UniCredit Bulbank

ANNUAL DISCLOSURE

YEAR 2018

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.

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/).

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 13;* *Template 14;* *Template 15;* *Template 16;* *Template 17*	Chapter 10 *Appendix 12;* *Appendix 13;* *Appendix 14;* *Appendix 15;* *Appendix 16;* *Appendix 17;* *Appendix 18;* *Appendix 19;* *Appendix 20;* *Appendix 21;* *Appendix 22*
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*
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

REGULATION (EU) 575/2013	EBA/GL/2016/11	ANNUAL DISCLOSURE
Article & Content	***Section & Template***	***Chapter & Appendix***
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 2018 UniCredit Bulbank AD has received BBB/Negative rating by Fitch, one of the most respectable agency in the world.

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

2 RISK MANAGEMENT, OBJECTIVES AND POLICIES

2.1 OVERVIEW

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

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

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

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

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

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

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

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

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

The Risk Appetite of UniCredit Bulbank reflects the ambition to:

- Pursue **a robust business model with low risk framework** ensuring sustainable profits and return on equity above the cost of capital.
- 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.

Provisioning and Restructuring Committee (PRC)

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

The Credit Monitoring Commission

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

Asset-Liability Committee (ALCO)

ALCO is equipped with decision authority in following areas:

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

Operational and Reputational Risk Committee

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

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

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

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

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

Audit Committee
The main functions of the Audit Committee are:

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

2.3 INTERNAL AUDIT FUNCTION

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

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

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

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

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

2.4 COMPLIANCE FUNCTION

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

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

Among the functional range of the Anti-Money Laundering 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.

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 unitand compared with the risk limits set by the Management Board and ALCO.

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

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

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

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

Internal model results are complemented by various stress scenarios to identify potential effects of stressful market conditions on the Bank's earnings. The assumptions under such stress scenarios include extreme movements in prices or rates and deterioration in market liquidity. Stress results for major asset classes and portfolios (credit, rates and FX) and estimated impact on liquidity position are reported at least monthly to ALCO.
In 2018 the Bank's Management continued prudent risk management practice with primary focus on client-driven business.

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

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

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

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

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

For risk management purpose UniCredit Bulbank uses the group internal model that includes measurement and monitoring of stressed VaR and Incremental Risk Charge (IRC).

3.1.2 Management of Counterparty credit risk

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

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

For the purpose of mitigating counterparty risk and settlement risk, the Bank 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 Specific Wrong Way Global Policy aims to complement our exposure calculation methodologies by providing a unified group wide framework for the appetite, definition, risk monitoring and management of Specific Wrong Way Risk exposures.
General Wrong Way Risk arises when the credit quality of the counterparty is correlated with a risk factor which also affects the value of the transaction with the Group. The Global policy relating to the General Wrong Way Risk aims at defining the framework for analysing, monitoring and managing the potential impact of GWWR risk by product, region and industry and it also seeks to add additional levels of control to General Wrong Way Risk transactions.

3.1.3 Management of Liquidity risks

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

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

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

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

Structure and organization of the liquidity risk

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

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

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

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

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

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

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

Measurement and reporting of liquidity risk

UniCredit Bulbank measures both short-term and structural liquidity.

The metrics included in 2018 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.

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

Short-term liquidity (**operative maturity ladder**) is the main metric used to measure the short term liquidity position and is composed of Primary Gap and Counterbalancing Capacity (CBC). The

STL limits are set in order to indicate whether the Bank remains in a position to fulfil its cash payment obligations, be they expected or unexpected.

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

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

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

3.2 OPERATIONAL RISK

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

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

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

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

The main activities of the Operational and Reputational Risk Unit in 2018 were focused on the further development of the Operational Risk management, with emphasis on preventative and mitigation actions to reduce future losses.

The key activities performed in 2018 related to the Operational risk management are namely: 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 and Operational and Reputational Risk Strategies definition (including Business Syndication) and monitoring. Furthermore, a dedicated Operational and Reputational Risk Committee meets every quarter in order key operational risk topics to be discussed aiming at proper mitigation actions to be elaborated and timely action plans to be outlined. Focusing on prevention of emerging risks the Operational and Reputational Risk unit also took part in 2018 in several mitigation and compliance-oriented projects (e.g. GDPR, PSD2, KYC, etc.), as well as actively participated in the implementation of new and changed bank products and processes.

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.

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.

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

UniCredit Bulbank

3.3 CREDIT RISK

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3.4 INFORMATION ON GOVERNANCE ARRANGEMENTS

3.4.1 Directorships held by members of the management body

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

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

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

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

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

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

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

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

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

3.4.3 Diversity policy, including the policy on gender diversity

At the end of December 2018, the presence of Women in top and middle management positions was assessed as balanced. Overall the rate of female SVP&Above remained almost unchanged – around 40%. The female presence is better balanced among FVP in managerial roles – around 46%. In 2018 women are 38% of the Executive population and 49% of talents.

Female Appointment Index stands at 44.2% in 2018 – pretty stable in the past years and slightly lower than last year.

3.4.4 Risk Reporting to Management

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

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

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

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

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

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

There is a set of **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.
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, VAR backtesting results, Market Conformity checks of trades concluded in Treasury, PV and overdue payments on customer derivatives, derivatives exposure to customers by PV, rating, MIFID category, derivative limit utilization and monthly XVA adjustments. There are also Structural liquidity limits monitoring and Short-term liquidity stress tests (Survival period monitoring), Liquidity Coverage Ratio and Net Sales Funding Report. 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.

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 insurance recoveries on previous year trends (split by event type and % of losses) as well as an assessment of the impact of ICT failures in the banking running activities (expected impact) and in stressed scenarios (extreme impact).

4 SCOPE OF APPLICATION

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

There are no significant differences between the amounts in the financial statements under the accounting scope of consolidation and the financial statements under the regulatory scope of consolidation since they are fully IFRS based. There are only presentation differences e.g. 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.

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

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

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

6 CAPITAL REQUIREMENTS

For estimation of the capital requirements, UniCredit Bulbank applies:

For Credit Risk:

- Advanced Internal Rating Based Approach (A-IRB) for classes: Corporates[2]; Retail-Small Business (including covered by residential real estates); Retail – Individuals (including covered by residential real estates); and Equity claims[3];
- Foundation Internal Rating Based Approach (F-IRB) for classes: Financial Institutions (Financial Corporates[4]); and Corporates - Specialized Lending[5];
- Standardized Approach for classes[6]: Central Governments or Central Banks; Regional Governments or Local Authorities; Multilateral Development Banks; Administrative Bodies and Non-commercial Undertakings; International Organisations; and Other items.

For Market Risk:

- Standardized Appoach.

For Operational Risk:

- Advanced Measurement Approach.

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

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

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

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

[2] Except for Corporates – Specialized Lending.
[3] UniCredit Bulbank applies Simple Approach.
[4] Exposures to third country credit institutions according to art. 107 (3) (4) of Regulation (EU) 575/2013.
[5] UniCredit Bulbank applies Slotting Criteria Model (regulatory defined risk weights and expected loss levels).
[6] 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.

UniCredit Bulbank

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.

General quantitative information on credit risk is disclosed as follows:

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

UniCredit Bulbank

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 31.12.2018):

in thousands of BGN

	Carrying amount of encumbered assets	Carrying amount of non-encumbered assets
Assets:	**412 450**	**19 800 761**
Debt securities	101 962	3 626 141
Loans and advances	310 488	15 374 318
Other assets	-	800 302
	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:	**395 732**	**412 450**
Derivatives	76 325	55 602
Repurchase agreements	53 472	52 507
Collateralised deposits other than repurchase agreements	265 935	304 341

As of 31.12.2018, 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)*.

UniCredit Bulbank

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).*

UniCredit Bulbank

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 200 bps 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 31.12.2018, the allocation of tranches is as follows:
Nominal value of the portfolio: **20 852** ths.BGN
First Loss Tranche: **16 681** 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)*.

UniCredit Bulbank

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[7] in order to carry out clients' creditworthiness analyses. Rating models can be generally summarized as:

Group-wide rating models (GWM)

Group wide rating models[8] 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[9]; Security Industry Companies; and Financial Institutions.

Local rating models

- *Corporate rating model*

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

- *Slotting Criteria Model*

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

- *Retail Scoring Models*

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

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

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

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

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

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

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

Cases Occasioning a Rating:

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

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

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

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

19.2 QUALITATIVE INFORMATION RELATED TO LOCAL IRB MODELS

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

- **Corporate PD model**:

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

- **SME PD model**:

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

- **Private Individuals PD model**:

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

- **Specialised Lending Slotting Criteria model**:

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

- **LGD model**:

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

- **EAD model**:

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

IRB models	***IRB Regulatory Portfolios***	***RWA % of IRB Portfolio***
Group-Wide Rating Models	Banks	18.3%
	Multinationals	1.1%
Local Rating Models	Corporate	53.7%
	Slotting	14.0%
	SME	6.2%
	Retail	6.7%

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[10]) 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.

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

UniCredit Bulbank

20 CREDIT RISK MITIGATION TECHNIQUES

When granting loans the Bank accepts collaterals as follows:

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

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

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

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

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

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

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

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

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

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

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

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

21 REMUNERATION POLICY

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

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

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

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

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

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

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

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

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

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

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

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

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

A retention period applies to the remuneration in shares.
For 2018 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

2018 Executive's Compensation

Staff category	Number of participants	Total fixed compensation for 2018	Total variable compensation for 2018	Deferred variable compensation depending on the year of payment and underlying instruments											
				Cash	Shares	Cash	Shares	Cash	Shares	Cash	Shares	Cash	Shares	Cash	Shares
				2019		2020		2021		2022		2023		2024	
Identified staff	**34**	**6 431**	**3 581**	**1 564**	**0**	**271**	**54**	**0**	**658**	**152**	**271**	**119**	**134**	**239**	**119**

APPENDICES

UniCredit Bulbank

APPENDIX 1

EU LIQ1: LCR DISCLOSURE TEMPLATE ON QUANTITATIVE INFORMATION /AS OF 31.12.2018/

In thousands of BGN

Scope of consolidation (solo) UC Bulbank only		Total unweighted value	Total weighted value
Currency and units (BGN thousand)			
Quarter ending on (31 December 2018)		31.12.2018	31.12.2018
Number of data points used in the calculation of averages		12	12
HIGH-QUALITY LIQUID ASSETS			
1	Total high-quality liquid assets (HQLA)		5 820 590
CASH-OUTFLOWS			
2	Retail deposits and deposits from small business customers, of which:	10 482 969	976 367
3	*Stable deposits*	2 299 201	114 960
4	*Less stable deposits*	8 183 768	861 407
5	Unsecured wholesale funding	6 960 390	2 421 685
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	3 649 795	808 087
7	*Non-operational deposits (all counterparties)*	3 310 595	1 613 598
8	*Unsecured debt*	-	-
9	Secured wholesale funding		-
10	Additional requirements	1 944 575	213 977
11	*Outflows related to derivative exposures and other collateral requirements*	8 434	8 434
12	*Outflows related to loss of funding on debt products*	-	-
13	*Credit and liquidity facilities*	1 936 141	205 543
14	Other contractual funding obligations	-	-
15	Other contingent funding obligations	1 026 846	-
16	**TOTAL CASH OUTFLOWS**		3 612 029
CASH-INFLOWS			
17	Secured lending (eg reverse repos)	548 933	-
18	Inflows from fully performing exposures	1 226 365	1 155 339
19	Other cash inflows	3 026 036	74 657
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**	4 801 334	1 229 996
EU-20a	***Fully exempt inflows***	-	-
EU-20b	***Inflows Subject to 90% Cap***	-	-
EU-20c	***Inflows Subject to 75% Cap***	4 801 334	1 229 996
			TOTAL ADJUSTED VALUE
21	**LIQUIDITY BUFFER**		**5 820 590**
22	**TOTAL NET CASH OUTFLOWS**		**2 382 033**
23	**LIQUIDITY COVERAGE RATIO (%)**		**244.35%**

