UniCredit Bulbank

ANNUAL DISCLOSURE

YEAR 2019

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

UniCredit Bulbank

TABLE OF CONTENTS

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/bg/za-nas/rezultati/finansovi-otcheti/).

UniCredit Bulbank

DISCLOSURE INDEX TABLE

REGULATION (EU) 575/2013	EBA/GL/2016/11	ANNUAL DISCLOSURE
Article & Content	***Section & Template***	***Chapter & Appendix***
435. Risk management objectives and policies	Section 4.3.	Chapter 2.; Chapter 3 *Appendix 1*
436. Scope of application	Section 4.4. *Template 1;* *Template 2;* *Template 3*	Chapter 4. *Appendix 2* *Appendix 3* *Appendix 4*
437. Own funds	Section 4.5.	Chapter 5 *Appendix 5 (A, B, C, D)*
438. Capital requirements	Section 4.6. *Template 4;* *Template 5;* *Template 6*	Chapter 6 *Appendix 6;* *Appendix 7*
439. Exposure to counterparty credit risk	Section 4.11. *Template 25;* *Template 26;* *Template 27;* *Template 31;* *Template 32;* *Template 33*	Chapter 7 *Appendix 8;* *Appendix 9*
440. Capital buffers	Section 4.7., art.72	Chapter 8 *Appendix 10;* *Appendix 11*
441. Indicators of global systemic importance	Section 4.7., art.73	Chapter 9
442. Credit risk adjustments	Section 4.8. *Template 7;* *Template 8;* *Template 9;* *Template 10;* *Template 11;* *Template 12;* *Template 6 (EBA/GL/2018/10);* *Template 13;* *Template 5 (EBA/GL/2018/10);* *Template 3 (EBA/GL/2018/10);* *Template 4 (EBA/GL/2018/10);* *Template 7 (EBA/GL/2018/10);* *Template 1 (EBA/GL/2018/10);* *Template 2 (EBA/GL/2018/10);* *Template 16;* *Template 17;* *Template 8 (EBA/GL/2018/10);* *Template 9 (EBA/GL/2018/10);* *Template 10 (EBA/GL/2018/10);* *Template 14;* *Template 15*	Chapter 10 *Appendix 12;* *Appendix 13;* *Appendix 14;* *Appendix 15;* *Appendix 16;* *Appendix 17A;* *Appendix 17B;* *Appendix 18A;* *Appendix 18B;* *Appendix 19A;* *Appendix 19B;* *Appendix 19C;* *Appendix 20A;* *Appendix 20B;* *Appendix 21;* *Appendix 22A;* *Appendix 22B;* *Appendix 22C;* *Appendix 22D*
443. Unencumbered assets	Section 4.12.	Chapter 11
444. Use of ECAIs	Section 4.9.; Section 4.11. *Template 20;* *Template 28*	Chapter 12 *Appendix 23;* *Appendix 24*

REGULATION (EU) 575/2013	EBA/GL/2016/11	ANNUAL DISCLOSURE
Article & Content	***Section & Template***	***Chapter & Appendix***
445. Exposure to market risk	Section 4.13. *Template 34*	Chapter 13 *Appendix 25*
446. Operational risk	-	Chapter 14
447. Exposures in equities not included in the trading book	-	Chapter 15
448. Exposure to interest rate risk on positions not included in the trading book	-	Chapter 16
449. Exposure to securitisation positions	-	Chapter 17
450. Remuneration policy	Section 4.14.	Chapter 21
451. Leverage	Section 4.15.	Chapter 18 *Appendix 26*
452. Use of the IRB Approach to credit risk	Section 4.10.; Section 4.11. *Template 21;* *Template 29;* *Template 30*	Chapter 19 *Appendix 27 (A, B, C);* *Appendix 28 (A, B)*
453. Use of credit risk mitigation techniques	Section 4.8.; Section 4.9.; Section 4.10. *Template 18;* *Template 19;* *Template 22;* *Template 23;* *Template 24*	Chapter 20 *Appendix 29;* *Appendix 30;* *Appendix 31;* *Appendix 32;* *Appendix 33 (A, B)*
454. Use of the Advanced Measurement Approaches to operational risk	-	Chapter 14
455. Use of Internal Market Risk Models	Section 4.13. *Template 35;* *Template 36;* *Template 37;* *Template 38*	Chapter 13

1 REPORTING ENTITY

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

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

In 2019 UniCredit Bulbank AD has received BBB/Negative rating by Fitch, one of the most respectable agency in the world.

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

2 RISK MANAGEMENT, OBJECTIVES AND POLICIES

2.1 OVERVIEW

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

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

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

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

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

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

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

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

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

The 2019 Risk Appetite of UniCredit Bulbank reflects the ambition to:

- Pursue **a robust business model with low risk framework** ensuring sustainable profits and return on equity above the cost of capital.
- Guarantee a **solid capital position** (regulatory and internal and also under stressed scenarios perspective) and the **fulfillment of regulatory requirements**.
- Maintain an **efficient level of costs** while still managing customer relations in the best possible way.
- Ensure that **strong risk culture** and **risk management** are at the heart of the Bank's strategy to safeguard healthy business generation.
- Keep specific risks under control and set boundaries for management decisions.

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

2.2 RISK GOVERNANCE BODIES AND COMMITTEES

Supervisory Board

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

Management Board

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

Risk Committee

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

Credit Committee

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

Credit Council

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

UniCredit Bulbank

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.

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

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

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

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

Reputational Risk Committee (RRC)

The Reputational Risks Committee of UniCredit Bulbank is responsible for the assessment of the reputational risks on all initiatives, transactions, projects and other topics and business activities generated by UniCredit Bulbank or UniCredit Bulbank Subsidiaries and evaluated, by the reputational risk function, as High reputational risk. The approval of High risk transactions by the RRC is mandatory prior to their submission to Local Credit Committee/Credit Council. The local RRC is also responsible for the reputational risk assessments of material events.

Internal Control Business Committee (ICBC)

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

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

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

Audit Committee

The main functions of the Audit Committee are:

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

2.3 INTERNAL AUDIT FUNCTION

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

The audit engagements are executed according to the UniCredit Group Internal Audit Framework applied in compliance with the local legal requirements and regulations and is based on the International Audit Standards. UniCredit Bulbank Internal Audit is subject to a periodic quality assessment, external to the assessed function, which is realized by Audit Quality Assurance department of UniCredit S.p.A (Italy).

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

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

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

2.4 COMPLIANCE FUNCTION

The Compliance function in UniCredit Bulbank is organized as a Compliance Department with 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 Deaprtment 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.

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.

The scope of the activity of Control of Investment Intermediary Unit 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 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.

UniCredit Bulbank

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

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

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

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

3.1 MARKET, COUNTRERPARTY CREDIT RISK AND LIQUIDITY RISK

3.1.1 Management of Market risks

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

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

Risk monitoring and measurement in the area of market and liquidity risks, along with trading activities control is performed by 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.

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.
In 2019 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.

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 Governance 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 Governance) aims at defining the framework for analysing, monitoring and managing the potential impact of GWWR risk by product, region and industry and it also seeks to add additional levels of control to General Wrong Way Risk transactions.

3.1.3 Management of Liquidity risks

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

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

- **Legal Entities within UniCredit Bulbank Group**: they are responsible for compliance with their own limits.

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

Structure and organization of the liquidity risk

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

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

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

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

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

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

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

Measurement and reporting of liquidity risk

UniCredit Bulbank measures both short-term and structural liquidity.

The metrics included in 2019 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 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.

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

3.2 OPERATIONAL RISK

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

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

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

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

Defence/Weapons, Nuclear energy etc. The Operational and Reputational Risk Unit continued to develop the reputational risk process in compliance with UniCredit Group principles, policies and rules for monitoring the Reputational risk exposure.

The main activities of the OpRepRisk Unit in 2019 were focused on maintaining the excellence in managing the operational and reputational risks.

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 Risk; OpRisk Assessment of Relevant Outsourcing Transactions; Operational and Reputational Risk Strategies Definition and Monitoring. With regards to the Strategies Definition and Monitoring, this is a newly defined activity performed in UniCredit Bulbank. 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 OpRepRisk Unit – being in the driving seat in running the activity and challenging the process owners in evaluating the processes from risk perspective.

In 2019 OpRepRisk Unit continued its important participation in few risk mitigation and compliance-oriented projects such as GDPR and PSD2.

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

During 2019 the OpRepRisk 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 main change is the creation of the Reputational Risk Committee (RRC)[2], which is responsible for the assessment of the reputational risk deals and initiatives evaluated as High risk grade.

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.

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

[2] Effective as of 08.01.2020.

3.3 CREDIT RISK

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

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

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

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

- The Supervisory Board
- The Management Board
- The Credit Committee
- The Credit Council
- The Chief Risk Officer
- The Head of Credit Risk Department
- The Senior Managers of Corporate Credit Underwriting Unit, 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 Credit Committee is a collective body that applies the credit policy of the Bank - it manages and controls the entire credit activity in UniCredit Bulbank. The Credit Committee carries out its activity according to the internal lending rules and a Statute, approved as per decision of the Management Board of the Bank.

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

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

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

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

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

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

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

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

The Credit Monitoring Commission is a collective specialized internal body established for taking decisions, corresponding to the process of monitoring of loans to 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 second directorship position as member of the Board of Directors Borica AD;
- The General Manager is holder of one directorship position as member of the Management Board of UniCredit Bulbank AD and as member of the Supervisory Boards of its wholly owned subsidiaries UniCredit Consumer Financing EAD and UniCredit Leasing EAD;
- Head of Retail Division is holder of one directorship position as member of the Management Board of UniCredit Bulbank AD and as member of the Management Board of its wholly owned subsidiary UniCredit Consumer Financing EAD;
- Head of Corporate and Investment Banking and Private Banking (CIB&PB) Division is holder of one directorship position as member of the Management Board of UniCredit Bulbank AD, as member of the Supervisory Board of its wholly owned subsidiary UniCredit Leasing EAD and as member of the Board of Directors of its wholly owned subsidiary UniCredit Factoring EAD;
- CFO is holder of one directorship position as member of the Management Board of UniCredit Bulbank AD and as member of the Supervisory Boards of its wholly owned subsidiaries UniCredit Consumer Financing EAD and UniCredit Leasing EAD;

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

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

In compliance with BNB requirements and 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 and Requirements for Performing their Duties, and following the respective regulations of the European Banking Authority (EBA) on the assessment of the suitability of members of management bodies, 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 meet the requirements under Article 11, paragraph 1, items 3–8 of the *Law on Credit Institutions* and cover fitness and propriety requirements necessary to hold the position.

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

UniCredit Bulbank has adopted and implemented the UniCredit Group rules of General guidelines on the structure, composition and remuneration of the Corporate Bodies of Group Companies, as well as procedures for the appointment of corporate officers. 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 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 2019, 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 – 62%/38%, while for the top managerial positions (board level and direct reports to executive directors) the ratio is 56%/44%.

Women are 49% 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, Risk Committee, Credit Committee, ALCO, PRC, Operational and Reputational Risk Committee, Reputational Risk Committee, other control functions in the Bank, responsible Board members, Head of Departments, Senior Managers as well as Holding Company's competence lines.

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

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

The Risk Reporting Map valid as of the end of 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.

Credit Risk Control and Risk Integration – yearly ICAAP report is prepared and submitted to MB (and BNB) containing quantitative information regarding Econimic Capital, AFR and RTC end-of-year results and stress test, Risk Apetite 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 quarterly basis including actual end-of-quarter values of Risk Apetite KPIs against their approved thresholds.
Three different reports are produced on a quarterly basis related to data quality issues including Collateral Data Quality Report for missing information for collateral (insurance, market evaluation, statutory validity, wrong rank of mortgage, etc.); Rating Data Quality Report in respect of unrated customers, Age Restrictions, inadequate rating model used, etc.; and Tableau de Board reflecting

the main issues detected during the analysis of data quality controls performed on the local PD models.

Systematic Monitoring – quarterly Watch List Report is produced with the purpose to indicate endangered customers with newly detected monitoring triggers, for which Risk Mitigation strategy has to be applied. Additionally, analysis of the Watch list is presented including volume, structure, dynamics, exceptions to the maximum recommended duration for staying in Watch list under sticter monitoring. A managerial aggregated view on client level in terms of number and volume based on the annual/ semi-annual Corporate credit review status is prepared on quarterly basis and presented at Credit Committee. A set of escalation reports related to overdue reviews and collaterals is implemented to duly inform the Management for identified issues in the monitoring process. 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, Sovereign exposure, CPV sensitivity, IRC limits, stressed VaR, Stress Test Warning Level (STWL) 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 produced – Interest rate metrics compliance, non-matring deposits, Liquidity stress test results, deposits subject to higher outflows, uncommitted lines. Quarterly Net Stable Funding Report, XVA 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, as well as Reputational Risk summary. Yearly is prepared and submitted managerial reports containing the scenario analysis results including assessed scenario storylines, and scenario 1:10 and scenario 1:40 loss estimations compared to the highest losses registered in the bank per risk category. There is also information for 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).

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.

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)*.

9 INDICATORS OF GLOBAL SYSTEMIC IMPORTANCE

In order to ensure global consistency and uniform formats and data for the disclosure of the values used to identify Global Systemically Important Institutions (G-SIIs), the EU Parliament and the Council issues a Commission Implementing Regulation (EU) No 1030/2014 of 29 September 2014.

In December 2016, Bulgarian National Bank classified UniCredit Bulbank AD as Other Systemically Important Institutions (O-SIIs) and thus the disclosure requirements set in Regulation (EU) No 1030/2014 are not relevant to the Bank.

10 CREDIT RISK ADJUSTMENTS

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

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

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

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

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

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

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

For determination of general credit risk adjustments the bank is using the expected 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 all of the following conditions are met:

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

2/ Non-performing forborne exposures:

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

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

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:

	Q4/2018	Q1/2019	Q2/2019	Q3/2019	Q4/2019
Gross NPL ratio	**6.2%**	**6.0%**	**5.7%**	**5.3%**	**4.9%**

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);*

[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 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);*
- ***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).*

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 31.12.2019):

in thousands of BGN

	Carrying amount of encumbered assets	Carrying amount of non-encumbered assets
Assets:	**514 836**	**21 730 394**
Debt securities	142 496	3 542 538
Loans and advances	372 340	17 177 010
Other assets	-	1 010 846
	Fair value of encumbered collateral received	**Fair value of collateral received non-encumbered**
Collateral received:	**-**	**-**
Collateral received available for encumbrance	-	-
	Matching liabilities	**Encumbered assets and collateral received**
Total sources of encumbrance:	**476 229**	**514 836**
Derivatives	127 239	117 476
Repurchase agreements	62 403	62 212
Collateralised deposits other than repurchase agreements	286 587	335 148

As of 31.12.2019, there is no overcollaterisation of liabilities with encumbered assets in the Bank.

