ANNUAL DISCLOSURE
YEAR 2021
ON CONSOLIDATED BASIS

Pursuant to Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms (Part Eight - Disclosure by Institutions)

Contents

UNITED BULGARIAN BANK AD ("UBB" or the "Bank") is registered in the Republic of Bulgaria, with head office – the city of Sofia, 89B "Vitosha" Blvd., "Millennium Center".

Main shareholder of UBB is KBC Bank NV ("KBC"), holder of 99.9% of the registered capital. The Bank holds a full license for performing banking and financial operations in this country and abroad.

1. Scope and Consolidation Methods

This disclosure report has been prepared on a consolidated basis with data as of December 31, 2021, as per Article 70 par. 3 of the Law on Credit Institutions. UBB discloses information on annual basis.

1.1. Subsidiaries in the Consolidated Report

The subsidiaries and affiliated companies in the corporate structure of UBB as of December 2021 are the following:

a	b	c	d	e	f	g	h
		Method of prudential consolidation					
Name of the entity	Method of accounting consolidation	Full consolidation	Proportional consolidation	Equity method	Neither consolidated nor deducted	Deducted	Description of the entity
UBB Factoring EOOD	*Full consolidation*	*X*					*Factoring Services*
UBB Insurance Broker EAD	*Full consolidation*	*X*					*Insurance Brokerage*
East Golf Properties EAD	*Full consolidation*	*X*					*Real Estate*
UBB Center Management EOOD	*Full consolidation*	*X*					*Real Estate*
Cash Services Company AD	*Equity Method Investment*			*X*			*Cash Management Services*

Template EU LI3

1.2. Other qualitative information on the scope of application

The investments in the companies are not deducted from the own funds in compliance with Art. 48 and 89 of the Regulation 575/2013 and are included in the RWA at 100% and 250% where applicable.

As of 31.12.2021 no practical or legal impediment to the prompt transfer of own funds or to the repayment of liabilities between the parent undertaking and its subsidiaries exist. There are no items to report under Art. 436 d) and e) CRR.

2. Risk Management Policies and Rules

2.1. Disclosure of concise risk statement approved by the management body

The Capital Adequacy Statement (CAS) is a core element of UBB´s Internal Capital Adequacy Assessment Process (ICAAP) under the SSM's Supervisory Review and Evaluation Process (SREP). The CAS is defined as: 'A concise and meaningful statement, approved and signed by the management body, outlining the thinking of the management body on the institution´s capital adequacy'.

UBB Management Board's and Supervisory Board's assessment, which is made according to relevant guidelines and regulations, is based on careful review of the quality and outcome of the key building blocks supporting UBB's continuous ICAAP process. These considerations are summarized in this Capital Adequacy Statement, are further substantiated in the background materials of the ICAAP submission and reflect reporting to the MB and SB during 2021 and early 2022.

MB and SB conclude that UBB's capitalization is solid both from a regulatory (normative) as well as from a more comprehensive internal (economic) capital perspective. This statement is based on UBB's current and future risk profile, both in the base case and under adverse conditions, the quality of its risk management, control environment and governance, also when considering the heightened uncertainty following the Russia-Ukraine conflict.

2.2. Information on the risk governance structure

The Bank aims at adopting best practices regarding risk governance, considering all relevant guidelines and regulatory requirements. The Bank's risk governance framework is organized at three levels:

- *Strategic* – Risk management is first and foremost the responsibility of the Management Board (MB). Management Board make all decisions regarding the risk management framework of the Bank, the risk limits and appetite and the risk management policies, assisted by the MB Local Risk Management Committee (LRMC). Supervisory Board (SB) approves and controls the proposed by Management Board risk management framework and risk appetite, assisted by the Risk and Compliance Committee (RCC).
- *Tactical* – UBB Senior Management has the responsibility to implement the Risk Management Framework and Risk Appetite, defined by the Management Board and approved by the Supervisory Board, across the organization.

  UBB Chief Risk Officer (CRO) translates the Vision, Mission and Strategy of the Group Risk to the UBB level and presents it to the Management Board for decision.

  The role of the CRO is to ensure that business entities operate within the defined risk appetite, as well as to help and enable business entities to fully and effectively incorporate a risk perspective in their decisions and to effect cultural change. The CRO's scope of the responsibilities covers all risk types and all businesses entities.

  Risk Management Directorate, headed by a Director, supports the CRO and is responsible for the development, maintenance, reporting and general oversight of risk management, as well as the verification that the risks undertaken by the Bank in the course of its business activities remain within the limits approved by the MB/LRMC.

  The CRO leads the LRMC and administratively reports to the Bank's CEO but at the same time is directly supervised by the Group Chief Risk Officer and is part of the Group Risk Management at KBC and whenever he considers necessary, has direct access to the Group Risk Management of KBC, as well as to Risk and Compliance committee (RCC) of the Supervisory Board and Audit Committee. The Risk Management Directorate and its Director are actively involved in senior management risk-related committees.
- *Operational* – it encompasses the different lines of Business and business units and refers to the management of risks at the point of their inception. The risk framework for this type of risks provides for the creation and maintenance of appropriate control systems, detailed in specific procedures and instructions.

The risk management model in UBB consists of three lines of defense:

1) The first line includes the business units that are responsible for the risk management framework's application within the playing field defined by the bank's risk appetite.

2) The second line of defense is Risk Management Directorate, which proposes and arranges for the implementation of the Bank risk management framework and risk appetite, identifies controls, assesses risks, provides appropriate tools and methodologies for that purpose. Another key component of the second line of defense is the Compliance Directorate, which ensures that the Bank operates with integrity and in compliance with applicable laws, regulations, supervisory requirements and Bank's internal acts.

3) The third line of defense is the UBB Internal Audit, which provides independent review of the risk management systems.

2.3. Declaration approved by the management body on the adequacy of the risk management arrangements

The Supervisory Board (SB) of UBB is required by regulation to set up, approve and oversee the implementation of an adequate and effective internal governance and internal control framework that includes a clear organizational structure and well-functioning independent internal risk management, compliance and audit functions that have sufficient authority, stature and resources to perform their responsibilities.

For this purpose, the RCC (under delegated authority of the SB) on annual basis needs to make an assessment of the risk function to verify whether risk governance, risk management and resources remain adequate for and commensurate with UBB's risk profile, business model, nature, size and complexity and whether UBB continues to be compliant with the applicable requirements regarding sound internal governance arrangements.

The following opinion on the adequacy of the risk function is proposed to the RCC:

The risk function:

- is functioning independently, adequately and effectively;
- has sufficient capacity to perform sound risk management;
- has a sufficient mix of experience and maturity.

The Internal Control Statement 2021 confirmed that the integrated and risk-type specific frameworks are overall well implemented in UBB.

2.4. Disclose information on the main features of risk disclosure and measurement systems

UBB publishes Disclosures on annual basis.

2.5. Strategies and processes to manage risks

Risk Management Directorate manages and coordinates the overall process on the implementation of the Basel Accord standards at UBB, in full coordination with the respective program at KBC Group level. All strategies, policies and procedures for management and analysis of the main risk types, including that of capital adequacy, have been reconciled with

KBC Group. The Bank has taken appropriate actions for the implementation of Basel III (CRD IV framework) regulatory requirements and IFRS9 framework.

Risk Management policies handle the identification and analysis of risks which the Bank undertakes, and determine appropriate limits and control procedures. The policies and the procedures are regularly reviewed in order to incorporate the latest changes in the regulatory frameworks, market conditions and the products and services offered by the bank.

Risk measurement and assessment is performed through utilization of methods based on the best banking practices; the accepted methodologies and procedures are regularly reviewed and updated from the involved units/bodies.
There is ongoing and effective monitoring of the risks undertaken by the Bank. Risk Management Directorate informs the Executive Management for these risks through regular and ad hoc reports to the Local Risk Management Committee (LRMC) and other relevant committees.

The Internal Audit Directorate performs regular audits of the adequacy and quality of the adopted mechanisms of internal controls.

UBB has developed and implemented key policies and rules for risk management including:

- UBB Risk Governance Charter;
- UBB Risk Appetite Statement;
- UBB Non-Trading Market Risk (ALM) Management Framework;
- UBB Liquidity Risk Management Framework;
- UBB Strategic Risk Management Framework;
- UBB Business Risk Management Framework;
- UBB Operational Risk Management Framework;
- UBB Credit Risk Management Framework;
- UBB Trading Market Risk Management Framework;
- UBB Reputational Risk Management Framework;
- UBB Business Continuity Management (BCM) Framework
- Middle Office Function Framework
- Instruction for crisis management by Crisis Committee (CC);
- Internal Capital Adequacy Assessment Process (ICAAP) Policy (applicable on Group level);
- UBB Outsourcing Framework
- UBB Stress testing Standards for Financial Risk;
- UBB Loss Data Collection Procedure;
- UBB Local Risk Management Committee Charter;
- UBB Risk and Compliance Committee Charter;
- UBB New and Active Products Process (NAPP) Committee Charter;

Key ratios and risk limits are included in the Risk Appetite defining Bank's risk tolerance (appetite) to the different risk types.

In order to minimize the consequences from possible extreme situations, calamities and failures and in order to ensure business continuity, the Bank is covered by Group and locally developed plans as follows:

- Liquidity Contingency Plan;
- Business Continuity Plan;
- Recovery Plan – Group level

These plans are developed in accordance with the principles and requirements incorporated in the regulatory framework and are consistent with the organizational structure and business strategy of KBC Group.

3. Governance

3.1. Governing Bodies

The corporate bodies of UBB are the General Meeting of Shareholders, the Supervisory Board and the Management Board.

The Supervisory Board is the corporate body of the Bank which is empowered to carry out preliminary, current and subsequent control over the compliance of the activities of the Bank with the applicable laws, Articles of Association and the decisions of the General Meeting of Shareholders in the interests of the Bank's clients and its shareholders. The activity of the Supervisory Board is supported by Remuneration Committee, Nomination Committee and Risk and Compliance Committee.

The Management Board makes decisions on all issues which are not of the exclusive competence of the General Meeting of Shareholders or the Supervisory Board, while observing the provisions of the law and the Articles of Association in compliance with the resolutions of the General Meeting of Shareholders and under the Supervisory Board's control.

The Audit Committee is established as a standalone independent body directly reporting to the General Meeting of Shareholders, in compliance with the Independent Financial Audit Act.
The Supervisory Board of the Bank consists of 6 (six) members elected by the General Meeting of Shareholders with majority of the external and independent members.

3.2. Election of Memebers of the Management Board

The Management Board comprises from 3 (three) up to 9 (nine) persons elected by the Supervisory Board for a mandate of up to 4 (four) years. The Management Board members may be re-elected without limitations. The Supervisory Board upon a decision of its elects the members of the Management Board. Each board member may be dismissed by decision of the Supervisory Board prior to the expiration of his/her mandate. The Management Board upon the Supervisory Board's approval elects a Chief Executive Officer among its members. The Chief Executive Officer performs the overall management organization and the day-to-day managerial control on the UBB's activity. The management Board adopts its Operational Rules which is approved by the Supervisory Board.

To date the Management Board comprises of 7 members.

Detailed information on the knowledge, skills and expertise of the members of the Management Board is disclosed in the Annual Financial Report.

3.3. Information on the diversity policy with regard of the members of the management body

While the diversity of the Management is not a criterion for the assessment of the member's individual suitability and institutions are primarily responsible for ensuring that members of the management bodies fulfil the suitability criteria, diversity should also be taken into account when selecting and assessing members of the management bodies. Diversity within the Management leads to a broader range of experience, knowledge, skills and values, and is one of the factors that enhance the functioning of the management body and address the phenomenon of "group-think". A diverse pools of members allows a broad set of qualities and competences to be put together, and variety of view and experiences, facilitating different independent opinions and sound decision-making.

3.4. Risk Management Bodies

3.4.1. Local Risk Management Committee (LRMC)

- The Local Risk Management Committee (LRMC) was established in accordance with the requirements of KBC Group. The chairman of the LRMC is the CRO of UBB. LRMC is a collective body of the Bank, which supports the Management Board in assessing the adequacy of, and compliance with the KBC RMF, and risk and capital monitoring and balance sheet management. In this capacity, the LRMC has the following key responsibilities:
- To propose to the Management Board the Risk Management Framework and its main building blocks and to periodically review the same. UBB Risk Management Framework will be aligned with the Group Risk Management Framework;
- To periodically review the effectiveness of and compliance with the KBC Risk Management Framework and propose improvement actions to the Management Board;
- To implement the Group CRO Services' strategy on the local level by setting up the core processes reflecting the strategic value propositions, defining the key performance indicators for these processes and assigning related roles, responsibilities and resources;
- To monitor the Local Risk Profile (integrated and by risk type), including results of stress tests, to ensure consistency with the Risk Appetite;
- To actively promote (via communication and education) the risk and capital agenda;
- To propose a framework of limits and policies;
- To monitor exposure against these limits;
- To decide on or recommend to the Management Board limit reviews and changes, or mitigating action when exposure is in excess of limits, in line with the governance rules for limits;
- To act as a second level of escalation in the New and Active Products Process (NAPP);
- To monitor capital adequacy and usage of regulatory and economic capital.

