ANNUAL DISCLOSURES FOR 2021
ON AN UNCONSOLIDATED BASIS

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

CONTENTS:

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

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

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

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

Eurobank Bulgaria had a very successful 2021 year and managed to achieve the best performance in the history so far by increasing its income and net profit, gaining market share through organic growth, while maintaining its strong capital adequacy, risk and liquidity ratios.

Template EU OV1 – Overview of total risk exposure amounts:

		Total risk exposure amounts (TREA)		Total own funds requirements
		a	b	c
		31.12.2021	31.12.2020	31.12.2021
1	Credit risk (excluding CCR)	6 756 736	6 070 644	540 539
2	Of which the standardised approach	6 756 736	6 070 644	540 539
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	31 216	8 418	2 497
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	0	0	0
9	Of which other CCR	31 216	8 418	2 497
15	Settlement risk	0	0	0
16	Securitisation exposures in the non-trading book (after the cap)	8 394	0	672
17	Of which SEC-IRBA approach	0	0	0
18	Of which SEC-ERBA (including IAA)	8 394	0	672
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)	40 300	30 038	3 224
21	Of which the standardised approach	40 300	30 038	3 224
22	Of which IMA	0	0	0
EU 22a	Large exposures	0	0	0
23	Operational risk	773 875	716 100	61 910
EU 23a	Of which basic indicator approach	773 875	716 100	61 910
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**	**7 610 521**	**6 825 200**	**608 842**

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

Template EU KM1 - Key metrics template:

		a	e
		31.12.2021	31.12.2020
	Available own funds (amounts)		
1	Common Equity Tier 1 (CET1) capital	1 566 128	1 426 870
2	Tier 1 capital	1 566 128	1 426 870
3	Total capital	1 566 128	1 426 870
	Risk-weighted exposure amounts		
4	Total risk exposure amount	7 610 521	6 825 200
	Capital ratios (as a percentage of risk-weighted exposure amount)		
5	Common Equity Tier 1 ratio (%)	20.58%	20.91%
6	Tier 1 ratio (%)	20.58%	20.91%
7	Total capital ratio (%)	20.58%	20.91%
	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)	1.25%	1.25%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	1.25%	1.25%
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 (%)	0.50%	0.50%
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 (%)	6.75%	6.75%
EU 11a	Overall capital requirements (%)	16.00%	16.00%
12	CET1 available after meeting the total SREP own funds requirements (%)	1 128 523	1 034 421
	Leverage ratio		
13	Total exposure measure	15 071 056	12 634 665
14	Leverage ratio (%)	10.39%	11.29%
	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	0
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)	3 964 523	3 142 857
EU 16a	Cash outflows - Total weighted value	1 807 188	1 384 211
EU 16b	Cash inflows - Total weighted value	495 809	479 335
16	Total net cash outflows (adjusted value)	1 311 379	904 876
17	Liquidity coverage ratio (%)	302.32%	347.32%
	Net Stable Funding Ratio		
18	Total available stable funding	12 180 818	10 156 811
19	Total required stable funding	7 395 586	6 374 810
20	NSFR ratio (%)	164.70%	159.33%

Eurobank Bulgaria has nothing to disclose as of 31.12.2021 regarding Template EU INS1 - Insurance participations and Template EU INS2 - Financial conglomerates information on own funds and capital adequacy ratio.

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II. Risk management objectives and policies

The Bank is operating in a changing environment and therefore acknowledges its exposure to significant risks and the need for their effective management. Risk management is an integral part of the Bank's commitment to provide continuous and high quality returns to its shareholders. The delivery of superior shareholder returns depends on achieving the appropriate balance between risk and return, both in a day-to-day business and in the strategic management of the balance sheet and capital. The Bank sets mechanisms to identify, measure and monitor the inherent risks and control their potential impact on the achievement of its objectives. The risk strategy lays the foundation on which the Bank builds its risk culture, risk inventory and terminology and risk processes, taking into account international best practices and regulatory requirements.

The implementation of the Bank's business model requires an efficient risk management framework for the identification, measurement, aggregation and management of risks. Risk is managed via principles, measurement and monitoring processes that drive the operations of the Bank's divisions and business units. In particular:

- Risk governance - an integrated risk governance structure is in place, ensuring the determination of an appropriate Risk Appetite Methodology and Framework, the drafting of adequate risk management policies and principles, and the establishment of well-functioning management models, systems and processes.
- Risk identification and risk management - a risk identification and risk management process is in place ensuring that all material risks are promptly identified, measured and managed.
- Stress testing framework - an appropriate stress testing framework is in place to assess the Bank's resilience under adverse but plausible scenarios, to be able to incorporate the respective results into an appropriate capital planning process.

Risk governance

Eurobank Bulgaria AD aims to adopt best practices regarding Risk governance, taking into account 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 a number of 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

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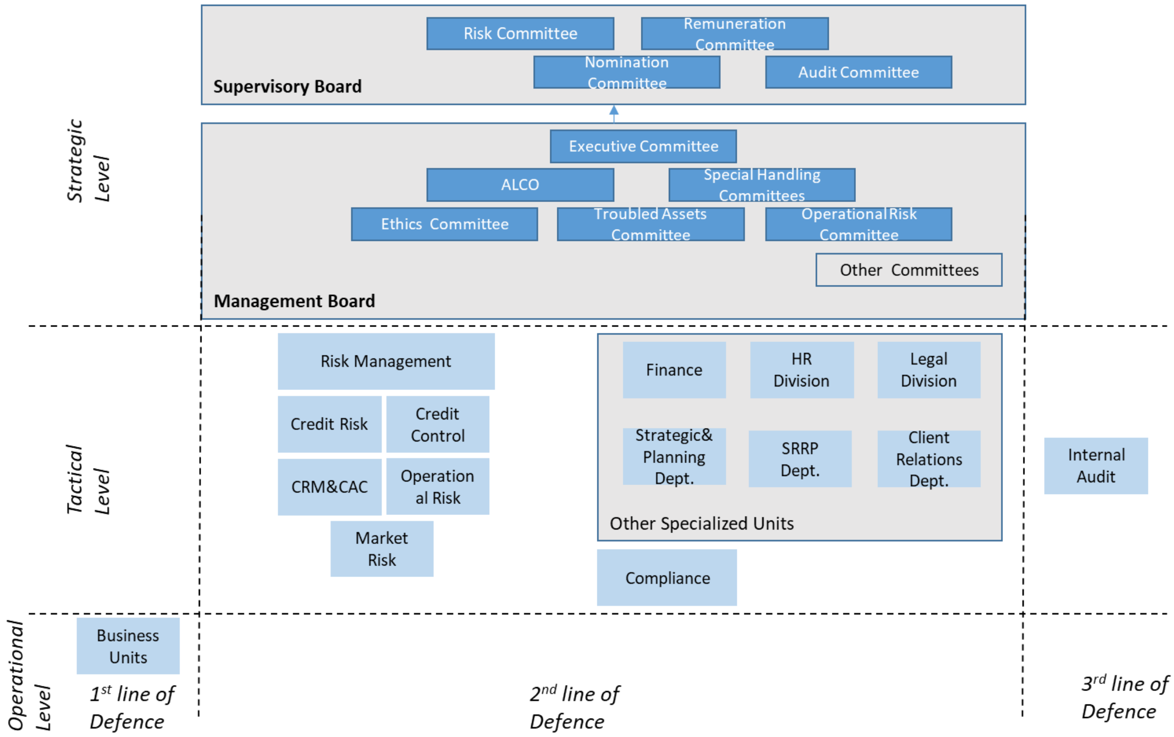
all levels, including the Management Board, Senior Management, staff of any seniority involved in any way in lending as well as among its customers and any other stakeholders.

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 includes 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.



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.

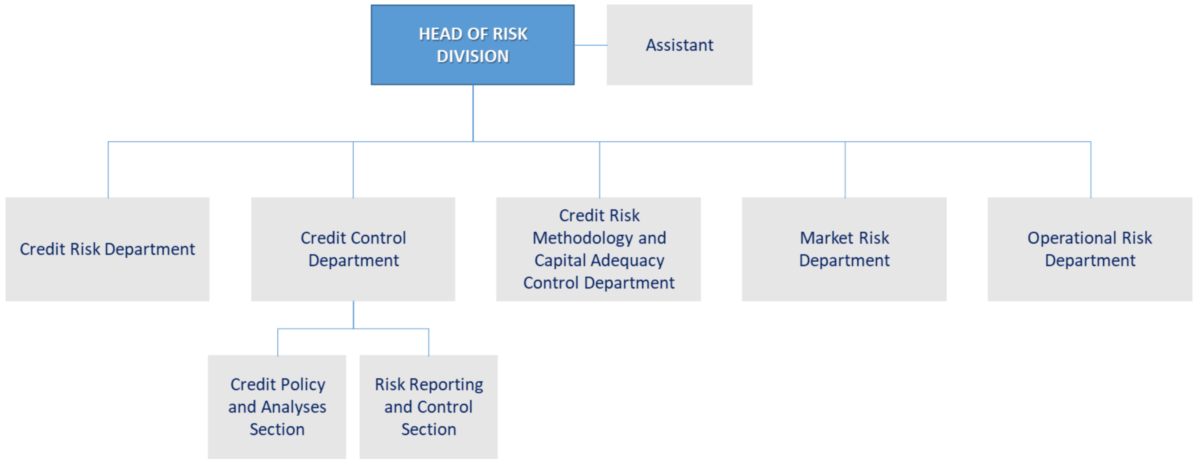
Eurobank Bulgaria is exposed to a variety of risks deriving from its activities, among which the most significant are the following:

- ✓ Credit risk
- ✓ Market risk
- ✓ Liquidity risk
- ✓ 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 of the Bank, heading Risk Division, has a direct reporting line to the Risk Executive of the Parent company and indirect to the Chief Executive Officer of the Bank.

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 is in charge of 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

For risk identification, the Bank maintains Risk Identification Template (RIT), which contains risk information and the results of the risk identification process. In particular, 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 to risks that could potentially threaten its business or capital standing while ensuring that all material risks are properly managed and monitored. The risk materiality assessment takes place according to the respective existing policies and as well as Group Guidelines regarding management of all risk types.

The determination of Risk Appetite aims to ensure that risk is proactively managed to the level desired and approved by the Bank's Senior management. The Bank's Risk Appetite is described in terms of 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 the regulatory requirements. Business, capital and liquidity planning processes should always comply with the Bank's Risk Appetite statements.

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

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The Bank operates at its targeted business model when KRIs are better than the respective Risk Appetite levels (< 3.5). Revision and monitoring take place in a timely manner. Deviations from approved Risk Appetite and Risk Capacity levels are discussed and further actions are agreed upon, if needed.

Risk profile for 2021, for each individual risk is presented in the table below:

Flag	Risk category	Risk Score Sep 2021	Risk Score Dec 2021	Risk Score Dec 2021	Risk weight 2021
CR	Credit risk	2.31	2.06	**Low to Medium**	67.20%
	▪ Credit Risk excl. Concentration Risk	2.42	2.13	Low to Medium	61.74%
	▪ Concentration Risk	1.67	1.67	Low	5.45%
MR	Market risk	1	1	Low	0.31%
LR	Liquidity risk	1.1	1.2	Low	10.00%
IRRBB	Interest rate risk from non-trading activities (irrbb)	2	2	Low to Medium	9.22%
OR	Operational risk	2.36	2.33	Low to Medium	7.27%
BR	Business risk	1	1	Low	1.50%
RR	Residual risk	1.5	2	Low to Medium	1.50%
CA	Capital adequacy	1	1	Low	1.50%
PR	Profitability	1	1	Low	1.50%
	Total risk appetite score	2.1	1.94	Low	100.00%

The scale that is being used to determine the risk category is presented in the scale below:

General Risk Profile	
Low	1-2
Low to Medium	2-2.5
Medium	2.5-3.5
Medium to High	3.5-4
High	>4

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 2022 ICAAP indicates that the Bank maintains a sound and adequate capital position:

- to cover capital requirements for the material risks it is exposed to,

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

- to support the implementation of its business plan and strategic objectives under the baseline scenario, remaining within its risk appetite, and
- to absorb the losses of the three-year (2022-2024) stress scenario assessed under the ICAAP, without breaching the regulatory capital requirements.

The below list shows the main sources for reference, related to Risk management, which have to be updated in 2022:

- Risk Appetite Statements of Eurobank Bulgaria AD - the document is presenting the level of each KRI and its assigned status. Compared to the prior year, the document was updated and aligned to the Group' document version. The limits of monitored individual KRI are going to be updated in Q2/2022 in order to reflect the levels of the Risk Appetite and Risk Capacity, as depicted in the updated Risk Appetite Methodology and Framework.
- Risk Appetite Methodology and Framework of Eurobank Bulgaria AD – the document describes Bank's Risk Appetite Methodology and Framework. Compared to the prior year, the document was updated and aligned to the Group' document version. Risk definitions were reviewed and updated, where needed, and it has been elaborated on the KPI/ KRI monitoring and escalation process in case of a Risk Appetite or Risk Capacity breaches. Additionally, risks have been included following this year's risk identification process.
- Risk Strategy of Eurobank Bulgaria AD - the purpose of the document is to describe the Bank's fundamental attitude towards different types of risk as described by risk principles and objectives, as well as the Bank's current and target risk profile, risk appetite, risk governance and organization and key risk management initiatives. In the last update risks have been included following this year's risk identification process. Risk definitions were also updated, where needed. Additionally, it has been added a full Risk List - Risk Library.

<u>Governance arrangements</u>

Members of the Management Board:

<u>Petia Dimitrova</u>

- International Banking Institute OOD, Bulgaria – member of the Management Board;
- Endeavor Bulgaria, Association, Bulgaria - member of the Management Board;
- Borica AD, Bulgaria – member of the Board of Directors;
- Foundation Atanas Burov, Bulgaria – member of the Management Board;
- Confederation of the Employers and Industrialists in Bulgaria, Bulgaria – associate member of the Management Board;
- Hellenic Business Council in Bulgaria – vice-president.

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

Dimitar Shoumarov

Asen Yagodin

- Bulgarian Stock Exchange – Sofia AD, Bulgaria – Chairman and member of the Board of Directors;
- Bulstrad Life Vienna Insurance Group JSC, Bulgaria – independent member of the Supervisory Board;
- Sports Club DFS-Lokomotiv Sofia, Bulgaria – member of the Board of Directors.

Panagiotis Mavridis

- IMO Property Investments Sofia, Bulgaria - Executive Director and member of the Board of Directors;
- IMO 03 Bulgaria - Executive Director and member of the Board of Directors;

Members of the Supervisory Board:

Georgios Provopoulos

- Eurobank Private Bank Luxembourg S.A., Luxembourg – Deputy Chairman and Member of the Board of Directors.

