

ANNUAL DISCLOSURES FOR 2024 ON AN UNCONSOLIDATED BASIS

ACCORDING TO THE REQUIREMENTS OF
REGULATION (EU) 575/2013 (ART. 431-455)

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(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 2024 was another record one for Eurobank Bulgaria. Leveraging on the strong market demand for loans, especially in the retail segment, Eurobank Bulgaria managed to expand its lending portfolio with the market, improving its income and profitability. Net profit for the year increased by a third to 412.2 million leva. The return on equity was 16.5%, almost two percentage points higher than last year's, while the return on assets was 2.0% (2023: 1.74%).

As at 31.12.2024, the Bank is in full compliance with all regulatory requirements.

Template EU OV1 – Overview of total risk exposure amounts:

		Total risk exposure amounts (TREA)		Total own funds requirements
		a	b	c
		31.12.2024	31.12.2023	31.12.2024
1	Credit risk (excluding CCR)	11 436 936	10 171 889	914 955
2	Of which the standardised approach	11 436 936	10 171 889	914 955
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	64 129	21 858	5 130
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	3 163	1 638	253
9	Of which other CCR	60 966	20 220	4 877
15	Settlement risk	0	0	0
16	Securitisation exposures in the non-trading book (after the cap)	40 117	55 540	3 209
17	Of which SEC-IRBA approach	0	0	0
18	Of which SEC-ERBA (including IAA)	40 117	55 540	3 209
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)	187 438	174 563	14 995
21	Of which the standardised approach	187 438	174 563	14 995
22	Of which IMA	0	0	0
EU 22a	Large exposures	0	0	0
23	Operational risk	1 408 125	1 120 350	112 650
EU 23a	Of which basic indicator approach	1 408 125	1 120 350	112 650
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	13 136 745	11 544 200	1 050 940

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

Template EU KM1 - Key metrics template:

		a	b
		31.12.2024	31.12.2023
	Available own funds (amounts)		
1	Common Equity Tier 1 (CET1) capital	2 553 004	2 194 929
2	Tier 1 capital	2 553 004	2 194 929
3	Total capital	2 768 145	2 410 070
	Risk-weighted exposure amounts		
4	Total risk exposure amount	13 136 745	11 544 200
	Capital ratios (as a percentage of risk-weighted exposure amount)		
5	Common Equity Tier 1 ratio (%)	19.43%	19.01%
6	Tier 1 ratio (%)	19.43%	19.01%
7	Total capital ratio (%)	21.07%	20.88%
	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%
EU 7b	of which: to be made up of CET1 capital (percentage points)	0.70%	0.70%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	0.94%	0.94%
EU 7d	Total SREP own funds requirements (%)	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%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.00%	0.00%
9	Institution specific countercyclical capital buffer (%)	2.00%	2.00%
EU 9a	Systemic risk buffer (%)	3.00%	3.00%
10	Global Systemically Important Institution buffer (%)	0.00%	0.00%
EU 10a	Other Systemically Important Institution buffer (%)	0.75%	0.75%
11	Combined buffer requirement (%)	8.25%	8.25%
EU 11a	Overall capital requirements (%)	17.50%	17.50%
12	CET1 available after meeting the total SREP own funds requirements (%)	1 552 763	1 342 590
	Leverage ratio		
13	Total exposure measure	23 634 190	20 258 264
14	Leverage ratio (%)	10.80%	10.83%
	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%
EU 14b	of which: to be made up of CET1 capital (percentage points)	0.00%	0.00%
EU 14c	Total SREP leverage ratio requirements (%)	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%
EU 14e	Overall leverage ratio requirement (%)	3.00%	3.00%
	Liquidity Coverage Ratio		
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	4 110 179	3 558 360
EU 16a	Cash outflows - Total weighted value	3 254 460	2 763 248
EU 16b	Cash inflows - Total weighted value	1 168 059	838 935
16	Total net cash outflows (adjusted value)	2 086 401	1 924 313
17	Liquidity coverage ratio (%)	197.34%	186.82%
	Net Stable Funding Ratio		
18	Total available stable funding	18 022 886	16 007 240
19	Total required stable funding	12 171 128	10 758 997
20	NSFR ratio (%)	148.08%	148.78%

Eurobank Bulgaria has nothing to disclose as of 31.12.2024 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.

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

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 processes 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 and assess Eurobank Bulgaria's material risks, as well as potential emerging risks.
- Ensure that business plans and NPE's strategies 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.

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

- Support Bank's business strategy by ensuring that business objectives are pursued in a risk- controlled manner in order 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.
- 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.

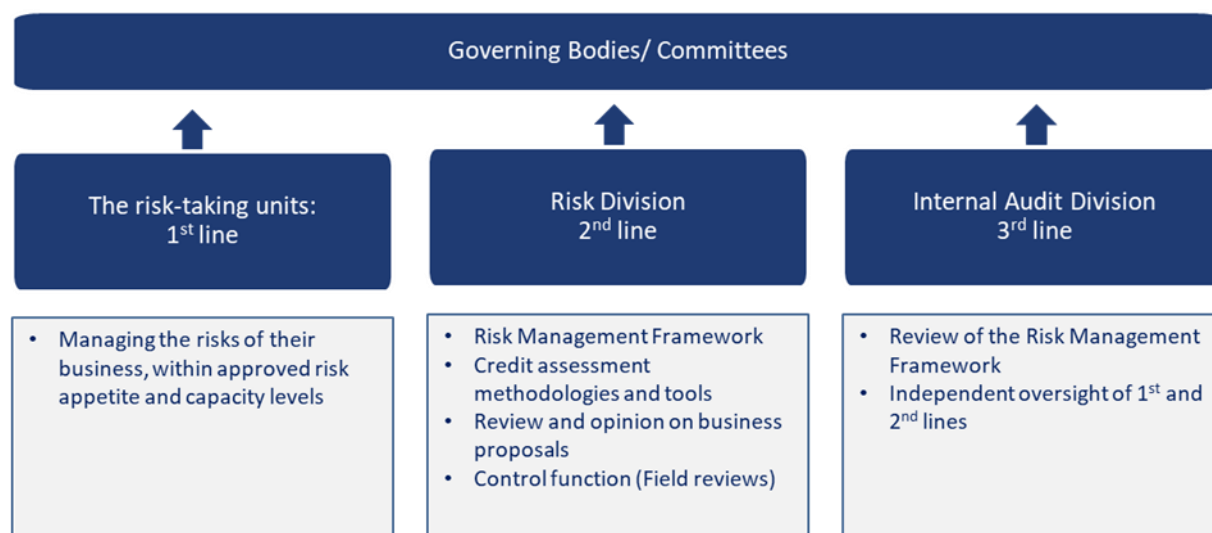
(All amounts are shown in BGN thousands unless otherwise stated)

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.



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

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

✓ 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.



Risk identification and risk management

The Group's RIMA Framework describes the overall process through which the Bank identifies the risks that it 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 Bank prepared a Risk Identification

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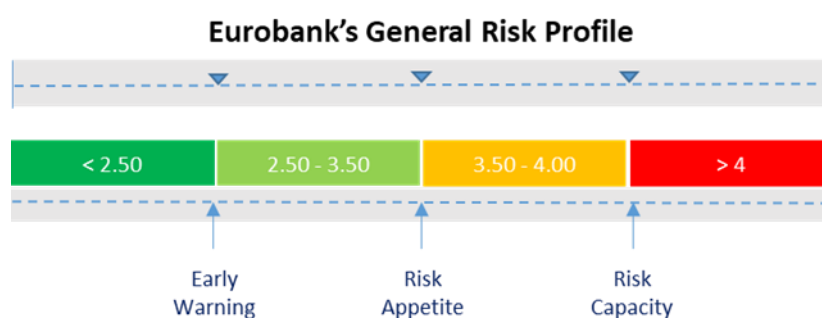
and Materiality Assessment (RIMA) Report, following the Group approach and RIMA Framework. The document presents Bank's risk identification and materiality assessment results.

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 (RAS).

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.

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



The RAS are complemented by a set of Business Line Statements (BLS) which constitute operational metrics (and limits) at the level of business where the risks are undertaken.

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 2025 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;

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- 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 capital requirements, and
- to absorb the losses of the three-year (2025-2027) adverse and severe adverse scenarios assessed under the Normative perspective of ICAAP, without breaching its Risk Capacity levels and standing above its RAS EW, RA, 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 2025:

- 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 (RAS) - compared to the prior year, the document was updated and aligned to the latest Group's document. The limits were reviewed and updated.
- Business Line Statements (BLS) - the Bank introduced the Business Line Statements (BLS) to cascade down the RAF to business segments and lines.
- Risk Strategy – the document was reviewed and updated accordingly. Risk definitions were also updated, where needed.
- Risk Identification Template (RIT) – compared to the prior year, the document was updated and aligned to the latest Group's file.
- RIMA Report - the Bank prepared Risk Identification and Materiality Assessment (RIMA) Report, following the Group's approach and RIMA Framework. The report outlines the Bank's risk identification process and materiality assessment results, ensuring alignment with Group standards and enhancing overall risk management practices.

Governance arrangements

Members of the Management Board:

As of 31 of December, 2024 the Management Board consist of the following members:

- Petia Dimitrova – Chief Executive Officer, Chairperson and Member of the Management Board;
- Dimitar Shoumarov - Deputy CEO, Chief Financial Officer and Member of the Management Board;

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- Asen Yagodin – Deputy CEO and Member of the Management Board;
- Panagiotis Mavridis – Chief Operating Officer and Member of the Management Board.
- Angel Mateev – Executive Director Retail Banking and Member of the Management Board (as of 19.04.2024).

○ **Petia Dimitrova**

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

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

Hellenic Business Council in Bulgaria (non-profit legal entity) – Member of the Management Board;

Association Endeavor Bulgaria – Member of the Management Board

Association of the Canadian Commercial Chamber in Bulgaria – Vice President;

PB Personal Finance EAD – Chairperson of the Board of Directors;

Borika AD – Member of the Board of Directors (as of 30.09.2024)

○ **Dimitar Shoumarov**

PB Personal Finance EAD – Member of the Board of Directors

○ **Asen Yagodin**

Bulgarian Stock Exchange – Sofia AD, Bulgaria – Chairperson and 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**

○ **Angel Mateev**

Members of the Supervisory Board:

As at 31 of December, 2024 the members of the Supervisory Board are:

- Stavros Ioannou - Member of the Supervisory Board;
- John David Butts – Chairperson and Member of the Supervisory Board;
- Ivi Vigka - Member of the Supervisory Board;
- Raika Ontzova – Member of the Supervisory Board;
- Minko Guerdjikov – Member of the Supervisory Board;
- Nikolaos Pavlidis – Member of the Supervisory Board (appointed as of 01.07.2024).