LRMC has a generic agenda covering all substantial financial risks (credit risk, ALM, liquidity, macroeconomic environment) as well as non-financial risks (operational risk, reputational risk, business risk, data quality, information risk management). Meetings are held at least 11 times per year.

All decisions of LRMC are subject to approval by the Management Board of UBB.

3.4.2. New and Active Products Process (NAPP)

Following the implementation of the Strategic Risk Management Framework, the Bank has established a specialized body for the management of new and active products and their applicable processes – New and Active Products Process (NAPP).

The mission of NAPP is to facilitate and support the process of approving new products and the regular review of existing products, the main objective being the commercial aspects of a product to be balanced from a risk and operational perspective.

NAPP takes the final decisions on approving a new product or review of an existing product before being offered to customers of UBB through various distribution channels.

NAPP ensures that products offered comply with the requirements and capability of the clients. All decisions of NAPP are subject to approval by the Management Board of UBB.

3.4.3. Sustainability Committee (GREEN)

The mission of the Green-Com is to:

- Overview and steer the process of preparation of Sustainable Financing Strategy (SFS) with regards to specific sectors and segments of the Bulgarian lending market. Ultimate goal of such strategy is to set targets and achieve portfolio composition, which would minimize risks associated with environmental changes and their impact, while benefitting from the opportunities arising as a result of the shift towards sustainable financing.
- Promote and support investment projects in alternative energy supply, energy savings, etc.

3.4.4. Local Provisioning Committee

The Local Provisioning Committee is has been established and has received its authority by the Management Board. It is a collective body of the Bank that makes decisions and recommendations on all topics related to impairments of financial assets of the Bank.
The mission of the Local Provisioning Committee is to assist the Management Board in:

1. Approval (changes to) the Bank's Impairment Policy for financial assets under IFRS 9.
2. Challenging and approval of the monthly impairment results/loss allowances on financial assets not at Fair value through profit or loss (FVPL) on a Bank level under IFRS 9.

Challenging of Expected Credit Loss (ECL) model - in case of unusual/ unexpected model output, inform the Local Risk Management Committee and potentially trigger a model review.

The Local Provisioning Committee holds meetings on a monthly basis or ad hoc if needed.

The Local Provisioning Committee takes decisions provided more than half of its permanent members are present in person. Each member is entitled to one vote.

Decisions of the Local Provisioning Committee shall be made with total majority (unanimously) of the attending members. If no consensus is reached a final decision will be taken by the Management Board.

3.4.5. Management Board of UBB (MB)

The Management Board sets the rules for the work process, the members and competence of relevant Risk Management Bodies. The Board takes all decisions on risk appetite, policies and limits for risk management, and sets the strategy for development of UBB.

3.4.6. Risk and Compliance committee (RCC)

The Risk and Compliance Committee of UBB advises the Supervisory Board of UBB on issues within the latter's responsibility before they are submitted for decision:

- The current and future risk appetite and risk strategy, and the supervision of risk exposure compared to the risk appetite.
- The general concept and the strategy related building blocks of the KBC Risk Management Framework.
- The supervision of the implementation, efficiency and effectiveness of the KBC RMF.

The RCC of UBB reviews whether prices of liabilities and assets and categories of off-balance sheet products offered to clients take fully into account the institution's business model and risk strategy.

Where prices do not properly reflect risks in accordance with the business model and risk strategy, the RCC of UBB shall present a remedy plan to the Supervisory Board of UBB.

To assist in the establishment of sound remuneration policies and practices, the RCC of UBB examines, without prejudice to the tasks of the remuneration committee, whether incentives provided by the remuneration system take into consideration risk, capital, liquidity and the likelihood and timing of earnings.

Upon delegation of the Supervisory Board of UBB, the RCC of UBB issues periodic (annual) opinions on the quality of the risk function.

4. Differences between Accounting and Regulatory Exposure Amounts

4.1. Accounting Scope and Mapping of Financial Statement Categories with Regulatory Risk Categories

The financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS as adopted by EU.

For the purposes of Article 436(b) CRR, UBB discloses that it is not included in the consolidated supervision of the parent undertaking, or of each of the parent undertakings, in accordance with Title VII, Chapter 3 of this Directive and Part One, Title II, Chapter 2 of Regulation (EU) No 575/2013:

		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 Cash Balances with the Central Bank	2 162 436	2 162 436	2162436				
2	Due from Banks	2 113 168	2 113 168	2113168				
3	Reverse Repo Deals	445 637	445 637	0	445637			
4	Loans and Advances to Customers	7 174 528	7 174 528	7174528				
5	Financial Assets at Fair Value Through Profit and Loss	6 746	6 746	0			6746	
6	Financial Assets at Fair Value In Other Comprehensive Income	737 753	737 753	737753				
7	Securities at Amortised Cost	2 655 733	2 655 733	2655733				
8	Derivative Financial Instruments	25 002	25 002	0	22467		2535	
9	Investments in subsidiaries and assosiated companies	3 416	3 416	3416				
10	Intangible Assets	16 028	16 028	0				16028
11	Property and Equipment	97 336	97 336	97336				
12	Investment Properties	125 338	125 338	125338				
13	Right-of-use Assets	22 266	22 266	22266				
14	Deffered Tax Assets	4 204	4 204	4204				
15	Corporate Tax Receivables	777	777	777				
16	Other Assets	16 748	16 748	16748				
xxx	**Total assets**	15 607 116	15 607 116	15113703	468104	0	9281	16028
	Breakdown by liability classes according to the balance sheet in the published financial statements							
1	Deposits from Banks	1 398 427	1 398 427					
2	Deposits from Customers	12 301 127	12 301 127					
3	Payable under Repo Agreements	-	-					
4	Derivative Financial Instruments	6 030	6 030		4380		1650	
5	Other Long-Term Borrowed Funds	191 476	191 476					
6	Current Liabilities	26	26					
7	Provisions	10 000	10 000					
8	Lease Liabilities	22 283	22 283					
9	Deffered Tax Liabilities	1	1					
10	Other Liabilities	43 344	43 344					
xxx	**Total liabilities**	13 972 714	13 972 714		4380		1650	

Template EU LI1

		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)**	15 607 116	15 113 703	468 104	-	9 281
2	**Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1)**	13 972 714				
3	**Total net amount under the scope of prudential consolidation**	1 634 402				
4	**Off-balance-sheet amounts**	2 475 261	2 475 261			
5	*Differences in valuations*					
6	*Differences due to different netting rules, other than those already included in row 2*	- 254 813	- 16 028		- 238 785	
7	*Differences due to consideration of provisions*	- 199 304	- 199 304			
8	*Differences due to the use of credit risk mitigation techniques (CRMs)*					
9	*Differences due to credit conversion factors*	- 1 323 368	- 1 323 368			
10	*Differences due to Securitisation with risk transfer*					
11	*Other differences*					
12	**Exposure amounts considered for regulatory purposes**	16 304 892	16 262 562		42 330	28 388

Template EU LI2

4.2. Prudent valuation adjustments (PVA)

UBB discloses the information referred to in point (e) of Article 436 CRR in the following template:

		a	b	c	d	e	EU e1	EU e2	f	g	h
		Risk category					Category level AVA - Valuation uncertainty				
	Category level AVA	Equity	Interest Rates	Foreign exchange	Credit	Commodities	Unearned credit spreads AVA	Investment and funding costs AVA	**Total category level post-diversification**	Of which: **Total core approach** in the trading book	Of which: **Total core approach** in the banking book
1	Market price uncertainty		1								
2	Not applicable										
3	Close-out cost		670	27							
4	Concentrated positions										
5	Early termination										
6	Model risk		78								
7	Operational risk										
8	Not applicable										
9	Not applicable										
10	Future administrative costs										
11	Not applicable										
12	**Total Additional Valuation Adjustments (AVAs)**								**776**	**10**	**766**

Template EU PV1

5. Regulatory Capital and Capital Adequacy

5.1. Structure and Elements of Own Funds

The table below provides reconciliation of regulatory own funds to balance sheet items in the audited financial statements of United Bulgarian Bank, as per template Template EU CC2 from Regulation (EU) 2021/637:

		a	b	c
		Balance sheet as in published financial statements	**Under regulatory scope of consolidation**	**Reference**
		As at period end	**As at period end**	
Assets - *Breakdown by asset clases according to the balance sheet in the published financial statements*				
1	Cash and Cash Balances with the Central Bank	2162436	2162436	
2	Due from Banks	2113168	2113168	
3	Reverse Repo Deals	445637	445637	
4	Loans and Advances to Customers	7174528	7174528	
5	Financial Assets at Fair Value Through Profit and Loss	6746	6746	
6	Financial Assets at Fair Value In Other Comprehensive Income	737753	737753	
7	Securities at Amortised Cost	2655733	2655733	
8	Derivative Financial Instruments	25002	25002	
9	Investments in subsidiaries and assosiated companies	3416	3416	
10	Intangible Assets	16028	-16028	EU CC1, row 8 (deducted from Equity)
11	Property and Equipment	97336	97336	
12	Investment Properties	125338	125338	
13	Right-of-use Assets	22266	22266	
14	Deffered Tax Assets	4204	4204	EU CC1, row 75
15	Corporate Tax Receivables	777	777	
16	Other Assets	16748	16748	
xxx	**Total assets**	**15607116**	**15575060**	
Liabilities - *Breakdown by liability clases according to the balance sheet in the published financial statements*				
	Deposits from Banks	1398427	1398427	
	Deposits from Customers	12301127	12301127	
	Payable under Repo Agreements	0	0	
	Derivative Financial Instruments	6030	6030	
	Other Long-Term Borrowed Funds	191476	191476	
	Current Liabilities	26	26	
	Provisions	10000	10000	
	Lease Liabilities	22283	22283	
	Deffered Tax Liabilities	1	1	
	Other Liabilities	43344	43344	
xxx	**Total liabilities**	**13972714**	**13972714**	
Shareholders' Equity				
1	Share Capital	93838	93838	EU CC1, rows 1-2
2	Share Premium	210058	210058	EU CC1, rows 1-2
3	Retained Earnings	1287090	442564	EU CC1, row 3
4	Revaluation Reserve	44414	715997	EU CC1, row 4
5	Reserve Related to Acturial Losses	-998		EU CC1, row 4
6	Other Regulatory Corrections		-10831	EU CC1, rows 27a , 7
xxx	**Total shareholders' equity**	**1634402**	**1435598**	

Table EU CC2

5.2. Disclosure of information about main features of capital instruments

Below information about main characteristics of main features of capital instruments of United Bulgarian Bank AD is presented in accordance with template EU CCA from Regulation (EU) 2021/637:

		a Qualitative or quantitative information - Free format
1	Issuer	United Bulgarian Bank AD
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	BG1100085056 (Central Depository)
2a	Public or private placement	0
3	Governing law(s) of the instrument	Bulgarian Law
	Regulatory treatment	Common Equity Tier 1 (CET1)
4	Current treatment taking into account, where applicable, transitional CRR rules	Tier 1 capital
5	Post-transitional CRR rules	Common Equity Tier 1 (CET1)
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Eligible at solo and consolidated basis
7	Instrument type (types to be specified by each jurisdiction)	Ordinary, registered, dematerialised, freely transferable shares with voting rights
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	BGN 93,838,321
9	Nominal amount of instrument	BGN 93,838,321
EU-9a	Issue price	100%
EU-9b	Redemption price	100%
10	Accounting classification	Share capital
11	Original date of issuance	1992 - 2005
12	Perpetual or dated	Perpetual
13	Original maturity date	Not Applicable
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	Not Applicable
16	Subsequent call dates, if applicable	Not Applicable
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Not Applicable
18	Coupon rate and any related index	Not Applicable
19	Existence of a dividend stopper	No
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Not Applicable
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Not Applicable
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Нокумулативен
23	Convertible or non-convertible	Not Applicable
24	If convertible, conversion trigger(s)	Not Applicable
25	If convertible, fully or partially	Not Applicable
26	If convertible, conversion rate	Not Applicable
27	If convertible, mandatory or optional conversion	Not Applicable
28	If convertible, specify instrument type convertible into	Not Applicable
29	If convertible, specify issuer of instrument it converts into	Not Applicable
30	Write-down features	No
31	If write-down, write-down trigger(s)	Not Applicable
32	If write-down, full or partial	Not Applicable
33	If write-down, permanent or temporary	Not Applicable
34	If temporary write-down, description of write-up mechanism	Not Applicable
34a	Type of subordination (only for eligible liabilities)	
EU-34b	Ranking of the instrument in normal insolvency proceedings	
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Всички кредитори от предхожYesщ ред
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	Not Applicable
37a	Link to the full term and conditions of the instrument (signposting)	
(1) Insert 'N/A' if the question is not applicable		

Table EU CCA

5.3. Information about own funds

The Bank presents details of own funds in line with Regulation (EU) 575/2013 as per guideline in template Template EU CC1 Regulation (EU) No 2021/637:

