



ANNUAL DISCLOSURE

YEAR 2011

ON CONSOLIDATED BASIS

**FOLLOWING THE REQUIREMENTS OF ORDINANCE 8
FOR CAPITAL ADEQUACY OF CREDIT INSTITUTIONS
/ARTICLE 335/**

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Reporting Entity

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

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

UniCredit Bulbank AD has received BBB rating, rated by one of the most respectable agency in the world Standard & Poor’s.

Functional and presentation currency

This document is presented in Bulgarian Lev (BGN) rounded to the nearest thousand. Bulgarian Lev is the functional and reporting currency of UniCredit Bulbank AD.

1. Method of consolidation

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 below, are not subject of consolidation in the context of the current disclosure.

The applied consolidation methods for the purposes of the current disclosure (supervisory purposes) and these applied in the public statements of the Bank, prepared in accordance with the International Financial Reporting Standards are as follows:

	Participation in equity December 31, 2011	Consolidation method for supervisory purposes	Consolidation method for public purposes
UniCredit Factoring EAD	100%	Full consolidation	Full consolidation
Hypovereins Immobilien EOOD	100%	Not consolidated ¹	Full consolidation
UniCredit Consumer Financing AD	49.9%	Equity method	Equity method
UniCredit Leasing AD	24.4%	Equity method	Equity method
Cash Service Company AD	20%	Equity method	Equity method
Prelios Bulgaria AD (in liquidation)	25%	Not consolidated ²	Equity method

¹ Bank deducts the participation in Hypovereins Immobilien EOOD from its capital base (own funds).

² Bank deducts the participation in Prelios Bilgaria AD from its capital base (own funds).

2. Policy and procedures for risk management

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

- Market Risks
- Liquidity Risks
- Operational Risks
- Credit 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.

a) Market and Liquidity Risk

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

The collective Bank's body that executes integrated monitoring and managing functions with regard to Market and Liquidity Risk is ALCO (Assets and Liabilities Committee).

As of 31 December 2011 the Bank considers that there are no current or foreseen material, practical or legal impediment to the prompt transfer of funds or repayment of liabilities among UniCredit Bank Austria AG and UniCredit Bulbank AD.

b) Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, personnel and systems or from external events, including legal risk.

Operational events are those resulting from inadequate or failed internal processes, personnel and systems or from systemic and other external events: internal or external fraud, employment practices and workplace safety, clients claims, products development and implementation, fines and penalties due to regulation breaches, damage to Company's physical assets, business disruption and system failures, process management.

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

UniCredit Bulbank defines the operational risk management framework as a combined set of policies and procedures for controlling, measuring and mitigating the operational risk exposure of the bank.

An integral part of the framework are the Group Operational Risk Management Governance Guidelines, Operational risk control rulebook, as well as the Internal regulation "Data collection procedure for the purpose of operational risk assessment in UniCredit Bulbank".

The Operational Risk Management Unit is an independent function in charge in the Bank's structure.

Information for the operational risk events, key risk indicators and scenarios is gathered and maintained within a joined centralized database of UniCredit Group.

During 2010, UniCredit Bulbank applied at Bank of Italy (as UniCredit Group's Supervisory Authority) to use Advanced Measurement Approach (AMA) for calculating the capital requirements for operational risk and was inspected in detail by BNB. As a result the Bank received authorization from Bank of Italy and BNB to use AMA from April 2011 and is the first bank in Bulgaria to apply this approach.

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 an allocation mechanism to those legal entities that are authorized for AMA use.

c) Credit Risk

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In 2010, UniCredit Bulbank applied at Bank of Italy (as UniCredit Group’s Supervisory Authority) to use Foundation Internal Rating Based (F-IBR) Approach for calculating credit risk capital requirements. During the year, the BNB performed detailed and rigorous inspections verifying the fulfillment of regulatory requirements for using the approach. As a result UniCredit Bulbank received authorization from Bank of Italy and BNB to use F-IRB Approach as of 01st of January 2011 and is the first bank in Bulgaria that applies this approach.

3. Structure and elements of the capital base

Capital Base (Own Funds) eligible for regulatory purposes include Tier I and Tier II capital as defined by Bulgarian National Bank.

The consolidated Capital base of UniCredit Bulbank AD is disclosed in *Appendix I*.

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

4. Capital requirements

For estimation of the capital requirements, UniCredit Bulbank AD applies:

For Credit Risk:

- Foundation Internal Rating Based Approach (FIRB) for classes: Corporate³; Institutions; Specialized Lending⁴; and Equity claims⁵;
- Standardized Approach for classes⁶: Central Governments or Central Banks; Regional Governments or Local Authorities; Multilateral Development Banks; Administrative Bodies and Non-commercial Undertakings; International Organisations; Retail (including covered by residential real estates); Small and Medium Sized Companies (size more than 500 TBGN); and other items.

For Market Risk:

- Standardized Approach.

For Operational Risk:

- Advanced Measurement Approach.

For preparation of the regular Ordinance 8 reports, 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 in *Appendix 2*.

5. Exposures to counterparty credit risk

Counterparty credit risk arises from exposures due to the following:

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

³ Except for Small and Medium Sized Companies with exposure over 500 TBGN.

⁴ UniCredit Bulbank applies Slotting Criteria Model (regulatory defined risk weights and expected loss levels).

⁵ UniCredit Bulbank applies Simple Approach.

⁶ For client type detailization purposes, classes are represented in accordance with Standardized approach segregation.

For the purposes of mitigating the counterparty risk and settlement risk, the Bank has approved credit limits.

Market Risk unit monitors on a daily basis the exposures of the Bank to counterparty credit risk as applying the methodology of the system application NORISK-CR of UniCredit Bank Austria. In addition it strictly monitors the set limits for counterparty risk, transfer risk, issuer risk and accordingly provides instructions to the trade units for respective measures to be undertaken in case of limits breakage.