Theodoros Karakasis

- Greek-Serbian Chamber of Commerce – Deputy Chairman and Member of the Board of Directors.

Stavros Ioannou

- Eurobank Ergasias Services and Holdings S.A. Greece – Deputy Chief Executive Officer, Chief Executive Officer Group Operations and International Activities, Executive Director;
- Eurobank S.A., Greece - Deputy Chief Executive Officer, Chief Executive Officer Group Operations and International Activities, Executive Director;
- BE – Business Exchanges S.A, of Business Exchanges Networks and Accounting and Tax Services, Greece – Chairman and member of the Board of Directors;
- Eurobank Direktna A.D., Beograd, Serbia – member of the Management Board;
- Eurobank Cyprus Ltd, Cyprus – member of the Board of Directors;
- Grivalia Management Company S.A., Greece – member of the Board of Directors.

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

Michalakis Louis

- Eurobank Private Bank Luxembourg S.A., Luxemborg – member of the Board of Directors;
- Eurobank Direktna a.d. Beograd, Serbia – Chairman and member of the Management Board;
- Eurobank Cyprus Ltd, Cyprus – Chief Executive Officer and member of the Board of Directors;
- NEU Property Holdings Limited, Cyprus – Chairman and member of the Board of Directors;
- NEU 03 Property Holdings Limited, Cyprus – Chairman and member of the Board of Directors;
- ERB New Europe Funding III Limited, Cyprus – Chairman and member of the Board of Directors.

Anastasios Nikolaou

John David Butts

- UBAD – TORO, Bulgaria – Partner;
- Lexrx Capital OOD, Bulgaria – Partner;

Oliver Ellingham

- Ellingham Limited – Partner;
- Self Storage Number I Ltd – Manager;
- Eurobank Cyprus Ltd, Cyprus – Chairman and member of the Board of Directors;
- HAMA, Ireland – Member of the Board of Directors.

Iasmi Ralli

- Eurobank Private Bank Luxembourg S.A., Luxembourg – Member of the Board of Directors.

Ivi Vigka

- Eurobank Direktna A.D. Beograd, Serbia – Member of the Management Board.

Board Nomination Policy

Policy Statement:

The Board Nomination Policy sets out the guidelines and formal process for the identification, selection and nomination of candidates for the Management and Supervisory Boards of Eurobank Bulgaria AD. The Policy ensures that such appointments are made in accordance with the legal and regulatory requirements, with due regard to the expectations of the Eurobank Bulgaria AD's major shareholders, and on the basis of individual merit and ability, following a best practice process. The scope of the Policy focuses entirely on Boards appointments. It does not cover the selection and appointment of the senior executives of the Eurobank Bulgaria AD members of the Board.

Objectives of the Policy:

The primary objectives of the Policy are to:

1.1. Define the general principles which guide the Nomination 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 Board (including the succession planning) meets high ethical standards, has optimal balance of knowledge, skills and experience and is aligned with the current regulatory requirements.

Boards Diversity Policy

Policy Statement:

The Boards diversity is one of the factors, which according to the Nomination Policy, the Nomination Committee shall consider when examining composition and structure of the Boards Diverse Boards include and make good use of variety in the skills, educational and professional background, and geographical provenance (nationality), gender, age and other qualities of Directors. All Boards appointments, including succession planning, shall ensure that the structure of the Boards meets high ethical standards, has optimal balance of knowledge, skills and experience and is aligned with regulatory requirements. In this context, the search for the Boards candidates is conducted, and appointments are made, on merit, against objective criteria and with due regard to the benefits of diversity on the Boards.

The Nomination Committee has the overall responsibility to annually assess the structure, size, composition and performance of the Boards and make recommendations to the Boards with regard to any necessary changes. In assessing Boards composition, the Nomination Committee will 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 Board.

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

III. Scope of application

Eurobank Bulgaria AD reports on an unconsolidated basis.

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

		a	b	c	d	e	f	g
				Carrying values of items				
		Carrying values as reported in published financial statements	Carrying values under scope of prudential consolidation	Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
	Breakdown by asset clases according to the balance sheet in the published financial statements							
1	Cash and balances with the Central Bank	2 139 549	2 139 549	2 139 549	0	0	0	0
2	Loans and advances to banks	505 362	505 362	505 362	0	0	0	0
3	Trading assets	38 369	38 369	0	0	0	38 369	0
4	Derivative financial instruments	11 460	11 460	0	11 460	0	0	0
5	Loans and advances to customers	8 793 951	8 793 951	8 793 951	0	0	0	0
6	Investment securities	2 635 788	2 635 788	2 203 164	0	432 624	0	0
7	Current income tax recoverable	0	0	0	0	0	0	0
8	Deferred tax assets	8 556	8 556	0	0	0	0	8 556
9	Property, plant and equipment, including right of use assets	235 255	235 255	235 255	0	0	0	0
10	Investment property	797	797	797	0	0	0	0
11	Intangible assets	79 670	79 670	23 642	0	0	0	56 028
12	Other assets	41 337	41 337	41 337	0	0	0	0
	Total assets	14 490 094	14 490 094	13 943 057	11 460	432 624	38 369	64 584
	Breakdown by liability classes according to the balance sheet in the published financial statements							
1	Deposits from banks	9 535	9 535	0	0	0	0	9 535
2	Derivative financial instruments	9 139	9 139	0	9 139	0	0	0
3	Due to customers	12 313 508	12 313 508	0	0	0	0	12 313 508
4	Other borrowed funds	166 578	166 578	0	0	0	0	166 578
5	Current income tax payable	976	976	0	0	0	0	976
6	Provisions for other liabilities and charges	11 417	11 417	0	0	0	0	11 417
7	Retirement benefit obligations	3 629	3 629	0	0	0	0	3 629
8	Other liabilities	188 274	188 274	0	0	0	0	188 274
	Total liabilities	12 703 056	12 703 056	0	9 139	0	0	12 693 917

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			
			Credit risk framework	Securitisation framework	CCR framework	Market risk framework
1	**Assets carrying value amount under the scope of prudential consolidation (as per template LI1)**	14 425 510	13 943 057	432 624	11 460	38 369
2	**Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1)**	9 139	0	0	9 139	0
3	**Total net amount under the scope of prudential consolidation**	14 416 371	13 943 057	432 624	2 321	38 369
4	**Off-balance-sheet amounts**	1 908 270	1 908 270	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**	16 324 641	15 851 327	432 624	2 321	38 369

IV. Own funds

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

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

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

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 Qualitative or quantitative information - Free format	a Qualitative or quantitative information - Free format
1	Issuer	Eurobank Bulgaria	Eurobank Bulgaria
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	BG1100119053	N/A
2a	Public or private placement	Private	Private
3	Governing law(s) of the instrument	Bulgarian legislation	English legislation, Bulgarian legislation
3a	Contractual recognition of write down and conversion powers of resolution authorities	N/A	Yes
	Regulatory treatment		
4	Current treatment taking into account, where applicable, transitional CRR rules	CET 1 capital	Eligible liabilities
5	Post-transitional CRR rules	CET 1 capital	Eligible liabilities
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	Eligible liabilities in accordance with Article 12 of Regulation (EU) 806/2014 and Article 45 of Directive 2014/59/EU.
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	BGN 560 million	EUR 75 million, BGN 147 million
9	Nominal amount of instrument	BGN 1	EUR 75 million, BGN 147 million
EU-9a	Issue price	100%	100%
EU-9b	Redemption price	N/A	N/A
10	Accounting classification	Shareholders' equity	Liability – amortised cost
11	Original date of issuance	15.5.1991	22.12.2021
12	Perpetual or dated	Perpetual	Dated
13	Original maturity date	without maturity	23.12.2024
14	Issuer call subject to prior supervisory approval	No	Yes
15	Optional call date, contingent call dates and redemption amount	N/A	N/A
16	Subsequent call dates, if applicable	N/A	N/A
	Coupons / dividends		
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	N/A	2.50%, 3-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	Nonconvertible
24	If convertible, conversion trigger(s)	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A
30	Write-down features	No	Yes
31	If write-down, write-down trigger(s)	N/A	Decision by the relevant resolution authority
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	Article 94(1), subparagraph 11 of the Bank Insolvency Act and Article 66(2) of the Recovery and Resolution Act.
EU-34b	Ranking of the instrument in normal insolvency proceedings	Rank 1 - Ranking in insolvency (master scale)	Rank 5 - Ranking in insolvency (master scale)
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Additional Tier I	Subordinated to senior preferred liabilities
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	N/A	N/A
37a	Link to the full term and conditions of the instrument (signposting)	N/A	N/A

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

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

Template EU CC1 - Composition of regulatory own funds:

		(a) Amounts
	Common Equity Tier 1 (CET1) capital: instruments and reserves	
1	Capital instruments and the related share premium accounts	560 323
	of which: Instrument type 1: Ordinary shares	560 323
	of which: Instrument type 2	
	of which: Instrument type 3	
2	Retained earnings	0
3	Accumulated other comprehensive income (and other reserves)	1 014 577
EU-3a	Funds for general banking risk	0
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	0
5	Minority interests (amount allowed in consolidated CET1)	0
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	0
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**1 574 900**
	Common Equity Tier 1 (CET1) capital: regulatory adjustments	
7	Additional value adjustments (negative amount)	0
8	Intangible assets (net of related tax liability) (negative amount)	-56 028
9	Not applicable	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	0
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	0
12	Negative amounts resulting from the calculation of expected loss amounts	0
13	Any increase in equity that results from securitised assets (negative amount)	0
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	0
15	Defined-benefit pension fund assets (negative amount)	0
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	0
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0
20	Not applicable	
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	0
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)	0
EU-20c	of which: securitisation positions (negative amount)	0
EU-20d	of which: free deliveries (negative amount)	0
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-8 556
22	Amount exceeding the 17,65% threshold (negative amount)	0
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	0
24	Not applicable	
25	of which: deferred tax assets arising from temporary differences	0
EU-25a	Losses for the current financial year (negative amount)	0
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	0
26	Not applicable	
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	0
27a	Other regulatory adjustments	55 812
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	-8 772
29	**Common Equity Tier 1 (CET1) capital**	**1 566 128**

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

		(a)
		Amounts
	Additional Tier 1 (AT1) capital: instruments	
30	Capital instruments and the related share premium accounts	0
31	of which: classified as equity under applicable accounting standards	0
32	of which: classified as liabilities under applicable accounting standards	0
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1	0
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	0
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	0
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	0
35	of which: instruments issued by subsidiaries subject to phase out	0
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**0**
	Additional Tier 1 (AT1) capital: regulatory adjustments	
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	0
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	0
41	Not applicable	
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	0
42a	Other regulatory adjustments to AT1 capital	0
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**0**
44	**Additional Tier 1 (AT1) capital**	**0**
45	**Tier 1 capital (T1 = CET1 + AT1)**	**1 566 128**
	Tier 2 (T2) capital: instruments	
46	Capital instruments and the related share premium accounts	0
47	Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	0
EU-47a	Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2	0
EU-47b	Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2	0
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	0
49	of which: instruments issued by subsidiaries subject to phase out	0
50	Credit risk adjustments	0
51	**Tier 2 (T2) capital before regulatory adjustments**	**0**
	Tier 2 (T2) capital: regulatory adjustments	
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	0
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0
54a	Not applicable	
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	0
56	Not applicable	
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	**0**
EU-56b	Other regulatory adjustments to T2 capital	**0**
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**0**
58	**Tier 2 (T2) capital**	**0**
59	**Total capital (TC = T1 + T2)**	**1 566 128**
60	**Total Risk exposure amount**	**7 610 521**

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

		(a)
		Amounts
	Capital ratios and requirements including buffers	
61	Common Equity Tier 1 capital	20.58%
62	Tier 1 capital	20.58%
63	Total capital	20.58%
64	Institution CET1 overall capital requirements	12.50%
65	of which: capital conservation buffer requirement	2.50%
66	of which: countercyclical capital buffer requirement	0.50%
67	of which: systemic risk buffer requirement	3.00%
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	0.75%
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	1.25%
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements**	14.83%
	National minima (if different from Basel III)	
69	Not applicable	
70	Not applicable	
71	Not applicable	
	Amounts below the thresholds for deduction (before risk weighting)	
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	0
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	0
74	Not applicable	
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	0
	Applicable caps on the inclusion of provisions in Tier 2	
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	0
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	0
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	0
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	0
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)	
80	Current cap on CET1 instruments subject to phase out arrangements	0
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	0
82	Current cap on AT1 instruments subject to phase out arrangements	0
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	0
84	Current cap on T2 instruments subject to phase out arrangements	0
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	0

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

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

There is no difference between Balance sheet as in published financial statements and Balance sheet under regulatory scope of consolidation as of 31.12.2021.

		a
		Balance sheet as in published financial statements
		As at period end
Assets - *Breakdown by asset clases according to the balance sheet in the published financial statements*		
1	Cash and balances with the Central Bank	2 139 549
2	Loans and advances to banks	505 362
3	Trading assets	38 369
4	Derivative financial instruments	11 460
5	Loans and advances to customers	8 793 951
6	Investment securities	2 635 788
7	Current income tax recoverable	0
8	Deferred tax assets	8 556
9	Property, plant and equipment, including right of use assets	235 255
10	Investment property	797
11	Intangible assets	79 670
12	Other assets	41 337
	Total assets	14 490 094
Liabilities - *Breakdown by liability clases according to the balance sheet in the published financial statements*		
1	Deposits from banks	9 535
2	Derivative financial instruments	9 139
3	Due to customers	12 313 508
4	Other borrowed funds	166 578
5	Current income tax payable	976
6	Provisions for other liabilities and charges	11 417
7	Retirement benefit obligations	3 629
8	Other liabilities	188 274
	Total liabilities	12 703 056
Shareholders' Equity		
1	Share capital	560 323
2	Statutory reserves	282 521
3	Retained earnings and other reserves	944 194
	Total shareholders' equity	1 787 038

(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:

		31.12.2021	31.12.2020	31.12.2019	31.12.2018
	Available capital (amounts)				
1	Common Equity Tier 1 (CET1) capital	1 566 128	1 426 870	1 208 173	1 084 390
2	Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	1 493 869	1 338 416	1 125 149	1 008 924
3	Tier 1 capital	1 566 128	1 426 870	1 208 173	1 084 390
4	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	1 493 869	1 338 416	1 125 149	1 008 924
5	Total capital	1 566 128	1 426 870	1 208 173	1 084 390
6	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	1 493 869	1 338 416	1 125 149	1 008 924
	Risk-weighted assets (amounts)				
7	Total risk-weighted assets	7 610 521	6 825 200	7 182 482	5 404 749
8	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	7 539 851	6 754 380	7 108 027	5 332 568
	Capital ratios				
9	Common Equity Tier 1 (as a percentage of risk exposure amount)	20.58%	20.91%	16.82%	20.06%
10	Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	19.81%	19.82%	15.83%	18.92%
11	Tier 1 (as a percentage of risk exposure amount)	20.58%	20.91%	16.82%	20.06%
12	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	19.81%	19.82%	15.83%	18.92%
13	Total capital (as a percentage of risk exposure amount)	20.58%	20.91%	16.82%	20.06%
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	19.81%	19.82%	15.83%	18.92%
	Leverage ratio				
15	Leverage ratio total exposure measure	15 071 056	12 634 665	11 685 449	8 627 750
16	Leverage ratio	10.39%	11.29%	10.34%	12.57%
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	9.91%	10.59%	9.63%	11.69%

The Bank has elected to apply the phase-in approach as per EU legislation (Regulation EU 2017/2395) for mitigating the impact of IFRS 9 transition on the regulatory capital. According to Regulation (EU) 2017/2395, the full impact was planned as of 1 January 2023.