(a)	(b)

		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	303 896	Article 26, Paragraph 1, Articles 27-29
	of which: Instrument type 1	303 896	EBA List, Article 26, Paragraph 3
	of which: Instrument type 2		EBA List, Article 26, Paragraph 3
	of which: Instrument type 3		EBA List, Article 26, Paragraph 3
2	Retained earnings	442 564	Article 26, Paragraph 1, c/
3	Accumulated other comprehensive income (and other reserves)	715 997	Article 26, Paragraph 1
EU-3a	Funds for general banking risk		Article 26, Paragraph 1, f/
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1		Article 486, Paragraph 2
5	Minority interests (amount allowed in consolidated CET1)	-	Article 84
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend		Article 26, Paragraph 2
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**1 462 457**	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	- 776	Articles 34, 105
8	Intangible assets (net of related tax liability) (negative amount)	- 16 028	Article 36, Paragraph 1,b/, Article 37
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)		Article 36, Paragraph 1, c/, Article 38
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value		Article 33, Paragraph 1, a/
12	Negative amounts resulting from the calculation of expected loss amounts		Article 36, Paragraph 1,d/, Article 40, Article 159
13	Any increase in equity that results from securitised assets (negative amount)		Article 32, Paragraph 1
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing		Article 33, Paragraph 1, b/
15	Defined-benefit pension fund assets (negative amount)		Article 36, Paragraph 1, e/, Article 41
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)		Article 36, Paragraph 1,f/, Article 42
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)		Article 36, Paragraph 1, g/, Article 44
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)		Article 36, Paragraph 1, h/, Article 43, 45 and 46, and Article 49, Paragraphs 2 and 3, Article 79

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)		Article 36, Paragraph 1,i/, Article 43, 45 and 47, and Article 48, Paragraph 1, b/ and Article 49, Paragraphs 1-3, Articles 79
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		Article 36, Paragraph 1, k/
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)		Article 36, Paragraph 1,k/, i), Articles 89-91
EU-20c	of which: securitisation positions (negative amount)		Article 36, Paragraph 1,k/, ii), Article 243, Paragraph 1, b/, Article 244, Paragraph 1, b/ and Article 258
EU-20d	of which: free deliveries (negative amount)		Article 36, Paragraph 1,k/, iii) Article 379, Paragraph 3
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)		Article 36, Paragraph 1,c/, Article 38,Article 48, Paragraph 1, a/
22	Amount exceeding the 17,65% threshold (negative amount)		Article 48, Paragraph 1
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		Article 36, Paragraph 1,i/, Article 48, Paragraph 1, b/
24	Not applicable		
25	of which: deferred tax assets arising from temporary differences		Article 36, Paragraph 1,c/,Article 38, Article 48, Paragraph 1, a/
EU-25a	Losses for the current financial year (negative amount)		Article 36, Paragraph 1,a/, and Article 472, Paragraph 3
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)		Article 36, Paragraph 1,l/
26	Not applicable		
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)		Article 36, Paragraph 1, j/
27a	Other regulatory adjustments	- 10 055	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	- 26 859	
29	**Common Equity Tier 1 (CET1) capital**	**1 435 598**	
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts		Articles 51-52
31	of which: classified as equity under applicable accounting standards		
32	of which: classified as liabilities under applicable accounting standards		
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1		Article 486, Paragraph 3
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1		
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1		

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		Articles 85-86
35	of which: instruments issued by subsidiaries subject to phase out		Article 486, Paragraph 3
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)		Article 52, Paragraph 1,b/, Article 56, a/, Article 57
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)		Article 56, b/, Article 58
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)		Article 56, c/, Articles 59, 60 and 79
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)		Article 56,d/, Articles 59 and 79
41	Not applicable		
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)		Article 56, d/
42a	Other regulatory adjustments to AT1 capital		
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)**	**1 435 598**	
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts		Articles 62-63
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		Article 486, Paragraph 4
EU-47a	Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2		
EU-47b	Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2		
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		Articles 87-88
49	of which: instruments issued by subsidiaries subject to phase out		Article 486, Paragraph 4
50	Credit risk adjustments		Article 62, C/ and d/
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)		Article 63, ,b/, i), Article 66, a/, Article 67
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)		Article 66, ,b/, Article 68

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)		Article 66, c/, Articles 69, 70, 79
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)		Article 66, d/, Articles 69, and 79
56	Not applicable		
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)		
EU-56b	Other regulatory adjustments to T2 capital		
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**0**	
58	**Tier 2 (T2) capital**	**0**	
59	**Total capital (TC = T1 + T2)**	**1 435 598**	
60	**Total Risk exposure amount**	**6 865 558**	
Capital ratios and requirements including buffers			
61	Common Equity Tier 1 capital	20.91%	Article 92, Paragraph 2, a/
62	Tier 1 capital	20.91%	Article 92, Paragraph 2, b/
63	Total capital	20.91%	Article 92, Paragraph 2, c/
64	Institution CET1 overall capital requirements	11.25%	CRD, Articles 128-131 and 133
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		
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements**	12.91%	CRD, Article 128
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)		article 36, paragraph 1, h/), article 45-46, article 56, c/, article 59-60, article 66, c/, article 69-70
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)		Article 36, Paragraph 1,i/, Articles 45 and 48
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)	4 205	Article 36, Paragraph 1, c/, Articles 38 and 48
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)		Article 62
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach		Article 62
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)		Article 62
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach		Article 62
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		Article 484, Paragraph 3, Article 486, Paragraphs 2 and 5
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		Article 484, Paragraph 3, Article 486, Paragraphs 2 and 5
82	Current cap on AT1 instruments subject to phase out arrangements		Article 484, Paragraph 4, Article 486, Paragraphs 3 and 5
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		Article 484, Paragraph 4, Article 486, Paragraphs 3 and 5
84	Current cap on T2 instruments subject to phase out arrangements		Article 484, Paragraph 5, Article 486, Paragraphs 4 and 5
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		Article 484, Paragraph 5, Article 486, Paragraphs 4 and 5

Table EU CC1

5.4. Capital Requirements

The Bank fully complies with the Regulation (EU) 575/2013, Directive 2013/36/EU and supervisory requirements of BNB, according to which Tier-I capital and of the Total capital adequacy ratios should be no less than 12.75 % and 14.75 % respectively.

The structure of the required capital by types of risk is the following:

		Total risk exposure amounts (TREA)		Total own funds requirements
		a	b	c
		2021	2020	delta
1	Credit risk (excluding CCR)	6 152 216	5 293 698	492 177
2	Of which the standardised approach	6 152 216	5 293 698	492 177
3	Of which the Foundation IRB (F-IRB) approach			
4	Of which slotting approach			
EU 4a	Of which equities under the simple riskweighted approach			
5	Of which the Advanced IRB (A-IRB) approach			
6	Counterparty credit risk - CCR	17 454	16 028	1 396
7	Of which the standardised approach	17 454	16 028	1 396
8	Of which internal model method (IMM)			
EU 8a	Of which exposures to a CCP			
EU 8b	Of which credit valuation adjustment - CVA			
9	Of which other CCR			
10	Not applicable			
11	Not applicable			
12	Not applicable			
13	Not applicable			
14	Not applicable			
15	Settlement risk	-	-	
16	Securitisation exposures in the non-trading book (after the cap)	-	-	
17	Of which SEC-IRBA approach			
18	Of which SEC-ERBA (including IAA)			
19	Of which SEC-SA approach			
EU 19a	Of which 1250% / deduction			
20	Position, foreign exchange and commodities risks (Market risk)	28 388	91 226	2 271
21	Of which the standardised approach	28 388	91 226	2 271
22	Of which IMA			
EU 22a	Large exposures			
23	Operational risk	667 500	718 188	53 400
EU 23a	Of which basic indicator approach			
EU 23b	Of which standardised approach	667 500	718 188	53 400
EU 23c	Of which advanced measurement approach			
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	19 053	22 318	1 524
25	Not applicable			
26	Not applicable			
27	Not applicable			
28	Not applicable			
29	**Total**	**6 865 558**	**6 119 140**	**549 244**

Table EU OV1

5.5. Capital Adequacy and Capital Buffers

UBB applies Standardized approach for its capital adequacy report for credit, market and operational risk. The capital requirements, capital buffers imposed by the Regulator and Available Capital are as follows:

		a	e
		2021	2020
	Available own funds (amounts)		
1	Common Equity Tier 1 (CET1) capital	1 435 598	1 349 584
2	Tier 1 capital	1 435 598	1 349 584
3	Total capital	1 435 598	1 349 584
	Risk-weighted exposure amounts		
4	Total risk exposure amount	6 865 558	6 119 140
	Capital ratios (as a percentage of risk-weighted exposure amount)		
5	Common Equity Tier 1 ratio (%)	20.91%	22.06%
6	Tier 1 ratio (%)	20.91%	22.06%
7	Total capital ratio (%)	20.91%	22.06%
	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 (%)		
EU 7b	of which: to be made up of CET1 capital (percentage points)		
EU 7c	of which: to be made up of Tier 1 capital (percentage points)		
EU 7d	Total SREP own funds requirements (%)		
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)		
8	Capital conservation buffer (%)	2.50%	0.00%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)		
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 (%)		
EU 10a	Other Systemically Important Institution buffer (%)	0.75%	0.75%
11	Combined buffer requirement (%)	6.75%	4.25%
EU 11a	Overall capital requirements (%)	14.75%	12.25%
12	CET1 available after meeting the total SREP own funds		
	Leverage ratio		
13	Total exposure measure	16 691 825	13 725 075
14	Leverage ratio (%)	8.60%	9.83%
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total		
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)		
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 (%)	3.00%	3.00%
EU 14e	Overall leverage ratio requirement (%)	6.00%	6.00%
	Liquidity Coverage Ratio		
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	5 788 684	4 786 280
EU 16a	Cash outflows - Total weighted value	3 646 340	2 318 111
EU 16b	Cash inflows - Total weighted value	1 108 382	510 190
16	Total net cash outflows (adjusted value)	2 537 958	1 807 920
17	Liquidity coverage ratio (%)	228.08%	264.74%
	Net Stable Funding Ratio		
18	Total available stable funding	11 374 582	10 013 092
19	Total required stable funding	6 707 034	5 771 437
20	NSFR ratio (%)	169.59%	173.49%

Table EU KM1

6. Countercyclical Buffer Requirements

In accordance with Commission delegated regulation (EU) 1152/2014, when calculating the Countercyclical Buffer Requirements (CBR), UBB allocates all foreign credit exposures to the country of registration (i.e. Bulgaria), as none of the foreign exposures represent more than the 2% threshold of its aggregate risk weighted exposures:

		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:													
020	Country: 001	8 075 537				8 075 537	433 156			433 156	5 414 450	0	0	
030	Total	8 075 537				8 075 537	433 156			433 156	5 414 450	0	0	

Template EU CCyB1

As of 31.12.2021 UBB has foreign exposures (for the purpose of calculating CCR) towards Ireland, France, Cyprus, Great Britain, Belgium, Greece, Poland, Russia, Italy, Lebanon, Australia, Spain, Canada, North Macedonia, Turkey, Romania, Serbia, the United States, Norway, the Netherlands, Hungary, Slovakia, Czech Republic, Armenia, Turkmenistan, Germany, South Korea, Austria, Latvia, Austria, the UAE, Bhutan, Egypt and Nigeria.

The Total Risk Exposure amount of the applicable exposures is as follows:

		a
1	Total risk exposure amount	6 865 558
2	Institution specific countercyclical capital buffer rate	0.50%
3	Institution specific countercyclical capital buffer requirement	0.50%

Template EU CCyB2

7. Leverage

The Bank calculates its leverage ratio in accordance with Article 429 of Regulation 575/2013. It gets the measure capital divided the measure of total exposure of the Bank and expressed as a percentage. The total exposure measure is the sum of the exposure values of all assets and off-balance sheet items not deducted when determining the capital measure.

Leverage management targets are set in the Risk Appetite Statement (RAS). The Supervisory Board (SB), supported by the Risk and Compliance Committee (RCC) and the Management Board (MB) approves the Risk Appetite Statement and through it the acceptable levels of risk and the targets the bank should always comply with.

The risk function measures the leverage ratio and reports it quarterly to the Local Risk Management Committee (LRMC).

		a
		Applicable amount
1	Total assets as per published financial statements	15 607 115
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	-
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	-

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)	-
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	
7	Adjustment for eligible cash pooling transactions	
8	Adjustment for derivative financial instruments	9 777
9	Adjustment for securities financing transactions (SFTs)	
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	1 090 961
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	
12	Other adjustments	- 16 028
13	**Total exposure measure**	16 691 825

Template EU LR1

As of the end of the year 2021, the Bank has sustained a leverage ratio of 8.60% (fully phased-in definition) against a preliminary EBA target level of 3.0%.