6. Exposure to credit risk and dilution risk

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

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

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

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

Economic capital for Credit risk is measured via an internal portfolio model. The fundamental outputs of the model are:

- Credit Value at Risk (CVaR) – the maximum portfolio loss one year horizon and at 99.97% confidence level;
- Expected Loss (EL) on a single client and portfolio level;
- Portfolio Economic Capital – the difference between CVaR and EL (a measure of Unexpected Loss). This amount represents the internal evaluation of the Credit risk capital requirement;
- Economic Capital allocated to the level of single exposure/client via Expected Shortfall method.

Distribution of the total exposure after provision and without taking into account the effect of credit risk mitigation, broken down by different types of exposure classes is disclosed in the following Appendixes:

- **Appendix 3** – Average amount of the exposures over the period broken down by different types of exposure classes
- **Appendix 4** – The distribution of the exposures by industry, broken down by exposure classes

- *Appendix 5* – The residual maturity breakdown of all the exposures, broken down by exposure classes
- *Appendix 6* – The amount of past due exposures, broken down by exposure classes
- *Appendix 7* – Geographic distribution of the exposures, broken down by exposure classes

7. Information about nominated ECAIs and EIAs under the Standardised Approach for credit risk

Following the requirements of Article 27 of the Ordinance 8, UniCredit Bulbank AD uses Standard & Poor's Agency ratings for calculating risk weights of its asset and off-balance sheet exposures.

The calculation methodology follows strictly the requirements listed in Article 53, Article 54, Article 55 and Article 56 of the Ordinance 8.

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).

Distribution of the exposures under Standardized approach by Credit Quality, broken down by exposure classes is disclosed in *Appendix 8*.

Distribution of the exposures under FIRB by Credit Quality, broken down by exposure classes is disclosed in *Appendix 9*.

8. Internal models for market risk

UniCredit Bulbank AD does not apply Internal Models for estimation Market Risk within the reporting cycle of Ordinance 8.

9. Exposure to operational risk

For the purpose of reporting Capital Adequacy in accordance with Ordinance 8 requirements, UniCredit Bulbank AD applies Advanced Measurement Approach for estimation its Operational Risk.

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.
3. *Employment relationship and safety at work* 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.
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).

10. Equities in the banking book

According to Art.336, para 4 of Ordinance 8 of BNB, equivalent disclosure is made in the Annual Consolidated Financial Statements of UniCredit Bulbank AD.

11. Interest rate risk in the banking book

According to Art.336, para 4 of Ordinance 8 of BNB, equivalent disclosure is made in the Annual Consolidated Financial Statements of UniCredit Bulbank AD.

12. Securitisation

The Bank does not apply securitization for the reported period.

13. Internal Rating Based Approach

When applying Internal Rating Based Approach for calculation of capital requirements for credit risk, UniCredit Bulbank AD UniCredit Bulbank uses several rating models⁷ in order to carry out clients' creditworthiness analyses. Rating models can be generally summarized as:

⁷ UniCredit Bulbank AD uses master scale for rating result competability.

1. Group-wide rating models (GWM)

Group wide rating models⁸ 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 AD uses group wide rating model for creditworthiness analyses for: Multinational Companies⁹; Security Industry Companies; and Financial Institutions.

2. Local rating models

2.1. Corporate rating model

The model is used for corporate clients (using full accounting) with a turnover < 500 Mio EUR (except for Specialized lending);

2.2. Slotting Criteria Model

The model is used for assessment of capital requirements and expected loss for exposures clasifed as Specialized Lending.

As Risk parameters: Exposure at Default (EAD; Maturity (M); and Loss Given Default (LGD), UniCredit Bulbank AD uses regulatory defined parameters in Ordinance 8 of BNB.

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 Art.101 and Art.102, further specifying list of default events maintained in the Bank.

The established internal risk control environment is sound and reliable and is an integral part of the operative 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 II (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

⁸ Group wide rating models are developed by UCI Holding Company (HC) and are adopted by UniCredit Bulbank AD.

⁹ Companies with turnover over 500 mln euro.

- 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”.

14. 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 receivables;
- 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.

Within UniCredit Bulbank AD 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 AD uses only part of the abovementioned types of collaterals when applying credit risk mitigation techniques in accordance with Ordinance 8:

- Financial collaterals – blocked cash and securities, strictly observing the requirements of Chapter Six *Credit Risk Mitigation* of the Ordinance 8. For calculation of capital requirements for credit risk under IRB approach, Financial collaterals are treated like LGD- reducing collaterals (in accordance with Ordinance 8, Appendix 5, Table 5 “Minimum LGD for secured parts of exposures”);
- Guarantees that meet the requirements of Chapter Six *Credit Risk Mitigation* of the Ordinance 8. 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 39 of the Ordinance 8. For calculation of capital requirements for credit risk under IRB approach, Real Estate collaterals are treated like LGD- reducing collaterals (in accordance with Ordinance 8, Appendix 5, Table 5 “Minimum LGD for secured parts of exposures”).

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

The Bank does not apply the netting technique for calculation of its risk-weighted assets for the purposes of Ordinance 8.

15. Internal Capital Adequacy and Assessment Process (ICAAP)

In compliance with group definitions and methodologies (ensuring comprehensive ICAAP framework in UniCredit Group), UniCredit Bulbank AD regularly defines (at least once a year) its risk profile (assessment of the material risks relevant for its operations).

The quantified via internal models individual risks are combined in Aggregated Economic Capital, taking into consideration the risk correlation and potential macroeconomic framework fluctuations (via developed stress test methodology).

Assets and Liabilities Committee (ALCO) is the collective body that exercise the management and control functions with regard to ICAAP.

