RAIFFEISENBANK (BULGARIA) EAD

ANNUAL CONSOLIDATED DISCLOSURE 2019

ON THE REQUIREMENTS SET OUT IN ARTICLE 70 OF THE LAW ON CREDIT INSTITUTIONS AND PART EIGHT OF REGULATION (EU) 575/2013

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1. REPORTING ENTITY

Raiffeisenbank (Bulgaria) EAD (the Bank) is the first greenfield foreign direct investment in the Bulgarian banking sector. The Bank is registered in the commercial register of the Sofia City Court on 01.Aug.1994.

The Bank is 100% owned by its parent company Raiffeisenbank International (the RBI Group), Austria.

Raiffeisenbank (Bulgaria) EAD has a full license for operations in Bulgaria and abroad issued by the Bulgarian National Bank and for performing all types of deals and services as an investment intermediary in accordance with the Law on Public Offering of Securities and the related acts.

2. REPORTING CURRENCY

The reporting currency for this disclosure is thousand Bulgarian Leva (BGN).

3. SCOPE AND METHODS FOR CONSOLIDATION

The disclosure is prepared consolidating all financial institutions and Special Purpose Vehicles (SPVs) in which the Bank has either control over or significant influence. The equity participations in organizations other than those listed below are not subject to consolidation for the means of this disclosure.

The consolidation methods used in the current disclosure according to regulatory requirements and those used in the public financial reports of the Group according to International Financial Reporting Standards are as follows:

	Equity participations as of 31.12.2019	**Consolidation method (public)**	**Consolidation method (regulatory)**
Raiffeisen Service EOOD	100%	Full consolidation	Full consolidation
Raiffeisen Asset Management EAD	100%	Full consolidation	Full consolidation
Raiffeisen Insurance Broker EOOD as participation of RLBG	**100%**	**Full consolidation**	**Full consolidation**
Raiffeisen Leasing OOD	100%	Full consolidation	Full consolidation

4. GOALS AND RISK MANAGEMENT POLICIES

SECTION A: GENERAL INFORMATION ON GOALS AND RISK MANAGEMENT POLICIES

The risk strategy is aligned with the Group's business strategy and describes the planned business structure, strategic development, and growth under a process-, methodology-, and organisation-based view on risk and risk factors. It is an important instrument for the development of the Group as a whole as it establishes a link between business orientation and risk orientation. This link is expressed through the Risk Appetite and specific risk targets which are derived from the Group's mid-term business targets and thus frame upcoming risk related business decisions.

The risk strategy is based on the bank's business strategy, regulatory requirements, and organizational structures. The definition of this risk strategy is motivated by the following objectives:

- It strengthens the understanding for RBI Group's values and targets and governs risk management in all Group members.
- It promotes risk awareness within RBI Group and helps identification with the Group's strategy.
- It is a high-level steering instrument in the means that RBI Group members use it as a starting point for developing their own risk strategies.
- It enhances transparency by announcing risk targets of RBI Group and defines top-level responsibilities for risk management.

Risk is defined as exposure to uncertainty, the potential for loss because of a negative deviation from an expected outcome.

As a precondition, two components must be present to pose a risk: uncertainty and exposure. Uncertainty arises from the lack of knowledge about the future and often is associated with variability around expected values. Exposure in the banking context is formed by any transaction or business decision that contains uncertainty in the result.

There are two types of risks: one type which we actively underwrite for receiving an adequate premium and another type inherent in the banking business that we cannot quantify in a standardized and efficient way to a full extent. Many risks also allow for positive deviations from expected outcomes and thus represent opportunities as well. Both risks however are managed and controlled by the RBBG's risk management units.