Members released in the calendar year 2024:

- Georgios Provopoulos - Chairperson of the Supervisory Board (released as of 01.07.2024);
- Iasmi Ralli - Member of the Supervisory Board (released as of 04.09.2024);
- Michalakakis Louis - Member of the Supervisory Board (released as of 04.09.2024);

Chairpersonship changes in 2024:

Mr. Butts was officially elected as Chairperson of the SB in place of Mr. Georgios Provopoulos on 11.07.2024.

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○ **Stavros Ioannou**

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;

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

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

Eurobank private Bank Luxembourg, Luxembourg – Member of the Board of Directors (as of 10.10.2024);

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

○ **Michalakis Louis**

Eurobank S.A, Greece – Head of International Activities General Division & Group Private Banking (until 18.09.2024), Member of the Executive Board;

Hellenic Bank Public Company Limited, Cyprus – Chief Executive Officer (CEO) and member of the Board of Directors (as of 18.09.2024).

Eurobank Private Bank Luxembourg S.A., Luxembourg – Member of the Board of Directors (released as of 30.09.2024);

Eurobank Cyprus Ltd, Cyprus - Chief Executive Officer and member of the Board of Directors (released as of 17.09.2024).

○ **John David Butts**

Lex RX Bulgaria EOOD, Bulgaria – Manager

Ubad - Toro OOD, Bulgaria – Partner;

Lexrx Capital OOD, Bulgaria – Partner and and Manager

○ **Iasmi Ralli(released as of 04.09.2024);**

○ **Ivi Vigka**

○ **Raika Ontzova**

VPS Lilia & Ontzovi SD – Unlimited partner, Manager and Representative

○ **Minko Guerdjikov**

Hemus Investment OOD – Partner (33% share in the partnership) and Managing Director

○ **Nikolaos Pavlidis**

NIKOS LAND EOOD – Sole Owner

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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

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assessing Board composition, the Committee shall consider the benefits of all aspects of 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 as reported in published financial statements	Carrying values under scope of prudential consolidation	Subject to the credit risk framework	Subject to the CCR framework	Carrying values of items 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 classes according to the balance sheet in the published financial statements							
1	2 380 546	2 380 546	2 380 546	0	0	0	0
2	1 180 837	1 180 837	1 180 837	0	0	0	0
3	74 656	74 656	0	0	0	74 656	0
4	33 505	33 505	0	33 505	0	0	0
5	14 739 644	14 739 644	14 739 644	0	0	0	0
6	3 464 426	3 464 426	3 114 718	0	349 708	0	0
7	1 000	1 000	1 000	0	0	0	0
8	3 558	3 558	0	0	0	0	3 558
9	321 839	321 839	321 839	0	0	0	0
10	445	445	445	0	0	0	0
11	194 275	194 275	16 744	0	0	0	177 531
12	163 296	163 296	163 296	0	0	0	0
Total assets	22 558 027	22 558 027	21 919 069	33 505	349 708	74 656	181 089
Breakdown by liability classes according to the balance sheet in the published financial statements							
1	973 063	973 063	0	0	0	0	973 063
2	35 807	35 807	0	35 807	0	0	0
3	17 241 317	17 241 317	0	0	0	0	17 241 317
4	1 305 591	1 305 591	0	0	0	0	1 305 591
5	25 763	25 763	0	0	0	0	25 763
6	26 972	26 972	0	0	0	0	26 972
7	4 389	4 389	0	0	0	0	4 389
8	239 359	239 359	0	0	0	0	239 359
Total liabilities	19 852 261	19 852 261	0	35 807	0	0	19 816 454

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

		a	b	c	d	e
		Total	Items subject to			Market risk framework
Credit risk framework	Securitisation framework		CCR framework			
1	Assets carrying value amount under the scope of prudential consolidation (as per template LI1)	22 376 938	21 919 069	349 708	33 505	74 656
2	Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1)	35 807	0	0	35 807	0
3	Total net amount under the scope of prudential consolidation	22 341 131	21 919 069	349 708	33 505	74 656
4	Off-balance-sheet amounts	3 338 787	3 338 787	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	25 679 918	25 257 856	349 708	33 505	74 656

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

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

✓ 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.

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
	<i>Regulatory treatment</i>		
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
	<i>Coupons / dividends</i>		
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)	(b)
		31.12.2024	31.12.2023
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	560 323	560 323
	of which: Instrument type 1: Ordinary shares	560 323	560 323
	of which: Instrument type 2		
	of which: Instrument type 3		
2	Retained earnings	412 204	308 080
3	Accumulated other comprehensive income (and other reserves)	1 733 239	1 407 218
EU-3a	Funds for general banking risk	0	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	0
5	Minority interests (amount allowed in consolidated CET1)	0	0
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	0	0
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	2 705 766	2 275 621
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	0	0
8	Intangible assets (net of related tax liability) (negative amount)	-177 531	-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	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	0
12	Negative amounts resulting from the calculation of expected loss amounts	0	0
13	Any increase in equity that results from securitised assets (negative amount)	0	0
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	0	0
15	Defined-benefit pension fund assets (negative amount)	0	0
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	0	0
17	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0	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	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)	0	-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	0
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)	0	0
EU-20c	of which: securitisation positions (negative amount)	0	0
EU-20d	of which: free deliveries (negative amount)	0	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)	-3 558	-4 734
22	Amount exceeding the 17,65% threshold (negative amount)	0	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	0
24	Not applicable		
25	of which: deferred tax assets arising from temporary differences	0	0
EU-25a	Losses for the current financial year (negative amount)	0	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	0
26	Not applicable		
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	0	0
27a	Other regulatory adjustments	28 327	57 989
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	-152 762	-80 692
29	Common Equity Tier 1 (CET1) capital	2 553 004	2 194 929

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

		(a)	(b)
		31.12.2024	31.12.2023
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	0	0
31	of which: classified as equity under applicable accounting standards	0	0
32	of which: classified as liabilities under applicable accounting standards	0	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	0
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	0	0
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	0	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	0
35	of which: instruments issued by subsidiaries subject to phase out	0	0
36	Additional Tier 1 (AT1) capital before regulatory adjustments	0	0
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	0	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	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	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	0
41	Not applicable		
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	0	0
42a	Other regulatory adjustments to AT1 capital	0	0
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	0	0
44	Additional Tier 1 (AT1) capital	0	0
45	Tier 1 capital (T1 = CET1 + AT1)	2 553 004	2 194 929
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	215 141	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	0
EU-47a	Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2	0	0
EU-47b	Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2	0	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	0
49	of which: instruments issued by subsidiaries subject to phase out	0	0
50	Credit risk adjustments	0	0
51	Tier 2 (T2) capital before regulatory adjustments	215 141	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	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	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	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	0
56	Not applicable		
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	0	0
EU-56b	Other regulatory adjustments to T2 capital	0	0
57	Total regulatory adjustments to Tier 2 (T2) capital	0	0
58	Tier 2 (T2) capital	215 141	215 141
59	Total capital (TC = T1 + T2)	2 768 145	2 410 070
60	Total Risk exposure amount	13 136 745	11 544 200

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

		(a)	(b)
		31.12.2024	31.12.2023
Capital ratios and requirements including buffers			
61	Common Equity Tier 1 capital	19.43%	19.01%
62	Tier 1 capital	19.43%	19.01%
63	Total capital	21.07%	20.88%
64	Institution CET1 overall capital requirements	13.45%	13.45%
65	of which: capital conservation buffer requirement	2.50%	2.50%
66	of which: countercyclical capital buffer requirement	2.00%	2.00%
67	of which: systemic risk buffer requirement	3.00%	3.00%
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	0.75%	0.75%
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	0.70%	0.70%
68	Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements	11.82%	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	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	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	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	0
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	0	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	0
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	0	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	0
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	0	0
82	Current cap on AT1 instruments subject to phase out arrangements	0	0
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	0	0
84	Current cap on T2 instruments subject to phase out arrangements	0	0
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	0	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 31.12.2024.

		a	b	Amounts relevant for Own Funds purposes	
		Balance sheet as in published financial statements	Under regulatory scope of consolidation	Common equity Tier 1 capital (CET 1)	Tier 2 capital (T2)
		As at period end	As at period end	As at period end	As at period end
Assets - Breakdown by asset classes according to the balance sheet in the published financial statements					
1	Cash and balances with the Central Bank	2 380 546	2 380 546		
2	Loans and advances to banks	1 180 837	1 180 837		
3	Trading assets	74 656	74 656		
4	Derivative financial instruments	33 505	33 505		
5	Loans and advances to customers	14 739 644	14 739 644	28 327	
6	Investment securities	3 464 426	3 464 426		
7	Shares in subsidiary undertakings	1 000	1 000		
8	Deferred tax assets	3 558	3 558	-3 558	
9	Property, plant and equipment, including right of use assets	321 839	321 839		
10	Investment property	445	445		
11	Intangible assets and goodwill	194 275	194 275	-177 531	
12	Other assets	163 296	163 296		
	Total assets	22 558 027	22 558 027	-152 762	
Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements					
1	Deposits from banks	973 063	973 063		
2	Derivative financial instruments	35 807	35 807		
3	Due to customers	17 241 317	17 241 317		
4	Other borrowed funds	1 305 591	1 305 591		215 141
5	Current income tax payable	25 763	25 763		
6	Provisions for other liabilities and charges	26 972	26 972		
7	Retirement benefit obligations	4 389	4 389		
8	Other liabilities	239 359	239 359		
	Total liabilities	19 852 261	19 852 261		215 141
Shareholders' Equity					
1	Share capital	560 323	560 323	560 323	
2	Statutory reserves	282 521	282 521	282 521	
3	Retained earnings and other reserves	1 862 922	1 862 922	1 862 922	
	Total shareholders' equity	2 705 766	2 705 766	2 705 766	

(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:

		31.12.2024	31.12.2023
	Available capital (amounts)		
1	Common Equity Tier 1 (CET1) capital	2 553 004	2 194 929
2	Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	2 524 677	2 136 940
3	Tier 1 capital	2 553 004	2 194 929
4	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been	2 524 677	2 136 940
5	Total capital	2 768 145	2 410 070
6	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been	2 739 818	2 352 081
	Risk-weighted assets (amounts)		
7	Total risk-weighted assets	13 136 745	11 544 200
8	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	13 123 850	11 516 131
	Capital ratios		
9	Common Equity Tier 1 (as a percentage of risk exposure amount)	19.43%	19.01%
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	19.24%	18.56%
11	Tier 1 (as a percentage of risk exposure amount)	19.43%	19.01%
12	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	19.24%	18.56%
13	Total capital (as a percentage of risk exposure amount)	21.07%	20.88%
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	20.88%	20.42%
	Leverage ratio		
15	Leverage ratio total exposure measure	23 634 190	20 258 264
16	Leverage ratio	10.80%	10.83%
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	10.70%	10.58%

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;

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

- ✓ 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.