16. Remuneration policy

The Compensation Policy of UniCredit Bulbank is determined by the Management Board and approved by the Supervisory Board of the Bank. The Policy is a part of UniCredit Group’s policy to attract, retain and motivate a highly qualified, diverse, global workforce. The main pillars of the Policy are in compliance with the principles set by the Group Compensation Policy. The Compensation Committee determines on behalf of the Supervisory Board the individual compensation of the Bank’s Management Board members including the Executive

Directors. The Compensation Committee consists of two members- Supervisory board Chairman and a Supervisory board member. The 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. The Compensation Committee approves the terms and conditions of the management contracts of the Management Board members and the Executive Directors.

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 behaviours 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 has introduced the principle of "Sustainable pay for sustainable performance" when determining the results and behaviours 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. The Bank guarantees appropriate balance of fixed and variable compensation elements, avoiding a prevalence of the variable part. This excludes encouraging of behaviours not aligned to the company'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 (risk and cost-of-capital adjusted profitability) is guaranteed by the adopted flexible and adaptive Incentive systems. In compliance with the policies 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 economic results and consistent with local market practice. No bonus payout is applied in case the financial results of the Bank are below certain threshold (e.g. Net profit/EVA).

In addition, 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.

For the senior management a Group Gate/Zero Factor indexes are applied respectively to the upfront/deferred payments of the variable part, with the aim of establishing a strong direct link between Group-wide risk-adjusted and cost-of-capital adjusted profit and rewards level and in this way confirming, reducing or cancelling variable payments.

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 (at obligatory presence of risk assessment criteria) with: 1) performance of goals at Bank level

Bank, 2) performance of goals of the respective structure 3) 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 with particular reference to risk, cost of capital and efficiency. The methodology of measuring the internal performance indicators allows, where applicable, comparison with the respective indicators showing the long-term development of the external market. 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 behaviour. Evaluation is made also of the contribution of each individual and unit to the overall value created by the related business group and to the organization as a whole.

Examples for performance measurement indicators are as follows: ROTE, Cost of Capital, CoreTier1 Ratio, Risk Free Rate, Net Profit.

According to the Bulgarian legislation, from 2011 UniCredit Bulbank introduces the staff category for which the requirements for deferred from 3 to 5 years variable payout are applied – as well as payout of the variable compensation in cash and shares or other capital instruments.

For 2011 year this group includes the Chief Executive and Chief Operative Directors of the Bank, other Members of the Management board and the Human Resources Director.

In thousands of BGN

2011 Executive's Compensation of UniCredit Bulbank AD

Staff category	Number of participants	Total fixed compensation for 2011	Total variable compensation for 2011	Deferred variable compensation depending on the year of payment and underlying instruments				
				Cash	Cash	UniCredit Group ordinary shares	UniCredit Group ordinary shares	UniCredit Group performance stock options
				2012	2013	2014	2015	2016
Senior Management	8	3 204	3 002	868	561	561	561	450

Variable payments represent the “Bonus opportunity” which is conditional upon and might be confirmed, changed or cancelled with the overall performance evaluation of the Manager. It is also a subject of the Group Gate and/or Zero Factor application according to the approved Rules of the 2011 Group Executive Variable Compensation System and UniCredit Board of Director's Decision.

**CAPITAL BASE
STRUCTURE AND ELEMENTS
/AS OF 31.12.2011/**

In thousands of BGN

Capital Base	Total
Share capital	285 777
Statutory reserve	342 378
Retained earnings	1 027 418
Total capital and reserves	1 655 573
<i>Deductions</i>	
Unrealized loss on available-for-sale instruments	(14 030)
Intangible assets	(31 759)
Total deductions	(45 789)
Total Tier I capital	1 609 784
Revaluation reserve on real estate occupied by the Bank	122 324
Subordinated long-term debt	146 296
Total Tier II capital	268 620
Additional deductions from Tier I and Tier II capital	(77 794)
Total Capital base (Own funds)	1 800 610

**CAPITAL REQUIREMENTS
SUMMARY INFORMATION BY EXPOSURE CLASSES
/AS OF 31.12.2011/**

In thousands of BGN

Capital Requirements	Total
Capital requirements for credit risk	
Exposures under standardized approach	197 517
Central Governments and Central Banks	8 301
Institutions	5 505
Corporates	63 485
Retail	120 226
Equity	-
Other exposures	-
Exposures under FIRB	413 344
Central Governments and Central Banks	-
Institutions	32 728
Corporates	380 534
Equity IRB	82
Total capital requirements for credit risk	610 861
Capital requirements for market risk	9 380
Traded debt instruments:	7 131
<i>General and specific risk</i>	7 131
<i>Specific risk securitisation positions</i>	-
<i>Specific risk correlation trading portfolio</i>	-
Equity	1
Foreign Exchange	-
Commodities	2 248
Capital requirements for operational risk	69 077
OpR Basic indicator approach	-
OpR Standardised (STA) approach	-
OpR Advanced measurement approaches	69 077
Total capital requirements for credit risk, market risk and operational risk	689 318
Additional capital requirements subject to National Discretions from the Regulator	344 659
Total regulatory capital requirements	1 033 977
Capital Base (Own funds)	1 800 610
<i>thereof Tier I</i>	<i>1 570 887</i>
Free equity (own funds)	766 633
Total capital adequacy ratio	20.90%
Tier I ratio	18.23%

