	0		17	0.0%	0.00%
	Country: Finland	23	0	0	0	0	0	2	0		2	0.0%	0.00%
	Country: France	15 191	1 769	0	0	0	0	576	0		576	0.1%	0.00%
	Country: Georgia	0	21	0	0	0	0	0	0		0	0.0%	0.00%
	Country: Germany	5 159	22 765	0	0	0	0	1 529	0		1 529	0.2%	0.00%
	Country: Greece	4 813	148	0	0	0	0	387	0		387	0.1%	0.00%
	Country: Hungary	5	0	0	0	0	0	0	0		0	0.0%	0.00%
	Country: India	0	5	0	0	0	0	0	0		0	0.0%	0.00%
	Country: Iran, Islamic Republic of	0	6	0	0	0	0	0	0		0	0.0%	0.00%
	Country: Ireland	0	70	0	0	0	0	0	0		0	0.0%	0.00%
	Country: Israel	15	31 913	0	0	0	0	889	0		889	0.1%	0.00%
	Country: Italy	915	4 087	0	0	0	0	119	0		119	0.0%	0.00%

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: Japan	0	1	0	0	0	0	0	0		0	0.0%	0.00%
	Country: Kazakhstan	0	48	0	0	0	0	0	0		0	0.0%	0.00%
	Country: Korea, Republic of	0	2	0	0	0	0	0	0		0	0.0%	0.00%
	Country: Kuwait	0	85	0	0	0	0	7	0		7	0.0%	0.00%
	Country: Kyrgyzstan	0	133	0	0	0	0	1	0		1	0.0%	0.00%
	Country: Latvia	0	45	0	0	0	0	0	0		0	0.0%	0.00%
	Country: Lebanon	0	1	0	0	0	0	0	0		0	0.0%	0.00%
	Country: Macedonia, The Former Yugoslav Republic of	89	15	0	0	0	0	7	0		7	0.0%	0.00%
	Country: Malta	0	8	0	0	0	0	1	0		1	0.0%	0.00%
	Country: Moldova, Republic of	0	3	0	0	0	0	0	0		0	0.0%	0.00%
	Country: MONTENEGRO	0	11	0	0	0	0	0	0		0	0.0%	0.00%
	Country: Morocco	174	2 630	0	0	0	0	168	0		168	0.0%	0.00%
	Country: Netherlands	3 316	65 915	0	0	0	0	3 109	0		3 109	0.4%	0.00%
	Country: Norway	68	44	0	0	0	0	6	0		6	0.0%	1.00%
	Country: Oman	0	11	0	0	0	0	0	0		0	0.0%	0.00%
	Country: Pakistan	15	22	0	0	0	0	1	0		1	0.0%	0.00%
	Country: Palestina	0	6	0	0	0	0	0	0		0	0.0%	0.00%
	Country: Peru	257	0	0	0	0	0	16	0		16	0.0%	0.00%
	Country: Poland	120	6	0	0	0	0	10	0		10	0.0%	0.00%
	Country: Portugal	0	3	0	0	0	0	0	0		0	0.0%	0.00%
	Country: Romania	487	32	0	0	0	0	69	0		69	0.0%	0.00%
	Country: Russian Federation	0	48 549	0	0	0	0	2 557	0		2 557	0.4%	0.00%
	Country: Saudi Arabia	0	20	0	0	0	0	0	0		0	0.0%	0.00%
	Country: Serbia	11	3	0	0	0	0	1	0		1	0.0%	0.00%
	Country: Slovenia	1	1	0	0	0	0	0	0		0	0.0%	0.00%
	Country: Spain	48	109	0	0	0	0	5	0		5	0.0%	0.00%
	Country: Sri Lanka	0	122	0	0	0	0	21	0		21	0.0%	0.00%
	Country: Sudan	0	19	0	0	0	0	0	0		0	0.0%	0.00%
	Country: Sweden	0	92	0	0	0	0	0	0		0	0.0%	0.00%
	Country: Switzerland	0	3 700	0	0	0	0	39	0		39	0.0%	0.00%
	Country: Syrian Arab Republic	0	97	0	0	0	0	1	0		1	0.0%	0.00%
	Country: Taiwan, Republic of China	2	0	0	0	0	0	0	0		0	0.0%	0.00%
	Country: Thailand	0	141	0	0	0	0	6	0		6	0.0%	0.00%
	Country: Tunisia	0	160	0	0	0	0	21	0		21	0.0%	0.00%
	Country: Turkey	3 252	561	0	0	0	0	260	0		260	0.0%	0.00%
	Country: Ukraine	1	400	0	0	0	0	5	0		5	0.0%	0.00%
	Country: United Arab Emirates	0	128	0	0	0	0	3	0		3	0.0%	0.00%
	Country: United Kingdom	0	28 586	0	0	0	0	3 773	0		3 773	0.5%	0.00%
	Country: United States	0	34 111	0	0	0	0	3 230	0		3 230	0.4%	0.00%
	Country: Venezuela	0	11	0	0	0	0	0	0		0	0.0%	0.00%
	Country: Vietnam	0	699	0	0	0	0	58	0		58	0.0%	0.00%
020													

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APPENDIX 12

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

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	1 312 435	2 095 391
3	Corporates	11 005 265	11 271 897
4	*Of which: Specialised lending*	1 357 545	1 571 195
5	*Of which: SMEs*	4 473 267	4 691 746
6	Retail	4 217 595	4 153 735
7	*Secured by real estate property*	2 983 731	2 900 479
8	*SMEs*	297 513	324 688
9	*Non-SMEs*	2 686 217	2 575 792
10	*Qualifying revolving*	291 729	320 256
11	*Other retail*	942 135	933 000
12	*SMEs*	786 893	815 640
13	*Non-SMEs*	155 243	117 361
14	Equity	20 281	31 083
15	***Total IRB approach***	**16 555 576**	**17 552 106**
16	Central governments or central banks	10 907 121	9 838 701
17	Regional governments or local authorities	70 679	2 702
18	Public sector entities	2 673	7 419
19	Multilateral development banks	4 467	10 060
20	International organisations		
21	Institutions	3 425	4 969
22	Corporates	1 409 550	1 374 175
23	*Of which: SMEs*	295 338	292 872
24	Retail	1 983 032	2 032 375
25	*Of which: SMEs*	148 908	136 579
26	Secured by mortgages on immovable property	33 912	22 324
27	*Of which: SMEs*	2 278	1
28	Exposures in default	47 647	48 458
29	Items associated with particularly high risk	12 332	10 767
30	Covered bonds		
31	Claims on institutions and corporates with a short-term credit assessment		
32	Collective investments undertakings		
33	Equity exposures		
34	Other exposures		
35	***Total standardised approach***	**14 474 838**	**13 351 950**
36	***Total***	**31 030 414**	**30 904 056**

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APPENDIX 13

EU CRB-C – GEOGRAPHICAL BREAKDOWN OF EXPOSURES

In thousands of BGN

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	o	p	q	q	r	g	s	u
		Net value																						
		Europe	Country BULGARIA	Country GERMANY	Country ITALY	Country AUSTRIA	Country NETHERLANDS	Country POLAND	Country ROMANIA	Country SPAIN	Country SWEDEN	Country Switzerland	Country Luxembourg	Other European countries	America	Country USA	Country CANADA	Asia	Country TURKEY	Country Israel	REST OF THE WORLD	Country UNITED KINGDOM	Country RUSSIA	Total
1	Central governments or central banks	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2	Institutions	1 118 675	127 245	287 328	319 330	199 979	62 902	10 073	12 320	1 956	18 767	10 728	13 884	54 163	102 970	102 540	430	26 130	20 506	0	64 660	64 367	0	1 312 435
3	Corporates	10 845 199	10 746 568	34 649	0	0	57 896	0	0	0	0	6 030	0	56	69 445	16 498	52 947	35 335	1 157	31 895	55 286	12 537	30 433	11 005 265
4	Retail	4 215 426	4 212 341	65	135	51	145	6	44	48	0	324	0	2 267	291	233	58	563	54	12	1 315	144	1 064	4 217 595
5	Equity	4 732	4 625	0	0	0	0	0	0	0	0	0	0	107	15 549	15 549	0	0	0	0	0	0	0	20 281
6	***Total IRB approach***	16 184 032	15 090 779	322 042	319 465	200 030	120 943	10 079	12 364	2 004	18 767	17 082	13 884	56 593	188 255	134 820	53 435	62 028	21 717	31 907	121 261	77 048	31 497	16 555 576
10	Central governments or central banks	10 907 121	10 740 644	0	4	0	0	80 373	54 224	31 876	0	0	0	0	0	0	0	0	0	0	0	0	0	10 907 121
20	Regional governments or local authorities	70 679	70 679	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	70 679
30	Public sector entities	2 673	2 673	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2 673
40	Multilateral development banks	4 467	0	0	0	0	0	0	0	0	0	0	0	4 467	0	0	0	0	0	0	0	0	0	4 467
50	International organisations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
60	Institutions	3 425	623	1 725	0	0	0	0	1 077	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3 425
70	Corporates	1 367 714	1 273 588	7 966	6 573	932	56 900	570	3 189	137	29	762	0	17 068	1 176	1 176	0	39 563	35 284	174	1 097	355	0	1 409 550
80	Retail	1 983 032	1 982 960	0	1	12	0	0	0	0	0	0	0	59	0	0	0	0	0	0	0	0	0	1 983 032
90	Secured by mortgages on immovable property	33 912	30 001	0	0	0	0	0	0	0	0	0	0	3 911	0	0	0	0	0	0	0	0	0	33 912
100	Exposures in default	41 423	40 864	0	0	0	0	0	523	0	0	0	0	36	0	0	0	6 132	0	0	92	0	0	47 647
110	Items associated with particularly high risk	12 332	12 332	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	12 332
120	Covered bonds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
130	Claims on institutions and corporates with a short-term credit assessment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
140	Collective investments undertakings	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
150	Equity exposures	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
160	Other exposures	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23	***Total standardised approach***	14 426 778	14 154 364	9 691	6 578	944	56 900	80 943	59 013	32 013	29	762	0	25 541	1 176	1 176	0	45 695	35 284	174	1 189	355	0	14 474 838
24	***Total***	30 610 810	29 245 143	331 733	326 043	200 974	177 843	91 022	71 377	34 017	18 796	17 844	13 884	82 134	189 431	135 996	53 435	107 723	57 001	32 081	122 450	77 403	31 497	31 030 414

