ANNUAL DISCLOSURES FOR 2023

ON AN UNCONSOLIDATED BASIS

ACCORDING TO THE REQUIREMENTS OF

REGULATION (EU) 575/2013 (ART. 431-455)

Contents

(All amounts are shown in BGN thousands unless otherwise stated)

I. Key metrics and overview of risk-weighted exposure amounts

Eurobank Bulgaria AD was incorporated and is domiciled in Bulgaria. The Bank is a joint stock company (its shares are not traded publicly on any stock exchange) established in accordance with Bulgarian regulations. The Bank is a licenced credit institution and an investment intermediary providing retail, corporate and investment banking services in Bulgaria.

The activities of the Bank are governed by the applicable legislation regulating the credit institutions and the investment intermediaries. Its principal regulators are Bulgarian National Bank (BNB) and the Financial Supervision Commission (FSC). Since 1 October 2020 Eurobank Bulgaria AD is directly supervised by European Central Bank (ECB) as part of the close cooperation process between the ECB and the BNB.

The year 2023 was by far the best in Eurobank Bulgaria’s history. Gaining from the strong market performance and leveraging on the successful acquisition of the business of the Bulgarian branch of BNP Paribas Personal Finance S.A. (BNP Paribas PF) in the middle of the year, Eurobank Bulgaria improved its results by every measure. Net profit for the year reached a new record of BGN 308 million – a sizable annual increase of close to 50%. The return on equity was 14.6% or 3.3 pp better than last year’s, while the return on assets was 1.74% (2022: 1.36%).

In March 2023, Eurobank Bulgaria obtained a permission from the competent authority to include €110m loan taken from Eurobank S.A. at the end of 2022 in its own funds, easing the pressure on the capital adequacy from the acquisition of BNP Paribas PF. The interim profits were capitalized throughout the year which was enough to cover the expansion of the risk weighted assets.

As at 31.12.2023, the Bank is in full compliance with all regulatory requirements.

(All amounts are shown in BGN thousands unless otherwise stated)

Template EU OV1 – Overview of total risk exposure amounts:

		Total risk exposure amounts (TREA)		Total own funds requirements
		a	b	c
		31.12.2023	31.12.2022	31.12.2023
1	Credit risk (excluding CCR)	10 171 889	7 974 380	813 751
2	Of which the standardised approach	10 171 889	7 974 380	813 751
3	Of which the Foundation IRB (F-IRB) approach	0	0	0
4	Of which slotting approach	0	0	0
EU 4a	Of which equities under the simple riskweighted approach	0	0	0
5	Of which the Advanced IRB (A-IRB) approach	0	0	0
6	Counterparty credit risk - CCR	21 858	36 104	1 749
7	Of which the standardised approach	0	0	0
8	Of which internal model method (IMM)	0	0	0
EU 8a	Of which exposures to a CCP	0	0	0
EU 8b	Of which credit valuation adjustment - CVA	1 638	0	131
9	Of which other CCR	20 220	36 104	1 618
15	Settlement risk	0	0	0
16	Securitisation exposures in the non-trading book (after the cap)	55 540	51 009	4 443
17	Of which SEC-IRBA approach	0	0	0
18	Of which SEC-ERBA (including IAA)	55 540	51 009	4 443
19	Of which SEC-SA approach	0	0	0
EU 19a	Of which 1250% / deduction	0	0	0
20	Position, foreign exchange and commodities risks (Market risk)	174 563	123 588	13 965
21	Of which the standardised approach	174 563	123 588	13 965
22	Of which IMA	0	0	0
EU 22a	Large exposures	0	0	0
23	Operational risk	1 120 350	917 025	89 628
EU 23a	Of which basic indicator approach	1 120 350	917 025	89 628
EU 23b	Of which standardised approach	0	0	0
EU 23c	Of which advanced measurement approach	0	0	0
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	0	0	0
29	**Total**	**11 544 200**	**9 102 106**	**923 536**

(All amounts are shown in BGN thousands unless otherwise stated)

Template EU KM1 - Key metrics template:

		a	c	e
		31.12.2023	30.06.2023	31.12.2022
	Available own funds (amounts)			
1	Common Equity Tier 1 (CET1) capital	2 194 929	1 992 407	1 885 581
2	Tier 1 capital	2 194 929	1 992 407	1 885 581
3	Total capital	2 410 070	2 207 548	1 885 581
	Risk-weighted exposure amounts			
4	Total risk exposure amount	11 544 200	10 401 594	9 102 106
	Capital ratios (as a percentage of risk-weighted exposure amount)			
5	Common Equity Tier 1 ratio (%)	19.01%	19.15%	20.72%
6	Tier 1 ratio (%)	19.01%	19.15%	20.72%
7	Total capital ratio (%)	20.88%	21.22%	20.72%
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)			
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	1.25%	1.25%	1.25%
EU 7b	of which: to be made up of CET1 capital (percentage points)	0.70%	0.70%	0.70%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	0.94%	0.94%	0.94%
EU 7d	Total SREP own funds requirements (%)	9.25%	9.25%	9.25%
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)			
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.00%	0.00%	0.00%
9	Institution specific countercyclical capital buffer (%)	2.00%	1.50%	1.00%
EU 9a	Systemic risk buffer (%)	3.00%	3.00%	3.00%
10	Global Systemically Important Institution buffer (%)	0.00%	0.00%	0.00%
EU 10a	Other Systemically Important Institution buffer (%)	0.75%	0.75%	0.75%
11	Combined buffer requirement (%)	8.25%	7.75%	7.25%
EU 11a	Overall capital requirements (%)	17.50%	17.00%	16.50%
12	CET1 available after meeting the total SREP own funds requirements (%)	1 342 590	1 451 524	1 412 272
	Leverage ratio			
13	Total exposure measure	20 258 264	18 567 183	16 969 780
14	Leverage ratio (%)	10.83%	10.73%	11.11%
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)			
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0.00%	0.00%	0.00%
EU 14b	of which: to be made up of CET1 capital (percentage points)	0.00%	0.00%	0.00%
EU 14c	Total SREP leverage ratio requirements (%)	3.00%	3.00%	3.00%
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)			
EU 14d	Leverage ratio buffer requirement (%)	0.00%	0.00%	0.00%
EU 14e	Overall leverage ratio requirement (%)	3.00%	3.00%	3.00%
	Liquidity Coverage Ratio			
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	4 136 921	3 551 502	2 939 505
EU 16a	Cash outflows - Total weighted value	3 003 180	2 765 427	2 335 905
EU 16b	Cash inflows - Total weighted value	921 019	758 693	944 532
16	Total net cash outflows (adjusted value)	2 082 161	2 006 734	1 391 373
17	Liquidity coverage ratio (%)	198.68%	176.98%	211.27%
	Net Stable Funding Ratio			
18	Total available stable funding	16 007 240	14 686 154	13 612 139
19	Total required stable funding	10 758 997	10 225 710	8 745 222
20	NSFR ratio (%)	148.78%	143.62%	155.65%

Eurobank Bulgaria has nothing to disclose as of 31.12.2023 regarding Template EU INS1 - Insurance participations and Template EU INS2 - Financial conglomerates information on own funds and capital adequacy ratio.

II. Risk management objectives and policies

The Bank acknowledges that taking risks is an integral part of its business, as it is exposed to different types of risks (existing and emerging) due to the nature of its operations and its systemic role in the Bulgarian banking system. In this context, the Bank acknowledges the significance of acknowledging the material risks undertaken and sets appropriate mechanisms to identify, measure and monitor those risks at an early stage, as well as to control their potential impact and adverse effects on the achievement of the Bank's strategic and business objectives.

As economic, industry, regulatory and operating conditions/ environment are changing, risk management mechanisms are set (and are prudently adjusted) by the Bank in a manner that enables it to identify and adequately deal with the risks associated with these changes/ developments. To this effect, the Bank has developed an overall strategic direction, addressing the core issues regarding its fundamental attitude towards risk and risk management, driven by business objectives and targeting the increase of shareholders' value.

The implementation of the Bank's business model requires an efficient framework for the identification, measurement, aggregation, and management of risks, as well as an appropriate allocation of capital to business lines and products. Risk and capital are managed via principles, governance arrangements, measurement and monitoring processes that drive the operations of the Bank's divisions and business units.

In particular:

- An integrated risk governance structure is in place, ensuring the determination of an appropriate risk appetite framework, the drafting of adequate risk management principles and policies, and the establishment of well-functioning risk management models, systems, and processes.
- A risk identification and risk management process is in place ensuring that all material risks are promptly identified, measured, and managed in a coordinated manner.
- An appropriate capital planning process is in place.
- An appropriate stress testing framework is in place to assess the Bank's resilience under adverse but plausible stress scenarios.
- Recovery measures have been sufficiently considered and designed, aiming to restore the Bank's capital and liquidity condition to acceptable levels in case that specific conditions are triggered.

The Bank has clear risk management objectives and a well-established strategy to deliver them, through core risk management processes. At a strategic level, the risk management objectives are to:

- Identify Eurobank Bulgaria's material risks.
- Ensure that business plans are consistent with Eurobank Bulgaria's risk appetite.
- Optimize risk/ return decisions by taking them as closely as possible to the business, while establishing strong and independent review and challenge structures.
- Ensure that business growth plans are properly supported by effective risk infrastructure.
- Manage risk profile to ensure that specific financial deliverables remain possible under a range of adverse business conditions.
- Assist senior executives to improve the control and co-ordination of risk taking across the business.
- Embed risk management into the Bank's culture and existing processes and raise awareness of risk management throughout the Bank.
- Provide the framework, procedures, and guidance to enable all employees to manage risk in their own areas and improve the control and co-ordination of risk taking across the business.
- Support the Bank's business strategy by ensuring that business objectives are pursued in a risk-controlled manner to preserve earnings stability by protecting against unforeseen losses.
- Improve the use and allocation of capital and enhance risk adjusted return on capital at Bank level by incorporating risk into business performance measures.

(All amounts are shown in BGN thousands unless otherwise stated)

- Facilitate the communication of risk across the Bank's stakeholders.
- Support the achievement of business and strategic objectives.
- Control and minimize the risks associated with new developments and activities, as well as any financial and negative consequences of losses.

Risk governance

Eurobank Bulgaria AD aims to adopt best practices regarding Risk governance, considering all relevant guidelines and regulatory requirements, as set by the Basel Committee on Banking Supervision, the European Central Bank, the European Banking Authority, the relevant EU legislative framework, the Bulgarian National Bank as well as any decisions of the competent authorities supervising the Bank.

The Bank's risk governance framework comprises several different constituents. In particular, the Supervisory Board has set up the Risk Committee mandated to oversee all risk management functions.

The Internal Audit function, which reports directly to the Supervisory Board, through the Audit Committee, complements the risk management framework acting as the independent review layer, focusing on the effectiveness of the risk management framework and control environment.

The Bank's risk management organization structure shall ensure the existence of clear lines of responsibility, the efficient segregation of duties and the prevention of conflicts of interest at all levels, including the Management Board, Senior Management, staff of any seniority involved in any way in lending as well as among its customers and any other stakeholders. Within the Bank, risk management activities broadly take place at the following levels:

- ✓ Strategic level – It encompasses risk management functions performed by the Supervisory Board and Management Board. These include for example approval of Risk strategy, Risk appetite framework and Risk appetite statement.
- ✓ Tactical level – It encompasses risk management functions performed by the Risk Committee and the Executive Committee. These include for example approval of risk related policies and procedures, manuals for managing risks and establishing adequate systems and controls.
- ✓ Operational (business line) level – It involves management of risks at the point where they are actually created. The relevant activities are performed by individuals / bodies who undertake risk on the organization's behalf. Risk management at this level is implemented by means of appropriate controls incorporated into the relevant operational procedures and guidelines set by the Management. These include, for example approval of risk related policies and procedures, manuals for managing risks and establishing adequate systems and controls.

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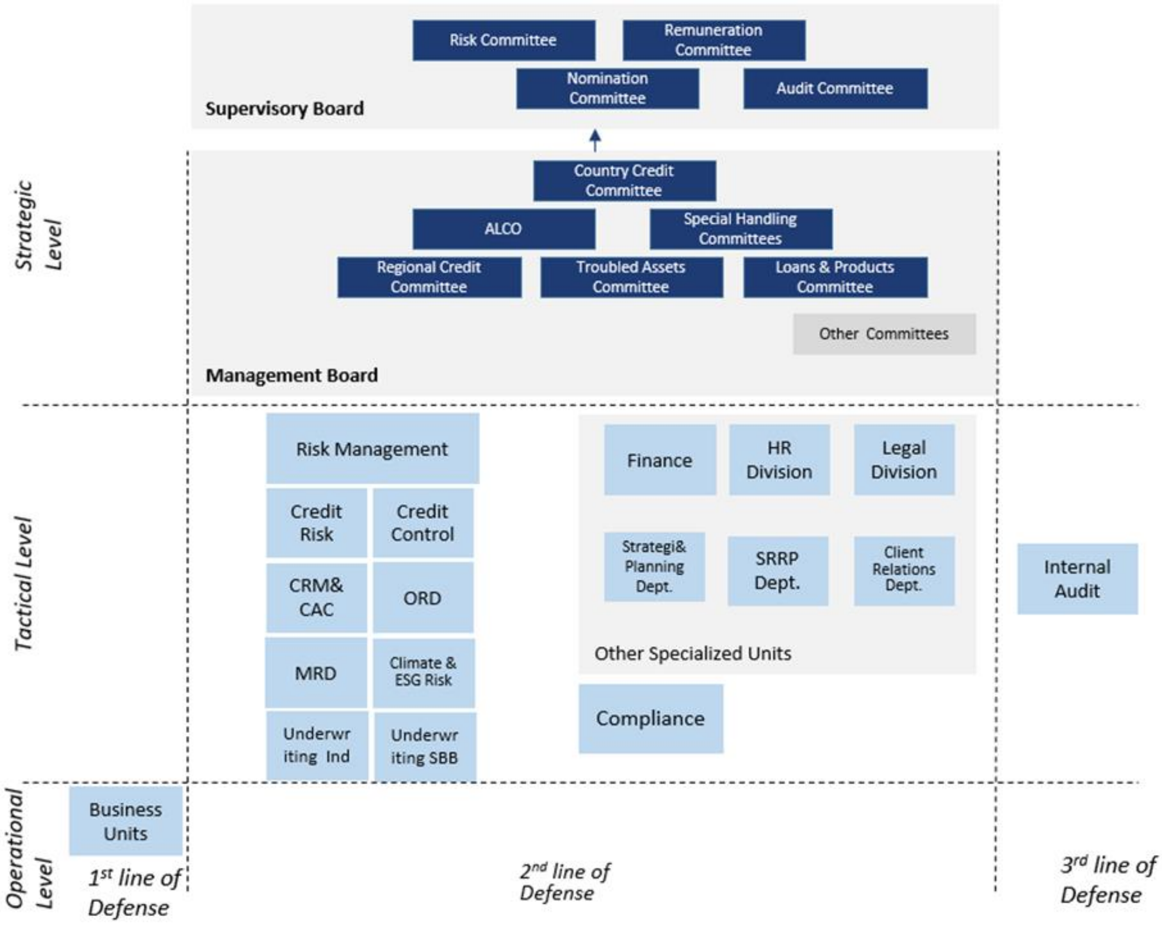

The Bank's risk governance model incorporates the three lines of defense approach. The model distinguishes among three groups involved in the effective risk management as follows:

1. The risk-taking units (business units) are the **1st line of defense** and business management is responsible for managing the risks of their business, within approved risk appetite and capacity levels. The business units, as the first line of defence, take risks and are responsible for its operational management directly and on a permanent basis. For that purpose, business units follow sound processes and controls in place that aim to ensure that risks are properly identified, measured, monitored, managed, reported, and kept within the limits of the Bank's risk appetite and that the business activities are in compliance with external and internal requirements.

2. The risk management function is the **2nd line of defense**. Risk management functions, coordinated by the Group Risk Management General Division, provide oversight over first line of defense (business management) risk taking activities, and develop risk management frameworks, policies, and procedures within their area of responsibility. Other support functions of the Bank (such as Compliance, Legal) are also part of the second line of defense.

3. The audit function (**3rd line of defense**) performs regular independent reviews of the implementation of and adherence to the risk management framework and its supporting policies and processes, as well as the system of internal controls in place. This includes both business unit activities and risk management functions.

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Eurobank Bulgaria is exposed to a variety of risks deriving from its activities, among which the most significant are the following:

- ✓ Credit risk
- ✓ Market risk
- ✓ Liquidity risk
- ✓ Operational risk

The different types of risks are managed and controlled by specialized units in the Bank, following policies and procedures based on Eurobank Group Guidelines as well as the EU and Bulgarian legislation and regulations, ensuring that all aspects of risk are adequately covered, monitored, and controlled.

The Chief Risk Officer (CRO) has a dual reporting line to the Risk Committee and the Chief Executive Officer, with direct access to the Chairperson of the Risk Committee, whenever the CRO considers necessary.

The Supervisory Board of the Bank (SB) has delegated to the Risk Committee the role of approving all strategic risk management decisions. The Risk Committee oversees monitoring the quantitative and qualitative aspects of all material risks. In addition, Internal Audit is responsible for the independent review of risk management and the control environment.

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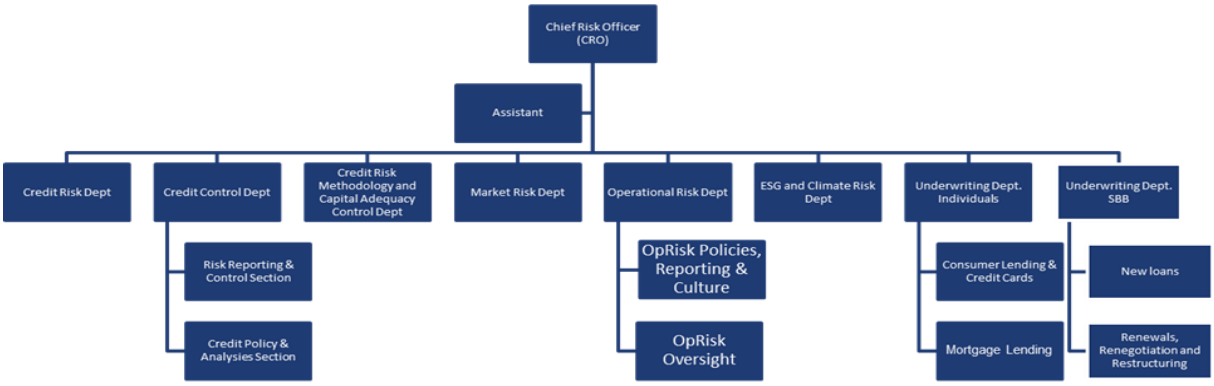

Risk identification and risk management

The Group's RIMA Framework describes the overall process through which the Bank identifies the risks that is or might be exposed to (Risk Library) and assesses their relevance and materiality (Risk Inventory).

For risk identification, the Bank maintains Risk Identification Template (RIT), which contains risk information and the results of the risk identification process. It consolidates all Bank's risks, summarizes the information per risk type/ subtype that is necessary for the risk identification process and presents the outcome in terms of relevance and materiality. RIT is reviewed and updated on an annual basis or ad-hoc, if deemed necessary. For all the risks assessed as material the RIT provides information regarding the key underlying drivers, the perimeter included in each risk sub-type, the materiality assessment approach and outcome, a short description of how the risks have been captured under the ICAAP Economic and Normative perspective and the Risk Appetite Statements selected for the monitoring of the risk.

Risk materiality assessment allows the Bank to focus its resources and management attention on risks that could potentially threaten its business or capital standing while ensuring that all material risks are properly managed and monitored. The risk materiality assessment takes place according to the respective existing policies and as well as Group Guidelines regarding management of all risk types.

The determination of Risk Appetite aims to ensure that risk is proactively managed to the level desired and approved by the Bank's Senior management. The Bank's Risk Appetite is described in terms of several qualitative and quantitative statements per material risk type. Their primary objective is to set the maximum level of risk that the Bank is willing to undertake in order to achieve its strategic objectives, ensuring at the same time adherence to the regulatory requirements. Business, capital, and liquidity planning processes should always comply with the Bank's Risk Appetite statements.

The Risk Profile of the Bank is presented to the Risk Committee and Supervisory Board on a quarterly basis.

The Bank operates at its targeted business model when KRIs are better than the respective Risk Appetite levels. Revision and monitoring take place in a timely manner.

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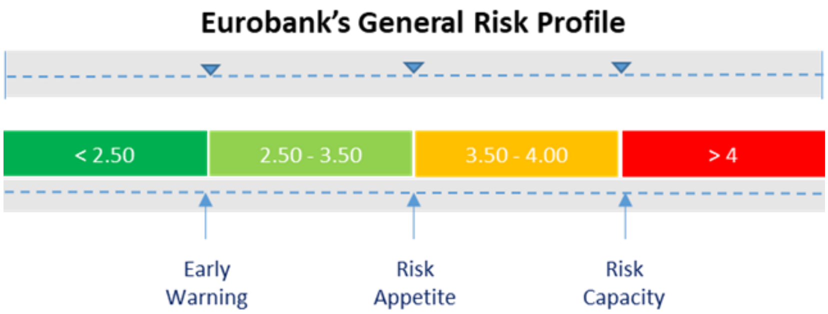
The indicators' levels are monitored based on a "RAG" status (Red, Amber, or Green) as it is presented hereafter:



Stress testing framework

In order to provide a forward-looking view of the capital evolution under a number of different scenarios, the Bank has developed a comprehensive stress testing framework. This framework comprises a set of models and tools together with a transparent process and will be used as a steering tool from top management in key processes such as Capital, Strategic and Liquidity planning, and Risk Appetite thresholds under normal and stressed conditions.

The stress testing process follows a comprehensive approach in order to forecast the Bank's profitability, capital and financial position under stressed scenarios. The Bank incorporates the stress test results in a number of internal processes including capital planning, ILAAP, ICAAP, risk appetite threshold calibration.

The 2024 ICAAP indicates that the Bank maintains a sound and adequate capital position:

- to cover capital requirements for the material risks it is exposed to under the Economic perspective, having the capital requirements covered by the available internal capital.
- to support the implementation of its business plan and strategic objectives under the baseline scenario of the normative perspective, remaining above its Early Warning, Risk Appetite levels and the capital requirements, and
- to absorb the losses of the three-year (2024-2026) adverse and severe adverse scenarios assessed under the Normative perspective of ICAAP, without breaching its Risk Capacity levels and standing also above its RAS Early warning, Risk Appetite, and well above its TSCR levels for the full horizon of the exercise.

Finally, the Reverse Stress Test exercise conducted proved that the probability of the materialization of the extreme situation assumed is deemed as too remote, given historical experience and experts' judgement.

Considering the above, as well as the overall risk assessment and capital management framework, the Management Board is confident that the Bank is sufficiently capitalized and that all necessary arrangements and processes are in place to ensure compliance with the regulatory requirements.

The below list shows the main sources for reference, related to Risk management, which have been updated in the beginning of 2024:

(All amounts are shown in BGN thousands unless otherwise stated)

- Risk Appetite Methodology and Framework – it describes the Bank's Risk Appetite Framework (RAF). Compared to the prior year, the document was updated and aligned to the latest Group's document. Risk definitions were reviewed and updated, where needed, and it has been elaborated on the RAS monitoring and escalation process in case of a breach. A KRI's Repository was also updated, covering the supporting IT infrastructure and MIS utilized per RAS.
- Risk Appetite Statements - compared to the prior year, the document was updated and aligned to the latest Group's document. The limits were reviewed and updated.
- Risk Strategy – the document was reviewed and updated accordingly. Risk definitions were also updated, where needed.
- Risk Identification Template (RIT) – It provides information for the results of the risk identification process. It consolidates all Bank's risks, summarizes the information per risk type/ subtype that is necessary for the risk identification process and presents the outcome in terms of relevance and materiality. RIT is reviewed and updated on an annual basis or ad-hoc, if deemed necessary. For all the risks assessed as material the RIT provides information regarding the key underlying drivers, the perimeter included in each risk sub-type, the materiality assessment approach and outcome, a short description of how the risks have been captured under the ICAAP Economic and Normative perspective and the Risk Appetite Statements selected for the monitoring of the risk.

Governance arrangements

Members of the Management Board:

- **Petia Dimitrova**

Association of Banks in Bulgaria (non-profit legal entity) – Chairperson of the Executive Board;

Foundation Atanas Bourov (non-profit legal entity) – Member of the Management Board;

Hellenic Business Council in Bulgaria (non-profit legal entity) – Chairperson of the Board of Directors up to 19 December 2023 and Member of the Board of Director after;

Association Endever Bulgaria – Member of the Board of Directors;

Association of the Canadian Commercial Chamber in Bulgaria – Member of the Management Board;

PB Personal Finance EAD – Member of the Board of Directors.

- **Dimitar Shoumarov**

PB Personal Finance EAD – Member of the Board of Directors

- **Asen Yagodin**

Bulgarian Stock Exchange – Sofia AD, Bulgaria – Member of the Board of Directors;
Bulstrad Life Vienna Insurance Group JSC, Bulgaria – Independent Member of the Supervisory Board;
Green Finance and energy center (GFEC) (non-profit legal entity) - Member of the Management Board;
Dike - Imoti OOD – partner (holding more than 25 per cent of the capital of the company).

- **Panagiotis Mavridis**

(All amounts are shown in BGN thousands unless otherwise stated)

Members of the Supervisory Board:

- **<u>Georgios Provopoulos</u>**[1]

Geonamar P.C – Partner (released as of June 2023)

- **<u>Stavros Ioannou</u>**

Eurobank Ergasias Services and Holdings S.A, Greece – Deputy Chief Executive Officer, Group Chief Operating Officer & International Activities, Executive Director;

Eurobank S.A., Greece – Deputy Chief Executive Officer, Group Chief Operating Officer & International Activities, Executive Director and Member of the Executive Board;

Eurobank Direktna A.D. Beograd, Serbia – Member of the Board of Directors (released as of November 2023);

BE – Business Exchanges S.A. of Business Exchanges Networks and Accounting and Tax Services, Greece – Chairman and Member of the Board of Directors;

Eurobank Cyprus Ltd, Cyprus – Vice Chairperson and Member of the Board of Directors;

Grivalia Management Company S.A., Greece - Member of the Board of Directors.

- **<u>Michalakis Louis</u>**

Eurobank S.A, Greece – Head of International Activities General Division & Group Private Banking, Member of the Executive Board;
Eurobank Private Bank Luxembourg S.A., Luxembourg – Member of the Board of Directors;
Eurobank Direktna A.D. Beograd, Serbia – Member of the Board of Directors (released as of November 2023);
Eurobank Cyprus Ltd, Cyprus - Chief Executive Officer and member of the Board of Directors;
NEU Property Holdings Limited, Cyprus – Chairman and member of the Board of Directors (released as of July 2023);
NEU 03 Property Holdings Limited, Cyprus – Chairman and member of the Board of Directors (released as of July 2023);
ERB New Europe Funding III Limited, Cyprus – Chairman and member of the Board of Directors (released as of August 2023).

- **<u>John David Butts</u>**

Lex RX Bulgaria EOOD, Bulgaria – Sole Owner;
Ubad - Toro OOD, Bulgaria – Partner;
Lexrx Capital OOD, Bulgaria – Partner and Managing Director.

- **<u>Iasmi Ralli</u>**

- **<u>Ivi Vigka</u>**

- **<u>Raika Ontzova</u>**

VPS Lilia & Ontzovi SD – Partner and Chairperson

- **<u>Minko Guerdjikov</u>**

[1] Mr. Provopoulos passed away unexpectedly in May 2024, therefore he ceased to be Chairperson of the Supervisory Board.

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Board Nomination Policy

Policy Statement:

The Board Nomination Policy (the "Policy") sets out the guidelines and formal process for the identification, selection and nomination of candidates for the SB and MB (together; the "Boards") of Eurobank Bulgaria AD. The Policy ensures that such appointments are made: (a) in accordance with legal and regulatory requirements, including the relevant Joint ESMA/EBA "Guidelines on the assessment of the suitability of members of the management body and key function holders" (the "Joint ESMA/EBA Guidelines"), taking also into account the ECB Guide to fit and proper assessments; (b) with due regard to the expectations of HoldCo's and Bank's shareholders, and in consultation with International Activities and (c) on the basis of individual merit and ability; following a best practice process.
The scope of the Policy focuses entirely on Eurobank Bulgaria Board appointments. It does not cover the selection and appointment of the senior executives of Eurobank Bulgaria, apart from their appointment as members of the MB.

Objectives of the Policy:

The primary objectives of the Policy are to:

1.1. Define the general principles that guide the Nomination and Corporate Governance Committee of Eurobank Bulgaria (the "Committee") as it discharges its role across all stages of the nomination process.

1.2. Devise the specific criteria and requirements for Board nominees.

1.3. Establish a transparent, efficient and fit-for-purpose nomination process.

1.4. Ensure that the structure of the Boards (including succession planning) meets high ethical standards, has optimal balance of knowledge, skills and experience and is aligned with current legal and regulatory requirements.

Boards Diversity Policy

Policy Statement:

According to the Nomination Policy, diversity is one of the factors that the Nomination and Corporate Governance Committee ("Committee") shall consider when examining composition and structure of the Boards.