**AVERAGE AMOUNT OF THE EXPOSURES,
BROKEN DOWN BY EXPOSURE CLASSES ***
/AS OF 31.12.2011/

In thousands of BGN

Exposure class	ASSETS					OFF-BALANCE SHEET COMMITMENTS					DERIVATIVES		TOTAL Amount before provisioning	TOTAL Booked Provision	TOTAL Specific Provision	TOTAL Expected Loss
	Average amount of the exposure	Amount before provisioning	Booked Provision	Specific Provision	Expected Loss	Average amount of the exposure	Amount before provisioning	Booked Provision	Specific Provision	Expected Loss	Amount before provisioning	Expected Loss				
STANDARTISED APPROACH (STA)																
Central Governments and Central Banks	37 850	1 397 159	-	-	-	158	14 337	-	-	-	-	-	1 411 496	-	-	-
Corporates	32 999	886 522	11 506	5 207	-	259	316 215	7 460	-	-	14 560	-	1 217 297	18 966	5 207	-
Institutions	3 771	64 430	194	45	-	1 007	7 302	-	-	-	4 203	-	75 935	194	45	-
Exposures secured on real estate property	52	1 591 276	16 345	905	-	25	29 319	-	-	-	-	-	1 620 595	16 345	905	-
Retail	17	1 431 637	229 924	3 663	-	3	262 142	-	-	-	-	-	1 693 779	229 924	3 663	-
TOTAL (STA)	-	5 371 024	257 969	9 820	-	-	629 315	7 460	-	-	18 763	-	6 019 102	265 429	9 820	-
FOUNDATION INTERNAL RATING BASED APPROACH (FIRB)																
Corporates	1 069	4 257 860	321 250	-	295 684	222	1 281 701	13 210	-	7 971	72 762	1 374	5 612 323	334 460	-	305 029
Equity	108	539	-	-	4	-	-	-	-	-	-	-	539	-	-	4
Institutions	24 226	1 889 594	-	-	1 239	1 301	192 513	-	-	275	65 174	11	2 147 281	-	-	1 525
Specialised Lending /Slotting/	3 733	813 832	100 468	-	151 077	556	27 245	-	-	114	-	-	841 077	100 468	-	151 191
TOTAL (FIRB)	-	6 961 825	421 718	-	448 004	-	1 501 459	13 210	-	8 360	137 936	1 385	8 601 220	434 928	-	457 749
TOTAL	-	12 332 849	679 687	9 820	448 004	-	2 130 774	20 670	-	8 360	156 699	1 385	14 620 322	700 357	9 820	457 749

* WITHOUT CREDIT RISK MITIGATION EFFECTS

**AMOUNT OF THE EXPOSURES,
BROKEN DOWN BY SIGNIFICANT INDUSTRIES AND EXPOSURE CLASSES *
/AS OF 31.12.2011/**

In thousands of BGN

Exposure class	ASSETS																		TOTAL Amount before provisioning	TOTAL Booked Provision	TOTAL Specific Provision	TOTAL Expected Loss	
	OTHERS			DEBT SECURITIES			LOANS AND ADVANCES TO BANKS		LOANS AND ADVANCES TO CUSTOMERS														
	Public Administration	Services	Financial services	Public Administration	Services	Financial services	Retail (Individuals)	Financial services	Public Administration	Agriculture and forestry	Retail (Individuals)	Manufacturing	Construction and Real Estate	Transport and communication	Tourism	Commerce	Services	Financial services					
Amount before provisioning	Amount before provisioning	Amount before provisioning	Amount before provisioning	Amount before provisioning	Amount before provisioning	Amount before provisioning	Amount before provisioning	Amount before provisioning	Amount before provisioning	Amount before provisioning	Amount before provisioning	Amount before provisioning	Amount before provisioning	Amount before provisioning	Amount before provisioning	Amount before provisioning	Amount before provisioning	Amount before provisioning					
STANDARTISED APPROACH (STA)																							
Central Governments and Central Banks	8 394	744 007	-	625 376	-	12 985	-	54	6 343	-	-	-	-	-	-	-	-	-	-	1 397 159	-	-	-
Corporates	-	480 016	5 273	-	-	-	-	6 886	-	28 392	17 127	77 622	76 774	8 460	5 693	109 086	71 191	2	-	886 522	11 506	5 207	-
Institutions	2 279	-	-	3 982	-	-	-	31	57 667	-	471	-	-	-	-	-	-	-	-	64 430	194	45	-
Exposures secured on real estate property	-	-	-	-	-	-	-	-	-	5 918	1 437 002	19 443	30 095	15 324	3 873	62 597	16 238	786	-	1 591 276	16 345	905	-
Retail	-	10	108	-	-	-	-	-	-	37 331	966 350	89 493	57 855	36 214	14 461	193 333	35 770	712	-	1 431 637	229 924	3 663	-
TOTAL (STA)	10 673	1 224 033	5 381	629 358	-	12 985	-	6 971	64 010	71 641	2 420 950	186 558	164 724	59 998	24 027	365 016	123 199	1 500	5 371 024	257 969	9 820	-	
FOUNDATION INTERNAL RATING BASED APPROACH (FIRB)																							
Corporates	-	-	-	-	-	-	-	-	-	89 589	-	1 540 531	552 553	163 763	129 715	1 432 353	158 919	190 437	-	4 257 860	321 250	-	295 684
Equity	-	-	-	-	-	539	-	-	-	-	-	-	-	-	-	-	-	-	-	539	-	-	4
Institutions	-	-	-	-	-	2 781	-	1 886 813	-	-	-	-	-	-	-	-	-	-	-	1 889 594	-	-	1 239
Specialised Lending /Slotting/	-	-	-	-	-	-	-	-	-	-	-	-	790 325	-	-	10 840	-	12 667	-	813 832	100 468	-	151 077
TOTAL (FIRB)	-	-	-	-	-	3 320	-	1 886 813	-	89 589	-	1 540 531	1 342 878	163 763	129 715	1 443 193	158 919	203 104	6 961 825	421 718	-	448 004	
TOTAL	10 673	1 224 033	5 381	629 358	-	16 305	-	1 893 784	64 010	161 230	2 420 950	1 727 089	1 507 602	223 761	153 742	1 808 209	282 118	204 604	12 332 849	679 687	9 820	448 004	