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APPENDIX 14

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

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	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
2	Institutions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
3	Corporates	432 607	149 866	3 215 503	638 289	8 697	760 417	3 051 942	588 995	194 374	277 336	915 907	367 003	68 515	319	5 111	3 105	4 638	0	**10 682 624**
4	Retail	122 925	2 295	73 067	3 354	3 868	102 186	371 765	118 295	38 341	25 878	22 838	63 506	19 298	3 042	9 528	5 048	9 599	53	**994 886**
5	Equity	0	0	0	0	0	0	0	0	0	107	67	0	0	0	0	0	0	0	**174**
6	***Total IRB approach***	**555 532**	**152 161**	**3 288 570**	**641 643**	**12 565**	**862 603**	**3 423 707**	**707 290**	**232 715**	**303 321**	**938 812**	**430 509**	**87 813**	**3 361**	**14 639**	**8 153**	**14 237**	**53**	**11 677 684**
7	Central governments or central banks	0	0	0	0	0	0	0	0	0	0	0	0	0	9 217 083	0	0	0	0	**9 217 083**
8	Regional governments or local authorities	0	0	0	0	0	0	0	0	0	0	0	0	0	70 679	0	0	0	0	**70 679**
9	Public sector entities	0	0	0	0	0	0	0	0	0	0	0	10	0	0	0	90	2 545	0	**2 645**
10	Multilateral development banks	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
11	International organisations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
12	Institutions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
13	Corporates	124 654	4 032	315 415	62 695	2 554	122 153	311 639	147 900	27 622	14 410	107 715	27 382	35 165	783	80	6 124	6 726	1 325	**1 318 374**
14	Retail	47 468	168	16 423	3 148	477	8 726	32 565	14 426	1 303	2 512	1 075	2 130	3 883	472	138 229	755	229	730	**274 719**
15	Secured by mortgages on immovable property	7	0	781	0	25	1 276	2 294	0	6 354	0	397	6 851	92	259	0	0	1 111	950	**20 397**
16	Exposures in default	261	0	4 628	0	31	425	7 935	1 676	48	3	63	58	2	0	0	5	13	362	**15 510**
17	Items associated with particularly high risk	0	0	0	0	0	12 324	0	0	0	0	0	0	0	0	0	0	0	0	**12 324**
18	Covered bonds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
19	Claims on institutions and corporates with a shortterm credit assessment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
20	Collective investments undertakings	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
21	Equity exposures	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
22	Other exposures	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
23	***Total standardised approach***	**172 390**	**4 200**	**337 247**	**65 843**	**3 087**	**144 904**	**354 433**	**164 002**	**35 327**	**16 925**	**109 250**	**36 431**	**39 142**	**9 289 276**	**138 309**	**6 974**	**10 624**	**3 367**	**10 931 731**
24	***Total***	**727 922**	**156 361**	**3 625 817**	**707 486**	**15 652**	**1 007 507**	**3 778 140**	**871 292**	**268 042**	**320 246**	**1 048 062**	**466 940**	**126 955**	**9 292 637**	**152 948**	**15 127**	**24 861**	**3 420**	**22 609 415**

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APPENDIX 15

EU CRB-E – MATURITY OF EXPOSURES

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	0	0	0	0	0	0
2	Institutions	170 878	173 637	224 787	0	0	569 302
3	Corporates	743 452	1 299 528	2 173 641	1 751 221	0	5 967 842
4	Retail	154 749	328 553	372 162	2 741 514	0	3 596 978
5	Equity	0	0	0	0	20 281	20 281
6	***Total IRB approach***	**1 069 079**	**1 801 718**	**2 770 590**	**4 492 735**	**20 281**	**10 154 403**
7	Central governments or central banks	6 230 708	413 889	2 011 780	2 240 569	62	10 897 008
8	Regional governments or local authorities	500	28	55 387	10 804	0	66 719
9	Public sector entities	54	133	0	55	0	242
10	Multilateral development banks	0	0	0	0	0	0
11	International organisations	0	0	0	0	0	0
12	Institutions	0	1 294	1 509	0	0	2 803
13	Corporates	1 996	299 323	574 180	168 629	0	1 044 128
14	Retail	14 933	101 239	715 820	1 089 850	0	1 921 842
15	Secured by mortgages on immovable property	0	43	21 926	4 497	0	26 466
16	Exposures in default	722	7 331	14 100	20 116	0	42 269
17	Items associated with particularly high risk	0	0	354	11 978	0	12 332
18	Covered bonds	0	0	0	0	0	0
19	Claims on institutions and corporates with a shortterm credit assessment	0	0	0	0	0	0
20	Collective investments undertakings	0	0	0	0	0	0
21	Equity exposures	0	0	0	0	0	0
22	Other exposures	0	0	0	0	0	0
23	***Total standardised approach***	**6 248 913**	**823 280**	**3 395 056**	**3 546 498**	**62**	**14 013 809**
24	***Total***	***7 317 992***	***2 624 998***	***6 165 646***	***8 039 233***	***20 343***	***24 168 212***

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APPENDIX 16

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

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	0	0	0	0	0	0	0
2	Institutions	0	1 312 698	263	0	0	-88	1 312 435
3	Corporates	455 014	11 106 436	556 185	0	1 563	-8 202	11 005 265
4	*Of which: Specialised lending*	131 294	1 326 776	100 525	0	0	2 118	1 357 545
5	*Of which: SMEs*	310 261	4 554 449	391 443	0	1 426	9 860	4 473 267
6	Retail	146 139	4 245 337	173 881	0	2 484	8 925	4 217 595
7	*Secured by real estate property*	80 542	2 992 216	89 028	0	1 053	13 397	2 983 730
8	*SMEs*	21 001	296 405	19 893	0	286	829	297 513
9	*Non-SMEs*	59 541	2 695 811	69 135	0	767	12 568	2 686 217
10	*Qualifying revolving*	9 698	294 772	12 741	0	343	-665	291 729
11	*Other retail*	55 899	958 349	72 112	0	1 088	-3 807	942 136
12	*SMEs*	46 141	801 778	61 026	0	951	-593	786 893
13	*Non-SMEs*	9 758	156 571	11 086	0	137	-3 214	155 243
14	*Equity*	0	20 281	0	0	0	0	20 281
15	***Total IRB approach***	**601 153**	**16 684 752**	**730 329**	**0**	**4 047**	**635**	**16 555 576**
16	Central governments or central banks	0	10 908 567	1 446	0	0	799	10 907 121
17	Regional governments or local authorities	0	70 716	37	0	0	-5	70 679
18	Public sector entities	0	2 691	18	0	0	-32	2 673
19	Multilateral development banks	0	4 467	0	0	0	0	4 467
20	International organisations	0	0	0	0	0	0	0
21	Institutions	0	3 440	15	0	0	-9	3 425
22	Corporates	0	1 442 455	32 905	0	0	1 430	1 409 550
23	*Of which: SMEs*	0	304 913	9 575	0	0	4 883	295 338
24	Retail	0	2 015 019	31 987	0	0	11 552	1 983 032
25	*Of which: SMEs*	0	151 944	3 036	0	0	2 360	148 908
26	Secured by mortgages on immovable property	0	35 520	1 608	0	0	1 399	33 912
27	*Of which: SMEs*	0	2 286	8	0	0	-2	2 278
28	Exposures in default	162 846	4 893	120 092	0	1 800	-2 493	47 647
29	Items associated with particularly high risk	0	12 517	185	0	0	-27	12 332
30	Covered bonds	0	0	0	0	0	0	0
31	Claims on institutions and corporates with a shortterm credit assessment	0	0	0	0	0	0	0
32	Collective investments undertakings	0	0	0	0	0	0	0
33	Equity exposures	0	0	0	0	0	0	0
34	Other exposures	0	0	0	0	0	0	0
35	***Total standardised approach***	**162 846**	**14 500 285**	**188 293**	**0**	**1 800**	**12 614**	**14 474 838**
36	***Total***	**763 999**	**31 185 037**	**918 622**	**0**	**5 847**	**13 249**	**31 030 414**
37	Of which: Loans	712 217	20 023 905	865 082	0	5 847	24 726	19 871 040
38	Of which: Debt securities	0	4 622 419	0	0	0	-7 561	4 622 419
39	Of which: Offbalance-sheet exposures	51 782	6 538 713	53 540	0	0	-3 916	6 536 955

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APPENDIX 17A

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

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	14 601	746 697	33 376	0	131	13 014	727 922
2	Mining and quarrying	484	156 418	541	0	0	244	156 361
3	Manufacturing	104 925	3 679 935	159 043	0	1 218	2 655	3 625 817
4	Electricity, gas, steam and air conditioning supply	22 600	720 264	35 378	0	30	3 139	707 486
5	Water supply	7 737	15 681	7 766	0	25	2 017	15 652
6	Construction	94 807	990 557	77 857	0	416	-15 474	1 007 507
7	Wholesale and retail trade	101 567	3 832 171	155 598	0	2 531	-29 273	3 778 140
8	Transport and storage	25 697	879 672	34 077	0	802	7 592	871 292
9	Accommodation and food service activities	65 447	279 868	77 273	0	22	15 108	268 042
10	Information and communication	1 612	329 611	10 977	0	25	1 505	320 246
11	Real estate activities	121 668	1 016 562	90 168	0	26	-9 739	1 048 062
12	Professional, scientific and technical activities	16 138	467 023	16 221	0	19	6 968	466 940
13	Administrative and support service activities	20 361	124 259	17 665	0	89	2 635	126 955
14	Public administration and defence, compulsory social security	0	9 294 958	2 321	0	0	2 039	9 292 637
15	Education	81	153 026	159	0	0	-7 254	152 948
16	Human health services and social work activities	1 573	15 656	2 102	0	4	1 048	15 127
17	Arts, entertainment and recreation	215	25 328	682	0	5	383	24 861
18	Other services	1 142	3 345	1 067	0	503	-167 708	3 420
19	***Total***	**600 655**	**22 731 031**	**722 271**	**0**	**5 846**	**-171 101**	**22 609 415**