A diverse Board includes and makes good use of variety in the skills, educational and professional background, geographical provenance (nationality), gender, age and other qualities of Directors. All Board appointments, including succession planning, shall ensure that the structure of the Board is aligned with regulatory requirements, has optimal balance of knowledge, skills and experience and meets high ethical standards; without discrimination based on gender, race, colour, ethnic or social origin, genetic features, religion or belief, membership of a national minority, property, birth, disability, age, or sexual orientation. In this context, the search for Board candidates is conducted, and appointments are made, on merit, against objective criteria and with due regard to the benefits of diversity on the Board.
According to the provisions of the Boards Evaluation Policy, the Committee has the overall responsibility to annually assess the structure, size, composition and performance of the Boards and make recommendations to the Boards with regard to any necessary changes. In assessing Board composition, the Committee shall consider the benefits of all aspects of

(All amounts are shown in BGN thousands unless otherwise stated)

diversity; including, but not limited to those described above, in order to maintain an appropriate range and balance of skills, experience and background on the Boards.

III. Scope of application

Eurobank Bulgaria AD reports on an unconsolidated basis.

Template EU LI1 - Differences between the accounting scope and the scope of prudential consolidation and mapping of financial statement categories with regulatory risk categories:

		a	b	c	d	e	f	g
				Carrying values of items				
		Carrying values as reported in published financial statements	Carrying values under scope of prudential consolidation	Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
	Breakdown by asset clases according to the balance sheet in the published financial statements							
1	Cash and balances with the Central Bank	2 365 538	2 365 538	2 365 538	0	0	0	0
2	Loans and advances to banks	783 234	783 234	783 234	0	0	0	0
3	Trading assets	37 272	37 272	0	0	0	37 272	0
4	Derivative financial instruments	18 655	18 655	0	18 655	0	0	0
5	Loans and advances to customers	12 540 242	12 540 242	12 540 242	0	0	0	0
6	Investment securities	3 028 859	3 028 859	2 537 749	0	491 110	0	0
7	Shares in subsidiary undertakings	1 000	1 000	0	0	0	0	1 000
8	Deferred tax assets	4 734	4 734	0	0	0	0	4 734
9	Property, plant and equipment, including right of use assets	309 951	309 951	309 951	0	0	0	0
10	Investment property	441	441	441	0	0	0	0
11	Intangible assets	164 641	164 641	31 694	0	0	0	132 947
12	Other assets	135 251	135 251	135 251	0	0	0	0
	Total assets	19 389 818	19 389 818	18 704 100	18 655	491 110	37 272	138 681
	Breakdown by liability classes according to the balance sheet in the published financial statements							
1	Deposits from banks	140 905	140 905	0	0	0	0	140 905
2	Derivative financial instruments	22 687	22 687	0	22 687	0	0	0
3	Due to customers	15 653 641	15 653 641	0	0	0	0	15 653 641
4	Other borrowed funds	1 036 249	1 036 249	0	0	0	0	1 036 249
5	Current income tax payable	6 596	6 596	0	0	0	0	6 596
6	Provisions for other liabilities and charges	32 418	32 418	0	0	0	0	32 418
7	Retirement benefit obligations	4 026	4 026	0	0	0	0	4 026
8	Other liabilities	217 675	217 675	0	0	0	0	217 675
	Total liabilities	17 114 197	17 114 197	0	22 687	0	0	17 091 510

Template EU LI2 - Main sources of differences between regulatory exposure amounts and carrying values in financial statements:

		a	b	c	d	e
			Items subject to			
		Total	Credit risk framework	Securitisation framework	CCR framework	Market risk framework
1	**Assets carrying value amount under the scope of prudential consolidation (as per template LI1)**	19 251 137	18 704 100	491 110	18 655	37 272
2	**Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1)**	22 687	0	0	22 687	0
3	**Total net amount under the scope of prudential consolidation**	19 228 450	18 704 100	491 110	-4 032	37 272
4	**Off-balance-sheet amounts**	2 717 821	2 717 821	0	0	
5	*Differences in valuations*	0	0	0	0	
6	*Differences due to different netting rules, other than those already included in row 2*	0	0	0	0	
7	*Differences due to consideration of provisions*	0	0	0	0	
8	*Differences due to the use of credit risk mitigation techniques (CRMs)*	0	0	0	0	
9	*Differences due to credit conversion factors*	0	0	0	0	
10	*Differences due to Securitisation with risk transfer*	0	0	0	0	
11	*Other differences*	0	0	0	0	
12	**Exposure amounts considered for regulatory purposes**	21 946 271	21 421 921	491 110	-4 032	37 272

(All amounts are shown in BGN thousands unless otherwise stated)

IV. Own funds

The Bank's objectives when managing the capital in respect to the requirements set in Regulation (EU) 575/2013 on the Capital Adequacy of Credit Institutions are:

- ✓ to comply with the capital requirements set by the Regulator;
- ✓ to safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- ✓ to maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored by the Bank's management on a monthly basis, employing techniques based on the guidelines developed by the Basel Committee and the European Community Directives for supervisory purposes. The capital adequacy of the Bank is reported to the Bulgarian National Bank on a quarterly basis according to the rules set by Regulation (EU) 575/2013, Regulation (EU) 876/2019 and Regulation (EU) 873/2020.

(All amounts are shown in BGN thousands unless otherwise stated)

Template EU CCA: Main features of regulatory own funds instruments and eligible liabilities instruments:

		a	a
		Qualitative or quantitative information - Free format	Qualitative or quantitative information - Free format
1	Issuer	Eurobank Bulgaria	Eurobank Bulgaria
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	BG1100119053	N/A
2a	Public or private placement	Private	Private
3	Governing law(s) of the instrument	Bulgarian legislation	English legislation, Bulgarian legislation
3a	Contractual recognition of write down and conversion powers of resolution authorities	N/A	Yes
	Regulatory treatment		
4	Current treatment taking into account, where applicable, transitional CRR rules	CET 1 capital	Tier2
5	Post-transitional CRR rules	CET 1 capital	Tier2
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo and (Sub-)Consolidated	Solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares	Tier 2 Subordinated Capital Instrument (Art.63 of the CRR)
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	BGN 560 million	EUR 110 million, BGN 215 million
9	Nominal amount of instrument	BGN 1	EUR 110 million, BGN 215 million
EU-9a	Issue price	100%	100%
EU-9b	Redemption price	N/A	Redemption at par (100 per cent of nominal amount) together with interest accrued up to (but excluding) the date of redemption
10	Accounting classification	Shareholders' equity	Liability - amortised cost
11	Original date of issuance	15.05.1991	28.11.2022
12	Perpetual or dated	Perpetual	Dated
13	Original maturity date	without maturity	27.05.2033
14	Issuer call subject to prior supervisory approval	No	Yes
15	Optional call date, contingent call dates and redemption amount	N/A	Call date: 29.05.2028 (redeemable in whole or in part). The instrument has also a i) Capital Disqualification Event call and ii) MREL Disqualification Event call, in which case it is redeemable in whole but not in part. In both cases, the redemption is at par together with interest accrued, subject to the prior permission of the Relevant Regulator (to the extent then required) and other applicable Capital Regulations and/or MREL Requirements. In case the Regulator excludes the loan from Tier II capital, the instrument is intended to be treated as an MREL - Eligible Liability instrument.
16	Subsequent call dates, if applicable	N/A	N/A
	Coupons / dividends		
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	N/A	5.25% + 6-month EURIBOR
19	Existence of a dividend stopper	No	No
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Mandatory
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Mandatory
21	Existence of step up or other incentive to redeem	No	No
22	Noncumulative or cumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Nonconvertible	Convertible
24	If convertible, conversion trigger(s)	N/A	i) Decision of resolution authorities (Single Resolution Board and Bulgarian National Bank) in accordance with the applicable requirements of Regulation (EU) No 806/2014 and Directive (EU) No 59/2014. ii) If the Regulator excludes the loan from Tier II capital.
25	If convertible, fully or partially	N/A	Fully or partially
26	If convertible, conversion rate	N/A	According to the decision of the resolution authorities
27	If convertible, mandatory or optional conversion	N/A	Mandatory
28	If convertible, specify instrument type convertible into	N/A	i) Common Equity Tier 1 instrument or ii) MREL - Eligible Liability Instrument, in case the Regulator excludes the loan from Tier II capital.
29	If convertible, specify issuer of instrument it converts into	N/A	Eurobank Bulgaria
30	Write-down features	No	Yes
31	If write-down, write-down trigger(s)	N/A	Decision of resolution authorities (Single Resolution Board and Bulgarian National Bank) in accordance with the applicable requirements of Regulation (EU) No 806/2014 and Directive (EU) No 59/2014.
32	If write-down, full or partial	N/A	Fully or partially
33	If write-down, permanent or temporary	N/A	Permanent
34	If temporary write-down, description of write-up mechanism	N/A	N/A
34a	Type of subordination (only for eligible liabilities)	N/A	N/A
EU-34b	Ranking of the instrument in normal insolvency proceedings	Rank 1 - Ranking in insolvency (master scale)	Rank 3 - Ranking in insolvency (master scale)
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Additional Tier I	Claims on subordinated instruments which are not part of Additional Tier 1 or Tier 2 capital (as per art. 94, par. 1, point 12 of Bank Insolvency Law)
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	N/A	N/A
37a	Link to the full term and conditions of the instrument (signposting)	N/A	N/A
	(1) Insert 'N/A' if the question is not applicable		

(All amounts are shown in BGN thousands unless otherwise stated)

Template EU CC1 - Composition of regulatory own funds:

		(a)
		Amounts
	Common Equity Tier 1 (CET1) capital: instruments and reserves	
1	Capital instruments and the related share premium accounts	560 323
	of which: Instrument type 1: Ordinary shares	560 323
	of which: Instrument type 2	
	of which: Instrument type 3	
2	Retained earnings	308 080
3	Accumulated other comprehensive income (and other reserves)	1 407 218
EU-3a	Funds for general banking risk	0
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	0
5	Minority interests (amount allowed in consolidated CET1)	0
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	0
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**2 275 621**
	Common Equity Tier 1 (CET1) capital: regulatory adjustments	
7	Additional value adjustments (negative amount)	0
8	Intangible assets (net of related tax liability) (negative amount)	-132 947
9	Not applicable	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	0
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	0
12	Negative amounts resulting from the calculation of expected loss amounts	0
13	Any increase in equity that results from securitised assets (negative amount)	0
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	0
15	Defined-benefit pension fund assets (negative amount)	0
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	0
17	Direct, indirect and synthetic holdings of the CET 1 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)	0
18	Direct, indirect and synthetic holdings by the institution 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)	0
19	Direct, indirect and synthetic holdings by the institution 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)	-1 000
20	Not applicable	
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	0
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)	0
EU-20c	of which: securitisation positions (negative amount)	0
EU-20d	of which: free deliveries (negative amount)	0
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-4 734
22	Amount exceeding the 17,65% threshold (negative amount)	0
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	0
24	Not applicable	
25	of which: deferred tax assets arising from temporary differences	0
EU-25a	Losses for the current financial year (negative amount)	0
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	0
26	Not applicable	
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	0
27a	Other regulatory adjustments	57 989
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	-80 692
29	**Common Equity Tier 1 (CET1) capital**	**2 194 929**

(All amounts are shown in BGN thousands unless otherwise stated)

		(a)
		Amounts
	Additional Tier 1 (AT1) capital: instruments	
30	Capital instruments and the related share premium accounts	0
31	of which: classified as equity under applicable accounting standards	0
32	of which: classified as liabilities under applicable accounting standards	0
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1	0
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	0
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	0
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	0
35	of which: instruments issued by subsidiaries subject to phase out	0
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**0**
	Additional Tier 1 (AT1) capital: regulatory adjustments	
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	0
38	Direct, indirect and synthetic 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)	0
39	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)	0
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	0
41	Not applicable	
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	0
42a	Other regulatory adjustments to AT1 capital	0
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**0**
44	**Additional Tier 1 (AT1) capital**	**0**
45	**Tier 1 capital (T1 = CET1 + AT1)**	**2 194 929**
	Tier 2 (T2) capital: instruments	
46	Capital instruments and the related share premium accounts	215 141
47	Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	0
EU-47a	Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2	0
EU-47b	Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2	0
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	0
49	of which: instruments issued by subsidiaries subject to phase out	0
50	Credit risk adjustments	0
51	**Tier 2 (T2) capital before regulatory adjustments**	**215 141**
	Tier 2 (T2) capital: regulatory adjustments	
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	0
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans 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)	0
54	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)	0
54a	Not applicable	
55	Direct, indirect and synthetic holdings by the institution 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 amount)	0
56	Not applicable	
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	**0**
EU-56b	Other regulatory adjustments to T2 capital	**0**
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**0**
58	**Tier 2 (T2) capital**	**215 141**
59	**Total capital (TC = T1 + T2)**	**2 410 070**
60	**Total Risk exposure amount**	**11 544 200**

(All amounts are shown in BGN thousands unless otherwise stated)

		(a)
		Amounts
	Capital ratios and requirements including buffers	
61	Common Equity Tier 1 capital	19.01%
62	Tier 1 capital	19.01%
63	Total capital	20.88%
64	Institution CET1 overall capital requirements	13.45%
65	of which: capital conservation buffer requirement	2.50%
66	of which: countercyclical capital buffer requirement	2.00%
67	of which: systemic risk buffer requirement	3.00%
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	0.75%
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	0.70%
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements**	11.63%
	National minima (if different from Basel III)	
69	Not applicable	
70	Not applicable	
71	Not applicable	
	Amounts below the thresholds for deduction (before risk weighting)	
72	Direct and indirect holdings of own funds and eligible liabilities 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)	0
73	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 (amount below 17.65% thresholds and net of eligible short positions)	0
74	Not applicable	
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	0
	Applicable caps on the inclusion of provisions in Tier 2	
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	0
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	0
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	0
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	0
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)	
80	Current cap on CET1 instruments subject to phase out arrangements	0
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	0
82	Current cap on AT1 instruments subject to phase out arrangements	0
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	0
84	Current cap on T2 instruments subject to phase out arrangements	0
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	0

(All amounts are shown in BGN thousands unless otherwise stated)

Template EU CC2 - reconciliation of regulatory own funds to balance sheet in the audited financial statements:

There is no difference between Balance sheet as in published financial statements and Balance sheet under regulatory scope of consolidation as of 31.12.2023.

		a
		Balance sheet as in published financial
		As at period end
	Assets - *Breakdown by asset clases according to the balance sheet in the published financial statements*	
1	Cash and balances with the Central Bank	2 365 538
2	Loans and advances to banks	783 234
3	Trading assets	37 272
4	Derivative financial instruments	18 655
5	Loans and advances to customers	12 540 242
6	Investment securities	3 028 859
7	Shares in subsidiary undertakings	1 000
8	Deferred tax assets	4 734
9	Property, plant and equipment, including right of use assets	309 951
10	Investment property	441
11	Intangible assets	164 641
12	Other assets	135 251
	Total assets	19 389 818
	Liabilities - *Breakdown by liability clases according to the balance sheet in the published financial statements*	
1	Deposits from banks	140 905
2	Derivative financial instruments	22 687
3	Due to customers	15 653 641
4	Other borrowed funds	1 036 249
5	Current income tax payable	6 596
6	Provisions for other liabilities and charges	32 418
7	Retirement benefit obligations	4 026
8	Other liabilities	217 675
	Total liabilities	17 114 197
	Shareholders' Equity	
1	Share capital	560 323
2	Statutory reserves	282 521
3	Retained earnings and other reserves	1 432 777
	Total shareholders' equity	2 275 621

(All amounts are shown in BGN thousands unless otherwise stated)

IFRS 9 impact on regulatory capital

The Bank's estimation of the capital impact from the adoption of IFRS 9 is shown in the table below:

		31.12.2023	31.12.2022	31.12.2021	31.12.2020	31.12.2019	31.12.2018
	Available capital (amounts)						
1	Common Equity Tier 1 (CET1) capital	2 194 929	1 885 581	1 566 128	1 426 870	1 208 173	1 084 390
2	Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	2 136 940	1 812 606	1 493 869	1 338 416	1 125 149	1 008 924
3	Tier 1 capital	2 194 929	1 885 581	1 566 128	1 426 870	1 208 173	1 084 390
4	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	2 136 940	1 812 606	1 493 869	1 338 416	1 125 149	1 008 924
5	Total capital	2 410 070	1 885 581	1 566 128	1 426 870	1 208 173	1 084 390
6	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	2 352 081	1 812 606	1 493 869	1 338 416	1 125 149	1 008 924
	Risk-weighted assets (amounts)						
7	Total risk-weighted assets	11 544 200	9 102 106	7 610 521	6 825 200	7 182 482	5 404 749
8	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	11 516 131	9 037 544	7 539 851	6 754 380	7 108 027	5 332 568
	Capital ratios						
9	Common Equity Tier 1 (as a percentage of risk exposure amount)	19.01%	20.72%	20.58%	20.91%	16.82%	20.06%
10	Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	18.56%	20.06%	19.81%	19.82%	15.83%	18.92%
11	Tier 1 (as a percentage of risk exposure amount)	19.01%	20.72%	20.58%	20.91%	16.82%	20.06%
12	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	18.56%	20.06%	19.81%	19.82%	15.83%	18.92%
13	Total capital (as a percentage of risk exposure amount)	20.88%	20.72%	20.58%	20.91%	16.82%	20.06%
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	20.42%	20.06%	19.81%	19.82%	15.83%	18.92%
	Leverage ratio						
15	Leverage ratio total exposure measure	20 258 264	16 969 780	15 071 056	12 634 665	11 685 449	8 627 750
16	Leverage ratio	10.83%	11.11%	10.39%	11.29%	10.34%	12.57%
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	10.58%	10.73%	9.91%	10.59%	9.63%	11.69%

The Bank has elected to apply the phase-in approach as per EU legislation (Regulation EU 2017/2395) for mitigating the impact of IFRS 9 transition on the regulatory capital. According to Regulation (EU) 2017/2395, the full impact was planned as of 1 January 2023.
In response to the COVID-19 pandemic, however, Regulation (EU) 2020/873 extended the transitional arrangements by two years and also mitigated the potential impact that a sudden increase in expected credit loss provisions could have on institutions' capacity to lend to clients at times when it is most needed.

V. Countercyclical capital buffers

Capital buffers are maintained in addition to the capital requirements set in Regulation (EU) 575/2013 and guarantee that the banks accumulate in periods of economic growth adequate capital to cover possible losses during unfavorable periods. In this regard BNB issued Ordinance No.8 on Banks' Capital Buffers.

Capital buffers are:

- ✓ the capital conservation buffer;
- ✓ the bank-specific countercyclical capital buffer;
- ✓ the buffer for global systemically important institutions (G-SIIs);
- ✓ the buffer for other systemically important institutions (O-SIIs);
- ✓ the systemic risk buffer.

The banks cover the capital buffers mainly with the core Tier 1 capital.

The capital conservation buffer is 2.5% of the total risk exposure amount of the Bank.

(All amounts are shown in BGN thousands unless otherwise stated)

The countercyclical capital buffer is raised when it is estimated that the aggregated growth in loans leads to risk accumulation in the system and is used during unfavorable periods. As of 31.12.2023 it is 2% of the total risk exposure amount of the Bank.

Banks maintain a buffer for systemic risk in order to prevent and decrease the long-term non-cyclical systemic and macro prudential risks. As of 31.12.2023, the buffer for systemic risk is 3% of the total risk exposure amount of the Bank.

Banks that are defined as systemically important on a national or on a European level maintain additional capital buffer as the combined requirement for the capital buffers for a certain bank depends both on the concretely defined levels for each individual buffer and on the structure of the group and the defined buffers on a consolidated level.

Based on the criteria in art. 9, paragraph 7 of the BNB Ordinance № 8 on banks' capital buffers and the methodology described in the European Banking Authority Guidelines, the BNB Governing Council determines the Bulgarian banks that meet the requirements to be included as other systemically important institutions (O-SIIs) in accordance with art. 9, paragraph 1. Eurobank Bulgaria AD is among those banks in Bulgaria identified by the BNB Governing Council as other systemically important institutions (O-SIIs). Thus, the Bank must also maintain a capital buffer for O-SIIs. Its level for 2023 is 0,75% of the total risk exposure.

A bank that does not cover the required levels for capital buffers is a subject to restrictions regarding dividend payments, variable remuneration as well as payments on other capital instruments.

Eurobank Bulgaria meets, on an individual basis, a Pillar 2 additional own funds requirement of 1.25% which has to be held in the form of 56.25% of CET1 capital and 75% of Tier 1 capital, as a minimum. As a result of this requirement, the Bank allocated BGN 144,303 thousand as of 31.12.2023.

As of 31.12.2023 Eurobank Bulgaria AD allocated BGN 288,605 thousand as a capital conservation buffer, BGN 346,326 thousand as a buffer for systemic risk, BGN 86,582 thousand as O-SIIs buffer and BGN 230,884 as a countercyclical capital buffer. Thus, the total allocated amount for capital buffers by the Bank as of 31.12.2023 is BGN 952,397 thousand.

Eurobank Bulgaria AD is not defined as an institution of global systemic importance in accordance with Article 131 of Directive 2013/36/EU.

(All amounts are shown in BGN thousands unless otherwise stated)

Template EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer:

		a	b	c	d	e	f	g	h	i	j	k	l	m
		General credit exposures		Relevant credit exposures – Market risk		Securitisation exposures	Total exposure value	Own fund requirements				Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
		Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Exposure value for non-trading book		Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total			
010	**Breakdown by country:**													
	Armenia	1 905	0	0	0	0	1 905	71	0	0	71	888	0.01%	1.50%
	Austria	9 257	0	0	0	0	9 257	74	0	0	74	925	0.01%	0.00%
	Belgium	20 134	0	0	0	0	20 134	178	0	0	178	2 225	0.02%	0.00%
	Bulgaria	13 125 542	0	2 321 374	0	0	15 446 916	707 927	1 176	0	709 103	8 863 788	94.48%	2.00%
	Cyprus	7	0	0	0	0	7	0	0	0	0	0	0.00%	0.50%
	Denmark	7 704	0	0	0	0	7 704	62	0	0	62	775	0.01%	2.50%
	Estonia	3 907	0	0	0	0	3 907	31	0	0	31	388	0.00%	1.50%
	Finland	16 046	0	0	0	0	16 046	128	0	0	128	1 600	0.02%	0.00%
	France	78 065	0	0	0	130 558	208 623	652	0	2 089	2 741	34 263	0.37%	0.50%
	Germany	5 793	0	0	0	0	5 793	46	0	0	46	575	0.01%	0.75%
	Greece	21 582	0	3 688 274	0	0	3 709 856	989	7 893	0	8 882	111 025	1.18%	0.00%
	Ireland	0	0	391 666	0	0	391 666	0	4 896	0	4 896	61 200	0.65%	1.00%
	Israel	2 603	0	0	0	0	2 603	86	0	0	86	1 075	0.01%	0.00%
	Italy	83 309	0	0	0	0	83 309	1 008	0	0	1 008	12 600	0.13%	0.00%
	Luxembourg	39 281	0	0	0	0	39 281	1 697	0	0	1 697	21 213	0.23%	0.50%
	Netherlands	207 878	0	0	0	0	207 878	15 181	0	0	15 181	189 763	2.02%	1.00%
	North Macedonia	1 259	0	0	0	0	1 259	63	0	0	63	788	0.01%	0.00%
	Poland	8 669	0	0	0	0	8 669	69	0	0	69	863	0.01%	0.00%
	Portugal	9 861	0	0	0	0	9 861	158	0	0	158	1 975	0.02%	0.00%
	Romania	748	0	0	0	0	748	31	0	0	31	388	0.00%	1.00%
	Russia	6 424	0	0	0	0	6 424	260	0	0	260	3 250	0.03%	0.00%
	Serbia	1 776	0	0	0	0	1 776	73	0	0	73	913	0.01%	0.00%
	Slovakia	9 789	0	0	0	0	9 789	78	0	0	78	975	0.01%	1.50%
	Spain	59 603	0	0	0	0	59 603	477	0	0	477	5 963	0.06%	0.00%
	Sweden	37 130	0	0	0	0	37 130	297	0	0	297	3 713	0.04%	2.00%
	Syria	890	0	0	0	0	890	41	0	0	41	513	0.01%	0.00%
	Turkey	4 276	0	0	0	0	4 276	183	0	0	183	2 288	0.02%	0.00%
	Ukraine	3 197	0	0	0	0	3 197	131	0	0	131	1 638	0.02%	0.00%
	United Kingdom	2 240	0	0	0	143 590	145 830	81	0	2 297	2 378	29 725	0.32%	2.00%
	USA	26 487	0	0	0	3 552	30 039	2 086	0	57	2 143	26 788	0.29%	0.00%
020	**Total**	**13 795 362**	**0**	**6 401 314**	**0**	**277 700**	**20 474 376**	**732 158**	**13 965**	**4 443**	**750 566**	**9 382 075**	**100.00%**	

Template EU CCyB2 - Amount of institution-specific countercyclical capital buffer:

		a
1	Total risk exposure amount	11 544 200
2	Institution specific countercyclical capital buffer rate	2.00%
3	Institution specific countercyclical capital buffer requirement	230 884

VI. Use of the standardised approach

External Credit Assessment Institutions (ECAI) play a significant role in the standardised approach and securitisation framework of prudential regulation through the mapping of each of their credit assessments to the corresponding risk weights. The EBA has been assigned the task of providing an objective mapping across all ECAIs in order to promote a consistent implementation of CRR across the EU.

Eurobank Bulgaria AD uses credit assessments assigned by ECAIs in defining the risk weights of its exposures. Fitch, Moody’s and Standard & Poor’s are the three recognized ECAIs that the Bank uses. If credit assessments are available from two nominated ECAIs and they correspond to different risk weights for a rated item, the higher risk weight is assigned by the Bank. This means that in the cases where more than one rating is available, the second better rating is used. The credit quality step depends on the credit assessment. If there is a credit assessment both for an issuer of securities and the issue, the Bank uses the credit assessment of the issue in defining the credit quality step. If the issue has no credit assessment, the Bank uses the credit assessment of the issuer.

The exposure classes, for which an external credit assessment is used, are:

(All amounts are shown in BGN thousands unless otherwise stated)

- Exposures to Central Governments and Central Banks;
- Exposures to public sector entities;
- Exposures to Institutions;
- Covered Bonds.
- Securitisation positions;
- Exposures in the form of units or shares in CIUs.

ECAIs are not used for loans' portfolios directly, but only in cases when they are guaranteed by central governments or institutions (risk substitution). In the case of corporate bond issues, the corresponding issue rating by the three agencies mentioned above is used.

Template EU CR4 – standardised approach – Credit risk exposure and CRM effects:

	Exposure classes	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWAs	RWAs density (%)
		a	b	c	d	e	f
1	Central governments or central banks	3 798 955	6	4 012 365	3	188 057	5.00%
2	Regional government or local authorities	539	0	539	0	539	100.00%
3	Public sector entities	0	0	0	0	0	0.00%
4	Multilateral development banks	17 163	0	244 151	24 533	0	0.00%
5	International organisations	0	0	0	0	0	0.00%
6	Institutions	1 289 991	72 410	1 537 863	55 224	851 542	53.00%
7	Corporates	3 804 092	1 248 271	3 461 909	438 070	3 568 608	92.00%
8	Retail	3 861 529	1 123 755	3 666 736	171 784	2 793 220	73.00%
9	Secured by mortgages on immovable property	4 473 118	101 684	4 473 118	56 784	1 628 698	36.00%
10	Exposures in default	133 840	0	111 672	0	119 138	107.00%
11	Exposures associated with particularly high risk	298 814	170 708	295 676	21 426	475 653	150.00%
12	Covered bonds	352 105	0	352 105	0	36 196	10.00%
13	Institutions and corporates with a short-term credit assessment	0	0	0	0	0	0.00%
14	Collective investment undertakings	39 281	0	39 281	0	21 212	54.00%
15	Equity	26 613	0	26 613	0	26 613	100.00%
16	Other items	680 188	0	680 188	0	482 633	71.00%
17	**TOTAL**	18 776 228	2 716 834	18 902 216	767 824	10 192 109	52.00%

Template EU CR5 – standardised approach:

	Exposure classes	Risk weight															Total	Of which unrated
		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others		
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
1	Central governments or central banks	2 333 032	0	157 036	1 386 228	82 942	0	53 130	0	0	0	0	0	0	0	0	4 012 368	0
2	Regional government or local authorities	0	0	0	0	0	0	0	0	0	539	0	0	0	0	0	539	539
3	Public sector entities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	Multilateral development banks	268 684	0	0	0	0	0	0	0	0	0	0	0	0	0	0	268 684	0
5	International organisations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6	Institutions	0	0	0	0	810 761	0	185 873	0	0	596 453	0	0	0	0	0	1 593 087	157 191
7	Corporates	0	0	0	0	0	0	0	0	0	3 899 979	0	0	0	0	0	3 899 979	3 899 979
8	Retail exposures	0	0	0	0	0	0	0	0	3 838 520	0	0	0	0	0	0	3 838 520	3 838 520
9	Exposures secured by mortgages on immovable property	0	0	0	0	0	3 626 898	903 004	0	0	0	0	0	0	0	0	4 529 902	4 529 902
10	Exposures in default	0	0	0	0	0	0	0	0	0	96 741	14 931	0	0	0	0	111 672	111 672
11	Exposures associated with particularly high risk	0	0	0	0	0	0	0	0	0	0	317 102	0	0	0	0	317 102	317 102
12	Covered bonds	0	0	0	342 244	9 861	0	0	0	0	0	0	0	0	0	0	352 105	0
13	Exposures to institutions and corporates with a short-term credit assessment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14	Units or shares in collective investment undertakings	0	0	0	0	0	0	0	0	0	0	0	0	0	0	39 281	39 281	0
15	Equity exposures	0	0	0	0	0	0	0	0	0	26 613	0	0	0	0	0	26 613	26 613
16	Other items	176 369	0	0	0	26 482	0	0	0	0	477 337	0	0	0	0	0	680 188	680 188
17	**TOTAL**	2 778 085	0	157 036	1 728 472	930 046	3 626 898	1 142 007	0	3 838 520	5 097 662	332 033	0	0	0	39 281	19 670 040	13 561 706

(All amounts are shown in BGN thousands unless otherwise stated)

VII. Credit risk quality

Credit risk is the risk that a counterparty will cause a financial loss for the Bank by failing to fulfill an obligation. It is the most significant risk that the Bank is exposed to.