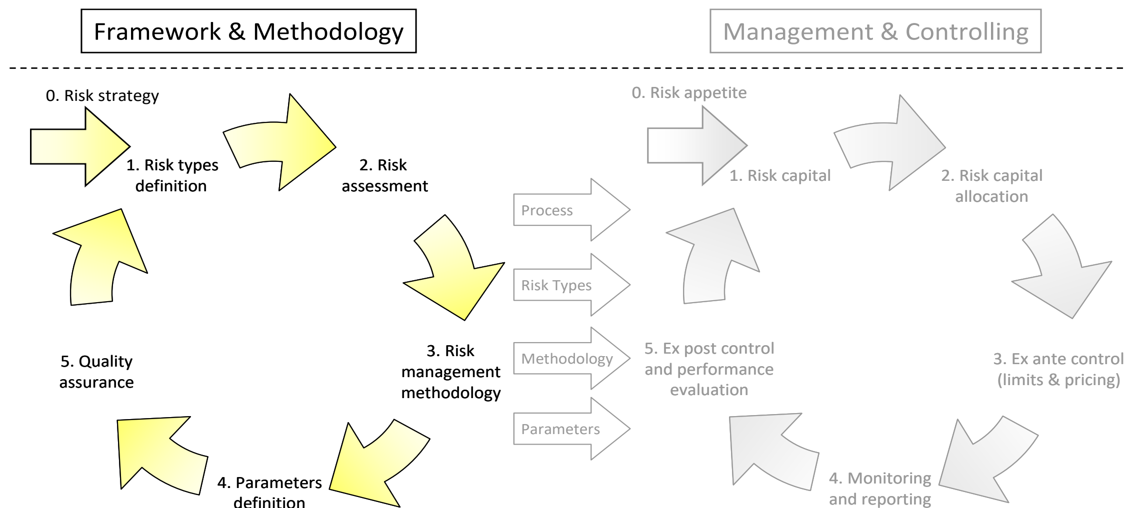
For some risks probabilities can be assigned to expected outcomes (specific uncertainty), for other risks potential outcomes are completely unknown (general uncertainty). From a precautionary point of view, it is essential to avoid general uncertainty by requiring it to be reduced to a set of well-defined risk types.

Risk management and controlling (as business functions) are key instruments for overall bank management in RBBG. In addition to legal and regulatory requirements they take into account the particular nature, scale, and complexity of business activities and resulting risks. The responsibilities of overall bank management can be defined as managing costs, income, and risks which in particular arise from the special situation of banks as risk transformers. Taking risks as well as transforming risks is an integral part of banking business and operational risks are an inevitable consequence of being in business. RBBG therefore does not aim to eliminate all risks involved but tries to identify, evaluate, manage (accept, avoid, mitigate, transfer), monitor and report all material risks the bank is exposed to.

The implementation of instruments, methods, parameters and standards used to measure and monitor risks includes the:

- definition of methodologies and parameters for risk measurement;
- quantification of risk capital and risk taking capacity;

- implementation of risk measurement and risk controlling;
- organization and process design of risk management functions.



The **risk strategy** describes the planned business structure, strategic development, and business growth from a risk perspective. It sets specific risk policies (i.e. the rules of conduct for handling risks), establishes a common understanding of the Bank's risk management goals, and thus it is a fundamental guideline for risk management and controlling. Such strategies are defined in the Risk Strategy and specific risk policies:

- Corporate credit policy;
- SE credit policy;
- PI credit risk policy;
- Micro credit policy;
- Market risk management rulebook;

- Policy for management of the liquidity and liquidity risk;
- Operational risk management policy;
- Treasury policy.

These policies shape the risk profile by specifying which risks the Bank in general takes (or avoids) and they describe organizational structures and processes which ensure that the Bank achieves the desired risk profile and adheres to it.

Another important policy is the definition of the Bank's risk appetite. It defines the amount of risk the Bank is going to take (e.g. balance sheet size, RWAs, funding gap) and the amount of available risk capital (e.g. equity, loan loss provisioning, profits). Throughout the annual bank - and group wide budgeting process, the risk limit setting also determines the share of risk capital that is used for absorbing quantifiable risks.

Risk types definition: Based on the current and future business structure we can identify the risks the Bank is exposed to, find precise risk definitions, and classify them according to the source of risk (according to their risk factors or risk drivers).

Risk assessment: In the risk assessment we analyse how much the value of the Bank might be affected by the defined risk types. Within the risk assessment we document whether risk types are material or immaterial for RBI Group.

Risk management methodology: The handling of specific risk types in more detail where the level of sophistication of these management and controlling techniques is chosen consistently with the materiality of a certain risk type.

Parameters definition: Hand in hand with selecting (statistical) risk quantification models as risk management tools comes the need for defining the required input parameters. For value-at-risk models these are most importantly the confidence level and assumed holding period (horizon).

Quality assurance: Last but not least it is necessary to establish processes in order to ensure the adherence to rules and regulations in place, the correct execution of defined processes, and high data quality.

The **Risk Appetite Framework** is based on the following key elements:

- **Risk Capacity**: The level of overall risk the bank can absorb before breaching regulatory requirements (and potentially become the subject of resolution).