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 31.12.2018/

In thousands of BGN

	a	b	c	d	e	f	g
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items				
			Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash and balances with Central Bank	2 457 235	2 457 235	2 457 235	-	-	-	-
Non-derivative financial assets held for trading	31 946	31 946	24 829	-	-	7 117	-
Derivatives held for trading	57 942	57 942	-	57 942	-	3 773	-
Derivatives held for hedging	496	496	-	496	-	-	-
Loans and advances to banks	2 287 077	2 287 077	1 922 429	364 648	-	-	-
Loans and advances to customers	11 297 096	11 297 096	11 280 415	-	16 681	-	-
Investment sequrities	3 736 749	3 736 749	3 736 749	-	-	-	-
Investments in associates	2 756	2 761	2 761	-	-	-	-
Property, plant, equipment and investment properties	186 699	186 304	186 304	-	-	-	-
Intangible assets	47 923	47 923	-	-	-	-	47 923
Current tax assets	368	116	116	-	-	-	-
Deferred tax assets	7 813	7 806	9 231	-	-	-	-1 425
Other assets	101 304	99 760	99 760	-	-	-	
Total assets	**20 215 404**	**20 213 211**	**19 719 829**	**423 086**	**16 681**	**10 890**	**46 498**
Liabilities							
Financial liabilities held for trading	31 206	31 206	-	-	-	-	31 206
Derivatives used for hedging	56 901	56 901	-	-	-	-	56 901
Deposits from banks	893 751	893 751	-	-	-	-	893 751
Deposits from customers	15 824 661	15 829 355	43 831	-	-	-	15 785 524
Provisions	99 135	99 135	55 076	-	-	-	44 059
Current tax liabilities	2 941	2 887	-	-	-	-	2 887
Deferred tax liabilities	114	114	-	-	-	-	114
Other liabilities	129 623	129 215	-	-	-	-	129 215
Total liabilities	**17 038 332**	**17 042 564**	**98 907**	**-**	**-**	**-**	**16 943 657**

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APPENDIX 3

EU LI2 – MAIN SOURCES OF DIFFERENCES BETWEEN REGULATORY EXPOSURE AMOUNTS AND CARRYING VALUES IN FINANCIAL STATEMENTS /AS OF 31.12.2018/

In thousands of BGN

		a	b	c	d	e
				Items subject to		
		Total	Credit risk framework	CCR framework	Securitisation framework	Market risk framework
1	**Assets carrying value amount under the scope of regulatory consolidation (as per template EU LI1)**	**20 213 211**	**19 719 829**	**423 086**	**16 681**	**10 890**
2	Liabilities carrying value amount under the regulatory scope of consolidation (as per template EU LI1)	17 042 564	98 907	-	-	-
3	Total net amount under the regulatory scope of consolidation	-	-	-	-	-
4	Off-balance-sheet amounts	3 964 114	1 960 706	-	-	-
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*	-	539 867	-	-	-
8	*Differences due to prudential filters*	-	-	-	-	-
9	*Collaterals*	-	-20 058		-16 681	
10	*Equity*	-	-11 439	-	-	-
11	*Other assets*	-	-627 573	-	-	-
12	Deferred tax assets	-	1 425	-	-	-
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)	-	-	112 579	-	-
16	**Exposure amounts considered for regulatory purposes**	**22 360 213**	**21 567 815**	**171 017**	**-**	**10 890**

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APPENDIX 4

EU LI3 – OUTLINE OF THE DIFFERENCES IN THE SCOPES OF CONSOLIDATION (ENTITY BY ENTITY) /AS OF 31.12.2018/

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 31.12.2018/

In thousands of BGN

ASSETS	
Cash and balances with Central Bank	2 457 235
Non-derivative financial assets held for trading	31 946
Derivatives held for trading	57 942
Derivatives hedging	496
Loans and advances to banks	2 287 077
Loans and advances to customers	11 297 096
Financial assets at fair value through other comprehensive income	3 736 749
Investments in subsidiaries and associates	2 761
Property, plant, equipment and investment properties	186 304
Intangible assets	47 923
Current tax assets	116
Deferred tax assets	7 806
Other assets	99 760
TOTAL ASSETS	**20 213 211**
LIABILITIES	
Financial liabilities held for trading	31 206
Derivatives used for hedging	56 901
Deposits from banks	893 751
Deposits from customers	15 829 355
Provisions	99 135
Current tax liabilities	2 887
Deferred tax liabilities	114
Other liabilities	129 215
TOTAL LIABILITIES	**17 042 564**
EQUITY	
Share capital	285 777
Revaluation and other reserves	147 607
Retained earnings	2 306 733
Profit for the year	430 530
TOTAL EQUITY	**3 170 647**
TOTAL LIABILITIES AND EQUITY	**20 213 211**

UniCredit Bulbank

APPENDIX 5B

BALANCE SHEET RECONCILIATION METHODOLOGY /AS OF 31.12.2018/

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	Retained earnings	Profit for the year	Adjustments to CET1 due to prudential filters	Intangible assets		
Balances as at 31 December 2018 of the positions included in the calculation of CET 1	**285 777**	**147 607**	**2 306 733**	**430 530**	**-**	**-47 923**	**-**	**3 122 724**
Regulatory corrections of CET 1								
Correction of Cash flow hedges reserves	-	28 001	-	-		-	-	28 001
Current year profit, not yet eligible for own funds inclusion	-	-	-	-430 530		-	-	-430 530
Deferred tax liabilities associated to intangible assets	-	-	-	-		1 425	-	1 425
Shortfall related to performing exposures treated under A-IRB	-	-	-	-		-	-105	-105
Fair value gains and losses arising from the institution's own credit risk related to derivative liabilities					-6 077			-6 077
Total regulatory corrections of CET 1 (fully loaded)	**-**	**28 001**	**-**	**-430 530**	**-6 077**	**1 425**	**-105**	**-407 286**
Core Equity Tier 1 (CET 1) (fully loaded)	**285 777**	**175 608**	**2 306 733**	**-**	**-6 077**	**-46 498**	**-105**	**2 715 438**
Core Equity Tier 1 (CET 1) (transitional provisions)	**285 777**	**175 608**	**2 306 733**	**-**	**-6 077**	**-46 498**	**-105**	**2 715 438**
Balances as at 31 December 2018 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)							44 576	44 576
Total regulatory corrections of Tier 2 (fully loaded)							**44 576**	**44 576**
Tier 2 capital (fully loaded)							**44 576**	**44 576**
Tier 2 capital (transitional provisions)							**44 576**	**44 576**
Total own funds (fully loaded)	**285 777**	**175 608**	**2 306 733**	**-**	**-6 077**	**-46 498**	**44 471**	**2 760 014**
Total own funds (transitional provisions)	**285 777**	**175 608**	**2 306 733**	**-**	**-6 077**	**-46 498**	**44 471**	**2 760 014**

UniCredit Bulbank

APPENDIX 5C

CAPITAL INSTRUMENTS' MAIN FEATURES TEMPLATE /AS OF 31.12.2018/

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, 2018)	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

APPENDIX 5D

TRANSITIONAL OWN FUNDS DISCLOSURE TEMPLATE /AS OF 31.12.2018/

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	2 306 733	26 (1) (c)	N/A
3	Accumulated other comprehensive income (and any other reserves)	147 607	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**	**2 740 117**		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)	-46 498	36 (1) (b), 37, 472 (4)	N/A
9	Empty set in the EU	-		N/A
10	Deferred tax assets that rely on future profitability excluding those arising from temporary difference (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-	36 (1) (c), 38, 472 (5)	N/A
11	Fair value reserves related to gains or losses on cash flow hedges	28 001	33 (a)	N/A
12	Fair value gains and losses arising from the institution's own credit risk related to derivative liabilities	-6 077	33 (c)	
13	Negative amounts resulting from the calculation of expected loss amounts	-105	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	-		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

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
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)	-24 679		N/A
30	**Common Equity Tier 1 (CET1) capital**	**2 715 438**		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 Rregulation (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)**	**2 715 438**		N/A
	Tier 2 (T2) capital: instruments and provisions			
47	Capital instruments and the related share premium accounts	-	62, 63	N/A
48	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2	-	486 (4)	N/A
	Public sector capital injections grandfathered until 1 january 2018	-	483 (4)	N/A
49	Qualifying own funds instruments included in consolidated T2 capital (including minority interest and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third party	-	87, 88, 480	N/A
50	of which: instruments issued by subsidiaries subject to phase-out	-	486 (4)	N/A
51	Credit risk adjustments	44 576	62 (c) & (d)	N/A
52	**Tier 2 (T2) capital before regulatory adjustment**	**44 576**		N/A
	Tier 2 (T2) capital: regulatory adjustments			
53	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	63 (b) (i), 66 (a), 67, 477 (2)	N/A
54	Holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institutions designed to inflate artificially the own funds of the institution (negative amount)	-	66 (b), 68, 477 (3)	N/A
55	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10 % threshold and net of eligible short positions) (negative amount)	-	66 (c), 69, 70, 79, 477 (4)	N/A
55a	Of which new holdings not subject to transitional arrangements	-		N/A
55b	Of which holdings existing befor 1 January 2013 and subject to transitional arrangements	-		N/A
56	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amounts)	-	66 (d), 69, 79, 477 (4)	N/A