The credit process within Eurobank Bulgaria AD is based on a segregation of responsibility between the business origination and credit risk management functions.

The Bank employs the following credit risk management instruments in order to reach its defined credit risk targets:

Risk avoidance: in lending operations, the Bank rejects loan proposals with poor creditworthiness based on internal risk models and ratings, and by defining risk sensitive business focuses by means of specific exposure limits and target portfolio.

Risk mitigation/limitation: The Bank demands collateral and applies credit risk mitigating techniques and adheres to defined credit risk limits as derived above.

Risk diversification: By diversifying its portfolio, the Bank hedges its dependence on specific developments and thus reduces the credit risk. Should the Bank's portfolio fall below the desired degree of diversification, the Bank will need to take suitable measures.

The fundamental principle of the credit approval process is the "four-eye principle" which requires the approvals of officers from both Business Units and Risk Division (Credit Risk Department). This approach ensures segregation of duties between the two units and independence of the business decisions from the credit risk decisions. Participants in the credit approval process must act and take decisions in line with the Bank's credit policy, as well as in line with the applicable Bulgarian law and regulations. In their decisions for undertaking credit risk, they must exercise prudent and objective credit judgement and act in good faith in order to fully and effectively protect the interests of the Bank and its shareholders.

Risk exposure originates mainly as a result of granting loans to customers as well as investment activites related to debt and equity instruments in the Bank's portfolio. The off-balance exposures also bear credit risk as they represent the credit obligations of the Bank.

When evaluating credit risk on client level for loans and advances granted to clients, the Bank is considering the following components:

- Probability of default of the counterparty with respect to undertaken contractual obligations.
- The current exposure to the counterparty and future developments with respect to this client allow the bank to evaluate if the particular exposure is overdue.
- The potential percentage of loss in case of default (Loss given default).
- Customer payment behavior monitoring and analyses.
- Regular customer review as per the CPMs.
- Additional COVID-19 related analyses to identify potential impact.

Apart from the quantitative criteria applied during the approval process, qualitative criteria are also taken into consideration. Every financing proposal must cover real financial needs in terms of purpose of the loan, amount, type, and tenor. Every disbursement should comply with the current legal, fiscal & regulatory framework and in principle should avoid sole lender position. Blanket Credit lines (i.e., open ended lending agreements) when referring to unidentified assets'

(All amounts are shown in BGN thousands unless otherwise stated)

acquisition and / or unidentified revenue streams should be avoided. Eligible clients are only those trustworthy and creditworthy entities that operate in accordance with the prevailing legal, fiscal & regulatory environment in sectors that are acceptable to the Eurobank Group. New proposals to finance borrowers with a previous problematic relationship with the Bank and/or the Group are not recommended. Financing must be applied in a consistent manner to ensure it is only granted to solvent borrowers whilst avoiding unacceptable risk concentrations.

Regarding the securities, the Bank uses external rating companies such as Standard & Poor's, Moody's (currently CreditLens) and Fitch for managing exposures to credit risk. Investments in these securities are seen to improve the credit quality of the portfolio and at the same time to maintain liquidity sources to cover any cash requirements.

The credit process is within the responsibilities of the Business Units – Individual Banking Division, Small Business Banking Division, Corporate Banking Divisions and Trouble Asset Division. The respective credit approval departments are directly involved in the lending activities.

The independence of the Risk Division from the business units in the Bank is completely ensured. The Credit Control Department within Risk Division has the primary responsibility for the ECL calculation monitoring for both the individual and the collective assessment process of lending exposures. It reviews the assumptions used in the individual assessment such as the Cash-Flows Available for Debt Service (CFADS), scenarios and recovery strategies. The department controls and assesses the quality of the loan portfolio and the stemming credit risk as a whole, evaluates applications from Business Units regarding new products, provides opinion on credit policies and procedures, as well as monitors their implementation and execution.

Credit Risk Methodology and Capital Adequacy Control Department within Risk Division is responsible for implementation and maintenance of credit rating systems as well as for the development and implementation of the application and behavioral scorecards together with the business units and the Group. The department provides methodological support on all credit risk related matters, including provisioning policy, new loan products, policies, and procedures as well as system developments.The Credit Risk Methodology and Capital Adequacy Control Department (CRM&CAC) is responsible for the estimation of the risk parameters used for the IFRS 9 ECL calculation process, for reviewing the grouping of lending exposures and ensuring their homogeneity, and re-assessing and re-developing the significant increase in credit risk (SICR) thresholds; CRM&CAC Department oversees the ECL process ensuring that the assumptions used are appropriate. CRM&CAC performs sanity checks to verify the reasonableness of the outcome of the Staging and ECL calculation process.

The Credit Risk Department within the Risk Division is responsible for in-depth analysis and preparation of Risk Assessment for the exposures toward corporate customers of the Bank, on the individual client and deal level. The Risk Assessment of Credit risk aims to identify potential risks undertaken with each individual credit deal and to recommend actions for risk mitigation. The Credit Risk department also monitors and contributes to a regular and timely review process for the Bank’s existing exposures towards corporate clients and observation of the credit policy of the Bank.

The Credit Control Department, CRM&CAC Department and Credit Risk Department are part of the Risk Division, subordinated to the Chief Risk Officer who has a direct reporting line to the Risk Management of the Group. The departments do not report to an executive member of management that is responsible for risk-taking activities, thus ensuring its independence from the business units undertaking exposures to market risks.

Credit risk-related information is presented on a quarterly basis to the RC and SB by the CRO.

The Bank is using a broad scope of policies and procedures (regularly reviewed and updated by the Bank) to manage the credit risk of loans and advances to clients and other banks in order to ensure that all aspects of credit risk are taken into consideration:

- Risk Appetite Statements of Eurobank Bulgaria AD
- Risk Appetite Methodology and Framework of Eurobank Bulgaria AD
- Risk Strategy of Eurobank Bulgaria AD
- Sensitivity Analysis framework
- Risk-based pricing framework (Wholesale)
- Early Warning System Framework
- Credit Risk Monitoring Framework
- Accounting policies for impairment (Lending & Senior Notes)
- Definition of Credit Impaired Manual
- Credit Policy Manual Retail Sector Small Business Banking
- Credit Policy Manual Individual Banking Mortgage Loans
- Credit Policy Manual Consumer Loans, Credit Cards And Overdrafts
- Retail TAG Credit Policy Manual
- Wholesale TAG Credit Policy Manual
- Collateral Valuation Policy
- Collateral Rule Book.
- Collaterals Allocation Instruction.
- ICAAP/ ILAAP Procedures.
- Stress test methodology.
- Concentration risk methodology.
- Eurobank Bulgaria Default and EBA status classification Policy.
- Eurobank Bulgaria NPE Strategy.

For the purpose of management and control of the credit risk, different structures and bodies are established with specific responsibilities:

- Risk Committee – for strategic decisions and country risk management.
- Different levels of Credit Committees depend on type and amount of exposure, including the Country Credit Committee and the Regional Credit Committee – for Credit Approval Process decisions.
- Special handling Committee I, II, III and IV – for credit approval process decisions for problematic customers.
- Special Handling Monitoring Committee – for monitoring of Corporate watch-listed, problematic and NP relationships.

- Troubled Assets Committee - for oversight and monitoring of troubled assets management.
- Loans and Products Committee - for approval of loan products as well as risk parameters and criteria.

Default exposures play a key role in determining the credit quality of the bank's loan portfolio. Default exposures, in line with the regulatory definition of default as adopted by the Bank and consistent with the European Banking Authority (EBA) definition for non-performing exposure, include material exposures that are past due more than 90 days and exposures that are assessed by the Bank as unlikely to pay.

A financial asset becomes credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that exposure have occurred:

- The borrower faces a significant difficulty in meeting his financial obligations.
- There has been a breach of contract, such as a default or past due event.
- The Bank, for economic or contractual reasons relating to the borrower’s financial difficulty, has granted to the borrower a concession(s) that the Bank would not otherwise consider.
- There is a probability that the borrower will enter bankruptcy or other financial re-organization.
- For POCI asset, a purchase at a deep discount that reflects incurred credit losses is considered a detrimental event. The Bank assesses the deep discount criterion following a principle -based approach with the aim to incorporate all reasonable and supportable information which reflects market conditions that exist at the time of the assessment.

The Bank applies the past due criterion at a deal level for the Retail portfolio and at an obligor level for the Corporate portfolio. To specify the materiality of past due credit obligations, the Bank has determined and applies an absolute and a relative materiality threshold, which triggers the overdue event when both are simultaneously breached. For Retail portfolio, the absolute component threshold is set to BGN 200 and the relative threshold is set at 1% of the respective exposure's on-balance debt, while for Corporate portfolio the absolute component threshold is set to BGN 1 000 and the relative component threshold is set to 1% of the respective clients' exposure on-balance debt. The calculated days past due according to the Guidelines on the application of the definition of default in accordance with Article 178 CRR are used for both accounting and regulatory purposes, with only simple days past due being used for the purposes of reporting to Central Credit Register, in line with the requirement of the Bulgarian National Bank.

In line with regulatory requirements and technical standards, the Bank identifies cases where overdue events or default may occur because of certain errors or inefficiencies in data, IT systems or processes. These cases do not refer to the financial situation of the obligor and are excluded from the estimation of risk parameters. On exceptional cases, such adjustments may occur for reasons related to the below circumstances:

- Data or system errors (including manual errors).
- There is a time lag between the receipt of a payment and its allocation to the relevant account due to the nature of the transaction (i.e., the payment was made before the 90 days and the crediting in the client’s account took place after the 90 days past due).
- Evidence of technical failure of the payment system.
- For syndicated or bilateral facilities where there are delays attributed to the third-party lead arranger’s, other lenders, or Bank’s internal procedures.

- Other extraordinary cases (e.g., pandemics).

The technical past due mechanism is applicable only to the Corporate portfolio, including Leasing and Factoring exposures. Any proposal for technical adjustments in days past due/ default should derive from the respective Business Unit. The proposal is submitted to the attention to Chief Risk Officer and Chief Financial Officer with a clear and pertinent justification. If approval is given both by the CRO and the CFO, the cases are marked as technical past due, and the needed corrections are done via a script in the core banking system.

The Bank recognizes allowance for expected credit losses (ECL) that reflect changes in credit quality since initial recognition to financial assets that are measured at AC and FVOCI, including loans, lease receivables, debt securities, financial guarantee contracts, and loan commitments. No ECL are recognized on equity investments. ECLs are a probability-weighted average estimate of credit losses that reflects the time value of money. Upon initial recognition of the financial instruments in scope of the impairment policy, the Bank records a loss allowance equal to 12-month ECL, being the ECL that result from default events that are possible within the next twelve months. Subsequently, for those financial instruments that have experienced a significant increase in credit risk (SICR) since initial recognition, a loss allowance equal to lifetime ECL is recognized, arising from default events that are possible over the expected life of the instrument. If upon initial recognition, the financial asset meets the definition of purchased or originated credit impaired (POCI), the loss allowance is based on the change in the ECL over the life of the asset.

The definition of restructured exposure is consistent with the definition of forborne exposure, defined in Annex V to Commission Implementing Regulation (EU) 680/2014.

More detailed information regarding the assessment of the asset's impairment, loans categorisation and the respective impairment amounts, in accordance with the applicable accounting standards, is available in the Annual Financial Statements of the Bank.

(All amounts are shown in BGN thousands unless otherwise stated)

Template EU CR1: Performing and non-performing exposures and related provisions:

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
005	Cash balances at central banks and other demand deposits	2 554 603	2 554 603	0	0	0	0	-41	-41	0	0	0	0	0	0	0
010	Loans and advances	12 973 112	11 826 717	1 147 302	324 785	0	324 785	-160 442	-79 077	-81 368	-205 855	0	-205 855	-17 319	7 668 853	90 428
020	*Central banks*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
030	*General governments*	540	189	351	0	0	0	0	0	0	0	0	0	0	0	0
040	*Credit institutions*	391 380	391 380	0	0	0	0	-22	-22	0	0	0	0	0	0	0
050	*Other financial corporations*	113 313	91 303	22 010	216	0	216	-470	-351	-119	-7	0	-7	-7	74 288	208
060	*Non-financial corporations*	5 681 790	5 051 954	629 910	139 093	0	139 093	-44 986	-27 851	-17 136	-70 852	0	-70 852	-11 129	3 943 361	64 981
070	*Of which SMEs*	3 222 630	2 735 141	487 563	122 591	0	122 591	-34 481	-19 075	-15 407	-65 007	0	-65 007	-6 991	2 576 080	54 327
080	*Households*	6 786 089	6 291 891	495 031	185 476	0	185 476	-114 964	-50 853	-64 113	-134 996	0	-134 996	-6 183	3 651 204	25 239
090	Debt securities	2 965 887	2 965 887	0	0	0	0	-2 922	-2 922	0	0	0	0	0	213 410	0
100	*Central banks*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
110	*General governments*	1 636 961	1 636 961	0	0	0	0	-694	-694	0	0	0	0	0	0	0
120	*Credit institutions*	837 769	837 769	0	0	0	0	-2 181	-2 181	0	0	0	0	0	0	0
130	*Other financial corporations*	491 157	491 157	0	0	0	0	-47	-47	0	0	0	0	0	213 410	0
140	*Non-financial corporations*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
150	Off-balance-sheet exposures	2 714 603	2 603 505	111 129	3 218	0	3 218	-1 026	-989	-37	-1	0	-1		871 181	132
160	*Central banks*	0	0	0	0	0	0	0	0	0	0	0	0		0	0
170	*General governments*	93 522	93 522	0	0	0	0	-642	-642	0	0	0	0		0	0
180	*Credit institutions*	73 893	73 893	0	0	0	0	-33	-33	0	0	0	0		0	0
190	*Other financial corporations*	13 890	11 957	1 933	0	0	0	-9	-9	0	0	0	0		8 663	0
200	*Non-financial corporations*	1 579 150	1 538 793	40 386	638	0	638	-340	-303	-37	-1	0	-1		836 659	127
210	*Households*	954 148	885 340	68 810	2 580	0	2 580	-2	-2	0	0	0	0		25 859	5
220	***Total***	21 208 205	19 950 712	1 258 431	328 003	0	328 003	-164 431	-83 029	-81 405	-205 856	0	-205 856	-17 319	8 753 444	90 560

Template EU CR1-A: Maturity of exposures:

		a	b	c	d	e	f
		Net exposure value					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	3 213 048	2 118 266	2 957 396	7 359 684	0	15 648 394
2	Debt securities	0	118 851	905 207	783 049	0	1 807 107
3	***Total***	3 213 048	2 237 117	3 862 603	8 142 733	0	17 455 501

(All amounts are shown in BGN thousands unless otherwise stated)

Template EU CR2: Changes in the stock of non-performing loans and advances:

		a
		Gross carrying amount
010	**Initial stock of non-performing loans and advances**	391 337
020	Inflows to non-performing portfolios	139 174
030	Outflows from non-performing portfolios	-205 726
040	Outflows due to write-offs	-85 387
050	Outflow due to other situations	-120 339
060	**Final stock of non-performing loans and advances**	324 785

Template EU CR2a: Changes in the stock of non-performing loans and advances and related net accumulated recoveries:

		a	b
		Gross carrying amount	Related net accumulated recoveries
010	**Initial stock of non-performing loans and advances**	391 337	
020	Inflows to non-performing portfolios	139 174	
030	Outflows from non-performing portfolios	-205 726	
040	Outflow to performing portfolio	-19 647	
050	Outflow due to loan repayment, partial or total	-38 118	
060	Outflow due to collateral liquidations	-15 694	7 779
070	Outflow due to taking possession of collateral	0	0
080	Outflow due to sale of instruments	-28 841	28 841
090	Outflow due to risk transfers	0	0
100	Outflows due to write-offs	-85 387	
110	Outflow due to other situations	-18 039	
120	Outflow due to reclassification as held for sale	0	
130	**Final stock of non-performing loans and advances**	324 785	

(All amounts are shown in BGN thousands unless otherwise stated)

Template EU CQ1: Credit quality of forborne exposures:

		a	b	c	d	e	f	g	h
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
				Of which defaulted	Of which impaired				
005	Cash balances at central banks and other demand deposits	0	0	0	0	0	0	0	0
010	Loans and advances	285 779	117 701	117 701	117 701	-8 933	-53 347	266 326	50 273
020	*Central banks*	0	0	0	0	0	0	0	0
030	*General governments*	0	0	0	0	0	0	0	0
040	*Credit institutions*	0	0	0	0	0	0	0	0
050	*Other financial corporations*	5 866	0	0	0	-1	0	5 865	0
060	*Non-financial corporations*	226 355	66 670	66 670	66 670	-2 945	-27 070	242 074	39 046
070	*Households*	53 558	51 031	51 031	51 031	-5 987	-26 277	18 387	11 227
080	Debt Securities	0	0	0	0	0	0	0	0
090	Loan commitments given	8 752	1 597	1 597	1 597	0	0	7 206	0
100	***Total***	294 531	119 298	119 298	119 298	-8 933	-53 347	273 532	50 273

Template EU CQ2: Quality of forbearance:

		a
		Gross carrying amount of forborne exposures
010	Loans and advances that have been forborne more than twice	45 498
020	Non-performing forborne loans and advances that failed to meet the non-performing exit criteria	14 799

(All amounts are shown in BGN thousands unless otherwise stated)

Template EU CQ3: Credit quality of performing and non-performing exposures by past due days:

		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
005	Cash balances at central banks and other demand deposits	2 554 603	2 554 603	0	0	0	0	0	0	0	0	0	0
010	Loans and advances	12 973 112	12 912 116	60 996	324 785	148 821	34 589	35 037	33 742	35 599	36 997	0	324 785
020	*Central banks*	0	0	0	0	0	0	0	0	0	0	0	0
030	*General governments*	540	540	0	0	0	0	0	0	0	0	0	0
040	*Credit institutions*	391 380	391 380	0	0	0	0	0	0	0	0	0	0
050	*Other financial corporations*	113 313	113 313	0	216	214	0	0	0	0	2	0	216
060	*Non-financial corporations*	5 681 790	5 660 202	21 588	139 093	78 779	9 582	9 672	14 670	17 432	8 958	0	139 093
070	*Of which SMEs*	3 222 630	3 207 030	15 600	122 591	76 620	7 221	9 672	12 481	7 641	8 956	0	122 591
080	*Households*	6 786 089	6 746 681	39 408	185 476	69 828	25 007	25 365	19 072	18 167	28 037	0	185 476
090	Debt securities	2 965 887	2 965 887	0	0	0	0	0	0	0	0	0	0
100	*Central banks*	0	0	0	0	0	0	0	0	0	0	0	0
110	*General governments*	1 636 961	1 636 961	0	0	0	0	0	0	0	0	0	0
120	*Credit institutions*	837 769	837 769	0	0	0	0	0	0	0	0	0	0
130	*Other financial corporations*	491 157	491 157	0	0	0	0	0	0	0	0	0	0
140	*Non-financial corporations*	0	0	0	0	0	0	0	0	0	0	0	0
150	Off-balance-sheet exposures	2 714 603			3 218								3 218
160	*Central banks*	0			0								0
170	*General governments*	93 522			0								0
180	*Credit institutions*	73 893			0								0
190	*Other financial corporations*	13 890			0								0
200	*Non-financial corporations*	1 579 150			638								638
210	*Households*	954 148			2 580								2 580
220	***Total***	21 208 205	18 432 606	60 996	328 003	148 821	34 589	35 037	33 742	35 599	36 997	0	328 003

Template EU CQ4: Quality of non-performing exposures by geography:

		a	b	c	d	e	f	g
		Gross carrying/nominal amount				Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which subject to impairment			
				Of which defaulted				
010	***On-balance-sheet exposures***	***16 299 430***	***324 785***	***324 785***	***16 263 784***	***-369 219***		***0***
020	*Bulgaria*	13 638 927	324 785	324 785	13 603 281	-365 821		0
030	*Greece*	454 197	0	0	454 197	-1 966		0
040	*Rest of Europe**	2 034 343	0	0	2 034 343	-1 384		0
050	*Other countries***	171 963	0	0	171 963	-48		0
060	***Off-balance-sheet exposures***	***2 717 821***	***3 218***	***3 218***			***1 027***	
070	*Bulgaria*	2 659 127	3 218	3 218			1 027	
080	*Greece*	0	0	0			0	
090	*Rest of Europe****	58 680	0	0			0	
100	*Other countries*	14	0	0			0	
110	***Total***	***19 017 251***	***328 003***	***328 003***	***16 263 784***	***-369 219***	***1 027***	***0***

(All amounts are shown in BGN thousands unless otherwise stated)

Template EU CQ5: Credit quality of loans and advances to non-financial corporations by industry:

		a	b	c	d	e	f
		Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which loans and advances subject to impairment		
				Of which defaulted			
010	Agriculture, forestry and fishing	205 554	15 271	15 271	205 554	-6 085	0
020	Mining and quarrying	2 965	390	390	2 965	-262	0
030	Manufacturing	1 668 509	42 981	42 981	1 668 509	-27 665	0
040	Electricity, gas, steam and air conditioning supply	237 001	2	2	237 001	-1 040	0
050	Water supply	44 500	95	95	44 500	-182	0
060	Construction	493 946	6 885	6 885	493 946	-9 760	0
070	Wholesale and retail trade	1 135 476	31 978	31 978	1 135 476	-39 732	0
080	Transport and storage	253 936	2 700	2 700	253 936	-3 834	0
090	Accommodation and food service activities	543 501	6 181	6 181	543 501	-8 196	0
100	Information and communication	121 082	702	702	121 082	-1 745	0
110	Financial and insurance actvities	61 637	0	0	61 637	-104	0
120	Real estate activities	796 782	19 599	19 599	796 782	-12 084	0
130	Professional, scientific and technical activities	134 696	9 872	9 872	134 696	-2 099	0
140	Administrative and support service activities	39 043	902	902	39 043	-1 133	0
150	Public administration and defense, compulsory social security	0	0	0	0	0	0
160	Education	3 778	162	162	3 778	-110	0
170	Human health services and social work activities	29 779	161	161	29 779	-385	0
180	Arts, entertainment and recreation	37 546	275	275	37 546	-367	0
190	Other services	11 152	937	937	11 152	-1 055	0
200	***Total***	***5 820 883***	***139 093***	***139 093***	***5 820 883***	***-115 838***	***0***

(All amounts are shown in BGN thousands unless otherwise stated)

Template EU CQ6: Collateral valuation - loans and advances:

		a	b	c	d	e	f	g	h	i	j	k	l
		Loans and advances											
			Performing		Non-performing								
						Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days						
				Of which past due > 30 days ≤ 90 days				Of which past due > 90 days ≤ 180 days	Of which: past due > 180 days ≤ 1 year	Of which: past due > 1 years ≤ 2 years	Of which: past due > 2 years ≤ 5 years	Of which: past due > 5 years ≤ 7 years	Of which: past due > 7 years
010	Gross carrying amount	13 297 897	12 973 112	60 996	324 785	148 821	175 964	34 589	35 037	33 742	35 599	36 997	0
020	*Of which secured*	8 753 621	8 543 561	26 081	210 060	108 599	101 461	14 389	11 399	18 236	25 358	32 079	0
030	*Of which secured with immovable property*	5 272 834	5 171 097	7 813	101 737	59 720	42 017	3 700	1 653	3 377	8 909	24 378	0
040	*Of which instruments with LTV higher than 60% and*	1 339 222	1 325 270		13 952	7 938	6 014						
050	*Of which instruments with LTV higher than 80% and*	880 925	869 212		11 713	5 657	6 056						
060	*Of which instruments with LTV higher than*	549 419	519 811		29 608	8 725	20 883						
070	Accumulated impairment for secured assets	-187 864	-68 571	-22 344	-119 293	-40 522	-78 771	-7 733	-9 658	-12 796	-16 504	-32 080	0
080	Collateral												
090	*Of which value capped at the value of exposure*	*7 241 876*	7 158 364	17 817	83 512	63 289	20 223	5 331	595	5 442	8 855	0	0
100	*Of which immovable property*	*5 317 141*	5 273 879	10 505	43 262	39 923	3 339	2 816	130	354	39	0	0
110	*Of which value above the cap*	*10 671 961*	9 949 991	47 589	721 970	588 791	133 179	14 046	12 346	38 568	27 804	40 415	0
120	*Of which immovable property*	*8 394 404*	7 767 479	26 399	626 925	547 227	79 698	10 557	6 342	6 263	20 306	36 230	0
130	Financial guarantees received	*517 405*	510 489	5 952	6 916	4 503	2 413	1 268	1 145	0	0	0	0
140	Accumulated partial write-off	*-17 319*	-1 176	-7	-16 143	-4 524	-11 619	-150	-240	-2 924	-4 232	-4 073	0

Template EU CQ7: Collateral obtained by taking possession and execution processes:

		a	b
		Collateral obtained by taking possession	
		Value at initial recognition	Accumulated negative changes
010	Property, plant and equipment (PP&E)	0	0
020	Other than PP&E	23 822	-9 499
030	*Residential immovable property*	7 623	-5 224
040	*Commercial Immovable property*	16 199	-4 275
050	*Movable property (auto, shipping, etc.)*	0	0
060	*Equity and debt instruments*	0	0
070	*Other collateral*	0	0
080	***Total***	23 822	-9 499

(All amounts are shown in BGN thousands unless otherwise stated)

Template EU CQ8: Collateral obtained by taking possession and execution processes – vintage breakdown:

		a	b	c	d	e	f	g	h	i	j	k	l
		Debt balance reduction		Total collateral obtained by taking possession									
						Foreclosed ≤ 2 years		Foreclosed > 2 years ≤ 5 years		Foreclosed > 5 years		Of which non-current assets held-for-sale	
		Gross carrying amount	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes
010	Collateral obtained by taking possession classified as PP&E	0	0	0	0								
020	Collateral obtained by taking possession other than that classified as PP&E	23 822	0	23 822	-9 499	9 096	0	595	-85	14 131	-6 509	23 822	9 499
030	*Residential immovable property*	7 623	0	7 623	-5 224	27	0	313	0	7 283	-5 224	7 623	5 224
040	*Commercial immovable property*	16 199	0	16 199	-4 275	9 069	-2 905	282	-85	6 848	-1 285	16 199	4 275
050	*Movable property (auto, shipping, etc.)*	0	0	0	0	0	0	0	0	0	0	0	0
060	*Equity and debt instruments*	0	0	0	0	0	0	0	0	0	0	0	0
070	*Other collateral*	0	0	0	0	0	0	0	0	0	0	0	0
080	***Total***	23 822	0	23 822	-9 499	9 096	0	595	-85	14 131	-6 509	23 822	9 499

VIII. Use of credit risk mitigation techniques

Eurobank Bulgaria AD uses a range of policies and techniques to mitigate the credit risk. The main types of collaterals that the Bank accepts are as follows:

a) Mortgage on immovable property.

b) Pledge on movable property.

c) Pledge on commercial enterprises.

d) Pledge on receivables.

e) Securities.

f) Cash.

g) Letters of guarantees.

h) Personal guarantees /Sureties/.

i) Other eligible collaterals.

All collaterals are agreed in writing through Collateral Agreement.

Tangible collaterals are considered rights “in rem” (e.g., pledge, mortgage) provided to a lender to secure his claim with assets of the borrowers / guarantors or third persons (movables, property etc.). If not repaid, the lender can request a force sale (auction), in order to compensate the amount of funding. The holder of the lien is satisfied preferentially from the auction against other creditors without collateral or secured with tangible at a later stage (i.e., mortgages, pledge).

An important element of practical importance is the time setting of property rights, because those who are first in line precede any subsequent owners or any other lien on the subject of physical collateral, registered at undivided percentages or taken together with other Banks

(Syndicated Loans). In such cases the coverage of the Bank is allocated under the rules of the respective Credit Policy Manual and internal procedures.