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APPENDIX 17B

CREDIT QUALITY OF LOANS AND ADVANCES BY INDUSTRY

In thousands of BGN

		a	b	c	d	e	f
		Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which loans and advances subject to impairment		
				Of which defaulted			
1	Agriculture, forestry and fishing	552 517	11 475	11 475	552 517	-28 556	0
2	Mining and quarrying	7 255	434	434	7 255	-499	0
3	Manufacturing	2 069 768	95 220	95 220	2 069 175	-146 576	-385
4	Electricity, gas, steam and air conditioning supply	495 783	21 399	21 399	495 783	-32 519	0
5	Water supply	14 249	5 822	5 822	14 249	-6 023	0
6	Construction	540 104	70 175	70 175	540 104	-63 975	0
7	Wholesale and retail trade	2 205 829	85 000	85 000	2 205 829	-142 246	0
8	Transport and storage	713 000	24 064	24 064	713 000	-32 323	0
9	Accommodation and food service activities	278 911	65 051	65 051	278 911	-76 762	0
10	Information and communication	84 163	2 420	2 420	81 498	-9 719	-803
11	Financial and insurance actvities	177 734	0	0	177 734	-15 624	0
12	Real estate activities	962 373	120 457	120 457	962 373	-89 744	0
13	Professional, scientific and technical activities	138 238	12 256	12 256	138 238	-10 705	0
14	Administrative and support service activities	81 951	20 240	20 240	81 951	-17 070	0
15	Public administration and defense, compulsory social security	63	0	0	63	0	0
16	Education	2 695	77	77	2 695	-139	0
17	Human health services and social work activities	19 247	1 572	1 572	19 247	-2 081	0
18	Arts, entertainment and recreation	8 279	167	167	8 279	-536	0
19	Other services	15 627	3 729	3 729	15 627	-3 914	0
20	***Total***	***8 367 786***	***539 558***	***539 558***	***8 364 528***	***-679 011***	***-1 188***

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APPENDIX 18A

EU CR1-C – CREDIT QUALITY OF EXPOSURES BY GEOGRAPHY

In thousands of BGN

		a	b	c	d	e	f	g
		Gross carrying values of						Net values
		Defaulted exposures	Non-defaulted exposures	Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges	(a+ b -c-d)
1	**EUROPE**	**749 630**	**30 756 057**	**894 877**		**0**	**279 645**	**30 610 810**
2	OF WHICH: BULGARIA	744 623	29 387 300	886 780		0	0	29 245 143
3	OF WHICH: GERMANY	103	331 753	123		0	277 786	331 733
4	OF WHICH: ITALY	4 005	326 296	4 258		0	162	326 043
5	OF WHICH: AUSTRIA	0	200 981	7		0	0	200 974
6	OF WHICH: NETHERLANDS	5	181 047	3 209		0	1	177 843
7	OF WHICH: POLAND	0	91 022	0		0	1 288	91 022
8	OF WHICH: ROMANIA	581	70 915	119		0	47	71 377
9	OF WHICH: SPAIN	80	34 017	80		0	0	34 017
10	OF WHICH: SWEDEN	0	18 796	0		0	0	18 796
11	OF WHICH: Switzerland	0	17 847	3		0	0	17 844
12	OF WHICH: Luxembourg	0	13 884	0		0	0	13 884
13	OF WHICH: OTHER EUROPEAN COUNTRIES	233	82 199	298		0	361	82 134
14	**AMERICA**	**390**	**189 598**	**557**		**0**	**20**	**189 431**
15	OF WHICH: USA	389	136 160	553		0	0	135 996
15	OF WHICH: CANADA	0	53 438	3		0	19	53 435
16	**ASIA**	**17 907**	**105 096**	**15 280**		**0**	**35**	**107 723**
17	OF WHICH: TURKEY	0	57 108	107		0	29	57 001
15	OF WHICH: Israel	0	32 081	0		0	0	32 081
18	**REST OF THE WORLD**	**1 587**	**128 786**	**7 923**		**0**	**187**	**122 450**
19	OF WHICH: UNITED KINGDOM	288	84 027	6 912		0	177	77 403
20	OF WHICH: RUSSIA	1 091	31 290	884		0	0	31 497
21	**TOTAL**	**769 514**	**31 179 537**	**918 637**		**0**	**279 887**	**31 030 414**

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APPENDIX 18B

QUALITY OF NON-PERFORMING EXPOSURES BY GEOGRAPHY

In thousands of BGN

		a	b	c	d	e	f	g
		Gross carrying/nominal amount				Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which subject to impairment			
				Of which defaulted				
	On-balance-sheet exposures							-
1	Albania	3	3	3	3	-3		0
2	Armenia	37	0	0	37	0		0
3	Austria	120 599	0	0	120 599	-5		0
4	Australia	394	101	101	394	-101		0
5	Belgium	4 732	5	5	172	-8		0
6	Bulgaria	24 192 607	690 336	690 336	24 125 453	-842 651		-1 188
7	Brazil	6	0	0	6	0		0
8	Belarus	14	0	0	14	0		0
9	Canada	478	0	0	478	0		0
10	Switzerland	3 083	0	0	3 083	-3		0
11	Cyprus	15 055	15 055	15 055	15 055	-11 265		0
12	Czech Republic	4 138	0	0	4 138	-1		0
13	Germany	82 267	104	104	36 695	-115		0
14	Denmark	110	0	0	110	0		0
15	Ecuador	306	0	0	306	-6		0
16	Estonia	75	0	0	75	0		0
17	Egypt	342	0	0	342	0		0
18	Spain	32 125	79	79	32 125	-93		0
19	Finland	559	0	0	559	0		0
20	France	4 452	0	0	4 452	-22		0
21	United Kingdom	20 377	288	288	20 368	-6 836		0
22	Georgia	4	0	0	4	0		0
23	Greece	6 578	5	5	6 578	-55		0
24	Hong Kong	9	0	0	9	0		0
25	Croatia	1 221	0	0	1 221	-3		0
26	Hungary	1 469	0	0	1 469	-3		0
27	Indonesia	247	0	0	247	0		0
28	Ireland	834	65	65	67	-65		0
29	Israel	174	0	0	174	0		0
30	India	1	0	0	1	0		0
31	Italy	448 218	12	12	446 532	-261		0
32	Japan	2 581	0	0	2 581	0		0
33	Kyrgyzstan	129	0	0	129	0		0
34	Kuwait	47	0	0	47	0		0
35	Kazakhstan	42	5	5	42	-5		0
36	Lebanon	1	0	0	1	0		0
37	Luxembourg	1 205	0	0	1 205	0		0
38	Latvia	53	53	53	53	-53		0
39	Morocco	340	0	0	340	0		0
40	Moldova, Republic of	2	0	0	2	0		0
41	North Macedonia, Republic of	496	7	7	496	-10		0
42	Malta	2	0	0	2	0		0
43	Netherlands	109 984	5	5	109 820	-3 045		0
44	Norway	1 783	45	45	1 783	-46		0
45	Peru	102	102	102	102	-10		0
46	Poland	82 567	0	0	82 567	-22		0
47	Portugal	6	6	6	6	-6		0
48	Romania	60 799	580	580	60 799	-199		0
49	Serbia	3 674	40	40	3 674	-14		0
50	Russian Federation	1 956	1 091	1 091	1 956	-884		0
51	Saudi Arabia	370	9	9	370	-9		0
52	Sweden	1 194	0	0	1 194	0		0
53	Syrian Arab Republic	55	0	0	55	0		0
54	Turkey	49 832	0	0	49 832	-102		0
55	Ukraine	193	1	1	193	-2		0
56	United States	43 479	389	389	27 930	-554		0
57	Venezuela	5	5	5	5	-5		0
58	Virgin Islands (UK)	1	1	1	1	-1		0
59	Vietnam	3 512	0	0	3 512	-9		0
60	Other coutries	19 543	0	0	19 543	-28		0

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		a	b	c	d	e	f	g
		Gross carrying/nominal amount				Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which subject to impairment			
				Of which defaulted				
	Off-balance-sheet exposures							
61	*United Arab Emirates*	138	0	0			0	
62	*Argentina*	3	0	0			0	
63	*Austria*	80 382	0	0			0	
64	*Belgium*	1 941	0	0			0	
65	*Bulgaria*	6 005 908	54 597	54 597			50643	
66	*Brazil*	92	0	0			0	
67	*Canada*	52 960	0	0			3	
68	*Switzerland*	14 765	0	0			0	
69	*China*	656	0	0			0	
70	*Cyprus*	296	296	296			296	
71	*Czech Republic*	410	0	0			0	
72	*Germany*	295 164	0	0			9	
73	*Denmark*	2 810	0	0			0	
74	*Algeria*	10 119	0	0			6	
75	*Spain*	1 984	0	0			0	
76	*Finland*	3 980	0	0			0	
77	*France*	6 835	0	0			0	
78	*United Kingdom*	63 923	0	0			75	
79	*Georgia*	9	0	0			0	
80	*Greece*	256	5	5			5	
81	*Croatia*	650	0	0			0	
82	*Hungary*	10 700	0	0			0	
83	*Ireland*	1 902	0	0			0	
84	*Israel*	31 907	0	0			0	
85	*India*	21	0	0			0	
86	*Iran, Islamic Republic of*	10	0	0			0	
87	*Italy*	63 356	3 994	3 994			3997	
88	*Korea, Republic of*	1 947	0	0			0	
89	*Kuwait*	50	0	0			0	
90	*Luxembourg*	12 679	0	0			0	
91	*Morocco*	1 906	0	0			0	
92	*MONTENEGRO*	20	0	0			0	
93	*North Macedonia, Republic of*	38	0	0			0	
94	*Malta*	18	0	0			0	
95	*Netherlands*	71 232	0	0			164	
96	*Oman*	20	0	0			0	
97	*Pakistan*	49	0	0			0	
98	*Poland*	8 476	0	0			0	
99	*Palestina*	7	0	0			0	
100	*Portugal*	6	0	0			0	
101	*Romania*	10 776	0	0			0	
102	*Serbia*	3 029	0	0			4	
103	*Russian Federation*	10 910	0	0			0	
104	*Saudi Arabia*	2 374	0	0			0	
105	*Sweden*	17 602	0	0			0	
106	*Slovenia*	10 497	0	0			0	
107	*Slovakia*	9 700	0	0			0	
108	*Syrian Arab Republic*	12	0	0			0	
109	*Tunisia*	60	0	0			0	
110	*Turkey*	7 276	0	0			5	
111	*Ukraine*	10	0	0			0	
112	*United States*	93 071	0	0			0	
113	*Other coutries*	4 467	0	0			0	