	Common Equity Tier 1 capital: instruments and reserves (1)	(A) Amount at Disclosure	(B) Regulation (EU) No 575/2013 article reference	(C) Amounts subject to Pre-Regulation (EU) No 575/2013 treatment OR prescribed residual amount of Regulation (EU) 575/2013
57	Regulatory adjustments applied to tier 2 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)	N/A		N/A
57a	Residual amounts deducted from Tier 2 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013	-	472, 472(3)(a), 472 (4), 472 (6), 472 (8), 472 (9), 472 (10) (a), 472 (11) (a)	N/A
57b	Residual amounts deducted from Tier 2 capital with regard to deduction from Additional Tier 1 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013	-	475, 475 (2) (a), 475 (3), 475 (4) (a)	N/A
57c	Amounts to be deducted from or added to Tier 2 capital with regard to additional filters and deductions required pre- CRR	-	467, 468, 481	N/A
58	Total regulatory adjustments to Tier 2 (T2) capital	-		N/A
59	**Tier 2 (T2) capital**	**44 576**		N/A
60	**Total capital (TC = T1 + T2)**	**2 760 014**		N/A
60a	Risk weighted assets in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amount)	N/A		N/A
	Of which:... items not deducted from CET1 (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. Deferred tax assets that rely on future profitability net of related tax liability, indirect holdings of own CET1, etc)	N/A	472, 472 (5), 472 (8) (b), 472 (10) (b), 472 (11) (b)	N/A
	Of which:...items not deducted from AT1 items (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. Reciprocal cross holdings in T2 instruments, direct holdings of non-significant investments in the capital of other financial sector entities, etc.)	N/A	475, 475 (2) (b), 475 (2) ©, 475 (4) (b)	N/A
	Items not deducted from T2 items (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. Indirect holdings of own T2 instruments, indirect holdings of non-significant investments in the capital of other financial sector entities, indirect holdings of significant investments in the capital of other financial sector entities etc)	N/A	477, 477 (2) (b), 477 (2) (c), 477 (4) (b)	N/A
61	**Total risk-weighted assets**	**11 008 451**		N/A
	Capital ratios and buffers			
62	Common Equity Tier 1 (as a percentage of total risk exposure amount)	24.67%	92 (2) (a), 465	N/A
63	Tier 1 (as a percentage of total risk exposure amount	24.67%	92 (2) (b), 465	N/A
64	Total capital (as a percentage of total risk exposure amount	25.07%	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)	6.00%	CRD 128, 129, 140	N/A
66	of which: capital conservation buffer requirement	2.50%		N/A
67	of which: countercyclical buffer requirement	not yet implemented		N/A
68	of which: systemic risk buffer requirement	3.00%		N/A
68a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	0.50%	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	9 660	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)	44 576	62	N/A
80	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	44 576	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 31.12.2018/

In thousands of BGN

			RWAs		Minimum capital requirements
			31.12.2018	31.12.2017	31.12.2018
	1	**Credit risk (excluding CCR)**	**9 916 053**	**8 908 813**	**793 285**
Article 438(c)(d)	2	Of which the standardised approach	2 576 242	1 983 538	206 099
Article 438(c)(d)	3	Of which the foundation IRB (FIRB) approach	2 138 148	1 785 593	171 052
Article 438(c)(d)	4	Of which the advanced IRB (AIRB) approach	5 175 970	5 118 907	414 079
Article 438(d)	5	Of which equity IRB under the simple risk-weighted approach or the IMA	25 693	20 775	2 055
Article 107, Article 438(c)(d)	**6**	**CCR**	**96 820**	**112 010**	**7 745**
Article 438(c)(d)	7	Of which mark to market	80 751	110 860	6 460
Article 438(c)(d)	8	Of which original exposure			
	9	Of which the standardised approach			
	10	Of which internal model method (IMM)	11 606		928
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	4 463	1 150	357
Article 438(e)	13	Settlement risk	-	-	-
Article 449(o)(i)	**14**	**Securitisation exposures in the banking book (after the cap)**	**-**	**675**	**-**
	15	Of which IRB approach			
	16	Of which IRB supervisory formula approach (SFA)	-	675	-
	17	Of which internal assessment approach (IAA)			
	18	Of which standardised approach			
Article 438 (e)	**19**	**Market risk**	**48 750**	**37 464**	**3 900**
	20	Of which the standardised approach	48 750	37 464	3 900
	21	Of which IMA			
Article 438(e)	22	Large exposures	-	-	-
Article 438(f)	**23**	**Operational risk**	**923 750**	**903 338**	**73 900**
	24	Of which basic indicator approach			
	25	Of which standardised approach			
	26	Of which advanced measurement approach	923 750	903 338	73 900
Article 437(2), Article 48 and Article 60	**27**	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	**23 078**	**24 183**	**1 846**
Article 500	28	Floor adjustment			
	29	**Total**	**11 008 451**	**9 986 483**	**880 676**

APPENDIX 7

EU CR10 - IRB SPECIALIZED LENDING AND EQUITIES /AS OF 31.12.2018/

In thousands of BGN

SPECIALISED LENDING							
Regulatory categories	**Remaining maturity**	**On-balance sheet amount**	**Off-balance sheet amount**	**Risk weight**	**Exposure amount**	**RWAs**	**Expected losses**
Category 1	Less than 2.5 years	-	-	50%	-	-	-
	Equal to or more than 2.5 years	338 878	11 954	70%	367 770	257 439	1 470
Category 2	Less than 2.5 years	-	-	70%	-	-	-
	Equal to or more than 2.5 years	583 514	190 800	90%	681 639	607 968	5 405
Category 3	Less than 2.5 years	-	-	115%	-	-	-
	Equal to or more than 2.5 years	69 750	-	115%	75 609	86 951	2 117
Category 4	Less than 2.5 years	-	-	250%	-	-	-
	Equal to or more than 2.5 years	12 070	-	250%	14 133	35 332	1 131
Category 5	Less than 2.5 years	-	-	-	-	-	-
	Equal to or more than 2.5 years	44 743	2	-	114 997	-	57 499
Total	Less than 2.5 years	**-**	**-**		**-**	**-**	**-**
	Equal to or more than 2.5 years	**1 048 955**	**202 756**		**1 254 148**	**987 690**	**67 622**

Equities under the simple risk-weighted approach						
Categories	**On-balance sheet amount**	**Off-balance sheet amount**	**Risk weight**	**Exposure amount**	**RWAs**	**Capital requirements**
Private equity exposures	12 535	-	190%	12 535	23 817	1 905
Exchange-traded equity exposures	647	-	290%	647	1 876	150
Other equity exposures	-	-	370%	-	-	-
Total	**13 182**	**-**		**13 182**	**25 693**	**2 055**

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APPENDIX 8

EU CCR1 – ANALYSIS OF CCR EXPOSURE BY APPROACH /AS OF 31.12.2018/

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		58 438	89 059			147 497	80 751
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**							

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APPENDIX 9

EU CCR2 – CVA CAPITAL CHARGE
/AS OF 31.12.2018/

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	28 081	4 463
EU4	Based on the original exposure method	-	-
5	Total subject to the CVA capital charge	28 081	4 463

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APPENDIX 10

DISCLOSURE OF THE AMOUNT OF INSTITUTION SPECIFIC COUNTERCYCLICAL BUFFER /AS OF 31.12.2018/

In thousands of BGN

Row		Column
		010
010	Total risk exposure amount	14 030 697
020	Institution specific countercyclical buffer rate	0%
030	Institution specific countercyclical buffer requirement	0%

APPENDIX 11

DISCLOSURE OF THE GEOGRAPHICAL DISTRIBUTION OF CREDIT EXPOSURES /AS OF 31.12.2018/

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	2 692 021	10 878 880	459 796	-	-	-	650 860	3 900	-	654 760	0.00%	0.00%
	Country: UNITED ARAB EMIRATES	-	137	-	-	-	-	4	-	-	4	0.00%	0.00%
	Country: ALBANIA	-	5	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: ARMENIA	-	3 213	-	-	-	-	394	-	-	394	0.00%	0.00%
	Country: ARGENTINA	-	2	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: AUSTRIA	499	157	-	-	-	-	42	-	-	42	0.00%	0.00%
	Country: AUSTRALIA	-	96	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: AZERBAIJAN	-	1	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: BOSNIA AND HERZEGOVINA	-	12	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: BELGIUM	233	136	-	-	-	-	23	-	-	23	0.00%	0.00%
	Country: BULGARIA	2 628 960	10 354 039	459 796	-	-	-	620 704	3 900	-	624 604	0.00%	0.00%
	Country: BRAZIL	-	16	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: BELARUS	-	28	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: CANADA	-	33 868	-	-	-	-	899	-	-	899	0.00%	0.00%
	Country: SWITZERLAND	128	3 465	-	-	-	-	41	-	-	41	0.00%	0.00%
	Country: CYPRUS	35	16 123	-	-	-	-	861	-	-	861	0.00%	0.00%
	Country: CZECH REPUBLIC	-	5	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: GERMANY	3 990	13 442	-	-	-	-	1 465	-	-	1 465	0.00%	0.00%
	Country: DENMARK	-	6	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: ALGERIA	-	1 852	-	-	-	-	249	-	-	249	0.00%	0.00%
	Country: ESTONIA	-	-	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: EGYPT	-	3	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: SPAIN	39	51	-	-	-	-	3	-	-	3	0.00%	0.00%
	Country: FINLAND	297	7	-	-	-	-	24	-	-	24	0.00%	0.00%
	Country: FRANCE	22 564	543	-	-	-	-	858	-	-	858	0.00%	0.00%
	Country: UNITED KINGDOM	152	297 695	-	-	-	-	10 367	-	-	10 367	0.00%	0.00%
	Country: GEORGIA	-	538	-	-	-	-	52	-	-	52	0.00%	0.00%
	Country: GREECE	2 849	406	-	-	-	-	234	-	-	234	0.00%	0.00%
	Country: HONG KONG	-	-	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: CROATIA	27	18	-	-	-	-	2	-	-	2	0.00%	0.00%
	Country: HUNGARY	20	6	-	-	-	-	2	-	-	2	0.00%	0.00%
	Country: IRELAND	-	80	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: ISRAEL	12	21	-	-	-	-	1	-	-	1	0.00%	0.00%
	Country: INDIA	-	21	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: IRAN, ISLAMIC REPUBLIC OF	-	6	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: ITALY	3 111	1 359	-	-	-	-	348	-	-	348	0.00%	0.00%
	Country: JAPAN	-	7	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: KYRGYZSTAN	-	379	-	-	-	-	1	-	-	1	0.00%	0.00%
	Country: KUWAIT	-	182	-	-	-	-	1	-	-	1	0.00%	0.00%