* WITHOUT CREDIT RISK MITIGATION EFFECTS

**AMOUNT OF THE EXPOSURES,
BROKEN DOWN BY SIGNIFICANT INDUSTRIES AND EXPOSURE CLASSES *
/AS OF 31.12.2011/**

In thousands of BGN

Exposure class	OFF-BALANCE SHEET COMMITMENTS											TOTAL Amount before provisioning	TOTAL Booked Provision	TOTAL Specific Provision	TOTAL Expected Loss	
	LOANS AND ADVANCES TO BANKS	LOANS AND ADVANCES TO CUSTOMERS														
	Financial services	Public Administration	Agriculture and forestry	Retail (Individuals)	Manufacturing	Construction and Real Estate	Transport and communication	Tourism	Commerce	Services	Financial services					
Amount before provisioning	Amount before provisioning	Amount before provisioning	Amount before provisioning	Amount before provisioning	Amount before provisioning	Amount before provisioning	Amount before provisioning	Amount before provisioning	Amount before provisioning	Amount before provisioning	Amount before provisioning					
STANDARTISED APPROACH (STA)																
Central Governments and Central Banks	-	14 337	-	-	-	-	-	-	-	-	-	-	14 337	-	-	-
Corporates	-	-	14 588	1 681	28 439	59 805	3 804	1 725	173 947	27 514	4 712	316 215	7 460	-	-	
Institutions	2 920	1 627	-	2 755	-	-	-	-	-	-	-	7 302	-	-	-	
Exposures secured on real estate property	-	-	2 024	2 420	4 215	4 403	2 048	567	11 424	1 976	242	29 319	-	-	-	
Retail	-	-	6 717	143 447	21 537	13 230	11 818	2 420	48 132	14 203	638	262 142	-	-	-	
TOTAL (STA)	2 920	15 964	23 329	150 303	54 191	77 438	17 670	4 712	233 503	43 693	5 592	629 315	7 460	-	-	
FOUNDATION INTERNAL RATING BASED APPROACH (FIRB)																
Corporates	-	-	14 826	-	355 813	252 595	48 897	6 298	552 129	26 753	24 390	1 281 701	13 210	-	7 971	
Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Institutions	192 513	-	-	-	-	-	-	-	-	-	-	192 513	-	-	275	
Specialised Lending /Slotting/	-	-	-	-	-	26 898	-	-	345	2	-	27 245	-	-	114	
TOTAL (FIRB)	192 513	-	14 826	-	355 813	279 493	48 897	6 298	552 474	26 755	24 390	1 501 459	13 210	-	8 360	
TOTAL	195 433	15 964	38 155	150 303	410 004	356 931	66 567	11 010	785 977	70 448	29 982	2 130 774	20 670	-	8 360	

* WITHOUT CREDIT RISK MITIGATION EFFECTS

**AMOUNT OF THE EXPOSURES,
BROKEN DOWN BY SIGNIFICANT INDUSTRIES AND EXPOSURE CLASSES *
/AS OF 31.12.2011/**

In thousands of BGN

Exposure class	TOTAL															
	ASSETS				OFF-BALANCE SHEET COMMITMENTS				DERIVATIVES				TOTAL Amount before provisioning	TOTAL Booked Provision	TOTAL Specific Provision	TOTAL Expected Loss
	Amount before provisioning	Booked Provision	Specific Provision	Expected Loss	Amount before provisioning	Booked Provision	Specific Provision	Expected Loss	Amount before provisioning	Booked Provision	Specific Provision	Expected Loss				
STANDARTISED APPROACH (STA)																
Central Governments and Central Banks	1 397 159	-	-	-	14 337	-	-	-	-	-	-	-	1 411 496	-	-	-
Corporates	886 522	11 506	5 207	-	316 215	7 460	-	-	14 560	-	-	-	1 217 297	18 966	5 207	-
Institutions	64 430	194	45	-	7 302	-	-	-	4 203	-	-	-	75 935	194	45	-
Exposures secured on real estate property	1 591 276	16 345	905	-	29 319	-	-	-	-	-	-	-	1 620 595	16 345	905	-
Retail	1 431 637	229 924	3 663	-	262 142	-	-	-	-	-	-	-	1 693 779	229 924	3 663	-
TOTAL (STA)	5 371 024	257 969	9 820	-	629 315	7 460	-	-	18 763	-	-	-	6 019 102	265 429	9 820	-
FOUNDATION INTERNAL RATING BASED APPROACH (FIRB)																
Corporates	4 257 860	321 250	-	295 684	1 281 701	13 210	-	7 971	72 762	-	-	1 374	5 612 323	334 460	-	305 029
Equity	539	-	-	4	-	-	-	-	-	-	-	-	539	-	-	4
Institutions	1 889 594	-	-	1 239	192 513	-	-	275	65 174	-	-	11	2 147 281	-	-	1 525
Specialised Lending /Slotting/	813 832	100 468	-	151 077	27 245	-	-	114	-	-	-	-	841 077	100 468	-	151 191
TOTAL (FIRB)	6 961 825	421 718	-	448 004	1 501 459	13 210	-	8 360	137 936	-	-	1 385	8 601 220	434 928	-	457 749
TOTAL	12 332 849	679 687	9 820	448 004	2 130 774	20 670	-	8 360	156 699	-	-	1 385	14 620 322	700 357	9 820	457 749