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 31.12.2024 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 31.12.2024, 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 2024 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 164,209 thousand as of 31.12.2024.

As of 31.12.2024 Eurobank Bulgaria AD allocated BGN 328,419 thousand as a capital conservation buffer, BGN 394,102 thousand as a buffer for systemic risk, BGN 98,526 thousand as O-SIIs buffer and BGN 262,735 as a countercyclical capital buffer. Thus, the total allocated amount for capital buffers by the Bank as of 31.12.2024 is BGN 1,083,782 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:													
Austria	9 329	0	0	0	0	9 329	75	0	0	75	938	0.01%	0.00%
Belgium	20 019	0	0	0	0	20 019	177	0	0	177	2 213	0.02%	1.00%
Bulgaria	15 665 690	0	38 329	0	0	15 703 989	836 976	287	0	837 263	10 465 788	97.37%	2.00%
Denmark	8 709	0	0	0	0	8 709	70	0	0	70	875	0.01%	2.50%
Estonia	3 909	0	0	0	0	3 909	31	0	0	31	389	0.00%	1.50%
Finland	19 337	0	0	0	0	19 337	155	0	0	155	1 938	0.02%	0.00%
France	67 760	0	0	0	130 577	198 337	542	0	2 089	2 631	32 888	0.31%	1.00%
Greece	0	0	1 457 844	0	0	1 457 844	0	7 138	0	7 138	89 225	0.83%	0.00%
Ireland	0	0	783 232	0	0	783 232	0	6 461	0	6 461	80 763	0.75%	1.50%
Italy	78 835	0	0	0	0	78 835	631	0	0	631	7 888	0.07%	0.00%
Netherlands	9 599	0	0	0	0	9 599	77	0	0	77	963	0.01%	2.00%
Poland	4 692	0	0	0	0	4 692	38	0	0	38	475	0.00%	0.00%
Portugal	20 037	0	0	0	0	20 037	160	0	0	160	2 000	0.02%	0.00%
Slovakia	9 783	0	0	0	0	9 783	78	0	0	78	975	0.01%	1.50%
Spain	62 276	0	0	0	0	62 276	498	0	0	498	6 225	0.06%	0.00%
Sweden	30 436	0	0	0	0	30 436	244	0	0	244	3 050	0.03%	2.00%
United Kingdom	0	0	0	0	70 006	70 006	0	0	1 120	1 120	14 000	0.13%	2.00%
USA	21 057	0	36 327	0	0	57 384	1 685	1 362	0	3 047	38 088	0.35%	0.00%
020 Total	16 091 498	0	2 315 732	0	200 583	18 547 813	841 437	15 248	3 209	859 894	10 748 675	100.00%	

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

	a
1 Total risk exposure amount	13 136 745
2 Institution specific countercyclical capital buffer rate	2.00%
3 Institution specific countercyclical capital buffer requirement	262 735

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 ECAs in order to promote a consistent implementation of CRR across the EU.

Eurobank Bulgaria AD uses credit assessments assigned by ECAs in defining the risk weights of its exposures. Fitch, Moody's and Standard & Poor's are the three recognized ECAs that the Bank uses. If credit assessments are available from two nominated ECAs 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:

- Exposures to Central Governments and Central Banks;
- Exposures to public sector entities;
- Exposures to Institutions;

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

- 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	4 354 311	6	4 582 647	3	28 782	1.00%
2	Regional government or local authorities	0	8	0	4	4	100.00%
3	Public sector entities	0	0	0	0	0	0.00%
4	Multilateral development banks	18 812	0	257 262	22 620	0	0.00%
5	International organisations	0	0	0	0	0	0.00%
6	Institutions	1 854 431	72 939	2 050 927	55 431	951 155	45.00%
7	Corporates	4 354 875	1 492 369	3 974 633	454 923	3 990 783	90.00%
8	Retail	4 405 546	1 277 313	4 214 592	174 099	3 195 072	73.00%
9	Secured by mortgages on immovable property	5 490 865	151 529	5 490 865	77 333	1 990 836	36.00%
10	Exposures in default	152 510	0	137 539	0	149 285	109.00%
11	Exposures associated with particularly high risk	349 170	343 635	345 401	61 629	610 545	150.00%
12	Covered bonds	344 545	0	344 545	0	34 455	10.00%
13	Institutions and corporates with a short-term credit assessment	0	0	0	0	0	0.00%
14	Collective investment undertakings	0	0	0	0	0	0.00%
15	Equity	35 558	0	35 558	0	35 558	100.00%
16	Other items	720 381	0	720 381	0	511 427	71.00%
17	TOTAL	22 081 004	3 337 799	22 154 350	846 042	11 497 902	50.00%

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	4 495 256	0	0	0	0	49 716	0	37 678	0	0	0	0	0	0	0	4 582 650	0
2 Regional government or local authorities	0	0	0	0	0	0	0	0	0	4	0	0	0	0	0	4	4
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	279 882	0	0	0	0	0	0	0	0	0	0	0	0	0	0	279 882	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	1 322 629	0	194 200	0	0	589 529	0	0	0	0	0	2 106 358	133 814
7 Corporates	0	0	0	0	0	0	0	0	0	4 429 556	0	0	0	0	0	4 429 556	4 429 556
8 Retail exposures	0	0	0	0	0	0	0	0	4 388 691	0	0	0	0	0	0	4 388 691	4 388 691
9 Exposures secured by mortgages on immovable property	0	0	0	0	0	4 585 671	982 527	0	0	0	0	0	0	0	0	5 568 198	5 568 198
10 Exposures in default	0	0	0	0	0	0	0	0	0	114 048	23 491	0	0	0	0	137 539	137 539
11 Exposures associated with particularly high risk	0	0	0	0	0	0	0	0	0	0	407 030	0	0	0	0	407 030	407 030
12 Covered bonds	0	0	0	344 545	0	0	0	0	0	0	0	0	0	0	0	344 545	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	0	0	0
15 Equity exposures	0	0	0	0	0	0	0	0	0	35 558	0	0	0	0	0	35 558	35 558
16 Other items	172 545	0	0	0	45 511	0	0	0	0	502 325	0	0	0	0	0	720 381	720 381
17 TOTAL	4 947 683	0	0	344 545	1 417 856	4 585 671	1 214 405	0	4 388 691	5 671 020	430 521	0	0	0	0	23 000 392	15 820 771

(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 Sector (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 activities 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.

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' acquisition and / or unidentified revenue streams should be avoided. Eligible clients are only

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

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 Sector from the business units in the Bank is completely ensured. The Credit Control Department within Risk Sector 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 Sector is responsible for implementation and maintenance of credit rating systems as well as for the governance, validation 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. CRM&CAC is responsible for model validation and governance.

The Credit Risk Department within the Risk Sector 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 Sector, 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.

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

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
- Business Line Statements
- 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.
- 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.

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

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

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

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 forbore 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.

In December 2018, EBA published EBA/GL/2018/10 guidelines, which include enhanced disclosure formats for credit institutions for disclosures related to non-performing exposures, forbore exposures and foreclosed assets. Some templates are applicable to significant credit institutions that have a gross NPL ratio of 5% or above. Considering that Bank's NPEs ratio remained consistently below 5% for five consecutive quarters, templates CQ2, CQ6, CQ8 and CR2a of the EBA Disclosure ITS are not published from 31 December 2024 and onwards.

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	2 476 905	2 476 905	0	0	0	0	-11	-11	0	0	0	0	0	0	0
010	Loans and advances	15 615 851	14 263 171	1 353 783	374 913	0	374 913	-157 477	-72 365	-85 115	-227 210	0	-227 210	-10 648	9 199 859	96 463
020	Central banks	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
030	General governments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
040	Credit institutions	866 480	866 480	0	0	0	0	-47	-47	0	0	0	0	0	0	0
050	Other financial corporations	205 182	188 635	16 547	156	0	156	-1 173	-889	-284	-27	0	-27	0	90 061	129
060	Non-financial corporations	6 311 080	5 627 699	683 462	170 168	0	170 168	-31 775	-20 037	-11 739	-86 936	0	-86 936	-7 832	4 508 360	67 184
070	Of which SMEs	3 723 283	3 204 413	518 951	141 458	0	141 458	-21 952	-11 745	-10 208	-78 896	0	-78 896	-3 698	2 982 212	49 776
080	Households	8 233 109	7 580 357	653 774	204 589	0	204 589	-124 482	-51 392	-73 092	-140 247	0	-140 247	-2 816	4 601 438	29 150
090	Debt securities	3 433 843	3 433 843	0	0	0	0	-3 975	-3 975	0	0	0	0	0	149 125	0
100	Central banks	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
110	General governments	2 164 326	2 164 326	0	0	0	0	-1 578	-1 578	0	0	0	0	0	0	0
120	Credit institutions	919 779	919 779	0	0	0	0	-2 367	-2 367	0	0	0	0	0	0	0
130	Other financial corporations	349 738	349 738	0	0	0	0	-30	-30	0	0	0	0	0	149 125	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	3 325 560	3 220 779	104 812	13 227	0	13 227	-948	-915	-33	-6	0	-6	0	1 167 318	741
160	Central banks	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
170	General governments	89 571	89 571	0	0	0	0	-552	-552	0	0	0	0	0	76 198	0
180	Credit institutions	72 994	72 994	0	0	0	0	-20	-20	0	0	0	0	0	0	0
190	Other financial corporations	10 714	10 710	4	0	0	0	-8	-8	0	0	0	0	0	9 486	0
200	Non-financial corporations	2 049 942	2 002 916	47 055	9 845	0	9 845	-367	-334	-33	-6	0	-6	0	1 054 585	737
210	Households	1 102 339	1 044 588	57 753	3 382	0	3 382	-1	-1	0	0	0	0	0	27 049	4
220	Total	24 852 159	23 394 698	1 458 595	388 140	0	388 140	-162 411	-77 266	-85 148	-227 216	0	-227 216	-10 648	10 516 302	97 204