		CRR leverage ratio exposures	
		a	b
		2021	2020
	On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	15 191 899	12 188 871
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework		
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)		
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)		
5	(General credit risk adjustments to on-balance sheet items)		
6	(Asset amounts deducted in determining Tier 1 capital)	- 16 028	- 22 111
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	15 175 871	12 166 760
	Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	2 190	5 932
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach		
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	18 577	15 937
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach		
EU-9b	Exposure determined under Original Exposure Method		
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)		
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)		
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (Original Exposure Method)		
11	Adjusted effective notional amount of written credit derivatives		
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)		
13	**Total derivatives exposures**	20 767	21 869

	Securities financing transaction (SFT) exposures		
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	390 971	586 708
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)		
16	Counterparty credit risk exposure for SFT assets	13 255	-
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR		
17	Agent transaction exposures		
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)		
18	**Total securities financing transaction exposures**	404 226	404 226
	Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	2 475 260	2 024 916
20	(Adjustments for conversion to credit equivalent amounts)	- 1 381 268	- 1 067 715
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated associated with off-balance sheet exposures)	- 3 031	- 7 463
22	**Off-balance sheet exposures**	1 090 961	949 738
	Excluded exposures		
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)		
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) CRR (on and off balance sheet))		
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)		
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)		
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))		
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)		
EU-22g	(Excluded excess collateral deposited at triparty agents)		
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)		
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)		
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)		
EU-22k	(Total exempted exposures)		
	Capital and total exposure measure		
23	**Tier 1 capital**	1 435 598	1 349 584
24	**Total exposure measure**	**16 691 825**	**13 542 593**
	Leverage ratio		
25	Leverage ratio (%)	8.60%	9.97%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	8.60%	9.97%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	8.60%	9.97%
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	0.00%	0.00%
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		
	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	395 534	N/A
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	393 073	N/A
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)	16 696 388	N/A
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)	16 693 927	N/A
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)	8.60%	N/A
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)	8.60%	N/A

Template EU LR2

In 2020 UBB was not required to track and report values of SFT values, therefore it has nothing to report in the report.

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:**	30 645 886
EU-2	Trading book exposures	418 484
EU-3	Banking book exposures, of which:	15 113 701
EU-4	Covered bonds	-
EU-5	Exposures treated as sovereigns	5 274 174
EU-6	Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns	74 386
EU-7	Institutions	2 152 616
EU-8	Secured by mortgages of immovable properties	2 349 506
EU-9	Retail exposures	1 980 101
EU-10	Corporates	2 470 902
EU-11	Exposures in default	281 002
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	531 014

Template EU LR2

8. Liquidity Risk Disclosure

8.1. Liquidity Management Basics

The approach towards managing UBB's liquidity and funding and assessing whether it is adequate, is described in the UBB ILAAP Policy.

The points of reference for the UBB ILAAP Policy are the Corporate Strategy and the risk appetite objectives. These are the anchors for an iterative, continuous ILAAP based on (1) thorough risk identification, (2) risk measurement, (3) risk appetite setting, (4) forward looking assessments, (5) monitoring and (6) response. These process steps are not strictly sequential but interact with one another.

To allow well founded and pro-active liquidity and funding decisions, UBB assess liquidity adequacy from both a regulatory (normative) and an internal (economic) perspective. This is in line with the UBB Liquidity Risk Management Framework (LRMF) and the KBC Group Funding Framework which define the regulatory and internal measures and dimensions for liquidity management, funding strategy and risk appetite related to liquidity.

The UBB Enterprise Risk Management Framework defines the standards for risk management and the UBB Liquidity Risk Management Framework (LRMF) elaborates on the specific measures, methods, processes, tools ... used for liquidity risk management.

The Supervisory Board (SB), supported by the Risk and Compliance Committee (RCC) and the Management Board (MB), sets the playing field by expressing the Risk Appetite. This playing field is translated, amongst others, into a set of liquidity risk limits that serve as solid footing for the liquidity risk management process. They are complemented with internal liquidity risk assessments and a set of processes and reports in order to allow an adequate and independent monitoring of the business. For all risk related activities, Management Board (MB) is supported by Local Risk Management Committee (LRMC).

Liquidity management itself is organized within the Treasury function, which acts as a first line of defense and is responsible for the overall liquidity and funding management of the UBB. The Treasury function monitors and steers the liquidity profile on a daily basis and sets the policies and steering mechanisms for funding management. These policies ensure that local management has an incentive to work towards a sound funding profile. It also performs stress tests, actively monitors its collateral on a group-wide basis and is responsible for drafting the Liquidity Contingency Plan (LCP) that sets out the strategies for addressing liquidity shortfalls in emergency situations.

The Risk function acts as a second line of defense and is responsible for identifying, measuring, monitoring, reporting and stress testing liquidity risk, independently from the first line of defense. The Risk function also sets standards via the LRMF, supports the business with its implementation and challenges the business on their risk identification, measurement and response.

The third line of defense is provided by Internal Audit, assuring an independent review and challenge of the UBB’s first and second line liquidity (risk) management processes.

The Liquidity Risk Appetite and Profile are expressed as a combination of two measures:

- Minimum Liquidity Coverage Ratio (LCR) and
- Minimum Net Stable Funding Ratio (NSFR).

Setting the risk appetite for short and medium-term liquidity risk (LCR, NSFR) is based on an internal assessment of the liquidity buffers to sustain a major stress.
Risk Appetite setting is embedded in UBB’s Aligned Planning Cycle (APC), a concrete three-year forward view in which the strategy, finance, treasury and risk perspectives (including liquidity risk) are considered.

The structural funding position is managed as part of the integrated strategic planning process (APC). Funding and liquidity are among the key elements of the planning process – in addition to other important elements such as capital, profit and risks. UBBs funding strategy is to build up sufficient buffer in terms of LCR and NSFR via the KBC Group Funding Framework.
The KBC Group Intraday Liquidity Management Framework has also been implemented by local treasury to provide compliance with local intraday liquidity reporting requirements set out by the group policy.

Intraday liquidity in UBB is managed by a combination of limits (operational limits towards payments systems; counterparty settlement limits, counterparty limits on individual payments), delegation authority granted to the Treasury Department, and a set of procedures governing the interaction between the Payments Department, Treasury Department and the Cash Desk during the day.

UBB intraday liquidity management procedures allows Treasury directorate to make sure that sufficient liquidity is in place for central bank reserve requirements and positive end of day balance.

Specifically, regarding the liquidity position of UBB, a reporting system is in place that caters for adequate monitoring with different frequencies:

- On a daily basis, Treasury Directorate produces a liquidity report on UBB and report it both to Local Risk and UBB Management board members. This report includes positions and evolution of the different types of funding and liquid assets. It is the basis for any actions from Treasury to steer the short-term liquidity position of the Bank, and as such an important tool for decisions on external and intragroup funding.
- On a monthly basis, Liquidity Report is produced by Treasury and presented to LRMC. In this report Treasury presents its assessment of the liquidity and funding situation.
- Risk function calculates the LCR, NSFR and other liquidity measures (share of retail deposits, top 10 depositors and net intragroup funding for example) in order to monitor the liquidity profile and to assess possible breaches of UBB's internal limits. These measures and the results of the performed stress tests are presented in the Integrated Risk Report, which goes to the LRMC, the RCC and the supervisor (by regulatory reports).
- On a quarterly basis, these reports are complemented with additional metrics such as the intraday liquidity stress tests performed in all banking entities within the KBC Group.
- Stress testing plays an important role in the UBB liquidity management. It aims to give insight into the liquidity risk profile as input for risk management strategies and positions. As such it is a valuable tool in the risk identification process to create risk awareness and evoke discussions. Stress test results are a key input for:
- defining the target liquidity risk position (Treasury Strategy exercise);
- defining and underpinning the risk appetite and its corresponding limits (reverse stress tests);
- setting targets for operational risk measures and providing a daily view on the size of the most liquid part of UBB's asset buffer

Finally, liquidity stress testing provides a basis for UBB's Liquidity Contingency Plan and Recovery Plan.

UBB manages and monitors its liquidity position and funding strategies on an ongoing basis, but recognizes that unexpected events, economic or market conditions, or other situations beyond its control could cause a liquidity crisis. Therefore, UBB evaluates this risk continuously and has supplemented its Liquidity Contingency Plan (LCP) with an LCP Playbook containing operational guidelines, allowing it to be maximally prepared if such a crisis would emerge. Both are fully aligned with the Recovery Plan. In stress situations, the metrics with LCP early warning levels are monitored and reported daily.

The Bank's LCP addresses the strategy for managing a liquidity crisis, establishes an action plan for covering cash shortfalls in emergency situations and defines the respective allocation of tasks and responsibilities. It helps the Bank to buy time to think through the range of possible measures for remedying the situation and to restore confidence. The LCP is tested twice a year. As of now, the LCP testing is performed on group level, and local treasury function is responsible to update and submit the LCP.

Since insufficient liquidity is one of the key threats to business continuity/viability, there is a natural connection between the ILAAP, which supports the continuity of operations from the liquidity perspective, and the Recovery Plan (RP). UBB is part of KBC Group Recovery plan. The objective of the RP is to identify the options that might be available to counter a crisis, to assess whether these options are sufficiently robust and whether their nature is sufficiently varied to cope with a wide range of diverse shocks.

According to the regulatory requirements an internal liquidity adequacy assessment process (ILAAP) exercise is performed on a yearly basis for assessing the bank's identification, measurement, management and monitoring processes for liquidity, containing all qualitative and quantitative information necessary for underpinning the risk profile.

As an outcome of the process, the bank has to make a clear and formal Liquidity Adequacy Statement (LAS) supported by an analysis of the outcomes and approved and signed by the Management Board and the Supervisory Board. The LAS is submitted to the relevant authority.

The Liquidity Adequacy Statement (LAS) 2022 presents the view of the UBB Management Board (MB) and the Supervisory Board (SB) on the liquidity adequacy of UBB. It outlines MB's and the SB's thinking on its ability to maintain an adequate liquidity and funding position going forward in view of the Corporate Strategy, business model, and current and expected evolution of UBB's risk profile under different scenarios, next to the effectiveness of UBB's risk management, control environment and governance.

MB and the SB conclude that UBB's liquidity and funding position is solid in view of its current and future risk profile, both in the baseline scenario and under adverse conditions including these of the current Russia-Ukraine conflict, the quality of its risk management, internal control environment and governance and taking both a regulatory (normative) and a more comprehensive internal (economic) liquidity and funding perspective into account.
This conclusion is supported by:
A solid and well-embedded ILAAP, which is comprehensive and proportionate to the nature, scale and complexity of UBB's activities in all its building blocks, both qualitative and quantitative. It is further confirmed by the ECB SREP 2021 Joint Decision for UBB that assesses the liquidity risks, deficiencies and concerns as medium-low risk;

- A solid and well-embedded ILAAP, which is comprehensive and proportionate to the nature, scale and complexity of UBB's activities in all its building blocks, both qualitative and quantitative. It is further confirmed by the ECB SREP 2021 Joint Decision for UBB that assesses the liquidity risks, deficiencies and concerns as medium-low risk;
- A sustainable business model that supports a sound liquidity position;
- A sound risk and control environment, with continued progress made in liquidity and funding risk management throughout 2021;
- A low risk appetite regarding liquidity;
- Regulatory ratios that stand well above both the regulatory and internal floors. At the end of 2021 the Net Stable Funding Ratio (NSFR) stood at 170% and the

Liquidity Coverage Ratio (LCR) stood at 228%, with a twelve-month average of 227%;

- A solid liquid asset buffer that comprises 5 789 MBGN unencumbered central bank eligible assets;
- Liquidity ratios that remain solid under a wide range of stress scenarios, including scenarios inspired by the current COVID-19 environment;
- A robust and regularly tested Liquidity Contingency Plan (LCP) for early identification and effective management of potential liquidity crisis situations next to KBC's recovery Plan (RP) designed to provide an orderly return to a normal situation in case measures would not prevent UBB from slipping into recovery.

8.2. Liquidity Coverage Ratio (LCR)

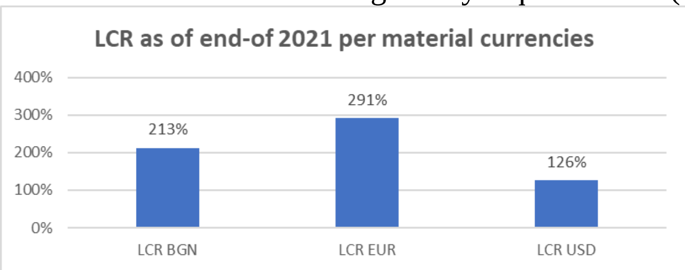
Regulatory LCR ratio stood at a comfortable level: LCR was 228% as of end-of-2021 (with a twelve-month average LCR of 227%) well above the minimum regulatory requirements and UBB's internal limits.