* WITHOUT CREDIT RISK MITIGATION EFFECTS

**AMOUNT OF THE EXPOSURES,
BROKEN DOWN BY RESIDUAL MATURITY AND EXPOSURE CLASSES *
/AS OF 31.12.2011/**

In thousands of BGN

Exposure class	Up to 1 month**				From 1 to 3 months**				From 3 months to 1 year**				From 1 to 5 years**				Over 5 years and Maturity not defined**				DERIVATIVES				TOTAL Amount before provisioning	TOTAL Booked Provision	TOTAL Specific Provision	TOTAL Expected Loss				
	Amount before provisioning	Booked Provision	Specific Provision	Expected Loss	Amount before provisioning	Booked Provision	Specific Provision	Expected Loss	Amount before provisioning	Booked Provision	Specific Provision	Expected Loss	Amount before provisioning	Booked Provision	Specific Provision	Expected Loss	Amount before provisioning	Booked Provision	Specific Provision	Expected Loss	Amount before provisioning	Booked Provision	Specific Provision	Expected Loss								
STANDARTISED APPROACH (STA)																																
Central Governments and Central Banks	766 539	-	-	-	524	-	-	-	39 009	-	-	-	460 351	-	-	-	145 073	-	-	-	-	-	-	-	-	-	-	-	1 411 496	-	-	-
Corporates	547 854	8 041	6	-	25 256	141	34	-	118 234	805	1	-	393 765	4 382	4 907	-	117 628	5 597	259	-	14 560	-	-	-	-	-	-	1 217 297	18 966	5 207	-	
Institutions	135	-	-	-	11	-	-	-	4 966	8	44	-	10 999	47	1	-	55 621	139	-	-	4 203	-	-	-	-	-	-	75 935	194	45	-	
Exposures secured on real estate property	39 434	540	9	-	16 231	79	7	-	65 954	381	16	-	86 573	2 205	15	-	1 412 403	13 140	858	-	-	-	-	-	-	-	-	1 620 595	16 345	905	-	
Retail	394 242	171 588	1 795	-	56 515	1 679	56	-	301 949	5 667	226	-	339 510	17 901	332	-	601 563	33 089	1 254	-	-	-	-	-	-	-	-	1 693 779	229 924	3 663	-	
TOTAL (STA)	1 748 204	180 169	1 810	-	98 537	1 899	97	-	530 112	6 861	287	-	1 291 198	24 535	5 255	-	2 332 288	51 965	2 371	-	18 763	-	-	-	-	-	6 019 102	265 429	9 820	-		
FOUNDATION INTERNAL RATING BASED APPROACH (FIRB)																																
Corporates	1 210 495	204 740	-	145 986	333 148	25 125	-	26 104	1 367 756	21 881	-	32 066	1 691 851	40 158	-	53 412	936 311	42 556	-	46 087	72 762	-	-	1 374	-	-	-	5 612 323	334 460	-	305 029	
Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	539	-	-	4	-	-	-	-	-	-	-	539	-	-	4	
Institutions	1 747 914	-	-	1 377	54 297	-	-	54	223 492	-	-	72	37 842	-	-	9	18 562	-	-	2	65 174	-	-	11	-	-	-	2 147 281	-	-	1 525	
Specialised Lending /Slotting/	150 729	56 695	-	74 092	96 028	9 195	-	8 199	130 197	2 672	-	4 155	209 075	23 388	-	45 260	255 048	8 518	-	19 485	-	-	-	-	-	-	-	841 077	100 468	-	151 191	
TOTAL (FIRB)	3 109 138	261 435	-	221 455	483 473	34 320	-	34 357	1 721 445	24 553	-	36 293	1 938 768	63 546	-	98 681	1 210 460	51 074	-	65 578	137 936	-	-	1 385	-	-	8 601 220	434 928	-	457 749		
TOTAL	4 857 342	441 604	1 810	221 455	582 010	36 219	97	34 357	2 251 557	31 414	287	36 293	3 229 966	88 081	5 255	98 681	3 542 748	103 039	2 371	65 578	156 699	-	-	1 385	-	-	14 620 322	700 357	9 820	457 749		

* WITHOUT CREDIT RISK MITIGATION EFFECTS

** UP TO THE MATURITY OF THE EXPOSURE

**AMOUNT OF THE EXPOSURES,
BROKEN DOWN BY DAYS PAST DUE AND EXPOSURE CLASSES *
/AS OF 31.12.2011/**

In thousands of BGN

Exposure class	ASSETS																OFF-BALANCE SHEET COMMITMENTS				DERIVATIVES				TOTAL Amount before provisioning	TOTAL Provision	TOTAL Financial collaterals	TOTAL Guarantees	
	UP TO 30 DAYS				FROM 31 TO 90 DAYS				FROM 91 TO 180 DAYS				OVER 181 DAYS				TOTAL				TOTAL								
	Amount before provisioning	Provision	Financial collaterals	Guarantees	Amount before provisioning	Provision	Financial collaterals	Guarantees	Amount before provisioning	Provision	Financial collaterals	Guarantees	Amount before provisioning	Provision	Financial collaterals	Guarantees	Amount before provisioning	Provision	Financial collaterals	Guarantees	Amount before provisioning	Provision	Financial collaterals	Guarantees					
STANDARTISED APPROACH (STA)																													
Central Governments and Central Banks	1 397 159	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14 337	-	13 942	-	-	-	-	-	-	1 411 496	-	13 942	-
Corporates	858 678	3 548	6 902	491	10 311	1 868	-	-	12 586	6 350	-	-	4 947	4 947	-	-	316 215	7 460	39 744	7 589	14 560	-	-	-	-	1 217 297	24 173	46 646	8 080
Institutions	63 931	169	279	-	476	47	-	-	-	-	-	-	23	23	-	-	7 302	-	1 898	-	4 203	-	-	-	-	75 935	239	2 177	-
Exposures secured on real estate property	1 499 495	4 522	6 770	-	55 153	1 032	304	-	13 414	2 981	7	-	23 214	8 715	23	-	29 319	-	110	-	-	-	-	-	-	1 620 595	17 250	7 214	-
Retail	1 066 240	14 019	16 862	255	37 186	3 161	334	-	49 880	15 003	166	-	278 331	201 404	354	-	262 142	-	20 564	478	-	-	-	-	-	1 693 779	233 587	38 280	733
TOTAL	4 885 503	22 258	30 813	746	103 126	6 108	638	-	75 880	24 334	173	-	306 515	215 089	377	-	629 315	7 460	76 258	8 067	18 763	-	-	-	6 019 102	275 249	108 259	8 813	