- **Risk Profile**: Risk Profile is defined as the respective sum of the risk amounts for all quantified risk types in the ICAAP at a given reporting date.
- **Risk Tolerance:** The level of overall risk the bank is willing (or allowed by the regulator) to tolerate before it has to consider countermeasures.
- **Risk Appetite:** The planned and budgeted overall level of risk aligned with the business objectives. Given the volatility in financial markets and the economic environment, and the unpredictability of large singular risk events, the Risk Appetite as a percentage of the overall Risk Capacity should be set below the level of Risk Tolerance with a large enough cushion in order to avoid a frequent breaching of this warning level.
- **Economic Capital Allocation:** Based on risk capacity, risk tolerance and risk appetite goals and figures, an Economic Capital budgeting allocation process is performed on an annual basis.
- **Capital Forecast Calculation:** An early identification of potential risk drivers and capital developments is one of the key aspects of risk management.
- **Concentration Limits:** Concentration limits are calibrated and set for the relevant risk types in order to ensure that the Group’s overall level of risk remains below the Risk Tolerance level in most circumstances and below the Risk Capacity in virtually any circumstance. Limiting concentration risks in their different dimensions is a key strategic objective.

Credit Risk Stress Testing

Stress testing is a key risk management tool within financial institution. Stress testing is a useful instrument to help identify potential losses regarding retail credit portfolio and to measure a banks resilience to adverse developments. A stress event can be defined as events that are “exceptional” yet “plausible” and effect business conditions in an adverse way. It is express aim of stress testing to assess only effects of low probability, but, while stress events should have a low probability of occurring, they should not be too farfetched.

The retail credit risk stress testing covers the following types of stress-testing activities:

- **Level A Stress Testing** – simple, pre-defined sensitivity/scenario analysis testing
- **Level B Stress Testing** - advanced, macro-economic based stress testing where the sensitivity of RWA parameters is tested in relation to selected economic factors. The relation between

the macro-economic factors and the RWA parameters is derived through macro-economic modelling.

Level A Stress Testing

The Level A Stress Testing is mandatory for execution for RBBG as the Bank already has received an approval for retail AIRB approach for credit risk.

Major assumptions made in the level A stress test are:

- regardless of whether just one or several parameters are stressed, the impacts are applied simultaneously on the portfolio according to the pre-defined scope. The outcome is calculated by substituting the original values with the “stressed” ones of all affected parameters into the RWA formula for IRB approach
- the simulation (the scenario) has an immediate effect on the portfolio for the selected cut-off date
- except for the stressed-parameters, all other characteristics of the portfolio (exposure, risk parameters, etc.) are assumed static
- the stressed parameters whose impact on the RWA is measured by the Level A Stress tests are the following:
  - Probability of Default (PD) - associated with the particular exposure and expressed as a percentage (Could be also a particular rating grade with which certain PD is associated)
  - Loss Given Default (LGD) - associated with the particular exposure/account and expressed as a percentage
  - Conversion Factor (CF) - the probability that an unutilized and still available credit limit will be utilized
- the stress scenarios can be simulated by directly assuming new values of the above-mentioned parameters (e.g. increase the original value of a parameter by certain percentage). Alternatively, the simulation of certain immediate developments of the portfolio structure could be done which eventually lead to changes in the above parameters
- migration of exposures with certain notch to other notch, which in consequence means replacing the PD value associated with the original notch with the PD value associated with the “new” notch

- default of certain exposures, which is a specific case of the previous bullet as the original PD value is replaced by 100% and the LGD is compared with the BEEL in order to estimate the RWA.
- the stress test scenarios are applicable only for the IRB-relevant portfolios.

Scenario 1: Overall relative increase of PD by 40%.

This stress test is based on the suggestion of the German Bundesbank that used a PD shift of 30% and 60% in the article: “Stress testing in the German banking system”. It covers the BWG requirement to consider mild recession scenarios in the stress-testing program.

Scenario 2: Migration of non-defaulted accounts by one notch

This stress test is based on the requirement: “A credit institution shall assess migration in its ratings under the stress-test scenarios” in the EU Directive. Migration means replacing the PD value associated with the original notch with the PD value associated with the “new” notch.

Scenario 3: Default of the top 1% of non-defaulted accounts, ordered by size of exposure

This scenario provides an indication of the sensitivity of the Risk Weighted Assets and Expected Losses towards the concentration in the portfolio by selecting the accounts with largest exposures, which account for 1% of the total number of accounts, and simulating a default event for them.

Scenario 4: Migration of the top 1% of non-defaulted accounts, based on exposure size, by 3 notches (no new defaults are assumed)

Migration means replacing the PD value associated with the original notch with the PD value associates with the “new” notch.