In response to the COVID-19 pandemic, however, Regulation (EU) 2020/873 extended the transitional arrangements by two years and also mitigated the potential impact that a sudden increase in expected credit loss provisions could have on institutions' capacity to lend to clients at times when it is most needed.

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

V. Countercyclical capital buffers

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

Capital buffers are:

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

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

The capital conservation buffer is 2,5% of the total risk exposure amount of the Bank.

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 31.12.2021 it is 0,5% 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 31.12.2021, 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 an 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, on 10 November 2016 the BNB Governing Council identified ten banks as other systemically important institutions (O-SIIs) in accordance with art. 9, paragraph 1. Eurobank Bulgaria AD is among the top ten 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 2021 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.

From 1 January 2020 Eurobank Bulgaria A.D. meets, on an individual basis, a Pillar 2 additional own funds requirement of 1.25%, to be entirely composed of CET 1 capital. As a result of this requirement, the Bank allocated BGN 95,132 thousand as of 31.12.2021.

As of 31.12.2021 Eurobank Bulgaria AD allocated BGN 190,263 thousand as a capital conservation buffer, BGN 228,316 thousand as a buffer for systemic risk, BGN 57,079 thousand as O-SIIs buffer and BGN 38,053 as a countercyclical capital buffer. Thus, the total allocated amount for capital buffers by the Bank as of 31.12.2021 is BGN 513,711 thousand.

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

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

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 Exposure value for non-trading book	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			Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total			
010	**Breakdown by country:**													
	Armenia	834	0	0	0	0	834	40	0	0	40	500	0.01%	0.00%
	Austria	10 924	0	0	0	0	10 924	111	0	0	111	1 388	0.02%	0.00%
	Belgium	19 433	0	0	0	0	19 433	192	0	0	192	2 400	0.04%	0.00%
	Bosnia and Herzegovina	826	0	0	0	0	826	50	0	0	50	625	0.01%	0.00%
	Bulgaria	8 923 981	0	606 899	0	0	9 530 880	467 700	1 535	0	469 235	5 865 438	94.57%	0.50%
	Croatia	782	0	0	0	0	782	30	0	0	30	375	0.01%	0.00%
	Cyprus	246	0	0	0	0	246	11	0	0	11	138	0.00%	0.00%
	Czech Republic	108	0	0	0	0	108	6	0	0	6	75	0.00%	0.00%
	Denmark	19 967	0	0	0	0	19 967	162	0	0	162	2 025	0.03%	0.00%
	Estonia	4 166	0	0	0	0	4 166	39	0	0	39	488	0.01%	0.00%
	Finland	19 899	0	0	0	0	19 899	161	0	0	161	2 013	0.03%	0.00%
	France	81 084	0	0	0	13 604	94 688	677	0	218	895	11 188	0.18%	0.00%
	Germany	7 151	0	0	0	0	7 151	115	0	0	115	1 438	0.02%	0.00%
	Greece	46 895	0	3 133 997	0	0	3 180 892	1 893	1 689	0	3 582	44 775	0.72%	0.00%
	Hungary	528	0	0	0	0	528	16	0	0	16	200	0.00%	0.00%
	Ireland	105	0	0	0	0	105	8	0	0	8	100	0.00%	0.00%
	Israel	1 806	0	0	0	0	1 806	69	0	0	69	863	0.01%	0.00%
	Italy	77 203	0	0	0	0	77 203	665	0	0	665	8 313	0.13%	0.00%
	Latvia	25	0	0	0	0	25	1	0	0	1	13	0.00%	0.00%
	Lithuania	37	0	0	0	0	37	2	0	0	2	25	0.00%	0.00%
	Luxembourg	39 125	0	0	0	0	39 125	1 659	0	0	1 659	20 738	0.33%	0.00%
	Netherlands	113 589	0	0	0	0	113 589	7 219	0	0	7 219	90 238	1.45%	0.00%
	North Macedonia	590	0	0	0	0	590	29	0	0	29	363	0.01%	0.00%
	Poland	10 485	0	0	0	0	10 485	109	0	0	109	1 363	0.02%	0.00%
	Portugal	20 429	0	0	0	0	20 429	336	0	0	336	4 200	0.07%	0.00%
	Romania	118 185	0	0	0	0	118 185	7 979	0	0	7 979	99 738	1.61%	0.00%
	Russia	3 613	0	0	0	0	3 613	164	0	0	164	2 050	0.03%	0.00%
	Serbia	386	0	0	0	0	386	23	0	0	23	288	0.00%	0.00%
	Slovakia	10 016	0	0	0	0	10 016	86	0	0	86	1 075	0.02%	0.00%
	Slovenia	66	0	0	0	0	66	4	0	0	4	50	0.00%	0.00%
	South Korea	301	0	0	0	0	301	8	0	0	8	100	0.00%	0.00%
	Spain	72 183	0	0	0	0	72 183	690	0	0	690	8 625	0.14%	0.00%
	Sweden	36 873	0	0	0	0	36 873	300	0	0	300	3 750	0.06%	0.00%
	Switzerland	373	0	0	0	0	373	11	0	0	11	138	0.00%	0.00%
	Syria	1 512	0	0	0	0	1 512	80	0	0	80	1 000	0.02%	0.00%
	Turkey	2 023	0	0	0	0	2 023	97	0	0	97	1 213	0.02%	0.00%
	Ukraine	2 571	0	0	0	0	2 571	94	0	0	94	1 175	0.02%	0.00%
	United Kingdom	1 738	0	0	0	24 243	25 981	68	0	388	456	5 700	0.09%	0.00%
	USA	18 197	0	0	0	4 121	22 318	1 352	0	66	1 418	17 725	0.29%	0.00%
020	**Total**	**9 668 255**	**0**	**3 740 896**	**0**	**41 968**	**13 451 119**	**492 256**	**3 224**	**672**	**496 152**	**6 201 900**	**100.00%**	

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

		a
1	Total risk exposure amount	7 610 521
2	Institution specific countercyclical capital buffer rate	0.50%
3	Institution specific countercyclical capital buffer requirement	38 053

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

VI. Use of the standardised approach

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

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

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

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

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

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

	Exposure classes	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWAs	RWAs density (%)
		a	b	c	d	e	f
1	Central governments or central banks	3 545 951	6	3 936 607	3	56 847	1.00%
2	Regional government or local authorities	1 358	0	1 358	0	1 358	100.00%
3	Public sector entities	0	0	0	0	0	0.00%
4	Multilateral development banks	17 647	0	177 486	5 061	0	0.00%
5	International organisations	0	0	0	0	0	0.00%
6	Institutions	692 611	60 449	1 092 373	33 291	576 542	51.00%
7	Corporates	3 302 172	983 978	2 822 367	339 612	2 585 700	82.00%
8	Retail	2 052 097	618 679	1 914 957	61 887	1 418 340	72.00%
9	Secured by mortgages on immovable property	3 031 352	80 750	3 031 351	41 542	1 099 480	36.00%
10	Exposures in default	251 923	0	241 346	0	266 574	110.00%
11	Exposures associated with particularly high risk	223 973	164 098	221 537	25 872	371 114	150.00%
12	Covered bonds	432 841	0	432 841	0	62 577	14.00%
13	Institutions and corporates with a short-term credit assessment	0	0	0	0	0	0.00%
14	Collective investment undertakings	39 125	0	39 125	0	20 736	53.00%
15	Equity	24 572	0	24 572	0	24 572	100.00%
16	Other items	458 806	0	471 245	0	304 112	65.00%
17	TOTAL	14 074 428	1 907 960	14 407 165	507 268	6 787 952	46.00%

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

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	3 735 348	0	0	0	145 946	0	55 316	0	0	0	0	0	0	0	0	3 936 610	0
2	Regional government or local authorities	0	0	0	0	0	0	0	0	0	1 358	0	0	0	0	0	1 358	1 358
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	182 547	0	0	0	0	0	0	0	0	0	0	0	0	0	0	182 547	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	473 329	0	340 919	0	0	311 416	0	0	0	0	0	1 125 664	100 313
7	Corporates	0	0	0	0	0	0	0	0	0	3 161 979	0	0	0	0	0	3 161 979	3 161 979
8	Retail exposures	0	0	0	0	0	0	0	0	1 976 844	0	0	0	0	0	0	1 976 844	1 976 844
9	Exposures secured by mortgages on immovable property	0	0	0	0	0	2 374 834	698 059	0	0	0	0	0	0	0	0	3 072 893	3 072 893
10	Exposures in default	0	0	0	0	0	0	0	0	0	190 890	50 456	0	0	0	0	241 346	241 346
11	Exposures associated with particularly high risk	0	0	0	0	0	0	0	0	0	0	247 409	0	0	0	0	247 409	247 409
12	Covered bonds	0	0	0	362 279	29 774	0	40 788	0	0	0	0	0	0	0	0	432 841	0
13	Exposures to institutions and corporates with a short-term credit assessment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14	Units or shares in collective investment undertakings	0	0	0	0	0	0	0	0	0	0	0	0	0	0	39 125	39 125	0
15	Equity exposures	0	0	0	0	0	0	0	0	0	24 572	0	0	0	0	0	24 572	24 572
16	Other items	154 811	0	0	0	15 403	0	0	0	0	301 031	0	0	0	0	0	471 245	471 245
17	TOTAL	4 072 706	0	0	362 279	664 452	2 374 834	1 135 082	0	1 976 844	3 991 246	297 865	0	0	0	39 125	14 914 433	9 297 959

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 on the basis of internal risk models and ratings, and by defining risk sensitive business focuses by means of specific exposure limits and target portfolio.

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

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

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

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

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

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 that allow the bank to evaluate if the particular exposure is overdue.
- The potential percentage of loss in case of default (Loss given default);
- Customer payment behavior monitoring and analyses;
- Regular customer review as per the CPMs;
- Additional COVID-19 related analyses to identify potential impact.

Apart from the quantitative criteria applied during the approval process, qualitative criteria are also taken in 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 those trustworthy and creditworthy entities that operate in accordance to the prevailing legal, fiscal & regulatory environment in sectors that are acceptable by 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 as a way 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 Risk Division from the business units in the Bank is completely ensured. Credit Control Department within Risk Division has the primary responsibility for the ECL calculation monitoring for both the individual and the collective assessment process of lending exposures. It reviews the assumptions used in the individual assessment such as the Cash-Flows Available for Debt Service (CFADS), scenarios and recovery strategies. The department controls and assesses the quality of the loan portfolio and the stemming credit risk as a whole, evaluates applications from Business Units regarding new products, provides opinion on credit policies and procedures, as well as monitors their implementation and execution.

Credit Risk Methodology and Capital Adequacy Control Department within Risk Division is responsible for implementation and maintenance of credit rating systems as well as for the development and implementation of the application and behavioral scorecards together with the business units and the Group. The department provides methodological support on all credit risk related matters, including provisioning policy, new loan products, policies and procedures as well as system developments. The Credit Risk Methodology and Capital Adequacy Control Department (CRM&CAC) is responsible for the estimation of the risk parameters used for the

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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.

Credit Risk Department within Risk Division is responsible for in-depth analysis and preparation of Risk Assessment for the exposures toward corporate customers of the Bank, on the individual client and deal level. The Risk Assessment of Credit risk aims to identify potential risks undertaken with each individual credit deal and to recommend actions for risk mitigation. 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.

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

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

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

- Credit Policy Manual for Corporate lending;
- Credit Policy Manual for Small Business banking (SBB);
- Credit Policy Manual for Mortgage lending;
- Credit Policy Manual for Consumer lending including credit cards;
- Collateral Rule Book;
- Collaterals Allocation Instruction;
- Corporate Troubled Assets Group Credit Policy;
- Retail Troubled Assets Group Credit Policy;
- Accounting Policy for impairment of lending exposures;
- ICAAP Procedure;
- Stress test methodology;
- Concentration risk methodology;
- Eurobank Bulgaria Default and EBA status classification Policy;
- Eurobank Bulgaria NPE Management Strategy and Operational plan.

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;

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- Different levels of Credit Committees depending on type and amount of exposure, including the Country Credit Committee and the Regional Credit Committee – for Credit Approval Process decisions;
- Special handling Committee I ,II, III and IV – for credit approval process decisions for problematic customers;
- Special Handling Monitoring Committee – for monitoring of Corporate watch-listed, problematic and NP relationships;
- Troubled Assets Committee - for oversight and monitoring of troubled assets management;
- Loans and Products Committee - for approval of loan products as well as risk parameters and criteria.

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

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

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

The Bank applies the past due criterion at a deal level for the Retail portfolio and at an obligor level for the Corporate portfolio. To specify the materiality of past due credit obligations, the Bank has determined and applies an absolute and a relative materiality thresholds, which trigger 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 event or default may occur as a result 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 at the attention to Chief Risk Officer and Chief Financial Officer with a clear and pertinent justification. If approval is given both by the CRO and the CFO, the cases are marked as technical past due and the needed corrections are done via a script in the core banking system.

The Bank recognizes expected credit losses (ECL) that reflect changes in credit quality since initial recognition to financial assets that are measured at AC and FVOCI, including loans, lease receivables, debt securities, financial guarantee contracts, and loan commitments. No ECL are recognized on equity investments.