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APPENDIX 19A

CREDIT QUALITY OF PERFORMING AND NON-PERFORMING EXPOSURES BY PAST DUE DAYS

In thousands of BGN

		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
1	**Loans and advances**	**13 459 680**	**13 417 648**	**42 032**	**708 392**	**484 581**	**43 330**	**47 943**	**39 631**	**53 501**	**6 984**	**32 422**	**708 392**
2	*Central banks*	0	0	0	0	0	0	0	0	0	0	0	0
3	*General governments*	351 015	351 015	0	0	0	0	0	0	0	0	0	0
4	*Credit institutions*	432 097	432 097	0	0	0	0	0	0	0	0	0	0
5	*Other financial corporations*	67 112	67 112	0	354	354	0	0	0	0	0	0	354
6	*Non-financial corporations*	7 828 228	7 814 175	14 053	539 558	378 495	25 899	38 512	30 533	38 929	4 068	23 122	539 558
7	*Of which SMEs*	4 967 018	4 956 015	9 572	501 057	360 925	10 236	38 023	30 533	38 397	4 068	18 875	501 057
8	*Households*	4 781 228	4 753 249	27 979	168 480	105 732	17 431	9 431	9 098	14 572	2 916	9 300	168 480
9	**Debt securities**	**4 622 419**	**4 622 419**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
10	*Central banks*	0	0	0	0	0	0	0	0	0	0	0	0
11	*General governments*	4 381 861	4 381 861	0	0	0	0	0	0	0	0	0	0
12	*Credit institutions*	168 805	168 805	0	0	0	0	0	0	0	0	0	0
13	*Other financial corporations*	24 272	24 272	0	0	0	0	0	0	0	0	0	0
14	*Non-financial corporations*	47 481	47 481	0	0	0	0	0	0	0	0	0	0
15	**Off-balance-sheet exposures**	**6 858 517**			**58 892**								**58 892**
16	*Central banks*	0			0								0
17	*General governments*	14 073			0								0
18	*Credit institutions*	805 237			0								0
19	*Other financial corporations*	7 298			0								0
20	*Non-financial corporations*	5 674 392			58 246								58 246
21	*Households*	357 517			646								646
22	***Total***	**24 940 616**	**18 040 067**	**42 032**	**767 284**	**484 581**	**43 330**	**47 943**	**39 631**	**53 501**	**6 984**	**32 422**	**767 284**

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APPENDIX 19B

PERFORMING AND NON-PERFORMING EXPOSURES AND RELATED PROVISIONS

In thousands of BGN

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
1	**Loans and advances**	**13 459 680**	**10 790 203**	**2 669 477**	**708 392**	**-**	**708 392**	**(315 843)**	**(86 871)**	**(228 972)**	**(548 679)**	**-**	**(548 679)**	**(4 306)**	**10 157 532**	**124 618**
2	*Central banks*	-	-	-	-	-	-	-	-	-	-		-	-	-	-
3	*General governments*	*351 015*	*345 278*	*5 737*	-		-	*(360)*	*(351)*	*(9)*	-		-	-	*95 959*	-
4	*Credit institutions*	*432 097*	*432 097*	-	-		-	*(114)*	*(114)*	-	-		-	-	*64 964*	-
5	*Other financial corporations*	*67 112*	*51 323*	*15 789*	*354*		354	*(3 355)*	*(624)*	*(2 731)*	*(136)*		(136)	-	*56 184*	*218*
6	*Non-financial corporations*	*7 828 228*	*6 213 713*	*1 614 515*	*539 558*		539 558	*(253 521)*	*(70 756)*	*(182 765)*	*(427 866)*		(427 866)	(2 929)	*7 007 852*	*109 404*
7	*Of which SMEs*	*4 967 018*	*3 622 525*	*1 344 493*	*501 057*		501 057	*(189 660)*	*(40 304)*	*(149 356)*	*(391 982)*		(391 982)	(2 693)	*4 627 913*	*104 106*
8	*Households*	*4 781 228*	*3 747 792*	*1 033 436*	*168 480*		168 480	*(58 493)*	*(15 026)*	*(43 467)*	*(120 677)*		(120 677)	(1 377)	*2 932 573*	*14 996*
9	**Debt securities**	***4 622 419***	**4 622 419**	**-**	**-**	**-**	**-**	**(4 181)**	**(4 181)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
10	*Central banks*	-	-					-	-	-						
11	*General governments*	*4 381 861*	*4 381 861*					*(3 501)*	(3 501)	-						
12	*Credit institutions*	*168 805*	*168 805*					*(222)*	(222)	-						
13	*Other financial corporations*	*24 272*	*24 272*					*(407)*	(407)	-						
14	*Non-financial corporations*	*47 481*	*47 481*					*(51)*	(51)	-						
15	**Off-balance-sheet exposures**	***6 858 517***	***6 396 122***	***462 395***	***58 892***	**-**	***58 892***	***24 349***	***18 231***	***6 118***	***30 858***	**-**	***30 858***		***4 527 119***	***21 728***
16	*Central banks*	-	**-**	**-**	-	**-**	-	-	**-**	**-**	-		**-**		-	-
17	*General governments*	*14 073*	***14 073***	**-**	-	**-**	-	-	**-**	**-**	-		**-**		*12 600*	-
18	*Credit institutions*	*805 237*	***805 237***	**-**	-	**-**	-	*24*	***24***	**-**	-		**-**		*10 734*	-
19	*Other financial corporations*	*7 298*	***6 548***	***750***	-	**-**	-	*47*	***46***	***1***	-		**-**		*7 102*	-
20	*Non-financial corporations*	*5 674 392*	***5 277 829***	***396 563***	*58 246*	**-**	*58 246*	*23 369*	***17 776***	***5 593***	*30 402*		***30 402***		*4 426 261*	*21 725*
21	*Households*	*357 517*	***292 435***	***65 082***	*646*	**-**	*646*	*909*	***385***	***524***	*456*		***456***		*70 422*	*3*
22	***Total***	***24 940 616***	***21 808 744***	***3 131 872***	***767 284***	**-**	***767 284***	***(295 675)***	***(109 283)***	***(222 854)***	***(579 537)***	**-**	***(579 537)***	***(4 306)***	***14 684 651***	***146 346***

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APPENDIX 19C

COLLATERAL VALUATION – LOANS AND ADVANCES

In thousands of BGN

		a	b	c	d	e	f	g	h	i	j	k	l
		Loans and advances											
			Performing		Non-performing								
						Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days						
				Of which past due > 30 days ≤ 90 days				Of which past due > 90 days ≤ 180 days	Of which: past due > 180 days ≤ 1 year	Of which: past due > 1 years ≤ 2 years	Of which: past due > 2 years ≤ 5 years	Of which: past due > 5 years ≤ 7 years	Of which: past due > 7 years
1	Gross carrying amount	14 168 072	13 459 680	42 032	708 392	484 581	223 811	43 330	47 943	39 631	53 501	6 984	32 422
2	*Of which secured*	*11 991 693*	*11 454 277*	*23 470*	*537 416*	*374 795*	*162 621*	*27 334*	*41 935*	*35 373*	*43 873*	*6 056*	*8 050*
3	*Of which secured with immovable property*	*7 637 160*	*7 175 023*	*19 755*	*462 137*	*342 564*	*119 573*	*21 504*	*35 838*	*24 214*	*25 311*	*5 252*	*7 454*
4	*Of which instruments with LTV higher than 60% and lower or equal to 80%*	*1 638 614*	*1 571 189*		*67 425*	*34 469*	*32 956*						
5	*Of which instruments with LTV higher than 80% and lower or equal to 100%*	*4 283 015*	*4 029 191*		*253 824*	*180 590*	*73 234*						
6	*Of which instruments with LTV higher than 100%*	-	-		-	-	-						
7	Accumulated impairment for secured assets	(673 118)	(251 939)	(2 722)	(421 179)	(266 247)	(154 932)	(23 956)	(38 427)	(34 809)	(43 641)	(6 049)	(8 050)
8	Collateral												
9	*Of which value capped at the value of exposure*	*9 937 404*	*9 823 858*	*928 142*	*113 546*	*105 244*	*8 302*	*4 296*	*2 809*	*202*	*252*	*2*	*741*
10	*Of which immovable property*	*6 140 243*	*6 028 491*	*17 749*	*106 698*	*100 751*	*5 947*	*2 780*	*2 796*	*201*	*168*	*2*	-
11	*Of which value above the cap*	*30 029 803*	*28 571 764*	*941 062*	*1 458 039*	*1 280 128*	*177 911*	*107 768*	*19 715*	*48 815*	*1 304*	*309*	-
12	*Of which immovable property*	*18 244 672*	*16 819 651*	*28 655*	*1 425 021*	*1 249 712*	*175 309*	*105 197*	*19 715*	*48 801*	*1 287*	*309*	-
13	Financial guarantees received	344 746	333 674	4 777	11 072	9 390	1 682	546	712	363	56	5	-
14	Accumulated partial write-off	(4 306)	(48)	(48)	(4 258)	(609)	(3 647)	(527)	(566)	(871)	(950)	(423)	(310)

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APPENDIX 20A

CREDIT QUALITY OF FORBORNE EXPOSURES

In thousands of BGN

		a	b	c	d	e	f	g	h
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
				Of which defaulted	Of which impaired				
1	Loans and advances	**386 458**	**347 512**	**347 512**	**347 512**	**-62 682**	**-279 298**	**385 321**	**62 785**
2	*Central banks*								
3	*General governments*	*5 737*	*0*	*0*	*0*	*-9*	*0*	*5 728*	*0*
4	*Credit institutions*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
5	*Other financial corporations*	*11 974*	*60*	*60*	*60*	*-2 619*	*-60*	*9 355*	*0*
6	*Non-financial corporations*	*341 234*	*294 019*	*294 019*	*294 019*	*-59 021*	*-237 655*	*337 525*	*56 361*
7	*Households*	*27 513*	*53 433*	*53 433*	*53 433*	*-1 033*	*-41 583*	*32 713*	*6 424*
8	Debt Securities								
9	Loan commitments given	14 808	2 868	2 868	2 868	79	2 540	15 056	328
10	***Total***	**401 266**	**350 380**	**350 380**	**350 380**	**-62 761**	**-281 838**	**400 377**	**63 113**

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APPENDIX 20B

QUALITY OF FORBEARANCE

In thousands of BGN

		a
		Gross carrying amount of forborne exposures
1	Loans and advances that have been forborne more than twice	389 765 685
2	Non-performing forborne loans and advances that failed to meet the non-performing exit criteria	-

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APPENDIX 21

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

In thousands of BGN

		a	b
		Accumulated specific credit risk adjustment	Accumulated general credit risk adjustment
1	**Opening balance**	**662 461**	**192 599**
2	Increases due to amounts set aside for estimated loan losses during the period	49 876	173 427
3	Decreases due to amounts reversed for estimated loan losses during the period	-49 996	-46 958
4	Decreases due to amounts taken against accumulated credit risk adjustments	-124 515	-60
5	Transfers between credit risk adjustments		
6	Impact of exchange rate differences	575	
7	Business combinations, including acquisitions and disposals of subsidiaries		
8	Other adjustments	9 090	1
9	**Closing balance**	**547 491**	**319 009**
10	Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	11 767	
11	Specific credit risk adjustments directly recorded to the statement of profit or loss		