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

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	3 560 058	2 888 520	3 185 921	9 309 411	0	18 943 910
2	Debt securities	0	185 403	1 260 416	858 901	0	2 304 720
3	Total	3 560 058	3 073 923	4 446 337	10 168 312	0	21 248 630

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	324 785
020	Inflows to non-performing portfolios	222 681
030	Outflows from non-performing portfolios	-172 553
040	Outflows due to write-offs	-80 000
050	Outflow due to other situations	-92 553
060	Final stock of non-performing loans and advances	374 913

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 defaulted	Of which impaired			Of which collateral and financial guarantees received on non-performing exposures with forbearance measures		
005	Cash balances at central banks and other demand deposits	0	0	0	0	0	0	0	0
010	Loans and advances	362 156	151 958	151 958	151 958	-9 654	-65 695	279 875	58 914
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	12 598	0	0	0	-212	0	12 385	0
060	Non-financial corporations	287 364	86 962	86 962	86 962	-3 298	-37 083	242 969	41 378
070	Households	62 194	64 996	64 996	64 996	-6 144	-28 612	24 521	17 536
080	Debt Securities	0	0	0	0	0	0	0	0
090	Loan commitments given	6 789	2 592	2 592	2 592	0	0	3 996	478
100	Total	368 945	154 550	154 550	154 550	-9 654	-65 695	283 871	59 392

(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	2 476 905	2 476 905	0	0	0	0	0	0	0	0	0	0
010	Loans and advances	15 615 851	15 531 320	84 531	374 913	179 334	41 978	65 373	31 251	27 099	8 316	21 562	374 913
020	Central banks	0	0	0	0	0	0	0	0	0	0	0	0
030	General governments	0	0	0	0	0	0	0	0	0	0	0	0
040	Credit institutions	866 480	866 480	0	0	0	0	0	0	0	0	0	0
050	Other financial corporations	205 182	205 182	0	156	156	0	0	0	0	0	0	156
060	Non-financial corporations	6 311 080	6 280 364	30 716	170 168	100 387	12 066	19 552	13 752	18 837	2 801	2 773	170 168
070	Of which SMEs	3 723 283	3 695 844	27 439	141 458	83 350	12 066	18 399	12 023	10 046	2 801	2 773	141 458
080	Households	8 233 109	8 179 294	53 815	204 589	78 791	29 912	45 821	17 499	8 262	5 515	18 789	204 589
090	Debt securities	3 433 843	3 433 843	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	2 164 326	2 164 326	0	0	0	0	0	0	0	0	0	0
120	Credit institutions	919 779	919 779	0	0	0	0	0	0	0	0	0	0
130	Other financial corporations	349 738	349 738	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	3 325 560			13 227								13 227
160	Central banks	0			0								0
170	General governments	89 571			0								0
180	Credit institutions	72 994			0								0
190	Other financial corporations	10 714			0								0
200	Non-financial corporations	2 049 942			9 845								9 845
210	Households	1 102 339			3 382								3 382
220	Total	24 852 159	21 442 068	84 531	388 140	179 334	41 978	65 373	31 251	27 099	8 316	21 562	388 140

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	21 974 538	374 913	374 913	21 901 512	-388 673		0
020	Bulgaria	18 444 492	374 913	374 913	18 407 793	-384 996		0
030	Greece	591 021	0	0	591 021	-2 104		0
040	Rest of Europe*	2 670 612	0	0	2 670 612	-1 558		0
050	Other countries**	268 413	0	0	232 086	-15		0
060	Off-balance-sheet exposures	3 338 787	13 227	13 227			1 027	
070	Bulgaria	3 280 092	13 227	13 227			954	
080	Greece	0	0	0			0	
090	Rest of Europe***	58 675	0	0			0	
100	Other countries	20	0	0			0	
110	Total	25 313 325	388 140	388 140	21 901 512	-388 673	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			Of which loans and advances subject to impairment	Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		Of which non-performing		Of which defaulted			
010	Agriculture, forestry and fishing	177 819	3 574	3 574	177 819	-4 114	0
020	Mining and quarrying	2 834	398	398	2 834	-405	0
030	Manufacturing	1 277 456	38 252	38 252	1 277 456	-25 316	0
040	Electricity, gas, steam and air conditioning supply	246 482	0	0	246 482	-1 690	0
050	Water supply	21 323	218	218	21 323	-290	0
060	Construction	467 153	5 665	5 665	467 153	-6 416	0
070	Wholesale and retail trade	1 841 395	59 198	59 198	1 841 395	-48 424	0
080	Transport and storage	241 358	7 800	7 800	241 358	-5 284	0
090	Accommodation and food service activities	590 969	8 203	8 203	590 969	-6 903	0
100	Information and communication	51 095	498	498	51 095	-594	0
110	Financial and insurance activities	60 184	0	0	60 184	-61	0
120	Real estate activities	1 215 139	29 682	29 682	1 215 139	-12 266	0
130	Professional, scientific and technical activities	141 875	15 096	15 096	141 875	-5 138	0
140	Administrative and support service activities	68 155	754	754	68 155	-856	0
150	Public administration and defense, compulsory social security	0	0	0	0	0	0
160	Education	2 808	14	14	2 808	-37	0
170	Human health services and social work activities	26 975	213	213	26 975	-228	0
180	Arts, entertainment and recreation	37 123	2	2	37 123	-60	0
190	Other services	11 105	601	601	11 105	-629	0
200	Total	6 481 248	170 168	170 168	6 481 248	-118 711	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	22 840	-9 366
030	<i>Residential immovable property</i>	6 746	-5 145
040	<i>Commercial Immovable property</i>	16 094	-4 221
050	<i>Movable property (auto, shipping, etc.)</i>	0	0
060	<i>Equity and debt instruments</i>	0	0
070	<i>Other collateral</i>	0	0
080	Total	22 840	-9 366

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

VIII. Use of credit risk mitigation techniques

Effective credit risk mitigation is essential for enhancing portfolio resilience and safeguarding the Bank's capital. To optimize risk-adjusted returns, the Bank employs a comprehensive suite of credit risk mitigation techniques, ensuring compliance with regulatory requirements and internal risk management procedures.

Key methodologies include collateralization, where high-quality assets such as real estate, financial instruments, or guarantees are utilized to secure exposures. The Bank rigorously assesses collateral eligibility, valuation methodologies, and enforceability in alignment regulatory requirements, Group standards and internal risk governance frameworks.

Collaterals can be divided into two main categories: collaterals upon assets (tangible) which provide the Bank with rights over a third party's asset for securing the repayment of a loan and non-tangible (contractual) where is provided by an individual (personal guarantee) or legal entity (corporate guarantee) and is a legal promise to repay the loan to the Bank. Typically, the guarantor is liable in full for the whole debt unless otherwise specifically stated.

Details regarding collateralization can be found within the Bank's Collateral Valuation Policy, which outlines the principles, methodologies, and governance framework for collateral assessment, valuation, and risk mitigation.

By implementing a disciplined approach to credit risk mitigation, the Bank strengthens its resilience, preserves asset quality, and upholds regulatory and stakeholder expectations. To optimize credit exposure management and ensures proactive risk containment and enhanced credit portfolio stability, the Bank also integrates the following arrangements:

- 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.

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

- LT portfolio is subject of regular monitoring 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 2024 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.

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	8 786 649	9 296 323	8 713 773	582 549	0
2 Debt securities	3 280 743	149 125	0	149 125	0
3 Total	12 067 392	9 445 447	8 713 773	731 674	0
4 Of which non-performing exposures	51 240	96 463	83 561	12 902	0
EU-5 Of which defaulted	51 240	96 463	83 561	12 902	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 2024.

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

X. Specialised lending

Eurobank Bulgaria AD has no exposures to specialized lending as of 31 December 2024.

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

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

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;

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

- ✓ 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 Sector, 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 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;

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

- ✓ 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 during 2024 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. During 2024 there have been no changes to the limits and no limit excesses. 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 several 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 the main source of interest rate risk for the Bank. The Bank usually hedges a part of them against this risk type with asset swaps. In Q4'23 all outstanding hedging transactions were unwound in view of the peak in bond yield levels at the time, and the respective positive P&L was capitalized. Since then, there have been no new hedging activities. 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 or administered 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 current 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 PV01 & CS01

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

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.

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 2024. 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

The criteria for assigning positions and activities to the trading or banking books are specified in the Bank's IRRBB & CSRBB Policy. 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.

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

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 2024.

Template EU MR1 - Market risk under the standardised approach:

		a
		RWEAs
	Outright products	
1	Interest rate risk (general and specific)	184 188
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	187 438

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

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

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 the Bank's Tier1 capital. There are also risk appetite and risk capacity 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 or other negative developments), 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 financial counterparties and groups and all exposures to foreign countries. Risk-weighted 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 2024 is only BGN 253 thousand as all but two (both with one and the same counterparty) of the outstanding transactions are intragroup transactions eligible for exclusion from the own funds requirements for CVA risk.

Throughout 2024, the Bank continued to meet 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)	87 794	18 357		1.4	148 611	148 611	148 611	60 966
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					148 611	148 611	148 611	60 966

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	9 501	3 163
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	9 501	3 163

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

Exposure classes		Risk weight											Total exposure value
		a	b	c	d	e	f	g	h	i	j	k	
		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	
1	Central governments or central banks	0	0	0	0	0	0	0	0	0	0	0	0
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	44 464	104 147	0	0	0	0	0	148 611
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 assessment	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	44 464	104 147	0	0	0	0	0	148 611

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

Template EU CCR5 – Composition of collateral for CCR exposures:

Collateral type	a	b	c	d	e	f	g	h
	Collateral used in derivative transactions				Collateral used in SFTs			
	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	2 959	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	2 959	0	0	0	0

Eurobank Bulgaria has nothing to disclose as of 31.12.2024 in Template EU CCR2 – Transactions subject to own funds requirements for CVA risk, 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;

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

- ✓ 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;
- ✓ 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;

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

- ✓ 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;
- ✓ 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 and Control Department (RORCD) and Corporate Operational Risk Unit (CORU), which are specialized units established in the areas exposed to Operational risk. RORCD 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 Non-financial Risks (including operational) and controls in support of Executive Management, providing oversight, challenge, advice and direction on Non-financial (including Operational risk) risks 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 non-financial risks (including 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;

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

- ✓ **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;
- ✓ **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. **Non-financial (including Operational Risk) Management and Mitigation.** The primary strategy utilized by the Bank to control its exposure to Non-financial (Operational) risk is the maintenance of an adequate framework for its management. 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 Non-financial 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 Risk Indicators (KRIs) (BLS)** – KRIs are metrics relevant to specific and measurable activities indicating Non-financial risk exposures. KRIs are quantifiable and expressed as an amount, a percentage or a ratio, assigned to particular Non-financial risks and linked with risk tolerance; This year for the first time KRIs were recalibrated resulting from the NFR deployment in order to reflect the new holistic approach in measurement, monitoring and reporting of two main types of KRIs – Top-down and Bottom-Up.
5. **Risk & Control Self-Assessment (RCSA)** – RCSA is a team-based technique aiming to identify, assess and ultimately mitigate Non-financial (including Operational) risk. Its outcome is a portfolio of Non-financial risks per business unit, summarized into Operational risk profiles. Business units assess Non-financial 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

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to timely update the risks they are facing with risk drivers and mitigating actions undertaken;

6. **Non- financial Risk Scenarios.** Non-financial 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;
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 Non-financial Risks” exercise for the identification of the Top Ten Non-financial 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 Non-financial Risk 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 Non- financial 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.