ECLs are a probability-weighted average estimate of credit losses that reflects the time value of money. Upon initial recognition of the financial instruments in scope of the impairment policy, the Bank records a loss allowance equal to 12-month ECL, being the ECL that result from default events that are possible within the next twelve months. Subsequently, for those financial instruments that have experienced a significant increase in credit risk (SICR) since initial recognition, a loss allowance equal to lifetime ECL is recognized, arising from default events that are possible over the expected life of the instrument. If upon initial recognition, the financial asset meets the definition of purchased or originated credit impaired (POCI), the loss allowance is based on the change in the ECL over the life of the asset.

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

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

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

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

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
005	Cash balances at central banks and other demand deposits	2 111 501	2 111 501	0	0	0	0	-26	-26	0	0	0	0	0	0	0
010	Loans and advances	9 025 582	8 028 407	997 175	442 927	0	442 927	-71 325	-35 285	-36 040	-227 572	0	-227 572	-11 999	5 918 518	182 942
020	*Central banks*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
030	*General governments*	1 959	1 289	670	0	0	0	-1	-1	0	0	0	0	0	583	0
040	*Credit institutions*	375 821	375 821	0	0	0	0	-160	-160	0	0	0	0	0	0	0
050	*Other financial corporations*	41 166	41 145	21	66	0	66	-39	-39	0	-66	0	-66	-8	24 270	0
060	*Non-financial corporations*	4 697 322	4 044 118	653 204	249 539	0	249 539	-22 170	-13 211	-8 959	-109 204	0	-109 204	-6 493	3 415 714	130 911
070	*Of which SMEs*	2 325 244	1 933 841	391 403	193 000	0	193 000	-18 011	-9 887	-8 124	-93 989	0	-93 989	-6 463	1 721 086	89 645
080	*Households*	3 909 314	3 566 034	343 280	193 322	0	193 322	-48 955	-21 874	-27 081	-118 302	0	-118 302	-5 498	2 477 951	52 031
090	Debt securities	2 573 377	2 573 377	0	0	0	0	-1 285	-1 285	0	0	0	0	0	390 656	0
100	*Central banks*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
110	*General governments*	1 564 177	1 564 177	0	0	0	0	0	0	0	0	0	0	0	0	0
120	*Credit institutions*	574 221	574 221	0	0	0	0	-1 270	-1 270	0	0	0	0	0	0	0
130	*Other financial corporations*	434 979	434 979	0	0	0	0	-15	-15	0	0	0	0	0	390 656	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	1 905 774	1 775 467	130 307	2 496	0	2 496	-208	-203	-5	-121	0	-121		637 227	716
160	*Central banks*	0	0	0	0	0	0	0	0	0	0	0	0		0	0
170	*General governments*	9 684	9 684	0	0	0	0	-4	-4	0	0	0	0		0	0
180	*Credit institutions*	61 919	61 919	0	0	0	0	-1	-1	0	0	0	0		0	0
190	*Other financial corporations*	18 678	18 678	0	0	0	0	-5	-5	0	0	0	0		12 892	0
200	*Non-financial corporations*	1 328 736	1 216 320	112 416	2 022	0	2 022	-194	-189	-5	-121	0	-121		604 472	692
210	*Households*	486 757	468 866	17 891	474	0	474	-4	-4	0	0	0	0		19 863	24
220	***Total***	15 616 234	14 488 752	1 127 482	445 423	0	445 423	-72 844	-36 799	-36 045	-227 693	0	-227 693	-11 999	6 946 401	183 658

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	1 764 304	2 092 131	2 385 779	4 835 339	0	11 077 553
2	Debt securities	0	540 671	1 241 431	789 990	0	2 572 092
3	***Total***	1 764 304	2 632 802	3 627 210	5 625 329	0	13 649 645

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**	535 468
020	Inflows to non-performing portfolios	274 069
030	Outflows from non-performing portfolios	-366 610
040	Outflows due to write-offs	-47 209
050	Outflow due to other situations	-319 401
060	**Final stock of non-performing loans and advances**	442 927

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

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

		a	b
		Gross carrying amount	Related net accumulated recoveries
010	**Initial stock of non-performing loans and advances**	535 468	
020	Inflows to non-performing portfolios	274 069	
030	Outflows from non-performing portfolios	-366 610	
040	Outflow to performing portfolio	-85 201	
050	Outflow due to loan repayment, partial or total	-131 258	
060	Outflow due to collateral liquidations	-16 397	15 604
070	Outflow due to taking possession of collateral	0	0
080	Outflow due to sale of instruments	-31 859	31 859
090	Outflow due to risk transfers	0	0
100	Outflows due to write-offs	-47 209	
110	Outflow due to other situations	-19 617	
120	Outflow due to reclassification as held for sale	-35 069	
130	**Final stock of non-performing loans and advances**	442 927	

Template EU CQ1: Credit quality of forborne exposures:

		a	b	c	d	e	f	g	h
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
				Of which defaulted	Of which impaired				
005	Cash balances at central banks and other demand deposits	0	0	0	0	0	0	0	0
010	Loans and advances	115 328	129 541	129 541	129 541	-7 118	-44 170	142 881	77 505
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*	0	0	0	0	0	0	0	0
060	*Non-financial corporations*	31 178	86 226	86 226	86 226	-999	-30 460	81 341	53 521
070	*Households*	84 150	43 315	43 315	43 315	-6 119	-13 710	61 540	23 984
080	Debt Securities	0	0	0	0	0	0	0	0
090	Loan commitments given	764	587	587	587	0	0	1 091	578
100	***Total***	116 092	130 128	130 128	130 128	-7 118	-44 170	143 972	78 083

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

Template EU CQ2: Quality of forbearance:

		a
		Gross carrying amount of forborne exposures
010	Loans and advances that have been forborne more than twice	24 270
020	Non-performing forborne loans and advances that failed to meet the non-performing exit criteria	3 971

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	2 111 501	2 111 501	0	0	0	0	0	0	0	0	0	0
010	Loans and advances	9 025 582	8 995 415	30 167	442 927	199 624	18 364	46 225	59 178	119 536	0	0	442 927
020	*Central banks*	0	0	0	0	0	0	0	0	0	0	0	0
030	*General governments*	1 959	1 959	0	0	0	0	0	0	0	0	0	0
040	*Credit institutions*	375 821	375 821	0	0	0	0	0	0	0	0	0	0
050	*Other financial corporations*	41 166	41 166	0	66	0	0	0	0	66	0	0	66
060	*Non-financial corporations*	4 697 322	4 686 477	10 845	249 539	131 842	6 393	27 117	36 897	47 290	0	0	249 539
070	*Of which SMEs*	2 325 244	2 314 633	10 611	193 000	83 085	5 352	26 377	32 464	45 722	0	0	193 000
080	*Households*	3 909 314	3 889 992	19 322	193 322	67 782	11 971	19 108	22 281	72 180	0	0	193 322
090	Debt securities	2 573 377	2 573 377	0	0	0	0	0	0	0	0	0	0
100	*Central banks*	0	0	0	0	0	0	0	0	0	0	0	0
110	*General governments*	1 564 177	1 564 177	0	0	0	0	0	0	0	0	0	0
120	*Credit institutions*	574 221	574 221	0	0	0	0	0	0	0	0	0	0
130	*Other financial corporations*	434 979	434 979	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	1 905 774			2 496								2 496
160	*Central banks*	0			0								0
170	*General governments*	9 684			0								0
180	*Credit institutions*	61 919			0								0
190	*Other financial corporations*	18 678			0								0
200	*Non-financial corporations*	1 328 736			2 022								2 022
210	*Households*	486 757			474								474
220	***Total***	15 616 234	13 680 293	30 167	445 423	199 624	18 364	46 225	59 178	119 536	0	0	445 423

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

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***	***12 041 886***	***442 927***	***442 927***	***12 041 886***	***-300 182***		***0***
020	*Bulgaria*	9 352 719	442 927	442 927	9 352 719	-298 631		0
030	*Greece*	558 916	0	0	558 916	-900		0
040	*Rest of Europe**	1 933 873	0	0	1 933 873	-633		0
050	*Other countries***	196 378	0	0	196 378	-18		0
060	***Off-balance-sheet exposures***	***1 908 270***	***2 496***	***2 496***			***329***	
070	*Bulgaria*	1 839 854	2 496	2 496			329	
080	*Greece*	0	0	0			0	
090	*Rest of Europe****	68 414	0	0			0	
100	*Other countries*	2	0	0			0	
110	***Total***	***13 950 156***	***445 423***	***445 423***	***12 041 886***	***-300 182***	***329***	***0***

***The five largest on-balance sheet exposures are in the following countries: Ireland, Italy, Romania, Poland and Netherlands.**

***** The five largest on-balance sheet exposures are in the following countries: Qatar, United states, Kuwait, United Arab Emirates and Democratic Peoples Republic of Korea.***

****** The five largest off-balance sheet exposures are in the following countries: Luxembourg, Netherlands, Cyprus, Belgium and British Virgin Islands.***

(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 non-performing	Of which defaulted	Of which loans and advances subject to impairment	Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
010	Agriculture, forestry and fishing	162 401	20 902	20 902	162 401	-7 252	0
020	Mining and quarrying	19 749	1 257	1 257	19 749	-873	0
030	Manufacturing	1 255 270	52 120	52 120	1 255 270	-28 477	0
040	Electricity, gas, steam and air conditioning supply	102 306	5	5	102 306	-130	0
050	Water supply	57 344	877	877	57 344	-481	0
060	Construction	396 257	43 856	43 856	396 257	-13 317	0
070	Wholesale and retail trade	895 227	71 076	71 076	895 227	-46 611	0
080	Transport and storage	285 245	7 955	7 955	285 245	-7 206	0
090	Accommodation and food service activities	507 945	11 046	11 046	507 945	-7 105	0
100	Information and communication	55 109	1 054	1 054	55 109	-1 155	0
110	Financial and insurance actvities	0	0	0	0	0	0
120	Real estate activities	840 609	7 545	7 545	840 609	-6 058	0
130	Professional, scientific and technical activities	268 466	22 876	22 876	268 466	-8 110	0
140	Administrative and support service activities	48 121	6 973	6 973	48 121	-2 724	0
150	Public administration and defense, compulsory social security	0	0	0	0	0	0
160	Education	4 112	277	277	4 112	-28	0
170	Human health services and social work activities	29 995	357	357	29 995	-416	0
180	Arts, entertainment and recreation	10 232	615	615	10 232	-662	0
190	Other services	8 473	748	748	8 473	-769	0
200	***Total***	***4 946 861***	***249 539***	***249 539***	***4 946 861***	***-131 374***	***0***

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

Template EU CQ6: Collateral valuation - loans and advances:

		a	b	c	d	e	f	g	h	i	j	k	l
		Loans and advances											
			Performing		Non-performing								
						Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days						
				Of which past due > 30 days ≤ 90 days				Of which past due > 90 days ≤ 180 days	Of which: past due > 180 days ≤ 1 year	Of which: past due > 1 years ≤ 2 years	Of which: past due > 2 years ≤ 5 years	Of which: past due > 5 years ≤ 7 years	Of which: past due > 7 years
010	Gross carrying amount	9 468 509	9 025 582	30 167	442 927	199 624	243 303	18 364	46 225	59 178	119 536	0	0
020	*Of which secured*	7 034 397	6 681 952	15 851	352 445	171 918	180 527	11 487	28 788	44 431	95 821	0	0
030	*Of which secured with immovable property*	4 145 336	3 930 238	6 308	215 098	99 271	115 827	9 112	14 871	30 088	61 756	0	0
040	*Of which instruments with LTV higher than 60% and lower or equal to 80%*	1 258 721	1 231 794		26 927	14 232	12 695						
050	*Of which instruments with LTV higher than 80% and lower or equal to 100%*	863 616	828 171		35 445	12 523	22 922						
060	*Of which instruments with LTV higher than 100%*	707 847	634 659		73 188	19 224	53 964						
070	Accumulated impairment for secured assets	-192 362	-30 924	-904	-161 438	-45 211	-116 227	-5 084	-14 696	-18 076	-78 371	0	0
080	Collateral												
090	*Of which value capped at the value of exposure*	*5 513 159*	5 337 835	8 977	175 324	123 471	51 853	6 280	6 420	26 077	13 076	0	0
100	*Of which immovable property*	*3 999 304*	3 873 552	7 079	125 752	83 144	42 608	5 694	4 784	23 417	8 713	0	0
110	*Of which value above the cap*	*4 062 987*	3 831 443	10 561	231 544	130 207	101 337	7 066	12 235	24 475	57 561	0	0
120	*Of which immovable property*	*2 919 658*	2 770 824	7 627	148 834	89 149	59 685	5 396	5 858	23 054	25 377	0	0
130	Financial guarantees received	*588 301*	580 683	3 791	7 618	1 784	5 834	110	5 385	246	93	0	0
140	Accumulated partial write-off	*-11 999*	-1 387	0	-10 612	-2 552	-8 060	-73	-111	0	-7 876	0	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	18 014	-5 896
030	*Residential immovable property*	8 524	-4 994
040	*Commercial Immovable property*	9 490	-902
050	*Movable property (auto, shipping, etc.)*	0	0
060	*Equity and debt instruments*	0	0
070	*Other collateral*	0	0
080	***Total***	18 014	-5 896

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

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

		a	b	c	d	e	f	g	h	i	j	k	l
		Debt balance reduction		Total collateral obtained by taking possession									
						Foreclosed ≤ 2 years		Foreclosed > 2 years ≤ 5 years		Foreclosed > 5 years		Of which non-current assets held-for-sale	
		Gross carrying amount	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes
010	Collateral obtained by taking possession classified as PP&E	0	0	0	0								
020	Collateral obtained by taking possession other than that classified as PP&E	18 014	0	18 014	-5 896	5 597	0	0	0	12 417	-5 896	18 014	5 896
030	*Residential immovable property*	8 524	0	8 524	-4 994	313	0	0	0	8 211	-4 994	8 524	4 994
040	*Commercial immovable property*	9 490	0	9 490	-902	5 284	0	0	0	4 206	-902	9 490	902
050	*Movable property (auto, shipping, etc.)*	0	0	0	0	0	0	0	0	0	0	0	0
060	*Equity and debt instruments*	0	0	0	0	0	0	0	0	0	0	0	0
070	*Other collateral*	0	0	0	0	0	0	0	0	0	0	0	0
080	***Total***	18 014	0	18 014	-5 896	5 597	0	0	0	12 417	-5 896	18 014	5 896

VIII. Use of credit risk mitigation techniques

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

a) Mortgage on immovable property;

b) Pledge on movable property;

c) Pledge on commercial enterprises;

d) Pledge on receivables;

e) Securities;

f) Cash;

g) Letters of guarantees;

h) Personal guarantees /Sureties/;

i) Other eligible collaterals.