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APPENDIX 22A

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

In thousands of BGN

		a
		Gross carrying value defaulted exposures
1	**Opening balance**	923 633
2	Loans and debt securities that have defaulted or impaired since the last reporting period	144 154
3	Returned to non-defaulted status	-71 150
4	Amounts written off	-78 827
5	Other changes - collected amounts	-211 237
6	**Closing balance**	706 573

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APPENDIX 22B

CHANGES IN THE STOCK OF NON-PERFORMING LOANS AND ADVANCES

In thousands of BGN

		a	b
		Gross carrying amount	Related net accumulated recoveries
1	**Initial stock of non-performing loans and advances**	923 633 121	
2	Inflows to non-performing portfolios	144 154 428	
3	Outflows from non-performing portfolios		
4	Outflow to performing portfolio	-71 150 386	
5	Outflow due to loan repayment, partial or total	-154 173 597	
6	Outflow due to collateral liquidations		
7	Outflow due to taking possession of collateral		
8	Outflow due to sale of instruments	-57 063 889	
9	Outflow due to risk transfers		
10	Outflows due to write-offs	-78 827 088	
11	Outflow due to other situations		
12	Outflow due to reclassification as held for sale		
13	**Final stock of non-performing loans and advances**	706 572 590	

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APPENDIX 22C

COLLATERAL OBTAINED BY TAKING POSSESSION AND EXECUTION PROCESSES

In thousands of BGN

		a	b
		Collateral obtained by taking possession	
		Value at initial recognition	**Accumulated negative changes**
1	Property, plant and equipment (PP&E)	4 801	-100
2	Other than PP&E	47 175.00	-15 091
3	*Residential immovable property*	5 260.00	-730
4	*Commercial Immovable property*	41 901.00	-14 361
5	*Movable property (auto, shipping, etc.)*	14.00	0
6	*Equity and debt instruments*	0.00	0
7	*Other*	0.00	0
8	***Total***	**51 976**	**-15 191.00**

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APPENDIX 22D

COLLATERAL OBTAINED BY TAKING POSSESSION AND EXECUTION PROCESSES – VINTAGE BREAKDOWN

In thousands of BGN

		a	b	c	d	e	f	g	h	i	j	k	l
		Debt balance reduction		Total collateral obtained by taking possession									
						Foreclosed ≤ 2 years		Foreclosed > 2 years ≤ 5 years		Foreclosed > 5 years		Of which non-current assets held-for-sale	
		Gross carrying amount	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes
1	Collateral obtained by taking possession classified as PP&E	4 067	-4 067	4 801	-100								
2	Collateral obtained by taking possession other than that classified as PP&E	25 964	-25 964	47 175	-15 091	2 770	0	5 138	-1 527	39 267	-13 564	20 233	-9 587
3	*Residential immovable property*	4 882	-4 882	5 260	-730	2 072	0	1 589	-640	1 599	-90	0	0
4	*Commercial immovable property*	21 069	-21 069	41 901	-14 361	698	0	3 549	-887	37 654	-13 474	20 233	-9 587
5	*Movable property (auto, shipping, etc.)*	13	-13	14	0	0	0	0	0	14	0	0	0
6	*Equity and debt instruments*	0	0	0	0	0	0	0	0	0	0	0	0
7	*Other*	0	0	0	0	0	0	0	0	0	0	0	0
8	***Total***	30 031	-30 031	51 976	-15 191	2 770	0	5 138	-1 527	39 267	-13 564	20 233	-9 587

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APPENDIX 23A

INFORMATION ON LOANS AND ADVANCES SUBJECT TO LEGISLATIVE AND NON-LEGISLATIVE MORATORIA

In thousands of BGN

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying amount
			Performing			Non performing				Performing			Non performing			
				Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days			Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days	Inflows to non-performing exposures
1	Loans and advances subject to moratorium	345	322	0	19	23	23	23	-22	-5	0	-1	-17	-17	-17	0
2	of which: Households	345	322	0	19	23	23	23	-22	-5	0	-1	-17	-17	-17	0
3	*of which: Collateralised by residential immovable property*	-	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	of which: Non-financial corporations	-	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	*of which: Small and Medium-sized Enterprises*	-	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6	*of which: Collateralised by commercial immovable property*	-	0	0	0	0	0	0	0	0	0	0	0	0	0	0

APPENDIX 23B

UniCredit Bulbank

BREAKDOWN OF LOANS AND ADVANCES SUBJECT TO LEGISLATIVE AND NON-LEGISLATIVE MORATORIA BY RESIDUAL MATURITY OF MORATORIA

In thousands of BGN

		a	b	c	d	e	f	g	h	i
		Number of obligors	Gross carrying amount							
				Of which: legislative moratoria	Of which: expired	Residual maturity of moratoria				
						<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year
1	Loans and advances for which moratorium was offered	17 652	1 265 331							
2	Loans and advances subject to moratorium (granted)	16 883	1 175 132	-	1 174 787	345	-	-	-	-
3	of which: Households		335 333	-	334 988	345	-	-	-	-
4	*of which: Collateralised by residential immovable property*		187 155	-	187 155	-	-	-	-	-
5	of which: Non-financial corporations		799 500	-	799 500	-	-	-	-	-
6	*of which: Small and Medium-sized Enterprises*		660 195	-	660 195	-	-	-	-	-
7	*of which: Collateralised by commercial immovable property*		588 318	-	588 318	-	-	-	-	-

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APPENDIX 23C

INFORMATION ON NEWLY ORIGINATED LOANS AND ADVANCES PROVIDED UNDER NEWLY APPLICABLE PUBLIC GUARANTEE SCHEMES INTRODUCED IN RESPONSE TO COVID-19 CRISIS

In thousands of BGN

		a	b	c	d
		Gross carrying amount		Maximum amount of the guarantee that can be considered	Gross carrying amount
			of which: forborne	Public guarantees received	Inflows to non-performing exposures
1	**Newly originated loans and advances subject to public guarantee schemes**	**298 058**	799	298 058	2 825
2	of which: Households	39 336			269
3	of which: Collateralised by residential immovable property	-			0
4	of which: Non-financial corporations	258 215	799	258 215	2 283
5	of which: Small and Medium-sized Enterprises	243 478			2 283
6	of which: Collateralised by commercial immovable property	4 035			0

APPENDIX 24

EU CR5 – STANDARDISED APPROACH

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	10 893 123	0	0	0	0	0	0	0	0	0	0	4 022	0	0	0	0	**10 897 145**	10 897 145
2	Regional government or local authorities	0	0	0	0	0	0	0	0	0	67 222	0	0	0	0	0	0	**67 222**	67 222
3	Public sector entities	0	0	0	0	0	0	30 986	0	0	551	0	0	0	0	0	0	**31 537**	31 537
4	Multilateral development banks	141 196	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**141 196**	141 196
5	International organisations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**	0
6	Institutions	0	0	0	0	1 726	0	1 201	0	0	0	0	0	0	0	0	0	**2 927**	2 927
7	Corporates	0	0	0	0	0	0	29 461	0	0	1 055 913	0	0	0	0	0	0	**1 085 374**	1 085 374
8	Retail	0	0	0	0	0	0	0	0	1 952 197	0	0	0	0	0	0	0	**1 952 197**	1 952 197
9	Secured by mortgages on immovable property	0	0	0	0	0	14 447	14 727	0	0	0	0	0	0	0	0	0	**29 174**	29 174
10	Exposures in default	0	0	0	0	0	0	0	0	0	37 294	5 147	0	0	0	0	0	**42 441**	42 441
11	Exposures associated with particularly high risk	0	0	0	0	0	0	0	0	0	0	12 332	0	0	0	0	0	**12 332**	12 332
12	Covered bonds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**	0
13	Institutions and corporates with a short-term credit assessment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**	0
14	Collective investment undertakings	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**	0
15	Equity	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**	0
16	Other items	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**	0
17	**Total**	**11 034 320**	**0**	**0**	**0**	**1 726**	**14 447**	**76 376**	**0**	**1 952 197**	**1 160 981**	**17 479**	**4 022**	**0**	**0**	**0**	**0**	**14 261 548**	**14 261 548**

APPENDIX 25

EU CCR3 – STANDARDISED APPROACH – CCR EXPOSURES BY REGULATORY PORTFOLIO AND RISK

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	0	0	0	0	0	0	0	0	0	0	0	0	0
2	Regional government or local authorities	0	0	0	0	0	0	0	0	0	0	0	0	0
3	Public sector entities	0	0	0	0	0	0	0	0	0	0	0	0	0
4	Multilateral development banks	0	0	0	0	0	0	0	0	0	0	0	0	0
5	International organisations	0	0	0	0	0	0	0	0	0	0	0	0	0
6	Institutions	0	0	0	0	0	0	0	0	0	0	0	0	0
7	Corporates	0	0	0	0	0	0	0	0	4 231	0	0	4 231	4 231
8	Retail	0	0	0	0	0	0	0	0	0	0	0	0	0
9	Institutions and corporates with a short-term credit assessment	0	0	0	0	0	0	0	0	0	0	0	0	0
10	Other items	0	0	0	0	0	0	0	0	0	0	0	0	0
11	**Total**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**4 231**	**0**	**0**	**4 231**	**4 231**

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APPENDIX 26

EU MR1 – MARKET RISK UNDER THE STANDARDISED APPROACH

In thousands of BGN

		a	b
		RWAs	Capital requirements
Outright products			
1	Interest rate risk (general and specific)	86 313	6 905
2	Equity risk (general and specific)	5 275	422
3	Foreign exchange risk	0	0
4	Commodity risk	63	5
Options			
5	Simplified approach	0	0
6	Delta-plus method	0	0
7	Scenario approach	0	0
8	Securitisation (specific risk)	0	0
9	**Total**	**91 651**	**7 332**

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APPENDIX 27

LEVERAGE RATIO

In thousands of BGN

Summary reconciliation of accounting assets and leverage ratio exposures	
Total assets as per published financial statements	25 427 421
Derivatives held for trading	-87 039
Derivatives hedging	-11 976
Adjustments for derivative financial instruments	255 988
Adjustments for securities financing transactions "SFTs"[1]	768
Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	2 326 067
Other adjustments	-43 039
Total leverage ratio exposure	27 868 190

Leverage ratio common disclosure	
Tier 1 capital - Fully phased in	0
Leverage ratio in accordance with Regulation (EU) № 575/2013	0.00%

Leverage ratio exposures - Regulation (EU) № 575/2013	
Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	25 176 261
Trading book exposures	4 901
Banking book exposures, of which:	25 171 360
Exposures treated as sovereigns	10 897 008
Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	66 961
Institutions	572 105
Secured by mortgages of immovable properties	3 282 085
Retail exposures	3 392 735
Corporate	5 762 483
Exposures in default	162 221
Other exposures (eg equity, securitisations, and other non-credit obligation assets)	1 035 762
Asset amounts deducted in determining Tier 1 capital	-50 212
Derivative exposures, of which:	235 735
Replacement cost under the SA-CCR associated with all derivatives transactions (i.e. net of eligible cash variation margin)	81 822
Effect of the eligible cash variation margin received offset against derivatives market value associated with all derivatives transactions (mark-to-market method)	1 017
Potential future exposure contribution under SA-CCR associated with all derivatives transactions (i.e. net of eligible cash variation margin)	173 149
(-) Receivables for cash variation margin provided in derivatives transactions	-20 253
Securities financing transaction exposures, of which:	180 339
Counterparty credit risk exposure for SFT assets	768
Other off-balance sheet exposures	2 326 067

[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.