Row		General credit exposures		Trading book exposure		Securitisation exposure		Own funds requirements				Own funds requirement weights	Countercyclical capital buffer rate
		Exposure value for SA	Exposure value IRB	Sum of long and short position of trading book	Value of trading book exposure for internal models	Exposure value for SA	Exposure value for IRB	*of which: General credit exposures*	*of which: Trading book exposures*	*of which: Securitisation exposures*	Total		
	Country: KAZAKHSTAN	-	10	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: LEBANON	-	5	-	-	-	-	1	-	-	1	0.00%	0.00%
	Country: SRI LANKA	-	32	-	-	-	-	4	-	-	4	0.00%	0.00%
	Country: LITHUANIA	29	-	-	-	-	-	1	-	-	1	0.00%	0.00%
	Country: LUXEMBOURG	-	-	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: LATVIA	-	47	-	-	-	-	1	-	-	1	0.00%	0.00%
	Country: LIBYAN ARAB JAMAHIRIYA	-	2	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: MOROCCO	269	1 417	-	-	-	-	113	-	-	113	0.00%	0.00%
	Country: MARSHALL ISLANDS	-	580	-	-	-	-	50	-	-	50	0.00%	0.00%
	Country: MACEDONIA,THE FORMER YUGOSLAV REPUBLIC	81	24	-	-	-	-	7	-	-	7	0.00%	0.00%
	Country: MALTA	-	8	-	-	-	-	1	-	-	1	0.00%	0.00%
	Country: MEXICO	-	3	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: NETHERLANDS	346	49 806	-	-	-	-	5 553	-	-	5 553	0.00%	0.00%
	Country: NORWAY	-	41	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: OMAN	-	12	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: PERU	500	-	-	-	-	-	41	-	-	41	0.00%	0.00%
	Country: PAKISTAN	-	22	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: POLAND	232	59	-	-	-	-	19	-	-	19	0.00%	0.00%
	Country: PALESTINA	-	35	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: PORTUGAL	-	2	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: QATAR	-	15	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: ROMANIA	668	61	-	-	-	-	54	-	-	54	0.00%	0.00%
	Country: SERBIA	43	19	-	-	-	-	4	-	-	4	0.00%	0.00%
	Country: RUSSIAN FEDERATION	157	81 910	-	-	-	-	4 521	-	-	4 521	0.00%	0.00%
	Country: SAUDI ARABIA	-	40	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: SEYCHELLES	-	-	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: SUDAN	-	18	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: SWEDEN	-	17	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: SLOVENIA	-	-	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: SLOVAKIA	-	-	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: SAN MARINO	-	233	-	-	-	-	35	-	-	35	0.00%	0.00%
	Country: SYRIAN ARAB REPUBLIC	-	10	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: THAILAND	-	252	-	-	-	-	10	-	-	10	0.00%	0.00%
	Country: TUNISIA	-	7	-	-	-	-	1	-	-	1	0.00%	0.00%
	Country: TURKEY	25 107	838	-	-	-	-	2 067	-	-	2 067	0.00%	0.00%
	Country: UKRAINE	28	469	-	-	-	-	4	-	-	4	0.00%	0.00%
	Country: UNITED STATES	1 645	14 946	-	-	-	-	1 798	-	-	1 798	0.00%	0.00%
	Country: VENEZUELA	-	15	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: VIRGIN ISLANDS (UK)	-	-	-	-	-	-	-	-	-	-	0.00%	0.00%
	Country: OTHERS COUNTRIES	-	-	-	-	-	-	-	-	-	-	0.00%	0.00%
020													

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APPENDIX 12

EU CRB-B – TOTAL AND AVERAGE NET AMOUNT OF EXPOSURES /AS OF 31.12.2018/

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	2 231 235	557 809
3	Corporates	8 611 225	2 152 806
4	*Of which: Specialised lending*	1 251 711	312 928
5	*Of which: SMEs*	4 052 861	1 013 215
6	Retail	3 364 563	841 140
7	*Secured by real estate property*	2 258 620	564 655
8	*SMEs*	390 123	97 531
9	*Non-SMEs*	1 868 497	467 124
10	*Qualifying revolving*	302 373	75 593
11	*Other retail*	803 570	200 892
12	*SMEs*	695 974	173 993
13	*Non-SMEs*	107 596	26 899
14	Equity	13 182	3 296
15	***Total IRB approach***	**14 220 205**	**3 555 051**
16	Central governments or central banks	5 727 038	1 431 760
17	Regional governments or local authorities	83 829	20 957
18	Public sector entities	3 876	969
19	Multilateral development banks	173	43
20	International organisations	-	-
21	Institutions	1 380	345
22	Corporates	1 248 276	312 069
23	*Of which: SMEs*	210 352	52 588
24	Retail	1 642 502	410 626
25	*Of which: SMEs*	274 449	68 612
26	Secured by mortgages on immovable property	42 119	10 530
27	*Of which: SMEs*	1 625	406
28	Exposures in default	37 903	9 476
29	Items associated with particularly high risk	7 569	1 892
30	Covered bonds	-	-
31	Claims on institutions and corporates with a short-term credit assessment	-	-
32	Collective investments undertakings	-	-
33	Equity exposures	-	-
34	Other exposures	-	-
35	***Total standardised approach***	**8 794 665**	**2 198 667**
36	***Total***	**23 014 870**	**5 753 718**

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APPENDIX 13

EU CRB-C – GEOGRAPHICAL BREAKDOWN OF EXPOSURES /AS OF 31.12.2018/

In thousands of BGN

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u
		Net value																				
		EUROPE	Country AUSTRIA	Country ITALY	Country GERMANY	Country FINLAND	Country UNITED KINGDOM	Country LUXEMBOURG	Country NETHERLANDS	Country POLAND	Country ROMANIA	Country BULGARIA	Country SWEDEN	Other European countries	AMERICA	Country USA	ASIA	Country TURKEY	REST OF THE WORLD	Country RUSSIAN FEDERATION	Country SWITZERLAND	TOTAL
1	Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
2	Institutions	2 212 335	83 934	1 849 269	160 512	3 950	53 492	5 460	6 083	9 372	2 906	5 630	9 602	22 125	48 216	44 980	80 525	79 925	1 930	-	1 844	**2 343 006**
3	Corporates	8 506 466	-	4 969	20 019	-	293 775	-	49 557	-	-	8 137 497	-	649	47 846	14 124	25 362	3 332	87 942	78 072	6 030	**8 667 616**
4	Retail	3 360 253	158	405	155	10	682	-	71	8	62	3 357 296	26	1 380	134	10	1 310	112	2 878	2 741	128	**3 364 575**
5	Equity	12 527	-	-	-	-	-	-	-	-	-	12 420	-	107	655	655	-	-	-	-	-	**13 182**
6	***Total IRB approach***	**14 091 581**	**84 092**	**1 854 643**	**180 686**	**3 960**	**347 949**	**5 460**	**55 711**	**9 380**	**2 968**	**11 512 843**	**9 628**	**24 261**	**96 851**	**59 769**	**107 197**	**83 369**	**92 750**	**80 813**	**8 002**	**14 388 379**
7	Central governments or central banks	5 727 038	-	4	-	-	-	-	-	29 078	33 323	5 664 601	-	32	-	-	-	-	-	-	-	**5 727 038**
8	Regional governments or local authorities	83 829	-	-	-	-	-	-	-	-	-	83 829	-	-	-	-	-	-	-	-	-	**83 829**
9	Public sector entities	3 876	-	-	-	-	-	-	-	-	-	3 876	-	-	-	-	-	-	-	-	-	**3 876**
10	Multilateral development banks	173	-	-	-	-	-	-	-	-	-	-	-	173	-	-	-	-	-	-	-	**173**
11	International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
12	Institutions	1 087	-	93	-	-	-	-	-	-	372	621	-	1	293	293	-	-	-	-	-	**1 380**
13	Corporates	1 223 974	498	3 872	5 873	1 939	22	-	346	236	3 136	1 201 273	-	6 779	1 987	1 501	24 694	24 547	334	334	-	**1 250 989**
14	Retail	1 642 457	-	-	5	-	-	-	-	-	-	1 642 374	-	78	6	6	1	-	38	30	8	**1 642 502**
15	Secured by mortgages on immovable property	41 710	-	-	74	-	-	-	-	-	-	41 161	-	475	143	143	-	-	266	138	128	**42 119**
16	Exposures in default	37 059	-	-	-	-	-	-	-	-	-	37 059	-	-	15	-	560	560	269	-	-	**37 903**
17	Items associated with particularly high risk	7 569	-	-	-	-	-	-	-	-	-	7 569	-	-	-	-	-	-	-	-	-	**7 569**
18	Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
19	Claims on institutions and corporates with a short-term credit assessment	130	-	-	-	-	130	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**130**
20	Collective investments undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
21	Equity exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
22	Other exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
23	***Total Standardised approach***	**8 768 902**	**498**	**3 969**	**5 952**	**1 939**	**152**	**-**	**346**	**29 314**	**36 831**	**8 682 363**	**-**	**7 538**	**2 444**	**1 943**	**25 255**	**25 107**	**907**	**502**	**136**	**8 797 508**
24	***Total***	**22 860 483**	**84 590**	**1 858 612**	**186 638**	**5 899**	**348 101**	**5 460**	**56 057**	**38 694**	**39 799**	**20 195 206**	**9 628**	**31 799**	**99 295**	**61 712**	**132 452**	**108 476**	**93 657**	**81 315**	**8 138**	**23 185 887**

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APPENDIX 14

EU CRB-D – CONCENTRATION OF EXPOSURES BY INDUSTRY OR COUNTERPARTY TYPES /AS OF 31.12.2018/

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	399 400	53 785	2 475 222	456 424	13 378	512 403	2 287 459	185 182	322 680	235 585	823 999	204 566	91 749	-	3	10 332	261	140 122	**8 212 550**
4	Retail	132 712	1 068	154 369	4 636	4 612	101 506	388 862	114 474	37 228	25 486	16 627	56 675	21 182	-	1 828	8 910	4 069	2 288 304	**3 362 548**
5	Equity	-	-	-	-	-	-	-	-	-	-	67	-	-	-	-	-	-	3 961	**4 028**
6	***Total IRB approach***	**532 112**	**54 853**	**2 629 591**	**461 060**	**17 990**	**613 909**	**2 676 321**	**299 656**	**359 908**	**261 071**	**840 693**	**261 241**	**112 931**	**-**	**1 831**	**19 242**	**4 330**	**2 432 387**	**11 579 126**
7	Central governments or central banks	-	-	-	-	-	-	-	-	-	10	-	-	-	3 580 961	17	-	621	36	**3 581 645**
8	Regional governments or local authorities	-	-	-	-	-	-	-	-	-	-	-	-	-	83 829	-	-	-	-	**83 829**
9	Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	71	3 802	**3 873**
10	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
11	International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
12	Institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	621	**621**
13	Corporates	86 328	3 498	288 988	79 399	8 656	84 887	357 355	132 642	4 418	10 141	32 027	31 259	7 615	21	24	3 401	1 177	28 103	**1 159 939**
14	Retail	64 393	362	16 774	795	882	17 130	49 575	37 119	2 660	3 401	2 471	6 166	7 435	92	242	3 348	729	1 428 100	**1 641 674**
15	Secured by mortgages on immovable property	11 971	-	783	-	-	6 389	4 371	50	10	727	4 464	113	-	-	-	-	97	12 721	**41 696**
16	Exposures in default	120	-	8 163	104	-	395	9 447	1 276	-	-	11 147	2	16	-	-	-	-	7 233	**37 903**
17	Items associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	7 569	-	-	-	-	-	-	-	**7 569**
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***	**162 812**	**3 860**	**314 708**	**80 298**	**9 538**	**108 801**	**420 748**	**171 087**	**7 088**	**14 279**	**57 678**	**37 540**	**15 066**	**3 664 903**	**283**	**6 749**	**2 695**	**1 480 616**	**6 558 749**
24	***Total***	**694 924**	**58 713**	**2 944 299**	**541 358**	**27 528**	**722 710**	**3 097 069**	**470 743**	**366 996**	**275 350**	**898 371**	**298 781**	**127 997**	**3 664 903**	**2 114**	**25 991**	**7 025**	**3 913 003**	**18 137 875**