General Guidelines for Acceptance and Monitoring of Collaterals

- ✓ Parties involved: Defining the involved parties (e.g., bank officers, borrower, guarantors, and third parties, Pledger, and public institutions) to identify:
  - required actions on their behalf.
  - required notifications to the responsible bodies.
  - possible malicious coordinated actions.
- ✓ Money Laundering: Compliance relating to "Know Your Customer" policies and procedures in order to confirm the "well-being" of the collateral provided to the Bank.
- ✓ Pledge Contracts: necessity for creating special contracts.
- ✓ Legal Notification of Pledge Agreement and confirmation of receipt.
- ✓ Legal Provisions and Regulatory Framework:
  - Review of regulations affecting collateral accepted by the bank and monitoring of legislative changes (new devices, change of existing provisions).
  - Identifying legal regulations / frameworks for their proper application, upon receipt and management of collaterals. Cooperation with competent legal services to obtain advice / clarification, interpretation of provisions, handling of "special" cases where it is required.
  - Evaluation of risks arising when foreign law governs the collateral or when legal notification of documents is required abroad.
- ✓ Collateral Valuation:
  - Determination of methodology for collateral valuation.
  - Synchronization of the valuation approach with the Group standards.
  - Monitoring of exceptions to the evaluation guidelines.
  - Determination of Collateral loanable Values.
- ✓ Ensure proper data entry in the core banking system of the Bank as well as in the application workflows:
  - Update of collateral value in the system is carried out by Experts credit administration in the relevant credit administration under one of the following conditions:

    1) New Market Appraisal.

    2) Decision by the competent authority to increase the collateral value:

    - New collateral is added, or

    - Next rank mortgage/pledge is being added for existing collateral.

    3) Partial deletion of mortgage/ pledge:

    - Based on partial repayment.

    - Based on the concrete decision of the competent authority of the Bank for reducing the collateral value.

(All amounts are shown in BGN thousands unless otherwise stated)

- Registering of collaterals by loan deals:

  1) In the Collateral Register in the core banking system is carried out input of all types of collaterals by loan deals after their establishment.

  2) For certain types of collaterals (real estate, guarantees, and financial instruments) collateral object must be registered in a respective registry by objects (Real Estate register, incoming guarantees register) and link should be provided between Collateral Register and Real Estate (Guarantees) register.

  3) For Collateral object only one entry in the Collateral Register is allowed (for example in the Real Estate Register there can be only one entry for a particular property). Before proceeding to the registration, the employee must check whether the Collateral object is not already entered.

  4) Collaterals shall be accounted for at their market value stated in the opinion of a technical expert.

- ✓ Comply with approval terms and conditions / receive all required approvals as appropriate: All Business units should perform valuation, booking and deletion of collaterals in the core banking system in accordance with specific business unit's policies, rules and procedures.

For the purposes of credit risk mitigation according to Regulation (EU) 575/2013, Eurobank Bulgaria AD uses only part of the above-mentioned collaterals, namely:

- ✓ Financial collaterals – cash and securities.
- ✓ Guarantees.
- ✓ Mortgage on immovable property.

The Bank manages limits and controls concentrations of credit risk wherever they are identified to individual counterparties/groups and to industries.

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers and industry segments. The monitoring of the limits towards single borrowers or groups of borrowers is done on an annual basis or more frequently following the lending policies of the Bank.

The Bank intends to support all economic sectors, however, Eurobank Bulgaria AD will be very cautious in taking exposure on the real estate, independent insurance companies, leasing and factoring companies and other finance entities. Depending on the market situation and obvious warning signals for certain economic sectors, additional restrictions can be imposed. In addition, the limitations imposed by the Bank's Environmental and Social Policy apply.

The Bank's policy is to avoid extending credit facilities to entities involved in the production and trade of military weapons, religious organizations, gambling industry, media sector, political parties, public educational institutions, sports clubs etc.

The Risk Committee will monitor and periodically adjust specific limits corresponding to each economic sector as defined in the Bank's Risk Strategy.

The Bank is cautious regarding its exposure to Leverage transactions (LT). Leverage transactions should be regularly defined and reviewed since being classified "high risk" exposures. "Highly Leveraged Transactions", where ratio of Total Debt to EBITDA exceeds 6.0 times at deal inception, should remain exceptional (and a potential exception should be duly justified) and be part of the credit delegation and risk management escalation framework of Eurobank Bulgaria.

The existing country overall limit for LT of 20% and 12% for HLT on wholesale non-denounced portfolio was established.

Also, an overall limit of 5% of syndicated LT portfolio, part of the overall LT limit of 20% on wholesale non-denounced portfolio, is set.

LT portfolio is subject of regular monitoring and control.

As per ECB regulations the Bank is obliged to adequately treat Speculative Immovable Properties Financing according to the provisions of the Capital Requirements Regulation (CRR). Such exposures are associated with particularly high risk and institutions must assign increased Risk Weights (150%). SIPF should be properly identified and regularly reviewed and reported.

Country overall limit for SIPF of 40% on companies' (Wholesale and SBB) total Real Estate and Construction portfolio was established, recommendable levels being within 35%. SIPF portfolio is subject of regular monitoring, reporting and control.

The sectoral limits are monitored on a monthly basis through calculation of sectoral and individual concentration risk. The concentration risk is presented to the Risk Committee and Supervisory Board on a quarterly basis. The sectoral limits are reviewed at least on an annual basis. During 2023 there was no breach of the sectoral limits set as well as customer limits.

The exposure to any borrower, including banks and non-banking financial institutions, is further restricted by sub limits covering on- and off-balance sheet exposures, and settlement risk limits in relation to trading items such as forward foreign exchange contracts. Off-balance sheet facilities to customers include foreign exchange and interest-rate derivatives, letters of credit, letters of guarantee, repurchase agreements and other financial instruments. The credit equivalent amounts for off-balance sheet facilities are determined in accordance with Bulgarian National Bank, Group and Market Risk Unit guidelines. Overall customer exposure arising from all transactions and facilities is aggregated for monitoring utilization of the credit facility limit. Actual exposures against limits are monitored on a daily basis.

Regarding derivative deals with corporate clients, the relevant Credit Committees approve credit limits, based on the potential future exposure (PFE). Their initial level is determined by the Market Risk Department (MRD), usually based on statistical calculations with a 99% confidence level. MRD is also the unit which exercises the subsequent control on the limit utilization calculating the potential future exposure in addition to the current credit exposure of the clients. For the purposes of limit monitoring, a daily PFE report is produced, containing all derivative-instrument deals, the respective current and potential future exposures per client and the level of utilization of the approved limits. In case of limit excesses, the Bank applies a procedure defining the roles and actions of the respective units aiming at the elimination of the excesses. The limits are reviewed and updated periodically, usually once every year.

(All amounts are shown in BGN thousands unless otherwise stated)

Template EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques:

		Unsecured carrying amount	Secured carrying amount			
				Of which secured by collateral	Of which secured by financial guarantees	
						Of which secured by credit derivatives
		a	b	c	d	e
1	Loans and advances	7 726 881	7 759 281	7 241 876	517 405	0
2	Debt securities	2 749 555	213 410	0	213 410	
3	Total	10 476 436	7 972 691	7 241 876	730 815	0
4	*Of which non-performing exposures*	28 502	90 428	83 512	6 916	0
EU-5	*Of which defaulted*	28 502	90 428	83 512	6 916	0

IX. Use of the IRB approach to credit risk

Eurobank Bulgaria AD does not apply Internal Rating Based Approach to credit risk as of 31 December 2023.

X. Specialised lending

Eurobank Bulgaria AD has no exposures to specialized lending as of 31 December 2023.

XI. Use of standardized approach and internal model for market risk

The corporate governance with respect to market risk control and supervision is defined in the Bank's Market & Counterparty Risk Policy, developed in line with the respective Group policy and guidelines. The objectives of the Bank's Market & Counterparty Risk Policy are to:

- ✓ establish an effective market risk monitoring and management framework throughout the Bank;
- ✓ ensure compliance with local rules and Group guidelines;
- ✓ ensure regulatory compliance;
- ✓ create a competitive advantage through more accurate assessment of the risk assumed.

The Market & Counterparty Risk Policy is further supported by appendices and procedures, which set out the detailed standards and requirements necessary to implement the Policy. The Policy and procedures apply to the control of market risks, arising on all of the Bank's assets, liabilities and off-balance sheet positions, therefore covering both trading and non-trading activities that run market risk.

The Market & Counterparty Risk Policy is approved by the Risk Committee of Eurobank Bulgaria and maintained by Market Risk Department, which regularly reviews the policy and submits changes to the Risk Committee for approval. Risk is at the core of the Bank's business and the market risk control and supervision framework aims to:

✓ protect the Bank against unforeseen market losses and contribute to earnings stability through the independent identification, assessment and understanding of the market risks inherent in the business;

- ✓ help align the Bank’s organisational structure and management processes with regulatory requirements and international best practices;
- ✓ set minimum standards for controlling market and counterparty risks;
- ✓ develop transparent, objective and consistent market risk information as a basis for sound decision making;
- ✓ establish a structure that will allow the Bank to link business strategy and operations with the objectives for risk control and supervision;
- ✓ safeguard the adherence to the principles and metrics described in the Bank’s Risk Strategy and Risk Appetite Framework.

The Bank’s market risk appetite is the size of the potential unexpected loss that it is willing to absorb as a result of adverse changes in market variables. It is related to its capacity to absorb those losses, which depends on the Bank’s capital and reserves; the potential losses arising from other, non-market, risks; and the regulatory capital, which is required to support the business. The Bank’s market risk appetite is expressed in terms of nominal limits set on the exposures to market risks and through risk appetite statements with respective early warning, risk appetite and risk capacity thresholds. The market risk appetite is defined by the Bank’s Risk Committee, which approves all risk limits at Bank level. These limits are also part of the global limit structure of the Group and are ratified at Group level. At present there are nominal limits set on the 1-year and 10-year duration equivalent measures calculated in the Interest Rate Gap Report to ensure that the Bank’s overall exposure to interest rate risk is acceptable; nominal limits for the overnight open FX positions in Euro and in all remaining currencies; and a nominal limit on the market value of the overall exposure to the local equity market. These limits at Bank level are supplemented by additional sub-limits on specific market risk factors, such as bond positions, concentration limits for the equity portfolio and other. In addition to quantitative limits, the Bank’s market risk appetite is also expressed through qualitative characteristics such as different types of eligible markets, products, countries, counterparties and currencies. The market risk limits are monitored by Market Risk Department and any excesses are reported to the respective management bodies in line with the escalation levels set in the Market & Counterparty Risk Policy.

The Bank’s Risk Committee is the ultimate body responsible for market risk control and management, with its responsibilities including:

- ✓ ensuring that the Bank has a well-defined market risk strategy and risk appetite in line with its business plan, and that the risk appetite in question is articulated in a set of qualitative and quantitative statements, limits, and an appropriate measurement methodology;
- ✓ ensuring that the Bank has developed an appropriate market and counterparty risk management framework which is embedded in the decision making process (e.g. new products introduction, risk adjusted pricing, risk adjusted performance measures and capital allocation) throughout the organization and its subsidiaries;
- ✓ ensuring that the Bank has the appropriate modelling tools, data sources and sufficient and competent staff needed to identify, assess, monitor and mitigate risks;
- ✓ approval of market risk policies, procedures and overall control structure;
- ✓ approval of market risk appetite, limits, underlying measurement methodology and risk assessment models;

- ✓ monitoring of the compliance with and implementation of Group policies and procedures;
- ✓ review and assessment through regular reporting by Market Risk Department of the Bank's market risk profile and strategy and the effectiveness of the risk management policies, identifying and assessing significant risks;
- ✓ review of major risk issues and actions for resolution;
- ✓ review on a regular basis of the adequacy of relevant measures and controls.

Market Risk Department is responsible for the independent market risk assessment, measurement, monitoring, reporting and control. The department's responsibilities include:

- ✓ independent market risk identification, assessment, monitoring and control;
- ✓ independent reporting to senior management at local and Group level;
- ✓ maintenance and implementation of market risk policies and procedures;
- ✓ compliance with Group market risk policies and procedures;
- ✓ monitoring Capital Markets' and other key Business Unit activities from market risk perspective;
- ✓ monitoring of trading, investment and counterparty limits and reporting limit excesses to the management bodies;
- ✓ valuation of the Bank's derivatives and securities portfolios;
- ✓ reviewing new products from market risk perspective.

Market Risk Department is part of Risk Division, subordinated to the Chief Risk Officer who also has a direct reporting line to the Group Chief Risk Officer. The department does not report to an executive member of management that is responsible for risk-taking activities, thus ensuring its independence from the business units undertaking exposures to market risks. Market Risk Department has an independent access to the Bank's core IT systems, the Treasury Front Office System, the MIS databases and external sources of market information such as Reuters and Bloomberg, and prepares market risk reports on a daily, weekly**,** monthly or quarterly basis, presenting them to the senior management at Bank and Group level, including the Risk Committee (RC) and the Assets and Liabilities Committee (ALCO). The Management of the Bank estimates the market risk of positions held and the maximum losses expected based upon a number of assumptions and reviews various market risks at a minimum on a monthly basis.

The Bank ensures that all material positions that are exposed to market risks are included within the market risk measurement system. The scope of the application encompasses all units of the Bank with significant market risk exposure, including other Bulgarian subsidiaries of ERB Group.

The market risk measurement system measures risk in the valuation of all of the Bank's positions (securities, derivatives, core banking items) regardless of accounting treatment arising from exposure to the following market risk factors:

✓ exchange rates – risk measurement methods should incorporate risk factors corresponding to the individual foreign currencies in which the Bank has material positions;

✓ interest rates – including credit spreads – risk measurement methods should include a set of risk factors corresponding to interest rates in each of the currencies in which the Bank has material interest rate sensitive positions; for each currency the yield curve is divided into a number of maturity segments in order to capture the variation in volatility of interest rates at different points on the yield curve;

- ✓ equity prices – risk measurement methods should include risk factors corresponding to each of the national markets in which the Bank holds material positions (at present only the Bulgarian Stock Exchange);
- ✓ market implied volatilities of the above.

Market risk is defined as the current or prospective risk to earnings and capital arising from movements in market parameters, such as interest rates, foreign exchange rates, equity prices, commodity prices and their implied volatilities. Market risk can generally affect both trading and banking book positions, at both the asset and the liability side of the balance sheet. For the Bank, this risk comprises:

- ✓ interest rate risk (including credit spread risk);
- ✓ foreign exchange risk;
- ✓ equity price risk;
- ✓ market risk concentration.

Interest rate risk

Interest rate risk is the current or prospective risk to earnings and capital arising from the change in the direction or volatility of interest rates/interest rate derivatives, the shape of the yield curve and the spread between different interest rates.

Credit spread risk is the current or prospective risk to earnings and capital arising from the change in the levels and the volatility of credit spreads, related to all credit bearing instruments.

The main instrument used internally for identifying, monitoring, reporting and managing the Bank's exposure to interest rate risk is the Interest Rate Gap report, produced on a weekly basis. The report is based on the Group guidelines, while the underlying assumptions are constantly reviewed and updated to ensure their adequate reflection of any local specifics. There are two main calculated duration-equivalent measures – 1Y and 10Y equivalent, for which there are nominal limits set to ensure that the overall exposure of the Bank to interest rate risk is acceptable and in line with its market risk appetite. The monitoring is done on a weekly basis and there have been no limit excesses in 2023. During the year an increase in the 10Y limit was approved by the Risk Committee to accommodate the projected impact on the IR Gap from the acquisition of the ex-BNP Paribas Personal Finance Bulgaria portfolios .There are further limits set on major sources of interest rate risk such as bond positions, and the gap analysis is supplemented by duration analysis and different shocks sensitivity analysis. Regular stress tests are performed to assess the impact of interest rate and credit spread changes on the Bank's earnings and economic value.

The Bank has a conservative policy regarding the exposure to interest rate risk and maintains a low volume of the trading book bond portfolio. On the other hand, with regard to banking book positions, interest rate risk exposure during the last couple of years has increased as the Bank sought to increase substantially its investments in high-quality liquid assets (mainly sovereign bonds and asset-backed securities) to support both its liquidity buffer and net interest income.

(All amounts are shown in BGN thousands unless otherwise stated)

The fixed income bond portfolios are the main source of interest rate risk for the Bank. A significant part of the portfolio was hedged against interest rate risk through large parts of 2023 using asset swaps. In Q4’2023, all outstanding hedging transactions were terminated.The interest rate risk exposure from the other on- and off-balance sheet positions is relatively low, given the short re-pricing periods and tenors of most assets and liabilities and the large share of floating rate ones. The main technique used for managing interest rate risk is interest rate risk hedging, including fair value and cash flow hedges. This is done in compliance with the Bank’s Hedging Policy, which outlines the procedure for assessing hedge effectiveness on a regular monthly basis according to international standards requirements, defines the roles of the different units of the Bank in the assessment and accounting process, and the potential hedging instruments that can be used.

With regard to market risk concentration, such concentration arises mainly from positions in Bulgarian sovereign bonds. All these instruments are HQLAs with Credit Quality Step 3 (rating BBB), are highly liquid and could be used in secured funding transactions. The Bank’s intentions are to hold these investments until maturity. The Bank has also demonstrated its ability to hedge these positions, if deemed necessary.

The main stress test scenario used for interest rate risk is based on the assumption for parallel yield curve shifts with specific shift parameters for each currency, together with an increase in credit spreads for foreign currency denominated bonds and is calculated on a regular monthly basis. For the trading book the assumptions are applied separately for bond positions and for derivative positions. The effects for bonds are calculated based on the estimated PVBP for each position, while for non-interest rate derivatives the effects are estimated by applying a shift to the actual risk-free reference curve for each currency and calculating the resulting changes in the NPV.

As the Bank’s trading book bond portfolio is small, while interest rate derivatives are used almost exclusively for hedging purposes, the Bank’s exposure to interest rate risk is coming mainly from banking book positions. A detailed analysis of IRRBB, together with a description of the full set of stress test scenarios used, is presented in the IRRBB section of the document.

Foreign exchange risk

Foreign exchange risk is the current or prospective risk to earnings and capital arising from adverse movements in spot and forward currency exchange rates in the banking and trading books.

The open foreign exchange positions of the Bank are monitored at least on a daily basis. Foreign exchange operations are almost entirely client driven or with the purpose of closing existing open positions and the Bank usually does not take material open positions in currencies other than the Euro. The overnight limits for the total open FX position in all non-euro currencies and for each individual currency except Euro are small in size. The limit for EUR/BGN position is larger but the Currency Board Arrangement and the fixed EUR/BGN exchange rate mean that the related FX risk is low.

The main stress test scenario used for FX risk is based on devaluation / appreciation of the local currency against all foreign currencies with the exclusion of Euro. The calculations are performed monthly based on the Bank’s open FX positions against each currency.

(All amounts are shown in BGN thousands unless otherwise stated)

Equity price risk

The equity price risk is the current or prospective risk to earnings and capital arising from the change in the direction or volatility of equity prices/indices or changes in the relationship between different equity prices/indices.

The proprietary traded equities portfolio consists entirely of shares, listed on the Bulgarian Stock Exchange, and its market value should not exceed the approved nominal limit, the amount of which is also indexed to the SOFIX. Limit utilization is calculated on a daily basis and there have been no limit excesses during 2023. Equity price risk monitoring and management is further supported by the daily calculation of equity portfolio VaR, based on a 99% confidence level, 10-day holding period and a 180-day time series of changes in market variables.

The stress test scenario used for equity price risk is based on a drop in equity prices across the board for all listed equity positions.

Trading Book and Pillar I Capital Requirements for Market Risk

In its Rules for Trading Portfolio Management, the Bank has clearly defined policies and procedures for the overall management of the trading book, including criteria for specifying positions and activities to be included there, accounting principles, reclassification criteria for transferring positions between trading and banking book, trading strategies, rules, procedures and responsibilities for the active management of the trading book, and rules for daily valuation of positions. The document is subject to review and update to reflect the changes in the area introduced by Regulation EU 2019/876. The valuation methodologies and assumptions on the pricing of securities and derivatives are documented in the Bank's Market & Counterparty Risk Policy. To ensure the tradability of positions included in the trading book, the Bank performs annual aging analysis of bond and equity positions. If any material such position has not been traded in the respective time-frame, the reasons for this are subject to additional analysis. The Bank also has in place a procedure to check and ensure that no transfers of risk positions between trading and banking books have taken place.

The Bank calculates capital requirements for market risk in the trading book using the standardized approach.

Eurobank Bulgaria AD does not apply internal models for market risk as of 31 December 2023.

(All amounts are shown in BGN thousands unless otherwise stated)

Template EU MR1 - Market risk under the standardised approach:

		a
		RWEAs
	Outright products	
1	Interest rate risk (general and specific)	171 313
2	Equity risk (general and specific)	3 250
3	Foreign exchange risk	0
4	Commodity risk	0
	Options	
5	Simplified approach	0
6	Delta-plus approach	0
7	Scenario approach	0
8	Securitisation (specific risk)	0
9	**Total**	174 563

XII. Exposures to counterparty credit risk (CCR)

Counterparty risk is the current or prospective risk to earnings and capital arising from the counterparty being unable to fulfil its obligations of an agreed transaction in the period between the agreement and the actual settlement. Normally, the Bank should enter into transactions only with approved counterparties and in approved products, within pre-approved limits in terms of product type, amount and tenor. The approval of limits is carried out at Group level through a dedicated unit – Financial Institutions Credit Risk (FICR), and follows the process and principles described in the Group's Credit Approval Policy for Financial Institutions. Following a formal request by the Business Unit that will utilize the limit in question, FICR prepares credit review of the respective counterparty and presents credit recommendation and the proposal for limit establishment/changes for approval to the respective Group credit committee. The limits, approved for the Bank towards a certain counterparty or group, are part of the overall Group limit structure and are included in the Group's total limit towards that particular counterparty or group.

The principles and approval authorities/levels for financial institutions counterparty limits are provided in the Credit Approval Policy for Financial Institutions. The degree of risk inherent in any credit recommendation and approval of banking limits is dependent on a number of factors. Basic credit assessment criteria (qualitative and quantitative) considered when analyzing and approving such limits include country of origin or establishment (country's credit ratings, supervisory system, state support in case of need), operating environment, ownership, credit rating(s), company profile, quality of management, strategy, market position, financial strength, size, capital ratios, capital base, leverage, profitability, earnings quality, liquidity, funding mix (deposit base, wholesale funding dependence), assets and asset quality, loan loss reserve coverage, recent performance, other credit mitigating factors, additional loss absorbing capacity (ALAC), expected support in case of need, etc. The depth and the extent of the credit analysis of a counterparty/group and the relative info provided by FICR should be commensurate and proportionate to the counterparty risk (type of credit limit, amount, tenor, etc.) involved.

At any point of time, the overall credit limits of the Bank with a counterparty or counterparty group should not exceed 25% of regulatory capital. There are also risk appetite and risk capacity

(All amounts are shown in BGN thousands unless otherwise stated)

limits set on the overall credit limits with a single counterparty or counterparty group at Eurobank Group level as percentage of Eurobank Group’s regulatory capital.

Counterparty limits are also set in compliance with available country limits. The amount of exposure that can be assumed with a specific country is capped by the specific country available limit, which is calculated periodically through Eurobank Group’s methodology. Country exposure may include the following types of direct or indirect exposures: sovereign and state organizations or entities, bank and non-bank financial institutions, corporates and other entities and include the following exposure types: securities, bonds, loans, placings, nostro balances, derivatives, repos, L/Gs, L/Cs, etc. Adequate country limits to cover exposure (direct and indirect) with any particular country should be maintained at any time.

The basic principle governing the counterparty limit review process is that all financial institution counterparties on a group or a stand-alone basis have to be reviewed at least every second year. If deemed appropriate (i.e. in case of rating downgrades), a credit review may be performed in shorter frequency.

Monitoring of counterparty limits is performed independently by Market Risk Department, with daily calculation of exposures and limit utilizations. The control mechanism covers all exposures to banks and banking groups and all exposures to foreign countries. Risk exposures are calculated using market valuation methodology (current exposure plus potential future exposure add-on). The described counterparty limits should normally not be exceeded. Any excesses are brought to the attention of the respective management bodies in accordance with the escalation levels set out in the Bank’s Market & Counterparty Risk Policy, and prompt measures are undertaken for their resolution. Whenever there is a limit excess, explanation and justification for the excess is requested from the Business Unit that has caused it and a recommendation for the elimination of the excess is issued.

The Bank does not maintain at present exposure to central counterparties. In order to mitigate counterparty risk, the Bank usually enters into ISDA (with CSA), GMRA and GMSLA agreements with its main counterparties. The amount of required collateral under such agreements on active transactions is calculated daily by risk management. A credit rating downgrade of the Bank will not have an impact on the amount of collateral that has to be provided in relation to its existing transactions. The risk appetite of the Bank towards wrong-way risk is zero. The policy of the Bank is to avoid entering into transactions that could expose it to such risk to the best of its ability.

The regulatory credit valuation adjustment (CVA) charge as of 31 December 2023 is only BGN 131 thousand as all but one of the outstanding transactions are intragroup transactions eligible for exclusion from the own funds requirements for CVA risk.

The Bank currently meets the conditions set out in Article 273a (2) to apply the Original Exposure Method for derivatives.

(All amounts are shown in BGN thousands unless otherwise stated)

Template EU CCR1 – Analysis of CCR exposure by approach:

		a	b	c	d	e	f	g	h
		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
EU-1	EU - Original Exposure Method (for derivatives)	12 381	16 503		1.4	40 438	40 438	40 438	20 220
EU-2	EU - Simplified SA-CCR (for derivatives)				1.4				
1	SA-CCR (for derivatives)				1.4				
2	IMM (for derivatives and SFTs)								
2a	*Of which securities financing transactions netting sets*								
2b	*Of which derivatives and long settlement transactions netting sets*								
2c	*Of which from contractual cross-product netting sets*								
3	Financial collateral simple method (for SFTs)								
4	Financial collateral comprehensive method (for SFTs)								
5	VaR for SFTs								
6	**Total**					40 438	40 438	40 438	20 220

Template EU CCR2 – Transactions subject to own funds requirements for CVA risk

		a	b
		Exposure value	RWEA
1	Total transactions subject to the Advanced method	0	0
2	(i) VaR component (including the 3× multiplier)		0
3	(ii) stressed VaR component (including the 3× multiplier)		0
4	Transactions subject to the Standardised method	4 901	1 638
EU-4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)	0	0
5	**Total transactions subject to own funds requirements for CVA risk**	4 901	1 638

Template EU CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights:

	Exposure classes	Risk weight											
		a	b	c	d	e	f	g	h	i	j	k	l
		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	Total exposure value
1	Central governments or central banks	0	0	0	0	0	0	0	0	0	0	0	0
2	Regional government or local authorities	0	0	0	0	0	0	0	0	0	0	0	0
3	Public sector entities	0	0	0	0	0	0	0	0	0	0	0	0
4	Multilateral development banks	0	0	0	0	0	0	0	0	0	0	0	0
5	International organisations	0	0	0	0	0	0	0	0	0	0	0	0
6	Institutions	0	0	0	0	0	40 438	0	0	0	0	0	40 438
7	Corporates	0	0	0	0	0	0	0	0	0	0	0	0
8	Retail	0	0	0	0	0	0	0	0	0	0	0	0
9	Institutions and corporates with a short-term credit assessmen	0	0	0	0	0	0	0	0	0	0	0	0
10	Other items	0	0	0	0	0	0	0	0	0	0	0	0
11	**Total exposure value**	0	0	0	0	0	40 438	0	0	0	0	0	40 438

(All amounts are shown in BGN thousands unless otherwise stated)

Template EU CCR5 – Composition of collateral for CCR exposures:

		a	b	c	d	e	f	g	h
		Collateral used in derivative transactions				Collateral used in SFTs			
	Collateral type	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
		Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
1	Cash – domestic currency	0	0	0	0	0	0	0	0
2	Cash – other currencies	0	0	0	32 858	0	0	0	0
3	Domestic sovereign debt	0	0	0	0	0	0	0	0
4	Other sovereign debt	0	0	0	0	0	0	0	0
5	Government agency debt	0	0	0	0	0	0	0	0
6	Corporate bonds	0	0	0	0	0	0	0	0
7	Equity securities	0	0	0	0	0	0	0	0
8	Other collateral	0	0	0	0	0	0	0	0
9	**Total**	**0**	**0**	**0**	**32 858**	**0**	**0**	**0**	**0**

Eurobank Bulgaria has nothing to diclose as of 31.12.2023 in Template EU CCR4 – IRB approach – CCR exposures by exposure class and PD scale, Template EU CCR6 – Credit derivatives exposures, Template EU CCR7 – RWEA flow statements of CCR exposures under the IMM and Template EU CCR8 – Exposures to CCPs.

XIII. Operational risk

Operational risk means the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events and includes legal risk.

Operational risk governance at Eurobank Bulgaria comprises the following bodies/officers: Supervisory Board, Management Board, Risk Committee, Product and Service Committee, Business Units (BU) Managers, Retail Operational Risk Management Unit, Corporate Banking Operational Risk Management Unit, Operational Risk Partners for all the BUs, Chief Risk Officer, Operational Risk Department, and Internal Audit Division.

Responsibilities of the Supervisory Board are to:

- ✓ Ensure that a strong Operational Risk management culture exists throughout the whole organization;
- ✓ Ensure that an Non-financial Risk Management Framework is developed, implemented, maintained and is fully integrated into the Bank’s overall risk management processes;
- ✓ Establish, approve and periodically review Non-financial Risk Management Framework;
- ✓ Oversee senior management to ensure that the policies, processes, and systems are implemented effectively at all decision levels;
- ✓ Approve and review the Operational Risk appetite and tolerance statement that articulates the nature, types, and levels of Operational Risk that the Bank is willing to assume.