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APPENDIX 28A

EU CR6 – IRB APPROACH – CREDIT RISK EXPOSURES BY EXPOSURE CLASS AND PD RANGE
FOUNDATION IRB APPROACH

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	644 780	451 569	9.26%	760 776	0.16%	75	50.93%	3.07	339 774	44.66%	378	240.96
Institutions	0.15 to <0.25	127 714	275 715	16.51%	174 324	0.16%	23	45.00%	2.50	94 511	54.22%	124	4.40
Institutions	0.25 to <0.50	13	1 546	46.51%	732	0.26%	5	45.00%	2.50	394	53.85%	1	0.00
Institutions	0.50 to <0.75	0	0	0.00%	383	0.74%	2	45.00%	2.50	255	66.57%	1	-
Institutions	0.75 to <2.50	17 461	6 483	41.22%	30 496	1.59%	10	45.00%	2.50	34 905	114.46%	219	27.42
Institutions	2.50 to <10.00	3 396	7 827	1.45%	3 509	4.78%	4	45.00%	2.50	5 488	156.39%	75	5.94
Institutions	10.00 to <100.00	0	-	0.00%	0	0.00%	0	0.00%	0.00	0	0.00%	0	-
Institutions	100.00 (Default)	-	-	0.00%	-	0.00%	-	0.00%	-	-	0.00%	-	-
Institutions	**Subtotal**	**793 363**	**743 140**	**23.80%**	**970 221**	**0.22%**	**119**	**49.65%**	**2.95**	**475 327**	48.99%	**798**	**278.72**
Financial corporate	0.00 to <0.15	-	33 978	21.72%	7 379	0.08%	3	45.00%	2.50	2 684	36.37%	3	0.24
Financial corporate	0.15 to <0.25	14.53	12 208	24.73%	3 034	0.24%	2	45.00%	2.50	2 096	69.09%	3	0.13
Financial corporate	0.25 to <0.50	19 756.30	598	37.51%	19 980	0.27%	3	45.00%	2.50	14 622	73.18%	25	0.04
Financial corporate	0.50 to <0.75	-	0	0.00%	0	0.00%	0	0.00%	0.00	0	0.00%	0	-
Financial corporate	0.75 to <2.50	-	5 183	49.78%	2 581	1.58%	3	45.00%	2.50	3 640	141.05%	18	3.07
Financial corporate	2.50 to <10.00	-	5 032	50.00%	2 516	3.73%	2	45.00%	2.50	4 418	175.61%	42	2.94
Financial corporate	10.00 to <100.00	-	0	0.00%	0	0.00%	0	0.00%	0.00	0	0.00%	0	-
Financial corporate	100.00 (Default)	-	0	0.00%	0	0.00%	0	0.00%	0.00	0	0.00%	0	-
Financial corporate	**Subtotal**	**19 771**	**56 999**	**27.58%**	**35 490**	**0.57%**	**13**	**45.00%**	**2.50**	**27 460**	77.37%	**91**	**6.41**
Corporates: Of which: specialised lending	Excelent	584 688	40 016	13.78%	590 204		42			391 355	66.31%	1 932	2 242
Corporates: Of which: specialised lending	Good	522 926	136 142	63.30%	609 101		83			513 132	84.24%	4 175	3 406
Corporates: Of which: specialised lending	Satisfactory	61 000	2 332	68.30%	62 593		7			71 756	114.64%	1 747	9 488
Corporates: Of which: specialised lending	Weak	8 623	5	75.00%	8 627		1			21 567	250.00%	690	1
Corporates: Of which: specialised lending	Default	127 000	4 915	75.00%	130 686		19			-	0.00%	65 343	85 388
Corporates: Of which: specialised lending	**Subtotal**	**1 304 238**	**183 410**	**52.87%**	**1 401 211**		**152**			**997 809**	71.21%	**73 887**	**100 525**
Total (all portfolios)		**2 117 372**	**983 549**	**5.61%**	**2 406 921**	**0.22%**	**284**	**49.65%**	**2.95**	**1 500 596**	62.35%	**74 776**	**100 810**

UniCredit Bulbank

APPENDIX 28B

EU CR6 – IRB APPROACH – CREDIT RISK EXPOSURES BY EXPOSURE CLASS AND PD RANGE
ADVANCED IRB APPROACH

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	361 418.49	1 120 873.00	41.51%	465 270.68	0.10%	49	46.19%	2.12	228 659.90	49.15%	386.54	1 070.91
Corporates	0.15 to <0.25	365 665.42	470 161.61	44.84%	210 798.48	0.21%	43	52.63%	2.75	316 353.96	150.07%	622.02	3 328.61
Corporates	0.25 to <0.50	831 771.25	639 296.38	41.61%	266 024.57	0.40%	75	47.59%	3.45	869 686.62	326.92%	2 054.90	9 867.04
Corporates	0.50 to <0.75	235 017.97	144 797.67	39.76%	57 566.97	0.61%	21	51.38%	2.26	245 402.82	426.29%	907.00	3 213.19
Corporates	0.75 to <2.50	458 690.09	441 650.70	41.63%	183 843.58	1.28%	74	48.02%	2.51	683 769.70	371.93%	3 832.36	13 650.94
Corporates	2.50 to <10.00	31 023.25	80 389.24	33.90%	27 252.89	3.70%	32	46.16%	1.94	76 378.74	280.26%	948.02	5 052.19
Corporates	10.00 to <100.00	54 053.67	3 762.67	33.05%	1 243.63	10.87%	7	12.30%	4.17	30 957.55	2489.29%	742.08	14 765.50
Corporates	100.00 (Default)	11 893.26	1 566.35	100.00%	1 566.35	100.00%	103	59.96%	1.11	3 387.86	216.29%	8 070.24	13 259.64
Corporates	**Subtotal**	**2 349 533.39**	**2 902 497.62**	**41.81%**	**1 213 567.16**	**1.06%**	**404**	**47.94%**	**2.74**	**2 454 597.14**	202.26%	**17 563.15**	**64 208.03**
Corporates: Of which: sme	0.00 to <0.15	109 009.08	238 223.78	45.03%	107 278.36	0.11%	93	41.92%	2.59	51 027.13	47.57%	105.30	1 347.97
Corporates: Of which: sme	0.15 to <0.25	190 951.40	205 394.87	46.26%	95 021.29	0.20%	153	42.39%	2.68	88 492.03	93.13%	243.80	1 367.72
Corporates: Of which: sme	0.25 to <0.50	455 177.66	409 571.39	49.09%	201 046.33	0.38%	519	39.53%	2.80	257 936.27	128.30%	989.13	6 220.49
Corporates: Of which: sme	0.50 to <0.75	359 300.34	191 474.16	49.51%	94 807.49	0.64%	347	37.36%	2.86	200 198.97	211.16%	1 072.30	8 622.01
Corporates: Of which: sme	0.75 to <2.50	946 717.49	570 477.97	48.47%	276 520.47	1.42%	977	43.61%	2.48	830 474.67	300.33%	7 282.59	48 962.31
Corporates: Of which: sme	2.50 to <10.00	511 025.86	265 552.02	44.47%	118 079.17	4.42%	587	38.56%	2.85	465 774.61	394.46%	9 353.94	59 150.67
Corporates: Of which: sme	10.00 to <100.00	92 717.93	18 039.56	44.91%	8 102.27	11.43%	45	42.05%	3.26	111 059.94	1370.73%	4 209.54	27 228.68
Corporates: Of which: sme	100.00 (Default)	266 690.87	43 570.25	68.92%	30 027.25	100.00%	269	49.56%	2.52	61 729.50	205.58%	146 763.63	238 543.77
Corporates: Of which: sme	**Subtotal**	**2 931 590.64**	**1 942 304.00**	**47.93%**	**930 882.63**	**9.41%**	**2 990**	**41.60%**	**2.68**	**2 066 693.12**	222.01%	**170 020.23**	**391 443.62**
Retail Secured on real estate property	0.00 to <0.15	414 093.75	10 370.21	53.35%	5 532.12	0.12%	4 558	11.54%		14 514.79	262.37%	61.14	613.89
Retail Secured on real estate property	0.15 to <0.25	354 020.37	8 654.45	57.47%	4 973.54	0.20%	4 066	11.56%		17 653.15	354.94%	84.08	1 058.57
Retail Secured on real estate property	0.25 to <0.50	630 740.54	19 370.98	56.18%	10 883.37	0.36%	8 108	11.45%		48 142.14	442.35%	272.53	3 159.47
Retail Secured on real estate property	0.50 to <0.75	350 924.74	7 060.26	58.53%	4 132.33	0.61%	4 318	12.15%		40 392.80	977.48%	268.70	2 111.24
Retail Secured on real estate property	0.75 to <2.50	757 905.39	19 443.59	57.56%	11 190.90	1.34%	9 586	12.94%		150 166.46	1341.86%	1 354.09	6 329.83
Retail Secured on real estate property	2.50 to <10.00	306 683.64	2 936.80	57.42%	1 686.42	4.89%	4 293	12.08%		120 180.02	7126.35%	1 837.80	8 141.29
Retail Secured on real estate property	10.00 to <100.00	109 656.56	354.97	59.11%	209.81	18.70%	1 846	11.06%		65 146.30	31050.32%	2 292.68	6 680.64
Retail Secured on real estate property	100.00 (Default)	80 448.21	93.80	75.93%	71.22	100.00%	1 358	15.84%		3 149.99	4423.00%	12 747.96	60 932.62
Retail Secured on real estate property	**Subtotal**	**3 004 473.20**	**68 285.07**	**56.64%**	**38 679.71**	**4.30%**	**38 133**	**12.10%**		**459 345.65**	1187.56%	**18 918.99**	**89 027.54**
Retail Qualifying revolving	0.00 to <0.15	6 337.13	84 902.14	62.78%	53 300.70	0.12%	36 754	31.71%		1 458.10	2.74%	23.70	26.23
Retail Qualifying revolving	0.15 to <0.25	4 692.25	22 952.94	63.87%	14 660.57	0.20%	14 508	32.18%		706.15	4.82%	12.49	21.19
Retail Qualifying revolving	0.25 to <0.50	9 280.83	25 073.30	62.49%	15 668.25	0.36%	18 178	33.03%		1 503.20	9.59%	29.79	70.07
Retail Qualifying revolving	0.50 to <0.75	6 821.55	13 332.86	62.60%	8 346.43	0.61%	11 438	33.13%		1 408.82	16.88%	31.13	63.99
Retail Qualifying revolving	0.75 to <2.50	24 769.03	35 496.15	61.07%	21 675.77	1.43%	34 693	33.40%		8 234.36	37.99%	224.69	404.23
Retail Qualifying revolving	2.50 to <10.00	27 547.71	18 707.77	60.28%	11 276.59	5.11%	29 156	33.66%		16 901.57	149.88%	677.15	1 147.86
Retail Qualifying revolving	10.00 to <100.00	11 969.06	2 889.30	58.72%	1 696.64	16.11%	11 044	33.31%		11 428.42	673.59%	742.91	1 374.67
Retail Qualifying revolving	100.00 (Default)	9 298.31	399.28	64.63%	258.06	100.00%	13 178	54.28%		1 231.87	477.36%	5 187.37	9 633.15
Retail Qualifying revolving	**Subtotal**	**100 715.88**	**203 753.74**	**62.27%**	**126 883.02**	**6.41%**	**168 949**	**33.70%**		**42 872.50**	33.79%	**6 929.23**	**12 741.39**
Other retail	0.00 to <0.15	14 255.34	75 296.26	52.96%	39 878.77	0.12%	6 057	46.11%		6 151.21	15.42%	31.01	55.25
Other retail	0.15 to <0.25	21 258.30	41 165.07	54.23%	22 324.35	0.20%	2 546	45.18%		6 646.21	29.77%	38.59	195.01
Other retail	0.25 to <0.50	52 740.18	73 419.58	55.15%	40 491.54	0.38%	4 300	51.66%		23 876.04	58.97%	180.73	925.90
Other retail	0.50 to <0.75	54 736.80	40 867.50	55.68%	22 755.57	0.61%	3 632	53.86%		26 596.73	116.88%	245.64	898.09
Other retail	0.75 to <2.50	297 878.62	96 223.76	55.67%	53 569.87	1.37%	13 970	58.84%		174 691.88	326.10%	2 625.48	6 391.32
Other retail	2.50 to <10.00	122 028.56	19 578.98	55.27%	10 820.77	4.76%	9 003	66.39%		76 383.12	705.89%	3 037.48	5 886.43
Other retail	10.00 to <100.00	45 568.16	3 334.02	53.13%	1 771.21	21.84%	4 715	73.24%		35 559.43	2007.63%	4 283.75	6 970.97
Other retail	100.00 (Default)	54 977.00	921.95	70.60%	650.93	100.00%	14 324	67.48%		14 271.06	2192.40%	36 782.76	50 789.28
Other retail	**Subtotal**	**663 442.96**	**350 807.12**	**54.81%**	**192 263.01**	**9.11%**	**58 547**	**58.18%**		**364 175.68**	189.42%	**47 225.43**	**72 112.25**
Total (all portfolios)		**9 049 756**	**5 467 648**	**5.61%**	**2 502 276**	**0.00%**	**269 023.00**	**0.00%**	**0.00**	**5 387 684**	**215.31%**	**260 657**	**629 533**