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APPENDIX 15

EU CRB-E – MATURITY OF EXPOSURES /AS OF 31.12.2018/

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	109 581	1 621 099	190 965	-	-	1 921 645
3	Corporates	780 927	1 256 559	2 143 673	1 681 768	-	5 862 927
4	Retail	202 329	385 239	336 255	1 962 669	-	2 886 492
5	Equity	-	-	-	-	13 182	13 182
6	***Total IRB approach***	**1 092 837**	**3 262 897**	**2 670 893**	**3 644 437**	**13 182**	**10 684 246**
7	Central governments or central banks	2 085 628	160 452	1 594 506	1 877 527	5 441	5 723 554
8	Regional governments or local authorities	650	1 564	8 158	49 741	-	60 113
9	Public sector entities	51	126	131	-	-	308
10	Multilateral development banks	-	-	-	-	-	-
11	International organisations	-	-	-	-	-	-
12	Institutions	-	466	-	-	-	466
13	Corporates	719	329 091	340 940	232 083	-	902 833
14	Retail	1 258	322 617	944 280	346 348	-	1 614 503
15	Secured by mortgages on immovable property	3 674	1 895	8 444	19 832	-	33 845
16	Exposures in default	702	9 226	12 314	769	-	23 011
17	Items associated with particularly high risk	-	-	7 569	-	-	7 569
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***	**2 092 682**	**825 437**	**2 916 342**	**2 526 300**	**5 441**	**8 366 202**
24	***Total***	***3 185 519***	***4 088 334***	***5 587 235***	***6 170 737***	***18 623***	***19 050 448***

APPENDIX 16

EU CR1-A – CREDIT QUALITY OF EXPOSURES BY EXPOSURE CLASS AND INSTRUMENT /AS OF 31.12.2018/

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 (a+b-c-d)
		Defaulted exposures	Non-defaulted exposures					
1	Central governments or central banks	-	-	-	-	-	-	-
2	Institutions	-	2 231 864	629	-	-	537	2 231 235
3	Corporates	521 626	8 527 530	437 931	-	6 964	184 823	8 611 225
4	*Of which: Specialised lending*	115 000	1 213 914	77 203	-	853	27 864	1 251 711
5	*Of which: SMEs*	324 224	4 023 878	295 241	-	5 652	116 369	4 052 861
6	Retail	164 725	3 356 221	156 383	-	3 038	58 847	3 364 563
7	*Secured by real estate property*	102 081	2 239 492	82 953	-	1 441	34 176	2 258 620
8	*SMEs*	33 931	383 057	26 865	-	567	8 064	390 123
9	*Non-SMEs*	68 150	1 856 435	56 088	-	874	26 112	1 868 497
10	*Qualifying revolving*	6 546	304 370	8 543	-	181	3 113	302 373
11	*Other retail*	56 098	812 359	64 887	-	1 416	21 558	803 570
12	*SMEs*	35 710	704 594	44 330	-	1 003	17 594	695 974
13	*Non-SMEs*	20 388	107 765	20 557	-	413	3 964	107 596
14	*Equity*	-	13 182	-	-	-	-	13 182
15	***Total IRB approach***	**686 351**	**14 128 797**	**594 943**	**-**	**10 002**	**244 207**	**14 220 205**
16	Central governments or central banks	-	5 727 197	159	-	-	48	5 727 038
17	Regional governments or local authorities	-	83 856	27	-	-	7	83 829
18	Public sector entities	19	3 879	22	-	-	3	3 876
19	Multilateral development banks	-	173	-	-	-	-	173
20	International organisations	-	-	-	-	-	-	-
21	Institutions	-	1 384	4	-	-	-	1 380
22	Corporates	60 818	1 193 804	6 346	-	-	1 263	1 248 276
23	*Of which: SMEs*	9 520	201 489	657	-	-	5	210 352
24	Retail	50 743	1 605 759	14 000	-	-	136	1 642 502
25	*Of which: SMEs*	25 429	249 694	674	-	-	47	274 449
26	Secured by mortgages on immovable property	15 426	26 903	210	-	-	155	42 119
27	*Of which: SMEs*	749	888	12	-	-	9	1 625
28	Exposures in default	-	127 006	89 103	-	471	11 749	37 903
29	Items associated with particularly high risk	-	7 569	-	-	-	14	7 569
30	Covered bonds	-	-	-	-	-	-	-
31	Claims on institutions and corporates with a shortterm credit assessment	-	-	-	-	-	-	-
32	Collective investments undertakings	-	-	-	-	-	-	-
33	Equity exposures	-	-	-	-	-	-	-
34	Other exposures	-	-	-	-	-	-	-
35	***Total standardised approach***	**127 006**	**8 777 530**	**109 871**	**-**	**471**	**13 375**	**8 794 665**
36	***Total***	**813 357**	**22 906 327**	**704 814**	**-**	**10 473**	**257 582**	**23 014 870**
37	Of which: Loans	736 599	15 234 951	645 497	-	10 473	209 158	15 326 053
38	Of which: Debt securities	-	3 727 707	3 004	-	-	-	3 724 703
39	Of which: Offbalance-sheet exposures	76 758	3 943 669	56 313	-	-	48 424	3 964 114

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APPENDIX 17

EU CR1-B – CREDIT QUALITY OF EXPOSURES BY INDUSTRY OR COUNTERPARTY TYPES /AS OF 31.12.2018/

In thousands of BGN

		a	b	c	d	e	f	g
		Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges	Net values
		Defaulted exposures	Non-defaulted exposures					(a +b-c-d)
1	Agriculture, forestry and fishing	13 265	698 416	16 757	-	154	6 528	694 924
2	Mining and quarrying	574	58 792	653	-	-	169	58 713
3	Manufacturing	167 795	2 913 296	136 792	-	1 250	40 217	2 944 299
4	Electricity, gas, steam and air conditioning supply	15 636	536 841	11 119	-	6	5 665	541 358
5	Water supply	572	27 492	536	-	17	203	27 528
6	Construction	116 342	714 078	107 710	-	1 568	52 697	722 710
7	Wholesale and retail trade	171 852	3 072 151	146 934	-	2 022	69 015	3 097 069
8	Transport and storage	20 677	469 871	19 805	-	273	6 150	470 743
9	Accommodation and food service activities	3 236	369 988	6 228	-	97	902	366 996
10	Information and communication	2 986	278 564	6 200	-	53	1 164	275 350
11	Real estate activities	151 262	842 042	94 933	-	854	44 039	898 371
12	Professional, scientific and technical activities	17 765	308 373	27 357	-	2 648	7 339	298 781
13	Administrative and support service activities	3 712	128 774	4 489	-	22	1 411	127 997
14	Public administration and defence, compulsory social security	-	3 665 008	105	-	-	7	3 664 903
15	Education	13	2 142	41	-	-	27	2 114
16	Human health services and social work activities	354	26 078	441	-	8	140	25 991
17	Arts, entertainment and recreation	193	7 069	237	-	-	43	7 025
18	Other services	126 651	3 909 323	122 971	-	1 500	33 735	3 913 003
19	***Total***	**812 885**	**18 028 298**	**703 308**	**-**	**10 472**	**269 451**	**18 137 875**

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APPENDIX 18

EU CR1-C – CREDIT QUALITY OF EXPOSURES BY GEOGRAPHY /AS OF 31.12.2018/

In thousands of BGN

		a	b	c	d	e	f	g
		Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges	Net values
		Defaulted exposures	Non-defaulted exposures					(a+ b -c-d)
1	**EUROPE**	**812 281**	**22 751 236**	**703 034**		**10 456**	**256 658**	**22 860 483**
2	OF WHICH: AUSTRIA	-	84 592	2		-	-	84 590
3	OF WHICH: ITALY	68	1 859 210	666		-	543	1 858 612
4	OF WHICH: GERMANY	69	186 715	146		2	58	186 638
5	OF WHICH: FINLAND	-	5 900	1		-	-	5 899
6	OF WHICH: UNITED KINGDOM	271	350 810	2 980		2	1	348 101
7	OF WHICH: LUXEMBOURG	-	5 460	-		-	-	5 460
8	OF WHICH: NETHERLANDS	1	56 158	102		-	-	56 057
9	OF WHICH: POLAND	53	38 694	53		2	176	38 694
10	OF WHICH: ROMANIA	11	39 801	13		-	3	39 799
11	OF WHICH: BULGARIA	811 492	20 082 510	698 796		10 445	255 817	20 195 206
12	OF WHICH: SWEDEN	1	9 628	1		-	-	9 628
13	OF WHICH: OTHER EUROPEAN COUNTRIES	315	31 758	274		5	60	31 799
14	**AMERICA**	**127**	**99 325**	**157**		**-**	**13**	**99 295**
15	OF WHICH: USA	108	61 754	150		-	13	61 712
16	**ASIA**	**1 090**	**131 726**	**364**		**6**	**87**	**132 452**
17	OF WHICH: TURKEY	659	108 053	236		-	34	108 476
18	**REST OF THE WORLD**	**1 570**	**93 367**	**1 280**		**9**	**823**	**93 657**
19	OF WHICH: RUSSIA	1 133	81 285	1 103		7	722	81 315
20	OF WHICH: SWITZERLAND	-	8 138	-		-	-	8 138
21	**TOTAL**	**815 068**	**23 075 654**	**704 835**		**10 471**	**257 581**	**23 185 887**

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APPENDIX 19

EU CR1-D – AGEING OF PAST-DUE EXPOSURES /AS OF 31.12.2018/

In thousands of BGN

		a	b	c	d	e	f
		Gross carrying values					
		≤ 30 days *	> 30 days ≤ 60 days	> 60 days ≤ 90 days	> 90 days ≤ 180 days	> 180 days ≤ 1 year	> 1 year
1	Loans	11 131 638	61 783	275 898	38 551	111 506	311073
2	Debt securities	9 866	-	-	-	-	-
3	***Total exposures***	***11 141 504***	***61 783***	***275 898***	***38 551***	***111 506***	***311 073***

** includes performing and up to 30 days past-due exposures*

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APPENDIX 20

EU CR1-E – NON-PERFORMING AND FORBORNE EXPOSURES /AS OF 31.12.2018/

In thousands of BGN

		a	b	c	d	e	f	g	h	i	j	k	l	m
		Gross carrying values of performing and non-performing exposures							Accumulated impairment and provisions and negative fair value adjustments due to credit risk				Collaterals and financial guarantees received	
		of which performing	of which performing but past due > 30 days and <= 90 days	of which performing forborne	of which non-performing				on performing exposures		On non-performing exposures		On non-performing exposures	Of which forborne exposures
						of which defaulted	of which impaired	of which forborne		of which forborne		of which forborne		
010	Debt securities	3 727 707							-3 004					
020	Loans and advances	16 308 448	62 943	457 603	737 028	737 028	737 028	377 616	-100 123	-33 512	-548 348	-276 502	167 083	131 671
030	Off-balance-sheet exposures	4 020 427		13 177	76 758	76 758		470	-5 678	-46	-50 635	-130	11 220	3 359

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APPENDIX 21

EU CR2-A – CHANGES IN THE STOCK OF GENERAL AND SPECIFIC CREDIT RISK ADJUSTMENTS /AS OF 31.12.2018/

In thousands of BGN

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

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APPENDIX 22

EU CR2-B – CHANGES IN THE STOCK OF DEFAULTED AND IMPAIRED LOANS AND DEBT SECURITIES /AS OF 31.12.2018/

In thousands of BGN

		a
		Gross carrying value defaulted exposures
1	**Opening balance**	994 180
2	Loans and debt securities that have defaulted or impaired since the last reporting period	221 857
3	Returned to non-defaulted status	-15 719
4	Amounts written off	-318 662
5	Other changes - collected amounts	-144 632
6	**Closing balance**	737 024