All collaterals are agreed in writing through Collateral Agreement.

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

An important element of practical importance is the time setting of property rights, because those who are first in line precede any subsequent owners or any other lien on the subject of physical collateral, registered at undivided percentages or taken together with other Banks (Syndicated Loans). In such cases the coverage of the Bank is allocated under the rules of the respective Credit Policy Manual and internal procedures.

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

General Guidelines for Acceptance and Monitoring of Collaterals

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

    1) New Market Appraisal;

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

    - New collateral is added, or

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

    3) Partial deletion of mortgage/ pledge:

    - Based on partial repayment;

    - Based on the concrete decision of the competent authority of the Bank for reducing the collateral value.
  - Registering of collaterals by loan deals:

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

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

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

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

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

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

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

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

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers and industry segments. The monitoring of the limits towards single borrowers or group 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 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.

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

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

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

Despite the lack of existing syndicated Leveraged Transactions portfolio, an overall limit of 5% of syndicated LT portfolio, part of the overall LT limit of 20% on wholesale non-denounced portfolio, is set. LT portfolio is subject of regular monitoring and control.

As per ECB regulations, the Bank is obliged to adequately treat the Speculative Immovable Properties Financing according to the provisions of the Capital Requirements Regulation (CRR). Such exposures are associated with particular high risk and institutions must assign increased risk weights (150%). SIPF should be properly identified and regularly reviewed and reported. Country overall limit for SIPF of 40% on companies' (Wholesale and SBB) total Real Estate and Construction portfolio was established, recommendable levels being within 35%. SIPF portfolio is subject of regular monitoring, reporting and control.

The sectoral limits are monitored on a monthly basis through calculation of sectoral and individual concentration risk. The concentration risk is presented to the Risk Committee and Supervisory Board on a quarterly basis. The sectoral limits are reviewed at least on an annual basis. During 2021 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	5 179 627	6 101 460	5 513 159	588 301	0
2	Debt securities	2 181 436	390 656	0	390 656	
3	Total	7 361 063	6 492 116	5 513 159	978 957	0
4	*Of which non-performing exposures*	32 413	182 942	175 324	7 618	0
EU-5	*Of which defaulted*	32 413	182 942	175 324	7 618	0

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

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 2021.

X. Specialised lending

Eurobank Bulgaria AD has no exposures to specialized lending as of 31 December 2021.

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 documents.

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. The market risk appetite is defined by the Bank's Risk Committee, which approves all risk limits at Bank level. These limits are also part of the global limit structure of the Group and are ratified at Group level. At present there are nominal limits set on the 1-year and 10-year duration equivalent measures calculated in the Interest Rate Gap Report to ensure that the Bank's overall exposure to interest rate risk is acceptable; nominal limits for the overnight open FX positions in Euro and in all remaining currencies; and a nominal limit on the market value of the overall exposure to the local equity market. These limits at Bank level are supplemented by additional sub-limits on specific market risk factors, such as bond positions, concentration limits for the equity portfolio and other. In addition to quantitative limits, the Bank's market risk appetite is also expressed through qualitative characteristics such as different types of eligible markets, products, countries, counterparties and currencies. The market risk limits are monitored by Market Risk Department and any excesses are reported to the respective management bodies in line with the escalation levels set in the Market & Counterparty Risk Policy.

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

- ✓ ensuring that the Bank has a well-defined market risk strategy and risk appetite in line with its business plan, and that the risk appetite in question is articulated in a set of qualitative and quantitative statements, limits, and an appropriate measurement methodology;
- ✓ ensuring that the Bank has developed an appropriate market and counterparty risk management framework which is embedded in the decision making process (e.g. new products introduction, risk adjusted pricing, risk adjusted performance measures and capital allocation) throughout the organization and its subsidiaries;
- ✓ ensuring that the Bank has the appropriate modelling tools, data sources and sufficient and competent staff needed to identify, assess, monitor and mitigate risks;
- ✓ approval of market risk policies, procedures and overall control structure;
- ✓ approval of market risk appetite, limits, underlying measurement methodology and risk assessment models;
- ✓ monitoring of the compliance with and implementation of Group policies and procedures;
- ✓ review and assessment through regular reporting by Market Risk Department of the Bank's market risk profile and strategy and the effectiveness of the risk management policies, identifying and assessing significant risks;
- ✓ review of major risk issues and actions for resolution;
- ✓ review on a regular basis of the adequacy of relevant measures and controls.

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

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

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

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

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

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

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

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

✓ market implied volatilities of the above.

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

- ✓ interest rate risk;
- ✓ foreign exchange risk;
- ✓ equity price risk.

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.

The main instrument used internally for identifying, monitoring, reporting and managing the Bank's exposure to interest rate risk is the Interest Rate Gap report, produced on a weekly basis. The report is based on the Group guidelines, while the underlying assumptions are constantly reviewed and updated to ensure their adequate reflection of any local specifics. There are two main calculated duration-equivalent measures – 1Y and 10Y equivalent, for which there are nominal limits set to ensure that the overall exposure of the Bank to interest rate risk is acceptable and in line with its market risk appetite. The monitoring is done on a weekly basis and there have been no limit excesses in 2021. During the year an increase in the 10Y limit was approved by the Risk Committee in line with the Bank's investment strategy. 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 analysis. Regular stress tests are performed to assess the impact of interest rate changes on the Bank's P&L 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 year continued to increase as the Bank sought to invest its excess liquidity in high-quality liquid assets (such as fixed income sovereign and covered bonds) to support both its liquidity buffer and net interest income, while complying with the restrictions on exposures to foreign institutions and governments, imposed by BNB. The fixed income bond portfolios are the main source of interest rate risk for the Bank, although part of this exposure is hedged against interest rate risk through asset swaps. The interest rate risk exposure from the other on- and off-balance sheet positions is relatively low, given the short re-pricing periods and tenors of most assets and liabilities and the large share of floating rate ones. The main technique used for managing interest rate risk is interest rate risk hedging, including fair value and cash flow hedges. This is done in compliance with the Bank's Hedging Policy, which outlines the procedure for assessing hedge effectiveness on a regular monthly basis according to international standards requirements, defines the roles of the different units of the Bank in the assessment and accounting process, and the potential hedging instruments that can be used.

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

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

As the Bank's trading book bond portfolio is relatively 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 separately.

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. During 2021 there have been no limit excesses.

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 2021. Equity price risk monitoring and management is further supported by the daily calculation of equity portfolio VaR, based on a 99% confidence level, 10-day holding period and a 180-day time series of changes in market variables.

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

Trading Book and Pillar I Capital Requirements for Market Risk

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

(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 2021.

Template EU MR1 - Market risk under the standardised approach:

		a
		RWEAs
	Outright products	
1	Interest rate risk (general and specific)	37 750
2	Equity risk (general and specific)	2 550
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**	40 300

XII. Exposures to counterparty credit risk (CCR)

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

At any point of time, the overall credit limits of the Bank with a counterparty or counterparty group should not exceed 25% of regulatory capital. There are also risk appetite and risk capacity limits set on the overall credit limits with a single counterparty or counterparty group at Eurobank Group level as percentage of Eurobank Group's regulatory capital.

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

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

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

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

The regulatory credit valuation adjustment (CVA) charge as of 31 December 2021 is 0 (zero) as all outstanding transactions are intragroup transactions eligible for exclusion from the own funds requirements for CVA risk.

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

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

Template EU CCR1 – Analysis of CCR exposure by approach:

		a	b	c	d	e	f	g	h
		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
EU-1	EU - Original Exposure Method (for derivatives)	606	43 988		1.4	62 432	62 432	62 432	31 216
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**					62 432	62 432	62 432	31 216

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

	Exposure classes	Risk weight											
		a	b	c	d	e	f	g	h	i	j	k	l
		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	Total exposure value
1	Central governments or central banks	0	0	0	0	0	0	0	0	0	0	0	0
2	Regional government or local authorities	0	0	0	0	0	0	0	0	0	0	0	0
3	Public sector entities	0	0	0	0	0	0	0	0	0	0	0	0
4	Multilateral development banks	0	0	0	0	0	0	0	0	0	0	0	0
5	International organisations	0	0	0	0	0	0	0	0	0	0	0	0
6	Institutions	0	0	0	0	0	62 432	0	0	0	0	0	62 432
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	0	62 432	0	0	0	0	0	62 432

Template EU CCR5 – Composition of collateral for CCR exposures:

		a	b	c	d	e	f	g	h
		Collateral used in derivative transactions				Collateral used in SFTs			
	Collateral type	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
		Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
1	Cash – domestic currency	0	0	0	0	0	0	0	0
2	Cash – other currencies	0	0	0	6 982	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**	**6 982**	**0**	**0**	**0**	**0**

Eurobank Bulgaria has nothing to diclose as of 31.12.2021 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, Operational Risk Committee, Business Units (BU) Managers, Branch Network Operational Risk Unit, Corporate Banking Operational Risk Unit, Operational Risk Partners for all the BU, 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 an Operational Risk Management Framework is developed, implemented, maintained and is fully integrated into the Bank’s overall risk management processes;
- ✓ Establish, approve and periodically review Operational Risk Management Framework;
- ✓ Oversee senior management to ensure that the policies, processes, and systems are implemented effectively at all decision levels;
- ✓ Approve and review the Operational Risk appetite and tolerance statement that articulates the nature, types, and levels of Operational Risk that the Bank is willing to assume.

Responsibilities of the Management Board are to:

- ✓ Develop a clear, effective, and robust governance structure with well-defined, transparent and consistent lines of responsibility;
- ✓ Ensure the identification and assessment of Operational Risk inherent in all material products, activities, processes, and systems to make sure the inherent risks and incentives are well understood;
- ✓ Ensure policies, processes, and systems for managing Operational Risk are in place for all of material products, activities, processes, and systems, consistent with the risk appetite and tolerance;
- ✓ Ensure there is an approval process for all new products, activities, processes, and systems that fully assesses Operational Risk;
- ✓ 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.

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

Responsibilities of the Bank as a whole are to:

- ✓ Implement a strong control environment that utilizes policies, processes and systems; appropriate internal controls; and appropriate 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.

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 Operational 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 Group's Operational Risk Committee and the Executive Committee of Eurobank Bulgaria.

BU Management is responsible for the operative implementation of the Operational Risk Management Framework, throughout their respective business units and for ensuring that all staff understands its respective roles and responsibilities.

Operational Risk Strategy is to promote Operational Risk awareness and management in order to ensure continued 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.

To best manage Operational Risk, the Bank has established a robust written Operational Risk Management Framework to define its approach to identifying, assessing, managing, monitoring, and reporting Operational Risk. The Operational Risk Framework is built on four elements: (a) Principles; (b) Governance and Organization; (c) Processes; and (d) Infrastructure.

The Operational Risk Management Framework and related policies are designed to:

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

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

- ✓ Achieve a competitive advantage in terms of Operational Risk management through risk-based decision making; and
- ✓ Leverage international knowledge and good practices on Operational Risk management.

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 be responsible 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 Network Operational Risk Unit (NORU) and Corporate Operational Risk Unit (CORU), which are specialist units established in the areas exposed to Operational Risk. NORU and CORU oversee the deployment of Operational Risk framework throughout the Network and Wholesale Banking respectively and are focal points for all Operational Risk matters concerning Branch Network and Wholesale Banking operation. 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 –** reports to the Chief Risk Officer, Operational Risk Committee, and Risk Committee. Monitors Operational Risks and controls in support of Executive Management, providing oversight, challenge, advice and direction on Operational Risk matters. As a centralized Unit, it has a principal aim to support the Bank to implement an effective Operational Risk Management Framework, to provide reliable information on the most significant Operational Risks, to measure and monitor the Operational Risk exposure undertaken by the Bank thus adding value through increased effectiveness in risk management, and acknowledgement and accountability of risks;
- ✓ **Internal Audit Function –** is responsible for performing regular reviews of the implementation of and adherence to the Operational Risk Management Framework and its supporting policies, instructions and processes. Internal Audit may be used as validator for activities resulting from the Operational Risk Management Framework. Additionally, it may act as major contributor in the investigation of Operational Risk events.

Operational Risk Processes consist of:

- ✓ **Risk Identification**, aiming to develop a comprehensive list of Operational Risks (and/or events) that might have an impact in the achievement of Bank’s objectives;
- ✓ **Risk Assessment, Valuation and/or Measurement**, aiming to assess/valuate or measure Operational Risk exposures as well as to rank the inventory of Operational Risks facing Eurobank Bulgaria AD;
- ✓ **Control Management and Risk Mitigation**, aiming to identify means for risk mitigation (if 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.

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

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

1. **Operational Risk Culture.** Operational Risk Culture encompasses employee risk awareness as well as the attitude and behavior of employees to the taking of appropriate risk and the adherence to controls. A strong Operational Risk Culture underpins all Operational Risk management activity. The Bank continuously seeks to improve its Operational Risk Culture;
2. **Operational Risk Management and Mitigation.** The primary strategy utilized by the Bank to control its exposure to Operational Risk is the maintenance of an effective control environment. The Bank has in place adequate policies and processes to evaluate and manage the exposure to operational risk, including low-frequency high-severity events. In addition, the Bank implements specific risk mitigation activities for key Operational Risks, including fraud, outsourcing, 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, covering its operations;
3. **Operational Risk Events** – Involves capturing of all Operational Risk events reported throughout the Bank with their owner, cause, risk category, impact, business functions and business line, analysis of root causes, and mitigation measures;
4. **Key Operational Risk Indicators (KRIs)** – KRIs are metrics based on historical data and are relevant to specific and measurable activities indicating Operational Risk exposures. KRIs are quantifiable and expressed as an amount, a percentage or a ratio, assigned to particular Operational Risks and linked with risk tolerance;
5. **Risk & Control Self-Assessment (RCSA)** – RCSA is a team-based technique aiming to identify, assess and ultimately mitigate Operational Risk. Its outcome is a portfolio of Operational Risks per business unit, summarized into Operational Risk profiles. Business units assess Operational Risks, evaluate the effectiveness of controls in place, assess whether identified risks are within business risk appetite and tolerance levels and establish specific action plans to mitigate the assessed exposure;
6. **Operational Risk Scenarios.** Operational Risk Scenario analysis assesses the exposure to a range of significant Operational Risks through the examination of severe yet plausible future events. Scenarios take into account the current and projected business, economic, social and geo-political environment;

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

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.

Eurobank Bulgaria AD applies the Basic Indicator Approach for calculating the capital requirements for operational risk. The Bank calculates 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 calculated 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.