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

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

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

Asset Classes where ECAI are used are as follows:

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

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

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

13 EXPOSURE TO MARKET RISK

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

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

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

The following information is not relevant to UniCredit Bulbank:

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

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 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 31.12.2019, the allocation of tranches is as follows:
Nominal value of the portfolio: **11 363** ths.BGN
First Loss Tranche: **9 090** 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 26:*** **Leverage ratio** *(Templates provided in Regulation EU 2016/200)*.

19 USE OF THE INTERNAL RATING BASED APPROACH TO CREDIT RISK

19.1 OVERVIEW

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

When applying Internal Rating Based Approach for calculation of capital requirements for credit risk, UniCredit Bulbank uses several rating models[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.

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

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

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

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

Cases Occasioning a Rating:

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

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

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

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

19.2 QUALITATIVE INFORMATION RELATED TO LOCAL IRB MODELS

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

- **Corporate PD model**:

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

- **SME PD model**:

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

- **Private Individuals PD model**:

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

- **Specialised Lending Slotting Criteria model**:

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

- **LGD model**:

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

- **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 31.12.2019, the percentage of RWAs (of total IRB portfolio) covered by the models for each of the Bank's regulatory portfolios is presented below:

IRB models	***IRB Regulatory Portfolios***	***RWA % of IRB Portfolio***
Group-Wide Rating Models	Banks	14.4%
	Multinationals	4.1%
Local Rating Models	Corporate	53.1%
	Slotting	16.1%
	SME	5.8%
	Retail	6.5%

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

The internal models are initially validated by an independent structure, not involved in the development of the model and 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.

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

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

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

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

20 CREDIT RISK MITIGATION TECHNIQUES

When granting loans the Bank accepts collaterals as follows:

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

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

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

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

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

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

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

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

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

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

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

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

21 REMUNERATION POLICY

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

The Nomination and Compensation Committee determines on behalf of the Supervisory Board, the individual compensation of the Bank's Management Board members including the Executive Directors. The Committee consists of 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, 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 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	18%	8%	-	-	-	19%
	Shares	22%	-	11%	11%	11%	-
Management Board members and Similar roles[2] whose variable remuneration amount is equal to or below 430,000 EUR; other Group Identified Staff and Local Identified Staff whose variable remuneration amount exceeds 430,000 EUR	Cash	20%	5%	5%	20%	-	-
	Shares	20%	15%	15%	-	-	-
Other Group Identified Staff and Local Identified Staff whose variable remuneration amount is equal to or below 430,000 EUR	Cash	30%	-	-	20%	-	-
	Shares	30%	10%	10%	-	-	-

[1] Including:
- EVPs regardless the amount;
- CEO, GM regardless the banding and the amount;
- Management Board members and similar roles in terms of compensation based on specific provisions in local legislation in case receiving a significant amount of variable remuneration (amount exceeding 430,000 EUR)

[2] Similar roles to Management Board members in terms of compensation based on specific provisions in local legislation

A retention period applies to the remuneration in shares.
For 2019 year this group includes the members of the Supervisory Board of the Bank, the Chief Executive Officer and the General Manager of UniCredit Bulbank, the Members of the Management board of the Bank, the Managers of Control functions, UniCredit Leasing Management Board members, UniCredit Consumer Financing Management Board members, employees in Markets and Brokerage Department depending on their individual limits for transactions incl. Head of Markets and Brokerage Department, members of Credit council/ Credit Committee, employees in Risk Management Division with individual limits for approval of loans exceeding the quantitative criteria. The criteria for inclusion in the category of "identified staff" follow the detailed criteria of the European Banking Authority and are consistent with the approach of UniCredit Group, taking into account the powers of individual material impact.

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

In thousands of BGN

2019 Executive's Compensation

Staff category	Number of participants	Total fixed compensation for 2019	Total variable compensation for 2019	Deferred variable compensation depending on the year of payment and underlying instruments											
				Cash	Shares	Cash	Shares	Cash	Shares	Cash	Shares	Cash	Shares	Cash	Shares
				2020		2021		2022		2023		2024		2025	
Identified staff	**34**	**6 265**	**3 034**	**1 314**	**0**	**122**	**462**	**62**	**203**	**282**	**285**	**0**	**82**	**141**	**82**

APPENDICES

UniCredit Bulbank

APPENDIX 1

EU LIQ1: LCR DISCLOSURE TEMPLATE ON QUANTITATIVE INFORMATION /AS OF 31.12.2019/

In thousands of BGN

		Total unweighted value	Total weighted value
Scope of consolidation (solo) UC Bulbank only			
Currency and units (BGN thousand)			
Quarter ending on (31 December 2019)		**31.12.2019**	**31.12.2019**
Number of data points used in the calculation of averages		**12**	**12**
HIGH-QUALITY LIQUID ASSETS			
1	Total high-quality liquid assets (HQLA)		5 866 536
CASH-OUTFLOWS			
2	Retail deposits and deposits from small business customers, of which:	11 720 874	1 090 479
3	*Stable deposits*	2 662 050	133 103
4	*Less stable deposits*	9 058 824	957 376
5	Unsecured wholesale funding	4 872 481	2 340 257
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	-	-
7	*Non-operational deposits (all counterparties)*	4 872 481	2 340 257
8	*Unsecured debt*	-	-
9	Secured wholesale funding		-
10	Additional requirements	3 167 705	651 448
11	*Outflows related to derivative exposures and other collateral requirements*	3 865	3 865
12	*Outflows related to loss of funding on debt products*	-	-
13	*Credit and liquidity facilities*	3 163 840	647 583
14	Other contractual funding obligations	-	-
15	Other contingent funding obligations	1 125 283	-
16	**TOTAL CASH OUTFLOWS**		4 082 184
CASH-INFLOWS			
17	Secured lending (eg reverse repos)	620 061	-
18	Inflows from fully performing exposures	1 158 463	1 087 680
19	Other cash inflows	3 116 627	6 465
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**	4 895 151	1 094 145
EU-20a	***Fully exempt inflows***	-	-
EU-20b	***Inflows Subject to 90% Cap***	-	-
EU-20c	***Inflows Subject to 75% Cap***	4 895 151	1 094 145
			TOTAL ADJUSTED VALUE
21	**LIQUIDITY BUFFER**		**5 866 536**
22	**TOTAL NET CASH OUTFLOWS**		**2 988 039**
23	**LIQUIDITY COVERAGE RATIO (%)**		**196.33%**

UniCredit Bulbank

APPENDIX 2

EU LI1 – DIFFERENCES BETWEEN ACCOUNTING AND REGULATORY SCOPES OF CONSOLIDATION AND THE MAPPING OF FINANCIAL STATEMENT CATEGORIES WITH REGULATORY RISK CATEGORIES /AS OF 31.12.2019/

In thousands of BGN

	a	b	c	d	e	f	g
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items				
			Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from
Assets							
Cash and balances with Central Bank	2 065 169	2 065 169	2 065 169	-	-	-	-
Non-derivative financial assets held for trading	39 090	39 090	25 146	-	-	13 943	-
Derivatives held for trading	68 327	68 327	-	68 327	-	7 575	-
Derivatives held for hedging	226	226	-	226	-	-	-
Loans and advances to banks	3 756 505	3 658 034	1 208 535	2 449 499	-	-	-
Loans and advances to customers	12 210 454	12 308 924	12 299 834	-	9 090	-	-
Investment sequrities	3 595 260	3 595 260	3 595 260	-	-	-	-
Investments in associates	3 623	3 628	3 628	-	-	-	-
Property, plant, equipment and investment properties	332 627	333 006	333 006	-	-	-	-
Intangible assets	69 967	69 967	-	-	-	-	69 967
Current tax assets	758	-	-	-	-	-	-
Deferred tax assets	4 195	4 187	4 187	-	-	-	-
Other assets	100 441	99 412	99 412	-	-	-	-
Total assets	**22 246 642**	**22 245 230**	**19 634 177**	**2 518 052**	**9 090**	**21 518**	**69 967**
Liabilities							
Financial liabilities held for trading	53 677	53 677	-	-	-	-	53 677
Derivatives used for hedging	90 688	90 688	-	-	-	-	90 688
Deposits from banks	864 865	864 864	-	-	-	-	864 864
Deposits from customers	17 747 580	17 753 640	37 922	-	-	-	17 715 718
Provisions	116 578	116 578	61 501	-	-	-	55 077
Current tax liabilities	4 970	4 939	-	-	-	-	4 939
Deferred tax liabilities	4 723	4 723	1 922	-	-	-	2 801
Other liabilities	141 873	141 445	-	-	-	-	141 445
Total liabilities	**19 024 954**	**19 030 554**	**101 345**	**-**	**-**	**-**	**18 929 209**

UniCredit Bulbank

APPENDIX 3

EU LI2 – MAIN SOURCES OF DIFFERENCES BETWEEN REGULATORY EXPOSURE AMOUNTS AND CARRYING VALUES IN FINANCIAL STATEMENTS /AS OF 31.12.2019/

In thousands of BGN

		a	b	c	d	e
		Total	Items subject to			
			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)**	**22 245 230**	**19 634 177**	**2 518 052**	**9 090**	**21 518**
2	Liabilities carrying value amount under the regulatory scope of consolidation (as per template EU LI1)	19 030 554	101 345	-	-	-
3	Total net amount under the regulatory scope of consolidation	-	-	-	-	-
4	Off-balance-sheet amounts	5 490 719	3 136 914	-	-	-
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*	-	540 978	-	-	
8	*Differences due to prudential filters*	-		-		
9	*Collaterals*	-	-25 469	-	-9 090	-
10	*Equity*	-	-11 439	-	-	-
11	*Other assets*	-	-758 963	-	-	-
12	Deferred tax assets	-	1 922	-	-	-
13	Exposure at default resulting from the Limit Overdraft Factor of the Bank's EAD model	-	103 965	-	-	-
14	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	-	-	157 518	-	-
16	**Exposure amounts considered for regulatory purposes**	**23 480 908**	**22 502 066**	**226 071**	**-**	**21 518**

APPENDIX 4

EU LI3 – OUTLINE OF THE DIFFERENCES IN THE SCOPES OF CONSOLIDATION (ENTITY BY ENTITY) /AS OF 31.12.2019/

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

UniCredit Bulbank

APPENDIX 5A

REGULATORY SCOPE BALANCE SHEET
/AS OF 31.12.2019/

In thousands of BGN

ASSETS	
Cash and balances with Central Bank	2 065 169
Non-derivative financial assets held for trading	39 090
Derivatives held for trading	68 327
Derivatives hedging	226
Loans and advances to banks	3 658 034
Loans and advances to customers	12 308 924
Financial assets at fair value through other comprehensive income	3 595 260
Investments in subsidiaries and associates	3 628
Property, plant, equipment and investment properties	333 006
Intangible assets	69 967
Current tax assets	-
Deferred tax assets	4 187
Other assets	99 412
TOTAL ASSETS	**22 245 230**
LIABILITIES	
Financial liabilities held for trading	53 677
Derivatives used for hedging	90 688
Deposits from banks	864 864
Deposits from customers	17 753 640
Provisions	116 578
Current tax liabilities	4 939
Deferred tax liabilities	4 723
Other liabilities	141 445
TOTAL LIABILITIES	**19 030 554**
EQUITY	
Share capital	285 777
Revaluation and other reserves	219 105
Retained earnings	2 306 374
Profit for the year	403 420
TOTAL EQUITY	**3 214 676**
TOTAL LIABILITIES AND EQUITY	**22 245 230**

UniCredit Bulbank

APPENDIX 5B

BALANCE SHEET RECONCILIATION METHODOLOGY /AS OF 31.12.2019/

In thousands of BGN

Positions and regulatory corrections	Balance sheet positions included in the calculation of CET 1							Other corrections	Total
	Share capital	Revaluation reserves	Other reserves	Retained earnings	Profit for the year	Adjustments to CET1 due to prudential filters	Intangible assets		
Balances as at 31 December 2019 of the positions included in the calculation of CET 1	**285 777**	**217 203**	**1 902**	**2 306 374**	**403 420**	**-**	**-69 967**	**-**	**3 144 709**
Regulatory corrections of CET 1									
Correction of Cash flow hedges reserves	-	34 088	-	-	-	-	-	-	34 088
Current year profit, not yet eligible for own funds inclusion	-	-	-	-	-403 420	-	-	-	-403 420
Deferred tax liabilities associated to intangible assets	-	-	-	-	-	-	1 922	-	1 922
Shortfall related to performing exposures treated under A-IRB	-	-	-	-	-	-	-	-145	-145
Fair value gains and losses arising from the institution's own credit risk related to derivative liabilities	-	-	-	-	-	-5 085	-	-	-5 085
Other deductions	-	-	-	-	-	-8 668	-	-	-8 668
Total regulatory corrections of CET 1 (fully loaded)	**-**	**34 088**	**-**	**-**	**-403 420**	**-13 753**	**1 922**	**-145**	**-381 308**
Core Equity Tier 1 (CET 1) (fully loaded)	**285 777**	**251 291**	**1 902**	**2 306 374**	**-**	**-13 753**	**-68 045**	**-145**	**2 763 401**
Core Equity Tier 1 (CET 1) (transitional provisions)	**285 777**	**251 291**	**1 902**	**2 306 374**	**-**	**-13 753**	**-68 045**	**-145**	**2 763 401**
Balances as at 31 December 2019 of the positions included in the calculation of Tier 2								-	**-**
Regulatory corrections of Tier 2								-	-
Excess of loan loss provisions over expected loss on defaulted exposures treated under A-IRB (capped to 0.6% from A-IRB RWA)								51 419	51 419
Total regulatory corrections of Tier 2 (fully loaded)								**51 419**	**51 419**
Tier 2 capital (fully loaded)								**51 419**	**51 419**
Tier 2 capital (transitional provisions)								**51 419**	**51 419**
Total own funds (fully loaded)	**285 777**	**251 291**	**1 902**	**2 306 374**	**-**	**-13 753**	**-68 045**	**51 274**	**2 814 820**
Total own funds (transitional provisions)	**285 777**	**251 291**	**1 902**	**2 306 374**	**-**	**-13 753**	**-68 045**	**51 274**	**2 814 820**

UniCredit Bulbank

APPENDIX 5C

CAPITAL INSTRUMENTS' MAIN FEATURES TEMPLATE /AS OF 31.12.2019/

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 1 Capital
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)	Ordinary dematerialized registered voting shares, with face value of one BGN each
8	Amount recognised in regulatory capital (in TBGN as of December 31, 2019)	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		

UniCredit Bulbank

APPENDIX 5D

TRANSITIONAL OWN FUNDS DISCLOSURE TEMPLATE /AS OF 31.12.2019/

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	2 308 276	26 (1) (c)	N/A
3	Accumulated other comprehensive income (and any other reserves)	217 203	26 (1)	N/A
3a	Funds for general banking risk	-	26 (1) (f)	N/A
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1	N/A	486 (2)	N/A
	Public sector capital injections grandfathered until 1 january 2018	N/A	483 (2)	N/A
5	Minority interests (amount allowed in consolidated CET1)	-	84, 479, 480	N/A
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	-	26 (2)	N/A
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**2 811 256**		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)	-68 045	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	34 088	33 (a)	N/A
12	Fair value gains and losses arising from the institution's own credit risk related to derivative liabilities	-5 085	33 (c)	
13	Negative amounts resulting from the calculation of expected loss amounts	-145	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	-8 668		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