Responsibilities of the Management Board are to:

- ✓ Develop a clear, effective, and robust governance structure with well-defined, transparent and consistent lines of responsibility;
- ✓ Ensure the identification and assessment of Operational Risk intrinsic in all material products, activities, processes, and systems to make sure the inherent risks are well understood;

(All amounts are shown in BGN thousands unless otherwise stated)

- ✓ Ensure effective policies and processes for managing Operational Risk are in place for all of material products, activities, and systems, consistent with the risk appetite and tolerance;
- ✓ Implement a process for regular monitoring of the Operational risk profile and material exposures to losses, through reporting mechanisms at the Supervisory Board, senior management, and business unit levels that support proactive management of Operational risk.

Responsibilities of the Bank as a whole are to:

- ✓ Implement a strong control environment that utilizes policies, processes and systems; appropriate internal controls; and proper risk mitigation and/or transfer strategies;
- ✓ Implement business resiliency and continuity plans to ensure an ability to operate on an ongoing basis and limit losses in the event of severe business disruption;
- ✓ Ensure that the Bank's public disclosures allow stakeholders to assess its approach to Operational Risk management.

The Risk Committee monitors, on behalf of the Supervisory Board, the Operational risk level and profile.

The Chief Risk Officer is responsible for the Operational risk related initiatives and ensures implementation of the Operational risk Management Framework as well as the Risk Strategy as approved by the Management Board, Risk Committee and Supervisory Board.

The Operational Risk Committee (ORC) acts to provide oversight and management of the actual Operational risk exposures as well as of the processes implemented to assess, monitor and mitigate Operational risks in all business activities of the Bank. ORC is a management committee, drawing its powers from the Executive Committee of Eurobank Bulgaria.

The Product and Service Committee (PSC) is responsible for approving requests for the introduction of new, significant modifications to existing product and services as well as for the monitoring of all products and services and their termination.

Business Units Management is responsible for the operative implementation of the Non-financial Risk Management Framework and to manage inherent Operational risks throughout their respective business units as well as for ensuring that all staff understands its respective roles and responsibilities.

Operational Risk Strategy is to promote Operational risk awareness and management to ensure continuous security and efficiency. Operational risk is embedded in every business activity undertaken by the Bank and by nature cannot be fully eliminated. The primary goal of Operational risk management is to ensure the integrity of the Bank's operations and its reputation by mitigating the impact of Operational risk.

The Non-financial Risk Management Framework is designed to:

- ✓ Align Bank's organization and processes with best international banking practices;
- ✓ Introduce risk identification, quantification and monitoring processes such as risk and control self-assessment, key risk indicators, historic risk events collection, and scenario analysis;
- ✓ Establish common definition and consistent approach for non-financial risks to enable common identification and aggregation of Operational risk across the Bank;
- ✓ Establish a proactive non-financial risk management culture across our business, linking business operations with the objectives of risk control;

(All amounts are shown in BGN thousands unless otherwise stated)

- ✓ Establish comprehensive and integrated Operational risk reporting;
- ✓ Adhere to the internal guidelines and meet regulatory requirements and practices relating to non-financial risks;
- ✓ Achieve a competitive advantage in terms of non-financial risk management through risk-based decision making; and
- ✓ Leverage international knowledge and good practices on non-financial risks management thus promoting an open risk culture to support trust and confidence.

Organizational Structures deployed for Operational risk management and relationship between the bodies:

- ✓ **Business Entities –** responsible to manage its Operational risks on a daily basis. Each business entity assigns experienced staff to support and coordinate Operational risk management in the respective unit and acts as a liaison to Operational risk Department, where these officers shall be referred to as Operational risk Partners;
- ✓ **Specialist Entities** – the Retail Operational Risk Unit (RORU) and Corporate Operational Risk Unit (CORU), which are specialized units established in the areas exposed to Operational risk. RORU and CORU oversee the deployment of Operational risk framework throughout the Retail and Wholesale Banking respectively and are focal points for all Operational risk matters. They provide dedicated and full-time management of Operational risk in the Business Area they are assigned to, in accordance with their roles and responsibilities;
- ✓ **Operational Risk Department – as a unit within the Risk Division** reports to the Chief Risk Officer and Risk Committee on operational risk in order to assist it in its risk supervision duty. Monitors Operational Risks and controls in support of Executive Management, providing oversight, challenge, advice and direction on Operational risk matters. As a centralized Unit, it has a principal aim to support the Bank to implement an effective Non-financial Risk Management Framework, which is aligned with the Group's one, to provide reliable information on the most significant Operational risks, to measure and monitor the Operational Risk exposure undertaken by the Bank thus adding value through increased effectiveness in risk management, and acknowledgement and accountability of risks;
- ✓ **Internal Audit Function –** provides an independent evaluation and assurance on the effectiveness of the Non-financial risk framework and its application. Performs regular reviews of the implementation of and adherence to the Non-financial Risk Management Framework and its supporting policies, instructions and processes. Internal Audit may be used as validator for activities resulting from the Non-financial Risk Management Framework. Additionally, it may act as a major contributor in the investigation of significant Operational Risk events.

- ✓ Operational Risk Processes consist of:
  - ✓ **Risk Identification**, aiming to develop a comprehensive list of Operational Risks (and/or events) that might have an impact in the achievement of Bank's objectives;
  - ✓ **Risk Assessment, Valuation and/or Measurement**, aiming to assess/valuate or measure Operational risk exposures as well as to rank the inventory of Operational Risks, which Eurobank Bulgaria AD is facing;
  - ✓ **Control Management and Risk Mitigation,** aiming to identify means for risk mitigation (where necessary) by applying or modifying existing controls and/or utilize officially approved techniques for risk sharing or transfer;

(All amounts are shown in BGN thousands unless otherwise stated)

- ✓ **Consolidation, Reporting and Performance Improvement**, aiming to inform management and to propose performance improvement actions.

Operational risk management in Eurobank Bulgaria is based on the following Operational risk tools/methods:

1. **Operational Risk Culture.** Operational Risk Culture encompasses risk awareness of the employees as well as their attitude and behavior to the risk taking and their adherence to the rules and procedures. A strong Operational Risk Culture underpins all Operational risk management activity. The Bank continuously seeks to improve its Operational Risk Culture;
2. **Operational Risk Management and Mitigation.** The primary strategy utilized by the Bank to control its exposure to Operational risk is the maintenance of an effective control environment. The Bank has in place adequate policies and processes to evaluate and manage the exposure to Operational risk, including low-frequency high-severity events. In addition, the Bank implements specific risk mitigation activities for key Operational risks, including fraud risk, outsourcing risk, compliance risk, cyber risk and business disruption risks as well as maintains and regularly updates contingency and business continuity plans in order to ensure its ability to operate on an ongoing basis and limit losses in the event of severe business disruption. Finally, risk transfer mechanisms are in place in the form of the Group's insurance policies, bought through the London Market;
3. **Operational Risk Events** – Involves capturing, management, monitoring and reporting of all Operational risk events identified throughout the Bank with their owner, cause, risk category, impact, business functions and business line, analysis of root causes, and mitigation measures;
4. **Key Operational Risk Indicators (KRIs)** – KRIs are metrics relevant to specific and measurable activities indicating Operational risk exposures. KRIs are quantifiable and expressed as an amount, a percentage or a ratio, assigned to particular Operational risks and linked with risk tolerance;
5. **Risk & Control Self-Assessment (RCSA)** – RCSA is a team-based technique aiming to identify, assess and ultimately mitigate Operational risk. Its outcome is a portfolio of Operational risks per business unit, summarized into Operational risk profiles. Business units assess Operational risks, evaluate the effectiveness of controls in place, assess whether identified risks are within business risk appetite and tolerance levels, and establish specific action plans to mitigate the assessed exposure, as appropriate. A real time RCSA was introduced in 2022. It allows Operational risk Partners to timely update the risks they are facing with risk drivers and mitigating actions undertaken;
6. **Operational Risk Scenarios.** Operational Risk Scenario analysis assesses the exposure to a range of significant Operational risks through the examination of severe yet plausible future events. Scenarios take into account the current and projected business, economic, social and geo-political environment;
7. **Operational Risk Reporting.** Operational Risk reports are produced for internal and regulatory purposes;

(All amounts are shown in BGN thousands unless otherwise stated)

8. **Fraud Risk Management.** Fraud risk management constitutes a major commitment of the Group to mitigate fraud risk and reduce fraud losses.
9. **BG Top 10 Risks.** The annual “Top Ten OpRisks” exercise for the identification of the Top Ten Operational Risks faced by the Bank, related risk drivers and control initiatives thereon, as voted by the Bank’s senior executives and heads of internal control functions. The Program increases risk awareness and facilitates the effective ongoing monitoring of the relevant risks.

Eurobank Bulgaria AD applies the Basic Indicator Approach for calculating the capital requirements for operational risk. The Bank estimates the amount of regulatory capital for covering operational risk impact by multiplying its average annual gross income by a coefficient of 0.15. The average annual gross income is determined on the basis of the last three-year average sum of net interest income and net non-interest income, derived from the audited Financial Statements.

Integration of Environmental Factors in Our OpRisk Management Framework

The Bank has implemented policies and processes to evaluate and manage its exposure to operational risk events deriving from environmental risk. In particular, the Bank considers how its business continuity could be adversely impacted due to environmental events, as well as whether its activities could bring about reputational damage and liability risks (e.g., as a consequence of cooperation with counterparties associated with environmental controversies and/or owing to inappropriate business practices such as “greenwashing”).

There is infrastructure in the Operational Risk Events Database to identify, record and report on the events deriving from CR&E (climate-related and environmental) risk-related drivers.

RCSA takes into account quality, environmental and social criteria, among others, in order to effectively manage operational risk in all the activity sectors of the Bank. The aim is the ongoing improvement in the quality of products and services provided by the Bank with the purpose of safeguarding its customer relations and achieving high performance standards.

In addition, climate-related and environmental drivers are included in the Bank’s operational risk scenario assessment, to the extent they affect the traditional Operational risk scenarios.

In the event of an emergency, including environmental incidents, the Bank implements a Business Continuity Plan, which includes planning and preparations to ensure that the Bank can continue to operate in the event of a serious incident or disaster, and that it will be in a position to restore normal operations within a reasonably short time when responding to typical disastrous events involved in ongoing business activity (natural disasters such as fires or flooding, accidents, server crashes or virus infections, insolvent key suppliers, negative media campaigns, market disruptions and others). The plan includes organizational and technical measures to ensure the continuation of key business operations, and progressively all business operations.

Further, the Bank aims to maintain business continuity, as well as assessing the risks undertaken in the context of outsourcing services and IT activities (e.g., exposure of service providers to environmental vulnerabilities). The Bank identifies and evaluates inherent risks related in each outsourcing arrangement via a standardized template. Regarding environmental factors, the focus of the outsourcing risk assessment is on the following areas:

- ✓ Business continuity & operational resilience risk not-related to IT risk (i.e. business disruption due to natural disasters such as earthquakes, floods, pandemics etc.);
- ✓ Environmental sustainability and climate risks.

(All amounts are shown in BGN thousands unless otherwise stated)

Template EU OR1 - Operational risk own funds requirements and risk-weighted exposure amounts:

		a	b	c	d	e
Banking activities		Relevant indicator			Own funds requirements	Risk exposure amount
		Year-3	Year-2	Last year		
1	Banking activities subject to basic indicator approach (BIA)	480 095	544 715	767 743	89 628	1 120 350
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches					
3	*Subject to TSA:*					
4	*Subject to ASA:*					
5	Banking activities subject to advanced measurement approaches AMA					

XIV. Liquidity requirements

Liquidity risk is the risk that the Bank will be unable to fund increase in assets or meet obligations at a reasonable cost or at all; for financial assets the risk is that an instrument cannot be sold or otherwise exchanged for its full market value. Prudent liquidity risk management and appropriate supervision and control are essential elements for the effective management of the Bank. The Bank must ensure that it will always be in a strong liquidity position to meet all obligations to repay, at call or maturity, at a reasonable cost, even under adverse market conditions, in the context of the policies and directives established by regulators and Eurobank Group. The Bank aims to manage effectively its liquidity risks and maintain sufficient liquidity to withstand potential stress events.

To ensure prudent liquidity management, the Bank has its own liquidity management policy and applies the Group's guidelines on liquidity risk measurement, monitoring and management. The policy includes cash flow forecasts, minimum levels of liquidity, functions involved in liquidity management, systems for monitoring and reviewing liquidity, roles and responsibilities for monitoring limits, escalation procedure for limit excesses, main measures to undertake in case of liquidity crisis and other.

The Bank's liquidity management rules aim at ensuring that:

- ✓ the necessary liquidity policies and procedures are in place and followed;
- ✓ sufficient liquid assets and adequate liquidity are maintained in order to conduct business in a prudent manner and to be able to meet obligations as they arise;
- ✓ high quality liquid assets are kept to be in a position to successfully face a liquidity crisis;
- ✓ the interbank market funding capability, stability and diversity of the deposit base, overall liquidity status of the Bank and the external market environment are regularly monitored and controlled;
- ✓ the liquidity position is monitored closely on a daily basis and continuously throughout the dealing operations;
- ✓ stress tests and scenarios are performed and analyzed to assess the adequacy of the Bank's liquidity to meet crisis situations;
- ✓ regulatory requirements are met.

(All amounts are shown in BGN thousands unless otherwise stated)

Liquidity risk management is a key component of the Bank's overall risk strategy. Eurobank Bulgaria continues to proactively manage its liquidity position, leveraging on extensive experience obtained after dealing in the past with challenging environment at both solo and Group levels. The Bank has established a robust internal governance framework in order to ensure that business operations relating to liquidity risk management include a clear and adequate organizational structure in accordance with the institution's risk profile. The key functions / units and Management Committees responsible for the policymaking, management, control, monitoring and reporting of liquidity and funding risks are Assets and Liabilities Committee (ALCO), Capital Markets Division, Finance Sector and Risk Division (Market Risk Department).

The Bank's Supervisory Board (supported by the Risk Committee) has the ultimate responsibility for the ILAAP and the Management Board is also responsible for the ILAAP in terms of both its design and its results. The Risk Committee also ensures that the Bank has a well-defined risk and capital strategy and risk appetite. The Risk Committee assesses the Bank's risk profile and monitors compliance with the approved risk appetite and risk capacity levels. It also ensures that material risks are identified and promptly escalated and that the necessary policies and procedures are in place to prudently manage risk and to comply with the regulatory requirements. As part of its mandate, the Risk Committee reviews the Bank's risk profile against its declared risk appetite and examines any proposed modifications to the risk appetite. In addition, the Risk Committee reviews and approves the methodology, the parameters and the results of the Bank's Internal Liquidity Adequacy Assessment Process (ILAAP).

The responsibility for liquidity management has been assigned by the Management Board (MB) to the Assets and Liabilities Committee (ALCO). ALCO is the primary responsible body with the mandate to implement the strategic management of assets and liabilities, aiming to effectively manage the liquidity risks of the Bank and to ensure regular and timely meeting of current and future obligations, both under normal circumstances and in crisis situations.

ALCO regularly reviews the liquidity and funding profile of the Bank: the key liquidity ratios; liquidity buffers and counterbalancing capacity; sources and uses of liquidity and liquidity projections; the deposit base and wholesale funding; the cost of funding; the local and international markets and macroeconomic outlooks; lending portfolio volumes and rates evolution; stress test results and other important data. Within its authority is to take all the necessary decisions regarding the interest rate policy, the liquidity and assets and liabilities management and to set the target parameters of potential external funding. Under normal circumstances ALCO meets at least once a month and duly reports any significant issues to the MB. ALCO is also responsible for initiating the Bank's Contingency Funding Plan (CFP). With regard to assets and liabilities management, ALCO regularly reviews the following information:

- ✓ the structure, current status and trends of the assets and liabilities of the Bank;
- ✓ the Bank's cash inflows and outflows and the ratios between assets and liabilities;
- ✓ the interest income margin generated on the assets and the cost of funding (deposit base and external funding);
- ✓ interest rates offered by the main competitors and the market shares of the Bank;
- ✓ determines and monitors the implementation of the Bank's funding strategy;
- ✓ defines and regularly reviews elements of the internal funds transfer pricing policies (FTP) to properly reflect liquidity risk in the pricing of assets and liabilities and the internal measurement of returns.

Concerning liquidity management, ALCO regularly reviews the following information:

- ✓ liquidity ratios;
- ✓ liquidity buffers – volumes, instruments and currency breakdown;
- ✓ sources and uses of liquidity and liquidity projections;
- ✓ liquidity risk stress test assumptions and quantitative results.

The operational management of the Bank's assets and liabilities and the execution of ALCO decisions regarding liquidity are assigned to the Head of Capital Markets. If necessary, ALCO can be directly engaged in the liquidity management via activating all resources of the Bank to meet all payment obligations. Daily monitoring of cash flows is the responsibility of Capital Markets Division. Liquidity management is coordinated with Group Treasury (Markets International).

Liquidity target ratios and threshold levels are set and approved by the Risk Committee. Independent liquidity risk control function with a dual reporting line to the management of the Bank and to the management at Group level is performed by Market Risk Department. The latter monitors and reports the liquidity ratios, buffer levels and sensitivities compared with the approved targets, escalating any excesses to the respective management bodies, as well as produces the Bank's internal liquidity gap reports and stress tests for liquidity risk on a monthly basis.

In parallel to the internally defined liquidity ratios, the Bank also monitors and complies with the recommended levels of the liquidity ratios defined in Ordinance №11 of the Bulgarian National Bank (BNB) on liquidity management, as well as any other regulatory requirements. Since Regulation (EU) No 575/2013 entered into force, the Bank also prepares and submits the templates for the calculation of Liquidity Coverage Ratio (LCR) on a monthly basis and Net Stable Funding Ratio (NSFR) on a quarterly basis, as well as the Additional Liquidity Monitoring Metrics (ALMM), including concentration of funding by counterparties, by product type, prices for various lengths of funding, daily roll-over of funding, concentration of counterbalancing capacity and maturity ladder on a monthly basis, and duly complies with the required minimum levels. Regulatory Reporting and Methodology Department prepares liquidity reports requested by regulatory institutions and monitors the compliance with regulatory thresholds. Controling and Planning Division also prepares various liquidity reports that are sent to the management of the Bank and responsible units within Eurobank Group and implements the Bank's FTP Policy.

The Bank's liquidity risk management framework is well integrated within the liquidity risk management framework of the Group. Group ALCO (G-ALCO) has the ultimate responsibility for setting up the strategic liquidity management framework for the Group and on international subsidiaries' level. G-ALCO reviews the overall liquidity positions and developments on a Group and country level. In that context, local ALCO should report any material developments and decisions (reflected in the local ALCO minutes) to G-ALCO, including regulatory authorities' instructions/guidelines.

The following responsibilities are within the mandate of G-ALCO:

- ✓ Review planned/projected liquidity profile and performance; review wholesale funding strategies and initiatives and approve related actions for the Group and for international subsidiaries;
- ✓ To set guidelines to subsidiaries' funding policies;
- ✓ To set guidelines for the pricing of deposits and loans across subsidiaries;

- ✓ To regularly review and adapt/modify, as may be required, the Group's and international subsidiaries' internal Funds Transfer Pricing policies to reflect current market developments and business objectives;
- ✓ To review international subsidiaries' Capital Investments, FX exposures and hedging strategies and approve related actions as may be required;
- ✓ To approve, review and modify, as may be required, the international subsidiaries' Sovereign Limit Policy, and the level of international subsidiaries' sovereign and country limits;
- ✓ To establish, monitor and approve, as may be required, actions for the maintenance of adequate liquidity buffers, including the composition of those buffers in order to withstand liquidity stress events, comply with regulatory requirements and balance return generation.

Group Treasury and Markets International (MI) have a key role acting as liaison between G-ALCO and international subsidiaries' ALCO and Capital Markets Divisions by communicating G-ALCO strategy and decisions and guide the implementation of those decisions. Among MI's mandate is:

- ✓ To coordinate liquidity strategy of Group's subsidiaries;
- ✓ To guide the asset allocation and risk taking, within the available limits of subsidiaries' Capital Markets divisions;
- ✓ To promote new business relationships for the establishment of trading lines for the Group's international subsidiaries;
- ✓ To monitor performance of international subsidiaries and the implementation of group-wide business planning.

The Group Market & Counterparty Risk Unit (GMCRU) is involved in setting up appropriate liquidity management practices with respect to subsidiaries and giving the necessary guidelines for the implementation / submission of the various regulatory reports.

Finally, it should be noted that the Internal Audit Division reviews the ILAAP framework and processes and provides comments and recommendations. Specifically, the Internal Audit reviews the governance, procedures, relevant policies, IT systems and the reporting framework regarding liquidity risk.

During 2023, no changes to the liquidity governance structure were made and there are also no such changes planned for 2024.

Eurobank Bulgaria prepares a large number of reports which measure the funding and liquidity of the Bank and which are presented to the management on a daily, weekly, monthly or quarterly basis. The liquidity reporting and measurement system covers all on- and off-balance sheet assets and liabilities that are exposed to liquidity risk. For the purposes of liquidity reporting and monitoring the Bank uses information from various data sources including the core banking system, Treasury front-office and back-office systems and MIS data warehouse. The main data source regarding liquidity reporting is the core banking system from which information about interest rates, deposit and loan volumes, maturities and repayment plans is loaded into the MIS data warehouse. The data from the core banking system is also imported into the ERP system of the Bank and is monitored and reconciled on a daily basis. In case of a disaster the Bank has secured the continuous functioning of its operations by maintaining back-up servers and data archives in different locations.

The long-term strategy of the Bank is to be among the leading financial institutions on the Bulgarian market, offering universal banking products and services to individual clients and companies. Maintaining solid liquidity, capital adequacy and MREL ratios, as well as managing the quality of the loan portfolio and keeping stable and diversified funding base are also an inseparable part of the strategy. The Bank has a limited appetite for liquidity risk and accepts the potentially increased costs of maintaining sufficient liquidity buffers to ensure a sound liquidity position. The strategy of the Bank for its presence on the deposit market and the targeted further organic growth complies with the low liquidity risk tolerance. The Bank is fully self-funded and relies almost entirely on customer deposits (retail or corporate) to fund its activities, while maintaining a diversified deposit base. The top 10 depositors comprise well below 10% of all deposits. As of the end of 2023, the lending portfolio of the Bank is fully funded by deposits from individuals and companies. The Bank aims to ensure a stable growth of deposit volumes at reasonable prices to protect liquidity ratios and buffers, but opportunities for further non-organic growth will continue to be explored as well. The Bank will also retain focus on internal capital generation to support growth and minimize the impact of expensive external instruments, but will continue to maintain sufficient volume of MREL-eligible instruments to ensure compliance with the MREL ratio targets. The monetary tightening that began in 2022 ended the long subzero interest-rate environment. The rising interest rate levels posed challenges in terms of the cost of funding, however the Bulgarian banking system and the Bank in particular managed to keep deposit rates under control at low levels. In 2024, the pass-through of the interest rate increase to customer deposit rates is expected to remain under control, with deposit rates continuing their gradual increase. In this regard the liability structure will continue to be carefully analyzed with the aim to optimize funding sources from profitability perspective. Priority of the Bank will be the careful management of the deposit mix and pricing, with the primary goal to ensure sufficient liquidity at the right price in order to sustain the lending growth and to protect the liquidity ratios of the Bank. Eurobank Bulgaria’s external funding dependence is immaterial, although the Bank regularly tests the potential to attract additional funding from external sources at a reasonable price, reflecting the risk profile of the country and the institution. In the coming three year period the plans of the Bank do not project a need for further issuances of MREL eligible liabilities in order to meet the MREL requirements.

Based on the Bank’s business plan and strategy for the next three years, deposits are projected to continue to fully cover the lending portfolio and the Bank will continue to maintain liquidity positions and ratios well above the regulatory requirements and the internal minimum target levels. Furthermore, the Bank will retain excess liquidity buffers at levels ensuring a balance between profitable investments and reasonable behavior. The Bank will continue its policy of maintaining low concentration of deposits. The Assets and Liabilities Committee will continue to monitor the market developments and interest rate levels on a continuous basis and take timely and appropriate measures whenever a change in the strategy is required.

Eurobank Bulgaria applies the following targets/limitations at all times with respect to its liquidity and funding:

- ✓ The Bank aims to always have an adequate liquidity buffer to cover a set of liquidity stress scenarios;
- ✓ The Bank aims to keep a buffer that contains a well-diversified set of instruments;
- ✓ The Bank aims to use a well-diversified set of funding sources;

(All amounts are shown in BGN thousands unless otherwise stated)

- ✓ The Bank aims to optimize its funding;
- ✓ The Bank aims to maintain a balanced maturity profile of its liabilities spread across the maturity time-bands without significant peaks and concentrations;
- ✓ The Bank aims to maintain its options for secured and unsecured wholesale funding;
- ✓ The Bank aims to be compliant with all regulatory ratios at all times;
- ✓ The Bank takes into account any cost considerations and net interest income targets in its short or long term strategy regarding the liquidity buffer and funding sources.

The Bank has developed a Funding Strategy, approved and updated by ALCO, with the aim to set up a target structure of the funding base, i.e. target mix of deposits by business lines (retail, corporate and institutional) and wholesale funding, to set up 'tenor' targets, so that the funding base is well balanced across maturity buckets, to set up currency structure of the funding base in order to ensure asset/liability matching by currency and to introduce target cost of funds levels by business lines which reflect the market environment. In adherence to the Funding Strategy, the Bank has built a strong and well-diversified funding base formed predominantly of retail and corporate deposits with no dependence on wholesale funding, balanced across currencies and maturity buckets and with cost of funds maintained in line with the market. The implementation of the Funding Strategy has also allowed the Bank to increase over the years its market share of the deposit market. The indicators on the funding base structure and the strategy going forward are discussed at each ALCO meeting and an annual review of the implementation of the Funding Strategy is presented at ALCO.

The liquidity of the Bank is monitored per each major currency in which the Bank operates. The Bank has concentrated its assets and liabilities in only two currencies: Bulgarian Lev and the reserve currency of the Currency Board – the Euro, with assets and liabilities in other currencies representing well below 10%. Nevertheless, the Bank aims to maintain sufficient liquidity in the major foreign currencies it operates in, to minimize the risk related to inability to renew or replace funding in these currencies.

The Bank defines its liquidity buffer as the available liquidity composed by cash and other core assets that are Central Bank eligible and/or highly liquid in private markets, covering the additional needs due to outflows that may arise over a period of one month under stress conditions. The internal definition of liquidity buffer is wider than the regulatory definition of high quality liquid assets (HQLAs). The Bank aims to maintain a liquidity buffer without any significant concentration on any particular asset type or issuer. The most significant part of the buffer should include assets eligible for secured funding from both Central Banks and wholesale market counterparties. The cash value of the assets is being taken into account for the quantification of the buffer (market value after the application of haircuts), and any restrictions of a legal, regulatory, geographical, operational or other nature that would make liquidation impossible or possible only to a limited extent or after delay are also taken into account for any asset in the buffer. The liquidity buffer is composed mainly of cash and balances with the Central Bank, unencumbered Central Bank / ECB or repo eligible securities and operating accounts and short-term interbank placements at other banks. The vast majority of these assets could be immediately transformed into cash and cover the various liquidity needs of the Bank. The minimum level of liquid assets that has to be maintained is determined by the internal and regulatory ratios and requirements. The Bank aims to maintain such levels of liquid assets that all ratios are met at any time.

Liquidity risk measurement should include assessment of the risk under normal market conditions and under stress scenarios. For that reason the Bank has a comprehensive stress testing framework and performs stress tests and scenario analysis on a regular monthly basis. The results of these stress tests play an important role in the development of the contingency funding plans. Stress tests analyze the adequacy of the Bank's liquidity to meet crisis situations (e.g. significant deposit and other outflows, tightening of credit lines, etc.) and the impact from stress scenarios on its liquidity buffer and other important metrics. The stress testing framework contains four types of short-term (1-month) scenarios:

- ✓ an institution-specific (Idiosyncratic) stress test scenario;
- ✓ a Bulgarian market scenario;
- ✓ a Global market scenario;
- ✓ and an Adverse scenario.

The scenarios and assumptions used are reviewed and approved by ALCO. The stress tests analyze the ability of the Bank to weather severe but plausible liquidity shocks as going concern. The stress scenarios also incorporate certain market risk effects on the Bank's liquidity standing. The Bank uses a conservative approach in setting the stress test scenario assumptions. Factors in the exercises consider not only the past (historical events) but also make use of hypotheses based on expert judgment and on the current and future market environment and idiosyncratic factors, including the following:

- ✓ run-off of client deposits (with analysis per type according to the client mix);
- ✓ asset market illiquidity and the erosion in the value of liquid assets due to market movements or perceptions or due to the increase on the applicable by the counterparties haircuts ;
- ✓ the access on secured and unsecured wholesale (market) funding;
- ✓ correlation between funding markets (i.e. the effectiveness of diversification across sources of funding);
- ✓ additional margin calls and collateral requirements due to counterparty requests or due to the effect of market movements on the underlying transactions;
- ✓ liquidity drains associated with complex products/transactions;
- ✓ funding tenors;
- ✓ exercise of early termination clauses or call options from counterparties;
- ✓ contingent claims and more specifically, potential draws on irrevocably committed lines extended to third parties;
- ✓ (un)availability of contingent lines extended to the Bank;
- ✓ impact of credit rating triggers;
- ✓ currency convertibility and access to foreign exchange markets;
- ✓ access to Central Bank facilities / MRR
- ✓ the impact of any forthcoming significant regulatory change that may have side effects on secured or unsecured funding;
- ✓ ability to transfer liquidity across entities, sectors and borders taking into account legal, regulatory, operational and time zone restrictions and constraints;
- ✓ operational ability of the Bank to monetize assets;
- ✓ estimates of future balance sheet growth;
- ✓ amplification of the market movements and exacerbation of the market strain (including timing of cash-flows), caused by the likely behavioral response of other market participants.