Scenario 5: Relative increase of LGD for all secured loans by 20%

The scenario simulates a stress on the real estate market. As long as under the A-IRB approach collaterals are not directly taken into account for the RWA and EL calculation, the decrease of collateral market values is translated as impact on the potential recoveries of the secured exposures, hence their LGD is assumed to increase.

Scenario 7: Real Estate Crisis: relative increase of PD and LGD by 30% for Mortgage loans

This scenario is intended to simulate a crisis on the real estate market. Generally, such a crisis would be associated with increased default rate for the companies operating in the real estate sector and a drop of the value of the real estate assets.

Scenario 8: Economic downturn: relative increase of PD, LGD and CF by 15%

The scenario shows a moderate slowdown in economic conditions. For all IRB exposures all PDs are increased by 15%, all LGDs by 15% and all CFs by 15% as well.

Scenario 9: Global Recession: CEE currencies depreciation against EUR by 30%.

The scenario assumes relative PD, LGD and CF increase by 30% for CEE currency denominated loans (BAM, BYR, EEK, LVL, BGN, CZK, BGL, HUF, HRK, CSD, KZT, LTL, PLN, RON, RSD, RUB, RUR, SIT, SKK, UAH, UZS) and by 15% for all other currencies. The effect of the currency depreciation on exposure amounts is not considered here in line with the assumption for static balance sheet.

Scenario 10: Default of the worst rating grade.

This scenario gives a sensitivity about the effect of an immediate default of the worst rating grade. The impact in RWA and EL gives insight in size and loss sensitivity of such accounts.

LEVEL B STRESS TESTING – INTEGRATED AND REVERSE STRESS TESTING

Level B Stress Testing - advanced, macro-economic based testing where the sensitivity of RWA parameters are tested in relation to selected economic factors. The relation between the macro-economic factors and the RWA parameters is derived through macro-economic modelling.

The following macroeconomic time series should be considered as a minimum set of potential macro-economic indicators for the macro-economic state (economical systematic risk) and used in macro-economic model building:

- **Gross Domestic Product (GDP):** a basic measure of a country's overall economic output and generated income
- **Consumer Price Index (CPI)**: measures changes in the price level of a market basket of consumer goods and services purchased by households. The annual percentage change in CPI is used for retail business as a measure of inflation

- **Unemployment rate**: the percentage of the total labour force that is unemployed but actively seeks employment
- **Residential property prices**
- **Country risk premium.**

SECTION B: OBJECTIVES AND RISK MANAGEMENT POLICIES

All identified risks are periodically evaluated and checked for relevance in accordance with the Internal Capital Adequacy Assessment Policy of Raiffeisenbank (Bulgaria) EAD.

Once a year, the Group conducts a comprehensive risk assessment based on a methodology validated for the entire RBI Group. Credit, market, liquidity and operational risk are subject to thorough control and analysis. For these types of risk, quantitative estimates have been developed and qualitative methods have been introduced to ensure that the Group's risk exposure does not exceed the assigned risk capital.

CREDIT RISK

Credit risk is the risk of loss resulting from adverse changes in the creditworthiness of counterparties. Credit risk arises on credit exposures in all forms. It comprises the risk that debtors are not able to meet their payments (in height or time) due to default or out of other reasons (i.e. transfer or convertibility restrictions). Also the loss potential from credit migrations and deterioration of the financial situation of participations, in which the bank owns a stake, constitutes credit risk. In addition, the residual risk from credit risk mitigation techniques is seen as credit risk, as the collateral realisation in the case of default might not turn out to be as valuable as expected.

The Group categorizes the credit risk in eight sub-types:

- Default and Migration Risk
- Counterparty Credit Risk
- Credit Risk Concentrations
- Country Risk
- Participation Risk
- Securitization Risk

- Residual Risk in Credit Risk Mitigations
- Dilution Risk

Default Risk is the risk that a counterparty will not be able to fulfil contractually agreed financial obligations due to its default.

Default risk materializes as a non-payment or forced rescheduling of contractually agreed payments of a borrower. The economic loss in the case of default depends on several factors including product type, seniority, available guarantees, and value of collateral.

Defaults are reflected in the bank's balance sheet as specific or portfolio based provisions or as direct write-offs and therefore have an immediate effect on the income statement.

Migration Risk is the loss potential due to changes in the fair value of credit exposures as a result of rating transitions of borrowers.

This category covers the risk that an obligor with given credit rating might move into a lower rating grade during the risk horizon.

If the credit standing of a borrower is weakening, then the bank suffers losses on a fair value basis (opportunity principle) – these losses, however, typically are not to be disclosed in the income statement.