	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)	-47 855		N/A
30	**Common Equity Tier 1 (CET1) capital**	**2 763 401**		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)**	**2 763 401**		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	51 419	62 (c) & (d)	N/A
52	**Tier 2 (T2) capital before regulatory adjustment**	**51 419**		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

UniCredit Bulbank

	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**	**51 419**		N/A
60	**Total capital (TC = T1 + T2)**	**2 814 820**		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**	**12 871 764**		N/A
	Capital ratios and buffers			
62	Common Equity Tier 1 (as a percentage of total risk exposure amount)	21.47%	92 (2) (a), 465	N/A
63	Tier 1 (as a percentage of total risk exposure amount	21.47%	92 (2) (b), 465	N/A
64	Total capital (as a percentage of total risk exposure amount	21.87%	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)	6.75%	CRD 128, 129, 140	N/A
66	of which: capital conservation buffer requirement	2.50%		N/A
67	of which: countercyclical buffer requirement	0.50%		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	0.75%	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	13 734	36 (1) (h), 45, 46, 472 (10) 56 (c), 59, 60, 475 (4), 66 (c), 69, 70, 477 (4)	N/A
74	Direct and indirect holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions	11 439	36 (1) (i), 45, 48, 470, 472 (11)	N/A
75	Empty set in the EU	N/A		N/A
76	Deferred tax assets arising from temporary difference (amount below 10 % threshold , net of related tax liability where the conditions in Article 38 (3) are met)	-	36 (1) (c), 38, 48, 470, 472 (5)	N/A
	Applicable caps on the inclusion of provisions in Tier 2			
77	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	N/A	62	N/A
78	Cap on inclusion of credit risk adjustments in T2 under standardised approach	N/A	62	N/A
79	Credit risk adjustments included in T2 in respect of exposures subject to internal rating-based approach (prior to the application of the cap)	51 419	62	N/A
80	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	51 419	62	N/A
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)			
81	- Current cap on CET1 instruments subject to phase-out arrangements	-	484 (3), 486 (2) & (5)	N/A
82	- Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	484 (3), 486 (2) & (5)	N/A
83	- Current cap on AT1 instruments subject to phase-out arrangements	-	484 (4), 486 (3) & (5)	N/A
84	- Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	484 (4), 486 (3) & (5)	N/A
85	- Current cap on T2 instruments subject to phase-out arrangements	-	484 (5), 486 (4) & (5)	N/A
86	- Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	484 (5), 486 (4) & (5)	N/A

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

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APPENDIX 6

EU OV1 - OVERVIEW OF RWAs /AS OF 31.12.2019/

In thousands of BGN

			RWAs		Minimum capital requirements
			31.12.2019	31.12.2018	31.12.2019
	1	**Credit risk (excluding CCR)**	**11 562 081**	**9 916 053**	**924 966**
Article 438(c)(d)	2	Of which the standardised approach	3 109 440	2 576 242	248 755
Article 438(c)(d)	3	Of which the foundation IRB (FIRB) approach	2 270 325	2 138 148	181 626
Article 438(c)(d)	4	Of which the advanced IRB (AIRB) approach	6 147 430	5 175 970	491 794
Article 438(d)	5	Of which equity IRB under the simple risk-weighted approach or the IMA	34 886	25 693	2 791
Article 107, Article 438(c)(d)	**6**	**CCR**	**130 392**	**115 348**	**10 432**
Article 438(c)(d)	7	Of which mark to market	90 233	80 751	7 219
Article 438(c)(d)	8	Of which original exposure			
	9	Of which the standardised approach			
	10	Of which internal model method (IMM)	30 134	30134	2411
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	10 025	4 463	802
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**	**100 225**	**48 750**	**8 018**
	20	Of which the standardised approach	100 225	48 750	8 018
	21	Of which IMA			
Article 438(e)	22	Large exposures	-	-	-
Article 438(f)	**23**	**Operational risk**	**1 068 388**	**923 750**	**85 471**
	24	Of which basic indicator approach			
	25	Of which standardised approach			
	26	Of which advanced measurement approach	1 068 388	923 750	85 471
Article 437(2), Article 48 and Article 60	**27**	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	**10 678**	**23 078**	**854**
Article 500	28	Floor adjustment			
	29	**Total**	**12 871 764**	**11 026 979**	**1 029 741**

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APPENDIX 7

EU CR10 - IRB SPECIALIZED LENDING AND EQUITIES /AS OF 31.12.2019/

In thousands of BGN

SPECIALISED LENDING							
Regulatory categories	**Remaining maturity**	**On-balance sheet**	**Off-balance sheet amount**	**Risk weight**	**Exposure amount**	**RWAs**	**Expected losses**
Category 1	Less than 2.5 years	-	-	50%	-	-	-
	Equal to or more than 2.5 years	534 806	53 343	70%	571 564	399 919	2 285
Category 2	Less than 2.5 years	-	-	70%	-	-	-
	Equal to or more than 2.5 years	741 800	191 657	90%	897 112	801 997	7 129
Category 3	Less than 2.5 years	-	-	115%	-	-	-
	Equal to or more than 2.5 years	58 027	4 557	115%	68 634	78 929	1 922
Category 4	Less than 2.5 years	-	-	250%	-	-	-
	Equal to or more than 2.5 years	755	-	250%	824	2 061	66
Category 5	Less than 2.5 years	-	-	-	-	-	-
	Equal to or more than 2.5 years	34 012	2	-	90 867	-	45 433
Total	Less than 2.5 years	**-**	**-**		**-**	**-**	**-**
	Equal to or more than 2.5 years	**1 369 400**	**249 559**		**1 629 001**	**1 282 906**	**56 835**

Equities under the simple risk-weighted approach						
Categories	**On-balance sheet**	**Off-balance sheet amount**	**Risk weight**	**Exposure amount**	**RWAs**	**Capital requirement**
Private equity exposures	17 476	-	190%	17 476	33 204	140
Exchange-traded equity exposures	580	-	290%	580	1 682	5
Other equity exposures	-	-	370%	-	-	-
Total	**18 056**	**-**		**18 056**	**34 886**	**145**

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APPENDIX 8

EU CCR1 – ANALYSIS OF CCR EXPOSURE BY APPROACH /AS OF 31.12.2019/

In thousands of BGN

		a	b	c	d	e	f	g
		Notional	**Replacement cost/current market value**	**Potential future credit exposure**	**EEPE**	**Multiplier**	**EAD post CRM**	**RWAs**
1	Mark to market		68 553	93 787			162 340	90 233
2	Original exposure							
3	Standardised approach					1.4		
4	IMM (for derivatives and SFTs)					1.4		
5	Of which securities financing transactions					1.4		
6	Of which derivatives and long settlement transactions					1.4		
7	Of which from contractual cross- product netting					1.4		
8	Financial collateral simple method (for SFTs)							
9	Financial collateral comprehensive method (for SFTs)							
10	VaR for SFTs							
11	**Total**							**90 233**

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APPENDIX 9

EU CCR2 – CVA CAPITAL CHARGE
/AS OF 31.12.2019/

In thousands of BGN

		a	b
		Exposure value	**RWAs**
1	Total portfolios subject to the advanced method	-	-
2	(i) VaR component (including the 3× multiplier)		
3	(ii) SVaR component (including the 3× multiplier)		
4	All portfolios subject to the standardised method	45 497	10 025
EU4	Based on the original exposure method	-	-
5	Total subject to the CVA capital charge	45 497	10 025

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APPENDIX 10

DISCLOSURE OF THE AMOUNT OF INSTITUTION SPECIFIC COUNTERCYCLICAL BUFFER /AS OF 31.12.2019/

In thousands of BGN

Row		Column
		010
010	Total risk exposure amount	15 882 545
020	Institution specific countercyclical buffer rate	0%
030	Institution specific countercyclical buffer requirement	0%

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APPENDIX 11

DISCLOSURE OF THE GEOGRAPHICAL DISTRIBUTION OF CREDIT EXPOSURES /AS OF 31.12.2019/

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	2 915 800	12 413 872	552 873	-	-	-	768 749	7 556	-	776 305	100.0%	0.50%
	Country: United Arab Emirates	-	139	-	-	-	-	4	-	-	4	0.00%	0.00%
	Country: Albania	-	3	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: Armenia	-	15 516	-	-	-	-	1 919	-	-	1 919	0.25%	0.00%
	Country: Argentina	-	2	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: Austria	1 138	30	-	-	-	-	91	-	-	91	0.01%	0.00%
	Country: Australia	-	100	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: Azerbaijan	-	1	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: Bosnia and Herzegovina	1	-	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: Belgium	5	369	-	-	-	-	18	-	-	18	0.00%	0.00%
	Country: Bulgaria	2 840 699	11 810 834	552 873	-	-	-	737 041	7 556	-	744 597	95.92%	0.50%
	Country: Brazil	-	25	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: Belarus	-	25	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: Canada	-	82 441	-	-	-	-	2 051	-	-	2 051	0.26%	0.00%
	Country: Switzerland	-	3 587	-	-	-	-	37	-	-	37	0.00%	0.00%
	Country: Cyprus	-	16 141	-	-	-	-	1 880	-	-	1 880	0.24%	0.00%
	Country: Czech Republic	-	3	-	-	-	-	-	-	-	-	0.00%	1.50%
	Country: Germany	4 587	22 757	-	-	-	-	1 527	-	-	1 527	0.20%	0.00%
	Country: Denmark	-	6	-	-	-	-	-	-	-	-	0.00%	1.00%
	Country: Algeria	-	6 310	-	-	-	-	827	-	-	827	0.11%	0.00%
	Country: Ecuador	255	-	-	-	-	-	20	-	-	20	0.00%	0.00%
	Country: Egypt	-	56	-	-	-	-	7	-	-	7	0.00%	0.00%
	Country: Spain	32	81	-	-	-	-	4	-	-	4	0.00%	0.00%
	Country: Finland	74	8	-	-	-	-	6	-	-	6	0.00%	0.00%
	Country: France	25 494	1 826	-	-	-	-	987	-	-	987	0.13%	0.25%
	Country: United Kingdom	96	296 185	-	-	-	-	10 496	-	-	10 496	1.35%	1.00%
	Country: Georgia	-	612	-	-	-	-	53	-	-	53	0.01%	0.00%
	Country: Greece	5 789	142	-	-	-	-	465	-	-	465	0.06%	0.00%
	Country: Hong Kong	-	-	-	-	-	-	-	-	-	-	0.00%	2.00%
	Country: Croatia	19	-	-	-	-	-	2	-	-	2	0.00%	0.00%
	Country: Hungary	19	1	-	-	-	-	2	-	-	2	0.00%	0.00%
	Country: Ireland	-	75	-	-	-	-	-	-	-	-	0.00%	1.00%
	Country: Israel	15	22	-	-	-	-	1	-	-	1	0.00%	0.00%
	Country: India	-	7	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: Iran, Islamic Republic of	-	6	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: Italy	1 213	4 253	-	-	-	-	101	-	-	101	0.01%	0.00%
	Country: Japan	-	7	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: Kyrgyzstan	-	368	-	-	-	-	3	-	-	3	0.00%	0.00%
	Country: Korea, Republic of	-	2	-	-	-	-	-	-	-	-	0.00%	0.00%

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Row		General credit exposures		Trading book exposure		Securitisation exposure		Own funds requirements				Own funds requirement weights	Countercyclical capital buffer rate
		Exposure value for SA	Exposure value IRB	Sum of long and short position of trading book	Value of trading book exposure for internal models	Exposure value for SA	Exposure value for IRB	*of which: General credit exposures*	*of which: Trading book exposures*	*of which: Securitisation exposures*	Total		
	Country: Kuwait	-	112	-	-	-	-	8	-	-	8	0.00%	0.00%
	Country: Kazakhstan	1	51	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: Lebanon	-	1	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: Lithuania	-	11	-	-	-	-	-	-	-	-	0.00%	1.00%
	Country: Latvia	-	46	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: Morocco	116	2 782	-	-	-	-	161	-	-	161	0.02%	0.00%
	Country: Macedonia, The Former Yugoslav Republic of	75	20	-	-	-	-	6	-	-	6	0.00%	0.00%
	Country: Malta	-	11	-	-	-	-	1	-	-	1	0.00%	0.00%
	Country: Netherlands	3 993	50 352	-	-	-	-	1 150	-	-	1 150	0.15%	0.00%
	Country: Norway	94	44	-	-	-	-	8	-	-	8	0.00%	2.50%
	Country: Oman	-	11	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: Peru	269	-	-	-	-	-	32	-	-	32	0.00%	0.00%
	Country: Pakistan	-	22	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: Poland	245	63	-	-	-	-	20	-	-	20	0.00%	0.00%
	Country: Palestina	-	5	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: Portugal	-	3	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: Qatar	-	10	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: Romania	521	52	-	-	-	-	53	-	-	53	0.01%	0.00%
	Country: Serbia	18	9	-	-	-	-	2	-	-	2	0.00%	0.00%
	Country: Russian Federation	-	62 267	-	-	-	-	3 248	-	-	3 248	0.42%	0.00%
	Country: Saudi Arabia	-	46	-	-	-	-	1	-	-	1	0.00%	0.00%
	Country: Sudan	-	18	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: Sweden	98	16	-	-	-	-	3	-	-	3	0.00%	2.50%
	Country: Slovenia	1	1	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: Slovakia	-	-	-	-	-	-	-	-	-	-	0.00%	1.50%
	Country: Syrian Arab Republic	-	104	-	-	-	-	1	-	-	1	0.00%	0.00%
	Country: Thailand	-	1	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: Tunisia	-	51	-	-	-	-	7	-	-	7	0.00%	0.00%
	Country: Turkey	30 933	1 069	-	-	-	-	3 701	-	-	3 701	0.48%	0.00%
	Country: Ukraine	-	371	-	-	-	-	6	-	-	6	0.00%	0.00%
	Country: United States	-	28 398	-	-	-	-	2 309	-	-	2 309	0.30%	0.00%
	Country: Venezuela	-	17	-	-	-	-	1	-	-	1	0.00%	0.00%
	Country: Vietnam	-	5 968	-	-	-	-	489	-	-	489	0.06%	0.00%
020										-			