		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	30.09.2021	30.06.2021	31.03.2021	31.12.2021	30.09.2021	30.06.2021	31.03.2021
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)					5 294 562	4 730 534	4 904 666	4 617 540
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	9 160 663	8 889 003	8 618 698	7 401 959	604 785	591 501	579 716	461 966
3	*Stable deposits*	7 272 083	7 034 460	6 810 831	5 954 606	363 604	351 723	340 542	297 731
4	*Less stable deposits*	920 787	959 520	1 070 677	1 447 353	144 402	150 275	165 455	164 236
5	Unsecured wholesale funding	0	0	0	0	0	0	0	0
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	0	0	0	0	0	0	0	0
7	*Non-operational deposits (all counterparties)*	2 971 775	3 320 449	3 042 433	2 721 408	1 878 857	2 198 394	1 837 668	1 603 581
8	*Unsecured debt*	0	0	0	0	0	0	0	0
9	*Secured wholesale funding*					0	0	0	0
10	Additional requirements	0	0	0	0	0	0	0	0
11	*Outflows related to derivative exposures and other collateral requirements*	686 385	1 045 388	885 470	256 718	686 385	1 045 388	885 470	256 718
12	*Outflows related to loss of funding on debt products*	-	-	-	-	-	-	-	-
13	*Credit and liquidity facilities*	1 895 433	1 814 889	1 691 185	1 587 506	253 299	218 417	238 173	222 567
14	Other contractual funding obligations	429 211	418 035	370 515	352 922	21 461	20 902	18 526	17 646
15	Other contingent funding obligations	258 367	380 976	115 248	65 316	258 367	380 976	115 248	65 316
16	TOTAL CASH OUTFLOWS					3 703 155	4 455 578	3 674 802	2 627 794
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	147 972	130 389	130 389	358 504	-	-	-	-
18	Inflows from fully performing exposures	1 641 924	2 104 568	1 433 514	872 745	1 569 240	2 020 037	1 336 243	806 173
19	Other cash inflows	0	0	-	-	0	-	0	-
EU-19a	(Difference between total weighted inflows and total					0	0	0	0
EU-19b	(Excess inflows from a related specialised credit					0	0	0	0
20	TOTAL CASH INFLOWS	1 789 896	2 234 957	1 563 903	1 231 249	1 569 240	2 020 037	1 336 243	806 173

EU-20a	*Fully exempt inflows*	1 789 896	2 234 957	1 563 903	1 231 249	1 569 240	2 020 037	1 336 243	806 173
EU-20b	*Inflows subject to 90% cap*	0	0	-	-	0	0	-	-
EU-20c	*Inflows subject to 75% cap*	0	0	-	-	0	0	-	-
TOTAL ADJUSTED VALUE									
EU-21	LIQUIDITY BUFFER					5 294 562	4 730 534	4 904 666	4 617 540
22	TOTAL NET CASH OUTFLOWS					2 133 915	2 435 541	2 338 559	1 821 622
23	LIQUIDITY COVERAGE RATIO					250%	194%	211%	254%

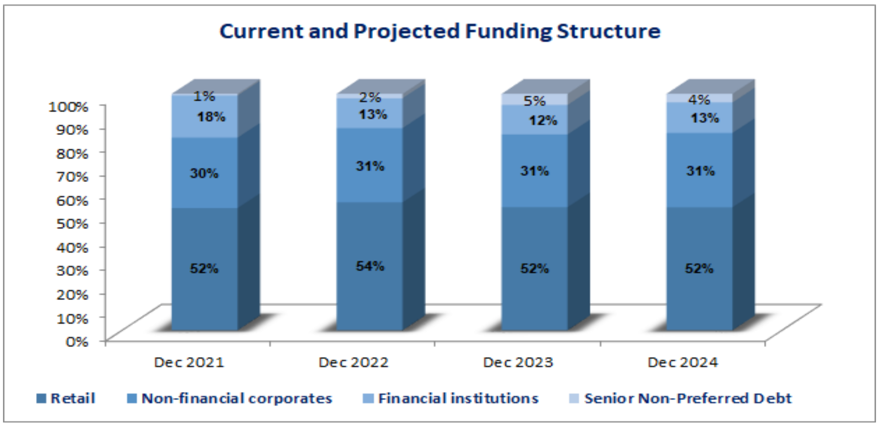
Template EU LIQ1

The all changes were related to the normal business activities of the bank (predominantly to the volumes and maturity of the intragroup transactions).
LCR monitors and monthly reports per material currency. As of end-of-2021, the respective figures in BGN, EUR and USD are well above regulatory required level (min 100%):



8.3. Net Stable Funding Ratio (NSFR)

On the funding side UBB has a solid customer deposit base in our core markets, resulting in a stable funding mix. A significant portion of the funding is attracted from core customer segments – Retail and SME.



UBB finances 80% of its assets by means of customer funding. The long-term wholesale funding is also tolerated for the bail-in purposes and funding diversification as well.

The stable customer funding position of UBB is also proved by the fact of lack of concentration of large depositors. The share of top 10 non-financial depositors is 12% of the total liabilities of the Bank as of end-of-2021. The largest depositor is PF Doverie.

	(in currency amount)	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		-	-	**1 437 390**	**1 437 390**
2	*Own funds*		-	-	1 437 390	1 437 390
3	*Other capital instruments*		-	-	-	-
4	Retail deposits		**8 600 763**	**772 518**	**46 051**	**8 861 453**
5	*Stable deposits*		6 953 797	635 197	36 848	7 246 392
6	*Less stable deposits*		1 646 966	137 321	9 203	1 615 061
7	Wholesale funding:		**1 882 937**	**3 733**	**-**	**943 335**
8	*Operational deposits*		-	-	-	-
9	*Other wholesale funding*		1 882 937	3 733	-	943 335
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:		**59 352**	**-**	**22 185**	**22 185**
12	*NSFR derivative liabilities*					
13	*All other liabilities and capital instruments not included in the above categories*		2 378 129	2 852	108 793	110 219
14	**Total available stable funding (ASF)**					**11 374 582**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					**253 373**
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		**0**	**0**	**0**	**0**
16	Deposits held at other financial institutions for operational purposes					
17	Performing loans and securities:		**2 881 358**	**831 521**	**5 765 499**	**5 783 073**
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*		-	-	-	-
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		445 824	-	-	22 291
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		893 793	742 054	5 165 303	4 961 678
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		37 563	36 970	1 233 765	839 214
22	*Performing residential mortgages, of which:*		37 563	36 970	1 233 765	839 214
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		37 563	36 970	1 233 765	839 214
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*		1 541 741	89 467	600 196	799 104
25	Interdependent assets		-	-	-	-
26	Other assets:		**85 379**	**33 379**	**433 504**	**552 262**
27	*Physical traded commodities*				-	-
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		-			-
29	*NSFR derivative assets*		-			-
30	*NSFR derivative liabilities before deduction of variation margin posted*		-			-
31	*All other assets not included in the above categories*		-	-	-	-
32	Off-balance sheet items		**2 366 515**	**-**	**-**	**118 326**
33	**Total RSF**					**6 707 034**
34	**Net Stable Funding Ratio (%)**					169.59%

Template EU LIQ2

At the end of 2021, UBB has a substantial amount of unencumbered liquid assets: 5 789 MBGN of unencumbered central bank eligible assets, 3 626 MBGN of which are in the form of liquid government bonds (63%). The rest are cash and central bank exposures in the form of central bank receivables and minimum required reserves. Most of the unencumbered liquid assets are denominated in Euro and Bulgarian lev. The composition of UBB's bond portfolios is decided as part of the APC process and Treasury strategies. The wholesale funding is limited mainly to intragroup funding, while funding from non-wholesale markets was accounted for by stable funding from core customer segments in our core markets.

There are no other elements in the calculation of the LCR that the bank considers important and which are not included in the calculations of this indicator.

9. Credit Risk and Risk Weighted Assets

The Bank is exposed to credit risk, which represents the risk that a particular counterparty may not be able to pay in full its obligations when they become due.

All financial assets classified as "loans and advances", "held to maturity", and "available for sale" are subject to review for impairment. The Bank performs the assessment on each balance sheet reporting date whether there is objective evidence justifying the impairment of a financial asset or a group of financial assets.

In accordance with the International Financial Reporting Standards ("IFRS"), a financial asset (or a group of financial assets) is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset ("loss event") and that a loss event (or events) has an impact on the estimated future cash flows of the financial asset (or group of financial assets), which impact can be reliably estimated. It is not mandatory to identify a single, discrete event that caused the impairment. Rather, the combined effect of several events may have caused the impairment. Losses expected as a result of future events, no matter how likely, do not result in impairment of financial assets. Objective evidence that a financial asset or group of assets is impaired includes observable data about the following loss events (reference: International accounting standard 39, Paragraph 59):

(a) Significant financial difficulty of the issuer or obligor;
(b) A breach of contract, such as a default or delinquency in interest or principal payments;
(c) The Bank, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the Bank would not otherwise consider;
(d) It is becoming probable that the borrower will be declared insolvent or resort to other financial reorganization;
(e) The disappearance of an active market for that financial asset because of financial difficulties;
(f) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:

  - Adverse changes in the payment status of borrowers in the group, or
  - National or local economic conditions that correlate with defaults on the assets in the group.

The Bank supervises the concentration of credit risk on aggregate basis (i.e. with regards to all balance sheet and off-balance sheet exposures). More specifically, the Bank monitors the concentrations of credit risk by industries and by groups of connected borrowers. Regarding the connected parties, the Bank monitors the ratio of the groups' credit exposures to the Bank's regulatory capital, in accordance with the Credit Institutions Act, Regulation 575/2013 and Ordinance №7 of BNB.

UBB applies the Standardized Approach for calculation of Risk Weighted Assets. The distribution of exposures into Asset Classes is in the table below:

	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	5 274 174	19 869	5 293 903	4 292	20 803	0.39%
2	Regional government or local authorities	72 799	24 442	72 799	12 184	16 997	20.00%
3	Public sector entities	1 587	850	19 246	1 981	2 012	9.48%
4	Multilateral development banks	-	15	507 848	-	-	0.00%
5	International organisations	-	-	-	-	-	0.00%
6	Institutions	2 152 616	21 499	2 298 731	18 371	715 409	30.88%
7	Corporates	2 470 902	1 671 885	2 008 756	726 934	2 439 201	89.16%
8	Retail	1 980 101	509 554	1 749 711	233 401	1 421 556	71.68%
9	Secured by mortgages on immovable property	2 349 506	222 832	2 349 506	114 286	937 734	38.06%
10	Exposures in default	281 002	1 283	272 357	703	311 597	114.11%
11	Exposures associated with particularly high risk	-	-	-	-	-	0.00%
12	Covered bonds					-	0.00%
13	Institutions and corporates with a short-term					-	0.00%
14	Collective investment undertakings					-	0.00%
15	Equity	20 625	-	20 625	-	25 749	124.84%
16	Other items	510 389	-	562 549	36 709	278 612	46.49%
17	TOTAL	15 113 701	2 472 229	15 156 031	1 148 861	6 169 670	37.84%

Template EU CR4

The distribution of exposures by applicable Risk Weights is shown on the following table:

	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	5 231 162	-	-	-	42 377		24 656		-	-	-	-	-	-	-	5 298 195	20 048
2	Regional government or local authorities	-	-	-	-	84 983		-		-	-	-	-	-	-	-	84 983	84 983
3	Public sector entities	19 215	-	-	-	-		-		-	2 012	-	-	-	-	-	21 227	21 227
4	Multilateral development banks	507 848	-	-	-	-		-		-	-	-	-	-	-	-	507 848	507 848
5	International organisations	-	-	-	-	-		-		-	-	-	-	-	-	-	-	
6	Institutions	-	-	-	-	1 488 572		821 671		-	6 859	-	-	-	-	-	2 317 102	134 809
7	Corporates	-	-	-	-	-		-		-	2 735 690	-	-	-	-	-	2 735 690	2 731 345
8	Retail exposures	-	-	-	-	-		-		1 983 112	-	-	-	-	-	-	1 983 112	1 983 112
9	Exposures secured by mortgages on immovable property	-	-	-	-	-	1 475 110	988 682		-	-	-	-	-	-	-	2 463 792	2 463 792
10	Exposures in default	-	-	-	-	-		-		-	195 986	77 074	-	-	-	-	273 060	273 060
11	Exposures associated with particularly high risk	-	-	-	-	-		-		-	-	-	-	-	-	-	-	
12	Covered bonds	-	-	-	-	-		-		-	-	-	-	-	-	-	-	
13	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-		-		-	-	-	-	-	-	-	-	
14	Units or shares in collective investment undertakings	-	-	-	-	-		-		-	-	-	-	-	-	-	-	
15	Equity exposures	-	-	-	-	-		-		-	17 209	-	3 416	-	-	-	20 625	20 625
16	Other items	304 406	-	-	-	28 185		-		-	262 462	-	4 205	-	-	-	599 258	599 258
17	TOTAL	6 062 631	-	-	-	1 644 117	1 475 110	1 835 009	-	1 983 112	3 220 218	77 074	7 621	-	-	-	16 304 892	8 840 106

Template EU CR5

10. Information about recognized External Credit Assessment Institutions ("ECAIs") and Export Insurance Agencies ("EIA")

In accordance with Art. 135 & 138 of Regulation (EU) 575/2013of BNB, UBB utilizes ratings assigned by the rating agencies Standard & Poor's, Moody's, and Fitch Ratings.