Counterparty Credit Risk denotes the risk that the counterparty to a derivative or similar transaction could default or deteriorate in credit quality before the final settlement of the transaction's cash flows.

This risk type is listed separately with its credit risk arising from counterparties in derivative instruments, repurchase transactions, securities or commodities lending or borrowing transactions, long settlement transactions and margin lending transactions. This type of credit risk is induced by market price movements (e.g. in swaps, forwards, etc.) and might be connected to wrong-way risk i.e. cases where the exposure increases when the credit quality of the counterparty decreases. Also, it typically involves special risk mitigation techniques (netting agreements, margin payments) which are not common in normal lending business.

Concentration risk in Credit Portfolios is the risk of suffering extreme losses from:

- an uneven distribution of exposures to counterparties;
- contagion effects between borrowers;
- sectoral concentration (industry, geographical region, etc.).

Credit risk concentrations can be pre-planned and be part of a bank's business strategy so as to benefit from information advantages. However, they also can lead to extreme losses that endanger the existence of the bank.

In the non-retail lending business concentrations are distinguished by the strength of dependencies into single-name concentration (portfolio granularity), concentrations in firms connected through business relations (micro contagion), and sectoral concentration (industry or geographical).

In the case of single-name concentration, enterprises that are likely to fail if one of them fails are classified as single risk entity (group of connected customers). Micro contagion risk (spill-over effects) takes weaker interdependencies, which cannot be explained by observable sector-dependent risk factors, into account. Sectoral concentration describes the weakest interdependency, namely the affiliation to the same economic or geographical sector.

In the retail segment concentrated lending in single product types, with common product characteristics, or uniform customer characteristics leads to concentrations.

Concentrations in single product types arise if loans are granted mainly in a narrow product category (e.g. second-lien mortgages, yacht leasing, etc.). Foreign currency loans or loans with repayment vehicles as common product characteristics increase the correlation of the creditworthiness of customers as well. In FCY loans, borrowers are exposed to exchange rate risk if they do not have revenues/income sources in the same foreign currency. Thus, foreign currency loans link the borrower's creditworthiness to a common factor (i.e. adverse movements in the exchange rate) like several other risk drivers in retail lending. Other specific customer characteristics that can lead to credit risk concentrations include for instance the borrowers' country of residence, their profession, or their employer (and in a weaker form also its industry sector).

Country risk is the risk of default on any foreign debt repayment of principal and/ or interest owing to developments within a country that affect its creditworthiness.

Country risk covers the risks involved in cross-border lending. Missed or delayed payments may either apply to any obligor domiciled in the country or to the sovereign itself. Country risk includes

transfer risk (prevention of payments by authorities), conversion risk (limiting access to sufficient foreign exchange) and moratorium risk.

Participation risk is the risk of a decrease in the value of equity participations, in which the bank owns a state below 50%.

Participation risk and counterparty risk have similar roots: the deteriorating financial situation (drop of profitability ratios, depleted reserves, insolvency, etc.) of a participation is reflected in a rating downgrade of the respective entity. In addition, country risk has an impact on participations in a foreign country.

Securitization Risk is the potential negative effect on the financial position of a bank which acts as **issuer/originator** under a securitization when (i) a securitisation arrangement is failing to operate as anticipated or (ii) a hedging counterparty under a securitisation transaction is not performing as anticipated. Securitization Risk for a bank acting as an **investor** refers to the risk of the values and risks transferred not emerging as expected.

Residual Risk in Credit Risk Mitigations is the risk of the bank's failure to realise the financial worth of transactions intended to mitigate credit risk.

Residual risk arising from credit risk mitigation (CRM) techniques (such as guarantees, collaterals, and credit derivatives) can result from the inability to realise payment from a guarantor in a timely manner, that the collateral will not turn out to be as valuable as expected, or from ineffective documentation (legal risks in CRM transactions are included under this risk heading whereas all other legal risks are seen as a component of operational risk).

Another residual risk arises if the risk of value of collateral or the default probability of a guarantor is correlated with the default probability of the obligor. This risk has its source in poorly structured transactions, for example, those collateralized by own or related party shares. But it also arises if the credit quality of the counterparty is correlated through some general macroeconomic factor to the creditworthiness of the guarantor.

Dilution risk is the risk of losses due to possibility that the receivable amount of purchased receivables is reduced through cash or non-cash credits to the receivable's obligor.