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APPENDIX 28C

EU CR6 – IRB APPROACH – CREDIT RISK EXPOSURES BY EXPOSURE CLASS AND PD RANGE
EQUITY

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**	**20 281**	**-**		**20 281**		**10**			**68 210**	336.32%	**163**	**-**
Total (all portfolios)		**20 281**	**-**		**20 281**		**10**			**68 210**	336.32%	**163**	**-**

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APPENDIX 29A

EU CCR4 – IRB APPROACH – CCR EXPOSURES BY PORTFOLIO AND PD SCALE
FOUNDATION IRB APPROACH

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	221 480	0.26%	9	80.31%	4.46	114 550	51.72%
Institutions	0.15 to <0.25	1 779	0.17%	4	45.00%	2.50	803	45.17%
Institutions	0.25 to <0.50	0	0.00%	0	0.00%	0.00	-	0.00%
Institutions	0.50 to <0.75	0	0.00%	0	0.00%	0.00	-	0.00%
Institutions	0.75 to <2.50	547	1.45%	1	45.00%	2.50	606	110.83%
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**	**223 806**	**0.26%**	**14**	**79.94%**	**4.44**	**115 960**	**51.81%**
Corporates: Of which: specialised lending	Excelent	20 870		28			13 705	65.67%
Corporates: Of which: specialised lending	Good	7 498		25			6 398	85.32%
Corporates: Of which: specialised lending	Satisfactory	587		4			675	115.00%
Corporates: Of which: specialised lending	Default	622		1			-	0.00%
Corporates: Of which: specialised lending	**Subtotal**	**29 577**		**58**			**20 778**	**70.25%**
Total (all portfolios)		**253 383**	**0.26%**	**72**	**79.94%**	**4.44**	**136 737**	**53.96%**

UniCredit Bulbank

APPENDIX 29B

EU CCR4 – IRB APPROACH – CCR EXPOSURES BY PORTFOLIO AND PD SCALE ADVANCED IRB APPROACH

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	78 175	0.06%	4	57.53%	1.25	14 630	18.71%
Corporates	0.15 to <0.25	2 355	0.17%	4	57.53%	1.13	892	37.88%
Corporates	0.25 to <0.50	3 313	0.40%	8	57.53%	2.89	3 020	91.15%
Corporates	0.50 to <0.75	6 025	0.55%	7	57.48%	2.63	6 047	100.36%
Corporates	0.75 to <2.50	111	0.90%	1	57.53%	1.00	105	94.97%
Corporates	2.50 to <10.00	-	0.00%	-	0.00%	0.00	-	0.00%
Corporates	10.00 to <100.00	154	10.77%	1	57.53%	1.00	378	245.49%
Corporates	100.00 (Default)	-	0.00%	-	0.00%	0.00	-	0.00%
Corporates	**Subtotal**	**90 133**	**0.12%**	**25**	**57.53%**	**1.40**	**25 073**	**27.82%**
Corporates: Of which: sme	0.00 to <0.15	478	0.11%	5	57.53%	3.45	161	33.70%
Corporates: Of which: sme	0.15 to <0.25	136	0.17%	1	57.53%	2.84	61	44.66%
Corporates: Of which: sme	0.25 to <0.50	2 918	0.34%	20	57.53%	3.42	1 865	63.91%
Corporates: Of which: sme	0.50 to <0.75	1 549	0.67%	11	57.53%	4.22	1 397	90.20%
Corporates: Of which: sme	0.75 to <2.50	3 556	1.31%	23	57.53%	3.67	3 894	109.52%
Corporates: Of which: sme	2.50 to <10.00	547	4.10%	7	57.53%	3.96	709	129.54%
Corporates: Of which: sme	10.00 to <100.00	-	0.00%	-	0.00%	0.00	-	0.00%
Corporates: Of which: sme	100.00 (Default)	-	0.00%	-	0.00%	0.00	-	0.00%
Corporates: Of which: sme	**Subtotal**	**9 184**	**0.98%**	**67**	**57.53%**	**3.68**	**8 087**	**88.05%**
Other retail	0.00 to <0.15	-	0.00%	-	0.00%	0.00	-	0.00%
Other retail	0.15 to <0.25	-	0.00%	-	0.00%	0.00	-	0.00%
Other retail	0.25 to <0.50	3	0.25%	1	57.53%	1.00	1	21.85%
Other retail	0.50 to <0.75	-	0.00%	-	0.00%	0.00	-	0.00%
Other retail	0.75 to <2.50	-	0.00%	-	0.00%	0.00	-	0.00%
Other retail	2.50 to <10.00	-	0.00%	-	0.00%	0.00	-	0.00%
Other retail	10.00 to <100.00	-	0.00%	-	0.00%	0.00	-	0.00%
Other retail	100.00 (Default)	-	0.00%	-	0.00%	0.00	-	0.00%
Other retail	**Subtotal**	**3**	**0.25%**	**1**	**57.53%**	**1.00**	**1**	**21.85%**
Total (all portfolios)		**99 320**	**0.99%**	**93**	**57.53%**	**2.14**	**33 160**	**33.39%**

UniCredit Bulbank

APPENDIX 30

EU CR3 – CRM TECHNIQUES – OVERVIEW

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	15 995 562	3 889 953	3 632 210	257 743	-
2	Total debt securities	4 619 349				-
3	**Total exposures**	**20 614 912**	**3 889 953**	**3 632 210**	**257 743**	**-**
4	Of which defaulted	22 616	140 258	138 185	2 073	-

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APPENDIX 31

EU CR4 – STANDARDISED APPROACH – CREDIT RISK EXPOSURE AND CRM EFFECTS

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	10 897 008	10 113	10 897 008	137	10 055	0.09%
2	Regional government or local authorities	66 719	3 960	66 719	503	67 222	100.00%
3	Public sector entities	242	2 431	31 225	312	16 044	50.87%
4	Multilateral development banks	0	4 467	118 528	22 668	0	0.00%
5	International organisations	0	0	0	0	0	0,00%
6	Institutions	2 803	622	2 803	124	946	32.32%
7	Corporates	1 044 128	365 422	1 013 446	67 697	1 023 346	94.65%
8	Retail	1 921 842	61 190	1 921 819	30 378	1 439 898	73.76%
9	Secured by mortgages on immovable property	26 466	7 446	26 466	2 708	12 332	42.27%
10	Exposures in default	42 269	5 378	41 965	476	45 015	106.06%
11	Exposures associated with particularly high risk	12 332	0	12 332	0	18 498	150.00%
12	Covered bonds	0	0	0	0	0	0,00%
13	Institutions and corporates with a short-term credit assessment	0	0	0	0	0	0,00%
14	Collective investment undertakings	0	0	0	0	0	0,00%
15	Equity	0	0	0	0	0	0,00%
16	Other items	0	0	0	0	0	0,00%
17	**Total**	**14 013 809**	**461 029**	**14 132 311**	**125 006**	**2 633 356**	**18.47%**