The potential outflows in the stress test scenarios are based on deposit run-off rates corresponding with the empirical evidence for the sensitivity of the different types of clients towards crisis signals, and analyzed within a 1-month time horizon. The 1-month horizon is selected as this is considered as the minimum period during which the Bank should react in potential liquidity shocks using its own liquidity buffer as well as any additional quick liquidity generating measures that can be undertaken. Furthermore, the 1-month period is also the applicable time horizon for the LCR calculations. The included deposit outflow percentages in all four scenarios generally represent adverse cases, which have not been substantiated by any recent experience, but aim to analyze the Bank's preparedness to withstand funding outflows and other negative developments varying in volume and intensity.

The quantitative results from the stress tests show that the Bank has sufficient amount of liquid assets and stable cash inflows to meet the expected possible outflows in all these negative scenarios. The results are presented to the management (ALCO and Risk Committee) on a regular basis and are part of the overall liquidity management strategy. The management makes a qualitative and quantitative assessment of the liquidity risk as per the Bank's policies and procedures based on all available information. The results from the liquidity risk stress tests are analyzed as part of the process and an assessment is made whether any additional capital reserves for liquidity risk are required or whether any liquidity boosting actions are needed. The management's assessment is that the current liquidity buffers and counterbalancing capacity are fully in line with the Bank's target liquidity risk profile and obligations are adequately met under both normal and stressed conditions. There is no necessity to set aside additional capital reserves for liquidity risk, since the Bank's liquidity position is at very good and stable levels, well in excess of internal and regulatory requirements.

The Bank has also developed a medium-term stress test scenario as part of its overall liquidity risk stress testing framework. The stress test represents a survival period analysis over a 12-month time horizon. The evolution of the Bank's liquidity buffer is analyzed over the course of the next 12 months with the following scenarios applied simultaneously: loss of customer deposits (retail and corporate), loss of wholesale funding (including deposits from financial counterparties), negative effects from CSA collateral to be posted due to changes in market variables, decrease of the cash value of the assets in the liquidity buffer and additional outflows from undrawn committed credit lines. These scenarios are taken into account for the calculation of the survival period. The results from the analysis demonstrate that the calculated survival period exceeds the time horizon of the stress test (12 months).

The Bank mitigates liquidity risk by maintaining liquidity ratios and buffers well in excess of internal and regulatory requirements. The liquidity buffers are well diversified and consist of high-quality liquid assets. The buffer levels are also aimed to be sufficient to cover net outflows in adverse scenarios measured quantitatively by the Bank's liquidity risk stress testing framework. The Bank also maintains a diversified deposit base and low levels of wholesale funding and asset encumbrance.

The Bank outlines its liquidity management principles in liquidity crisis scenario in its Action Plan in Liquidity Crises Scenario. The plan determines the sources of liquidity and the sequence of actions that will be followed, marks the factors that influence the Bank's liquidity and indicates the functions of all managers and staff members involved in the process of liquidity utilization/attraction in liquidity crisis situations. The specific actions planned are closely related to the outcome and assumptions of the stress testing exercises. The main options for attracting additional liquidity in contingency are also detailed in the Bank's Recovery Plan and their feasibility, any operational or time constraints are analyzed in depth.

The Management of the Bank recognizes that during 2023, the Bank continued to demonstrate very solid liquidity adequacy levels and funding position. Strong deposit growth continued, while taking into account the Bank's deliberate efforts to utilize excess liquidity and support the Bank's NII, all liquidity indicators continued to remain significantly above minimum required threshold levels and well within the respective risk appetite. The Bank acknowledges that taking risks is an integral part of its business. Within this context, it sets mechanisms to identify those risks at an early stage and assesses their potential impact towards the achievement of its objectives. Due to the dynamic nature of the economic, industry, regulatory and operating landscape, risk management mechanisms are established and evolve in a proactive manner to enable the Bank to identify and deal with the risks associated with the aforementioned changes. The Risk Appetite Framework constitutes a focal driver supporting the Bank in the implementation of its overall business strategy and objectives, under both normal and adverse economic conditions. It is communicated to all relevant units and is approved and regularly updated by the Management.

The risk appetite is described in terms of a number of qualitative and quantitative statements per material risk type. Their primary objective is to set the maximum level of risk that the Bank is willing to undertake in order to achieve its strategic objectives, ensuring at the same time adherence to regulatory requirements. Business, capital and liquidity planning processes should comply with the Bank's risk appetite statements at all times. Risk appetite statements account also for additional goals, helping to drive day-to-day decisions and to serve as a basis for cascading risk limits down to Business Units.

The Risk Appetite Framework is approved by the Risk Committee and is reviewed at each meeting. The indicators used, as well as their respective thresholds and limit levels, are updated at a minimum on an annual basis and more frequently when deemed necessary.

The Bank aims to maintain strong liquidity position with liquidity ratios and buffer levels well in excess of minimum regulatory requirements, which will allow it to implement its business strategy.

Among its key liquidity metrics, along with LCR and NSFR, the Bank monitors the following:

- ✓ Total client loans to total client deposits (the ratio of total client loans net of provisions to total client deposits);
- ✓ Group funding concentration (the ratio of net funding received from Group entities to total liabilities);
- ✓ Top 10 funding concentration (the ratio of the funds received from the 10 largest depositors to total liabilities).

Most of these indicators are calculated based on the Bank's internal liquidity gap report, representing a maturity schedule of the balance sheet and relevant off-balance sheet items broken down into maturity buckets, with items without contractual maturity distributed based on specific assumptions aligned with Group Risk Management.

The Bank has set early warning, risk appetite and risk capacity levels for these indicators. During 2023, all indicators for liquidity risk have remained within their targeted business levels, well clear of the established early warning thresholds and fully in line with the Bank's business strategy and risk appetite for liquidity risk

The Management of the Bank considers that the Bank maintains adequate liquidity that is more than sufficient to cover all material risks it has undertaken. The Bank is self-funded and relies almost entirely on customer deposits to fund its activities. MREL-eligible instruments have been issued in reaching the MREL ratio final target levels. The volume of the liquidity buffer increased in 2023, in line with the increase in liabilities, thus allowing the Bank to maintain high liquidity ratios. The liquidity buffer is projected to remain well in excess of required levels under both baseline and adverse funding plan projections, maintaining additional cushion to cover any unidentified risks or adverse conditions.

The Bank has sound ILAAP process that demonstrates it has efficient mechanisms and controls for monitoring and management of its liquidity. The intraday, daily, weekly and monthly reports on liquidity and funding allow every deviation and unfavorable development to be promptly identified and, if necessary, corrective measures to be taken. The ILAAP covers all material risks to liquidity and funding, to which the Bank is exposed, and is aligned with the Bank's strategy. At EoY 2023, the amount of the liquidity buffers is well in excess of the regulatory requirements and internal threshold levels and these buffers are composed of high-quality liquid assets. The composition of the buffers is in line with the Bank's targets and strategy. The results from the Bank's liquidity risk stress-testing framework demonstrate quantitatively that it has sufficient liquidity and buffers to meet the possible outflows in these negative scenarios, withstand severe levels of stress and continue to operate in the foreseeable future.

The difficult environment from the past several years has not had a material negative impact on the Bank's liquidity and funding. The COVID-19 pandemic did not lead to deposit outflows, but quite the opposite – the injected liquidity in the system led to record deposit growth. The pandemic, however, led to a change in the structure of the Bank's liquidity buffer. As part of its COVID-19 related measures for strengthening the liquidity buffers of the banking system, in March 2020 BNB imposed limits on the banks on their exposures towards foreign governments and foreign institutions based on their credit quality step, which were in place until March 2022. As a result of the measures and with regard to the protracted negative interest rate environment on the interbank markets at that time, Eurobank Bulgaria restructured the composition of its liquidity buffer by reducing the liquidity placed within the Group and in foreign banks and implementing a comprehensive investment plan. Following its investment plan, the Bank built a high quality fixed income portfolio, diversified across asset classes, durations, countries and issuers. The fixed income portfolio is highly liquid, both on the cash market and on the secured funding market as it is composed of ECB and/or third party repo-eligible bonds. In 2023, the Bank was mainly reinvesting maturing positions, at higher yields, thus also supporting the NII under the new interest rate environment.

The monetary tightening, which began in 2022, led to a sharp increase in interest rate levels, but the reflection of such increase in deposit rates offered in the Bulgarian banking system and by the Bank in particular is significantly lagging, demonstrating the stickiness of the deposit base. By the end of 2023 the average cost on deposits for the Bank had increased only slightly. In 2024, a primary goal for the Bank will be to ensure sufficient liquidity and stable deposit growth at the reasonable prices in order to retain profitable business growth and to protect the liquidity ratios of the Bank, also increasing the Bank's deposit market shares. Under the baseline scenario, the Bank projects a gradual increase of deposit costs, which should not have a significant impact on its net interest income. At the same time, wholesale funding has small share in the Bank's overall funding and thus its negative impact on the cost of funds is limited.

In October 2023, Eurobank Bulgaria obtained investment grade rating by Moody's. The Bank has been assigned its first-time ratings - Baa3 long-term deposit rating with positive outlook and Baa2 long-term counterparty risk rating. The rating has been a confirmation of the Bank's strong financial standing and positive trend in its development. In its rationale Moody's outlines the robust capital position, strong recurring profitability and the stable deposit funding base as

(All amounts are shown in BGN thousands unless otherwise stated)

key factors for the rating. The steady improvement of the asset quality in the recent years and the conservative risk appetite of the Bank have also been acknowledged by Moody's.

The geopolitical tension, especially the continuing war in Ukraine and the international sanctions on Russia, the conflict in the Middle East and the impact on global trade, together with the macroeconomic uncertainty, including the efforts to bring inflation under control, the economic slowdown and the increasing risk of recession, continue to be the main risk factors for the Bank's liquidity and funding. The Bank remains well prepared to face any adverse scenarios.

An important project for 2024 for the Bank is the continuing preparation for the Euro adoption. In the medium term, the adoption of the Euro is expected to bring many benefits for the country in general and the Bank in particular, such as reduced currency risk, higher capital adequacy, more opportunities for investments and better access to funding. In terms of liquidity, the main expected impacts are going to be the significant decrease in the amount of minimum required reserves (as attracted funds currently are subject to a 12% reserve requirement) and the direct access to ECB funding.

The Management of the Bank does not plan any material changes to the liquidity risk management framework, the risk appetite framework, the business model or the strategy based on the ILAAP results.

Template EU LIQ1 - Quantitative information of LCR

		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on (DD Month YYY)	T	T-1	T-2	T-3	T	T-1	T-2	T-3
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)					3 558 360	3 337 643	3 134 634	2 997 551
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	10 733 612	10 453 483	10 184 832	9 947 068	749 219	730 829	712 175	664 049
3	*Stable deposits*	5 807 735	5 566 608	5 406 792	5 202 114	290 387	278 330	270 340	260 106
4	*Less stable deposits*	3 246 580	3 127 769	3 066 159	2 831 557	458 832	452 498	441 836	403 943
5	Unsecured wholesale funding	3 881 269	3 741 261	3 592 291	3 388 710	1 785 716	1 660 570	1 494 447	1 344 342
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	1 046 880	1 254 659	1 458 083	1 595 041	261 589	313 387	363 994	397 995
7	*Non-operational deposits (all counterparties)*	2 834 389	2 486 602	2 134 208	1 793 668	1 524 128	1 347 182	1 130 453	946 347
8	*Unsecured debt*	0	0	0	0	0	0	0	0
9	*Secured wholesale funding*					0	0	0	0
10	Additional requirements	2 435 179	2 274 167	2 056 254	1 887 560	228 313	215 805	199 315	184 750
11	*Outflows related to derivative exposures and other collateral requirements*	17 942	16 770	16 732	15 116	17 942	16 770	16 732	15 116
12	*Outflows related to loss of funding on debt products*	0	0	0	0	0	0	0	0
13	*Credit and liquidity facilities*	2 417 236	2 257 397	2 039 522	1 872 444	210 371	199 035	182 583	169 634
14	Other contractual funding obligations	20 616	19 429	19 513	18 827	0	0	0	0
15	Other contingent funding obligations	0	1 622	53 128	135 355	0	1 622	7 231	15 895
16	TOTAL CASH OUTFLOWS					2 763 248	2 608 826	2 413 167	2 209 035
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	0	0	0	0	0	0	0	0
18	Inflows from fully performing exposures	953 711	964 300	1 104 924	1 177 938	838 052	860 072	1 008 069	1 089 948
19	Other cash inflows	883	1 019	1 164	1 358	883	1 019	1 164	1 358
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third					0	0	0	0
EU-19b	(Excess inflows from a related specialised credit institution)					0	0	0	0
20	TOTAL CASH INFLOWS	954 594	965 318	1 106 088	1 179 295	838 935	861 091	1 009 233	1 091 306
EU-20a	*Fully exempt inflows*	0	0	0	0	0	0	0	0
EU-20b	*Inflows subject to 90% cap*	0	0	0	0	0	0	0	0
EU-20c	*Inflows subject to 75% cap*	954 594	965 318	1 106 088	1 179 295	838 935	861 091	1 009 233	1 091 306
TOTAL ADJUSTED VALUE									
EU-21	LIQUIDITY BUFFER					3 558 360	3 337 643	3 134 634	2 997 551
22	TOTAL NET CASH OUTFLOWS					1 924 313	1 747 735	1 430 659	1 149 438
23	LIQUIDITY COVERAGE RATIO					186.82%	195.74%	257.94%	327.07%

(All amounts are shown in BGN thousands unless otherwise stated)

As of 31.12.2023, the high quality liquid assets of the Bank in accordance with Regulation (EU) 2015/61 consist of coins and banknotes, withdrawable central bank reserves, central government assets and high quality covered bonds. The liquidity buffer for the purpose of the Regulation does not include nostro accounts, overnight placements and reverse repo deals with other institutions, as these are reported in the inflows section. The total value of the liquidity buffer as of 31.12.2023 is BGN 4,136,921 thousand.

The main funding outflows of Eurobank Bulgaria consist of withdrawals from sight and term deposits, together with loan drawdowns. As of 31.12.2023, the potential stressed 30-day outflows of the Bank calculated in the LCR report are BGN 3,003,180 thousand (partially counterbalanced by BGN 921,019 thousand inflows). The inflows consist of monies due from clients from performing deals. As of 31.12.2023 the biggest contributor to the inflows was monies due from financial customers accounting to the amount of BGN 750,406 thousand or 81% of all inflows projected.

Throughout 2023 LCR stayed well above the regulatory threshold of 100%. The dynamic of the ratio during the year was influenced by the utilization of excess liquidity, both through organic lending growth, and through the acquisition of the BNP Paribas Personal Finance business in Bulgaria in June 2023, performed entirely with own funds. As of 31.12.2023 the LCR stands at 199%. During 2023 the LCR liquidity buffer increased by 41%, owing mainly to the strong deposit growth and the increase in MRR by BNB to 12% from 01.07.2023, while net outflows increased by 29%, fueled by the increase in attracted customer deposits during the period.

The main source of funding for the Bank is retail deposits – 72% of total funding due to customers. There is relatively low concentration in the deposit base, as the ten largest depositors (companies) comprise below 7% of all deposits as of 31.12.2023. As of 31.12.2023, the biggest source of potential outflows consists of non-operational deposits – 59% of total outflows, followed by retail deposits – 27%. The potential outflows from operational deposits are 5%, while the remaining projected potential outflows include outflows from committed facilities and derivatives.

The Bank defines its liquidity buffer as the available liquidity composed by cash and other core assets that are ECB or Central Bank eligible and/or highly liquid in private markets, covering the additional needs due to outflows that may arise over a period of one month under stress conditions. The Bank aims to maintain a liquidity buffer with the following basic characteristics:

- ✓ There is no significant concentration on any particular asset type or issuer;
- ✓ The time horizon (stress period) for the usage of the buffer is one month;
- ✓ The most significant part of the buffer should include assets eligible/acceptable for secured funding from both Central Banks and wholesale market counterparties;
- ✓ The cash value of the assets should be taken into account for the quantification of liquidity buffers (market value after the application of appropriate haircuts);
- ✓ Part of the liquidity buffer may include assets acceptable for secured funding in currencies other than BGN or EUR;
- ✓ Restrictions of a legal, regulatory, geographical, operational or other nature that would make liquidation impossible or possible only to a limited extent or after delay should be taken into account for any asset in the liquidity buffer.

(All amounts are shown in BGN thousands unless otherwise stated)

As of 31.12.2023 the currency allocation of the liquidity buffer assets is the following: 51% in EUR, 42% in BGN, 7% in USD and an insignificant amount of 0.1% in other currencies.

The top three countries in the country allocation of the liquidity buffer are Bulgaria (73%), Poland (5%) and Romania (3%).

The biggest exposures are towards the Bulgarian National Bank – 57% of the liquidity buffer, the government of Bulgaria – 16%, and the government of Poland – 5%. All of the securities within the liquidity buffer are investment grade bonds.

Outflows related to derivative exposures do not represent a material outflow source for the Bank and include net outflows related to FX transactions – FX swaps and unsettled FX spot transactions, with netting of inflows and outflows at counterparty level, and the estimated impact of an adverse market scenario on derivatives transactions.

Following the Bank's aim of having a well-diversified liquidity buffer, there is no currency mismatch within the LCR framework.

The NSFR requires banks to maintain a stable funding profile in relation to their on- and off-balance sheet activities. The ratio is defined as the amount of available stable funding (the portion of capital and liabilities expected to be a stable source of funding), relative to the amount of required stable funding (a function of the liquidity characteristics of various assets held).
The NSFR as of 31.12.2023 stands at 149%, or BGN 5,248,243 thousand in excess over the regulatory minimum of 100%, as compared to 156% as of 31.12.2022. The decrease was primarily driven by an increase in loan volumes during 2023.

(All amounts are shown in BGN thousands unless otherwise stated)

Template EU LIQ2: Net Stable Funding Ratio – Quarter 1:

		a	b	c	d	e
(in currency amount)		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	**2 232 367**	**0**	**0**	**0**	**2 232 367**
2	*Own funds*	2 232 367	0	0	0	2 232 367
3	*Other capital instruments*		0	0	0	0
4	Retail deposits		**9 204 611**	**759 443**	**332 154**	**9 618 029**
5	*Stable deposits*		6 019 274	345 258	182 147	6 228 452
6	*Less stable deposits*		3 185 337	414 185	150 007	3 389 577
7	Wholesale funding:		**3 621 534**	**205 180**	**353 463**	**1 976 375**
8	*Operational deposits*		1 211 206	0	0	605 603
9	*Other wholesale funding*		2 410 328	205 180	353 463	1 370 772
10	Interdependent liabilities		**0**	**0**	**0**	**0**
11	Other liabilities:	**0**	**194 441**	**6 382**	**66 232**	**69 423**
12	*NSFR derivative liabilities*	0				
13	*All other liabilities and capital instruments not included in the above categories*		194 441	6 382	66 232	69 423
14	**Total available stable funding (ASF)**					**13 896 194**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					**108 703**
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		**0**	**0**	**2 308**	**1 962**
16	Deposits held at other financial institutions for operational purposes		**154 753**	**0**	**0**	**77 377**
17	Performing loans and securities:		**2 187 855**	**1 023 937**	**8 892 010**	**8 238 276**
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*		0	0	0	0
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		571 316	7 450	73 820	134 677
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		1 085 150	743 899	4 703 799	4 907 318
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		9 802	5 572	31 957	28 909
22	*Performing residential mortgages, of which:*		135 477	116 287	3 298 045	2 335 205
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		105 290	83 396	2 970 074	2 024 891
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		395 912	156 301	816 346	861 076
25	Interdependent assets		**0**	**0**	**0**	**0**
26	Other assets:		**69 710**	**17 676**	**546 549**	**624 673**
27	*Physical traded commodities*				0	0
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		0			0
29	*NSFR derivative assets*		16 407			16 407
30	*NSFR derivative liabilities before deduction of variation margin posted*		2 986			149
31	*All other assets not included in the above categories*		50 317	17 676	546 549	608 117
32	Off-balance sheet items		**1 013 260**	**508 552**	**528 965**	**108 785**
33	**Total RSF**					**9 159 776**
34	**Net Stable Funding Ratio (%)**					151.71%

(All amounts are shown in BGN thousands unless otherwise stated)

Template EU LIQ2: Net Stable Funding Ratio – Quarter 2:

		a	b	c	d	e
(in currency amount)		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	**2 267 952**	**0**	**0**	**0**	**2 267 952**
2	*Own funds*	2 267 952	0	0	0	2 267 952
3	*Other capital instruments*		0	0	0	0
4	Retail deposits		**9 489 750**	**871 605**	**427 548**	**10 081 548**
5	*Stable deposits*		6 215 848	359 761	231 105	6 477 934
6	*Less stable deposits*		3 273 902	511 844	196 443	3 603 614
7	Wholesale funding:		**3 476 064**	**318 402**	**635 190**	**2 261 972**
8	*Operational deposits*		960 743	0	0	480 372
9	*Other wholesale funding*		2 515 321	318 402	635 190	1 781 601
10	Interdependent liabilities		**0**	**0**	**0**	**0**
11	Other liabilities:	**0**	**153 376**	**6 785**	**71 289**	**74 682**
12	*NSFR derivative liabilities*	0				
13	*All other liabilities and capital instruments not included in the above categories*		153 376	6 785	71 289	74 682
14	**Total available stable funding (ASF)**					**14 686 154**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					**94 540**
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		**0**	**0**	**8 566**	**7 281**
16	Deposits held at other financial institutions for operational purposes		**215 220**	**0**	**0**	**107 610**
17	Performing loans and securities:		**2 267 204**	**930 965**	**9 943 216**	**9 152 528**
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*		0	0	0	0
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		360 179	6 153	72 280	111 374
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		1 314 311	724 766	5 474 705	5 671 972
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		8 845	6 648	9 252	14 050
22	*Performing residential mortgages, of which:*		167 263	107 308	3 478 750	2 465 622
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		111 419	87 260	3 143 003	2 142 291
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		425 451	92 738	917 481	903 560
25	Interdependent assets		**0**	**0**	**0**	**0**
26	Other assets:		**73 328**	**23 891**	**641 712**	**721 636**
27	*Physical traded commodities*				0	0
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		0			0
29	*NSFR derivative assets*		17 244			17 244
30	*NSFR derivative liabilities before deduction of variation margin posted*		8 749			437
31	*All other assets not included in the above categories*		47 335	23 891	641 712	703 955
32	Off-balance sheet items		**1 365 388**	**717 488**	**571 345**	**142 115**
33	**Total RSF**					**10 225 710**
34	**Net Stable Funding Ratio (%)**					143.62%

(All amounts are shown in BGN thousands unless otherwise stated)

Template EU LIQ2: Net Stable Funding Ratio – Quarter 3:

		a	b	c	d	e
(in currency amount)		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	**2 395 102**	**0**	**0**	**0**	**2 395 102**
2	*Own funds*	2 395 102	0	0	0	2 395 102
3	*Other capital instruments*		0	0	0	0
4	Retail deposits		**9 632 194**	**849 597**	**611 799**	**10 378 531**
5	*Stable deposits*		6 319 890	342 496	328 467	6 657 734
6	*Less stable deposits*		3 312 304	507 101	283 332	3 720 797
7	Wholesale funding:		**3 585 645**	**355 952**	**623 148**	**2 282 298**
8	*Operational deposits*		1 042 941	0	0	521 471
9	*Other wholesale funding*		2 542 704	355 952	623 148	1 760 828
10	Interdependent liabilities		**0**	**0**	**0**	**0**
11	Other liabilities:	**0**	**175 868**	**6 785**	**71 290**	**74 683**
12	*NSFR derivative liabilities*	0				
13	*All other liabilities and capital instruments not included in the above categories*		175 868	6 785	71 290	74 683
14	**Total available stable funding (ASF)**					**15 130 614**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					**89 780**
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		**0**	**0**	**12 146**	**10 324**
16	Deposits held at other financial institutions for operational purposes		**293 579**	**0**	**0**	**146 790**
17	Performing loans and securities:		**2 125 449**	**1 244 380**	**10 101 461**	**9 338 028**
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*		0	0	0	0
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		356 223	8 206	92 156	131 881
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		1 157 988	1 050 722	5 480 293	5 757 153
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		8 741	6 911	30 588	27 924
22	*Performing residential mortgages, of which:*		155 523	124 114	3 592 661	2 540 876
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		108 931	91 826	3 263 520	2 221 667
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		455 715	61 338	936 351	908 118
25	Interdependent assets		**0**	**0**	**0**	**0**
26	Other assets:		**51 370**	**21 915**	**655 861**	**713 612**
27	*Physical traded commodities*				0	0
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		0			0
29	*NSFR derivative assets*		20 955			20 955
30	*NSFR derivative liabilities before deduction of variation margin posted*		7 496			375
31	*All other assets not included in the above categories*		22 919	21 915	655 861	692 282
32	Off-balance sheet items		**1 449 067**	**618 468**	**516 544**	**165 460**
33	**Total RSF**					**10 463 994**
34	**Net Stable Funding Ratio (%)**					144.60%

(All amounts are shown in BGN thousands unless otherwise stated)

Template EU LIQ2: Net Stable Funding Ratio – Quarter 4:

		a	b	c	d	e
(in currency amount)		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	**2 490 762**	**0**	**0**	**0**	**2 490 762**
2	*Own funds*	2 490 762	0	0	0	2 490 762
3	*Other capital instruments*		0	0	0	0
4	Retail deposits		**9 739 556**	**798 743**	**813 119**	**10 636 308**
5	*Stable deposits*		6 447 004	327 397	430 795	6 866 476
6	*Less stable deposits*		3 292 552	471 346	382 324	3 769 832
7	Wholesale funding:		**4 198 208**	**250 211**	**815 817**	**2 783 548**
8	*Operational deposits*		649 461	0	0	324 731
9	*Other wholesale funding*		3 548 747	250 211	815 817	2 458 818
10	Interdependent liabilities		**0**	**0**	**0**	**0**
11	Other liabilities:	**0**	**160 079**	**8 029**	**92 607**	**96 622**
12	*NSFR derivative liabilities*	0				
13	*All other liabilities and capital instruments not included in the above categories*		160 079	8 029	92 607	96 622
14	**Total available stable funding (ASF)**					**16 007 240**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					**177 845**
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		**0**	**0**	**32 858**	**27 929**
16	Deposits held at other financial institutions for operational purposes		**359 017**	**0**	**0**	**179 509**
17	Performing loans and securities:		**2 194 729**	**1 438 132**	**10 177 315**	**9 492 795**
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*		0	0	0	0
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		400 392	8 698	93 029	137 417
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		1 215 160	1 225 280	5 428 379	5 829 514
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		9 581	5 846	26 939	25 411
22	*Performing residential mortgages, of which:*		153 918	127 985	3 729 559	2 628 130
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		118 807	95 669	3 414 733	2 326 814
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		425 259	76 169	926 348	897 734
25	Interdependent assets		**0**	**0**	**0**	**0**
26	Other assets:		**47 948**	**17 386**	**691 542**	**733 422**
27	*Physical traded commodities*				0	0
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		0			0
29	*NSFR derivative assets*		5 777			5 777
30	*NSFR derivative liabilities before deduction of variation margin posted*		17 151			858
31	*All other assets not included in the above categories*		25 020	17 386	691 542	726 787
32	Off-balance sheet items		**1 482 172**	**603 242**	**632 461**	**147 497**
33	**Total RSF**					**10 758 997**
34	**Net Stable Funding Ratio (%)**					148.78%

(All amounts are shown in BGN thousands unless otherwise stated)

XV. Exposure to interest rate risk on positions not included in the trading book

Nature, Measurement and Key Assumptions Regarding Interest Rate Risk Arising from Non-Trading Activities (IRRBB)

Interest rate risk management (including interest rate risk from non-trading activities) is based on the general rules for market risk management defined in the Market & Counterparty Risk Policy of the Bank, which has been developed in line with the market risk guidelines of the Group, and the related procedures that define the detailed implementation of the Policy. In 2023 the Bank developed a dedicated policy for IRRBB & CSRBB management, with final approvals by the management bodies and full implementation of the Policy in 2024.

Interest rate risk in the banking book (IRRBB) is the current or prospective risk to earnings (Net Interest Income) and capital arising from adverse movements in interest rates affecting the banking book positions. It also includes re-pricing risk, yield curve risk, basis risk and option risk. The Bank is applying the new EBA Guidelines on IRRBB & CSRBB (EBA/GL/2022/14), taking also into account the published final draft Regulatory Technical Standards (RTS) on IRRBB Supervisory Outlier Tests (SOT) and on IRRBB standardized approach. The changes introduced by the updated guidelines and standards are being reflected in the Bank's IRRBB management. As IRRBB the Bank defines the interest rate risk associated with all items booked in the Bank's loans and receivables (L&R), amortized cost (AC) and fair value through other comprehensive income (FVOCI) portfolios, including any interest rate hedges of such items.