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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.

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

Banking activities		a	b	c	d	e
		Relevant indicator			Own funds requirements	Risk exposure amount
		Year-3	Year-2	Last year		
1	Banking activities subject to basic indicator approach (BIA)	548 555	777 322	927 115	112 650	1 408 125
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches					
3	<i>Subject to TSA:</i>					
4	<i>Subject to ASA:</i>					
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;

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

- ✓ 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.

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 Sector (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 Bank's risk and capital strategy, which has been formally documented, outlines the overall direction regarding risk and capital management issues, the risk management mission and objectives, risk definitions, risk management principles, risk appetite and risk capacity, risk governance framework, strategic objectives and key initiatives for the improvement of the risk management framework in place. The maximum amount of risk that the Bank is willing to assume in the pursuit of its strategic objectives is articulated via a set of quantitative and qualitative statements for specific risk types, as described in the Risk Appetite Framework. 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

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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 and key indicators;
- ✓ 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 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

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liquidity reports requested by regulatory institutions and monitors the compliance with regulatory thresholds. Controlling 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.

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

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 2024, no changes to the liquidity governance structure were made and there are also no such changes planned for 2025.

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 2024, 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 and continue to self-fund the profitable business growth. The Bank will aim to maintain its deposit market shares in both retail and corporate segments. 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 new increased MREL regulatory requirements. 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 2025, despite the pivot in monetary policy in the second half of 2024, deposit rates are expected to continue with their gradual increase, in line with the local market expectations. 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 not material, 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 are to

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issue new MREL eligible liabilities in order to meet the updated MREL requirements. The Bank also plans to enhance agreements with international financial institutions that will provide further protection to the liquidity ratios and allow to build-up additional buffers.

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. In terms of loans, one of the main goals of the Bank is to utilize its liquidity in an optimal way. 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;
- ✓ 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, reviewed 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. Besides BGN and EUR, the Bank has small loan portfolios in USD and CHF. In both of these currencies, the net loan portfolio is fully covered by stable funding in the form of customer deposits.

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

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, decrease in the value of liquid assets, 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;

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- ✓ 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

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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 Contingency Funding Plan (CFP) is an important component of the Bank's liquidity risk management framework. Contingency risk management aims to ensure that the Bank is able to generate sufficient liquidity to withstand a short or longer-term liquidity crisis arising in the event of a bank-specific, general market or combined stress event. The CFP sets out the policies, procedures and action plan for responding to potential severe disruptions to the institution's ability to fund itself during emergency and/or unexpected situations for a period of one month. It is activated by ALCO decision in case the liquidity position is threatened, evidenced by a trigger of any of the specifically monitored quantitative indicators, or if there are strong indications that liquidity stress is imminent, as suggested by the qualitative indicators. The specific actions planned are also 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 2024, 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 and business growth, 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.

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

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 2024, 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 remained stable in 2024 and the Bank managed 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 2024, 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 over the past several years. 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

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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 being revoked from April 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 2024, additional investment limits, mainly for European sovereign bonds, were approved and gradually utilized. During 2025, the Bank will explore further increases of the portfolio of HQLAs, taking advantage of the still high interest rate environment.

The monetary tightening, which began in 2022, led to a sharp increase in interest rate levels, but due to the low pass-through rates, this has not had significant effect on the deposit rates offered in the Bulgarian banking system and by the Bank in particular. By the end of 2024 the average cost on deposits for the Bank has registered only a moderate increase. For 2025, a primary goal for the Bank will be to ensure sufficient liquidity and stable deposit growth at the reasonable prices in order to self-fund the profitable business growth, accumulating enough resources to keep its position in the lending market while also protecting its liquidity ratios. 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 retains relatively 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 outlined the robust capital position, strong recurring profitability and the stable deposit funding base as 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. During 2024, the Bank experienced two credit rating upgrades and reached Baa1 long-term deposit rating and Baa3 long-term issuer rating, with a stable outlook. The Bank's robust capitalization and a predominantly deposit-based funding structure were the key factors for the upgrade.

The continuing geopolitical tension, related to the ongoing war in Ukraine and the international sanctions on Russia, the conflict in the Middle East and the impact on global trade, combined with the new threat of potential global trade wars, contribute to high levels of macroeconomic uncertainty. The inflation world-wide is still not under full control, and the economic slowdown and the increased risk of recession continue to be major risk factors for the Bank's liquidity and funding. The Bank remains well prepared to face any adverse scenarios.

A key project for the Bank is the continuing preparation for the Euro adoption, the target date of which was postponed by another year to 01.01.2026. Positively, the delay allowed Eurobank Bulgaria to complete the necessary preparatory work and even implement some of the system changes in the production environment. 2025 will be devoted to extensive testing and training in order to ensure a smooth conversion for all clients. The adoption of the euro is expected to bring benefits for the Bank such as higher capital adequacy, reduced currency risk, reduced minimum reserve requirements, more opportunities for investments and better access to

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funding, while any delay will add to the costs and create further complexities for the future strategic projects. 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. A strategic priority for the Bank in this regard will be the appropriate utilization of the expected surplus liquidity (dependent on anticipated MRR reduction).

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)					4 110 179	4 083 531	3 999 274	3 761 169
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	11 869 897	11 548 877	11 278 022	11 003 693	849 326	819 903	795 743	772 262
3	<i>Stable deposits</i>	7 396 430	7 011 518	6 610 678	6 222 517	369 822	350 576	330 534	311 126
4	<i>Less stable deposits</i>	4 273 123	4 036 630	3 764 713	3 496 143	479 505	469 327	465 210	461 136
5	Unsecured wholesale funding	4 570 904	4 467 143	4 296 434	4 046 431	2 113 717	2 074 127	2 006 701	1 876 613
6	<i>Operational deposits (all counterparties) and deposits in networks of cooperative</i>	669 905	704 182	792 343	903 911	167 295	175 890	197 949	225 844
7	<i>Non-operational deposits (all counterparties)</i>	3 900 999	3 762 961	3 504 091	3 142 520	1 946 422	1 898 237	1 808 753	1 650 768
8	<i>Unsecured debt</i>	0	0	0	0	0	0	0	0
9	<i>Secured wholesale funding</i>					0	0	0	0
10	Additional requirements	3 055 476	2 895 433	2 782 130	2 617 645	291 417	276 500	262 609	245 358
11	<i>Outflows related to derivative exposures and other collateral</i>	29 483	28 511	24 491	20 893	29 483	28 511	24 491	20 893
12	<i>Outflows related to loss of funding on debt products</i>	0	0	0	0	0	0	0	0
13	<i>Credit and liquidity facilities</i>	3 025 993	2 866 923	2 757 640	2 596 752	261 934	247 989	238 118	224 464
14	Other contractual funding obligations	28 485	26 741	24 215	22 477	0	0	0	0
15	Other contingent funding obligations	0	0	0	0	0	0	0	0
16	TOTAL CASH OUTFLOWS					3 254 460	3 170 530	3 065 054	2 894 232
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	1 322	1 322	1 322	0	0	0	0	0
18	Inflows from fully performing exposures	1 276 987	1 212 813	1 091 330	1 016 700	1 145 010	1 083 495	971 025	904 595
19	Other cash inflows	31 139	18 988	10 600	11 700	23 049	9 285	488	901
EU-19a	(Difference between total weighted inflows and total weighted outflows) - (Excess inflows from a related specialised credit institution)					0	0	0	0
EU-19b						0	0	0	0
20	TOTAL CASH INFLOWS	1 309 448	1 233 123	1 103 252	1 028 400	1 168 059	1 092 779	971 514	905 496
EU-20a	<i>Fully exempt inflows</i>	0	0	0	0	0	0	0	0
EU-20b	<i>Inflows subject to 90% cap</i>	0	0	0	0	0	0	0	0
EU-20c	<i>Inflows subject to 75% cap</i>	1 309 448	1 233 123	1 103 252	1 028 400	1 168 059	1 092 779	971 514	905 496
TOTAL ADJUSTED VALUE									
EU-21	LIQUIDITY BUFFER					4 110 179	4 083 531	3 999 274	3 761 169
22	TOTAL NET CASH OUTFLOW					2 086 401	2 077 751	2 093 540	1 988 736
23	LIQUIDITY COVERAGE RAT					197.34%	196.78%	191.50%	190.36%

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

As of 31.12.2024, 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 purposes 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 31.12.2024 is BGN 3,991,229 thousand.

The main funding outflows of Eurobank Bulgaria consist of withdrawals from sight and term deposits, together with loan drawdowns. As of 31.12.2024, the potential stressed 30-day outflows of the Bank calculated in the LCR report are BGN 3,411,498 thousand (partially counterbalanced by BGN 1,430,019 thousand inflows). The inflows consist of monies due from clients from performing deals. As of 31.12.2024 the biggest contributor to the inflows was monies due from financial customers in the amount of BGN 1,177,927 thousand or 82% of all inflows projected.

The LCR ratio as of 31.12.2024 stands at 201%. During 2024 the LCR liquidity buffer decreased by 4%, while on the other hand net outflows decreased by 5% mainly due to an increase in inflows from financial customers.