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APPENDIX 32

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

In thousands of BGN

		a	b
		Pre-credit derivatives RWAs	Actual RWAs
1	**Exposures under FIRB**		
2	Central governments and central banks	0	0
3	Institutions	359 368	359 368
4	Corporates – SMEs	0	0
5	Corporates – Specialised lending	977 031	977 031
6	Corporates – Other	27 460	27 460
7	**Exposures under AIRB**		
8	Central governments and central banks	0	0
9	Institutions	0	0
10	Corporates – SMEs	2 058 606	2 058 606
11	Corporates – Specialised lending	0	0
12	Corporates – Other	2 429 524	2 429 524
13	Retail – Secured by real estate SMEs	73 636	73 636
14	Retail – Secured by real estate non- SMEs	385 710	385 710
15	Retail – Qualifying revolving	42 872	42 872
16	Retail – Other SMEs	339 586	339 586
17	Retail – Other non-SMEs	24 589	24 589
18	Equity IRB	68 210	68 210
19	Other non-credit obligation assets	462 648	462 648
20	**Total**	**7 249 240**	**7 249 240**

UniCredit Bulbank

APPENDIX 33

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

In thousands of BGN

		a	b
		RWA amounts	Capital requirements
1	**RWAs as at the end of the previous reporting period**	**7 659 105.18**	**612 728.41**
2	Asset size	-52 215.36	-4 177.23
3	Asset quality	-204 352.83	-16 348.23
4	Model updates	-86 528.82	-6 922.31
5	Methodology and policy	-230 787.94	-18 463.04
6	Acquisitions and disposals	0.00	0.00
7	Foreign exchange movements	0.00	0.00
8	Other	164 020.00	13 121.60
9	**RWAs as at the end of the reporting period**	**7 249 240.23**	**579 939.22**

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APPENDIX 34A

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

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		0.13%	0.10%	64	68	0	0	
Institutions	0.15 to <0.25		0.16%	0.17%	15	19	0	0	
Institutions	0.25 to <0.50		0.26%	0.28%	5	5	0	0	
Institutions	0.50 to <0.75		0.77%	0.53%	2	1	0	0	
Institutions	0.75 to <2.50		1.78%	1.83%	7	8	0	0	
Institutions	2.50 to <10.00		4.78%	4.09%	3	4	0	0	
Institutions	10.00 to <100.00		0.00%	0.00%	0	0	0	0	
Institutions	**Subtotal**		**0.19%**	**0.41%**	**96**	**105**	**0**	**0**	**0.00%**
Financial corporate	0.00 to <0.15		0.08%	0.07%	3	3	0	0	
Financial corporate	0.15 to <0.25		0.24%	0.25%	2	2	0	0	
Financial corporate	0.25 to <0.50		0.27%	0.27%	3	3	0	0	
Financial corporate	0.50 to <0.75		0.00%	0.00%	2	0	0	0	
Financial corporate	0.75 to <2.50		1.58%	1.46%	1	3	0	0	
Financial corporate	2.50 to <10.00		3.73%	4.84%	4	2	0	0	
Financial corporate	10.00 to <100.00		0.00%	0.00%	0	0	0	0	
Financial corporate	**Subtotal**		**0.57%**	**1.20%**	**15**	**13**	**0**	**0**	**0.00%**

UniCredit Bulbank

APPENDIX 34B

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

In thousands of BGN

a	b	c	d	e	f		g	h	i
					Number of obligors				
AIRB	PD range	External rating equivalent	Weighted average PD	Arithmetic average PD by obligors	End of previous year	End of the year	Defaulted obligors in the year	Of which new obligors	Average historical annual default rate
Corporates	0.00 to <0.15		0.11%	0.09%	45	49	0	0	
Corporates	0.15 to <0.25		0.19%	0.19%	23	43	0	0	
Corporates	0.25 to <0.50		0.38%	0.38%	64	75	0	0	
Corporates	0.50 to <0.75		0.59%	0.58%	22	21	0	0	
Corporates	0.75 to <2.50		1.35%	1.29%	92	74	3	0	
Corporates	2.50 to <10.00		3.33%	4.91%	45	32	1	0	
Corporates	10.00 to <100.00		10.77%	10.77%	4	7	0	0	
Corporates	**Subtotal**		**0.70%**	**1.45%**	**295**	**301**	**4**	**0**	**1.51%**
Corporates: Of which: sme	0.00 to <0.15		0.10%	0.10%	86	93	0	0	
Corporates: Of which: sme	0.15 to <0.25		0.20%	0.21%	131	153	0	0	
Corporates: Of which: sme	0.25 to <0.50		0.36%	0.37%	493	519	1	0	
Corporates: Of which: sme	0.50 to <0.75		0.62%	0.62%	280	347	0	0	
Corporates: Of which: sme	0.75 to <2.50		1.44%	1.45%	979	977	3	0	
Corporates: Of which: sme	2.50 to <10.00		4.02%	4.59%	625	587	21	0	
Corporates: Of which: sme	10.00 to <100.00		12.25%	13.02%	33	45	3	0	
Corporates: Of which: sme	**Subtotal**		**1.69%**	**1.95%**	**2 627**	**2 721**	**28**	**0**	**1.51%**
Retail Secured on real estate property: Of which: sme	0.00 to <0.15		0.12%	0.13%	92	92	0	0	
Retail Secured on real estate property: Of which: sme	0.15 to <0.25		0.19%	0.19%	141	149	0	0	
Retail Secured on real estate property: Of which: sme	0.25 to <0.50		0.38%	0.38%	254	282	1	0	
Retail Secured on real estate property: Of which: sme	0.50 to <0.75		0.60%	0.61%	241	246	2	0	
Retail Secured on real estate property: Of which: sme	0.75 to <2.50		1.37%	1.41%	926	831	5	0	
Retail Secured on real estate property: Of which: sme	2.50 to <10.00		4.83%	4.83%	355	287	21	0	
Retail Secured on real estate property: Of which: sme	10.00 to <100.00		24.68%	24.14%	181	125	30	0	
Retail Secured on real estate property: Of which: sme	**Subtotal**		**3.71%**	**3.50%**	**2 190**	**2 012**	**59**	**0**	**3.76%**
Retail Secured on real estate property: Of which: non-sme	0.00 to <0.15		0.12%	0.12%	3 070	4 251	2	0	
Retail Secured on real estate property: Of which: non-sme	0.15 to <0.25		0.20%	0.20%	3 138	3 744	2	0	
Retail Secured on real estate property: Of which: non-sme	0.25 to <0.50		0.36%	0.36%	6 680	7 504	11	0	
Retail Secured on real estate property: Of which: non-sme	0.50 to <0.75		0.61%	0.61%	3 626	3 941	9	0	
Retail Secured on real estate property: Of which: non-sme	0.75 to <2.50		1.35%	1.36%	8 846	8 369	40	0	
Retail Secured on real estate property: Of which: non-sme	2.50 to <10.00		4.95%	4.99%	4 257	3 857	56	0	
Retail Secured on real estate property: Of which: non-sme	10.00 to <100.00		16.94%	17.02%	1 961	1 659	171	0	
Retail Secured on real estate property: Of which: non-sme	**Subtotal**		**1.99%**	**2.29%**	**31 578**	**33 325**	**291**	**0**	**2.17%**
Retail Qualifying revolving	0.00 to <0.15		0.12%	0.12%	33 429	31 837	110	0	
Retail Qualifying revolving	0.15 to <0.25		0.20%	0.20%	12 175	12 052	65	0	
Retail Qualifying revolving	0.25 to <0.50		0.36%	0.36%	15 283	14 808	99	0	
Retail Qualifying revolving	0.50 to <0.75		0.61%	0.61%	9 605	9 171	49	0	
Retail Qualifying revolving	0.75 to <2.50		1.44%	1.45%	31 433	27 934	278	0	
Retail Qualifying revolving	2.50 to <10.00		5.11%	5.14%	28 192	23 675	701	0	
Retail Qualifying revolving	10.00 to <100.00		15.98%	15.83%	12 593	9 358	1 526	0	
Retail Qualifying revolving	**Subtotal**		**2.60%**	**2.86%**	**142 710**	**128 835**	**2 828**	**0**	**2.17%**
Other retail: Of which: sme	0.00 to <0.15		0.12%	0.13%	3 422	3 410	15	0	
Other retail: Of which: sme	0.15 to <0.25		0.20%	0.21%	1 039	1 110	6	0	
Other retail: Of which: sme	0.25 to <0.50		0.40%	0.39%	1 625	1 802	8	0	
Other retail: Of which: sme	0.50 to <0.75		0.58%	0.60%	1 298	1 514	6	0	
Other retail: Of which: sme	0.75 to <2.50		1.31%	1.39%	5 789	5 758	71	0	
Other retail: Of which: sme	2.50 to <10.00		4.39%	4.77%	3 082	2 687	143	0	
Other retail: Of which: sme	10.00 to <100.00		22.15%	23.27%	1 264	975	271	0	
Other retail: Of which: sme	**Subtotal**		**3.08%**	**3.09%**	**17 519**	**17 256**	**520**	**0**	**3.76%**
Other retail: Of which: non-sme	0.00 to <0.15		0.12%	0.12%	1 685	1 485	2	0	
Other retail: Of which: non-sme	0.15 to <0.25		0.20%	0.20%	696	667	1	0	
Other retail: Of which: non-sme	0.25 to <0.50		0.35%	0.36%	1 006	910	5	0	
Other retail: Of which: non-sme	0.50 to <0.75		0.62%	0.63%	908	694	6	0	
Other retail: Of which: non-sme	0.75 to <2.50		1.44%	1.43%	2 572	2 276	19	0	
Other retail: Of which: non-sme	2.50 to <10.00		5.32%	5.45%	2 401	3 943	48	0	
Other retail: Of which: non-sme	10.00 to <100.00		16.93%	17.78%	1 527	2 844	179	0	
Other retail: Of which: non-sme	**Subtotal**		**3.17%**	**4.19%**	**10 795**	**12 819**	**260**	**0**	**2.17%**

Declaration by the Manager charged with preparing the financial reports

The undersigned, Mrs. Sandra Vojnovic – Chief Financial Officer and Member of the Management Board of UniCredit Bulbank, in 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 30, 2022

Mrs. Sandra Vojnovich

Chief Financial Officer
and Member of the Management Board
of UniCredit Bulbank

Sandra Vojnovic

Digitally signed by Sandra Vojnovic
Date: 2022.06.30 16:08:24 +03'00'

/signature/