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APPENDIX 12

EU CRB-B – TOTAL AND AVERAGE NET AMOUNT OF EXPOSURES /AS OF 31.12.2019/

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	1 983 305	2 623 010
3	Corporates	10 139 454	9 096 001
4	*Of which: Specialised lending*	1 618 959	1 413 262
5	*Of which: SMEs*	4 506 836	4 154 383
6	Retail	3 684 240	3 570 520
7	*Secured by real estate property*	2 540 542	2 424 304
8	*SMEs*	365 512	374 716
9	*Non-SMEs*	2 175 030	2 049 588
10	*Qualifying revolving*	325 882	315 695
11	*Other retail*	817 816	830 521
12	*SMEs*	735 419	743 138
13	*Non-SMEs*	82 397	87 383
14	Equity	18 056	16 894
15	***Total IRB approach***	**15 825 055**	**15 306 425**
16	Central governments or central banks	5 178 425	5 255 680
17	Regional governments or local authorities	80 573	80 950
18	Public sector entities	3 546	4 626
19	Multilateral development banks	-	-
20	International organisations	-	-
21	Institutions	3 848	3 462
22	Corporates	1 244 992	1 609 370
23	*Of which: SMEs*	202 896	202 896
24	Retail	1 907 448	1 907 959
25	*Of which: SMEs*	326 000	324 352
26	Secured by mortgages on immovable property	14 094	35 503
27	*Of which: SMEs*	375	1 067
28	Exposures in default	19 824	19 997
29	Items associated with particularly high risk	583	2 300
30	Covered bonds	-	-
31	Claims on institutions and corporates with a short-term credit assessment	1	1
32	Collective investments undertakings	-	-
33	Equity exposures	-	-
34	Other exposures	-	-
35	***Total standardised approach***	**8 453 334**	**8 919 848**
36	***Total***	**24 278 389**	**24 226 273**

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APPENDIX 13

EU CRB-C – GEOGRAPHICAL BREAKDOWN OF EXPOSURES /AS OF 31.12.2019/

In thousands of BGN

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w
		Net value																						
		EUROPE	Country AUSTRIA	Country BULGARIA	Country GERMANY	Country SPAIN	Country FRANCE	Country UNITED KINGDOM	Country ITALY	Country NETHERLANDS	Country POLAND	Country ROMANIA	Country SWEDEN	Other European countries	AMERICA	Country CANADA	Country USA	ASIA	Country TURKEY	Country CHINA	REST OF THE WORLD	Country RUSSIAN FEDERATION	Country SWITZERLAND	TOTAL
1	Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
2	Institutions	1 848 578	210 161	62 372	106 482	-	7 558	190 600	1 212 833	7 620	17 335	3 022	11 330	19 265	48 423	779	47 644	82 228	49 121	32 892	4 076	-	2 265	**1 983 305**
3	Corporates	9 883 461	-	9 509 846	41 632	-	-	283 990	-	47 756	-	-	-	237	139 108	125 748	13 360	42 830	3 506	-	74 055	58 840	6 030	**10 139 454**
4	Retail	3 680 222	46	3 676 145	175	8	1 792	671	281	183	8	59	26	828	519	73	384	946	119	-	2 553	2 300	249	**3 684 240**
5	Equity	4 428	-	4 321	-	-	-	-	-	-	-	-	-	107	13 628	-	13 628	-	-	-	-	-	-	**18 056**
6	***Total IRB approach***	**15 416 689**	**210 207**	**13 252 684**	**148 289**	**8**	**9 350**	**475 261**	**1 213 114**	**55 559**	**17 343**	**3 081**	**11 356**	**20 437**	**201 678**	**126 600**	**75 016**	**126 004**	**52 746**	**32 892**	**80 684**	**61 140**	**8 544**	**15 825 055**
7	Central governments or central banks	5 178 425	-	5 068 911	-	74 611	-	-	8	-	24 391	10 496	-	8	-	-	-	-	-	-	-	-	-	**5 178 425**
8	Regional governments or local authorities	80 573	-	80 573	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**80 573**
9	Public sector entities	3 546	-	3 546	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**3 546**
10	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
11	International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
12	Institutions	3 555	-	624	1 719	-	-	531	121	-	-	551	-	9	293	-	293	-	-	-	-	-	-	**3 848**
13	Corporates	1 213 831	1 163	1 184 766	7 018	32	3 371	57	2 039	3 993	245	1 668	8	9 471	-	-	-	31 045	30 644	-	116	-	-	**1 244 992**
14	Retail	1 907 447	-	1 907 369	-	-	3	2	1	-	-	-	6	66	-	-	-	1	-	-	-	-	-	**1 907 448**
15	Secured by mortgages on immovable property	14 094	-	14 004	-	-	-	-	-	-	-	-	90	-	-	-	-	-	-	-	-	-	-	**14 094**
16	Exposures in default	19 266	-	19 250	-	-	-	-	-	-	-	-	-	16	269	-	-	289	289	-	-	-	-	**19 824**
17	Items associated with particularly high risk	583	-	583	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**583**
18	Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
19	Claims on institutions and corporates with a short-term credit assessment	1	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	**1**
20	Collective investments undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
21	Equity exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
22	Other exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
23	***Total Standardised approach***	**8 421 321**	**1 163**	**8 279 626**	**8 737**	**74 643**	**3 374**	**590**	**2 169**	**3 993**	**24 636**	**12 716**	**104**	**9 570**	**562**	**-**	**293**	**31 335**	**30 933**	**-**	**116**	**-**	**-**	**8 453 334**
24	***Total***	**23 838 010**	**211 370**	**21 532 310**	**157 026**	**74 651**	**12 724**	**475 851**	**1 215 283**	**59 552**	**41 979**	**15 797**	**11 460**	**30 007**	**202 240**	**126 600**	**75 309**	**157 339**	**83 679**	**32 892**	**80 800**	**61 140**	**8 544**	**24 278 389**

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APPENDIX 14

EU CRB-D – CONCENTRATION OF EXPOSURES BY INDUSTRY OR COUNTERPARTY TYPES /AS OF 31.12.2019/

In thousands of BGN

		a	b	c	d	e	f	g	h	i	j	l	m	n	o	p	q	r	s	u
		Agriculture, forestry and fishing	Mining and quarrying	Manufacturing	Electricity, gas, steam and air conditioning supply	Water supply	Construction	Wholesale and retail trade	Transport and storage	Accommodation and food service activities	Information and communication	Real estate activities	Professional, scientific and technical activities	Administrative and support service activities	Public administration and defence, compulsory social security	Education	Human health services and social work activities	Arts, entertainment and recreation	Other services	Total
1	Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Corporates	432 673	180 872	2 702 133	542 947	14 112	672 779	2 703 903	307 542	139 176	251 798	1 111 456	290 750	75 707	-	51	7 569	2 040	374 279	**9 809 787**
4	Retail	130 644	593	161 148	4 382	5 025	107 375	379 800	118 838	42 215	26 313	21 728	55 298	18 589	-	2 567	9 627	5 076	2 592 710	**3 681 928**
5	Equity	-	-	-	-	-	-	-	-	-	-	67	-	-	-	-	-	-	17 989	**18 056**
6	***Total IRB approach***	**563 317**	**181 465**	**2 863 281**	**547 329**	**19 137**	**780 154**	**3 083 703**	**426 380**	**181 391**	**278 111**	**1 133 251**	**346 048**	**94 296**	**-**	**2 618**	**17 196**	**7 116**	**2 984 978**	**13 509 771**
7	Central governments or central banks	-	-	-	-	-	-	-	-	-	10	-	-	-	3 462 926	52	-	198	37	**3 463 223**
8	Regional governments or local authorities	-	-	-	-	-	-	-	-	-	-	-	-	-	80 573	-	-	-	-	**80 573**
9	Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13	3 530	**3 543**
10	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
11	International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
12	Institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	623	**623**
13	Corporates	63 325	7 148	299 981	65 854	10 422	70 822	363 783	132 436	3 739	10 615	41 408	31 602	32 126	-	13	7 248	1 195	28 603	**1 170 320**
14	Retail	82 074	240	18 917	478	876	20 354	53 841	33 917	4 686	3 330	2 974	8 012	6 964	159	366	3 072	300	1 666 099	**1 906 659**
15	Secured by mortgages on immovable property	63	-	466	-	-	1 559	86	50	799	-	190	299	-	-	-	-	79	10 170	**13 761**
16	Exposures in default	592	-	2 587	86	-	4 031	2 163	2 283	-	4	-	6	46	-	-	12	-	8 014	**19 824**
17	Items associated with particularly high risk	-	-	-	-	-	583	-	-	-	-	-	-	-	-	-	-	-	-	**583**
18	Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
19	Claims on institutions and corporates with a shortterm credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
20	Collective investments undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
21	Equity exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
22	Other exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
23	***Total standardised approach***	**146 054**	**7 388**	**321 951**	**66 418**	**11 298**	**97 349**	**419 873**	**168 686**	**9 224**	**13 959**	**44 572**	**39 919**	**39 136**	**3 543 658**	**431**	**10 332**	**1 785**	**1 717 076**	**6 659 109**
24	***Total***	**709 371**	**188 853**	**3 185 232**	**613 747**	**30 435**	**877 503**	**3 503 576**	**595 066**	**190 615**	**292 070**	**1 177 823**	**385 967**	**133 432**	**3 543 658**	**3 049**	**27 528**	**8 901**	**4 702 054**	**20 168 880**

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APPENDIX 15

EU CRB-E – MATURITY OF EXPOSURES /AS OF 31.12.2019/

In thousands of BGN

		a	b	c	d	e	f
		Net exposure value					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Central governments or central banks	-	-	-	-	-	-
2	Institutions	185 375	820 782	288 250	-	-	1 294 407
3	Corporates	809 483	1 606 228	2 169 122	1 632 879	-	6 217 712
4	Retail	197 959	380 438	336 009	2 260 401	-	3 174 807
5	Equity	-	-	-	-	18 056	18 056
6	***Total IRB approach***	**1 192 817**	**2 807 448**	**2 793 381**	**3 893 280**	**18 056**	**10 704 982**
7	Central governments or central banks	1 662 764	112 668	1 904 768	1 492 856	-	5 173 056
8	Regional governments or local authorities	1 716	353	9 374	54 446	-	65 889
9	Public sector entities	142	121	187	-	-	450
10	Multilateral development banks	-	-	-	-	-	-
11	International organisations	-	-	-	-	-	-
12	Institutions	2	2 398	-	-	-	2 400
13	Corporates	8 487	296 687	469 387	150 461	-	925 022
14	Retail	2 575	111 469	786 289	979 589	-	1 879 922
15	Secured by mortgages on immovable property	-	337	792	10 149	-	11 278
16	Exposures in default	912	3 034	4 688	5 268	-	13 902
17	Items associated with particularly high risk	-	-	583	-	-	583
18	Covered bonds	-	-	-	-	-	-
19	Claims on institutions and corporates with a shortterm credit assessment	-	1	-	-	-	1
20	Collective investments undertakings	-	-	-	-	-	-
21	Equity exposures	-	-	-	-	-	-
22	Other exposures	-	-	-	-	-	-
23	***Total standardised approach***	**1 676 598**	**527 068**	**3 176 068**	**2 692 769**	**-**	**8 072 503**
24	***Total***	***2 869 415***	***3 334 516***	***5 969 449***	***6 586 049***	***18 056***	***18 777 485***

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APPENDIX 16

EU CR1-A – CREDIT QUALITY OF EXPOSURES BY EXPOSURE CLASS AND INSTRUMENT /AS OF 31.12.2019/

In thousands of BGN

		a	b	c	d	e	f	G
		Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values
		Defaulted exposures	Non-defaulted exposures					(a+b-c-d)
1	Central governments or central banks	-	-	-	-	-	-	-
2	Institutions	-	1 983 637	332	-	-	348	1 983 305
3	Corporates	462 516	10 138 253	461 315	-	3 238	209 351	10 139 454
4	*Of which: Specialised lending*	90 868	1 609 023	80 932	-	69	38 039	1 618 959
5	*Of which: SMEs*	303 049	4 496 698	292 911	-	2 246	134 315	4 506 836
6	Retail	129 413	3 695 659	140 832	-	2 376	56 141	3 684 240
7	*Secured by real estate property*	74 658	2 531 655	65 771	-	1 080	22 209	2 540 542
8	*SMEs*	21 986	360 549	17 023	-	270	6 598	365 512
9	*Non-SMEs*	52 672	2 171 106	48 748	-	810	15 611	2 175 030
10	*Qualifying revolving*	6 983	330 209	11 310	-	174	5 415	325 882
11	*Other retail*	47 772	833 795	63 751	-	1 122	28 517	817 816
12	*SMEs*	35 444	750 615	50 640	-	872	24 266	735 419
13	*Non-SMEs*	12 328	83 180	13 111	-	250	4 251	82 397
14	*Equity*	-	18 056	-	-	-	-	18 056
15	***Total IRB approach***	**591 929**	**15 835 605**	**602 479**	**-**	**5 614**	**265 840**	**15 825 055**
16	Central governments or central banks	-	5 178 675	250	-	-	202	5 178 425
17	Regional governments or local authorities	-	80 604	31	-	-	1	80 573
18	Public sector entities	133	3 442	29	-	-	22	3 546
19	Multilateral development banks	-	-	-	-	-	-	-
20	International organisations	-	-	-	-	-	-	-
21	Institutions	-	3 862	14	-	-	8	3 848
22	Corporates	37 430	1 228 227	20 665	-	-	3 034	1 244 992
23	*Of which: SMEs*	16 243	188 036	1 383	-	-	-	202 896
24	Retail	49 398	1 887 511	29 461	-	-	203	1 907 448
25	*Of which: SMEs*	22 018	305 870	1 888	-	-	84	326 000
26	Secured by mortgages on immovable property	-	14 165	71	-	-	56	14 094
27	*Of which: SMEs*	-	375	-	-	-	-	375
28	Exposures in default	-	86 961	67 137	-	25	1 513	19 824
29	Items associated with particularly high risk	-	613	30	-	-	30	583
30	Covered bonds	-	-	-	-	-	-	-
31	Claims on institutions and corporates with a shortterm credit assessment	-	1	-	-	-	-	1
32	Collective investments undertakings	-	-	-	-	-	-	-
33	Equity exposures	-	-	-	-	-	-	-
34	Other exposures	-	-	-	-	-	-	-
35	***Total standardised approach***	**86 961**	**8 484 061**	**117 688**	**-**	**25**	**5 069**	**8 453 334**
36	***Total***	**678 890**	**24 319 666**	**720 167**	**-**	**5 639**	**270 909**	**24 278 389**
37	Of which: Loans	625 323	15 142 163	654 398	-	5 639	221 847	15 113 088
38	Of which: Debt securities	-	3 677 748	3 167	-	-	289	3 674 581
39	Of which: Offbalance-sheet exposures	53 567	5 499 755	62 602	-	-	48 773	5 490 720