* WITHOUT CREDIT RISK MITIGATION EFFECTS

** IN ACCORDANCE WITH ORDINANCE 9 OF BNB, RISK CLASSIFICATION

**AMOUNT OF THE EXPOSURES,
BROKEN DOWN BY SIGNIFICANT GEOGRAPHIC REGIONS AND EXPOSURE CLASSES *
/AS OF 31.12.2011/**

In thousands of BGN

Exposure class	ASSETS																								TOTAL Amount before provisioning	TOTAL Booked Provision	TOTAL Specific Provision	TOTAL Expected Loss			
	AFRICA				ASIA				EUROPE				NORTH AMERICA				AUSTRALIA				SOUTH AMERICA										
	Amount before provisioning	Booked Provision	Specific Provision	Expected Loss	Amount before provisioning	Booked Provision	Specific Provision	Expected Loss	Amount before provisioning	Booked Provision	Specific Provision	Expected Loss	Amount before provisioning	Booked Provision	Specific Provision	Expected Loss	Amount before provisioning	Booked Provision	Specific Provision	Expected Loss	Amount before provisioning	Booked Provision	Specific Provision	Expected Loss							
STANDARTISED APPROACH (STA)																															
Central Governments and Central Banks	-	-	-	-	10 995	-	-	-	1 383 133	-	-	-	3 031	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1 397 159	-	-	-
Corporates	-	-	-	-	-	-	-	-	845 916	11 221	5 207	-	-	-	-	-	40 606	285	-	-	-	-	-	-	-	-	-	886 522	11 506	5 207	-
Institutions	-	-	-	-	-	-	-	-	64 430	194	45	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	64 430	194	45	-
Exposures secured on real estate property	-	-	-	-	-	-	-	-	1 591 161	16 345	905	-	30	-	-	-	85	-	-	-	-	-	-	-	-	-	-	1 591 276	16 345	905	-
Retail	46	5	-	-	62	9	-	-	1 431 272	229 888	3 663	-	213	21	-	-	6	-	-	-	38	1	-	-	-	-	-	1 431 637	229 924	3 663	-
TOTAL (STA)	46	5	-	-	11 057	9	-	-	5 315 912	257 648	9 820	-	3 274	21	-	-	40 697	285	-	-	38	1	-	-	-	-	-	5 371 024	257 969	9 820	-
FOUNDATION INTERNAL RATING BASED APPROACH (FIRB)																															
Corporates	-	-	-	-	879	15	-	30	4 256 981	321 235	-	295 654	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4 257 860	321 250	-	295 684
Equity	-	-	-	-	-	-	-	-	539	-	-	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	539	-	-	4
Institutions	-	-	-	-	3 009	-	-	1	1 883 999	-	-	1 237	2 404	-	-	1	182	-	-	-	-	-	-	-	-	-	-	1 889 594	-	-	1 239
Specialised Lending /Slotting/	-	-	-	-	-	-	-	-	813 832	100 468	-	151 077	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	813 832	100 468	-	151 077
TOTAL (FIRB)	-	-	-	-	3 888	15	-	31	6 955 351	421 703	-	447 972	2 404	-	-	1	182	-	-	-	-	-	-	-	-	-	-	6 961 825	421 718	-	448 004
TOTAL	46	5	-	-	14 945	24	-	31	12 271 263	679 351	9 820	447 972	5 678	21	-	1	40 879	285	-	-	38	1	-	-	-	-	-	12 332 849	679 687	9 820	448 004

* WITHOUT CREDIT RISK MITIGATION EFFECTS

**AMOUNT OF THE EXPOSURES,
BROKEN DOWN BY SIGNIFICANT GEOGRAPHIC REGIONS AND EXPOSURE CLASSES *
/AS OF 31.12.2011/**

In thousands of BGN

Exposure class	OFF-BALANCE SHEET COMMITMENTS																								TOTAL Amount before provisioning	TOTAL Booked Provision	TOTAL Specific Provision	TOTAL Expected Loss				
	AFRICA				ASIA				EUROPE				NORTH AMERICA				AUSTRALIA				SOUTH AMERICA											
	Amount before provisioning	Booked Provision	Specific Provision	Expected Loss	Amount before provisioning	Booked Provision	Specific Provision	Expected Loss	Amount before provisioning	Booked Provision	Specific Provision	Expected Loss	Amount before provisioning	Booked Provision	Specific Provision	Expected Loss	Amount before provisioning	Booked Provision	Specific Provision	Expected Loss	Amount before provisioning	Booked Provision	Specific Provision	Expected Loss								
STANDARTISED APPROACH (STA)																																
Central Governments and Central Banks	-	-	-	-	-	-	-	-	14 337	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14 337	-	-	-
Corporates	-	-	-	-	2 211	-	-	-	313 817	7 460	-	-	187	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	316 215	7 460	-	-
Institutions	-	-	-	-	-	-	-	-	7 302	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7 302	-	-	-
Exposures secured on real estate property	-	-	-	-	-	-	-	-	29 220	-	-	-	99	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	29 319	-	-	-
Retail	21	-	-	-	155	-	-	-	261 903	-	-	-	12	-	-	-	4	-	-	-	47	-	-	-	-	-	-	-	262 142	-	-	-
TOTAL (STA)	21	-	-	-	2 366	-	-	-	626 579	7 460	-	-	298	-	-	-	4	-	-	-	47	-	-	-	-	-	-	-	629 315	7 460	-	-
FOUNDATION INTERNAL RATING BASED APPROACH (FIRB)																																
Corporates	-	-	-	-	-	-	-	-	1 281 701	13 210	-	7 971	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1 281 701	13 210	-	7 971
Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Institutions	25	-	-	-	2 485	-	-	2	178 028	-	-	273	11 975	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	192 513	-	-	275
Specialised Lending /Slotting/	-	-	-	-	-	-	-	-	27 245	-	-	114	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	27 245	-	-	114
TOTAL (FIRB)	25	-	-	-	2 485	-	-	2	1 486 974	13 210	-	8 358	11 975	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1 501 459	13 210	-	8 360
TOTAL	46	-	-	-	4 851	-	-	2	2 113 553	20 670	-	8 358	12 273	-	-	-	4	-	-	-	47	-	-	-	-	-	-	-	2 130 774	20 670	-	8 360