The main source of funding for the Bank is retail deposits – 74% of total funding due to customers. There is a relatively low concentration in the deposit base, as the ten largest depositors (companies) comprise below 7% of all deposits as of 31.12.2024. As of 31.12.2024 the biggest source of potential outflows consists of non-operational deposits – 52% of total outflows, followed by retail deposits – 27%. The operational deposits potential outflow is 6%. 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 isn't any 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.

As of 31.12.2024 the currency allocation of the liquidity buffer assets is the following: 55% in EUR, 37% in BGN, 8% 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 – 68%, Italy 5% and Romania – 3%.

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

The biggest exposures are towards the Bulgarian National Bank – 60% of the liquidity buffer, the government of Bulgaria – 9% and the government of Romania – 3%. 100% 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 not yet settled 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 its 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 31.12.2024 stands at 148%, or BGN 5,851,758 thousand in excess over regulatory minimum of 100%, as compared to 149% as of 31.12.2023. The decrease was primarily driven by an increase in the loans portfolio during 2024.

(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 < 1 yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	2 208 237	0	0	215 141	2 423 378
2	Own funds	2 208 237	0	0	215 141	2 423 378
3	Other capital instruments		0	0	0	0
4	Retail deposits		9 719 312	727 721	982 770	10 724 392
5	Stable deposits		6 480 476	305 368	547 968	6 994 520
6	Less stable deposits		3 238 836	422 353	434 802	3 729 872
7	Wholesale funding:		4 674 729	226 965	829 729	2 891 311
8	Operational deposits		674 790	0	0	337 395
9	Other wholesale funding		3 999 939	226 965	829 729	2 553 916
10	Interdependent liabilities		0	0	0	0
11	Other liabilities:	1 143	197 873	8 029	92 607	96 622
12	NSFR derivative liabilities	1 143				
13	All other liabilities and capital instruments not included in the above		197 873	8 029	92 607	96 622
14	Total available stable funding (ASF)					16 135 703
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					193 581
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		0	0	0	0
16	Deposits held at other financial institutions for operational purposes		381 407	0	0	190 704
17	Performing loans and securities:		2 805 436	1 360 347	10 352 468	9 716 522
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		836 369	9 634	100 071	188 355
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		1 416 161	1 104 164	5 493 521	5 925 230
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		9 634	6 020	24 892	24 007
22	Performing residential mortgages, of which:		177 266	137 065	3 876 895	2 743 250
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		140 935	103 423	3 546 381	2 427 327
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		375 640	109 484	881 981	859 687
25	Interdependent assets		0	0	0	0
26	Other assets:		44 380	21 945	702 636	749 577
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				0	0
30	NSFR derivative liabilities before deduction of variation margin posted				13 243	662
31	All other assets not included in the above categories		31 137	21 945	702 636	748 915
32	Off-balance sheet items		1 507 523	756 312	574 941	152 553
33	Total RSF					11 002 937
34	Net Stable Funding Ratio (%)					146.65%

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

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

Template EU-ERF: 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	2 463 538	0	0	215 141	2 678 679
2	Own funds	2 463 538	0	0	215 141	2 678 679
3	Other capital instruments		0	0	0	0
4	Retail deposits		9 816 632	745 168	1 241 765	11 087 026
5	Stable deposits		6 543 899	248 911	670 688	7 123 858
6	Less stable deposits		3 272 733	496 257	571 077	3 963 168
7	Wholesale funding:		4 375 582	359 941	814 610	2 866 933
8	Operational deposits		566 100	0	0	283 050
9	Other wholesale funding		3 809 482	359 941	814 610	2 583 883
10	Interdependent liabilities		0	0	0	0
11	Other liabilities:	4 407	176 093	8 029	92 607	96 622
12	NSFR derivative liabilities	4 407				
13	All other liabilities and capital instruments not included in the above categories		176 093	8 029	92 607	96 622
14	Total available stable funding (ASF)					16 729 260
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					188 463
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		0	0	0	0
	Deposits held at other financial institutions for operational purposes		147 596	0	0	73 798
17	Performing loans and securities:		2 708 705	1 590 394	10 637 674	10 109 403
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		702 115	14 131	93 835	171 042
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		1 610 358	1 118 503	5 581 514	6 104 971
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		9 512	7 414	21 459	22 411
22	Performing residential mortgages, of which:		186 257	156 379	4 039 401	2 863 703
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		128 278	126 425	3 705 528	2 535 945
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		209 975	301 381	922 924	969 687
25	Interdependent assets		0	0	0	0
26	Other assets:		54 589	25 518	701 825	760 389
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				0	0
30	NSFR derivative liabilities before deduction of variation margin posted				15 916	796
31	All other assets not included in the above categories		38 673	25 518	701 825	759 593
32	Off-balance sheet items		1 579 811	723 987	675 922	178 043
33	Total RSF					11 310 096
34	Net Stable Funding Ratio (%)					147.91%

(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	2 481 332	0	0	215 141	2 696 473
2	Own funds	2 481 332	0	0	215 141	2 696 473
3	Other capital instruments		0	0	0	0
4	Retail deposits		9 990 968	811 608	1 348 047	11 416 562
5	Stable deposits		6 638 432	285 507	782 161	7 359 903
6	Less stable deposits		3 352 536	526 101	565 886	4 056 659
7	Wholesale funding:		4 331 371	431 211	829 720	2 790 914
8	Operational deposits		754 673	0	0	377 337
9	Other wholesale funding		3 576 698	431 211	829 720	2 413 578
10	Interdependent liabilities		0	0	0	0
11	Other liabilities:	11 352	245 261	8 029	73 434	77 449
12	NSFR derivative liabilities	11 352				
13	All other liabilities and capital instruments not included in the above categories		245 261	8 029	73 434	77 449
14	Total available stable funding (ASF)					16 981 398
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					180 958
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		0	0	0	0
16	Deposits held at other financial institutions for operational purposes		176 093	0	0	88 047
17	Performing loans and securities:		2 524 725	1 944 473	10 724 581	10 314 476
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		494 967	15 874	173 312	230 676
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		1 568 339	1 424 569	5 462 077	6 136 029
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		9 048	7 653	18 630	20 460
22	Performing residential mortgages, of which:		240 069	163 182	4 276 682	3 049 000
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		139 419	130 452	3 939 026	2 695 302
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		221 350	340 848	812 510	898 771
25	Interdependent assets		0	0	0	0
26	Other assets:		57 475	36 029	728 327	796 097
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				0	0
30	NSFR derivative liabilities before deduction of variation margin posted				19 820	991
31	All other assets not included in the above categories		37 655	36 029	728 327	795 106
32	Off-balance sheet items		1 722 945	596 126	817 011	177 857
33	Total RSF					11 557 435
34	Net Stable Funding Ratio (%)					146.93%

(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	2 705 766	0	0	215 141	2 920 907
2	Own funds	2 705 766	0	0	215 141	2 920 907
3	Other capital instruments		0	0	0	0
4	Retail deposits		10 374 998	877 875	1 418 547	11 906 524
5	Stable deposits		6 858 181	349 651	880 882	7 728 322
6	Less stable deposits		3 516 817	528 224	537 665	4 178 202
7	Wholesale funding:		5 277 254	298 663	1 057 493	3 123 726
8	Operational deposits		771 797	0	0	385 899
9	Other wholesale funding		4 505 457	298 663	1 057 493	2 737 828
10	Interdependent liabilities		0	0	0	0
11	Other liabilities:	2 302	220 537	8 438	67 510	71 729
12	NSFR derivative liabilities	2 302				
13	All other liabilities and capital instruments not included in the above categories		220 537	8 438	67 510	71 729
14	Total available stable funding (ASF)					18 022 886
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					173 270
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		0	0	0	0
16	Deposits held at other financial institutions for operational purposes		311 445	0	0	155 723
17	Performing loans and securities:		2 900 131	2 002 392	11 470 692	10 824 399
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		895 009	12 420	165 512	260 779
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		1 291 956	1 721 213	5 924 623	6 538 891
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		8 746	8 450	20 033	21 619
22	Performing residential mortgages, of which:		229 044	185 931	4 576 955	3 236 327
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		147 549	137 865	4 307 860	2 942 816
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		484 122	82 828	803 602	788 402
25	Interdependent assets		0	0	0	0
26	Other assets:		66 591	32 859	759 567	825 775
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				0	0
30	NSFR derivative liabilities before deduction of variation margin posted				27 900	1 395
31	All other assets not included in the above categories		38 691	32 859	759 567	824 380
32	Off-balance sheet items		1 477 446	764 650	1 096 690	191 961
33	Total RSF					12 171 128
34	Net Stable Funding Ratio (%)					148.08%

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

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

Governance Framework

Interest rate risk in the banking book (IRRBB) is the current or prospective risk to earnings (Net Interest Income) or Economic Value of Equity arising from adverse movements in interest rates affecting the banking book positions. It also includes:

- ✓ Repricing risk: the risk related to the timing mismatch in the maturity profiles, the repricing of assets/liabilities and off-balance sheet short and long-term positions. It corresponds to parallel shifts of the yield curve;
- ✓ Yield curve risk: the risk arising from changes in the slope and the shape of the yield curve. For example, impact from the steepening of the yield curve (where short-term rates decrease and long-term rates increase), or from flattening of the yield curve (where short-term rates increase and long-term rates decrease);
- ✓ Basis risk: the risk arising from the impact of relative changes in interest rates on interest rate sensitive instruments that have similar tenors but are priced using different interest benchmarks. Basis risk arises from the imperfect correlation in the adjustment of the rates earned and paid, on different interest rate sensitive instruments, with otherwise similar rate change characteristics;
- ✓ Option risk: the risk arising from options (embedded and explicit), where the institution or its customers can alter the level and timing of their cash flows. Namely, the risk arising from interest rate sensitive instruments, where the holder can exercise the option if it is in their financial interest to do so (embedded or explicit automatic options). It also includes the risk arising from flexibility, embedded implicitly or within the terms of interest rate sensitive instruments, such that changes in interest rates may affect a change in the behavior of the client (embedded behavioral option risk).