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

		a	b	c	d	e
Banking activities		Relevant indicator			Own funds requirements	Risk exposure amount
		Year-3	Year-2	Last year		
1	Banking activities subject to basic indicator approach (BIA)	381 332	414 440	442 433	61 910	773 875
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA)					
3	*Subject to TSA:*					
4	*Subject to ASA:*					
5	Banking activities subject to advanced measurement approaches AMA					

XIV. Liquidity requirements

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

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

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

- ✓ the necessary liquidity policies and procedures are in place and followed;

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

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

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

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

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

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

Concerning liquidity management, ALCO regularly reviews the following information:

- ✓ liquidity ratios;
- ✓ liquidity buffers – volumes, instruments and currency breakdown;
- ✓ sources and uses of liquidity and liquidity projections;
- ✓ liquidity risk stress test assumptions and 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 (Global Markets International).

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

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

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

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 Global Markets International (GMI) 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 GMI'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 Sector (GMCRS) is involved in setting up appropriate liquidity management practices with respect to subsidiaries and giving the necessary guidelines for the implementation / submission of the various regulatory reports.

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

During 2021, no changes to the liquidity governance structure were made and there are also no such changes planned for 2022.

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 system 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 and capital adequacy ratios, as well as managing the quality of the loan portfolio and keeping stable 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 below 10% of all deposits. As of the end of 2021, the lending portfolio of the Bank is fully funded by deposits from individuals and companies. The high liquidity levels in the situation of subzero interest-rate environment, however, determine the low need for wholesale funding and the importance of continuing funding optimization efforts. The liability structure is carefully analyzed with the aim to optimize funding sources from profitability perspective. Priority of the Bank will be the management of the deposit mix and pricing, converting passive into transactional clients. Eurobank Bulgaria's external funding dependence is immaterial, although the Bank regularly tests the potential to attract additional funding from external sources at a reasonable price, reflecting the risk profile of the country and the institution. In the coming three year period the Bank will issue further eligible liabilities to comply with MREL targets.

Based on the Bank's business plan and strategy for the next three years, deposits are projected to continue to fully cover the lending portfolio and the Bank will continue to maintain liquidity positions and ratios well above the regulatory requirements and the internal minimum target levels. Furthermore, the Bank will retain excess liquidity buffers at levels ensuring a balance between profitable investments and reasonable behavior. The Bank will continue its policy of maintaining low concentration of deposit liabilities in single large deposits. The Assets and Liabilities Committee will continue to monitor the market developments and interest rate levels 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;
- ✓ The Bank takes into account any cost considerations and net interest income targets in its short or long term strategy regarding the liquidity buffer and funding sources.

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

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

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

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

The results of these stress tests play an important role in the development of the contingency funding plans. Stress tests analyze the adequacy of the Bank's liquidity to meet crisis situations (e.g. significant deposit and other outflows, tightening of credit lines, etc.) and the impact from stress scenarios on its liquidity buffer and other important metrics. The stress testing framework contains three types of short-term (1-month) scenarios:

- ✓ an institution-specific (idiosyncratic) stress test scenario (moderate levels of stress);
- ✓ a market wide/systemic stress test scenario (severe levels of stress);
- ✓ a combination of the two (extreme levels of stress).

The scenarios and assumptions used are 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 effects of market and credit risks 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:

- ✓ 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;
- ✓ run-off of client deposits (with analysis per type according to the client mix);
- ✓ (un)availability of secured and unsecured wholesale funding sources;
- ✓ correlation between funding markets (i.e. the effectiveness of diversification across sources of funding);
- ✓ additional margin calls and collateral requirements due to counterparty requests or due to the effect of market movements on the underlying transactions;
- ✓ liquidity drains associated with complex products/transactions;
- ✓ funding tenors;
- ✓ exercise of early termination clauses or call options from counterparties;
- ✓ contingent claims and more specifically, potential draws on irrevocably committed lines extended to third parties;
- ✓ (un)availability of contingent lines extended to the Bank;
- ✓ impact of credit rating triggers;
- ✓ currency convertibility and access to foreign exchange markets;
- ✓ ability to transfer liquidity across entities, sectors and borders taking into account legal, regulatory, operational and time zone restrictions and constraints;
- ✓ access to Central Bank facilities / MRR;
- ✓ 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 three scenarios represent extreme cases, which have not been substantiated by any recent experience, but aim to analyze the Bank's preparedness to withstand funding outflows 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 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 in line with the Bank's target liquidity risk profile and obligations are adequately met under both normal and stressed conditions and there is no necessity to set aside additional capital reserves for liquidity risk as the Bank's liquidity position is at very good and stable levels, well in excess of internal and regulatory requirements.

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

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

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

The Management of the Bank recognizes that during 2021, the Bank continued to demonstrate very solid liquidity adequacy levels and funding position. The COVID-19 outbreak did not result in a deterioration of the Bank's liquidity position. Despite the Bank's deliberate efforts to utilize excess liquidity and support the Bank's NII in view of the protracted negative interest rate environment, all liquidity indicators continue to remain well above minimum required threshold levels. The Bank acknowledges that taking risks is an integral part of its business. Within this context, it sets mechanisms to identify those risks at an early stage and assesses their potential impact towards the achievement of its objectives. Due to the dynamic nature of the economic, industry, regulatory and operating landscape, risk management mechanisms are established and evolve in a proactive manner to enable the Bank to identify and deal with the risks associated with the aforementioned changes. The Risk Appetite Framework constitutes a focal driver supporting the Bank in the implementation of its overall business strategy and objectives, under both normal and adverse economic conditions. It is communicated to all relevant units and is approved and regularly updated by the Management.

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

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

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

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

- ✓ Liquid assets to short-term liabilities (up to 1 year) – 39.9% as of Dec'21 vs 38.9% as of Dec'20;
- ✓ Ratio of assets minus liabilities up to 30 days to short-term liabilities (up to 1 year) – 25.8% as of Dec'21 vs 24.3% as of Dec'20;
- ✓ Total client loans to total client deposits (the ratio of total client loans net of provisions to total client deposits) – 70.7% as of Dec'21 vs 75.3% as of Dec'20;
- ✓ Group funding concentration (the ratio of net funding received from Group entities to total liabilities) – 0% as the Bank remains net liquidity provider at Group level;
- ✓ Top 10 funding concentration (the ratio of the funds received from the 10 largest depositors to total liabilities) – 8.6% as of Dec'21 vs 5.5% as of Dec'20.

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 risk appetite and risk capacity levels for these indicators, as well as thresholds assigning to each indicator based on its current level a risk score on a scale from one (lowest risk) to five (highest risk). Based on the actual level of each indicator and assigned weights, with the highest weights assigned to the regulatory LCR and NSFR ratios, an aggregate risk score for liquidity risk is calculated as part of the Bank's overall risk profile. The actual liquidity risk score as of December 2021 is 1.20 (low risk) and has remained at low risk level during the whole 2021, fully in line with the Bank's business strategy and well within the 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. The volume of the liquidity buffer as per the internal definition of the Bank increased by 31% in 2021 and is projected to remain well in excess of required levels under both baseline and adverse 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 2021, 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 expected stable cash inflows to meet the possible outflows in these negative scenarios, withstand severe levels of stress and continue to operate in the foreseeable future.

The COVID-19 pandemic did not have negative impact on the Bank's liquidity, besides a temporary decrease in the market value of the securities in the Bank's liquidity buffer as a result of adverse developments in the financial markets that quickly recovered during the course of 2020. As part of its COVID-19 related measures for strengthening the liquidity buffers of the banking system, in March 2020 BNB imposed limits on the exposures towards foreign governments and foreign institutions based on their credit quality step. In compliance with the limits and with regard to the protracted negative interest rate environment on the interbank markets, Eurobank Bulgaria AD restructured the composition of its liquidity buffer, 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 by ECB and/or third party repo-eligible bonds. The described measures were still valid at the end of 2021. On 24.02.2022, BNB announced that starting from 01.04.2022, it will discontinue the measure on the limit of banks' foreign exposures, introduced as part of the package of measures addressing the crisis in 2020 and prolonged in 2021.

At the same time, worries about the global spike in inflation and the "hawkish" announcements of Central Banks about monetary tightening earlier than expected have led to sharp rise in interest rates and widening of credit spreads since the beginning of 2022. This spike in bond yields has had a negative impact on the market value of the Bank's bond portfolios, but the impact on the overall level of the liquidity buffer was immaterial (less than 1%). The Bank's bond portfolio intentionally has short average duration that helps in limiting negative mark-to-market effects.

With the beginning of the war in Ukraine and the international sanctions imposed on Russia, inflationary pressures are expected to intensify. The Bank has practically no exposure to Russia/Ukraine and towards sanctioned entities, and no negative effects on liquidity or funding have been identified at present. The continuation of the geopolitical tensions could negatively impact the financial markets and the overall prospects for growth in Europe. At this stage, there is a high level of uncertainty regarding the development of the situation, the magnitude of the secondary effects and the potential ECB course of action and policy adjustment. Second round effects on the Bank's liquidity and funding position are, however, expected to be limited, and the Bank is also well prepared to face any adverse scenarios.

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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)	31.12.2021	30.9.2021	30.6.2021	31.3.2021	31.12.2021	30.9.2021	30.6.2021	31.3.2021
EU 1b	Number of data points used in the calculation of averages	3	3	3	3	3	3	3	3
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)					3 747 253	3 511 780	3 023 925	3 142 501
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	9 226 469	8 853 746	8 420 315	8 112 644	541 662	507 115	471 108	445 291
3	*Stable deposits*	4 512 020	4 277 046	4 166 366	4 097 670	225 601	213 852	208 318	204 884
4	*Less stable deposits*	2 204 382	2 028 780	1 827 468	1 687 037	316 061	293 263	262 790	240 408
5	Unsecured wholesale funding	2 874 409	2 820 461	2 452 942	2 342 224	1 038 623	1 000 343	878 862	843 082
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	1 634 995	1 666 541	1 534 479	1 442 284	407 346	415 488	382 540	359 189
7	*Non-operational deposits (all counterparties)*	289 122	280 390	282 432	302 126	228 832	202 638	193 704	197 252
8	*Unsecured debt*	0	0	0	0	0	0	0	0
9	*Secured wholesale funding*					0	0	0	0
10	Additional requirements	1 650 932	1 826 680	1 683 266	1 567 897	151 592	169 346	155 483	135 134
11	*Outflows related to derivative exposures and other collateral requirements*	98	25	1	0	98	25	1	0
12	*Outflows related to loss of funding on debt products*	0	0	0	0	0	0	0	0
13	*Credit and liquidity facilities*	1 650 834	1 826 655	1 683 265	1 567 896	151 494	169 321	155 482	135 133
14	Other contractual funding obligations	14 250	11 078	8 371	16 617	0	0	0	0
15	Other contingent funding obligations	296 604	296 250	298 784	297 735	30 095	23 847	25 566	23 575
16	TOTAL CASH OUTFLOWS					1 761 972	1 700 650	1 531 019	1 447 082
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	0	0	0	0	0	0	0	0
18	Inflows from fully performing exposures	660 343	624 881	692 001	642 188	586 763	573 591	613 594	571 474
19	Other cash inflows	307	135	382	702	307	135	382	702
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					0	0	0	0
EU-19b	(Excess inflows from a related specialised credit institution)					0	0	0	0
20	TOTAL CASH INFLOWS	660 650	625 015	692 383	642 891	587 069	573 726	613 976	572 176
EU-20a	*Fully exempt inflows*	0	0	0	0	0	0	0	0
EU-20b	*Inflows subject to 90% cap*	0	0	0	0	0	0	0	0
EU-20c	*Inflows subject to 75% cap*	660 650	625 015	692 383	642 891	587 069	573 726	613 976	572 176
TOTAL ADJUSTED VALUE									
EU-21	LIQUIDITY BUFFER					3 747 253	3 511 780	3 023 925	3 142 501
22	TOTAL NET CASH OUTFLOWS					1 174 903	1 126 924	917 043	874 906
23	LIQUIDITY COVERAGE RATIO					320.42%	311.78%	333.32%	360.39%

As of 31.12.2021, the high quality liquid assets of the Bank in accordance with Regulation (EU) 2015/61 consist of coins and banknotes, withdrawable central bank reserves, central government assets and high quality covered bonds. The liquidity buffer for the purpose of the Regulation does not include nostro accounts, overnight placements and reverse repo deals with

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

other institutions, as these are reported in the inflows section. The total value of the liquidity buffer as of 31.12.2021 is BGN 3,964,523 thousand.

The main funding outflows of Eurobank Bulgaria consist of withdrawals from sight deposits and maturing term deposits, together with loan drawdowns. As of 31.12.2021, the potential stressed 30-day outflows of the Bank calculated in the LCR report are BGN 1,807,188 thousand (partially counterbalanced by BGN 495,809 thousand inflows). The inflows consist of monies due from clients from performing deals. As of 31.12.2021 the biggest contributor to the inflows was monies due from financial customers in the amount of BGN 400,734 thousand or 81% of all inflows projected.

No significant deviations of the LCR were observed throughout the year which stayed within the range of 291%-390%. During 2021 the LCR liquidity buffer increased by 26%, while net outflows increased by 45% fueled by the increase in attracted deposits from clients during the period.

The main source of funding for the Bank is retail deposits – 73% of total funding due to customers. There is a relatively low concentration in the deposit base, as the ten largest depositors (companies) comprise below 9% of all deposits as of 31.12.2021. As of 31.12.2021 the biggest source of potential outflows consists of non-operational deposits – 36% of total outflows, followed by retail deposits – 31% and operational deposits – 23 %. The remaining projected potential outflows include outflows from committed facilities and approved but not disbursed loans.

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 31.12.2021 the currency allocation of the liquidity buffer assets is the following: 54% in EUR, 37% in BGN, 9% in USD and an insignificant amount of 0.13% in other currencies.

The top three countries in the country allocation of the liquidity buffer are Bulgaria – 62%, Italy – 7% and Poland 5%.

The biggest exposures are towards the Bulgarian National Bank – 54% of the liquidity buffer, the government of Bulgaria – 9% and the government of Italy – 5%. 90% of the securities within the liquidity buffer are investment grade bonds.

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

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

Following the Bank's aim of having a well-diversified liquidity buffer, there is no currency mismatch within the LCR framework. The liquidity coverage ratio in all three significant currencies of the bank – BGN, EUR and USD as of 31.12.2021 is above 200%.