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APPENDIX 17A

EU CR1-B – CREDIT QUALITY OF EXPOSURES BY INDUSTRY OR COUNTERPARTY TYPES /AS OF 31.12.2019/

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 (a +b-c-d)
		Defaulted exposures	Non-defaulted exposures					
1	Agriculture, forestry and fishing	10 480	716 606	17 715	-	152	10 659	709 371
2	Mining and quarrying	36	190 595	1 778	-	-	1 726	188 853
3	Manufacturing	106 874	3 186 481	108 123	-	1 074	34 409	3 185 232
4	Electricity, gas, steam and air conditioning supply	13 048	629 579	28 880	-	66	22 427	613 747
5	Water supply	481	30 700	746	-	17	231	30 435
6	Construction	100 598	876 577	99 672	-	297	56 992	877 503
7	Wholesale and retail trade	150 857	3 505 444	152 725	-	2 360	52 261	3 503 576
8	Transport and storage	18 818	596 972	20 724	-	235	7 150	595 066
9	Accommodation and food service activities	45 321	184 068	38 774	-	22	22 760	190 615
10	Information and communication	1 624	297 398	6 952	-	17	2 939	292 070
11	Real estate activities	114 901	1 161 391	98 469	-	70	34 116	1 177 823
12	Professional, scientific and technical activities	3 961	387 200	5 194	-	25	1 968	385 967
13	Administrative and support service activities	6 071	138 289	10 928	-	59	7 021	133 432
14	Public administration and defence, compulsory social security	-	3 543 839	181	-	-	151	3 543 658
15	Education	6	3 163	120	-	-	78	3 049
16	Human health services and social work activities	1 740	26 289	501	-	6	199	27 528
17	Arts, entertainment and recreation	182	9 054	335	-	-	181	8 901
18	Other services	103 890	4 726 514	128 350	-	1 238	25 917	4 702 054
19	***Total***	**678 888**	**20 210 159**	**720 167**	**-**	**5 638**	**281 185**	**20 168 880**

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APPENDIX 17B

CREDIT QUALITY OF LOANS AND ADVANCES BY INDUSTRY /AS OF 31.12.2019/

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	556 531	8 188	8 188	556 531	-13 899	-
2	Mining and quarrying	11 404	36	36	11 404	-65	-
3	Manufacturing	2 029 481	102 243	102 243	2 028 214	-102 633	-
4	Electricity, gas, steam and air conditioning supply	515 229	11 695	11 695	515 229	-26 639	-
5	Water supply	21 330	481	481	21 330	-680	-
6	Construction	399 306	55 665	55 665	399 306	-52 601	-
7	Wholesale and retail trade	2 202 017	148 261	148 261	2 202 017	-145 156	-
8	Transport and storage	492 432	17 993	17 993	492 432	-19 903	-
9	Accommodation and food service activities	204 726	45 115	45 115	204 726	-38 506	-
10	Information and communication	153 014	1 622	1 622	150 124	-6 486	-
11	Financial and insurance actvities	198 819	3	3	198 819	-5 843	-
12	Real estate activities	1 096 450	114 888	114 888	1 096 450	-94 806	-
13	Professional, scientific and technical activities	123 017	3 933	3 933	123 017	-4 642	-
14	Administrative and support service activities	66 390	5 759	5 759	66 390	-7 921	-
15	Public administration and defense, compulsory social security	157	-	-	157	-	-
16	Education	2 488	6	6	2 488	-117	-
17	Human health services and social work activities	23 506	1 735	1 735	23 506	-483	-
18	Arts, entertainment and recreation	5 674	147	147	5 674	-295	-
19	Other services	14 662	2 139	2 139	14 662	-2 069	-
20	***Total***	***8 116 633***	***519 909***	***519 909***	***8 112 476***	***-522 744***	***-***

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APPENDIX 18A

EU CR1-C – CREDIT QUALITY OF EXPOSURES BY GEOGRAPHY /AS OF 31.12.2019/

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 (a+ b -c-d)
		Defaulted exposures	Non-defaulted exposures					
1	**EUROPE**	**676 403**	**23 879 384**	**717 777**		**5 627**	**270 338**	**23 838 010**
2	OF WHICH: AUSTRIA	-	211 378	8		-	-	211 370
3	OF WHICH: BULGARIA	671 589	21 569 624	708 903		5 616	268 589	21 532 310
4	OF WHICH: GERMANY	98	157 095	167		3	41	157 026
5	OF WHICH: SPAIN	75	74 651	75		1	52	74 651
6	OF WHICH: FRANCE	5	12 734	15		-	4	12 724
7	OF WHICH: UNITED KINGDOM	317	479 445	3 911		3	1 116	475 851
8	OF WHICH: ITALY	4 006	1 215 627	4 350		-	246	1 215 283
9	OF WHICH: NETHERLANDS	1	59 583	32		-	-	59 552
10	OF WHICH: POLAND	56	41 980	57		2	-	41 979
11	OF WHICH: ROMANIA	10	15 803	16		-	-	15 797
12	OF WHICH: SWEDEN	1	11 460	1		-	-	11 460
13	OF WHICH: OTHER EUROPEAN COUNTRIES	245	30 004	242		2	290	30 007
14	**AMERICA**	**803**	**201 848**	**411**		**-**	**179**	**202 240**
15	OF WHICH: CANADA	-	126 604	4		-	-	126 600
16	OF WHICH: USA	485	75 179	355		-	175	75 309
17	**ASIA**	**467**	**157 729**	**857**		**2**	**161**	**157 339**
18	OF WHICH: TURKEY	413	83 667	401		-	41	83 679
19	OF WHICH: CHINA	-	32 918	26		-	-	32 892
20	**REST OF THE WORLD**	**1 263**	**80 784**	**1 247**		**10**	**232**	**80 800**
21	OF WHICH: RUSSIA	1 142	61 111	1 113		8	213	61 140
22	OF WHICH: SWITZERLAND	-	8 544	-		-	-	8 544
23	**TOTAL**	**678 936**	**24 319 745**	**720 292**		**5 639**	**270 910**	**24 278 389**

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APPENDIX 18B

QUALITY OF NON-PERFORMING EXPOSURES BY GEOGRAPHY /AS OF 31.12.2019/

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				
1	***On-balance-sheet exposures***	***21 992 808***	***627 091***	***627 091***	***21 855 141***	***-660 513***		
1	*Bulgaria*	17 672 689	623 749	623 749	17 598 711	-653 240		
2	*Italy*	3 256 414	13	13	3 253 969	-350		
3	*United Kingdom*	456 337	317	317	443 644	-3 877		
4	*Austria*	155 788	-	-	155 788	-8		
5	*Germany*	86 272	98	98	77 796	-167		
6	*Spain*	74 741	76	76	74 741	-95		
7	*Turkey*	53 553	413	413	53 553	-382		
8	*Netherlands*	52 122	1	1	51 944	-32		
9	*United States*	39 943	485	485	26 315	-355		
10	*Canada*	27 988	-	-	2 842	-		
11	*Poland*	26 756	56	56	26 756	-64		
12	*China*	24 478	-	-	24 478	-26		
13	*Cyprus*	14 939	-	-	14 939	-244		
14	*Romania*	13 325	10	10	13 325	-27		
15	*France*	6 945	5	5	6 676	-15		
16	*Greece*	6 252	62	62	6 252	-114		
17	*Armenia*	6 141	-	-	6 141	-47		
18	*Russian Federation*	3 430	1 143	1 143	3 430	-1 114		
19	*Vietnam*	2 980	-	-	2 980	-1		
20	*Luxembourg*	1 378	-	-	1 378	-		
21	*Czech Republic*	1 295	-	-	1 295	-		
22	*Morocco*	1 201	-	-	1 201	-4		
23	*Switzerland*	1 118	-	-	1 118	-		
24	*Belgium*	1 081	2	2	227	-2		
25	*Norway*	970	44	44	970	-44		
26	*Finland*	744	-	-	744	-		
27	*North Macedonia*	417	23	23	417	-9		
28	*Kyrgyzstan*	362	-	-	362	-		
29	*Ukraine*	359	9	9	359	-2		
30	*Peru*	317	317	317	317	-48		
31	*Croatia*	307	-	-	307	-		
32	*Sweden*	307	1	1	307	-1		
33	*Ecuador*	257	-	-	257	-2		
34	*Hungary*	253	1	1	253	-1		
35	*Denmark*	195	-	-	195	-		
36	*Japan*	176	-	-	176	-		
37	*Australia*	155	101	101	155	-101		
38	*Israel*	154	2	2	154	-2		
39	*Serbia*	102	-	-	102	-		
40	Syrian Arab Republic	95	-	-	95	-1		
41	*Kuwait*	94	-	-	94	-10		
42	*Ireland*	76	58	58	76	-58		
43	*Kazakhstan*	52	5	5	52	-2		
44	*Latvia*	46	46	46	46	-12		
45	*Saudi Arabia*	28	19	19	28	-19		
46	*Georgia*	22	-	-	22	-		
47	*Belarus*	21	-	-	21	-		
48	*Lithuania*	20	-	-	20	-		
49	*Sudan*	18	18	18	18	-18		
50	*Venezuela*	14	-	-	14	-1		
51	*Hong Kong*	12	-	-	12	-		
52	*Other countries*	12	-	-	12	-		
53	*Pakistan*	11	10	10	11	-10		
54	*Qatar*	10	-	-	10	-		
55	*Brazil*	8	-	-	8	-		
56	*Estonia*	4	-	-	4	-		
57	*Malta*	4	-	-	4	-1		
58	*Albania*	3	1	1	3	-1		
59	*India*	3	-	-	3	-		
60	*Tunisia*	3	3	3	3	-3		
61	*Korea, Republic of*	2	-	-	2	-		
62	*Palestina*	2	-	-	2	-		
63	*Portugal*	2	-	-	2	-		
64	*Azerbaijan*	1	1	1	1	-1		
65	*Lebanon*	1	-	-	1	-		
66	*Slovenia*	1	-	-	1	-		
67	*Thailand*	1	1	1	1	-1		
68	*Virgin Islands (UK)*	1	1	1	1	-1		

		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				
69	***Off-balance-sheet exposures***	***5 553 322***	***53 567***	***-***			***62 602***	
70	*Bulgaria*	4 641 346	49 556	-			58 295	
71	*Italy*	415 288	3 994	-			4 002	
72	*Canada*	98 617	-	-			4	
73	*Germany*	79 398	-	-			1	
74	*Russian Federation*	58 824	-	-			-	
75	*Austria*	55 589	-	-			-	
76	*United Kingdom*	36 261	-	-			179	
77	*United States*	35 721	-	-			-	
78	*Turkey*	30 527	-	-			20	
79	*Poland*	15 286	-	-			-	
80	*Sweden*	11 155	-	-			-	
81	*Armenia*	9 374	-	-			47	
82	*China*	8 440	-	-			-	
83	*Netherlands*	7 639	-	-			-	
84	*Switzerland*	7 426	-	-			-	
85	*Algeria*	6 310	-	-			9	
86	*France*	6 063	-	-			-	
87	*Finland*	4 025	-	-			-	
88	*Luxembourg*	3 912	-	-			-	
89	*Slovenia*	3 637	-	-			-	
90	*Vietnam*	2 988	-	-			1	
91	*Cyprus*	2 544	-	-			27	
92	*Romania*	2 499	-	-			-	
93	*Slovakia*	1 956	-	-			-	
94	*Australia*	1 758	-	-			-	
95	*Morocco*	1 703	-	-			-	
96	*Croatia*	1 271	-	-			-	
97	*Greece*	637	-	-			-	
98	*Malta*	602	-	-			-	
99	*Denmark*	598	-	-			-	
100	*Georgia*	592	-	-			-	
101	*Czech Republic*	410	-	-			-	
102	*Hungary*	290	-	-			-	
103	*United Arab Emirates*	139	-	-			-	
104	*Serbia*	59	-	-			-	
105	*Egypt*	56	-	-			-	
106	*Tunisia*	48	-	-			-	
107	*Belgium*	45	-	-			-	
108	*Pakistan*	36	17	-			17	
109	*India*	33	-	-			-	
110	*Kuwait*	32	-	-			-	
111	*Saudi Arabia*	32	-	-			-	
112	*Brazil*	30	-	-			-	
113	*Israel*	29	-	-			-	
114	*Oman*	20	-	-			-	
115	*Ukraine*	13	-	-			-	
116	*Syrian Arab Republic*	12	-	-			-	
117	*Iran, Islamic Republic of*	10	-	-			-	
118	*Japan*	10	-	-			-	
119	*Venezuela*	6	-	-			-	
120	*Belarus*	5	-	-			-	
121	*Palestina*	5	-	-			-	
122	*Spain*	5	-	-			-	
123	*Argentina*	3	-	-			-	
124	*North Macedonia*	3	-	-			-	
125	*Bosnia and Herzegovina*	2	-	-			-	
126	*Portugal*	2	-	-			-	
127	*Albania*	1	-	-			-	
128	*Korea, Republic of*	-	-	-			-	
129	*Lebanon*	-	-	-			-	
130	*Qatar*	-	-	-			-	
131	***Total***	***27 546 130***	***680 658***	***627 091***	***21 855 141***	***-660 513***	***62 602***	***-***

UniCredit Bulbank

APPENDIX 19A

CREDIT QUALITY OF PERFORMING AND NON-PERFORMING EXPOSURES BY PAST DUE DAYS /AS OF 31.12.2019/

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	17 554 459	17 484 504	69 955	627 091	290 708	43 404	50 302	107 555	73 980	18 074	43 068	627 091
2	*Central banks*	1 662 473	1 662 473	-	-	-	-	-	-	-	-	-	-
3	*General governments*	370 646	370 646	-	-	-	-	-	-	-	-	-	-
4	*Credit institutions*	3 658 428	3 658 428	-	-	-	-	-	-	-	-	-	-
5	*Other financial corporations*	113 837	113 837	-	1 859	1 859	-	-	-	-	-	-	1 859
6	*Non-financial corporations*	7 596 724	7 567 507	29 217	519 909	256 306	21 976	39 809	98 131	61 982	12 675	29 030	519 909
7	*Of which SMEs*	5 305 559	5 286 107	19 452	442 686	251 940	21 976	33 299	41 265	57 590	12 671	23 945	442 686
8	*Households*	4 152 351	4 111 613	40 738	105 323	32 543	21 428	10 493	9 424	11 998	5 399	14 038	105 323
9	Debt securities	3 677 748	3 677 748	-	-	-	-	-	-	-	-	-	-
10	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-
11	*General governments*	3 203 926	3 203 926	-	-	-	-	-	-	-	-	-	-
12	*Credit institutions*	98 555	98 555	-	-	-	-	-	-	-	-	-	-
13	*Other financial corporations*	293 352	293 352	-	-	-	-	-	-	-	-	-	-
14	*Non-financial corporations*	81 915	81 915	-	-	-	-	-	-	-	-	-	-
15	Off-balance-sheet exposures	5 499 755			53 567								-
16	*Central banks*	-			-								-
17	*General governments*	20 054			-								-
18	*Credit institutions*	770 398			-								-
19	*Other financial corporations*	33 710			-								-
20	*Non-financial corporations*	4 422 639			53 407								-
21	*Households*	252 954			160								-
22	***Total***	**26 731 962**	**21 162 252**	**69 955**	**680 658**	**290 708**	**43 404**	**50 302**	**107 555**	**73 980**	**18 074**	**43 068**	**627 091**