The governance of IRRBB and CSRBB within the Bank is covered in the Bank's IRRBB & CSRBB Policy, with the version applicable as of YE2024 approved in October 2024. The policy is updated at least annually, or earlier if deemed necessary. At the operational level, Market Risk Department (MRD) serves as the primary owner of the policy and coordinates the process of update. The document sets out Eurobank Bulgaria's policies regarding IRRBB and CSRBB and considers the following:

(A) The published "Guidelines issued on the basis of Article 84 (6) of Directive 2013/36/EU specifying criteria for the identification, evaluation, management and mitigation of the risks arising from potential changes in interest rates and of the assessment and monitoring of credit spread risk, of institutions' non-trading book activities" (EBA/GL/2022/14);

B) The Commission Delegated Act 2024/856 (DA/2024/856) specifying supervisory shock scenarios, common modelling, and parametric assumptions and what constitutes a large decline for the calculation of the net interest income in accordance with Article 98(5a) of Directive 2013/36/EU;

C) The standards of Basel Committee for Banking Supervision, as those are presented in the document "Standards: Interest Rate Risk in the Banking Book", published by the Bank for International Settlements in April 2016;

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

D) The relevant IRRBB & CSRBB Policy of Eurobank Group, on which the Bank's policy is based.

E) Eurobank's proprietary analysis and approach for IRRBB and CSRBB.

The policy outlines the following areas:

- ✓ Identification, measurement, and control of risks that arise from the Bank's lending and funding activities.
- ✓ The IRRBB strategy and potential structural hedging approach for managing IRRBB, including loans, non-maturity deposits (NMDs), own issuances, and debt securities investment exposures.
- ✓ The operational activities required to comply with its provisions, including the methodologies, models, and tools used to manage IRRBB risks.

The overarching IRRBB principles include:

- A Risk Committee / Board approved risk appetite must be established for all relevant IRRBB and CSRBB risks in order to clearly define acceptable risk levels for the Bank. In principle the Bank's risk appetite is set at a more conservative level than the regulatory requirements in order to reflect the amount of risk that the Bank is willing to assume. This approach ensures that the Bank's risk appetite is aligned with its overall strategic objectives and enables it to effectively manage its risk exposure in a prudent and sustainable manner.
- The Bank must measure its risk appetite for interest rate and credit spread risks using both EVE and NII metrics plus market value changes, based on an appropriate range of interest rate shock scenarios.
- The measurement must be based on complete and accurate data. Furthermore, appropriate controls must be implemented to ensure the accuracy of the calculations.
- The Bank must conduct and embed within the models the analysis of key behavioral and strategic assumptions to ensure that they are conceptually sound, documented, and aligned with the business plan and IRRBB strategic objectives.

The Bank applies a three lines of defense model as follows:

- The first line of defense is responsible for developing strategies to manage IRRBB and CSRBB in line with the IRRBB policy developed by the second line for the identification, assessment and measurement of IRRBB and CSRBB risks.
- The second line of defense is in charge of the development, measurement and monitoring of the IRRBB policy, in line with internal risk appetite and relevant EBA regulatory guidelines.
- The third line of defense, the internal audit function, independently reviews and challenges the IRRBB risk management activities.

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 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

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regard, 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, and presents them to the Risk Committee for final approval. Asset & Liabilities Management Department is responsible for the management of the overall interest rate risk in the Banking book, in the context of the Bank's IRRBB and CSRBB Policy and risk management framework, as established by the relevant bodies, as well as the hedging of the Bank's IRRBB exposures in line with the Hedging Policy. Market Risk Department estimates, monitors and controls the IRRBB and CSRBB exposure and the utilization of limits and prepares the necessary reporting, identifies and sets appropriate stress testing framework and conducts the supporting analysis and assumptions regarding modelling, which are essential for the measurement and management of IRRBB (e.g., behavioral assumptions for NMDs, prepayment risk etc.) and CSRBB.

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.

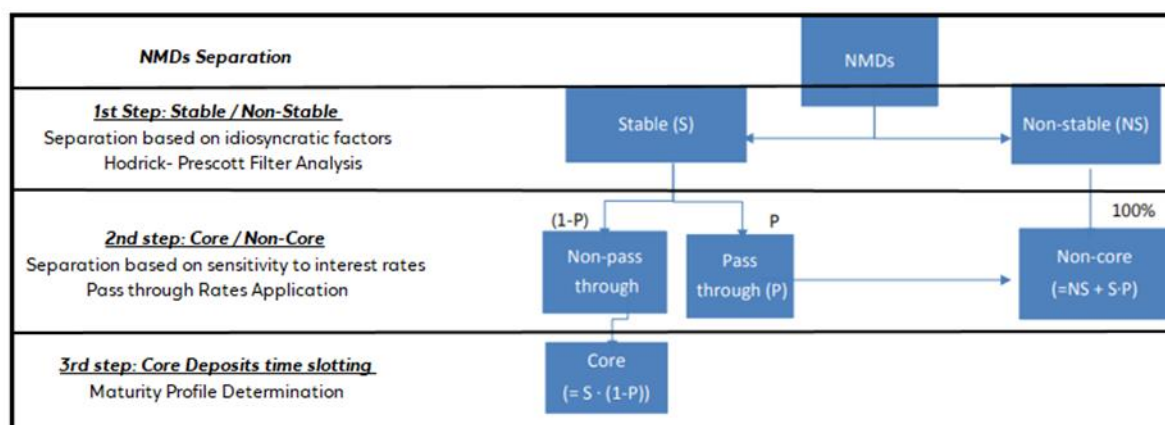
The Bank's market risk measurement system includes all positions that are exposed to market risks and measures all material aspects of market risk. This also includes the measurement of the Bank's exposure to interest rate risk, arising from non-trading positions and activities. The risk measurement 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 monthly basis 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 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 monthly basis by Market Risk Department and any excesses are escalated to the management bodies of the Bank and the Group. In 2024 there have been no limit excesses. The gap analysis is supplemented by calculation of risk indicators such as duration analysis of the different portfolios and calculation of interest rate sensitivity to specific interest rate and credit spread

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shocks. Monthly stress tests are performed to assess the impact of interest rate shocks on the Bank's profit, 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. 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 on the proportion 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 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 31.12.2024, is 4.8 years for Retail Core NMDs in BGN and 4 years in EUR, and 5 years for Wholesale Core NMDs in BGN and 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

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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. For loans with fixed interest rates, the Bank applies a framework to estimate a relevant add-on for prepayment risk, which is added to the calculated EVE sensitivity impact under all shock scenarios. In the case of instruments with embedded options, these options determine the time-band distribution of the respective instrument. The Bank also has implemented a methodological framework to measure its exposure to basis risk, which as of YE2024 has been assessed as not material.

With regard to IRRBB, the Bank primarily 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, the internal control systems and risk management processes and provides comments and recommendations. Specifically, the Internal Audit reviews the governance, procedures, relevant policies, models, IT systems and tools and the reporting framework related to IRRBB.

The Bank's strategy is directed at managing interest rate risk exposures within the approved risk appetite through utilization of available market instruments, when necessary. A 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. It is worth noting that as of YE2024, there are no outstanding hedges. The reason for this is that as part of its IRRBB mitigating measures, the Bank also tries to match the re-pricing characteristics of assets and liabilities whenever that is possible (i.e. achieve natural hedging). A prime example of this are the Bank's internal base rates (PRIME), which provide direct link between the pricing on loans and the pricing on deposits.

The interest rate risk exposure during the last several 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 usually hedges a part of them against this risk type with asset swaps. 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. Since then, there have been no new hedging activities. 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 or administered rate ones.

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

IRRBB Stress-testing

On a monthly basis various stress tests and sensitivity analyses are performed to assess the impact of interest rate changes on both earnings (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.

In addition to the six regulatory stress test scenarios, the Bank may also run other stress test scenarios for interest rate risk on a regular or ad-hoc basis to estimate the effects of yield curve shifts with separate parameters for each currency. Additionally, the Bank also estimates the potential effects of credit spread shocks on OCI & AC bond positions.

Key behavioral and modelling assumptions used should always be taken into consideration. For the EVE sensitivity 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 – the impact of prepayment risk for fixed rate loans is included as an add-on in the EVE metrics as per the Bank's methodology for prepayment risk. The framework for the measurement and monitoring of the prepayment risk currently focuses on the fixed rate consumer loans in the Personal Finance portfolios (BGN currency), since this is the largest category of the Bank's fixed-rate loans realm. The 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 EVE & NII calculations as of YE2024. The weighted average remaining maturity of term deposits without incorporated material early termination penalty fee is only around eight months, while the weighted average remaining maturity of the total term deposits portfolio is also below 1 year, thus the assessed potential early termination risk impact is not material;
- ✓ 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

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- 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 Regulations on IRRBB is applied.

EVE (Economic Value of Equity)

Since 2017, the Bank measures on a monthly basis the Δ EVE (change in economic value of equity) and the Δ NII (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);
- ✓ 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 31.12.2024.

NII (Net Interest Income)

The Bank applies the two NII parallel up and parallel down scenarios with the prescribed regulatory shocks per currency 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 art.3 par.8 of Regulation (EU) 2024/856.

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, approved by ALCO 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 parallel up 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. Template EU IRRBB1 presents the outcome from the two parallel up and down scenarios as of 31.12.2024. In addition to the parallel up and down regulatory scenarios, the Bank also calculates impact from +/-200bps parallel up and parallel down scenarios, with the main difference being that the shocks applied for BGN are +/-200 bps instead of +/-250 bps.

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,

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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, limited negative NII impact is calculated for PRIME-based loans as well 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.

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

Supervisory shock scenarios		a	b	c	d
		Changes of the economic value of equity		Changes of the net interest income	
		Current period	Last period	Current period	Last period
1	Parallel up	-146 370	-103 964	27 761	567
2	Parallel down	80 342	66 810	-72 289	-33 247
3	Steeper	-37 322	-47 997		
4	Flattener	3 175	15 581		
5	Short rates up	-43 922	-23 945		
6	Short rates down	15 536	-5 575		

The changes in the Δ EVE outcome in comparison to the previous period (31.12.2023), specifically in the most adverse parallel up scenario, are due to the increase in the Bank's balance sheet, with strong growth in loan portfolio volumes in particular, a source of long-term interest related cashflows, as well as the Bank's continuing investments in fixed income debt securities, partially offset by an update of the NMDs behavioral model, leading to increase in the weighted average duration of the Core NMDs. As of 31.12.2023, the weighted average duration of all NMDs was 1.94 years (3.25 years for the Core NMDs and 1 day for the Non-Core NMDs), while as of 31.12.2024 the weighted average duration of NMDs is 2.83 years (4.75 years for the Core NMDs and 1 day for the Non-Core NMDs).

The changes in the parallel down Δ NII outcome in comparison to the previous period (31.12.2023) are due mainly to an update of the Bank's NII calculation methodology, including more granular (at a single deposit level) calculation of the NII impact arising from term deposits, leading to more conservative assessment of the expected benefit from interest rate expense reduction under the parallel down scenario. The increase in the parallel up scenario in comparison to 2023 is due mainly to the significant increase in the volume of the Bank's loan portfolio (predominantly floating/administered rate), combined with the aforementioned change in the calculation methodology with regard to term deposits.