The Bank is exposed to the effects of IRRBB through all of its interest-rate sensitive non-trading book assets, liabilities and off-balance sheet positions. Changes in the interest rate levels may have effect on the Bank's financial position and result in two major ways:

- ✓ income effect / earnings perspective – the impact of market rate changes on current reported earnings. There are two main channels for this effect:
  - o the effect of changes in interest rates on net interest income or fee-based and other non-interest earnings;
  - o the effect of the restatement, at market rates, of the value of securities held for trading or for resale.
- ✓ value effect / economic perspective – the impact of changes in market interest rates on the Bank's current net worth. The market interest rates used for discounting the present value of the future cash flows would influence the economic value of the Bank's assets, liabilities, off-balance sheet positions and therefore its net worth.

One of the goals of the established independent market risk management and control function in the Bank is to control and monitor the effects of interest rate risk on the income and economic value. The measurement, monitoring, reporting and control of interest rate risk are carried out by an independent unit – Market Risk Department, part of Risk Division.

Within the scope of the Bank's policy on IRRBB, the ultimate responsibility for the oversight of the IRRBB (and CSRBB) management framework lies with the Supervisory Board. The Risk Committee supervises and controls the IRRBB exposure undertaken by the Bank, approves the Bank's risk tolerance in relation to IRRBB and reviews the Bank's exposures and the performance of IRRBB management. The Risk Committee approves the IRRBB exposure limits and the Risk Appetite Framework. The overall responsibility for the monitoring and

(All amounts are shown in BGN thousands unless otherwise stated)

management of IRRBB is delegated to ALCO. ALCO has clear authority over the units responsible for risk-taking on IRRBB and formulates the Bank's strategy and policies in this regards, establishes an appropriate risk monitoring/reporting/management framework, and ensures new business initiatives (products, activities etc.) effectively conform to the Bank's IRRBB management framework and its overall Risk Appetite. ALCO also approves and updates, as appropriate, the main assumptions underlying IRRBB management, and the scenarios for IRRBB stress testing and monitoring.

In its Risk Appetite Framework, the Bank has included risk appetite statements with regard to IRRBB, including both EVE and NII risk measures with respective early warning, risk appetite and risk capacity thresholds. The monitoring frequency is monthly. The Bank's interest rate risk appetite is also expressed in terms of nominal limits set on the exposure to interest rate risk, approved by the Risk Committee. The levels of these limits are consistent with the loss-bearing capacity and risk appetite of the Bank and the regulatory requirements.

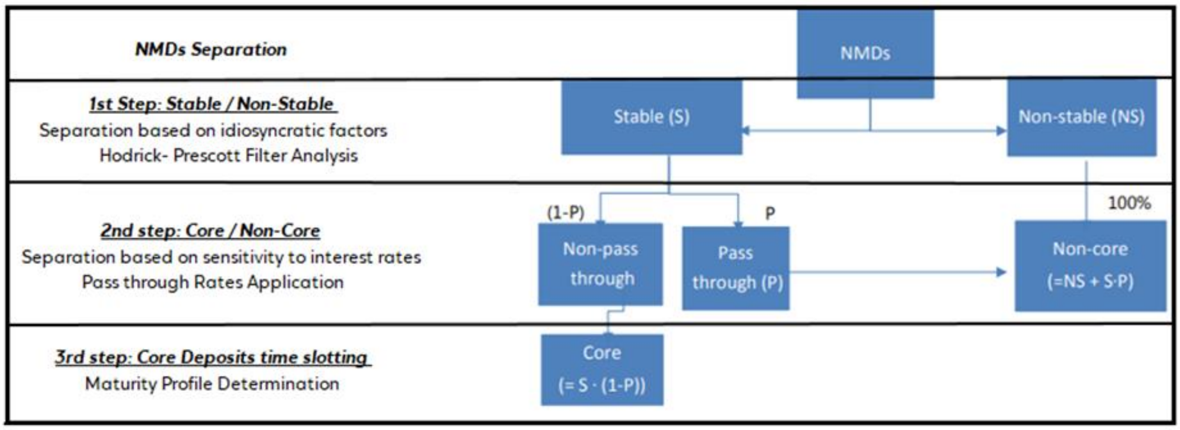
The Bank's market risk measurement system includes all positions that are exposed to market risks and measures all material aspects of market risk. This also includes the measurement of the Bank's exposure to interest rate risk, arising from non-trading positions and activities. The risk measurement methods include a set of risk factors corresponding to interest rates in each of the currencies in which the Bank has material interest rate sensitive positions. For each currency, the yield curve is divided into a number of maturity segments in order to capture the variation in volatility of interest rates at different points on the curve. At least one risk factor is used for each maturity segment. The Interest Rate Gap Report (IR Gap) is the main tool used for identification and management of interest rate risk on a bank-wide level. In the IR Gap the balance sheet and off-balance sheet positions are analyzed by transforming them into interest rate risk equivalent instruments and by distributing the cash flows of these instruments into a predefined set of time-bands. It is produced separately for each specific currency and in total BGN and EUR equivalent. It is produced by Market Risk Department on a weekly basis and as of each end-of-month date and is presented to the management at Bank (ALCO and Risk Committee) and Group level. The report is based on Group guidelines, while the underlying assumptions are constantly reviewed and updated when necessary to ensure their adequate reflection of any local specifics.

The report represents a maturity/re-pricing schedule that distributes all of the Bank's assets, liabilities and interest-sensitive off-balance sheet positions into time-bands according to their maturity (if fixed rate) or time remaining to their next re-pricing (if floating rate), combined with the calculation of two duration equivalent measures: 1-year and 10-year duration equivalents. There are Risk Committee approved nominal limits for the two duration equivalent measures, set to ensure that the overall Bank exposure to interest rate risk is acceptable and in line with the Bank's risk appetite. The utilization of these limits is monitored on a weekly basis by Market Risk Department and any excesses are escalated to the management bodies of the Bank and the Group. In 2023 there have been no limit excesses. The gap analysis is supplemented by calculation of risk indicators such as duration analysis of the bond portfolios and calculation of interest rate sensitivity to specific interest rate and credit spread shocks. Monthly stress tests are performed to assess the impact of interest rate changes on the Bank's profit & loss, earnings and economic value.

The time-band distribution of assets and liabilities in the IR Gap report is based on certain behavioral assumptions, especially concerning the positions without clearly defined maturity or interest rate profile and the ones where actual maturity may deviate from the contractual one. These assumptions are regularly re-assessed in order to ensure their accuracy and adequacy.

(All amounts are shown in BGN thousands unless otherwise stated)

For the purposes of calculating interest rate risk equivalent instruments for non-maturity deposits (NMDs) such as current and savings accounts, these are distributed based on a behavioral model. For this distribution, the Bank follows the below process:



First, the Bank distinguishes the NMDs according to the nature of the deposit and depositor (i.e. Retail / Wholesale), then identifies for each category the Stable / Non-Stable part and the Core / Non-Core Deposits. The core part of the deposits is subject to regulatory prescribed caps as per the following table:

Caps on core deposits and average maturity by category

	Cap on proportion of core deposits (%)	Cap on average maturity of core deposits (years)
Retail/transactional	90	5
Retail/non-transactional	70	4.5
Wholesale	50	4

The final step is cash flow slotting - determining an appropriate cash flow slotting for each client type, up to the regulatory prescribed average maturity caps. Non-Core Deposits are considered as overnight deposits and accordingly should be placed into the shortest / overnight time bucket or time bucket midpoint. In order to estimate the maturity profile of the Core Deposits, the Bank has implemented a simple model for the estimation of deposit decay through time using historical data. Based on the model results, the average duration of Core NMDs, applied as of 31.12.2023, is 3.4 years for Retail Core NMDs in BGN and 3.5 years in EUR, and 2.7 years for Wholesale Core NMDs in BGN and 2.5 years in EUR. The Bank applies a cap of 70% on the share of Retail Core NMDs and 50% on the share of Wholesale NMDs for both BGN and EUR. All NMDs in currencies other than BGN and EUR are treated 100% as Non-Core Deposits and distributed in the closest time-band accordingly.

With regard to other instrument types in the IR Gap report, for instruments with fixed interest rate, the principal payments are distributed into time-bands according to their repayment schedule at the respective payment dates, while market-based floating rate instruments are distributed according to their re-pricing schedules. With the introduction of NMDs modelling in 2023, loans priced using internal benchmark rates (i.e. PRIME) with direct correlation to NMD rates are distributed by using a similar cash flow slotting for the proportion of these loans corresponding to the proportion of NMDs rates in the input formula for the calculation of the respective PRIME-rate levels, while the remainder of these loans is treated as loans with quarterly repricing. This treatment of PRIME-based loans reflects the correlation between

PRIME rates and NMD rates and partially offsets the EVE sensitivity impact from NMDs. With relation to early prepayments on loans, the majority of the loans are floating-rate ones and respectively are distributed into closer time-bands based on their re-pricing date and not on their repayment schedule. In the case of instruments with embedded options, these options determine the time-band distribution of the respective instrument.

With regard to IRRBB, the Bank uses models developed by the Group. Model governance is performed in line with the Group's Model Risk Framework. The models are registered in the Groups's Model Register and are subject to validation as per the requirements and timeframes stipulated in the Model Risk Framework.

Internal Audit Division reviews on a regular basis the IRRBB framework and processes and provides comments and recommendations. Specifically, the Internal Audit reviews the governance, procedures, relevant policies, IT systems and the reporting framework regarding IRRBB.

The Bank's strategy is directed at actively managing interest rate risk exposure through utilization of available market instruments. The main technique used for managing interest rate risk is interest rate risk hedging, including fair value and cash flow hedges. This is performed in compliance with the Bank's Hedging Policy, which outlines the procedure for assessing hedge effectiveness according to international standards requirements, defines the roles of the different units of the Bank in the assessment and accounting process, and the potential hedging instruments that can be used. Hedge effectiveness assessment is performed on a monthly basis and respective accounting of the hedged relationships is done based on the outcome of the assessment.

The interest rate risk exposure during the last couple of years has increased as the Bank sought to increase substantially its investments in high-quality liquid assets (mainly sovereign bonds and asset-backed securities) to support both its liquidity buffer and net interest income. The fixed income bond portfolios are a main source of interest rate risk for the Bank. The Bank tradionally hedges a part of them against this risk type with asset swaps. During the last couple of years the hedged part of the FVOCI bond portfolio has reached as high as 75% of the calculated bond PVBPs. In Q4'23, the Bank unwound all outstanding hedging transactions in view of the peak in bond yield levels at the time, and the respective positive P&L was capitalized. As of 31.12.2023, there are no outstanding hedges.

The interest rate risk exposure from the other on- and off-balance sheet positions is relatively low, given the short re-pricing periods and tenors of most assets and liabilities and the large share of floating rate ones. As part of its IRRBB mitigating measures, the Bank also aims to match the re-pricing characteristics of assets and liabilities whenever that is possible.

IRRBB Stress-testing

On a monthly basis various stress tests are performed to assess the impact of interest rate changes on both income (short-term) and economic value (long-term). The stress tests are based on yield curve shifts, with separate shift parameters for each currency in which the Bank has a material interest rate risk exposure. The stress tests may also include the effects of possible changes in other relevant variables such as credit spreads for bond positions. Besides parallel shifts, the effects of other, non-parallel changes in the interest rate curves (tilt – long and short term, pivot, etc.) can also be analyzed. The stress test results are presented to the senior management at Bank and Group levels, where they are being reviewed and considered as a base for making management decisions together with all the other relevant information.

The main stress test scenario for interest rate risk that the Bank runs on a regular monthly basis estimates the effects of parallel yield curve shifts with separate parameters for each currency. Additionally is presented the potential effect of an increase in credit spreads for OCI/AC bond positions.

Key behavioral and modelling assumptions used should always be taken into consideration. For the EVE impact calculations, the most important ones are listed below:

- ✓ Run-off balance sheet assumption;
- ✓ Cash flow bucketing – assets and liabilities cash flows are projected onto monthly time buckets up to 1-year and yearly time bucket above 1 year based on interest reset dates for floating rate instruments or contractual repayment schedule for fixed rate instruments;
- ✓ Non-maturity deposits (NMDs) – Core NMDs, determined in accordance with the process described above, have been distributed based on the average monthly decay factor per currency and category. Non-core NMDs have been considered as overnight deposits;
- ✓ Fixed rate loans subject to prepayment risk – no loan prepayment rates are applied. The fixed rate consumer loans from the acquired ex-BNP Personal Finance Bulgaria portfolios are distributed based on expected repayments using historical analysis. Remaining fixed rate loans represent only a small portion of the total loan portfolio and are usually fixed-to-floating type, with short initial fixed rate periods;
- ✓ Term deposits subject to early redemption risk – no early termination of term deposits has been factored in the calculations. The weighted average remaining maturity of term deposits is significantly below 1 year;
- ✓ Treatment of own equity – own equity is excluded from the calculations, along with fixed assets and any other non-interest bearing assets and liabilities;
- ✓ Aggregation of currencies – positive changes are weighted by a factor of 50% or a factor of 80% in the case of ERM II currencies with a formally agreed fluctuation band narrower than the standard band of +/- 15% (i.e. BGN). Weighted gains are recognised up to the greater of (i) the absolute value of negative changes in EUR or ERM II currencies and (ii) the result of applying a factor of 50% to the positive changes of ERM II currencies or EUR, respectively;
- ✓ Maturity-dependent post-shock interest rate floor in accordance with the RTS on SOT (art.4 (k) is applied.

EVE (Economic Value of Equity)

Starting from Q1 in 2017, the Bank also measures on a monthly basis the ΔEVE (change in economic value of equity) and the ΔNII (change in net interest income) under the prescribed interest rate shock scenarios set out previously in the EBA/GL/2018/02 (and the BCBS Standards on IRRBB) and currently in the EBA/GL/2022/14 and the RTS on SOT.

The six shock scenarios for EVE reflect currency-specific absolute shocks based on historical time series and include:

- ✓ parallel shock up;
- ✓ parallel shock down;
- ✓ steepener shock (short rates down and long rates up);

(All amounts are shown in BGN thousands unless otherwise stated)

- ✓ flattener shock (short rates up and long rates down);
- ✓ short rates shock up; and
- ✓ short rates shock down.

The key calculation assumptions used for these are the same as listed above. Commercial margins and other spread components are included in the calculations. Template EU IRRBB1 presents the outcome from the EVE scenarios as of 31.12.2023.

NII (Net Interest Income)

Further to the effects on EVE, the Bank also calculates the effects on Net Interest Income from parallel shock up and parallel shock down scenarios (+/-200 bps) under a constant balance sheet assumption – assets and liabilities are assumed to be replaced like for like, over a 12-month time horizon. The floor applied in the calculations for the parallel down scenario is 0% for all customer deposits, along with any existing contractual floors for loans and other instruments, while for the remaining assets and liabilities the floors are maturity-dependent in line with the RTS on SOT (art.4 (k)).

For the calculation of the NII impact under the parallel up and down scenarios, the Bank applies assumptions on the pass-through rate of the changes in benchmark interest rate levels to the rates offered on sight and term deposits, determined based on historical experience data and expert judgement. Since the Bank’s internal PRIME base rate for loans is directly linked to the banking system’s average deposit rates, pass-through rate assumptions for PRIME-based loans are also interlinked with the pass-through rate assumptions applied with regard to sight and term deposits. In the +200 bps scenario, the Bank also makes deposit mix projections based on a simple linear model using historical experience data and expert judgement, with a cap of 75% applied on the share of term deposits.

In addition to the +/-200 bps scenarios, the Bank also calculates the parallel up and parallel down scenarios with parallel shifts per currency as determined in the RTS on SOT, with the main difference being that the shocks applied for BGN are +/-250 bps instead of +/-200 bps. Template EU IRRBB1 presents the outcome from these two parallel up and down scenarios as of 31.12.2023.

The negative overall NII impact in the parallel down scenario is caused by the application of a 0% floor for customer deposits and the low levels of the Bank’s current average deposit costs, which would prevent the Bank from taking significant advantage on interest expenses from falling interest rate levels. At the same time, given that current weighted average cost on household deposits for the Banking system also remains close to zero, the negative NII impact calculated for PRIME-based loans is also limited for the specific scenario.

In addition to the NII impact, the Bank also makes estimations of the potential impact on earnings from changes in the market value of FVOCI bond positions under all described scenarios.

(All amounts are shown in BGN thousands unless otherwise stated)

Template EU IRRBB1: Interest rate risks of non-trading book activities:

		a	b	c	d
Supervisory shock scenarios		Changes of the economic value of equity		Changes of the net interest income	
		Current period	Last period	Current period	Last period
1	Parallel up	-103 964	-82 432	567	20 135
2	Parallel down	66 810	44 740	-33 247	-65 501
3	Steepener	-47 997	2 055		
4	Flattener	15 581	-23 282		
5	Short rates up	-23 945	-48 872		
6	Short rates down	-5 575	25 674		

The changes in the ΔEVE outcome in comparison to the previous period (31.12.2022) are due to the increase in the Bank's balance sheet and the introduction in 2023 of NMDs modelling, as described above. As of 31.12.2022 all NMDs were treated by the Bank as non-core, with weighted average duration of 1 day (i.e. slotted in the closest time band). As of 31.12.2023, following the application of NMDs behavioral modelling, the weighted average duration of NMDs is 1.94 years (3.25 years for the Core NMDs and 1 day for the Non-Core NMDs).

The changes in the parallel down ΔNII outcome in comparison to the previous period (31.12.2022) are due to the increase in the weighted average cost of deposits in 2023 relative to 2022, allowing the Bank to benefit more from reduction in deposit interest expenses in a hypothetical parallel down scenario in comparison to 2022. The decrease in the parallel up scenario in comparison to 2022 is due mainly to the decrease in the Bank's available excess liquidity as a result of the increase in minimum reserve requirements by BNB to 12% and the acquisition of the ex-BNP Paribas Personal Finance Bulgaria portfolios of fixed rate consumer loans, thus reducing the Bank's potential benefits from placing excess liquidity on the market at higher rates in this hypothetical scenario.

IRBBB Capital Requirements

The interest rate risk in the banking book carries no Pillar I capital requirements. The amount of capital, required for IRRBB under Pillar II, is determined by the Bank quarterly based on the calculation of the potential negative impact on the economic value of equity from a parallel yield curve shift of +/- 200 bps in all currencies. For the aggregation of the results for all currencies, positive changes are weighted by a factor of 50% or a factor of 80% in the case of ERM II currencies with formally agreed fluctuation band narrower than the standard band of +/- 15% (i.e. BGN). Weighted gains are recognised up to the greater of (i) the absolute value of negative changes in EUR or ERMII currencies and (ii) the result of applying a factor of 50% to the positive changes of ERMII currencies or EUR, respectively. The calculated amount as of 31.12.2023 is BGN 85 586 thousand (translating to RWAs of BGN 1 069 824 thousand under a capital requirement of 8%), broken down by currency as follows:

(All amounts are shown in BGN thousands unless otherwise stated)

Currency	+200 bps	-200 bps
BGN	-78 003	97 549
EUR	6 340	-2 727
USD	-11 513	13 074
CHF	-1 242	1 495
GBP	202	-204
Other	-1	1
Total:	-85 586	45 843

The results from the full set of IRRBB stress test scenarios described above are also taken into consideration when estimating IRRBB capital requirements, and should there be material difference between the calculated potential negative changes in economic value or net interest income in any of those scenarios and the calculated internal capital for IRRBB, the Bank assesses the need to modify or change the methodology it uses for determining the amount of required capital for IRRBB.

The assessment of the Bank's Management is that interest rate risk in the banking book is at completely acceptable levels and well within the approved limits for interest rate risk exposures and the respective risk appetite levels, in line with the Bank's business and strategic planning. During 2023, all indicators for IRRBB from the Risk Appetite Framework remained well within their targeted business model levels.

XVI. Exposures to securitisation positions

Eurobank Bulgaria has invested in the following securitizations as of 31.12.2023:

(All amounts are shown in BGN thousands unless otherwise stated)

ISIN of the securitisation	Amount	Maturity
XS2015291235 - Cairo III project	213 410	31.12.2035
XS2402373000	4 219	20.05.2034
XS2552865367	4 654	19.01.2036
XS2439765533	3 433	15.10.2031
XS2339922671	2 960	25.05.2034
XS2462959995	4 903	15.04.2035
XS2354686979	3 951	18.08.2035
XS2437854644	4 901	15.04.2035
XS2463988878	4 897	25.07.2036
XS2401572255	3 934	20.11.2034
XS2371851291	3 952	18.10.2034
XS2339004355	2 937	22.06.2034
XS2395173581	4 901	15.01.2036
XS2466140089	4 306	17.07.2035
XS2440776842	4 742	15.04.2036
XS2462929220	3 954	15.07.2035
XS2465008600	4 398	15.07.2035
XS2454847398	3 327	15.05.2033
XS2405859286	4 936	21.10.2034
XS2446378338	4 487	15.05.2035
XS2463527809	4 118	15.07.2036
XS2440261506	3 552	25.10.2034
XS2439754925	4 068	20.01.2036
XS2459520230	2 964	20.10.2034
XS2445870897	4 540	25.04.2034
XS2400440645	3 162	15.10.2034
XS2449924047	4 941	15.04.2035
XS2387681443	4 604	15.07.2032
XS2423744528	4 670	20.04.2035
XS2391833287	2 569	15.10.2035
XS2388430063	4 142	29.10.2034
XS2404259801	3 833	16.01.2031
XS2416564891	4 901	15.01.2035
XS2432571078	4 726	10.11.2035
XS2434355520	4 642	15.10.2032
XS2417672487	4 842	15.08.2034
XS2439759130	4 896	26.01.2036
XS2335990938	3 358	15.04.2034
XS2402576966	3 684	15.12.2034
XS2417187866	4 940	15.01.2035
XS2417414435	3 854	15.07.2034
XS2402414804	2 964	15.01.2035
XS2441620700	3 952	15.01.2036
XS2462576633	4 883	15.11.2034
XS2448543111	4 890	28.10.2034
XS2369925602	3 953	15.10.2034
XS2441239618	4 934	25.04.2036
XS2310112854	3 358	17.04.2034
XS2445659217	4 432	25.10.2034
XS2304355709	4 723	15.05.2034
XS2364591441	4 148	16.07.2034
XS2401732040	4 900	18.10.2034
XS2461259371	4 111	18.04.2035
XS2402442920	4 644	15.10.2035
XS2466396988	3 983	19.10.2034
XS2420713799	4 149	18.01.2035
XS2486849412	3 447	13.01.2035
XS2444281427	4 934	25.04.2035
XS2556942949	4 114	25.04.2036
XS2461970670	3 759	20.01.2036
XS2496643169	3 560	20.04.2036
XS2582079989	2 768	25.04.2036
XS2591162016	4 711	15.10.2035
XS2577137685	2 394	20.04.2036
XS2585854024	4 137	15.05.2038
XS2585563567	4 503	15.04.2036
XS2553950929	4 868	15.04.2037
XS2562485222	3 683	20.01.2037

(All amounts are shown in BGN thousands unless otherwise stated)

All investments are traditional securitization and are in line with the Group's investment strategy.

The issuers of all of them are securitization SPVs, registered in Dublin, Ireland. Except for the Cairo III securitization, Eurobank Bulgaria uses the SEC-ERBA approach for their assessment. The Group has also invested in these securitizations.

Eurobank Bulgaria benefits from the HAPS (Hellenic Asset Protection Scheme) Guarantee for its Cairo III securitization investment. The Bank has invested only in Senior (A) notes under the Cairo III project, which means that it can fully benefit from the HAPS Guarantee provided by the Greek state. The Hellenic asset protection scheme (HAPS) is established by a decision of the European Commission and regulated by the Greek Law 4649/2019. This guarantee covers the entire Cairo III exposure of the Bank and makes it risk-free.

The remaining Eurobank Bulgaria's investments in securitizations are Senior AAA notes, EUR-denominated, assessed with the highest degree of credit quality, which gives them 20% risk weight under the SEC-ERBA approach. This targeted investment is part of the Bank's excess liquidity optimization plan and has been prioritized by the local and Group's top management from a limited list of feasible investment alternatives. It also conforms to the targets for diversification and enhancement of the profitability sources.

Template EU-SEC1 - Securitisation exposures in the non-trading book:

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Institution acts as originator							Institution acts as sponsor				Institution acts as investor			
		Traditional				Synthetic		Sub-total	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total
		STS		Non-STS					STS	Non-STS			STS	Non-STS		
			of which SRT		of which SRT		of which SRT									
1	**Total exposures**	0	0	0	0	0	0	0	0	0	0	0	0	491 110	0	491 110
2	Retail (total)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3	residential mortgage	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	credit card	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	other retail exposures	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6	re-securitisation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7	Wholesale (total)	0	0	0	0	0	0	0	0	0	0	0	0	491 110	0	491 110
8	loans to corporates	0	0	0	0	0	0	0	0	0	0	0	0	491 110	0	491 110
9	commercial mortgage	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10	lease and receivables	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11	other wholesale	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12	re-securitisation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Template EU-SEC4 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor:

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	EU-p	EU-q
		Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)				RWEA (by regulatory approach)				Capital charge after cap			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW/ deductions
1	**Total exposures**	491 110	0	0	0	0	0	277 700	0	213 410	0	55 540	0	0	0	4 443	0	0
2	Traditional securitisation	491 110	0	0	0	0	0	277 700	0	213 410	0	55 540	0	0	0	4 443	0	0
3	Securitisation	491 110	0	0	0	0	0	277 700	0	213 410	0	55 540	0	0	0	4 443	0	0
4	Retail underlying	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	Of which STS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6	Wholesale	491 110	0	0	0	0	0	277 700	0	213 410	0	55 540	0	0	0	4 443	0	0
7	Of which STS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8	Re-securitisation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9	Synthetic securitisation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10	Securitisation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11	Retail underlying	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12	Wholesale	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13	Re-securitisation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

(All amounts are shown in BGN thousands unless otherwise stated)

XVII. Leverage ratio

The leverage ratio is defined as Tier 1 capital divided by the total exposure measure and is expressed as a percentage. Total exposure measure includes all assets and off-balance sheet items not deducted from the calculation of Tier I capital. The leverage ratio should not be less than 3%. The bank submits to the regulatory authorities the leverage ratio on quarterly basis and monitors the level and the factors that affect the ratio. The level of the leverage ratio as of 31.12.2023 on individual basis significantly exceeds the 3% minimum threshold applied by the competent authorities.

The Bank has policies and procedures in place for the identification, management and monitoring of the risk of excessive leverage. Risk of excessive leverage means the risk resulting from an institution's vulnerability due to leverage or contingent leverage that may require unintended corrective measures to its business plan, including distressed selling of assets which might result in losses or in valuation adjustments to its remaining assets.

The following parameters are most important in monitoring the risk of excessive leverage:

- Value of the leverage ratio;
- The amount of Tier 1 capital and the total exposure measure;
- Threshold of the risk of excessive leverage;
- Deviation of the leverage ratio from forecasts.

The values are monitored on a quarterly basis and the risk of excessive leverage is again reported on quarterly basis. The receivers of reports on the risk of excessive leverage are the Risk Committee, the Management Board and the Supervisory Board. Reports include, among others, information on the value of leverage ratio, the threshold values for excessive leverage risk and a forecast of the risk of excessive leverage.

The leverage ratio of Eurobank Bulgaria as of 31.12.2023 is slightly lower compared to 31.12.2022, but much higher than the minimum requirement of 3%, which indicates the stability of the Bank.