The credit ratings by recognized ECAIs are equalized to the EU levels of credit quality approved by BNB and the supervisory bodies of the EU member states and are used for risk weights determination in the process of capital adequacy calculation. Where two or more than two credit assessments are available from ECAIs and they correspond to different risk weights, the Bank applies the rules described in Art. 138 of the Regulation (EU) 575/2013.

Ratings of nominated ECAIs are used mainly for exposures to central governments & central banks and exposures to institutions.

When determining the applicable Risk Weight of counterparties, UBB strictly follows EBA's ECAI Master Scale. The distribution of exposure EAD of rated customers by Credit Quality Step is as follows:

Credit quality step	Remaining maturity	Risk weight	Exposure before impairment and credit risk mitigation
1	up to 3 months	20%	311 403
	above 3 months	20%	203 252
2	up to 3 months	20%	1 165 497
	above 3 months	50%	924 221
3	up to 3 months	20%	2 006 737
	above 3 months	50%	2 842 236
4	up to 3 months	50%	1 446
	above 3 months	100%	0
5	up to 3 months	50%	3 135
	above 3 months	100%	6 859
6	up to 3 months	150%	0
	above 3 months	150%	0
			7 464 786

11. Asset Quality and Non-Performing Loans

The IFRS 9 impairment model is an Expected Credit Loss (ECL) model which means that it is not necessary for a loss event to occur before an impairment loss is recognized. All financial assets except the ones measured at fair value through profit or loss will generally carry a loss allowance including:

- Financial assets that are measured at amortized cost;
- Debt instruments that are measured at fair value through other comprehensive income;
- Loan commitments that have been issued and are not measured at fair value through profit or loss;
- Financial guarantees given that are not measured at fair value through profit or loss;
- Lease receivables recognized by the lessors (in scope of IFRS 16f); and
- Contract assets (in scope of IFRS 15)

The impairment model is an expected credit loss model where the impairment amount is measured at an amount equal to 12 month expected credit losses (the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the next 12 months after the reporting date) or lifetime expected credit losses (resulting from all possible default events over the expected life of a financial instrument). The measurement basis for impairment depends on the approach that is applied for the financial instruments in scope.

ECL is calculated as the product of probability of default (PD), estimated exposure at default (EAD) and loss given default (LGD).

Other receivables other than the Loan related (e.g. On rental contracts, receivables on service contracts which are predominantly short term) are tested for impairments applying a simplified approach (due to low materiality) on annual basis in case of indications for deterioration of the financial status of the client (e.g. triggers are days past due, other information indicating non-performing status). In the assessment UBB considers the provided collateral and the received Guarantees. All receivables with days past due above 90 are in Stage 3 and are impaired with 50% and those with DPD >180 are 100% impaired. Receivables below 90 days past due are in Stage 2 (not impaired) and are subject to ECL: of 2.3% for trade receivables; 2.7% for operating leases and 0.2% for Cash collateral deposited on derivative transactions or rental contracts. The Expected credit losses (ECL) are reported as impairment charge on Other receivables and the latter are reported net of the ECL on the face of the BS.

When UBB prepares financial statements, it ensures that the carrying value of the non-financial asset does not exceed the amount that could be obtained from either using or selling it (‘recoverable amount’). UBB assesses at each reporting date whether there are indications that an asset may be impaired. Indications that an impairment loss is required may stem from either an internal source (e.g. the condition of the asset) or an external source (e.g. new technology or a significant decline in the asset’s market value). If any such indications exist or when annual impairment testing for an asset is required UBB makes an estimate of the asset’s recoverable amount.

The recoverable amount is defined as the higher of the value in use and the fair value less cost to sell. Value in use is defined as the discounted future cash flows expected to be derived from an asset or a cash-generating unit. The recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell an appropriate valuation model is used. These calculations are corroborated by valuation models quoted share prices for publicly traded subsidiaries or other available fair value indicators.

11.1. Non-Performing Loans

For the purposes of determining the impairment losses on a portfolio basis (collective impairment), loans and advances are being grouped based on similar credit risk characteristics. Corporate loans are being grouped based on days of delay (past due), credit product type, economic sector, size of business, type of collateral, or other similar characteristics. Mortgage and consumer loans are grouped by days of delay (past due) or by credit product type. These characteristics are relevant to the estimation of future cash flows for groups of such loans by being indicative of the debtors’ ability to pay all amounts due and together with the loss-related historical experience of loans with risk characteristics, similar to these of the group, form the base for calculation of the loan loss allowance.

The historical loss experience should be adjusted, on the basis of observable data, to reflect the effects of current conditions that did not affect the period on which historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. All impaired loans are reviewed and analyzed as of the date of each financial statements and the changes in the assumptions for the projected cash flows against preceding periods are reflected as an increase/decrease in the impairment losses through the income statement. The methodology for measuring the impairment loss of loans and advances is reviewed by the Bank on a regular basis in order to minimise any differences between the assessed and the actual loss.

A loan considered to be non-collectable, given that all conditions of the Bank's Impairment Provision policy are satisfied, is written-off against the accumulated impairment loss. Subsequently recovered amounts for previously written-off loans are recognised as a reduction of the current expense for impairment loss of loans and advances in the income statement.

		a
		Gross carrying amount
010	**Initial stock of non-performing loans and advances**	570 509
020	Inflows to non-performing portfolios	102 064
030	Outflows from non-performing portfolios	- 236 461
040	Outflows due to write-offs	- 42 007
050	Outflow due to other situations	- 156 170
060	**Final stock of non-performing loans and advances**	436 112

Template EU CR2 Performing and non-performing exposures and related provisions.

		a	b
		Gross carrying amount	Related net accumulated recoveries
010	**Initial stock of non-performing loans and advances**	570 509	
020	Inflows to non-performing portfolios	102 064	
030	Outflows from non-performing portfolios	- 236 461	
040	Outflow to performing portfolio	- 23 257	
050	Outflow due to loan repayment, partial or total	- 15 027	
060	Outflow due to collateral liquidations	-	
070	Outflow due to taking possession of collateral	-	
080	Outflow due to sale of instruments	-	
090	Outflow due to risk transfers	-	
100	Outflows due to write-offs	- 42 007	
110	Outflow due to other situations	- 156 170	
120	Outflow due to reclassification as held for sale		
130	**Final stock of non-performing loans and advances**	436 112	

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

		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	2 465 576	2 465 576	0												
010	Loans and advances	8 944 561	8 236 300	708 261	436 112	0	436 112	-37 990	-8 544	-29 446	-156 211	0	-156 211	-95 169	509 951	9 075
020	*Central banks*	*0*	*0*	*0*			0									
030	*General governments*	*74 532*	*74 446*	*86*			0	-60	-60	0					12 130	
040	*Credit institutions*	*2 012 122*	*2 012 020*	*102*			0	-177	-175	-2					0	
050	*Other financial corporations*	*70 979*	*70 925*	*54*				-83	-83	0					0	
060	*Non-financial corporations*	*3 747 710*	*3 296 486*	*451 224*	300 943		300 943	-14 744	-5 296	-9 448	-99 878		-99 878	-89 364	453 854	8 545
070	*Of which SMEs*	*2 409 086*	*2 042 469*	*366 617*	297 651		297 651	-11 083	-3 177	-7 906	-99 878		-99 878	-89 364	420 239	8 545
080	*Households*	*3 039 218*	*2 782 423*	*256 795*	135 169		135 169	-22 926	-2 930	-19 996	-56 333		-56 333	-5 805	43 967	530
090	Debt securities	3 375 784	3 375 784	0	2 860		2 860	-136	-136	0	-1 759		-1 759		19 716	
100	*Central banks*	*0*														
110	*General governments*	*3 356 059*	*3 356 059*					-136	-136							
120	*Credit institutions*	*19 725*	*19 725*												19 716	
130	*Other financial corporations*	*0*														
140	*Non-financial corporations*	*0*			2 860		2 860				-1 759		-1 759			
150	Off-balance-sheet exposures	***2 473 979***	***2 206 929***	***267 050***	***1 282***	***0***	***1 282***	***3 031***	***1 968***	***1 063***	***0***				***265 563***	***57***
160	*Central banks*															
170	*General governments*	***45 164***	***43 924***	***1 240***				***3***	***0***	***3***					***15 248***	
180	*Credit institutions*	***21 515***	***21 515***					***1***	***1***							
190	*Other financial corporations*	***112 385***	***112 385***	***0***				***7***	***7***	***0***						
200	*Non-financial corporations*	***2 024 033***	***1 791 943***	***232 090***	***651***		***651***	***2 997***	***1 941***	***1 056***					***248 849***	***57***
210	*Households*	***270 882***	***237 162***	***33 720***	***631***		***631***	***23***	***19***	***4***					***1 466***	***0***
220	***Total***	***17 259 900***	***16 284 589***	***975 311***	***440 254***	***0***	***440 254***	***-35 095***	***-6 712***	***-28 383***	***-157 970***	***0***	***-157 970***	***-95 169***	***795 230***	***9 132***

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

11.2. Credit Quality

		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								
010	Loans and advances	121 513	231 316	231 316	231 316	- 6 091	- 59 257	12 013	5 668
020	*Central banks*								
030	*General governments*								
040	*Credit institutions*								
050	*Other financial corporations*								
060	*Non-financial corporations*	98 568	182 277	182 277	182 277	- 4 332	- 45 527	11 854	5 509
070	*Households*	22 945	49 039	49 039	49 039	- 1 759	- 13 730	159	159
080	Debt Securities								
090	Loan commitments given								
100	***Total***	121 513	231 316	231 316	231 316	- 6 091	- 59 257	12 013	5 668

Template EU CQ1 Credit quality of forborne exposures

		a
		Gross carrying amount of forborne exposures
010	Loans and advances that have been forborne more than twice	42 155
020	Non-performing forborne loans and advances that failed to meet the non-performing exit criteria	79 963

Template EU CQ2 Quality of forbearance

		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***	***17 993 741***	***449 917***	***449 917***	***17 931 600***	***- 203 750***		
020	*Bulgaria*	15 273 850	438 972	438 972	15 242 102	- 196 568		
030	*Belgium*	1 439 880	13	13	1 416 007	- 19		
070	*Other countries*	1 280 011	10 932	10 932	1 273 491	- 7 163		
080	***Off-balance-sheet exposures***	-	-	-				
150	***Total***	17 993 741	449 917	449 917	17 931 600	- 203 750		

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

		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	2465576	2465576	0		0	0	0	0	0	0	0	
010	Loans and advances	8944561	8928135	16426	436112	176201	17173	28847	19071	76467	31161	87192	436112
020	*Central banks*												
030	*General governments*	74532	74532	0									
040	*Credit institutions*	2012122	2012122	0	0								
050	*Other financial corporations*	70979	70979	0	0								
060	*Non-financial corporations*	3747710	3740560	7150	300943	117684	3987	14989	10836	68539	25661	59247	300943
070	*Of which SMEs*	2409086	2401936	7150	297651	114392	3987	14989	10836	68539	25661	59247	297651
080	*Households*	3039218	3029942	9276	135169	58517	13186	13858	8235	7928	5500	27945	135169
090	Debt securities	3375784	3375784	0	2860	0	0	0	0	2860	0	0	2860
100	*Central banks*												
110	*General governments*	3356059	3356059										
120	*Credit institutions*	19725	19725										
130	*Other financial corporations*	0											
140	*Non-financial corporations*	0			2860					2860			2860
150	Off-balance-sheet exposures	2473979			1282								0
160	*Central banks*												
170	*General governments*	45164											
180	*Credit institutions*	21515											
190	*Other financial corporations*	112385											
200	*Non-financial corporations*	2024033			651								
210	*Households*	270882			631								
220	***Total***	17259900	14769495	16426	440254	176201	17173	28847	19071	79327	31161	87192	438972

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

		a	b	c	d	e	f
		Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which loans and advances subject to impairment		
				Of which defaulted			
010	Agriculture, forestry and fishing	321 318	321 318	24 220	24 220	-8 710	0
020	Mining and quarrying	6 584	6 584	0	0	0	0
030	Manufacturing	1 347 764	1 347 764	61 457	61 457	-29 019	0
040	Electricity, gas, steam and air conditioning supply	187 450	187 450	10 767	10 767	-898	0
050	Water supply	21 361	21 361	1 349	1 349	-54	0
060	Construction	243 710	243 710	29 165	29 165	-16 673	0
070	Wholesale and retail trade	1 120 157	1 120 157	51 540	51 540	-24 714	0
080	Transport and storage	236 457	236 457	7 391	7 391	-3 489	0
090	Accommodation and food service activities	54 963	54 963	32 329	32 329	-3 811	0
100	Information and communication	81 147	81 147	144	144	-375	0
110	Financial and insurance actvities	12 747	12 747	0	0	-45	0
120	Real estate activities	137 280	137 280	65 399	65 399	-18 234	0
130	Professional, scientific and technical activities	30 408	30 408	8 136	8 136	-1 858	0
140	Administrative and support service activities	55 730	55 730	3 380	3 380	-1 969	0
150	Public administration and defense, compulsory social security	0	0	0	0	0	0
160	Education	19 518	19 518	0	0	-268	0
170	Human health services and social work activities	21 716	21 716	331	331	-497	0
180	Arts, entertainment and recreation	4 648	4 648	668	668	-486	0
190	Other services	145 695	145 695	4 667	4 667	-3 522	0
200	***Total***	***4 048 653***	***4 048 653***	***300 943***	***300 943***	***-114 622***	***0***