* WITHOUT CREDIT RISK MITIGATION EFFECTS

**AMOUNT OF THE EXPOSURES,
BROKEN DOWN BY SIGNIFICANT GEOGRAPHIC REGIONS AND EXPOSURE CLASSES *
/AS OF 31.12.2011/**

In thousands of BGN

Exposure class	DERIVATIVES																								TOTAL Amount before provisioning	TOTAL Booked Provision	TOTAL Specific Provision	TOTAL Expected Loss				
	AFRICA				ASIA				EUROPE				NORTH AMERICA				AUSTRALIA				SOUTH AMERICA											
	Amount before provisioning	Booked Provision	Specific Provision	Expected Loss	Amount before provisioning	Booked Provision	Specific Provision	Expected Loss	Amount before provisioning	Booked Provision	Specific Provision	Expected Loss	Amount before provisioning	Booked Provision	Specific Provision	Expected Loss	Amount before provisioning	Booked Provision	Specific Provision	Expected Loss	Amount before provisioning	Booked Provision	Specific Provision	Expected Loss								
STANDARTISED APPROACH (STA)																																
Central Governments and Central Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporates	-	-	-	-	-	-	-	-	14 560	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14 560	-	-	-
Institutions	-	-	-	-	-	-	-	-	4 203	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4 203	-	-	-
Exposures secured on real estate property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL (STA)	-	-	-	-	-	-	-	-	18 763	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18 763	-	-	-
FOUNDATION INTERNAL RATING BASED APPROACH (FIRB)																																
Corporates	-	-	-	-	-	-	-	-	72 762	-	-	1 374	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	72 762	-	-	1 374
Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Institutions	-	-	-	-	-	-	-	-	65 094	-	-	11	80	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	65 174	-	-	11
Specialised Lending /Slotting/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL (FIRB)	-	-	-	-	-	-	-	-	137 856	-	-	1 385	80	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	137 936	-	-	1 385
TOTAL	-	-	-	-	-	-	-	-	156 619	-	-	1 385	80	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	156 699	-	-	1 385

* WITHOUT CREDIT RISK MITIGATION EFFECTS

**AMOUNT OF THE EXPOSURES,
BROKEN DOWN BY CREDIT QUALITY AND EXPOSURE CLASSES *
/AS OF 31.12.2011/**

In thousands of BGN

Exposure class	Level of Credit Quality	ASSETS					OFF-BALANCE SHEET COMMITMENTS					DERIVATIVES					TOTAL Amount before provisioning	TOTAL Provision	TOTAL Amount after provisioning	TOTAL Financial collaterals	TOTAL Guarantees		
		Amount before provisioning	Provision	Amount after provisioning	Financial collaterals	Guarantees	Amount before provisioning	Provision	Amount after provisioning	Financial collaterals	Guarantees	Amount before provisioning	Provision	Amount after provisioning	Financial collaterals	Guarantees							
STANDARTISED APPROACH (STA)																							
Central Governments and Central Banks	1	7 732	-	7 732	-	-	28	-	28	-	-	-	-	-	-	-	-	7 760	-	7 760	-	-	
	2	-	-	-	-	-	4	-	4	-	-	-	-	-	-	-	-	4	-	4	-	-	
	3	601 205	-	601 205	-	-	14 305	-	14 305	13 942	-	-	-	-	-	-	-	615 510	-	615 510	13 942	-	
	4	23 602	-	23 602	-	-	-	-	-	-	-	-	-	-	-	-	-	-	23 602	-	23 602	-	-
	N/A	12 985	-	12 985	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12 985	-	12 985	-	-
	Unrated	751 635	-	751 635	-	-	-	-	-	-	-	-	-	-	-	-	-	-	751 635	-	751 635	-	-
Central Governments and Central Banks		1 397 159	-	1 397 159	-	-	14 337	-	14 337	13 942	-	-	-	-	-	-	-	1 411 496	-	1 411 496	13 942	-	
Corporates	Unrated	886 522	16 713	869 809	6 902	491	316 215	7 460	308 755	39 744	7 589	14 560	-	-	-	-	-	1 217 297	24 173	1 178 564	46 646	8 080	
Corporates		886 522	16 713	869 809	6 902	491	316 215	7 460	308 755	39 744	7 589	14 560	-	-	-	-	-	1 217 297	24 173	1 178 564	46 646	8 080	
Institutions	4	2 280	-	2 280	-	-	-	-	-	-	-	-	-	-	-	-	-	2 280	-	2 280	-	-	
	Unrated	62 150	239	61 911	279	-	7 302	-	7 302	1 898	-	4 203	-	-	-	-	-	73 655	239	69 213	2 177	-	
Institutions		64 430	239	64 191	279	-	7 302	-	7 302	1 898	-	4 203	-	-	-	-	-	75 935	239	71 493	2 177	-	
Exposures secured on real estate property	Unrated	1 591 276	17 250	1 574 026	7 104	-	29 319	-	29 319	110	-	-	-	-	-	-	-	1 620 595	17 250	1 603 345	7 214	-	
Exposures secured on real estate property		1 591 276	17 250	1 574 026	7 104	-	29 319	-	29 319	110	-	-	-	-	-	-	-	1 620 595	17 250	1 603 345	7 214	-	
Retail	Unrated	1 431 637	233 587	1 198 050	17 716	255	262 142	-	262 142	20 564	478	-	-	-	-	-	-	1 693 779	233 587	1 460 192	38 280	733	
Retail		1 431 637	233 587	1 198 050	17 716	255	262 142	-	262 142	20 564	478	-	-	-	-	-	-	1 693 779	233 587	1 460 192	38 280	733	
TOTAL		5 371 024	267 789	5 103 235	32 001	746	629 315	7 460	621 855	76 258	8 067	18 763	-	-	-	-	-	6 019 102	275 249	5 725 090	108 259	8 813	

* WITHOUT CREDIT RISK MITIGATION EFFECTS