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APPENDIX 23

EU CR5 – STANDARDISED APPROACH
/AS OF 31.12.2018/

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	3 028 895	-	29 079	2 656 524	-	-	-	-	-	-	-	9 231	-	-	-	-	**5 723 729**	5 723 729
2	Regional government or local authorities	-	-	-	-	-	-	-	-	-	63 636	-	-	-	-	-	-	**63 636**	63 636
3	Public sector entities	-	-	-	-	-	-	-	-	-	3 036	-	-	-	-	-	-	**3 036**	3 036
4	Multilateral development banks	99 810	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**99 810**	99 810
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	-
6	Institutions	-	-	-	-	115	-	1 264	-	-	1	-	-	-	-	-	-	**1 380**	1 380
7	Corporates	-	-	-	-	-	-	21 262	-	-	972 586	-	-	-	-	-	-	**993 848**	993 848
8	Retail	-	-	-	-	-	-	-	-	1 625 595	-	-	-	-	-	-	-	**1 625 595**	1 625 595
9	Secured by mortgages on immovable property	-	-	-	-	-	12 660	29 226	-	-	-	-	-	-	-	-	-	**41 886**	41 886
10	Exposures in default	-	-	-	-	-	-	-	-	-	20 689	2 304	-	-	-	-	-	**22 993**	22 993
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	7 569	-	-	-	-	-	**7 569**	7 569
12	Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	-
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	130	-	-	-	-	-	-	**130**	130
14	Collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	-
15	Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	-
16	Other items	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	-
17	**Total**	**3 128 705**	**-**	**29 079**	**2 656 524**	**115**	**12 660**	**51 752**	**-**	**1 625 595**	**1 060 079**	**9 873**	**9 231**	**-**	**-**	**-**	**-**	**8 583 613**	**8 583 613**

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APPENDIX 24

EU CCR3 – STANDARDISED APPROACH – CCR EXPOSURES BY REGULATORY PORTFOLIO AND RISK /AS OF 31.12.2018/

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	-	-	-	-	-	-	-	-	2 713	-	-	2 713	2 713
8	Retail	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	130	-	-	130	130
10	Other items	-	-	-	-	-	-	-	-	-	-	-	-	-
11	**Total**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2 843**	**-**	**-**	**2 843**	**2 843**

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APPENDIX 25

EU MR1 – MARKET RISK UNDER THE STANDARDISED APPROACH
/AS OF 31.12.2018/

In thousands of BGN

		a	b
		RWAs	**Capital requirements**
	Outright products		
1	Interest rate risk (general and specific)	41 325	3 306
2	Equity risk (general and specific)	7 425	594
3	Foreign exchange risk	-	-
4	Commodity risk	-	-
	Options		
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitisation (specific risk)	-	-
9	**Total**	**48 750**	**3 900**

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APPENDIX 26

LEVERAGE RATIO
/AS OF 31.12.2018/

In thousands of BGN

Summary reconciliation of accounting assets and leverage ratio exposures	
Total assets as per published financial statements	20 213 211
Adjustments for derivative financial instruments	89 059
Adjustments for securities financing transactions "SFTs"[1]	23 520
Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	2 287 853
Other adjustments	-46 603
Total leverage ratio exposure	**22 567 040**

[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	**2 715 438**
Leverage ratio in accordance with Regulation (EU) № 575/2013	**12.03%**

In thousands of BGN

Leverage ratio exposures - Regulation (EU) № 575/2013	
Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	**19 790 125**
Trading book exposures	7 117
Banking book exposures, of which:	19 783 008
Exposures treated as sovereigns	5 723 554
Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	60 421
Institutions	1 922 111
Secured by mortgages of immovable properties	2 205 485
Retail exposures	2 295 435
Corporate	6 634 749
Exposures in default	188 249
Other exposures (eg equity, securitisations, and other non-credit obligation assets)	753 004
Asset amounts deducted in determining Tier 1 capital	**-46 603**
Derivative exposures, of which:	**147 497**
Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	58 438
Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	89 059
Securities financing transaction exposures, of which:	**388 168**
Counterparty credit risk exposure for SFT assets	23 520
Other off-balance sheet exposures	**2 287 853**

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APPENDIX 27A

EU CR6 – IRB APPROACH – CREDIT RISK EXPOSURES BY EXPOSURE CLASS AND PD RANGE
FOUNDATION IRB APPROACH
/AS OF 31.12.2018/

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	1 880 856	251 148	72.81%	2 063 709	0.13%	61	45.00%	2.50	1 004 471	48.67%	1 187	578
Institutions	0.15 to <0.25	1 157	8 808	133.96%	12 956	0.21%	6	45.00%	2.50	7 233	55.83%	12	1
Institutions	0.25 to <0.50	2 606	3 722	100.86%	6 360	0.42%	5	45.00%	2.50	4 522	71.10%	12	0
Institutions	0.50 to <0.75	6 581	7 473	100.00%	14 054	0.74%	1	45.00%	2.50	15 873	112.94%	47	8
Institutions	0.75 to <2.50	26 912	31 687	100.00%	58 598	0.88%	10	45.00%	2.50	64 244	109.63%	231	28
Institutions	2.50 to <10.00	4 138	6 771	71.12%	8 954	2.97%	6	45.00%	2.50	12 530	139.94%	120	13
Institutions	10.00 to <100.00	5	-	0.00%	5	20.16%	1	45.00%	2.50	16	287.03%	0	0
Institutions	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
Institutions	**Subtotal**	**1 922 255**	**309 609**	**78.29%**	**2 164 635**	**0.17%**	**90**	**45.00%**	**2.50**	**1 108 888**	51.23%	**1 609**	**630**
Financial corporate	0.00 to <0.15	-	387	100.00%	387	0.11%	2	45.00%	2.50	175	45.17%	0	0
Financial corporate	0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	-
Financial corporate	0.25 to <0.50	307	79 179	100.00%	79 486	0.26%	7	45.00%	2.50	56 972	71.68%	94	0
Financial corporate	0.50 to <0.75	0	-	0.00%	0	0.72%	1	45.00%	2.50	0	111.69%	0	0
Financial corporate	0.75 to <2.50	-	549	100.00%	549	1.12%	3	45.00%	2.50	704	128.28%	3	0
Financial corporate	2.50 to <10.00	-	4 935	100.00%	4 935	3.44%	4	45.00%	2.50	8 485	171.94%	76	21
Financial corporate	10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
Financial corporate	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
Financial corporate	**Subtotal**	**307**	**85 050**	**100.00%**	**85 357**	**0.45%**	**17**	**45.00%**	**2.50**	**66 336**	**77.72%**	**174**	**21**
Corporates: Of which: specialised lending	Excelent	339 225	11 955	61.41%	346 544		31			242 482	69.97%	1 386	348
Corporates: Of which: specialised lending	Good	586 007	190 819	48.71%	673 526		107			600 781	89.20%	5 340	2 511
Corporates: Of which: specialised lending	Satisfactory	73 330	-	0.00%	73 330		16			84 329	115.00%	2 053	3 579
Corporates: Of which: specialised lending	Weak	14 133	-	0.00%	14 133		1			35 332	250.00%	1 131	2 063
Corporates: Of which: specialised lending	Default	113 436	11	75.00%	113 444		25			-	0.00%	56 722	68 701
Corporates: Of which: specialised lending	**Subtotal**	**1 126 130**	**202 784**	**49.46%**	**1 220 977**		**180**			**962 925**	**78.87%**	**66 632**	**77 203**
Total (all portfolios)		**3 048 692**	**597 443**	**52.11%**	**3 470 969**	**0.17%**	**287**	**45.00%**	**2.50**	**2 138 149**	**61.60%**	**68 415**	**77 854**