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

		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	9 380 673	8 944 561	16 426	436 112	176 201	259 911	17 173	28 847	19 071	76 467	31 161	87 192
020	*Of which secured*	5 934 220					0						
030	*Of which secured with immovable property*	1 726 633	1 637 962	3 099	88 671	41 221	47 450	4 913	1 716	3 268	5 655	5 303	26 595
040	*Of which instruments with LTV higher than 60% and lower or equal to 80%*	1 225 104	1 179 465		45 639	23 959	21 680						
050	*Of which instruments with LTV higher than 80% and lower or equal to 100%*	614 089	577 621		36 468	15 370	21 098						
060	*Of which instruments with LTV higher than 100%*	1 295 161	1 114 669		180 492	80 540	99 952						
070	Accumulated impairment for secured assets												
080	Collateral												
090	*Of which value capped at the value of exposure*												
100	*Of which immovable property*												
110	*Of which value above the cap*												
120	*Of which immovable property*												
130	Financial guarantees received												
140	Accumulated partial write-off												

Template EU CQ6: Collateral valuation - loans and advances

		a	b
		Collateral obtained by taking possession	
		Value at initial recognition	Accumulated negative changes
010	Property, plant and equipment (PP&E)	-	-
020	Other than PP&E	152 334	- 62 980
030	*Residential immovable property*	32 619	- 14 193
040	*Commercial Immovable property*	118 900	- 47 972
050	*Movable property (auto, shipping, etc.)*	7	- 7
060	*Equity and debt instruments*	-	-
070	*Other collateral*	808	- 808
080	***Total***	152 334	- 62 980

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

		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	-	-	-	-								
020	Collateral obtained by taking possession other than that classified as PP&E	-	-	152 334	- 62 980	31 398	- 7 320	55 175	- 23 936	65 761	- 31 724		
030	*Residential immovable property*	-	-	32 619	- 14 193	8 961	- 3 761	5 911	- 5 533	17 747	- 4 899		
040	*Commercial immovable property*	-	-	118 900	- 47 972	22 437	- 3 559	49 264	- 18 403	47 199	- 26 010		
050	*Movable property (auto, shipping, etc)*	-	-	7	- 7	-	-	-	-	7	- 7		
060	*Equity and debt instruments*	-	-	-	-	-	-	-	-	-	-		
070	*Other collateral*	-	-	808	- 808	-	-	-	-	808	- 808		
080	**Total**	-	-	152 334	- 62 980	31 398	- 7 320	55 175	- 23 936	65 761	- 31 724		

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

12. Techniques for Credit Risk Mitigation

The Bank expects repayment of its loan claims primarily from the operational cash flows of the obligors. The collateral is considered as a secondary source for repayment of credit exposures, in case the Bank initiates legal actions against the Obligors.

As a matter of principle, the Bank accepts only 1st rank mortgages or pledges. Inferior rank liens can be accepted on an exceptional basis. The first exception is when all superior ones have been registered in favor of the Bank. The second exception is when any superior lien in favor of a third party has been verified as not corresponding to any outstanding claim or such claim, even if existing, will be cancelled or become void soon (max two months) after the registration of the one in favor of the Bank.

The collaterals must fulfill the following conditions in order to be accepted by the Bank:

1. Legal substance – existence of the proper legal and other documentation, proving the ownership right and the fulfilment of the special requirements of the law;
2. Clear identification – the collateral, as supported by its documentation, to be clearly identifiable;
3. Exclusivity of collateral rights – the Bank to be the undisputable holder/bearer of the specific collateral rights;
4. Sufficiency – Sufficient in terms of amounts, ideally exceeding the respective credit exposure in order to cover possible reduction in their realization price, the expenses and time needed for their realization;
5. Liquidity – the collaterals must be possible to be liquidated within a reasonable time in the current market conditions.

The Bank accepts all collaterals that can be used as an alternative source for the repayment of the Bank's lending claims. However, the Bank has a higher appetite for and accepts that only some of them have the qualitative characteristics (secondary market, short liquidation horizon, easily assessed market price, legal processes allowing the creditor to possess and liquidate them, slow amortization, etc.) permitting to the Bank to assume and calculate a securing value for them. These are:

1. Pledge of deposits ("born receivables under deposit" as per the legal term) with UBB and other banks;
2. Transfer agreement of born receivables (special deposits kept in the Bank's name provided as collateral by the collateral provider) under the Law on Financial Collateral Arrangements;
3. Pledge of receivables under direct, unconditional, irrevocable and full guarantee, issued by first-class local or foreign financial institutions, government and municipalities;
4. Pledge of Multinational bank bonds - investment grade only;
5. Pledge of local government bonds and other local governmental debt titles;
6. Pledge of municipalities bonds;
7. Mortgage on real estate properties and real estate related rights with a recognized market value;
8. Pledge of movable tangible assets – machines, vehicles, equipment, aircrafts, etc.;
9. Pledge of living stock that is fully insured against all risks, the insurance policy is assigned in favor of the Bank and the Bank is referred as loss payee;
10. Marine mortgage;

11. Pledge of non-sensitive goods based on public licensed warehouses titles;
12. Pledge of shares of companies /investment grade only/ and traded in SE /stock exchanges/;
13. Pledge of corporate bonds /investment grade only/ and traded in stock exchanges;
14. Pledge of shipping documents /only sea and railway transport/;
15. Pledge of trade receivables under a contract, from counterparties/payers;
16. Pledge of subsidies and grants by governmental or EU entities, provided that the Bank is able to check and has verified in advance that all preconditions set by the same entities for the disbursement of the subsidy or grant have been fully met.

The Bank, as a matter of principle, encourages the undertaking of fully collateralized credit risks. A credit risk is considered as fully collateralized when the securing value of the collaterals is at least equal to the corresponding risk. Securing value is defined as the outcome of the multiplication of the market value of collateral with the corresponding to every collateral co-efficient. The securing value calculated in this way cannot however exceed the liquidation value and the legal right of the Bank over the asset.

UBB supports the development of entrepreneurship in Bulgaria, thanks to successful partnerships with guarantors like the European Investment Bank, European Investment Fund, Bulgarian Development Bank, National Guarantee Fund, Fund Manager of Financial Instruments in Bulgaria, European Bank for Reconstruction and Development, Council of Europe Development Bank, International Finance Corporation and Bulgarian Export Insurance Agency.

Credits under programs like COSME, COSME COVID-19, COSME Digitalization Pilot, InnovFin, JEREMIE and others form the majority of of the portfolio secured by financial guarantees.

		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	3 147 113	5 845 158	5 326 132	519 026	0
2	Debt securities	2 653 502				
3	Total	5 800 615	5 845 158	5 326 132	519 026	-
4	*Of which non-performing exposures*	186 419	252 553	243 478	9 075	0
EU-5	*Of which defaulted*	186 419	252 553			

Template EU CR3

UBB does not use netting as means of Credit Risk Mitigation, therefore it has nothing to disclose under Article 453 (a) CRR.

13. Counterparty Credit Risk

The counterparty credit risk (CCR) originates from deals with derivatives, repo deals, deals of lending/ borrowing of securities or commodities, transactions with extended settlement and represents the risk that the counterparty under a particular deal may default prior to the final settlement of the cash flows under the deal.

The Bank has adopted rules and procedures for assessment, management and control of the counterparty risk by countries and banks. All counterparties receive a risk rating category according to their official ratings. Based on this, in conjunction with the accepted methodology, risk limits are set by counterparty, both for total exposure and by products. Risk Management Directorate monitors limit utilization daily.

The receivables from local and foreign banks, the receivables or liabilities for repurchase of securities and the FX deals are assigned a risk weight in accordance with Regulation (EU) 575/2013.

The Bank allocates capital for counterparty credit risk purposes originating under derivatives and repo deals by application of the mark-to-market method, pursuant to Art. 274 of Regulation (EU) 575/2013.

UBB uses the Simplified approach (SA_CCR) for CCR calculations:

		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)	-	-		1.4	-	-	-	-
EU-2	EU - Simplified SA-CCR (for derivatives)	-	-		1.4	-	-	-	-
1	SA-CCR (for derivatives)	2 210	19 195		1.4	53 728	29 967	29 967	14 288
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)					31 286	31 286	31 286	6 257
5	VaR for SFTs					-	-	-	-
6	**Total**					85 014	61 253	61 253	20 545

Template EU CCR1

The scope of transactions that bear Counterparty Credit Risk in UBB is limited. Derivative deals are conducted only with the majority stakeholder, KBC Bank Belgium with the purpose of managing the currency positions and interest rate risk.

Repo deals are limited to intra-group transactions with other entities within KBC group and transactions to Corporate customers.

	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												
2	Regional government or local authorities												
3	Public sector entities												
4	Multilateral development banks												
5	International organisations												
6	Institutions					8 890	4 987						13 877
7	Corporates									6 667			6 667
8	Retail												
9	Institutions and corporates with a short-term credit assessment												
10	Other items												
11	**Total exposure value**	-	-	-	-	8 890	4 987	-	-	6 667	-	-	20 544

Template EU CCR3

13.1. Credit Value Adjustments (CVA) Risk

The table below offers an overview on the CVA Risk in the bank (the Standardized Method is applied):

		a	b
		Exposure value	RWEA
1	Total transactions subject to the Advanced method	61 253	20 545
2	(i) VaR component (including the 3× multiplier)		
3	(ii) stressed VaR component (including the 3× multiplier)		
4	Transactions subject to the Standardised method	29 967	14 288
EU-4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)	0	0
5	**Total transactions subject to own funds requirements for CVA risk**	91 220	34 833

Template EU CCR2

13.2. Available Collateral on CCR Transactions

The composition and volume of available collateral is in the table below:

		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	17 466	0	0	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	-	-	-	-	-	-	1 077 460
9	**Total**	**0**	**17 466**	**-**	**-**	**-**	**-**	**-**	**1 077 460**

Template EU CCR5

14. Market Risk

The market risk is related to possible unfavorable impact to the profit and capital of UBB from adverse movements in bond equity currency and derivative prices. It includes equity risk interest rate risk and foreign exchange risk.

UBB's total exposure to market risk is relatively small and the daily total VaR as of 31.12.2021 amounted to BGN 0.026 million. The largest market risk exposure is related to interest rate risk resulting from positions in bonds.

UBB manages the market risk by using the internationally accepted historical method. This approach is used to calculate the VaR of UBB's Trading portfolio positions retained for 1-day and for 10-days.

14.1. Positions (Interest Risk) on Exposures in the Trading Book Portfolio

Position risk refers to the risk of change in the prices of debt and equity instruments in the trading book. It contains two components: specific risk and general position risk. The specific risk represents a risk of a change in the price of a financial instrument as a result of factors related to its issuer or the issuer of the underlying instrument. General position risk is the risk of a change in the price of a financial instrument because of factors that are not contingent on the specific characteristics of the instruments, e.g. equity markets or interest rates movements.

With regards to the net positions in debt instruments, capital requirements for specific risk are calculated by currency and in accordance with the position's category based on the issuer's credit rating and the residual maturity in compliance with Art. 336 of Regulation (EU) 575/2013.

The Bank applies a maturity-based approach to calculating the general position risk in accordance with Art. 339 of Regulation (EU) 575/2013, by distributing the debt instruments with fixed interest rate according to their residual maturity, and those with floating interest rate, to the next repricing date.

14.2. Capital requirements for Foreign Exchange Risk

The Bank calculates capital requirements for FX risk resulting from both, the banking and the trading book, according to the standardized approach, described in Chapter 3 (Art. 351-354) of Regulation (EU) 575/2013, but it has not allocated capital for FX risk, since the amount of the total net open FX position does not exceed 2% of the Bank's own funds.

In accordance with Standardized Approach the bank calculates 4% capital requirements on matched closely correlated position and 8% on open currency position.

The Bank has no Commodity and Settlement risk exposures.

UBB uses the Standardized Approach for Market Risk Calculations.

		a
		RWEAs
	Outright products	
1	Interest rate risk (general and specific)	3 188
2	Equity risk (general and specific)	
3	Foreign exchange risk	25 200
4	Commodity risk	
	Options	
5	Simplified approach	
6	Delta-plus approach	
7	Scenario approach	
8	Securitisation (specific risk)	
9	**Total**	28 388

Template EU MR1

15. Operational Risk

Operational Risk is the risk of a loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes all non-financial risks except compliance risk (incl. conduct risk), business risk, strategic risk and reputational risk.