Dilution risk arises from the possibility that new debt issuances, made immediately before a customer's default, can dilute existing debts: those issues reduce the amount which can be recovered by existing earlier debt-holders in the case of a default or restructuring.

Dilution risk applies only to purchased receivables; it is, for instance, an important risk factor for trade or credit card receivables, issues of asset-backed securities, and in sovereign debt contracts. Dilution risk arises from positions in the trading and banking book and materializes in losses from the need of provisioning or fair value accounting.

MARKET RISK

Market risk is the risk arising from unexpected and unfavorable changes in market factors that affect the Bank's revenues or the value of the financial instruments in its portfolio. This includes interest rates, securities and commodity prices, exchange rates, credit spreads (not applicable to changes in the debtor's/issuer's credit situation) and correlations between them. The movements in negative direction of the above factors lead to a decrease in the market value of the Bank's assets.

Market risk may arise from a direct investment in a financial instrument as well as from an investment in a product whose value depends on the change in the value of market factors.

Market risk, therefore, arises from present value changes of on- and off-balance sheet positions in the Bank’s Trading and Banking book. Depending on the accounting category and the method of accounting, market risk may influence the net result, interest income or directly on the capital of the bank.

Interest rate risk is the potential loss of adverse changes in the fair value of interest sensitive positions due to a change in market interest rates. Interest rate risk arises in the presence of exposure to interest-sensitive instruments. Interest rate risk also exists where there is an imbalance in the maturity structure of the interest-sensitive liabilities and assets.

The potential loss of interest rate change is calculated assuming that the debtor's solvency remains without a substantial change.

The potential loss arises from unfavorable movements of interest rates and change in the shape of the interest curve. Such movement affects the Bank's open interest positions as well as positions whose hedging is not effective.

From an accounting perspective the manifestation of interest rate risk may be different: it can be reflected in reduced interest income (from items such as loans or financial assets at amortized cost), decrease of the trading result (for instruments in the trading book) or other comprehensive income (for financial assets at fair value through other comprehensive income), etc.

Traditionally, interest rate risk can be categorized into:

- Risk of changes the interest curve (changes in rates, slope and shape of the curve);
- Risk of mismatch in the interest structure of assets and liabilities
- Basis risk (risk arising from imperfect correlation between interest rate levels of different instruments resulting in term differences or differences of reset frequency, etc.)
- Option risk (value of interest options that are embedded in the standard instruments or purchased as standalone instruments in the Bank's portfolio)

Credit spread risk is the risk of negative changes in the value of the Bank's positions in debt instruments as a result of an unexpected change in credit spreads.

The credit spread risk arises from the change in the risk appetite of investors, which influences the market price, leading to narrowing or widening of credit spreads. If the likelihood that the issuer of the debt security will fail to meet the obligation to pay the coupon payments, as well as the principal itself, rises, the market reacts by requiring higher yield compared to the risk-free curve.

Currency risk is the risk of negative changes in the value of foreign currency positions arising from changes in the exchange rate. Positions in foreign currencies /as well as in gold and silver/ lead to currency risk and have an immediate effect on the current and potential cash flows of the Bank in a currency other than the local.

The value of the portfolio is sensitive to changes in exchange rates if there are positions denominated in other than the base currency. Currency risk arises from both Banking and Trading book positions. Currency risk is reflected in the balance sheet and the income statement of the Bank, since its assets and liabilities are subject to daily revaluation.

Basis risk is defined as the risk that remains when a particular position is offset by a position in another product where a different interest curve is used as the basis for the valuation of the position.

Sovereign Basis risks: *The risk of the spread between the government treasury bond yield curve and a general interest rate curve (deposits/fixings, swaps).*

General Basis risks: *The basis risks remaining when one particular position is offset by a similar position in a different product where different specific interest rate curves are used for the*

valuation of the two positions. (Swap rates – 6m Euribor) as well as additional product-inherent market differences.

Equity price risk is a risk of potential loss from adverse price movements of equity instruments or other direct or indirect investments of the Bank, which are classified as a Trading book. Exposures in stocks, stock derivatives or indices, exposures in contractual funds, etc. are exposed to this type of risk.

In practice the management of this type of risks requires three main VaR methods: variance/covariance, historical simulation and Monte Carlo simulation.

Commodity prices risk *is the* risk of potential loss due to adverse price movements of commodities traded on the stock exchanges: metals, oil, gas, etc.

Volatility risk is the risk of potential loss caused by adverse changes in the value of an instrument due to a change in market expectations for future movements/price changes in a market factor.

This market risk category is mainly reflected in the price change of instruments that have an asymmetric risk profile, i.e. especially options.