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APPENDIX 27B

EU CR6 – IRB APPROACH – CREDIT RISK EXPOSURES BY EXPOSURE CLASS AND PD RANGE
ADVANCED IRB APPROACH
/AS OF 31.12.2018/

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	519 543	594 304	49.76%	820 135	0.10%	43	47.23%	1.83	216 701	26.42%	380	212
Corporates	0.15 to <0.25	168 714	51 832	43.90%	191 468	0.19%	12	47.66%	3.74	110 865	57.90%	173	18
Corporates	0.25 to <0.50	230 150	238 110	33.62%	310 197	0.34%	30	49.91%	2.96	229 581	74.01%	517	166
Corporates	0.50 to <0.75	278 105	112 599	42.11%	325 522	0.58%	23	47.56%	3.60	312 573	96.02%	902	224
Corporates	0.75 to <2.50	592 525	193 571	34.83%	659 056	1.18%	61	45.05%	2.62	663 409	100.66%	3 374	3 077
Corporates	2.50 to <10.00	117 659	52 719	32.16%	134 611	4.17%	35	28.86%	3.53	133 829	99.42%	1 849	12 995
Corporates	10.00 to <100.00	9 917	43 080	23.17%	19 897	17.09%	14	45.48%	1.39	46 744	234.93%	1 644	4 143
Corporates	100.00 (Default)	70 920	13 035	79.68%	81 307	100.00%	21	47.44%	2.12	-	0.00%	38 572	44 630
Corporates	**Subtotal**	**1 987 533**	**1 299 249**	**42.38%**	**2 542 194**	**0.85%**	**239**	**46.09%**	**2.64**	**1 713 704**	**67.41%**	**47 413**	**65 465**
Corporates: Of which: sme	0.00 to <0.15	71 966	70 468	48.36%	106 532	0.11%	51	38.93%	2.77	29 261	27.47%	49	14
Corporates: Of which: sme	0.15 to <0.25	121 984	88 049	52.35%	166 248	0.19%	125	29.57%	3.05	39 346	23.67%	91	21
Corporates: Of which: sme	0.25 to <0.50	404 336	229 940	45.18%	505 775	0.38%	434	40.88%	2.70	237 737	47.00%	778	292
Corporates: Of which: sme	0.50 to <0.75	314 705	169 668	47.34%	378 812	0.62%	308	43.20%	2.56	247 532	65.34%	995	462
Corporates: Of which: sme	0.75 to <2.50	1 147 851	407 400	45.11%	1 292 435	1.56%	1 033	35.79%	2.71	858 732	66.44%	6 944	5 285
Corporates: Of which: sme	2.50 to <10.00	684 470	177 312	40.56%	747 793	4.10%	608	31.89%	2.63	561 727	75.12%	9 394	10 642
Corporates: Of which: sme	10.00 to <100.00	110 668	25 061	28.79%	117 476	14.51%	32	35.24%	3.40	166 629	141.84%	5 541	12 344
Corporates: Of which: sme	100.00 (Default)	277 052	47 172	99.82%	324 020	100.00%	182	59.90%	1.84	-	0.00%	194 100	266 181
Corporates: Of which: sme	**Subtotal**	**3 133 032**	**1 215 070**	**47.27%**	**3 639 092**	**2.19%**	**2 773**	**38.40%**	**2.64**	**2 140 964**	**58.83%**	**217 891**	**295 241**
Retail Secured on real estate property	0.00 to <0.15	237 729	8 961	100.43%	246 649	0.12%	3 141	13.83%		10 039	4.07%	42	20
Retail Secured on real estate property	0.15 to <0.25	199 478	7 654	105.52%	207 521	0.20%	2 710	13.87%		11 886	5.73%	57	23
Retail Secured on real estate property	0.25 to <0.50	378 396	14 972	98.29%	392 747	0.36%	6 009	13.75%		34 397	8.76%	198	91
Retail Secured on real estate property	0.50 to <0.75	243 223	8 668	99.18%	251 217	0.61%	3 671	14.54%		32 565	12.96%	223	91
Retail Secured on real estate property	0.75 to <2.50	690 356	14 093	137.49%	707 369	1.37%	10 386	15.59%		161 547	22.84%	1 515	793
Retail Secured on real estate property	2.50 to <10.00	299 930	2 655	246.40%	306 017	4.84%	4 871	14.95%		141 242	46.16%	2 185	2 482
Retail Secured on real estate property	10.00 to <100.00	132 934	444	529.26%	135 134	19.67%	2 582	13.53%		97 231	71.95%	3 635	6 911
Retail Secured on real estate property	100.00 (Default)	101 897	184	44.17%	101 870	100.00%	1 641	30.55%		-	0.00%	31 119	72 541
Retail Secured on real estate property	**Subtotal**	**2 283 942**	**57 631**	**119.27%**	**2 348 524**	**2.44%**	**35 011**	**15.28%**		**488 908**	**20.82%**	**38 975**	**82 952**
Retail Qualifying revolving	0.00 to <0.15	8 150	75 997	62.88%	55 936	0.12%	34 196	32.05%		1 367	2.44%	22	21
Retail Qualifying revolving	0.15 to <0.25	5 907	22 290	63.94%	20 159	0.20%	13 738	32.66%		738	3.66%	13	10
Retail Qualifying revolving	0.25 to <0.50	10 918	26 935	62.64%	27 789	0.36%	18 725	33.23%		1 665	5.99%	33	22
Retail Qualifying revolving	0.50 to <0.75	8 050	13 073	63.31%	16 327	0.61%	11 527	33.59%		1 521	9.32%	34	20
Retail Qualifying revolving	0.75 to <2.50	28 963	39 158	62.29%	53 355	1.44%	39 257	33.54%		9 446	17.70%	258	151
Retail Qualifying revolving	2.50 to <10.00	30 734	18 297	62.73%	42 211	5.03%	31 835	34.31%		18 296	43.34%	729	563
Retail Qualifying revolving	10.00 to <100.00	12 910	2 988	65.92%	14 879	15.89%	11 859	34.60%		12 668	85.14%	818	1 393
Retail Qualifying revolving	100.00 (Default)	6 406	140	0.00%	6 406	100.00%	7 046	64.82%		-	0.00%	4 153	6 364
Retail Qualifying revolving	**Subtotal**	**112 039**	**198 877**	**62.87%**	**237 063**	**2.41%**	**168 183**	**34.13%**		**45 701**	**19.28%**	**6 060**	**8 544**
Other retail	0.00 to <0.15	22 019	42 063	53.65%	43 985	0.12%	5 786	46.03%		5 149	11.71%	25	17
Other retail	0.15 to <0.25	18 605	23 437	55.12%	30 891	0.20%	2 272	43.75%		4 674	15.13%	27	15
Other retail	0.25 to <0.50	50 989	47 662	53.79%	73 988	0.38%	4 171	51.17%		19 454	26.29%	146	92
Other retail	0.50 to <0.75	56 750	27 516	54.38%	69 831	0.62%	3 703	52.09%		24 408	34.95%	225	156
Other retail	0.75 to <2.50	273 543	62 772	57.99%	300 556	1.39%	13 872	56.67%		157 288	52.33%	2 383	1 938
Other retail	2.50 to <10.00	121 039	15 860	62.37%	126 892	4.68%	7 844	56.60%		86 819	68.42%	3 358	2 652
Other retail	10.00 to <100.00	47 595	2 508	76.31%	48 903	22.17%	4 039	53.95%		50 135	102.52%	5 929	8 554
Other retail	100.00 (Default)	55 460	639	69.12%	55 521	100.00%	5 710	78.64%		-	0.00%	43 664	51 463
Other retail	**Subtotal**	**646 000**	**222 457**	**56.07%**	**750 567**	**3.14%**	**47 397**	**55.98%**		**347 926**	**46.36%**	**55 757**	**64 887**
Total (all portfolios)		**8 162 546**	**2 993 285**	**52.11%**	**9 517 440**	**1.96%**	**253 603**	**36.03%**	**2.64**	**4 737 203**	**49.77%**	**366 097**	**517 089**

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APPENDIX 27C

EU CR6 – IRB APPROACH – CREDIT RISK EXPOSURES BY EXPOSURE CLASS AND PD RANGE
EQUITY
/AS OF 31.12.2018/

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	26 364	-		26 364		10			54 291	205.93%	105	-
Total (all portfolios)		26 364	-		26 364		10			54 291	205.93%	105	-

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APPENDIX 28A

EU CCR4 – IRB APPROACH – CCR EXPOSURES BY PORTFOLIO AND PD SCALE
FOUNDATION IRB APPROACH
/AS OF 31.12.2018/

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	111 142	0.12%	7	45.00%	2.50	53 080	47.76%
Institutions	0.15 to <0.25	-	-	-	-	-	-	-
Institutions	0.25 to <0.50	629	0.37%	2	45.00%	2.50	400	63.62%
Institutions	0.50 to <0.75	-	-	-	-	-	-	-
Institutions	0.75 to <2.50	-	-	-	-	-	-	-
Institutions	2.50 to <10.00	-	-	-	-	-	-	-
Institutions	10.00 to <100.00	-	-	-	-	-	-	-
Institutions	100.00 (Default)	-	-	-	-	-	-	-
Institutions	**Subtotal**	**111 771**	**0.12%**	**9**	**45.00%**	**2.50**	**53 481**	**47.85%**
Corporates: Of which: specialised lending	Excelent	21 203		15			14 842	70.00%
Corporates: Of which: specialised lending	Good	8 112		37			7 301	90.00%
Corporates: Of which: specialised lending	Satisfactory	2 280		9			2 622	115.00%
Corporates: Of which: specialised lending	Default	1 553		2			-	0.00%
Corporates: Of which: specialised lending	**Subtotal**	**33 148**		**63**			**24 765**	**74.71%**
Total (all portfolios)		**144 920**	**0.12%**	**72**	**45.00%**	**2.50**	**78 245**	**53.99%**

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APPENDIX 28B

EU CCR4 – IRB APPROACH – CCR EXPOSURES BY PORTFOLIO AND PD SCALE ADVANCED IRB APPROACH /AS OF 31.12.2018/

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	9 527	0.08%	4	49.32%	1.00	2 295	24.09%
Corporates	0.15 to <0.25	25	0.18%	2	45.00%	1.00	7	29.33%
Corporates	0.25 to <0.50	814	0.26%	4	45.00%	1.00	309	37.93%
Corporates	0.50 to <0.75	8 106	0.58%	5	45.00%	1.00	4 862	59.98%
Corporates	0.75 to <2.50	2 145	1.09%	3	45.00%	1.00	1 713	79.85%
Corporates	2.50 to <10.00	-	-	-	-	-	-	-
Corporates	10.00 to <100.00	10	12.13%	1	44.54%	1.00	20	199.21%
Corporates	100.00 (Default)	77	100.00%	2	45.00%	1.00	-	0.00%
Corporates	**Subtotal**	**20 705**	**0.40%**	**21**	**46.99%**	**1.00**	**9 206**	**44.46%**
Corporates: Of which: sme	0.00 to <0.15	36	0.07%	1	45.00%	1.00	5	15.06%
Corporates: Of which: sme	0.15 to <0.25	-	-	-	-	-	-	-
Corporates: Of which: sme	0.25 to <0.50	377	0.38%	5	45.00%	1.00	157	41.74%
Corporates: Of which: sme	0.50 to <0.75	497	0.66%	3	45.00%	1.00	292	58.70%
Corporates: Of which: sme	0.75 to <2.50	836	1.53%	13	45.00%	1.80	714	85.40%
Corporates: Of which: sme	2.50 to <10.00	589	4.36%	10	45.00%	1.00	663	112.48%
Corporates: Of which: sme	10.00 to <100.00	146	10.92%	2	45.00%	1.00	226	155.48%
Corporates: Of which: sme	100.00 (Default)	57	100.00%	2	45.00%	1.00	-	0.00%
Corporates: Of which: sme	**Subtotal**	**2 538**	**2.38%**	**36**	**45.00%**	**1.27**	**2 057**	**81.06%**
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	12	0.84%	1	45.00%	1.00	5	44.93%
Other retail	2.50 to <10.00	-	-	-	-	-	-	-
Other retail	10.00 to <100.00	-	-	-	-	-	-	-
Other retail	100.00 (Default)	-	-	-	-	-	-	-
Other retail	**Subtotal**	**12**	**0.84%**	**1**	**45.00%**	**1.00**	**5**	**44.93%**
Total (all portfolios)		**23 254**	**0.61%**	**58**	**46.78%**	**1.03**	**11 269**	**48.46%**

APPENDIX 29

EU CR3 – CRM TECHNIQUES – OVERVIEW /AS OF 31.12.2018/

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	11 549 268	3 820 284	3 698 697	121 587	-
2	Total debt securities	3 724 702	-	-	-	-
3	**Total exposures**	**15 273 970**	**3 820 284**	**3 698 697**	**121 587**	**-**
4	Of which defaulted	146 978	82 830	82 397	434	-

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APPENDIX 30

EU CR4 – STANDARDISED APPROACH – CREDIT RISK EXPOSURE AND CRM EFFECTS /AS OF 31.12.2018/

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	5 723 554	3 484	5 723 554	175	289 893	5.06%
2	Regional government or local authorities	60 113	23 716	60 113	3 523	63 636	100.00%
3	Public sector entities	308	3 568	306	2 730	3 036	100.00%
4	Multilateral development banks	-	173	98 955	855	-	0.00%
5	International organisations	-	-	-	-	-	-
6	Institutions	466	914	466	914	656	47.54%
7	Corporates	902 833	345 443	901 772	89 363	969 607	97.83%
8	Retail	1 614 503	27 999	1 614 285	11 310	1 218 108	74.93%
9	Secured by mortgages on immovable property	33 845	8 274	33 845	8 041	18 885	45.09%
10	Exposures in default	23 011	14 892	22 969	24	24 145	105.01%
11	Exposures associated with particularly high risk	7 569	-	7 569	-	11 354	150.01%
12	Covered bonds	-	-	-	-	-	-
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
14	Collective investment undertakings	-	-	-	-	-	-
15	Equity	-	-	-	-	-	-
16	Other items	-	-	-	-	-	-
17	**Total**	**8 366 202**	**428 463**	**8 463 834**	**116 935**	**2 599 320**	**30.29%**