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

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

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 31.12.2024 is BGN 134 824 thousand (translating to RWAs of BGN 1 685 297 thousand under a capital requirement of 8%), broken down by currency as follows:

Currency	+200 bps	-200 bps
BGN	-110 023	132 509
EUR	-11 653	14 195
USD	-12 603	14 066
CHF	-654	594
GBP	196	-198
Other	23	-24
Total:	-134 824	73 130

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 2024, all indicators for IRRBB from the Risk Appetite Framework remained well within their targeted business model levels with no threshold breaches.

XVI. Exposures to securitisation positions

Eurobank Bulgaria's 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.

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

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			Non-STS of which SRT	Synthetic of which SRT	Sub-total		Traditional			Sub-total	Traditional			Sub-total
	STS of which SRT							STS	Non-STS	Synthetic		STS	Non-STS	Synthetic	
1 Total exposures	0	0	0	0	0	0	0	0	0	0	0	0	349 708	0	349 708
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	349 708	0	349 708
8 loans to corporates	0	0	0	0	0	0	0	0	0	0	0	0	349 708	0	349 708
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	349 708	0	0	0	0	0	200 583	0	149 125	0	40 117	0	0	0	3 209	0	0
2 Traditional securitisation	349 708	0	0	0	0	0	200 583	0	149 125	0	40 117	0	0	0	3 209	0	0
3 Securitisation	349 708	0	0	0	0	0	200 583	0	149 125	0	40 117	0	0	0	3 209	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	349 708	0	0	0	0	0	200 583	0	149 125	0	40 117	0	0	0	3 209	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

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 31.12.2024 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.

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

The leverage ratio of Eurobank Bulgaria as of 31.12.2024 is slightly lower compared to 31.12.2023, but much higher than the minimum requirement of 3%, which indicates the stability of the Bank.

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

		a	b
		31.12.2024	31.12.2023
1	Total assets as per published financial statements	22 558 027	19 389 818
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	0	0
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	0	0
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	0	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	0
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	0	0
7	Adjustment for eligible cash pooling transactions	0	0
8	Adjustment for derivative financial instruments	-6 809	21 784
9	Adjustment for securities financing transactions (SFTs)	121 914	0
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	1 113 818	927 354
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	0	0
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	0	0
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	0	0
12	Other adjustments	-152 760	-80 692
13	Total exposure measure	23 634 190	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
		31.12.2024	31.12.2023
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	22 524 522	19 371 163
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)	-152 760	-80 692
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	22 371 762	19 290 471
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	26 696	40 439
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	26 696	40 439
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	121 914	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	121 914	0
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	3 338 787	2 717 821
20	(Adjustments for conversion to credit equivalent amounts)	-2 224 969	-1 790 467
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	0	0
22	Off-balance sheet exposures	1 113 818	927 354
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	2 553 004	2 194 929
24	Total exposure measure	23 634 190	20 258 264
Leverage ratio			
25	Leverage ratio (%)	10.80%	10.83%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	10.80%	10.83%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	10.80%	10.83%
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)	23 634 190	20 258 264
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)	23 634 190	20 258 264
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)	10.80%	10.83%
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)	10.80%	10.83%

(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	b
		31.12.2024	31.12.2023
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:		
		22 524 522	19 371 163
EU-2	Trading book exposures	74 655	37 272
EU-3	Banking book exposures, of which:	22 449 867	19 333 891
EU-4	Covered bonds	344 545	352 105
EU-5	Exposures treated as sovereigns	4 354 311	3 798 955
EU-6	Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns	18 812	17 702
EU-7	Institutions	1 705 821	1 249 552
EU-8	Secured by mortgages of immovable properties	5 490 492	4 472 217
EU-9	Retail exposures	4 402 366	3 853 304
EU-10	Corporates	4 354 111	3 802 352
EU-11	Exposures in default	142 974	114 371
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	1 636 435	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 limits available, the acceptable leverage levels and the current liquidity strategy and needs of

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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 31.12.2024 the encumbered assets represent 5% 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	448 685	442 209			20 175 348	4 130 746		
030	Equity instruments	0	0	0	0	29 567	0	32 703	0
040	Debt securities	441 982	441 982	452 571	452 571	2 810 551	1 912 080	2 841 699	1 940 498
050	of which: covered bonds	0	0	0	0	356 530	356 530	355 304	355 304
060	of which: securitisations	0	0	0	0	421 799	0	418 373	0
070	of which: issued by general governments	441 982	441 982	452 571	452 571	1 505 126	1 505 125	1 531 406	1 531 406
080	of which: issued by financial corporations	0	0	0	0	1 305 425	403 205	1 306 428	402 355
090	of which: issued by non-financial corporations	0	0	0	0	0	0	0	0
120	Other assets	7 036	227			17 419 940	2 217 413		

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

	Fair value of encumbered collateral received or own debt securities issued		Unencumbered	
		of which notionally eligible EHQLA and HQLA	Fair value of collateral received or own	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 securitisations	0	0	0	0
241 Own covered bonds and securitisations issued and not yet pledged	0	0	0	0
250 TOTAL COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED	448 685	442 209		

(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	374 774	448 458

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.

Changes of such objectives and measures are considered when updating the Remuneration Policy. The Bank ensures, that remuneration practices are aligned with their overall risk appetite, considering all risks, including climate-related & environmental risks reputational risks as well as risks resulting from the mis-selling of products or services. The Bank also considers the long-term interests of shareholders.

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.

Employees falling within the scope of the Remuneration Policy:

- The individuals who have a material impact on the Bank's risk profile ("Identified Staff" / "MRTs"); and
- All other staff (included in payroll)

Furthermore, the general principles of sound remuneration practices apply to the remuneration for persons working on behalf of Bank (e.g., affiliated representatives). Should the Bank appoint such persons, the general principles of the remuneration policy will apply, ensuring that the payments made are not providing any incentive for excessive risk taking or the mis-selling of products.

Related policies and procedures linked to the remuneration process:

- Performance Management Policy

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- Variable Remuneration Framework
- MRTs' Identification Procedure
- Remuneration Disclosures Instructions
- Benefits and Business-Related Components Policy Framework

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 2024, the Remuneration Committee, consisting of two Independent Members of the Supervisory Board and Deputy CEO of Eurobank Group and held six 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.

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.

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

(I) Qualitative Criteria

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;
 - (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;

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

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 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;

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

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.

Benefits and Business Related Components.

The Bank may offer various benefits and allowances to its employees and their families in line with the approved Benefits' Framework. Benefits are the types of compensation provided to employees to ensure market competitiveness in accordance with local market practice (e.g., pensions, medical insurance, life insurance).

The Benefits Policy (types of benefits, coverage, etc.) is approved by Remuneration Committee following proposal by the Human Resources.

The benefits and allowance offered to employees are assimilated to the fixed component of remuneration as they are linked to the job / role description and not to the performance of the employee. They include the following types of financial and non-financial benefits:

- Benefits subject to Collective Labor Agreements.
- Allowances stemming from the local labor laws; and
- Business Related Benefits (treated as expenses, to support the employees in the carry-out of their business responsibilities).

The benefits / allowances remuneration package for all employees is in line with the approved annual staff costs budget under the responsibility of the Human Resources. Some benefits / allowances are considered expenses for the Bank, not part of the payroll process and therefore, are excluded from the overall calculation of the fixed part of remuneration and excluded from the calculation of the ratio between fixed and variable remuneration for staff.

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*

EUR'000		a	b	c	d
		MB Supervisory function	MB Management function	Other senior management	Other identified staff
1	Number of identified staff	7	5	18	23
2	Total fixed remuneration	341	1 239	1 931	1 822
3	Of which: cash-based	333	1 144	1 803	1 708
4	(Not applicable in the EU)	0	0	0	0
EU-4a	Fixed remuneration	0	0	0	0
5	Of which: shares or equivalent ownership interests	0	0	0	0
EU-5x	Of which: share-linked instruments or equivalent non-cash instruments	0	0	0	0
6	Of which: other instruments	0	0	0	0
7	(Not applicable in the EU)	0	0	0	0
8	Of which: other forms	8	95	128	114
9	(Not applicable in the EU)	0	0	0	0
10	Number of identified staff	7	5	18	23
11	Total variable remuneration	0	1 527	1 180	421
12	Of which: cash-based	0	764	590	346
13	Of which: deferred	0	458	302	38
EU-13a	Variable remuneration	0	764	590	75
EU-14a	Of which: shares or equivalent ownership interests	0	458	302	38
EU-13b	Of which: share-linked instruments or equivalent non-cash instruments	0	0	0	0
EU-14b	Of which: deferred	0	0	0	0
EU-14c	Of which: other instruments	0	0	0	0
EU-14d	Of which: deferred	0	0	0	0
15	Of which: other forms	0	0	0	0
16	Of which: deferred	0	0	0	0
17	Total remuneration (2 + 10)	341	2 766	3 111	2 243

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
2	Guaranteed variable remuneration awards - Total amount	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
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount	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
7	Severance payments awarded during the financial year - Total amount	0	0	0
8	Of which paid during the financial year	0	0	0
9	Of which deferred	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
11	Of which highest payment that has been awarded to a single person	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 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	1 746	602	1 144	0	0	0	0	0
8	Cash-based	245	56	189	0	0	0	56	0
9	Shares or equivalent ownership interests	1 386	507	879	0	0	0	0	407
10	Share-linked instruments or equivalent non-cash instruments	115	39	76	0	0	0	0	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	450	204	246	0	0	0	0	0
14	Cash-based	77	18	59	0	0	0	18	0
15	Shares or equivalent ownership interests	373	186	187	0	0	0	0	186
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	2 195	805	1 390	0	0	0	74	593

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*

	Management body remuneration			Business areas					All other	Total
	MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions		
1	Total number of identified staff									53
2	Of which: members of the MB									
3	Of which: other senior management									
4	Of which: other identified staff									
5	Total remuneration of identified staff	341	2 766	3 107	324	2 077	0	1 768	1 185	0
6	Of which: variable remuneration	0	1 527	1 527	135	656	0	580	230	0
7	Of which: fixed remuneration	341	1 239	1 580	189	1 421	0	1 188	955	0

XX. Internal Capital Adequacy Assessment 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.

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