Market risk is managed by the Market Risk Management department. On the one hand, Treasury departments (Capital Markets and Asset and Liability Management) organize their own trade (for example, they manage the Bank's Trading book) and, on the other, manage the market risks of positions in the Banking book (which risks should be transferred to the Asset and Liability Management Department).

Raiffeisenbank (Bulgaria) EAD takes market risks through its departments:

- Trading Department (part of Capital Markets Division)
- Treasury / Asset and Liability Management Department (part of Finance Division)

Under the organizational structure and functional responsibilities, the Capital Markets Sales department (part of Capital markets division) implements all transactions that are related to sales of financial instruments to corporate clients and individuals, while transactions on behalf of the Bank are concluded by the Trading department including derivative transactions on a back-to-back basis, which are reciprocal to those concluded with corporate clients, purchase and sale of securities for the Trading book account, as well as at the request of the Treasury/asset Management department

for the account of Bank’s Banking book portfolio. The responsibilities of the Trading department also include the management of the currency position of the bank, money market transactions, etc.

All the activities related to the proprietary trading process for own account and the management of positions in the Trading and Banking books are carried out according to the current risk strategy and within the defined risk appetite of the Bank and their approved for this purpose limits.

The Market and Liquidity Risk Management Section under Market, Liquidity and Operational Risk Controlling department organizes the process of preventive ex-ante and ex-post market risk control at the Bank.

The Market risk is monitored through a strict limit system, consisting of currency, interest rate, price risk and credit spread limits.

The Limits for open positions depend on the Economic capital allocated for market risk. In addition to VaR limits, interest rate sensitivity (BPV), Stop Loss and Warning/activation (Soft Stop Loss Limits) are also applied.

All market risk limits are determined and submitted by Raiffeisenbank (Bulgaria) EAD, but are also aligned and approved in Raiffeisen Bank International AG during a standardized process for application and approval.

All internal limits are valid until they are revoked (or replaced by new ones) or a ban by the Group Risk Committee or the Group Market Risk Committee. Limits which have been provisionally introduced will be abolished as specified, unless submitted and approved by the Group Risk Committee or the Group Market Risk Committee for a provisional application for extension. Group market risk limits are reviewed by the RBI Market Risk unit in coordination with the RBI-Treasury units (for all Treasury/ALM limits and general limits for the RBI Group) and Capital Markets (for all interbank market limits). An Annual review shall also be conducted if the strategy or allocated economic capital for market risk does not change.

In addition, a review and update of the Market risk limits is carried out at least once a year, taking into account both the new budget figures and/or any changes in the defined risk appetite and to adjust the current limits to the new and/or the amended business strategies.

With regard to interest rate risk in the Banking book, the Bank applies a combination of the most common techniques to measure the risk of the change in the economic value of assets/liabilities

resulting from changes in the interest rates. The Bank's interest exposures are managed using reports of interest-rate sensitivity of assets and liabilities. The techniques for monitoring and managing interest rate risk are mainly based on maturity tables and tables reflecting the dates of subsequent interest rate changes in the relevant currency, according to the market conditions for the floating rate instruments. As part of the limit system, the possible deviations are transformed into limits.

The Bank's Risk appetite for market risk is defined in the highest hierarchical internal documents of RBBG, setting the objectives and determining how to achieve them, as well as the potential exposure to Market risk, as one of the significant risks to the financial institution that were identified.

The fundamental documents for the determination of the Risk appetite are the three-year overall strategy for the development of RBBG (updated once a year and applied after final approval of the Supervisory Board of the Bank), as well as the relevant strategies for trading and investing in instruments with inherent market risk.

After the initial definition of the Risk appetite, any subsequent updates of the strategic documents shall be reflected in the former.

The subsequent impact of the respective Risk appetite is also observed in the range of products offered, as well as by the new products offered to customers by the RBBG, as well as in the annual budgeting process.

LIQUIDITY RISK

Liquidity risk stems from the transformation of the term and currency structure of the Bank's assets and liabilities. For example, in the standard commercial banking industry, this is the case when short-term liabilities (deposits) or part of them are used to finance assets with longer maturity (loans). In this case, the need for liquid funds in the Bank (to cover the cash outflows) could exceed the cash inflows. A similar problem can also occur in cases where currencies are not freely convertible into each other and at the same time cash inflows into a given currency are not sufficient to cover the cash outflows in the same currency. This is the risk associated with the internal activity and management of the Bank’s balance. Liquidity risk also arises in the impossibility of responding adequately to changes in market conditions that affect the ability of quick asset transformation into cash and with minimal loss of value, including the inability to manage unplanned reductions or changes in funding sources. The latter represents the risk associated with the external economic and market situation.