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APPENDIX 19B

PERFORMING AND NON-PERFORMING EXPOSURES AND RELATED PROVISIONS /AS OF 31.12.2019/

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**	**17 554 459**	**16 047 322**	**1 507 137**	**627 091**	**-**	**627 091**	**-187 931**	**-63 241**	**-124 690**	**-469 415**	**-**	**-469 415**	**-5 648**	**8 832 300**	**143 521**
2	*Central banks*	1 662 473	1 662 473	-	-	-	-	-39	-39	-	-	-	-	-	-	-
3	*General governments*	370 646	368 020	2 626	-	-	-	-241	-236	-5	-	-	-	-	114 816	-
4	*Credit institutions*	3 658 428	3 658 428	-	-	-	-	-394	-394	-	-	-	-	-	49 959	-
5	*Other financial corporations*	113 837	74 319	39 518	1 859	-	1 859	-4 296	-929	-3 367	-1 859	-	-1 859	-	58 244	-
6	*Non-financial corporations*	7 596 724	6 612 001	984 723	519 909	-	519 909	-135 658	-42 750	-92 908	-387 086	-	-387 086	-4 369	6 329 829	127 142
7	*Of which SMEs*	5 305 559	4 487 477	818 082	442 686	-	442 686	-102 489	-30 987	-71 502	-322 564	-	-322 564	-3 474	4 597 552	114 829
8	*Households*	4 152 351	3 672 081	480 270	105 323	-	105 323	-47 303	-18 893	-28 410	-80 470	-	-80 470	-1 279	2 279 452	16 379
9	**Debt securities**	**3 677 748**	**3 677 748**	**-**	**-**	**-**	**-**	**-3 167**	**-3 167**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
10	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	*General governments*	3 203 926	3 203 926	-	-	-	-	-2 090	-2 090	-	-	-	-	-	-	-
12	*Credit institutions*	98 555	98 555	-	-	-	-	-84	-84	-	-	-	-	-	-	-
13	*Other financial corporations*	293 352	293 352	-	-	-	-	-782	-782	-	-	-	-	-	-	-
14	*Non-financial corporations*	81 915	81 915	-	-	-	-	-211	-211	-	-	-	-	-	-	-
15	**Off-balance-sheet exposures**	**5 499 755**	**-**	**-**	**53 567**	**-**	**53 567**	**22 026**	**-**	**-**	**40 576**	**-**	**40 576**		**3 048 526**	**7 864**
16	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	*General governments*	20 054	-	-	-	-	-	-	-	-	-	-	-		19 346	-
18	*Credit institutions*	770 398	-	-	-	-	-	99	-	-	-	-	-		7 801	-
19	*Other financial corporations*	33 710	-	-	-	-	-	3	-	-	-	-	-		119 668	6 050
20	*Non-financial corporations*	4 422 639	-	-	53 407	-	53 407	21 496	-	-	40 427	-	40 427		2 849 701	2
21	*Households*	252 954	-	-	160	-	160	428	-	-	149	-	149		52 010	1 812
22	***Total***	**26 731 962**	**19 725 070**	**1 507 137**	**680 658**	**-**	**680 658**	**-169 072**	**-66 408**	**-124 690**	**-428 839**	**-**	**-428 839**	**-5 648**	**11 880 826**	**151 385**

APPENDIX 19C

COLLATERAL VALUATION – LOANS AND ADVANCES /AS OF 31.12.2019/

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	18 282 925	17 655 834	69 323	627 091	290 707	336 384	43 404	50 302	114 946	66 578	18 141	43 013
2	*Of which secured*	7 711 596	7 249 664	23 558	461 932	205 494	216 712	22 123	36 410	78 863	57 177	16 343	5 796
3	*Of which secured with immovable property*	7 419 708	6 964 914	22 469	454 794	201 957	214 182	21 413	35 826	77 670	57 134	16 343	5 796
4	*Of which instruments with LTV higher than 60% and lower or equal to 80%*	1 490 373	1 442 791		47 582	3 402	38 981						
5	*Of which instruments with LTV higher than 80% and lower or equal to 100%*	1 676 425	1 624 983		51 442	8 038	27 871						
6	*Of which instruments with LTV higher than 100%*	2 839 198	2 578 095		261 103	130 853	126 942						
7	Accumulated impairment for secured assets	-657 690	-188 275	-	-469 415	-195 043	-274 372	-25 607	-33 426	-102 131	-53 890	-18 141	-41 177
8	Collateral												
9	*Of which value capped at the value of exposure*	6 236 102	5 873 573	22 049	362 529	161 755	162 443	20 483	31 612	61 140	29 807	14 036	5 365
10	*Of which immovable property*	6 236 102	5 873 573	22 049	362 529	161 755	162 443	20 483	31 612	61 140	29 807	14 036	5 365
11	*Of which value above the cap*	6 996 183	6 636 487	22 025	359 696	185 602	113 685	38 203	19 816	25 774	13 216	13 727	2 949
12	*Of which immovable property*	6 996 183	6 636 487	22 025	359 696	185 602	113 685	38 203	19 816	25 774	13 216	13 727	2 949
13	Financial guarantees received	155 641	151 298	921	4 343	3 626	666	156	485	5	20	-	-
14	Accumulated partial write-off	5 648	-	-	5 648	-	5 648	5 648	-	-	-	-	-

UniCredit Bulbank

APPENDIX 20A

CREDIT QUALITY OF FORBORNE EXPOSURES
/AS OF 31.12.2019/

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	303 400	349 922	349 922	349 922	-26 869	-252 940	346 552	92 253
2	*Central banks*	-	-	-	-	-	-	-	-
3	*General governments*	2 626	-	-	-	-5	-	2 621	-
4	*Credit institutions*	-	-	-	-	-	-	-	-
5	*Other financial corporations*	13 334	-	-	-	-57	-	13 277	-
6	*Non-financial corporations*	274 733	308 329	308 329	308 329	-26 435	-221 418	311 853	85 268
7	*Households*	12 707	41 593	41 593	41 593	-372	-31 522	18 801	6 985
8	Debt Securities	-	-	-	-	-	-	-	-
9	Loan commitments given	7 870	207	207	207	54	-	6 774	207
10	**Total**	**311 270**	**350 129**	**350 129**	**350 129**	**-26 815**	**-252 940**	**353 326**	**92 460**

APPENDIX 20B

QUALITY OF FORBEARANCE
/AS OF 31.12.2019/

In thousands of BGN

		a
		Gross carrying amount of forborne exposures
1	Loans and advances that have been forborne more than twice	242 991
2	Non-performing forborne loans and advances that failed to meet the non-performing exit criteria	338 005

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APPENDIX 21

EU CR2-A – CHANGES IN THE STOCK OF GENERAL AND SPECIFIC CREDIT RISK ADJUSTMENTS /AS OF 31.12.2019/

In thousands of BGN

		a	b
		Accumulated specific credit risk adjustment	**Accumulated general credit risk adjustment**
1	**Opening balance**	**548 348**	**103 127**
2	Increases due to amounts set aside for estimated loan losses during the period	96 896	115 750
3	Decreases due to amounts reversed for estimated loan losses during the period	-34 908	-27 757
4	Decreases due to amounts taken against accumulated credit risk adjustments	-140 190	
5	Transfers between credit risk adjustments		
6	Impact of exchange rate differences	349	
7	Business combinations, including acquisitions and disposals of subsidiaries		
8	Other adjustments	-1 080	-22
9	**Closing balance**	**469 415**	**191 098**
10	Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	32 033	
11	Specific credit risk adjustments directly recorded to the statement of profit or loss		

UniCredit Bulbank

APPENDIX 22A

EU CR2-B – CHANGES IN THE STOCK OF DEFAULTED AND IMPAIRED LOANS AND DEBT SECURITIES /AS OF 31.12.2019/

In thousands of BGN

		a
		Gross carrying value defaulted exposures
1	**Opening balance**	**737 029**
2	Loans and debt securities that have defaulted or impaired since the last reporting period	167 099
3	Returned to non-defaulted status	-27 647
4	Amounts written off	-48 068
5	Other changes - collected amounts	-201 424
6	**Closing balance**	**626 989**

UniCredit Bulbank

APPENDIX 22B

CHANGES IN THE STOCK OF NON-PERFORMING LOANS AND ADVANCES /AS OF 31.12.2019/

In thousands of BGN

		a	b
		Gross carrying amount	Related net accumulated recoveries
1	**Initial stock of non-performing loans and advances**	**737 029**	
2	Inflows to non-performing portfolios	167 099	
3	Outflows from non-performing portfolios	-277 139	
4	Outflow to performing portfolio	-27 647	
5	Outflow due to loan repayment, partial or total	-67 428	
6	Outflow due to collateral liquidations	-	
7	Outflow due to taking possession of collateral	-3 302	
8	Outflow due to sale of instruments	-130 694	
9	Outflow due to risk transfers	-	
10	Outflows due to write-offs	-48 068	
11	Outflow due to other situations	-	
12	Outflow due to reclassification as held for sale	-	
13	**Final stock of non-performing loans and advances**	**626 989**	

UniCredit Bulbank

APPENDIX 22C

COLLATERAL OBTAINED BY TAKING POSSESSION AND EXECUTION PROCESSES
/AS OF 31.12.2019/

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)	-	-
2	Other than PP&E	77 737	-23 118
3	*Residential immovable property*	*10 270*	*-3 884*
4	*Commercial Immovable property*	*67 453*	*-19 234*
5	*Movable property (auto, shipping, etc.)*	*14*	-
6	*Equity and debt instruments*	-	-
7	*Other*	-	-
8	***Total***	***77 737***	***-23 118***

UniCredit Bulbank

APPENDIX 22D

COLLATERAL OBTAINED BY TAKING POSSESSION AND EXECUTION PROCESSES – VINTAGE BREAKDOWN /AS OF 31.12.2019/

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	-	-	-	-								
2	Collateral obtained by taking possession other than that classified as PP&E	64 097	-64 097	77 737	-23 118	3 455	-912	23 341	-7 556	50 941	-14 650	-	-
3	*Residential immovable property*	*9 448*	*-9 448*	*10 270*	*-3 884*	*200*	*-32*	*6 805*	*-3 711*	*3 265*	*-141*	-	-
4	*Commercial immovable property*	*54 636*	*-54 636*	*67 453*	*-19 234*	*3 255*	*-880*	*16 522*	*-3 845*	*47 676*	*-14 509*	-	-
5	*Movable property (auto, shipping, etc.)*	*13*	*-13*	*14*	-	-	-	*14*	-	-	-	-	-
6	*Equity and debt instruments*	-	-	-	-	-	-	-	-	-	-	-	-
7	*Other*	-	-	-	-	-	-	-	-	-	-	-	-
8	***Total***	**64 097**	**-64 097**	**77 737**	**-23 118**	**3 455**	**-912**	**23 341**	**-7 556**	**50 941**	**-14 650**	**-**	**-**

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APPENDIX 23

EU CR5 – STANDARDISED APPROACH /AS OF 31.12.2019/

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	2 696 613	-	-	24 391	-	-	-	-	-	-	-	4 271	-	-	2 448 136	-	**5 173 411**	5 173 411
2	Regional government or local authorities	-	-	-	-	-	-	-	-	-	67 222	-	-	-	-	-	-	**67 222**	67 222
3	Public sector entities	-	-	-	-	-	-	-	-	-	1 397	-	-	-	-	-	-	**1 397**	1 397
4	Multilateral development banks	73 693	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**73 693**	73 693
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	-
6	Institutions	-	-	-	-	2 333	-	1 124	-	-	-	-	-	-	-	-	-	**3 457**	3 457
7	Corporates	-	-	-	-	-	-	24 971	-	-	942 316	30 644	-	-	-	-	-	**997 931**	997 931
8	Retail	-	-	-	-	-	-	-	-	1 889 745	-	-	-	-	-	-	-	**1 889 745**	1 889 745
9	Secured by mortgages on immovable property	-	-	-	-	-	10 544	3 183	-	-	-	-	-	-	-	-	-	**13 727**	13 727
10	Exposures in default	-	-	-	-	-	-	-	-	-	10 528	3 248	-	-	-	-	-	**13 776**	13 776
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	583	-	-	-	-	-	**583**	583
12	Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	-
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	38	-	-	-	-	-	-	**38**	38
14	Collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	-
15	Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	-
16	Other items	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	-
17	**Total**	**2 770 306**	**-**	**-**	**24 392**	**2 333**	**10 544**	**29 278**	**-**	**1 889 745**	**1 021 501**	**34 475**	**4 271**	**-**	**-**	**2 448 136**	**-**	**8 234 981**	**8 234 981**

UniCredit Bulbank

APPENDIX 24

EU CCR3 – STANDARDISED APPROACH – CCR EXPOSURES BY REGULATORY PORTFOLIO AND RISK /AS OF 31.12.2019/

In thousands of BGN

	Exposure classes	Risk weight											Total	Of which unrated
		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others		
1	Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Regional government or local authorities	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Corporates	-	-	-	-	-	-	-	-	3 055	-	-	3 055	3 055
8	Retail	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	37	-	-	37	37
10	Other items	-	-	-	-	-	-	-	-	-	-	-	-	-
11	**Total**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3 092**	**-**	**-**	**3 092**	**3 092**

APPENDIX 25

EU MR1 – MARKET RISK UNDER THE STANDARDISED APPROACH /AS OF 31.12.2019/

In thousands of BGN

		a	b
		RWAs	**Capital requirements**
	Outright products		
1	Interest rate risk (general and specific)	93 250	7 460
2	Equity risk (general and specific)	6 975	558
3	Foreign exchange risk	-	-
4	Commodity risk	-	-
	Options		
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitisation (specific risk)	-	-
9	**Total**	**100 225**	**8 018**

LEVERAGE RATIO
/AS OF 31.12.2019/

In thousands of BGN

Summary reconciliation of accounting assets and leverage ratio exposures	
Total assets as per published financial statements	22 245 230
Adjustments for derivative financial instruments	93 787
Adjustments for securities financing transactions "SFTs"[1]	63 731
Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	3 363 188
Other adjustments	-148 038
Total leverage ratio exposure	**25 617 898**

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

In thousands of BGN

Leverage ratio common disclosure	
Tier 1 capital - Fully phased in	**2 763 401**
Leverage ratio in accordance with Regulation (EU) № 575/2013	**10.79%**

In thousands of BGN

Leverage ratio exposures - Regulation (EU) № 575/2013	
Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	**19 764 806**
Trading book exposures	13 944
Banking book exposures, of which:	19 750 862
Exposures treated as sovereigns	5 173 056
Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	66 339
Institutions	1 296 808
Secured by mortgages of immovable properties	2 474 467
Retail exposures	2 563 812
Corporate	7 038 636
Exposures in default	155 909
Other exposures (eg equity, securitisations, and other non-credit obligation assets)	981 835
Asset amounts deducted in determining Tier 1 capital	**-68 190**
Derivative exposures, of which:	**44 864**
Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	68 553
Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	93 787
(-) Receivables for cash variation margin provided in derivatives transactions	-117 476
Securities financing transaction exposures, of which:	**2 513 230**
Counterparty credit risk exposure for SFT assets	63 731
Other off-balance sheet exposures	**3 363 188**