In UBB the KBC Operational Risk Management Framework is implemented. The operational risk management involves application of Group Key Controls (GKCs) at process level as well as specific risks identified by the owner of the process. The assessment of the GKCs at process level aims to check and document the extent of compliance with these controls as the application and assessment of the GKCs is a priority for the Bank. The initial assessment of the GKCs in UBB was done in 2017 and since then it is performed on a regular basis as per group requirements. The assessment of the GKCs is registered in the KBC tool BWise.

A building block of the framework is the registration and analysis of operational risk losses and events (near misses). The procedure that regulates the process of collection and registration of operational risk losses and events in UBB follows the KBC Loss Data Collection Process Procedure. The operational risk losses and events are registered in a specially designed KBC tool. The registered events are analyzed and reported to LRMC as corrective measures to avoid future losses are proposed.

Local Operational Risk Managers (LORMs), who are part of the 1LoD business units of the Bank, are appointed for all processes in UBB and trained regularly by the 2LoD (Non-financial Risks Department).

Business Continuity Management (BCM) is performed in accordance with the KBC Group standards, BCM Framework and GKC BCM.

BCM ensures the continuity of delivering vital services or products to customers in the event of a serious disruption, crisis or disaster. BCM focuses on availability, i.e. the Recovery Time Objective (RTO) or the amount of time in which business activities need to be operational again following a serious disruption, crisis or disaster. Together with RPO, RCapO as a third metric in DRP process is included in BIA and is used to establish and communicate a recovery objective that represents the capacity of a recovered system.

BCM is coordinated by local risk function as the business units are responsible for BCM framework implementation. Business Impact Analyses (BIAs) are prepared for all processes in the Bank as for each process recovery time objective is defined.

For each process a BC coordinator is assigned who has the task to define the critical processes, systems and people in the business unit, to prepare the Business Continuity Plan (BCP) for crisis situations as well as to coordinate the BCP testing. The BC coordinators also review and update the respective BIAs, BCPs and phone trees at least once a year.

The Bank applies the Standardized Approach for calculating the capital requirements for operational risk.

	Banking activities	a	b	c	d	e
		Relevant indicator			Own funds requirements	Risk exposure amount
		Year-3	Year-2	Last year		
1	Banking activities subject to basic indicator approach (BIA)					
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	410 479	394 683	385 324	53 400	667 500
3	*Subject to TSA:*	410 479	394 683	385 324		
4	*Subject to ASA:*					
5	Banking activities subject to advanced measurement approaches AMA					

Template EU OR1

16. Disclosure of Encumbered and Unencumbered assets

The encumbered and unencumbered assets of UBB to 31.12.2021 are as follows:

		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**	257 537	255 587			15 349 578	3 106 619		
030	Equity instruments					17 209		17 209	
040	Debt securities	255 587	255 587	254 850	254 850	3 127 436	3 106 619	3 216 705	3 196 135
050	of which: covered bonds							0	
060	of which: securitisations					0		0	
070	of which: issued by general governments	255 587	255 587	254 850	254 850	3 106 619	3 106 619	3 196 135	3 196 135
080	of which: issued by financial corporations					19 716		19 469	
090	of which: issued by non-financial corporations					1 101		1 101	
120	Other assets	0				554 835			

Template EU AE1

UBB's encumbered assets include blocked government securities in connection with borrowed funds of budget organizations and concluded credit line with EBRD.

		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		459 185	440 546
140	Loans on demand				
150	Equity instruments				
160	Debt securities	0		440 546	440 546
170	of which: covered bonds				
180	of which: securitisations				
190	of which: issued by general governments			440 546	440 546
200	of which: issued by financial corporations				
210	of which: issued by non-financial corporations				
220	Loans and advances other than loans on demand				
230	Other collateral received			18 639	
240	**Own debt securities issued other than own covered bonds or securitisations**				
241	**Own covered bonds and securitisations issued and not yet pledged**				
250	**TOTAL COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED**	257 537	255 587		

Template EU AE2

		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**	**217 617**	**255 587**

Template EU AE2

Blocking of assets for securing funds of budget organizations is carried out on the basis of Art. 152 of the Public Finance Act and Art. 96 of the Law on State Budget.

Blocking of assets in connection with borrowed funds from EBRD is carried out on the basis of contract between the UBB and EBRD.

17. Securitization

There has been no securitization of the Bank's assets in 2021.

18. Specialized Lending

UBB has nothing to disclose in 2021.

19. Remuneration Policies and Practices

The governance of the UBB Remuneration Policy involves the implementation and the continuing review of the remuneration practices. The main bodies involved in these roles are the UBB Supervisory Board and the UBB Remuneration committee. The Supervisory Board, on the basis of a recommendation from UBB Remuneration committee, discusses and finally approves all decisions, prepared and proposed by the Remuneration Committee.

The UBB Remuneration Committee is composed of Chairperson and two independent members, who are also members of the supervisory board and are not executive members of the Management Board of Directors. The members of the SB are appointed by the General

Meeting of Shareholders for a period of 4 (four) years. The Remuneration Committee is a subcommittee of the Supervisory Board. The Remuneration Committee exercises competent and independent judgment on remuneration policies and practices, and the incentives created for managing risk, capital and liquidity. It is responsible for the preparation of decisions regarding remunerations, considering the implications for the risk and risk management of the bank, the long-term interests of shareholders, investors and other stakeholders in the bank.

In 2021 the UBB Remuneration Committee gathered twice - on regular Committee Meeting, held on 31.03.2021 and Remuneration Committee Meeting, held in absentia on 16.08.2021.

The UBB Remuneration Policy was amended twice in 2021, in order to comply with both revised KBC Group Remuneration Policy and Regulation No.4 of the BNB on requirements for remuneration in banks.

The amendments related to changes in the threshold, defining Key Identified Staff (material KIS) and extension of the deferral period of their variable remuneration, also adding a provision for gender neutral remuneration policy.

The further changes aimed to fully implement the requirements of EU Directive 2019/878, provisioned in the amended Regulation No.4 of the BNB. The adjustments related to the implementation of a rule to also apply some of the Ordinance provisions on consolidated basis for a systemically important bank's subsidiary and to reassessment and supplementation of the KIS list in connection with the revised Regulatory Technical Standards (RTS) on Key Identified staff (REGULATION (EU) 2021/923.

The Remuneration Policy of UBB is based on the KBC Remuneration Policy of KBC Group complies with BNB Ordinance No. 4 on the requirements for remuneration in banks. The Remuneration Policy of UBB is fully compatible with the Bank stakeholders' interests, KBC Corporate Social Responsibility Policy, KBC Corporate Sustainability strategy and KBC Compliance Rules.

The Remuneration Policy covers all forms of remuneration, including salaries and other financial and material benefits for all the staff members and defines some specific remuneration guidelines for Key Identified Staff (KIS).

A mandatory component in the remuneration schemes for all UBB employees is individual performance-based compensation, based on a yearly performance appraisal instrument and taking non-financial/qualitative criteria into account, such as personal development, compliance with the institution's systems and controls, sound risk behavior, commitment to the business strategies and its major policies and contribution to the performance of the team. Remuneration schemes used within UBB are based on competences, job weightings, skills, contribution and performance, and are aligned with long-term shareholder interests and profitability, considering overall risk and the cost of capital.

The maximum ratios between fixed and variable remuneration on annual basis are set to be no more than 1 to 0.5. A minimum proportion of 10% of the variable compensation is based upon the KBC Group reported results. This parameter is mandatory only for KBC senior managers.

Variable remuneration is a set of monetary bonuses, premiums and performance incentives, and other equivalent non-cash instruments. The variable remuneration should not induce risk-taking in excess of the risk profile of the Bank and should be based on risk- and liquidity-adjusted profit, not on gross revenues. Performance bonuses shall be paid only in case of Bank's net profit plan fulfilment at above 80%.

Capital and liquidity parameters are set as a risk gateway for paying out variable remuneration for all categories of the staff including the Key Identified staff.

If one of the parameters is not met – no variable remuneration will be paid for the performance year and "non-vested" deferred amounts will not vest in the respective year and will be lost.

If the risk gateway is passed, the level of the variable remuneration paid still could depend on other variable remuneration guidelines and processes in force. Quantitative risk adjustment measures such as the Risk Adjusted Profit (RAP) are additionally introduced for positions considered as KBC top 300 and impact the level of variable remuneration directly by risk adjusting the size of bonus pools and individual awards.

KIS are staff members (Board Members and B-1 managers only) with a material impact on the risk profile of the Bank, identified by qualitative and quantitative criteria as per the Regulatory Technical Standards (RTS) on Key Identified staff and differentiated in the following groups:

- First group KBC Group KIS – Members of the Supervisory and the Management Board of UBB
- Second group KBC Group KIS – Senior Management and other managers specifically defined by KBC Group
- Third group KIS (local KIS) – Employees responsible for the management of the independent risk management, regulatory compliance and internal audit services and heading material business units of the Bank
- Fourth group KIS – employees whose remuneration exceeds certain quantitative thresholds

The First and Second group KIS, considered to be material KIS, are subject to specific requirements regarding non-cash instruments and deferrals, related to their variable remuneration. 50% of the variable remuneration allocated to KBC Group material KIS consists of share-linked instruments, i.e. phantom stock based upon the KBC Group share or an alternative equity-linked instrument imposed by a local regulator. This principle is applied to both the variable remuneration component paid upfront and the deferred variable remuneration component.

For all employees in Third who are not included in the First and Second groups, the variable monetary remuneration shall be based on the results of the core business of the Bank, the structural unit and their individual performance. 50% of the variable monetary remuneration of these employees, for which the amount of the variable exceeds EUR 30 000 shall be deferred, in order to promote the achievement of sustainable and long-term results, and discourage risk-taking beyond the acceptable level for the given position.

In case of unsatisfactory financial result of the Bank, the Management Board can take a decision to limit the deferred variable remuneration of employees identified as non-material KIS, to suspend or reduce their payment.

Variable compensation is subject to ex-post risk adjustment measures. Ex post risk adjustment operates either by reducing deferred but not yet vested amounts in case of significant downturn in the financial performance (malus), either by reclaiming ownership of deferred amounts already vested or paid in the past, until maximum five years after payment (claw back) at the discretion of the Supervisory Board of KBC Group and to the extent permitted by law.

			a	b	c	d
			MB Supervisory function	MB Management function	Other senior management	Other identified staff
1	Fixed remuneration	Number of identified staff	6	8		16
2		Total fixed remuneration	28 800	2 166 825		1 789 442
3		Of which: cash-based	28 800	2 166 825		1 789 442
4		(Not applicable in the EU)				
EU-4a		Of which: shares or equivalent ownership interests				
5		Of which: share-linked instruments or equivalent non-cash instruments				
EU-5x		Of which: other instruments				
6		(Not applicable in the EU)				
7		Of which: other forms				
8		(Not applicable in the EU)				
9	Variable remuneration	Number of identified staff	6	8		16
10		Total variable remuneration	-	651 452		522 340
11		Of which: cash-based	-	329 203		499 562
12		Of which: deferred	-	193 351		13 667
EU-13a		Of which: shares or equivalent ownership interests				
EU-14a		Of which: deferred				
EU-13b		Of which: share-linked instruments or equivalent non-cash instruments	-	322 249		22 778
EU-14b		Of which: deferred	-	322 249		22 778
EU-14x		Of which: other instruments				
EU-14y		Of which: deferred				
15		Of which: other forms				
16		Of which: deferred				
17	Total remuneration (2 + 10)		28 800	2 818 277		2 311 782

Template REM1

		a	b	c	d	e	f	g	h	i	j
		Management body remuneration			Business areas						
		MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	Total
1	Total number of identified staff										30
2	Of which: members of the MB	6	8	14							
3	Of which: other senior management										
4	Of which: other identified staff				2	2	0	4	3	5	
5	Total remuneration of identified staff	28 800	2 818 277	2 847 077	301 340	436 428	-	432 070	411 239	730 705	
6	Of which: variable remuneration	-	651 452	651 452	79 044	108 442	-	88 805	78 005	168 044	
7	Of which: fixed remuneration	28 800	2 166 825	2 195 625	222 296	327 986	-	343 265	333 234	562 661	

Template REM5

		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								
2	Cash-based								
3	Shares or equivalent ownership interests								
4	Share-linked instruments or equivalent non-cash instruments								
5	Other instruments								
6	Other forms								
7	MB Management function	1 397 219	430 344	966 875			267 970	370 518	223 130
8	Cash-based	460 360	234 774	225 586				147 388	
9	Shares or equivalent ownership interests								
10	Share-linked instruments or equivalent non-cash instruments	936 859	195 570	741 289			267 970	223 130	223 130
11	Other instruments								
12	Other forms								
13	Other senior management								
14	Cash-based								
15	Shares or equivalent ownership interests								
16	Share-linked instruments or equivalent non-cash instruments								
17	Other instruments								
18	Other forms								
19	Other identified staff								
20	Cash-based								
21	Shares or equivalent ownership interests								
22	Share-linked instruments or equivalent non-cash instruments								
23	Other instruments								
24	Other forms								
25	Total amount	1 397 219	430 344	966 875	-	-	~~267 970~~	370 518	223 130

Template REM3