(All amounts are shown in BGN thousands unless otherwise stated)

Template EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures:

		a
		Applicable amount
1	Total assets as per published financial statements	19 389 818
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	0
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	0
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	0
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)	0
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	0
7	Adjustment for eligible cash pooling transactions	0
8	Adjustment for derivative financial instruments	21 784
9	Adjustment for securities financing transactions (SFTs)	0
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	927 354
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	0
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	0
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	0
12	Other adjustments	-80 692
13	**Total exposure measure**	20 258 264

(All amounts are shown in BGN thousands unless otherwise stated)

Template EU LR2 - LRCom: Leverage ratio common disclosure:

		CRR leverage ratio exposures	
		a	b
		31.12.2023	31.12.2022
	On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	19 371 163	16 313 359
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	0	0
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	0	0
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	0	0
5	(General credit risk adjustments to on-balance sheet items)	0	0
6	(Asset amounts deducted in determining Tier 1 capital)	-80 692	-127 360
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	19 290 471	16 185 999
	Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	0	0
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	0	0
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	0	0
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	0	0
EU-9b	Exposure determined under Original Exposure Method	40 439	71 924
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	0	0
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	0	0
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (Original Exposure Method)	0	0
11	Adjusted effective notional amount of written credit derivatives	0	0
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0	0
13	**Total derivatives exposures**	40 439	71 924
	Securities financing transaction (SFT) exposures		
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	0	0
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	0	0
16	Counterparty credit risk exposure for SFT assets	0	0
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	0	0
17	Agent transaction exposures	0	0
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	0	0
18	**Total securities financing transaction exposures**	0	0
	Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	2 717 821	2 073 019
20	(Adjustments for conversion to credit equivalent amounts)	-1 790 467	-1 361 162
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated associated with off-balance sheet exposures)	0	0
22	**Off-balance sheet exposures**	927 354	711 857
	Excluded exposures		
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	0	0
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) CRR (on and off balance sheet))	0	0
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)	0	0
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)	0	0
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))	0	0
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	0	0
EU-22g	(Excluded excess collateral deposited at triparty agents)	0	0
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	0	0
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	0	0
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	0	0
EU-22k	(Total exempted exposures)	0	0
	Capital and total exposure measure		
23	**Tier 1 capital**	2 194 929	1 885 581
24	**Total exposure measure**	**20 258 264**	**16 969 780**
	Leverage ratio		
25	Leverage ratio (%)	10.83%	11.11%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	10.83%	11.11%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	10.83%	11.11%
26	Regulatory minimum leverage ratio requirement (%)	3.00%	3.00%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	0.00%	0.00%
EU-26b	of which: to be made up of CET1 capital	0	0
27	Leverage ratio buffer requirement (%)	0.00%	0.00%
EU-27a	Overall leverage ratio requirement (%)	3.00%	3.00%
	Choice on transitional arrangements and relevant exposures		
EU-27b	Choice on transitional arrangements for the definition of the capital measure	Transitional	Transitional
	Disclosure of mean values		
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	0	0
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	0	0
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	20 258 264	16 969 780
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	20 258 264	16 969 780
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	10.83%	11.11%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	10.83%	11.11%

(All amounts are shown in BGN thousands unless otherwise stated)

Template EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures):

		a
		CRR leverage ratio exposures
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	19 371 163
EU-2	Trading book exposures	37 272
EU-3	Banking book exposures, of which:	19 333 891
EU-4	Covered bonds	352 105
EU-5	Exposures treated as sovereigns	3 798 955
EU-6	Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns	17 702
EU-7	Institutions	1 249 552
EU-8	Secured by mortgages of immovable properties	4 472 217
EU-9	Retail exposures	3 853 304
EU-10	Corporates	3 802 352
EU-11	Exposures in default	114 371
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	1 673 333

XVIII. Encumbered and unencumbered assets

An asset is considered encumbered if it has been pledged or if it is subject to any form of arrangement to secure, collateralize or credit enhance any transaction from which it cannot be freely withdrawn and used for funding purposes. The Bank utilizes liquid assets in the form of pledge or collateral for the following activities:

1. *To secure the state-budget organization deposits with the Bank:*

The Bank attracts deposits from central government entities and municipalities and fulfills the corresponding obligations for securing the funds with government securities.

2. *As credit enhancement on derivatives transactions with international counterparties under ISDA/CSA agreements:*

The Bank has established lines with international counterparties for derivative instruments, under ISDA (International Swaps and Derivatives Association) and CSA (Credit Support Annex) agreements, where the Bank may pledge cash collateral. Globally, the derivatives markets are governed by ISDA, the association that sets best practices, promotes effective and secure derivatives markets facilitating effective risk management for all participants. The association has proven to be a source of robust and safe documentation, which greatly reduces the legal and credit risks through the principles of netting and collateralization.

3. *Under interbank repo transactions:*

The Bank is also participating in the collateralized interbank deposit market and utilizes repo instruments for attracting or providing liquidity against securities collateral. The repo deals volume, where securities are exchanged for funds, is set in consideration of the counterparty

(All amounts are shown in BGN thousands unless otherwise stated)

limits available, the acceptable leverage levels and the current liquidity strategy and needs of the Bank. The securities utilized for repo remain in the Bank's balance sheet while being blocked in the corresponding portfolio

4. *Under securities lending transactions with international counterparties:*

The Bank lends on a limited basis fixed income securities to international counterparties in order to generate extra income and improve profitability. Securities lent are retained on the bank's financial statements, as the Bank retains all the risks and rewards of the ownership. The eligible counterparties for securities lending are authorized via credit limit establishment by the Financial Institutions Credit Risk unit of the Group. Transactions are executed under Global Master Securities Lending Agreement framework signed with the counterparties.

5. *Under wholesale funding transactions as credit enhancement:*

The Bank is a partner institution to local and international financial institutions (EBRD, EIF, IFC, BBD, NGF, etc.) in the implementation of various on-lending and risk-sharing programs. In some specific programs the Bank may have a contractual obligation to pledge the loans from the created portfolio in favor of the financing institution, or may elect to pledge collateral in the form of government securities to obtain better terms on the transaction.
The Bulgarian banking system and Eurobank Bulgaria in particular is characterized by a very low level of asset encumbrance. As of 31.12.2023 the encumbered assets represent 2% of total assets of the Bank. During the following three-year period the Bank does not plan significant changes in the ratio of encumbered assets to total assets.

Template EU AE1 - Encumbered and unencumbered assets:

		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	050	060	080	090	100
010	**Assets of the disclosing institution**	**312 304**	**283 800**			**17 821 997**	**3 527 327**		
030	Equity instruments	0	0	0	0	65 199	0	66 186	0
040	Debt securities	283 414	283 414	284 767	284 767	2 601 298	1 673 349	2 568 155	1 658 833
050	of which: covered bonds	0	0	0	0	357 636	351 730	347 795	339 033
060	of which: securitisations	0	0	0	0	554 186	0	533 740	0
070	of which: issued by general governments	283 414	283 414	284 767	284 767	1 280 087	1 280 087	1 289 043	1 289 043
080	of which: issued by financial corporations	0	0	0	0	1 306 659	393 263	1 282 622	379 998
090	of which: issued by non-financial corporations	0	0	0	0	0	0	0	0
120	Other assets	17 881	299			15 363 793	2 083 866		

Template EU AE2 - Collateral received and own debt securities issued:

		Fair value of encumbered collateral received or own debt securities issued		Unencumbered	
				Fair value of collateral received or own debt securities issued available for encumbrance	
			of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	060
130	**Collateral received by the disclosing institution**	0	0	0	0
140	Loans on demand	0	0	0	0
150	Equity instruments	0	0	0	0
160	Debt securities	0	0	0	0
170	of which: covered bonds	0	0	0	0
180	of which: securitisations	0	0	0	0
190	of which: issued by general governments	0	0	0	0
200	of which: issued by financial corporations	0	0	0	0
210	of which: issued by non-financial corporations	0	0	0	0
220	Loans and advances other than loans on demand	0	0	0	0
230	Other collateral received	0	0	0	0
240	**Own debt securities issued other than own covered bonds or**	0	0	0	0
241	**Own covered bonds and securitisations issued and not yet pledged**			0	0
250	**TOTAL COLLATERAL RECEIVED AND OWN DEBT SECURITIES**	**312 304**	**283 800**		

(All amounts are shown in BGN thousands unless otherwise stated)

Template EU AE3 - Sources of encumbrance:

		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
		010	030
010	Carrying amount of selected financial liabilities	107 745	233 593

XIX. Remuneration policy

Eurobank Bulgaria AD, as part of Eurobank S.A. group, has established a Remuneration Policy that is applicable to all Bank employees and covers their total remuneration. The Remuneration Policy forms an integral part of the Bank's corporate governance practice and is developed in accordance to its operational model, business strategy, objectives and long-term interests of the Bank as well as the long-term value creation for shareholders and incorporates measures to avoid conflict of interest.

Also, the Remuneration Policy promotes sound and effective risk management and is consistent with the objectives of the Bank's business and risk strategy, corporate culture and values, risk culture, with regard to environmental, social and governance (ESG) risk factors, including long term interests of the Bank and the measures used to avoid conflicts of interest and should not encourage excessive risk-taking on behalf of the Bank.

Accordingly, the operating standards and mechanisms which have been adopted ensure that the levels of remuneration are directly linked to results and desired behaviours.

The Remuneration Policy has been drafted and is being implemented in accordance with Ordinance No. 4 of 21 December 2010 on the Requirements for Remunerations in Banks, issued by Bulgarian National Bank, as in force, EBA Guidelines (EBA/2021/04) on sound Remuneration Policies under Directive 2013/36/EU and Commission Delegated Regulation (EU) 2021/923.

The Supervisory Board approves and periodically reviews the Remuneration Policy and is responsible for overseeing its implementation.

The Remuneration Committee assists the Supervisory Board regarding the drafting, revision and implementation of the Remuneration Policy and makes relevant recommendations.

The Remuneration Committee is established in such a way as to be able to offer specialised and independent advice regarding the Remuneration Policy and its implementation and the incentives created for managing risk, capital and liquidity. To this end, the Bank's Remuneration Committee consists of 3 Supervisory Board members. During 2023, the Remuneration Committee, consisting of two Independent Members of the Supervisory Board and Head of International Activities General Division & Group Private Banking held five meetings.

The implementation of the Remuneration Policy is subject to annual internal audit review from the Internal Audit Unit and Eurobank Group Internal Audit. Internal Audit's findings and proposals for potential revision of the Remuneration Policy are reported to the Remuneration Committee.

(All amounts are shown in BGN thousands unless otherwise stated)

This Remuneration Policy of the Bank has established a competitive remuneration framework in order to attract, engage and retain its employees. Its basic principles are to:

- ✓ The Remuneration policy is gender neutral and non-discriminatory in any aspect of its implementation
- ✓ Safeguard that remuneration is sufficient to retain and attract executives with appropriate skill and experience.
- ✓ Monitor that internal equity between all Units is applied.
- ✓ Avoid excessive risk taking.
- ✓ Link remuneration with long-term performance.

The continuous monitoring of market trends and best practices in domestic and global level, ensures a competitive Remuneration Policy that is governed by transparency and internal equity.

The Bank has adopted a remuneration framework based on a two dimensional banding structure for each position:

- ✓ Job Family, depending on the nature of business (for example IT, Finance).
- ✓ Band, which is linked to position requirements, range of responsibilities and professional experience.

Remuneration policy covers all levels of the organization and all categories of employees of the Bank, in compliance with Ordinance №4 of the Bulgarian National Bank and complies with all the principles regarding this Ordinance. In this respect, Remuneration policy is accessible to all employees. Every newly appointed employee gets acquainted with the criteria for appraisal and their connection with remuneration during their initial Induction Training Course.

The employees who have a material impact on the Bank's risk profile according to the EU Regulation 604/2014 are the following:

(I) <u>Qualitative Criteria</u>

1. Member of the management body in its supervisory function;
2. Member of the management body in its management ;
3. Member of the senior management;
4. Employee with managerial responsibility for the activities of the independent risk management function, compliance function or internal audit function;
5. Employees with managerial responsibility over the Bank's material business unit or with a significant impact on the risk profile of a material business unit;
6. Employees with managerial responsibility for:
   - (i) legal affairs;
   - (ii) the soundness of accounting policies and procedures;
   - (iii) finance, including taxation and budgeting;
   - (iv) performing economic analysis;
   - (v) the prevention of money laundering and terrorist financing;
   - (vi) human resources;
   - (vii) the development or implementation of the remuneration policy;

(All amounts are shown in BGN thousands unless otherwise stated)

- **(viii)** information technology;
- **(ix)** information security;
- **(x)** managing outsourcing arrangements of critical or important functions as referred to in Article 30(1) of Commission Delegated Regulation (EU) 2017/565(7);

7. Employees who are responsible for, or are members of Committees responsible for the management of a risk category:

- **(i)** Credit and counterparty risk;
- **(ii)** Residual Risk;
- **(iii)** Concentration Risk;
- **(iv)** Securitization Risk;
- **(v)** Market risk;
- **(vi)** Interest Risk arising from non – trading book activities;
- **(vii)** Non-financial risk (i.e., operational risk, conduct risk etc.);
- **(viii)** Liquidity Risk Operational Risk;
- **(ix)** Risk of excessive leverage;
- **(x)** Climate-related and environmental risk;
- **(xi)** Compliance and AML risk;

8. With regard to credit risk exposures of a nominal amount per transaction which represents 0.5% of the Bank's Common Equity Tier 1 capital and at least € 5 million:

- **(i)** Employees who have the authority to take, approve or veto decisions on such credit risk exposures;
- **(ii)** Employees who are voting members of a committee which has the authority to take the decisions as referred to in point (i) of this point (8);

9. Employees who individually or, as members of Committees, have authority to take, approve or veto a decision on transactions on the trading book which in aggregate meet one of the following thresholds:

- **(i)** where the standardized approach is used, an own funds requirement for market risks which represents 0.5% or more of the Bank's Common Equity Tier 1 capital; or
- **(ii)** where an internal model-based approach is approved for regulatory purposes, 5% or more of the Bank's internal value-at-risk limit for trading book exposures at a 99% ;

10. Employees who head a group of staff who have individual authorities to commit the Bank to transactions and either of the following conditions is met:

- **(i)** the sum of those authorities equals or exceeds the threshold referred to in point (8)(i) or in point (9)(i);
- **(ii)** where an internal model-based approach is approved for regulatory purposes, those authorities amount to 5 % or more of the Bank's internal value-at-risk

(All amounts are shown in BGN thousands unless otherwise stated)

limit for trading book exposures at a 99th percentile (one-tailed confidence interval level); where the Bank does not calculate a value-at-risk at the level of that employee, the value-at-risk limits of staff under the management of this employee shall be added up;

11. Employees meet either of the following criteria with regard to decision on approving or vetoing the introduction of new products:
    (i) Employees have authority to take such decisions;
    (ii) Employees have a voting member of a committee that has authority to take such decisions.
12. All employees equivalent to “Band E+” - The criterion is an internally defined criterion

(II) Quantitative Criteria

1. Employees' total remuneration is equal to or greater than € 750,000 (on an solo level and consolidated basis);
2. Employees' total remuneration is within the 0.3% of the employees, rounded up to the next integer, who have been awarded the highest total remuneration in the preceding financial year (on an solo basis);
3. Employees' total remuneration is equal to or greater than € 500,000 and equal to or greater than the average total remuneration of of all members of the BoD and senior management;
4. Employees were awarded total remuneration of € 1,000,000 or more in or for the preceding financial year.

Fixed Remuneration General Principles

Fixed remuneration is gender neutral, permanent, predetermined, non-discretionary, transparent and non-revocable. Fixed remuneration reflects primarily the relevant professional experience of the employee taking into account the educational level, experience, the degree of seniority, the level of expertise and skills, the constraints (e.g. social, economic, cultural or other relevant factors) the nature of the employment contract (e.g. temporary or with an indefinite period) and the position’s functional requirements. In addition, fixed remuneration does not provide incentives for risk assumption and it is not subject to malus and clawback arrangements.

Variable Remuneration General Principles

The Bank may provide variable remuneration in order to reward employee performance in alignment with unit and / or Bank performance taking into consideration the general principles set below.

The amount of variable remuneration awarded appropriately reflects changes of the performance of the employees, the business unit and the Bank overall. In such variable remuneration schemes, the Bank specifies how the variable remuneration reacts to performance changes and the performance levels. This also includes performance levels where variable remuneration decreases down to zero. Variable remuneration component does not depend on the number and percentage of submitted credit proposals and approvals.

(All amounts are shown in BGN thousands unless otherwise stated)

As a result, it is upon Bank's discretion to award variable remuneration to employees as long as financial sustainability is maintained. The Bank has the right to partly or fully revoke the distribution of variable remuneration to its employees.

The total variable remuneration pool, as well as, the distribution parameters used for its allocation among different business units, should be determined after taking into consideration the following parameters:

➢ Eurobank's, the Bank's and business units' profitability.

➢ The cost of tied-up capital which is associated to risks undertaken (credit, market, operational, liquidity, reputational and other risk) spread over a period of time, and is calculated based on the existing regulatory framework.

➢ Key developments in terms of credit risk, liquidity risk and market risk which further adjust the Bank's total variable remuneration pool.

➢ Additional criteria for measuring the effectiveness and efficiency of employees which include qualitative factors (qualifications, skills, compliance with Bank's policies, contribution to the unit's performance, and personal competencies such as continuous improvement, customer orientation, team spirit, change leadership and people management) as well as factors related to the management of risks undertaken.

The variable remuneration pool allocated to each business unit, should be further adjusted through additional unit specific risk parameters (such as provisions from nonperforming loans, Value at Risk, credit, market & liquidity risk, losses incurred by fraud, etc.) thus stressing the importance of the prudent management of such risks.

In case that the Bank grants variable remuneration to its employees the appropriate risk alignment process should be followed as per the respective EBA Guidelines (EBA/2021/04) on sound Remuneration Policies under Directive 2013/36/EU. The Bank reserves the right to apply malus or clawback arrangements to the variable remuneration awarded to employees.

The remuneration guidelines differentiate between the requirements applicable to all employees and requirements applicable to identified employees. As identified employees have a higher impact on the risk profile it is appropriate that more stringent remuneration policies are applied. Consequently, in cases where variable remuneration is awarded to identified employees, according to the EU Regulation 923/2021 additional requirements are applied to the variable remuneration amounts (as described in Section "Variable Remuneration for Identified Staff").

At Bank level, the following types of variable remuneration have been defined:

Variable remuneration components	Timeframe
Incentive Schemes	Short term
Annual bonus	Medium term
LTIP (Stock Option Plan)	Long term
Non-standard components	Specific conditions

Ratios

Provided that variable remuneration is awarded to identified staff, the following rules should apply:

(All amounts are shown in BGN thousands unless otherwise stated)

➢ The variable component cannot exceed 100 % of the fixed component of the total remuneration.

➢ The Bank's Annual General Meeting may approve a higher maximum level of the ratio between the fixed and variable components of remuneration provided the overall level of the variable component shall not exceed 200% of the fixed component of the total remuneration for each individual and according to the process described under the applicable principles and practices of the Group as well as under Art. 3a of Ordinance No. 4 of 21 December 2010 on the Requirements for Remunerations in Banks issued by the governor of Bulgarian National Bank.

➢ Currently the Bank uses the same ratio for all categories of employees (100%). If different ratios will be used for different categories of employees (but below the overall ratio approved by shareholders' meeting), the management body in its supervisory function (Non-Executive Directors of the Board) should approve this.

The competent authority will be informed about the increase (higher than 100% level) / reduction of the higher maximum ratio, without delay (within five working days) also considering the necessary documentation needed for submission to the competent authority.

➢ The effective ratio is calculated as the sum of all variable components of remuneration that have been awarded for the last performance year as set out in this Remuneration Policy divided by the sum of fixed elements of remuneration awarded for the same performance year.

➢The employee benefits and business-related components, which are considered as fixed remuneration, are not included in the overall ratio calculation, (pursuant to Art. 207 of the EBA Guidelines EBA/GL/2021/04).

➢The Bank currently uses a yearly performance accrual period. Should multi-year accrual periods be implemented, the Bank should obtain the Remuneration Committee' approval and will take into account in each year of the performance period the maximum amount of variable remuneration that is awarded at the end of the performance period divided by the number of years of the performance period.

➢ The ratio between the variable and fixed remuneration components is set independent of any potential future ex post risk adjustments or fluctuation in the price of instruments.

If the notional discount will be used by subsidiaries consolidating institution based in other countries, the implementation will consider the local laws provisions, including Art. 212 of the EBA Guidelines EBA/GL/2021/04.

The variable component is subject to deferral in accordance with principles set in the Remuneration policy.

The Bank has developed a remuneration framework that is based on total remuneration ranges that differ among hierarchical levels and nature of business. Total remuneration ranges are reviewed annually taking into consideration market trends and current legal requirements.

Additionally, the Bank has in place incentive schemes addressed to employees aiming at:

➢ Supporting the goals of the organization by aligning employee goals with them;

➢ Motivating employees to increase individual / Unit performance;

➢ Improving retention; and

➢ Emphasizing the importance of teamwork in achieving Group goals

(All amounts are shown in BGN thousands unless otherwise stated)

➢ Motivation of professional behavior and individual influence on the final results, measured by the following behaviors:

- ✓ learn & self-improve with every opportunity
- ✓ bring high impact results
- ✓ build mutually beneficial relationships when I interact with clients or colleagues
- ✓ bring people around to my idea, solution or direction
- ✓ develop future proof solutions, minimize complexity
- ✓ gain other people's trust.

It should be noted that incentive schemes parameters ensure that employees are not rewarded in a way that constitutes a conflict to the Bank's Policy to protect its customers. More specifically, incentive schemes are designed to discourage risk taking that exceeds the tolerated risk of the Bank. Employees are not provided with incentives that would encourage them to propose to customers specific financial instruments instead of other instruments that would best serve the customers' needs.

The Incentive Schemes' payouts are directly linked to the Business Units' profitability results (for example lending balances and profitability, liquidity, portfolio quality) or NPE's reduction as well as operating expenses' containment cascading down to the individuals' targets and in line with the Bank's principles on variable remuneration as stated in this document.

It should be noted that an important part of our newly prepared Variable Remuneration Framework contains a large section with instructions and best practices for creating an appropriate measurement and performance criteria.

It should be noted that employees engaged in control functions are independent from the business units they oversee, have appropriate authority, and are remunerated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control.

In order to ensure adequate transparency to the market of the remuneration structures and the associated risks, the Bank discloses the remuneration policies and practices. For reasons of confidentiality, the Bank delivers aggregated amounts for those members of the management body, whose professional activities have a material impact on the risk profile of the Bank.

In general, the Policy is in line with the business strategy and risk tolerance of the Bank and Eurobank Group, their objectives, values and long-term interests, as well as with all indicated norms and rules of the Bulgarian National Bank and the European structures concerning local remuneration policies.

(All amounts are shown in BGN thousands unless otherwise stated)

Template EU REM1 - Remuneration awarded for the financial year:

Amounts in EUR thousand

			a	b	c	d
			MB Supervisory function	MB Management function	Other senior management	Other identified staff
1	Fixed remuneration	Number of identified staff	9	4	18	20
2		Total fixed remuneration	328	991	1 912	1 377
3		Of which: cash-based	308	936	1 867	1 327
4		(Not applicable in the EU)	0	0	0	0
EU-4a		Of which: shares or equivalent ownership interests	0	0	0	0
5		Of which: share-linked instruments or equivalent non-cash instruments	0	0	0	0
EU-5x		Of which: other instruments	0	0	0	0
6		(Not applicable in the EU)	0	0	0	0
7		Of which: other forms	20	55	46	50
8		(Not applicable in the EU)	0	0	0	0
9	Variable remuneration	Number of identified staff	9	4	18	20
10		Total variable remuneration	0	841	744	216
11		Of which: cash-based	0	421	584	216
12		Of which: deferred	0	165	96	0
EU-13a		Of which: shares or equivalent ownership interests	0	420	160	0
EU-14a		Of which: deferred	0	339	96	0
EU-13b		Of which: share-linked instruments or equivalent non-cash instruments	0	0		0
EU-14b		Of which: deferred	0	0		0
EU-14x		Of which: other instruments	0	0		0
EU-14y		Of which: deferred	0	0		0
15		Of which: other forms	0	0		0
16		Of which: deferred	0	0		0
17	Total remuneration (2 + 10)		328	1 832	2 656	1 593

Template EU REM2 - Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff):

Amounts in EUR thousand

		a	b	c	d
		MB Supervisory function	MB Management function	Other senior management	Other identified staff
	Guaranteed variable remuneration awards				
1	Guaranteed variable remuneration awards - Number of identified staff	0	0	0	0
2	Guaranteed variable remuneration awards -Total amount	0	0	0	0
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap				
	Severance payments awarded in previous periods, that have been paid out during the financial year				
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff	0	0	0	0
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount	0	0	0	0
	Severance payments awarded during the financial year				
6	Severance payments awarded during the financial year - Number of identified staff	0	0	0	0
7	Severance payments awarded during the financial year - Total amount	0	0	0	0
8	Of which paid during the financial year	0	0	0	0
9	Of which deferred	0	0	0	0
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap	0	0	0	0
11	Of which highest payment that has been awarded to a single person	0	0	0	0

(All amounts are shown in BGN thousands unless otherwise stated)

Template EU REM3 - Deferred remuneration:

Amounts in EUR thousand

		a	b	c	d	e	f	EU - g	EU - h
	Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e.changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
1	MB Supervisory function	0	0	0	0	0	0	0	0
2	Cash-based	0	0	0	0	0	0	0	0
3	Shares or equivalent ownership interests	0	0	0	0	0	0	0	0
4	Share-linked instruments or equivalent non-cash instruments	0	0	0	0	0	0	0	0
5	Other instruments	0	0	0	0	0	0	0	0
6	Other forms	0	0	0	0	0	0	0	0
7	MB Management function	0	244	413	0	0	0	170	0
8	Cash-based	0	37	0	0	0	0	37	0
9	Shares or equivalent ownership interests	0	75	314	0	0	0	0	0
10	Share-linked instruments or equivalent non-cash instruments	0	133	100	0	0	0	133	0
11	Other instruments	0	0	0	0	0	0	0	0
12	Other forms	0	0	0	0	0	0	0	0
13	Other senior management	0	0	39	0	0	0	0	0
14	Cash-based	0	0	0	0	0	0	0	0
15	Shares or equivalent ownership interests	0	0	39	0	0	0	0	0
16	Share-linked instruments or equivalent non-cash instruments	0	0	0	0	0	0	0	0
17	Other instruments	0	0	0	0	0	0	0	0
18	Other forms	0	0	0	0	0	0	0	0
19	Other identified staff	0	0	0	0	0	0	0	0
20	Cash-based	0	0	0	0	0	0	0	0
21	Shares or equivalent ownership interests	0	0	0	0	0	0	0	0
22	Share-linked instruments or equivalent non-cash instruments	0	0	0	0	0	0	0	0
23	Other instruments	0	0	0	0	0	0	0	0
24	Other forms	0	0	0	0	0	0	0	0
25	Total amount	0	244	453	0	0	0	170	0

Template EU REM4 - Remuneration of 1 million EUR or more per year:

Amounts in EUR thousand

		a
	EUR	Identified staff that are high earners as set out in Article 450(i) CRR
1	1 000 000 to below 1 500 000	0
2	1 500 000 to below 2 000 000	0
3	2 000 000 to below 2 500 000	0
4	2 500 000 to below 3 000 000	0
5	3 000 000 to below 3 500 000	0
6	3 500 000 to below 4 000 000	0
7	4 000 000 to below 4 500 000	0
8	4 500 000 to below 5 000 000	0
9	5 000 000 to below 6 000 000	0
10	6 000 000 to below 7 000 000	0
11	7 000 000 to below 8 000 000	0
x	To be extended as appropriate, if further payment bands are needed.	

(All amounts are shown in BGN thousands unless otherwise stated)

Template EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff):

Amounts in EUR thousand

		a	b	c	d	e	f	g	h	i	j
		Management body remuneration			Business areas						
		MB Supervisory function	MB Managemen t function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	Total
1	Total number of identified staff										51
2	Of which: members of the MB	9	4	13							
3	Of which: other senior management				1	10	0	6	1	0	
4	Of which: other identified staff				2	6	0	5	7	0	
5	Total remuneration of identified staff	328	1 832	2 159	234	2 086	0	1 234	696	0	
6	Of which: variable remuneration	0	841	841	73	464	0	283	140	0	
7	Of which: fixed remuneration	328	991	1 318	161	1 621	0	951	556	0	

XX. Internal Capital Adequacy Acessment Process (ICAAP)

In the context of the ICAAP performed at Eurobank Bulgaria, the objective is to identify and assess risks that are inherent in the Bank's business model, determine their materiality and allocation, evaluate risk monitoring and risk mitigation processes and quantify the relevant internal capital charge where appropriate so as to ensure the ongoing capital adequacy of the Bank versus its risk profile.

In order to accomplish these objectives, the ICAAP leverages upon and integrates the Bank's well-established activities on risk, capital and performance management, including in particular planning and monitoring, while also continuously refining its approach to ensure high standards of capital assessment and management.

The Bank's Management Board has the ultimate responsibility for the ICAAP both in terms of its design and its results. The ICAAP is also presented to the Risk Committee and the Supervisory Board. The Risk Committee also ensures that the Bank has a well- defined Risk Strategy and Risk Appetite Framework. Prior to its approval, the Management Board and the senior management discuss and challenge the ICAAP in an effective way.

Moreover, acting as an evaluation mechanism of the Bank's entire risk management framework, an integral component of ICAAP is the identification, assessment and quantification of current and emerging risks in terms of their materiality for the Bank, thus allowing the organization to focus its resources and management attention to those risks that could potentially threaten its business or capital standing and ensuring that all material risks are properly managed and monitored.

Material risks are evaluated qualitatively and quantitatively, as appropriate. The aggregation of the individual capital charges comprises the Bank's total internal capital requirement, meaning the amount of capital the Bank needs to hold for the purpose of absorbing unexpected losses deriving from its risk profile.

All categories of material risks are appropriately managed and the relevant frameworks are regularly evaluated in order to identify ways of strengthening the risk management structure, enhance existing policies, establish new mitigation techniques and improve the internal calculation of capital requirements. Risk and capital management responsibility, including compliance with regulatory requirements and corporate policies, lies with the Bank's senior management.

(All amounts are shown in BGN thousands unless otherwise stated)

The Bank uses the regulatory capital requirements as a starting point for the internal determination of its capital requirements ("internal capital"), adjusting for additional capital where appropriate. Compared to regulatory capital requirements, "internal capital" takes into account a wider range of risks and utilizes more sophisticated calculation approaches.

All key risks are captured within the ICAAP and provide sufficient information for the review, adjustment and development of the appropriate policies, controls, methodologies, monitoring and governance frameworks.

Regular scenario-based simulations and stress tests are also used in order to assess specific risks as well as the overall risk profile.