UniCredit Bulbank

APPENDIX 27A

EU CR6 – IRB APPROACH – CREDIT RISK EXPOSURES BY EXPOSURE CLASS AND PD RANGE
FOUNDATION IRB APPROACH
/AS OF 31.12.2019/

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	1 086 922	641 031	85.88%	1 662 462	0.12%	66	43.00%	2.50	731 130	43.98%	843	221
Institutions	0.15 to <0.25	154 300	13 628	100.00%	167 928	0.17%	6	45.00%	2.50	94 460	56.25%	130	46
Institutions	0.25 to <0.50	820	4 018	47.59%	2 894	0.30%	5	45.00%	2.50	1 648	56.95%	4	-
Institutions	0.50 to <0.75	2 445	345	100.00%	8 534	0.69%	2	45.00%	2.50	7 413	86.87%	26	1
Institutions	0.75 to <2.50	46 711	26 952	100.00%	79 516	1.16%	8	45.00%	2.50	91 663	115.28%	414	63
Institutions	2.50 to <10.00	3 513	2 952	33.66%	4 507	3.02%	5	45.00%	2.50	7 208	159.94%	61	-
Institutions	10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
Institutions	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
Institutions	**Subtotal**	**1 294 711**	**688 926**	**91.61%**	**1 925 841**	**0.18%**	**92**	**43.27%**	**2.50**	**933 522**	**48.47%**	**1 478**	**331**
Financial corporate	0.00 to <0.15	-	139	100.00%	139	0.07%	1	45.00%	2.50	47	33.64%	-	-
Financial corporate	0.15 to <0.25	1 112	60 509	100.00%	61 620	0.24%	4	45.00%	2.50	41 890	67.98%	66	-
Financial corporate	0.25 to <0.50	1 374	622	100.00%	1 997	0.43%	1	45.00%	2.50	1 810	90.67%	4	1
Financial corporate	0.50 to <0.75	1 606	2 952	100.00%	4 558	0.68%	3	45.00%	2.50	4 965	108.93%	14	2
Financial corporate	0.75 to <2.50	6 141	9 431	100.00%	15 572	2.19%	2	45.00%	2.50	24 078	154.62%	153	95
Financial corporate	2.50 to <10.00	-	6 358	100.00%	6 358	2.82%	2	45.00%	2.50	10 429	164.03%	81	9
Financial corporate	10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
Financial corporate	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
Financial corporate	**Subtotal**	**10 233**	**80 011**	**100.00%**	**90 244**	**0.78%**	**13**	**45.00%**	**2.50**	**83 219**	**92.22%**	**318**	**107**
Corporates: Of which: specialised lending	Excelent	537 177	53 438	14.69%	545 027	-	42	-	-	381 344	69.97%	2 179	2 466
Corporates: Of which: specialised lending	Good	757 322	191 945	69.53%	887 427	-	101	-	-	793 281	89.39%	7 052	15 809
Corporates: Of which: specialised lending	Satisfactory	63 668	4 648	68.85%	66 869	-	11	-	-	76 899	115.00%	1 872	5 733
Corporates: Of which: specialised lending	Weak	825	-	-	825	-	1	-	-	2 061	250.00%	66	70
Corporates: Of which: specialised lending	Default	90 862	6	75.00%	90 867	-	26	-	-	-	-	45 433	56 854
Corporates: Of which: specialised lending	**Subtotal**	**1 449 854**	**250 037**	**57.80%**	**1 591 015**	**-**	**181**	**-**	**-**	**1 253 585**	**78.79%**	**56 602**	**80 932**
Total (all portfolios)		**2 754 798**	**1 018 974**	**56.71%**	**3 607 100**	**0.20%**	**286**	**43.35%**	**2.50**	**2 270 326**	**62.94%**	**58 398**	**81 370**

UniCredit Bulbank

APPENDIX 27B

EU CR6 – IRB APPROACH – CREDIT RISK EXPOSURES BY EXPOSURE CLASS AND PD RANGE
ADVANCED IRB APPROACH
/AS OF 31.12.2019/

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	750 812	992 844	61.91%	1 394 924	0.09%	51	47.51%	2.13	367 659	26.36%	620	374
Corporates	0.15 to <0.25	3 176	139 417	35.22%	55 199	0.20%	12	51.65%	1.94	25 191	45.64%	57	34
Corporates	0.25 to <0.50	524 621	221 829	41.92%	644 416	0.37%	41	44.37%	3.11	476 828	73.99%	1 069	716
Corporates	0.50 to <0.75	175 506	89 791	48.76%	221 489	0.62%	17	55.12%	1.68	189 688	85.64%	761	747
Corporates	0.75 to <2.50	381 362	182 367	38.05%	454 740	1.40%	49	43.59%	2.56	476 812	104.85%	2 880	3 593
Corporates	2.50 to <10.00	153 636	233 760	42.62%	255 780	5.41%	45	38.85%	2.47	356 144	139.24%	5 918	17 295
Corporates	10.00 to <100.00	3 823	89 343	37.79%	37 942	19.82%	11	44.80%	2.14	91 512	241.19%	3 239	8 230
Corporates	100.00 (Default)	64 182	4 418	100.00%	68 600	100.00%	23	54.95%	1.03	14 783	21.55%	37 699	56 377
Corporates	**Subtotal**	**2 057 118**	**1 953 769**	**51.58%**	**3 133 090**	**1.07%**	**249**	**46.33%**	**2.36**	**1 998 617**	**63.79%**	**52 243**	**87 366**
Corporates: Of which: sme	0.00 to <0.15	211 893	225 978	51.75%	333 466	0.10%	95	45.30%	2.80	99 690	29.90%	156	38
Corporates: Of which: sme	0.15 to <0.25	151 150	114 290	48.98%	207 730	0.21%	114	42.94%	2.12	65 324	31.45%	186	63
Corporates: Of which: sme	0.25 to <0.50	383 998	348 295	45.76%	546 258	0.36%	438	38.55%	2.83	236 592	43.31%	757	1 075
Corporates: Of which: sme	0.50 to <0.75	173 101	183 051	42.38%	251 271	0.64%	243	45.71%	2.57	168 468	67.05%	737	777
Corporates: Of which: sme	0.75 to <2.50	1 117 431	427 827	46.14%	1 294 372	1.43%	895	39.87%	2.43	930 996	71.93%	7 197	10 637
Corporates: Of which: sme	2.50 to <10.00	683 473	298 715	43.07%	797 809	4.30%	759	39.35%	2.78	764 924	95.88%	12 725	31 812
Corporates: Of which: sme	10.00 to <100.00	129 929	47 566	37.98%	148 963	13.74%	70	40.67%	2.50	237 207	159.24%	8 237	20 080
Corporates: Of which: sme	100.00 (Default)	260 965	42 084	78.50%	293 871	100.00%	189	56.39%	2.38	56 042	19.07%	165 713	228 430
Corporates: Of which: sme	**Subtotal**	**3 111 940**	**1 687 806**	**46.63%**	**3 873 740**	**2.17%**	**2 803**	**41.87%**	**2.58**	**2 559 243**	**66.07%**	**195 708**	**292 912**
Retail Secured on real estate property	0.00 to <0.15	237 470	7 719	49.76%	245 798	0.12%	3 048	13.76%	-	9 990	4.06%	42	34
Retail Secured on real estate property	0.15 to <0.25	254 588	10 171	54.14%	264 901	0.20%	3 257	14.13%	-	15 420	5.82%	74	68
Retail Secured on real estate property	0.25 to <0.50	470 042	10 006	53.17%	484 108	0.36%	6 821	13.51%	-	42 035	8.68%	238	197
Retail Secured on real estate property	0.50 to <0.75	292 164	6 998	51.27%	300 854	0.61%	4 117	14.16%	-	38 914	12.93%	261	214
Retail Secured on real estate property	0.75 to <2.50	767 889	16 376	54.85%	787 586	1.35%	10 873	15.25%	-	177 011	22.48%	1 631	1 887
Retail Secured on real estate property	2.50 to <10.00	317 471	2 036	50.17%	322 620	4.98%	4 900	14.26%	-	146 345	45.36%	2 261	4 396
Retail Secured on real estate property	10.00 to <100.00	137 770	955	51.22%	140 517	19.39%	2 480	14.20%	-	105 636	75.18%	3 942	7 428
Retail Secured on real estate property	100.00 (Default)	74 632	26	-	74 510	100.00%	1 273	27.11%	-	2 849	3.82%	20 199	51 546
Retail Secured on real estate property	**Subtotal**	**2 552 026**	**54 287**	**52.96%**	**2 620 894**	**2.29%**	**36 769**	**14.71%**	**-**	**538 200**	**20.53%**	**28 648**	**65 770**
Retail Qualifying revolving	0.00 to <0.15	7 463	78 132	62.24%	56 802	0.12%	36 326	31.89%	-	1 375	2.42%	22	32
Retail Qualifying revolving	0.15 to <0.25	6 569	25 252	62.68%	22 673	0.20%	15 414	32.74%	-	827	3.65%	15	22
Retail Qualifying revolving	0.25 to <0.50	12 165	28 464	61.37%	29 999	0.36%	20 020	33.53%	-	1 822	6.07%	36	50
Retail Qualifying revolving	0.50 to <0.75	8 473	15 063	61.28%	17 931	0.61%	12 869	33.36%	-	1 660	9.25%	37	47
Retail Qualifying revolving	0.75 to <2.50	32 761	42 774	60.46%	59 393	1.44%	43 447	33.49%	-	10 480	17.65%	286	416
Retail Qualifying revolving	2.50 to <10.00	35 182	19 892	59.21%	47 593	5.06%	34 959	34.11%	-	20 574	43.23%	822	1 408
Retail Qualifying revolving	10.00 to <100.00	15 043	2 976	58.41%	17 017	15.97%	13 664	33.83%	-	14 197	83.43%	920	2 512
Retail Qualifying revolving	100.00 (Default)	6 837	146	-	6 837	100.00%	8 158	58.56%	-	603	8.82%	4 004	6 824
Retail Qualifying revolving	**Subtotal**	**124 493**	**212 699**	**61.37%**	**258 245**	**2.51%**	**184 857**	**33.87%**	**-**	**51 538**	**19.96%**	**6 142**	**11 311**
Other retail	0.00 to <0.15	14 562	50 888	51.80%	41 315	0.12%	5 953	45.68%	-	4 662	11.29%	23	29
Other retail	0.15 to <0.25	18 889	30 473	51.50%	34 273	0.20%	2 463	43.39%	-	5 094	14.86%	30	47
Other retail	0.25 to <0.50	46 672	48 033	52.99%	71 689	0.39%	4 214	52.15%	-	19 167	26.74%	147	185
Other retail	0.50 to <0.75	48 350	29 139	53.73%	63 807	0.61%	3 528	52.72%	-	22 240	34.85%	207	247
Other retail	0.75 to <2.50	292 113	67 615	52.21%	323 252	1.37%	14 452	57.27%	-	169 219	52.35%	2 546	3 982
Other retail	2.50 to <10.00	123 427	13 933	52.86%	129 779	4.78%	7 591	57.41%	-	89 482	68.95%	3 558	5 688
Other retail	10.00 to <100.00	46 835	2 865	49.59%	48 032	22.67%	3 825	55.01%	-	49 308	102.66%	6 078	10 749
Other retail	100.00 (Default)	46 863	909	39.81%	46 905	100.00%	4 919	71.93%	-	10 278	21.91%	33 740	42 825
Other retail	**Subtotal**	**637 711**	**243 855**	**52.33%**	**759 052**	**3.13%**	**46 945**	**55.93%**	**-**	**369 450**	**48.67%**	**46 329**	**63 752**
Total (all portfolios)		**8 483 288**	**4 152 416**	**56.80%**	**10 645 021**	**1.95%**	**271 623**	**37.30%**	**2.48**	**5 517 048**	**51.83%**	**329 070**	**521 111**

APPENDIX 27C

EU CR6 – IRB APPROACH – CREDIT RISK EXPOSURES BY EXPOSURE CLASS AND PD RANGE
EQUITY
/AS OF 31.12.2019/

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	29 497	-	-	29 497	-	10	-	-	63 485	215.22%	145	-
Total (all portfolios)		29 497	-	-	29 497	-	10	-	-	63 485	215.22%	145	-

UniCredit Bulbank

APPENDIX 28A

EU CCR4 – IRB APPROACH – CCR EXPOSURES BY PORTFOLIO AND PD SCALE
FOUNDATION IRB APPROACH
/AS OF 31.12.2019/

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	136 234	0.12%	22	45.00%	2.50	62 857	46.14%
Institutions	0.15 to <0.25	16 145	0.17%	1	45.00%	2.50	9 270	57.41%
Institutions	0.25 to <0.50	306	0.29%	2	45.00%	2.50	174	56.85%
Institutions	0.50 to <0.75	758	0.69%	1	45.00%	2.50	645	85.05%
Institutions	0.75 to <2.50	-	-	-	-	-	-	-
Institutions	2.50 to <10.00	-	-	-	-	-	-	-
Institutions	10.00 to <100.00	-	-	-	-	-	-	-
Institutions	100.00 (Default)	-	-	-	-	-	-	-
Institutions	**Subtotal**	**153 443**	**0.13%**	**26**	**45.00%**	**2.50**	**72 945**	**47.54%**
Corporates: Of which: specialised lending	Excelent	26 537	-	23	-	-	18 576	70.00%
Corporates: Of which: specialised lending	Good	9 685	-	39	-	-	8 717	90.00%
Corporates: Of which: specialised lending	Satisfactory	1 765	-	6	-	-	2 030	115.00%
Corporates: Of which: specialised lending	Weak	-	-	-	-	-	-	-
Corporates: Of which: specialised lending	Default	-	-	-	-	-	-	-
Corporates: Of which: specialised lending	**Subtotal**	**37 987**	**-**	**68**	**-**	**-**	**29 322**	**77.19%**
Total (all portfolios)		**191 431**	**0.13%**	**94**	**45.00%**	**2.50**	**102 267**	**53.42%**