UniCredit Bulbank

APPENDIX 31

EU CR7 – IRB APPROACH – EFFECT ON THE RWAs OF CREDIT DERIVATIVES USED AS CRM TECHNIQUES /AS OF 31.12.2018/

In thousands of BGN

		a	b
		Pre-credit derivatives RWAs	**Actual RWAs**
1	**Exposures under FIRB**		
2	Central governments and central banks	-	-
3	Institutions	1 162 368	1 162 368
4	Corporates – SMEs	-	-
5	Corporates – Specialised lending	987 690	987 690
6	Corporates – Other	66 336	66 336
7	**Exposures under AIRB**		
8	Central governments and central banks	-	-
9	Institutions	-	-
10	Corporates – SMEs	2 143 021	2 143 021
11	Corporates – Specialised lending	-	-
12	Corporates – Other	1 722 910	1 722 910
13	Retail – Secured by real estate SMEs	114 216	114 216
14	Retail – Secured by real estate non- SMEs	374 692	374 692
15	Retail – Qualifying revolving	45 701	45 701
16	Retail – Other SMEs	308 671	308 671
17	Retail – Other non-SMEs	39 260	39 260
18	Equity IRB	54 291	54 291
19	Other non-credit obligation assets	410 169	410 169
20	**Total**	**7 429 325**	**7 429 325**

UniCredit Bulbank

APPENDIX 32

EU CR8 – RWA FLOW STATEMENTS OF CREDIT RISK EXPOSURES UNDER THE IRB APPROACH /AS OF 31.12.2018/

In thousands of BGN

		a	b
		RWA amounts	**Capital requirements**
1	**RWAs as at the end of the previous reporting period**	**6 456 912**	**516 553**
2	Asset size	482 871	38 630
3	Asset quality	-27 629	-2 210
4	Model updates	1 894	152
5	Methodology and policy		
6	Acquisitions and disposals		
7	Foreign exchange movements		
8	Other		
9	**RWAs as at the end of the reporting period**	**6 914 048**	**553 124**

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APPENDIX 33A

EU CR9 – IRB APPROACH – BACKTESTING OF PD PER EXPOSURE CLASS
FOUNDATION IRB APPROACH
/AS OF 31.12.2018/

In thousands of BGN

a	b	c	d	e	f		g	h	i
FIRB	PD range	External rating equivalent	Weighted average PD	Arithmetic average PD by obligors	Number of obligors		Defaulted obligors in the year	Of which new obligors	Average historical annual default rate
					End of previous year	End of the year			
Institutions	0.00 to <0.15		0.13%	0.43%	56	61	-	-	
Institutions	0.15 to <0.25		0.20%	1.24%	11	6	-	-	
Institutions	0.25 to <0.50		0.40%	0.90%	13	5	-	-	
Institutions	0.50 to <0.75		0.74%	9.67%	2	1	-	-	
Institutions	0.75 to <2.50		0.88%	4.39%	3	10	-	-	
Institutions	2.50 to <10.00		2.97%	4.04%	4	6	-	-	
Institutions	10.00 to <100.00		20.16%	20.16%	1	1	-	-	
Institutions	**Subtotal**		**0.17%**	**1.51%**	**90**	**90**	**-**	**-**	**0.00%**
Financial corporate	0.00 to <0.15		0.11%	0.10%	-	2	-	-	
Financial corporate	0.15 to <0.25		-	-	-	-	-	-	
Financial corporate	0.25 to <0.50		0.26%	0.67%	-	7	-	-	
Financial corporate	0.50 to <0.75		0.72%	0.72%	-	1	-	-	
Financial corporate	0.75 to <2.50		1.12%	3.17%	-	3	-	-	
Financial corporate	2.50 to <10.00		3.44%	5.99%	-	4	-	-	
Financial corporate	10.00 to <100.00		-	-	-	-	-	-	
Financial corporate	**Subtotal**		**0.45%**	**2.30%**	**-**	**17**	**-**	**-**	**0.00%**

UniCredit Bulbank

APPENDIX 33B

EU CR9 – IRB APPROACH – BACKTESTING OF PD PER EXPOSURE CLASS
ADVANCED IRB APPROACH
/AS OF 31.12.2018/

In thousands of BGN

a	b	c	d	e	f		g	h	i
AIRB	PD range	External rating equivalent	Weighted average PD	Arithmetic average PD by obligors	Number of obligors		Defaulted obligors in the year	Of which new obligors	Average historical annual default rate
					End of previous year	End of the year			
Corporates	0.00 to <0.15		0.08%	0.87%	44	43	-	-	
Corporates	0.15 to <0.25		0.19%	5.39%	14	12	-	-	
Corporates	0.25 to <0.50		0.42%	5.34%	20	30	-	-	
Corporates	0.50 to <0.75		0.61%	5.32%	17	24	1	-	
Corporates	0.75 to <2.50		1.24%	16.62%	44	61	3	-	
Corporates	2.50 to <10.00		6.55%	34.17%	21	35	1	-	
Corporates	10.00 to <100.00		19.97%	358.29%	2	14	-	-	
Corporates	**Subtotal**		**1.04%**	**15.29%**	**162**	**219**	**5**	**-**	**1.99%**
Corporates: Of which: sme	0.00 to <0.15		0.12%	1.10%	47	51	-	-	
Corporates: Of which: sme	0.15 to <0.25		0.20%	1.44%	118	125	-	-	
Corporates: Of which: sme	0.25 to <0.50		0.39%	2.88%	372	436	4	-	
Corporates: Of which: sme	0.50 to <0.75		0.62%	3.84%	275	309	-	-	
Corporates: Of which: sme	0.75 to <2.50		1.47%	11.18%	1 002	1 037	8	-	
Corporates: Of which: sme	2.50 to <10.00		4.45%	28.92%	724	611	14	-	
Corporates: Of which: sme	10.00 to <100.00		14.79%	89.27%	58	33	4	-	
Corporates: Of which: sme	**Subtotal**		**2.42%**	**15.28%**	**2 596**	**2 602**	**30**	**-**	**1.99%**
Retail Secured on real estate property: Of which: sme	0.00 to <0.15		0.13%	0.36%	133	102	-	-	
Retail Secured on real estate property: Of which: sme	0.15 to <0.25		0.19%	0.60%	148	140	-	-	
Retail Secured on real estate property: Of which: sme	0.25 to <0.50		0.39%	1.29%	333	306	-	-	
Retail Secured on real estate property: Of which: sme	0.50 to <0.75		0.60%	2.36%	291	293	2	-	
Retail Secured on real estate property: Of which: sme	0.75 to <2.50		1.35%	5.22%	1 194	1 174	7	-	
Retail Secured on real estate property: Of which: sme	2.50 to <10.00		4.64%	16.29%	612	480	22	-	
Retail Secured on real estate property: Of which: sme	10.00 to <100.00		24.00%	74.17%	279	236	51	-	
Retail Secured on real estate property: Of which: sme	**Subtotal**		**3.22%**	**12.76%**	**2 990**	**2 731**	**82**	**-**	**4.13%**
Retail Secured on real estate property: Of which: non-sme	0.00 to <0.15		0.12%	0.35%	2 397	2 885	-	-	
Retail Secured on real estate property: Of which: non-sme	0.15 to <0.25		0.20%	0.57%	2 187	2 456	4	-	
Retail Secured on real estate property: Of which: non-sme	0.25 to <0.50		0.36%	1.03%	5 139	5 466	6	-	
Retail Secured on real estate property: Of which: non-sme	0.50 to <0.75		0.61%	1.70%	3 002	3 168	1	-	
Retail Secured on real estate property: Of which: non-sme	0.75 to <2.50		1.36%	3.89%	8 657	8 693	13	-	
Retail Secured on real estate property: Of which: non-sme	2.50 to <10.00		5.00%	14.32%	4 001	4 173	66	-	
Retail Secured on real estate property: Of which: non-sme	10.00 to <100.00		18.88%	53.48%	2 277	2 241	214	-	
Retail Secured on real estate property: Of which: non-sme	**Subtotal**		**2.49%**	**8.14%**	**27 660**	**29 082**	**304**	**-**	**2.22%**
Retail Qualifying revolving	0.00 to <0.15		0.12%	0.34%	25 978	29 173	58	-	
Retail Qualifying revolving	0.15 to <0.25		0.20%	0.60%	10 305	11 151	34	-	
Retail Qualifying revolving	0.25 to <0.50		0.36%	1.16%	13 560	15 015	49	-	
Retail Qualifying revolving	0.50 to <0.75		0.62%	2.06%	8 559	9 056	38	-	
Retail Qualifying revolving	0.75 to <2.50		1.45%	4.93%	29 757	31 227	244	-	
Retail Qualifying revolving	2.50 to <10.00		5.00%	17.13%	24 486	25 603	707	-	
Retail Qualifying revolving	10.00 to <100.00		16.02%	49.19%	9 284	9 849	1 292	-	
Retail Qualifying revolving	**Subtotal**		**2.42%**	**8.78%**	**121 929**	**131 074**	**2 422**	**-**	**2.22%**
Other retail: Of which: sme	0.00 to <0.15		0.12%	0.34%	2 435	2 731	14	-	
Other retail: Of which: sme	0.15 to <0.25		0.20%	0.68%	909	911	2	-	
Other retail: Of which: sme	0.25 to <0.50		0.39%	1.57%	1 547	1 665	4	-	
Other retail: Of which: sme	0.50 to <0.75		0.59%	2.76%	1 282	1 395	9	-	
Other retail: Of which: sme	0.75 to <2.50		1.38%	6.39%	5 407	5 929	68	-	
Other retail: Of which: sme	2.50 to <10.00		4.74%	19.04%	3 404	3 436	153	-	
Other retail: Of which: sme	10.00 to <100.00		22.60%	85.81%	1 417	1 267	262	-	
Other retail: Of which: sme	**Subtotal**		**3.22%**	**13.92%**	**16 401**	**17 334**	**512**	**-**	**4.13%**
Other retail: Of which: non-sme	0.00 to <0.15		0.12%	0.28%	2 965	2 254	6	-	
Other retail: Of which: non-sme	0.15 to <0.25		0.20%	0.45%	1 423	851	2	-	
Other retail: Of which: non-sme	0.25 to <0.50		0.36%	0.83%	1 839	1 213	4	-	
Other retail: Of which: non-sme	0.50 to <0.75		0.62%	1.39%	1 507	1 085	4	-	
Other retail: Of which: non-sme	0.75 to <2.50		1.42%	3.17%	4 071	2 659	22	-	
Other retail: Of which: non-sme	2.50 to <10.00		5.18%	11.55%	2 786	1 980	73	-	
Other retail: Of which: non-sme	10.00 to <100.00		19.40%	42.48%	2 739	1 925	326	-	
Other retail: Of which: non-sme	**Subtotal**		**4.47%**	**9.61%**	**17 330**	**11 967**	**437**	**-**	**2.22%**

UniCredit Bulbank

Declaration by the Manager charged with preparing the financial reports

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

DECLARES

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

Sofia,

June 14, 2019

Jasna Mandac

CFO and Member of the Management Board
of UniCredit Bulbank AD

J. Mandac
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/signature/