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

		a	b	c	d	e
		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	**1 576 158**	**0**	**0**	**0**	**1 576 158**
2	*Own funds*	1 576 158	0	0	0	1 576 158
3	*Other capital instruments*		0	0	0	0
4	Retail deposits		**7 201 726**	**700 457**	**274 477**	**7 645 845**
5	*Stable deposits*		4 803 825	384 221	164 488	5 093 131
6	*Less stable deposits*		2 397 901	316 236	109 990	2 552 713
7	Wholesale funding:		**2 456 712**	**4 783**	**19 789**	**1 134 969**
8	*Operational deposits*		1 502 949	0	0	751 475
9	*Other wholesale funding*		953 763	4 783	19 789	383 494
10	Interdependent liabilities		**0**	**0**	**0**	**0**
11	Other liabilities:	**2**	**0**	**1 161**	**227 901**	**228 481**
12	*NSFR derivative liabilities*	2				
13	*All other liabilities and capital instruments not included in the above categories*		0	1 161	227 901	228 481
14	**Total available stable funding (ASF)**					**10 585 453**
						Required stable funding (RSF) Items
15	Total high-quality liquid assets (HQLA)					**109 323**
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		**0**	**0**	**3 403**	**2 893**
16	Deposits held at other financial institutions for operational purposes		**138 519**	**0**	**0**	**69 260**
17	Performing loans and securities:		**1 472 452**	**893 092**	**6 029 723**	**5 720 020**
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*		313 945	97 933	0	80 361
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		801 419	577 149	4 046 599	4 195 688
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		36 044	19 880	57 223	1 401 372
22	*Performing residential mortgages, of which:*		88 641	81 745	1 923 565	1 335 510
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		88 641	81 745	1 923 565	1 335 510
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*		232 402	116 385	2 336	108 460
25	Interdependent assets		**0**	**0**	**0**	**0**
26	Other assets:	**0**	**31 884**	**23 921**	**2 362 215**	**524 119**
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*				842	842
30	*NSFR derivative liabilities before deduction of variation margin posted*				0	0
31	*All other assets not included in the above categories*		31 042	23 921	476 626	523 278
32	Off-balance sheet items		**0**	**0**	**1 885 589**	**114 740**
33	**Total RSF**					**6 540 355**
34	**Net Stable Funding Ratio (%)**					**161.85%**

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

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

		a	b	c	d	e
		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	**1 640 474**	**0**	**0**	**0**	**1 640 474**
2	*Own funds*	1 640 474	0	0	0	1 640 474
3	*Other capital instruments*		0	0	0	0
4	Retail deposits		**7 553 531**	**566 893**	**415 753**	**7 983 884**
5	*Stable deposits*		4 910 426	284 560	238 302	5 173 539
6	*Less stable deposits*		2 643 105	282 333	177 451	2 810 345
7	Wholesale funding:		**2 500 296**	**67 088**	**61 018**	**1 245 814**
8	*Operational deposits*		1 645 182	0	0	125 110
9	*Other wholesale funding*		855 114	67 088	61 018	1 120 704
10	Interdependent liabilities		**0**	**0**	**0**	**0**
11	Other liabilities:	**0**	**7 811**	**7 202**	**186 296**	**189 897**
12	*NSFR derivative liabilities*	0				
13	*All other liabilities and capital instruments not included in the above categories*		7 811	7 202	186 296	189 897
14	**Total available stable funding (ASF)**					**11 060 069**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					**107 279**
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		**0**	**0**	**2 777**	**2 360**
16	Deposits held at other financial institutions for operational purposes		**155 875**	**0**	**0**	**77 938**
17	Performing loans and securities:		**1 515 470**	**854 831**	**6 525 766**	**6 093 399**
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*		430 434	4 167	31 181	76 308
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		733 560	713 526	4 107 151	4 207 252
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		3 946	7 512	43 660	34 687
22	*Performing residential mortgages, of which:*		80 281	62 750	1 893 942	1 302 578
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		80 281	62 750	1 893 942	1 302 578
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*		221 255	72 062	25 487	79 820
25	Interdependent assets		**0**	**0**	**0**	**0**
26	Other assets:	**0**	**95 913**	**53 920**	**532 455**	**658 573**
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*				1180	1180
30	*NSFR derivative liabilities before deduction of variation margin posted*				2527	126
31	*All other assets not included in the above categories*		92 206	53 920	532 455	657 267
32	Off-balance sheet items		**857 759**	**628 891**	**513 936**	**107 253**
33	**Total RSF**					**7 046 802**
34	**Net Stable Funding Ratio (%)**					**156.95%**

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

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

		a	b	c	d	e
		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	**1 635 112**	**0**	**0**	**0**	**1 635 112**
2	*Own funds*	1 635 112	0	0	0	1 635 112
3	*Other capital instruments*		0	0	0	0
4	Retail deposits		**7 832 022**	**739 943**	**381 682**	**8 363 560**
5	*Stable deposits*		5 007 354	334 834	207 905	5 282 984
6	*Less stable deposits*		2 824 668	405 109	173 777	3 080 576
7	Wholesale funding:		**2 841 392**	**152 535**	**27 905**	**1 465 969**
8	*Operational deposits*		1 717 671	0	0	185 083
9	*Other wholesale funding*		1 123 721	152 535	27 905	1 280 886
10	Interdependent liabilities		**0**	**0**	**0**	**0**
11	Other liabilities:	**0**	**7 426**	**7 039**	**193 477**	**196 997**
12	*NSFR derivative liabilities*	0				
13	*All other liabilities and capital instruments not included in the above categories*		7 426	7 039	193 477	196 997
14	**Total available stable funding (ASF)**					**11 661 638**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					**95 500**
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		**0**	**0**	**6 376**	**5 420**
16	Deposits held at other financial institutions for operational purposes		**137 302**	**0**	**0**	**68 651**
17	Performing loans and securities:		**1 356 520**	**1 149 337**	**6 673 164**	**6 318 892**
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*		401 843	4 809	36 054	78 643
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		689 295	897 335	4 147 204	5 666 454
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		5 740	6 698	44 189	35 516
22	*Performing residential mortgages, of which:*		82 330	70 606	1 967 881	1 355 591
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		82 330	70 606	1 967 881	1 355 591
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*		183 052	176 587	522 025	573 795
25	Interdependent assets		**0**	**0**	**0**	**0**
26	Other assets:	**0**	**68 785**	**23 510**	**509 354**	**590 673**
27	*Physical traded commodities*				0	0
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*				0	0
29	*NSFR derivative assets*				3191	3191
30	*NSFR derivative liabilities before deduction of variation margin posted*				3806	190
31	*All other assets not included in the above categories*		61 788	23 510	509 354	587 292
32	Off-balance sheet items		**914 230**	**645 474**	**515 074**	**111 614**
33	**Total RSF**					**7 190 750**
34	**Net Stable Funding Ratio (%)**					**162.18%**

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

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

		a	b	c	d	e
		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	**1 630 712**	**0**	**0**	**0**	**1 630 712**
2	*Own funds*	1 630 712	0	0	0	1 630 712
3	*Other capital instruments*		0	0	0	0
4	Retail deposits		**8 271 199**	**657 013**	**465 877**	**8 782 357**
5	*Stable deposits*		5 292 189	329 606	221 949	5 562 654
6	*Less stable deposits*		2 979 010	327 407	243 928	3 219 703
7	Wholesale funding:		**2 804 812**	**87 705**	**203 015**	**1 574 398**
8	*Operational deposits*		1 677 386	0	0	187 935
9	*Other wholesale funding*		1 127 426	87 705	203 015	1 386 463
10	Interdependent liabilities		**0**	**0**	**0**	**0**
11	Other liabilities:	**0**	**7 426**	**7 039**	**189 831**	**193 351**
12	*NSFR derivative liabilities*	0				
13	*All other liabilities and capital instruments not included in the above categories*		7 426	7 039	189 831	193 351
14	**Total available stable funding (ASF)**					**12 180 818**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					**100 558**
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		**0**	**0**	**6 982**	**5 935**
16	Deposits held at other financial institutions for operational purposes		**122 719**	**0**	**0**	**61 360**
17	Performing loans and securities:		**1 561 106**	**1 085 328**	**6 903 400**	**6 548 024**
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*		278 302	103 405	27 213	106 746
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		956 641	753 419	4 122 317	4 351 740
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		9 190	5 482	42 457	35 500
22	*Performing residential mortgages, of which:*		89 340	73 124	2 219 592	1 523 967
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		89 340	73 124	2 219 592	1 523 967
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*		235 551	83 295	15 141	78 072
25	Interdependent assets		**0**	**0**	**0**	**0**
26	Other assets:	**0**	**85 818**	**17 287**	**482 634**	**576 743**
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*				4760	4760
30	*NSFR derivative liabilities before deduction of variation margin posted*				3092	155
31	*All other assets not included in the above categories*		77 966	17 287	482 634	571 828
32	Off-balance sheet items		**818 976**	**624 738**	**464 556**	**102 966**
33	**Total RSF**					**7 395 586**
34	**Net Stable Funding Ratio (%)**					**164.70%**

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

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

Interest rate risk management (including interest rate risk from non-trading activities) is based on the general rules for market risk management defined in the Market & Counterparty Risk Policy of the Bank, which has been developed in line with the market risk guidelines of the Group, and the related procedures that define the detailed implementation of the Policy.

Interest rate risk in the banking book (IRRBB) is the current or prospective risk to earnings (Net Interest Income) and capital arising from adverse movements in interest rates affecting the banking book positions. It also includes re-pricing risk, yield curve risk, basis risk and option risk. The Bank is applying the EBA Guidelines on the management of interest rate risk arising from non-trading book activities (EBA/GL/2018/02). As IRRBB the Bank defines the interest rate risk associated with all items booked in the Bank's loans and receivables (L&R), amortized cost (AC) and fair value through other comprehensive income (FVOCI) portfolios.

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

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

For positions that are marked-to-market for accounting purposes, these two effects are equivalent.

One of the goals of the established independent market risk management and control function in the Bank is to control and monitor the effects of interest rate risk on the income and economic value. The measurement, monitoring, reporting and control of interest rate risk are carried out by an independent unit – Market Risk Department, part of Risk Division. The Bank's interest rate risk appetite is also expressed in terms of nominal limits set on the exposure to interest rate risk, approved by the Risk Committee. The levels of these limits are consistent with the loss-bearing capacity and risk appetite of the Bank and the regulatory requirements.

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

The report represents a maturity/re-pricing schedule that distributes all of the Bank's assets, liabilities and interest-sensitive off-balance sheet positions into time-bands according to their maturity (if fixed rate) or time remaining to their next re-pricing (if floating rate), combined with the calculation of two duration equivalent measures: 1-year and 10-year duration equivalents. There are Risk Committee approved nominal limits for the two duration equivalent measures, set to ensure that the overall Bank exposure to interest rate risk is acceptable and in line with the Bank's risk appetite. The utilization of these limits is monitored on a weekly basis by Market Risk Department and any excesses are escalated to the management bodies of the Bank and the Group. In 2021 there have been no limit excesses. The gap analysis is supplemented by calculation of risk indicators such as duration analysis of the bond portfolios and calculation of interest rate sensitivity to specific interest rate and credit spread shocks. Monthly stress tests are performed to assess the impact of interest rate changes on the Bank's profit & loss and economic value.

The time-band distribution of assets and liabilities in the IR Gap report is based on certain 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 current and savings accounts, on the basis of specific assumptions approved by the Group Risk Management, these are distributed in the closest time-band (1 month). 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 floating rate instruments are distributed according to their next interest re-pricing date. The Bank's capital is first allocated to cover the fixed assets, participations and other positions without a clear interest rate profile and the remainder (i.e. the cash portion of capital) is allocated to the 1-month time bucket. With relation to early prepayments on loans, the majority of the loans are floating-rate ones and respectively are distributed into closer time-bands based on their re-pricing date and not on their repayment schedule. In the case of instruments with embedded options, these options determine the time-band distribution of the respective instrument.

The interest rate risk exposure arising from non-trading activities increased in 2021 as the Bank built substantial investment portfolio consisting of high-quality liquid assets (fixed income sovereign and covered bonds) in order to support both its liquidity buffer and net interest income, while complying with the restrictions on exposures to foreign institutions and governments, imposed by BNB as part of its COVID-19 related measures. The fixed income bond portfolios are the main source of interest rate risk for the Bank, although a part of this exposure is hedged against interest rate risk through asset swaps. The interest rate risk exposure from the other on- and off-balance sheet positions is relatively low, given the short re-pricing periods and tenors of most assets and liabilities and the large share of floating rate ones.

The Bank's strategy is directed at actively managing interest rate risk exposure through utilization of available market instruments. The main technique used for managing interest rate risk is interest rate risk hedging, including fair value and cash flow hedges. This is done 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. The Bank also aims to match the re-pricing characteristics of assets and liabilities whenever that is possible.

IRRBB Stress-testing

On a monthly and quarterly basis various stress tests are performed to assess the impact of interest rate changes on both income (short-term) and economic value (long-term). The stress tests are based on yield curve shifts, with separate shift parameters for each currency, in which

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

the Bank has a material interest rate risk exposure. The stress tests may also include the effects of possible changes in other relevant variables such as credit spreads for bond positions. Besides parallel shifts, the effects of other, non-parallel changes in the interest rate curves (tilt – long and short term, pivot, etc.) can also be analyzed. The stress test results are presented to the senior management at Bank and Group levels, where they are being reviewed and considered as a base for making management decisions together with all the other relevant information.

The main stress test scenario for interest rate risk that the Bank runs on a regular monthly basis estimates the effects of parallel yield curve shifts with separate parameters for each currency. Additionally is presented the potential effect of an increase in credit spreads for foreign currency denominated bonds. Key behavioral and modelling assumptions used should always be taken into consideration. For this scenario, the most important ones are:

- ✓ 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. The 1-month time bucket is further broken down into overnight, 2d-8d and 9d-1m buckets. Future interest flows have been excluded;
- ✓ Non-maturity deposits (NMDs) – all NMDs have been treated as non-core deposits, i.e. have been considered as overnight deposits;
- ✓ Revolving loans – credit cards, overdrafts and other loans with similar characteristics have been mapped into the 9d-1month time bucket;
- ✓ Fixed rate loans subject to prepayment risk – no loan prepayment options have been taken into account for the calculation. Fixed rate loans represent only a small portion of total loan portfolio;
- ✓ Term deposits subject to early redemption risk – no early termination of term deposits has been factored in the calculations. The weighted average remaining maturity of term deposits is less than six months;
- ✓ Treatment of own equity – net equity, after covering for fixed assets, net NPEs and other non-interest bearing assets, has been included in the calculation with an overnight duration.

<u>EVE (Economic Value of Equity)</u>

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

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

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

- ✓ short rates shock down.