APPENDIX 28B

EU CCR4 – IRB APPROACH – CCR EXPOSURES BY PORTFOLIO AND PD SCALE
ADVANCED IRB APPROACH
/AS OF 31.12.2019/

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	15 712	0.09%	8	52.95%	1.08	3 955	25.17%
Corporates	0.15 to <0.25	180	0.20%	1	45.00%	1.00	57	31.71%
Corporates	0.25 to <0.50	5 486	0.38%	7	45.00%	1.00	2 585	47.11%
Corporates	0.50 to <0.75	1 242	0.62%	3	45.00%	1.00	767	61.71%
Corporates	0.75 to <2.50	1 665	1.18%	8	45.00%	1.22	1 421	85.31%
Corporates	2.50 to <10.00	420	7.90%	1	45.00%	1.00	708	168.67%
Corporates	10.00 to <100.00	-	-	-	-	-	-	-
Corporates	100.00 (Default)	-	-	-	-	-	-	-
Corporates	**Subtotal**	**24 705**	**0.39%**	**28**	**50.06%**	**1.06**	**9 492**	**38.42%**
Corporates: Of which: sme	0.00 to <0.15	301	0.08%	2	45.00%	1.00	38	12.60%
Corporates: Of which: sme	0.15 to <0.25	3	0.19%	1	45.00%	1.00	1	20.54%
Corporates: Of which: sme	0.25 to <0.50	463	0.42%	7	45.00%	1.19	208	44.89%
Corporates: Of which: sme	0.50 to <0.75	940	0.67%	4	45.00%	1.00	473	50.28%
Corporates: Of which: sme	0.75 to <2.50	2 782	1.49%	15	45.87%	2.77	2 398	86.21%
Corporates: Of which: sme	2.50 to <10.00	2 288	3.57%	15	45.00%	1.00	2 376	103.83%
Corporates: Of which: sme	10.00 to <100.00	16	10.92%	2	45.00%	1.00	25	151.74%
Corporates: Of which: sme	100.00 (Default)	49	100.00%	2	45.00%	1.28	-	-
Corporates: Of which: sme	**Subtotal**	**6 844**	**1.96%**	**48**	**45.36%**	**1.74**	**5 518**	**80.64%**
Other retail	0.00 to <0.15	-	-	-	-	-	-	-
Other retail	0.15 to <0.25	-	-	-	-	-	-	-
Other retail	0.25 to <0.50	-	-	-	-	-	-	-
Other retail	0.50 to <0.75	-	-	-	-	-	-	-
Other retail	0.75 to <2.50	-	-	-	-	-	-	-
Other retail	2.50 to <10.00	-	-	-	-	-	-	-
Other retail	10.00 to <100.00	-	-	-	-	-	-	-
Other retail	100.00 (Default)	-	-	-	-	-	-	-
Other retail	**Subtotal**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total (all portfolios)		**31 548**	**0.73%**	**76**	**49.04%**	**1.21**	**15 010**	**47.58%**

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APPENDIX 29

EU CR3 – CRM TECHNIQUES – OVERVIEW /AS OF 31.12.2019/

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	8 601 279	3 761 725	3 675 891	85 835	-
2	Total debt securities	3 674 582	-	-	-	-
3	**Total exposures**	**12 275 861**	**3 761 725**	**3 675 891**	**85 835**	**-**
4	Of which defaulted	120 781	56 501	56 154	347	-

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APPENDIX 30

EU CR4 – STANDARDISED APPROACH – CREDIT RISK EXPOSURE AND CRM EFFECTS /AS OF 31.12.2019/

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	5 173 056	5 369	5 173 056	355	625 151	12.08%
2	Regional government or local authorities	65 889	14 684	65 889	1 333	67 222	100.00%
3	Public sector entities	450	3 096	449	948	1 397	100.00%
4	Multilateral development banks	-	-	73 464	229	-	-
5	International organisations	-	-	-	-	-	-
6	Institutions	2 400	1 448	2 400	1 057	1 029	29.77%
7	Corporates	925 022	319 970	925 152	69 724	987 544	99.26%
8	Retail	1 879 922	27 526	1 879 762	9 983	1 416 256	74.94%
9	Secured by mortgages on immovable property	11 278	2 816	11 278	2 449	5 243	38.19%
10	Exposures in default	13 902	5 922	13 755	21	15 400	111.79%
11	Exposures associated with particularly high risk	583	-	583	-	875	150.09%
12	Covered bonds	-	-	-	-	-	-
13	Institutions and corporates with a short-term credit assessment	1	-	1	-	1	100.00%
14	Collective investment undertakings	-	-	-	-	-	-
15	Equity	-	-	-	-	-	-
16	Other items	-	-	-	-	-	-
17	**Total**	**8 072 503**	**380 831**	**8 145 789**	**86 100**	**3 120 118**	**37.90%**

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APPENDIX 31

EU CR7 – IRB APPROACH – EFFECT ON THE RWAs OF CREDIT DERIVATIVES USED AS CRM TECHNIQUES /AS OF 31.12.2019/

In thousands of BGN

		a	b
		Pre-credit derivatives RWAs	**Actual RWAs**
1	**Exposures under FIRB**		
2	Central governments and central banks	-	-
3	Institutions	1 006 466	1 006 466
4	Corporates – SMEs	-	-
5	Corporates – Specialised lending	1 282 906	1 282 906
6	Corporates – Other	83 219	83 219
7	**Exposures under AIRB**		
8	Central governments and central banks	-	-
9	Institutions	-	-
10	Corporates – SMEs	2 564 762	2 564 762
11	Corporates – Specialised lending	-	-
12	Corporates – Other	2 008 108	2 008 108
13	Retail – Secured by real estate SMEs	105 938	105 938
14	Retail – Secured by real estate non- SMEs	432 263	432 263
15	Retail – Qualifying revolving	51 538	51 538
16	Retail – Other SMEs	342 395	342 395
17	Retail – Other non-SMEs	27 054	27 054
18	Equity IRB	63 484	63 484
19	Other non-credit obligation assets	601 783	601 783
20	**Total**	**8 569 916**	**8 569 916**

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APPENDIX 32

EU CR8 – RWA FLOW STATEMENTS OF CREDIT RISK EXPOSURES UNDER THE IRB APPROACH /AS OF 31.12.2019/

In thousands of BGN

		a	b
		RWA amounts	**Capital requirements**
1	**RWAs as at the end of the previous reporting period**	**7 019 903**	**561 592**
2	Asset size	843 024	67 442
3	Asset quality	20 651	1 652
4	Model updates	84 554	6 764
5	Methodology and policy		
6	Acquisitions and disposals		
7	Foreign exchange movements		
8	Other		
9	**RWAs as at the end of the reporting period**	**7 968 133**	**637 451**

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APPENDIX 33A

EU CR9 – IRB APPROACH – BACKTESTING OF PD PER EXPOSURE CLASS FOUNDATION IRB APPROACH /AS OF 31.12.2019/

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	-	0.12%	0.09%	61	66	-	-	-
Institutions	0.15 to <0.25	-	0.17%	0.19%	6	6	-	-	-
Institutions	0.25 to <0.50	-	0.30%	0.30%	5	5	-	-	-
Institutions	0.50 to <0.75	-	0.70%	0.70%	1	2	-	-	-
Institutions	0.75 to <2.50	-	1.13%	1.13%	10	8	-	-	-
Institutions	2.50 to <10.00	-	3.02%	3.71%	6	5	-	-	-
Institutions	10.00 to <100.00	-	-	-	1	-	-	-	-
Institutions	**Subtotal**	**-**	**0.17%**	**0.41%**	**90**	**92**	**-**	**-**	**0.00%**
Financial corporate	0.00 to <0.15	-	0.07%	0.07%	2	1	-	-	-
Financial corporate	0.15 to <0.25	-	0.24%	0.24%	-	4	-	-	-
Financial corporate	0.25 to <0.50	-	0.43%	0.43%	7	1	-	-	-
Financial corporate	0.50 to <0.75	-	0.68%	0.65%	1	3	-	-	-
Financial corporate	0.75 to <2.50	-	2.19%	2.29%	3	2	-	-	-
Financial corporate	2.50 to <10.00	-	2.82%	3.48%	4	2	-	-	-
Financial corporate	10.00 to <100.00	-	-	-	-	-	-	-	-
Financial corporate	**Subtotal**	**-**	**0.78%**	**1.15%**	**17**	**13**	**-**	**-**	**0.00%**

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APPENDIX 33B

EU CR9 – IRB APPROACH – BACKTESTING OF PD PER EXPOSURE CLASS
ADVANCED IRB APPROACH
/AS OF 31.12.2019/

In thousands of BGN

a	b	c	d	e	f		g	h	i
AIRB	PD range	External rating equivalent	Weighted average PD	Arithmetic average PD by obligors	Number of obligors		Defaulted obligors in the year	Of which new obligors	Average historical annual default rate
					End of previous year	End of the year			
Corporates	0.00 to <0.15	-	0.10%	0.09%	43	51	-	-	
Corporates	0.15 to <0.25	-	0.19%	0.19%	12	12	-	-	
Corporates	0.25 to <0.50	-	0.34%	0.35%	30	41	-	-	
Corporates	0.50 to <0.75	-	0.58%	0.64%	23	17	-	-	
Corporates	0.75 to <2.50	-	1.17%	1.34%	61	49	1	-	
Corporates	2.50 to <10.00	-	4.17%	5.32%	35	45	1	-	-
Corporates	10.00 to <100.00	-	17.09%	18.68%	14	11	1	-	-
Corporates	**Subtotal**	-	**0.85%**	**2.57%**	**218**	**226**	**3**	-	**1.51%**
Corporates: Of which: sme	0.00 to <0.15	-	0.11%	0.10%	51	95	-	-	-
Corporates: Of which: sme	0.15 to <0.25	-	0.19%	0.20%	125	114	-	-	-
Corporates: Of which: sme	0.25 to <0.50	-	0.37%	0.37%	434	438	1	-	-
Corporates: Of which: sme	0.50 to <0.75	-	0.59%	0.62%	308	243	-	-	-
Corporates: Of which: sme	0.75 to <2.50	-	1.51%	1.45%	1 033	895	12	-	-
Corporates: Of which: sme	2.50 to <10.00	-	4.03%	4.51%	608	760	22	-	-
Corporates: Of which: sme	10.00 to <100.00	-	14.37%	16.26%	33	70	5	-	-
Corporates: Of which: sme	**Subtotal**	-	**2.14%**	**1.99%**	**2 592**	**2 615**	**40**	-	**1.51%**
Retail Secured on real estate property: Of which: sme	0.00 to <0.15	-	0.12%	0.13%	102	99	-	-	-
Retail Secured on real estate property: Of which: sme	0.15 to <0.25	-	0.19%	0.19%	140	157	-	-	-
Retail Secured on real estate property: Of which: sme	0.25 to <0.50	-	0.39%	0.38%	306	248	1	-	-
Retail Secured on real estate property: Of which: sme	0.50 to <0.75	-	0.61%	0.62%	293	266	3	-	-
Retail Secured on real estate property: Of which: sme	0.75 to <2.50	-	1.37%	1.41%	1 174	1 092	13	-	-
Retail Secured on real estate property: Of which: sme	2.50 to <10.00	-	4.45%	4.62%	480	420	22	-	-
Retail Secured on real estate property: Of which: sme	10.00 to <100.00	-	24.70%	24.34%	236	197	47	-	-
Retail Secured on real estate property: Of which: sme	**Subtotal**	-	**3.03%**	**3.65%**	**2 731**	**2 479**	**86**	-	**3.76%**
Retail Secured on real estate property: Of which: non-sme	0.00 to <0.15	-	0.12%	0.12%	2 885	2 786	-	-	-
Retail Secured on real estate property: Of which: non-sme	0.15 to <0.25	-	0.20%	0.20%	2 456	2 938	-	-	-
Retail Secured on real estate property: Of which: non-sme	0.25 to <0.50	-	0.36%	0.36%	5 466	6 334	9	-	-
Retail Secured on real estate property: Of which: non-sme	0.50 to <0.75	-	0.61%	0.61%	3 168	3 645	5	-	-
Retail Secured on real estate property: Of which: non-sme	0.75 to <2.50	-	1.36%	1.37%	8 693	9 287	23	-	-
Retail Secured on real estate property: Of which: non-sme	2.50 to <10.00	-	4.92%	4.97%	4 173	4 284	58	-	-
Retail Secured on real estate property: Of which: non-sme	10.00 to <100.00	-	18.64%	18.81%	2 241	2 196	187	-	-
Retail Secured on real estate property: Of which: non-sme	**Subtotal**	-	**2.32%**	**2.74%**	**29 082**	**31 470**	**282**	-	**2.17%**
Retail Qualifying revolving	0.00 to <0.15	-	0.12%	0.12%	29 173	31 037	123	-	-
Retail Qualifying revolving	0.15 to <0.25	-	0.20%	0.20%	11 151	12 467	74	-	-
Retail Qualifying revolving	0.25 to <0.50	-	0.36%	0.35%	15 015	15 764	106	-	-
Retail Qualifying revolving	0.50 to <0.75	-	0.61%	0.61%	9 056	9 943	55	-	-
Retail Qualifying revolving	0.75 to <2.50	-	1.44%	1.45%	31 227	34 057	352	-	-
Retail Qualifying revolving	2.50 to <10.00	-	5.03%	5.06%	25 603	27 962	960	-	-
Retail Qualifying revolving	10.00 to <100.00	-	15.89%	15.87%	9 849	11 320	1 485	-	-
Retail Qualifying revolving	**Subtotal**	-	**2.41%**	**2.65%**	**131 074**	**142 550**	**3 155**	-	**2.17%**
Other retail: Of which: sme	0.00 to <0.15	-	0.12%	0.13%	2 731	3 144	14	-	-
Other retail: Of which: sme	0.15 to <0.25	-	0.19%	0.21%	911	997	3	-	-
Other retail: Of which: sme	0.25 to <0.50	-	0.37%	0.38%	1 665	1 732	11	-	-
Other retail: Of which: sme	0.50 to <0.75	-	0.60%	0.61%	1 395	1 418	4	-	-
Other retail: Of which: sme	0.75 to <2.50	-	1.35%	1.42%	5 929	6 300	100	-	-
Other retail: Of which: sme	2.50 to <10.00	-	4.45%	4.75%	3 436	3 444	175	-	-
Other retail: Of which: sme	10.00 to <100.00	-	22.69%	23.61%	1 267	1 380	252	-	-
Other retail: Of which: sme	**Subtotal**	-	**2.88%**	**3.27%**	**17 334**	**18 415**	**559**	-	**3.76%**
Other retail: Of which: non-sme	0.00 to <0.15	-	0.12%	0.12%	2 254	1 822	7	-	-
Other retail: Of which: non-sme	0.15 to <0.25	-	0.20%	0.20%	851	790	1	-	-
Other retail: Of which: non-sme	0.25 to <0.50	-	0.36%	0.36%	1 213	1 028	2	-	-
Other retail: Of which: non-sme	0.50 to <0.75	-	0.63%	0.64%	1 085	836	6	-	-
Other retail: Of which: non-sme	0.75 to <2.50	-	1.40%	1.41%	2 659	2 073	20	-	-
Other retail: Of which: non-sme	2.50 to <10.00	-	5.18%	5.18%	1 980	1 482	54	-	-
Other retail: Of which: non-sme	10.00 to <100.00	-	19.97%	19.31%	1 925	1 452	238	-	-
Other retail: Of which: non-sme	**Subtotal**	-	**4.05%**	**4.41%**	**11 967**	**9 483**	**328**	-	**2.17%**

UniCredit Bulbank

Declaration by the Manager charged with preparing the financial reports

The undersigned, Jasna Mandac – CFO and Member of the Management Board of UniCredit Bulbank AD, in 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 22, 2020

JASNA MANDAC

Chief Financial Officer and

Member of the Management Board

Mandac

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/signature/