The calculation assumptions used for these six scenarios differ from the monthly scenario in the treatment of own equity – equity has been completely excluded from the calculations, along with fixed assets, NPEs and any other non-interest bearing assets and liabilities. For the aggregation of the calculation results for all currencies, positive changes are weighted by a factor of 50% as per paragraph 115(m) of EBA/GL/2018/02. A maturity-dependent post-shock interest rate floor in accordance with paragraph 115(k) of EBA/GL/2018/02 is also applied.

NII (Net Interest Income)

Further to the effects on EVE, the Bank also calculates the effects on Net Interest Income from parallel shock up and parallel shock down scenarios under a constant balance sheet assumptions – assets and liabilities are assumed to be replaced like for like, over a 12-month time horizon. A maturity-dependent floor in line with par. 115(k) of EBA/GL/2018/02 (0% for all customer loans and deposits) is applied along with any existing contractual floors.

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. The calculated amount as of 31.12.2021 is BGN 108 124 thousand (translating to RWAs of BGN 1 351 552 thousand under a capital requirement of 8%), broken down by currency as follows:

Currency	+200 bps	-200 bps (applying maturity-dependent floor)
BGN	-20,362	7,820
EUR	-79,292	32,718
USD	-8,616	9,838
CHF	96	-18
GBP	200	-150
Other	-2	0
Total:	-108 124	25 020

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 currently 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.

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

XVI. Exposures to securitisation positions

Eurobank Bulgaria has invested in the following securitizations as of 31.12.2021:

- XS2015291235 (Cairo III project)
- XS2404259801
- XS2400440645
- XS2364591441
- XS2417672487
- XS2391833287
- XS2417414435
- XS2388430063
- XS2401732040
- XS2371851291
- XS2401572255
- XS2402414804

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

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

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

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

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

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Institution acts as originator							Institution acts as sponsor				Institution acts as investor			
		Traditional				Synthetic		Sub-total	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total
		STS		Non-STS			of which SRT		STS	Non-STS			STS	Non-STS		
			of which SRT		of which SRT											
1	**Total exposures**	0	0	0	0	0	0	0	0	0	0	0	0	432 624	0	432 624
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	432 624	0	432 624
8	loans to corporates	0	0	0	0	0	0	0	0	0	0	0	0	432 624	0	432 624
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

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

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**	432 624	0	0	0	0	0	41 968	0	390 656	0	8 394	0	0	0	672	0	0
2	Traditional securitisation	432 624	0	0	0	0	0	41 968	0	390 656	0	8 394	0	0	0	672	0	0
3	Securitisation	432 624	0	0	0	0	0	41 968	0	390 656	0	8 394	0	0	0	672	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	432 624	0	0	0	0	0	41 968	0	390 656	0	8 394	0	0	0	672	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 31.12.2021 on individual basis significantly exceeds the 3% minimum threshold applied by the competent authorities.
The Bank has policies and procedures in place for the identification, management and monitoring of the risk of excessive leverage. Risk of excessive leverage means the risk resulting from an institution's vulnerability due to leverage or contingent leverage that may require unintended corrective measures to its business plan, including distressed selling of assets which might result in losses or in valuation adjustments to its remaining assets.
The following parameters are most important in monitoring the risk of excessive leverage:

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

The values are monitored on a quarterly basis and the risk of excessive leverage is again reported on quarterly basis. The receivers of reports on the risk of excessive leverage are the Risk Committee, the Management Board and the Supervisory Board. Reports include, among others, information on the value of leverage ratio, the threshold values for excessive leverage risk and a forecast of the risk of excessive leverage.
The leverage ratio of Eurobank Bulgaria as of 31.12.2021 is slightly lower compared to 31.12.2020, as the main reason for that is the increased total exposure measure, which is a consequence of the growing business of the Bank.

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

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

		a
		Applicable amount
1	Total assets as per published financial statements	14 490 094
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	0
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	0
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	0
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)	0
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	0
7	Adjustment for eligible cash pooling transactions	0
8	Adjustment for derivative financial instruments	50 972
9	Adjustment for securities financing transactions (SFTs)	0
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	633 836
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	0
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	0
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	0
12	Other adjustments	-103 846
13	**Total exposure measure**	15 071 056

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

Template EU LR2 - LRCom: Leverage ratio common disclosure:

		CRR leverage ratio exposures	
		a	b
		31.12.2021	31.12.2020
	On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	14 478 634	12 102 497
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)	-103 846	-93 819
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	14 374 788	12 008 678
	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	62 432	16 835
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**	62 432	16 835
	Securities financing transaction (SFT) exposures		
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	0	0
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	0	0
16	Counterparty credit risk exposure for SFT assets	0	0
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	0	0
17	Agent transaction exposures	0	0
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	0	0
18	**Total securities financing transaction exposures**	0	0
	Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	1 908 270	1 823 020
20	(Adjustments for conversion to credit equivalent amounts)	-1 274 434	-1 213 868
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated associated with off-balance sheet exposures)	0	0
22	**Off-balance sheet exposures**	633 836	609 152
	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**	1 566 128	1 426 870
24	**Total exposure measure**	**15 071 056**	**12 634 665**
	Leverage ratio		
25	Leverage ratio (%)	10.39%	11.29%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	10.39%	11.29%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	10.39%	11.29%
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)	15 071 056	12 634 665
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)	15 071 056	12 634 665
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)	10.39%	11.29%
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)	10.39%	11.29%

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

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

		a
		CRR leverage ratio exposures
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	14 478 634
EU-2	Trading book exposures	38 369
EU-3	Banking book exposures, of which:	14 440 265
EU-4	Covered bonds	432 841
EU-5	Exposures treated as sovereigns	3 545 951
EU-6	Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns	19 005
EU-7	Institutions	630 179
EU-8	Secured by mortgages of immovable properties	3 029 457
EU-9	Retail exposures	2 039 758
EU-10	Corporates	3 301 384
EU-11	Exposures in default	200 516
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	1 241 174

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 the Bank. The securities utilized for repo remain in the Bank's balance sheet while being blocked in the corresponding portfolio.

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

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 lended 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 31.12.2021 the encumbered assets represent 1.78% 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		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**	**269 762**	**252 200**			**13 231 488**	**3 496 813**		
030	Equity instruments	0	0	0	0	63 816	0	63 816	0
040	Debt securities	251 919	251 919	251 919	251 919	2 087 681	1 632 906	2 089 156	1 634 039
050	of which: covered bonds	0	0	0	0	440 054	436 322	441 783	437 655
060	of which: securitisations	0	0	0	0	395 805	0	394 239	0
070	of which: issued by general governments	251 919	251 919	251 919	251 919	1 156 398	1 156 398	1 156 398	1 156 398
080	of which: issued by financial corporations	0	0	0	0	936 317	466 249	937 793	467 867
090	of which: issued by non-financial corporations	0	0	0	0	0	0	0	0
120	Other assets	0	0			516 300	126 537		

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

		Fair value of encumbered collateral received or own debt securities issued		Unencumbered	
				Fair value of collateral received or own	
			of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	060
130	**Collateral received by the disclosing institution**	0	0	0	0
140	Loans on demand	0	0	0	0
150	Equity instruments	0	0	0	0
160	Debt securities	0	0	0	0
170	of which: covered bonds	0	0	0	0
180	of which: securitisations	0	0	0	0
190	of which: issued by general governments	0	0	0	0
200	of which: issued by financial corporations	0	0	0	0
210	of which: issued by non-financial corporations	0	0	0	0
220	Loans and advances other than loans on demand	0	0	0	0
230	Other collateral received	0	0	0	0
240	**Own debt securities issued other than own covered bonds or securitisations**	0	0	0	0
241	**Own covered bonds and securitisations issued and not yet pledged**			0	0
250	**TOTAL COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED**	**269 762**	**258 852**		

(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**	91 180	112 814

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, incuding long term interests of the Bank and the measures used to avoid conflicts of interest and should not encourage excessive risk-taking on behalf of the Bank.

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

The Remuneration Policy has been drafted and is being implemented in accordance with Ordinance No. 4 of 21 December 2010 on the Requirements for Remunerations in Banks, issued by Bulgarian National Bank, as in force, which has incorporated accordingly the Directive (EU) 2013/36/EU and the EBA Guidelines on sound Remuneration Policies under Articles 74(3) and 75(2) of Directive 2013/36/EU and disclosures under Article 450 of Regulation (EU) No 575/2013, EBA Guidelines on remuneration policies and practices related to the sale and provision of retail banking products and services (EBA/GL/2016/06), Commission Delegated Regulation (EU) 2021/923 and the Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector.

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 2021, the Remuneration Committee held seven 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
- ✓ Safeguard that remuneration is sufficient to retain and attract executives with appropriate skill and experience.
- ✓ Monitor that internal equity between all Units is applied.
- ✓ Avoid excessive risk taking.
- ✓ Link remuneration with long-term performance.

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

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

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

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

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

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

1. All members of the BoD and senior management;
2. Employees with managerial responsibility over the Bank's control functions or material business units;
3. 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);

4. Employees who are responsible for, or are members of Committees responsible for the management of a risk category other than credit risk and market risk:

(i) Counterparty Risk;

(ii) Residual Risk;

(iii) Concentration Risk;

(iv) Securitization Risk;

(v) Interest Risk arising from non – trading book activities;

(vi) Operational Risk;

(vii) Liquidity Risk;

(viii) Risk of excessive leverage;

5. 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 (5);

6. 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% ;

7. 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 (5)(i) or in point (6)(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;

8. 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.

(II) Quantitative Criteria

9. Employees entitled to significant remuneration in the preceding financial year, belong to a material business unit and have not been identified as per the above qualitative criteria, provided that the following conditions are met:

(i) Employee's total remuneration is equal to or greater than € 750,000;

(ii) Employee’s 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;

(iii) Employees’ total remuneration is equal to or greater than € 500,000 and equal to or greater than the average total remuneration of all members of the BoD and senior management belonging to the Qualitative Criteria (1).

Remuneration mechanisms incorporate principles that take into account employees’ skills and performance while supporting at the same time long term business objectives.

Employees’ total remuneration consists of fixed and variable components.

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) and job experience 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.

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.

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's "Guidelines on sound remuneration policies under Articles 74(3) and 75(2) of Directive 2013/36/EU and disclosures under Article 450 of Regulation (EU) No 575/2013". The Bank reserves the right to apply malus or clawback arrangements to the variable remuneration awarded to employees.

In cases where variable remuneration is awarded to identify employees according to the EU Regulation 604/2014 additional requirements are applied to the variable remuneration amounts.

Ratios

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

➢ 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 clauses of L. 4261/2014 and 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.

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

➢ 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, including amounts awarded for multi-year accrual periods, divided by the sum of fixed elements of remuneration awarded for the same performance year. For multiyear accrual periods that do not revolve annually, the Bank alternatively takes 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.

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.

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 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:

			a	b	c	d
	in Euro thousands		Members of the Supervisory Board and its committees	Members of the Management Board	Other senior management	Other identified staff
1	Fixed remuneration	Number of identified staff	10	4	13	21
2		Total fixed remuneration	394	976	1 187	1 319
3		Of which: cash-based	394	976	1 187	1 319
4		(Not applicable in the EU)				
EU-4a		Of which: shares or equivalent ownership interests	0	0	0	0
5		Of which: share-linked instruments or equivalent non-cash instruments	0	0	0	0
EU-5x		Of which: other instruments	0	0	0	0
6		(Not applicable in the EU)				
7		Of which: other forms	0	0	0	0
8		(Not applicable in the EU)				
9	Variable remuneration	Number of identified staff	9	4	14	21
10		Total variable remuneration	0	627	252	151
11		Of which: cash-based	0	238	252	151
12		Of which: deferred	0	33	0	0
EU-13a		Of which: shares or equivalent ownership interests	0	243	0	0
EU-14a		Of which: deferred	0	243	0	0
EU-13b		Of which: share-linked instruments or equivalent non-cash instruments	0	146	0	0
EU-14b		Of which: deferred	0	146	0	0
EU-14x		Of which: other instruments	0	0	0	0
EU-14y		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)		394	1 603	1 438	1 470

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

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

Template EU REM3 - Deferred remuneration:

	in Euro thousands	a	b	c	d	e	f	EU - g	EU - h
	Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e.changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
1	MB Supervisory function	0	0	0	0	0	0	0	0
2	Cash-based	0	0	0	0	0	0	0	0
3	Shares or equivalent ownership interests	0	0	0	0	0	0	0	0
4	Share-linked instruments or equivalent non-cash instruments	0	0	0	0	0	0	0	0
5	Other instruments	0	0	0	0	0	0	0	0
6	Other forms	0	0	0	0	0	0	0	0
7	MB Management function	608	179	429	0	0	0	0	0
8	Cash-based	108	33	75	0	0	0	0	0
9	Shares or equivalent ownership interests	243	0	243	0	0	0	0	0
10	Share-linked instruments or equivalent non-cash instruments	257	146	111	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	0			0	0	0	0	0
14	Cash-based	0	0	0	0	0	0	0	0
15	Shares or equivalent ownership interests	0	0	0	0	0	0	0	0
16	Share-linked instruments or equivalent non-cash instruments	0	0	0	0	0	0	0	0
17	Other instruments	0	0	0	0	0	0	0	0
18	Other forms	0	0	0	0	0	0	0	0
19	Other identified staff	0	0	0	0	0	0	0	0
20	Cash-based	0	0	0	0	0	0	0	0
21	Shares or equivalent ownership interests	0	0	0	0	0	0	0	0
22	Share-linked instruments or equivalent non-cash instruments	0	0	0	0	0	0	0	0
23	Other instruments	0	0	0	0	0	0	0	0
24	Other forms	0	0	0	0	0	0	0	0
25	Total amount	608	179	429	0	0	0	0	0

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

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

		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	Above 7 000 000	0

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

	in Euro thousands	a	b	c	d	e	f	g	h	i	j
		Management body remuneration			Business areas						
		Members of the Supervisory Board and its committees	Members of the Management Board	Total Supervisory Board and Management Board	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	Total
1	Total number of identified staff										**48**
2	Of which: members of the MB	10	4	14							
3	Of which: other senior management				1	7	0	4	1	0	
4	Of which: other identified staff				1	8	0	6	6	0	
5	Total remuneration of identified staff	394	1 603	1 997	124	1 438	0	896	450	0	**4 905**
6	Of which: variable remuneration	0	627	627	20	198	0	140	45	0	**1 029**
7	Of which: fixed remuneration	394	976	1 370	104	1 239	0	757	405	0	**3 876**

XX. Internal Capital Adequacy Acessment Process (ICAAP)

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

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

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

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

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

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

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.