For the purposes of liquidity risk management, the Bank distinguishes the following types of liquidity risk:

- Short-term liquidity risk;
- Funding risk.

Short-term liquidity risk – this type of risk is defined as the risk of losses caused by unforeseen mismatch of cash inflows and outflows (e.g. in mass withdrawals or lending crisis).

Short-term liquidity risk management is based on structural constraints, as well as active monitoring and careful analysis of future cash inflows and outflows in maturity bands. In the case of "opening" of the so-called liquidity imbalances, depending on their significance and time horizon, procedures and plans to address the situation are triggered.

Short-term liquidity risk is measured based on the traditional approach to calculate liquidity imbalances for a given period and currency.

Liquidity imbalances are calculated on the basis of cash inflows and outflows from on-balance sheet and off-balance sheet items giving rise to cash movements. However, from a liquidity management point of view, it is essential to distinguish between the planned (contractual) cash flows and the real ones. Distinguishing among these two categories makes liquidity management very complex. On the one hand, any significant deviations from the contractually agreed cash outflows should be taken into account (part of the deposits, for example, may be renewed on the day of maturity or withdrawn early), and on the other should carefully assess the uncertainty inherent in cash inflows. The situation is further complicated when it comes to assets and liabilities without a specific contractually agreed maturity. Those cash flows can be predicted based on the customer's behavioral patterns. The purpose of the development of such models is to predict the real cash flows, which in turn are used in the process of calculating liquidity imbalances. The framework takes into account the specific features and historical observations of the positions of each bank in the Group. Liquidity imbalances, including accepted "saleability" and "stickiness" ratios, are subject to strict monitoring and limitations. In addition, for cumulative liquidity imbalances in the "Going concern" scenario, as a percentage of the balance sheet, limits were introduced at different maturity intervals.

In order to ensure effective liquidity management in times of crisis, the Bank conducts stress tests that demonstrate its readiness and ability to cope with stressful situations, both in terms of market environment and in terms of intrinsic liquidity shocks. To survive such shocks, the Bank structures

and maintains liquidity buffers in the form of cash balances and other liquid assets that are intended to provide a survival period of at least 90 days on a common level, and up to a minimum of 30 days for each significant currency separately.

In order to ensure timely liquidity in the event of a liquidity crisis, the Bank strives to continuously optimize its ratio of the total amount of highly liquid assets to the total liabilities. The Concentration of the wholesale funding is limited by a special concept at Group level – "Funding Concentration Risk". The latter offers maximum conservative treatment and influences the results of the liquidity stress test, as it does not encourage the attracting of significant funding from single counterparty.

The Bank's Liquid assets include cash and cash balances with the Central bank, current accounts with other banks and interbank deposits up to 7 days, marketable debt securities issued by central governments or Central banks, Treasury bills and bonds of the Government of the Republic of Bulgaria, marketable debt securities issued by institutions with a top-notch credit rating, marketable debt securities issued by international development banks and international organizations. Encumbered assets shall not be included in the liquid assets. Encumbered assets at the end of 2019 were totaling 131 million BGN compared to 124 million BGN at the end of 2018.

The report under Ordinance No 11 of BNB is not prepared as of the end of March 2018, as it was replaced by the so-called “Maturity ladder” (reporting form iALM3) introduced by implementing Regulation (EU) 2017/2114 (see letter BNB-03083/10.01.2018).

On the basis of art. 412, § 5 of Regulation (EU) 575/2013 the Liquidity Coverage Ratio (LCR) is applied in accordance with art. 460, § 2 of Regulation (EU) 575/2013.

The liquidity indicators - LCR and NSFR (next two tables) are all reported on individual level due to calculation specifics.

In accordance with Regulation (EU) No 575/2013, the liquidity coverage ratio (LCR) is included in the liquidity risk management framework, measuring the Bank's ability to meet its liquidity needs in an unfavorable scenario for 30 Days. The liquidity coverage ratio (LCR) at the end of the 2019 year amounts to 213%.

Liquidity coverage components as of 31/12/2019	**Million BGN**
High quality liquid assets	2 022
Cash balances and Central bank assets	1 229
Securities	793
Outflows	1 249
Inflows	301

On a quarterly basis, the Net Stable Funding Ratio (NSFR) is also monitored, focusing on the availability of sufficient medium-term and long-term funding. At the end of 2019 it amounts to 136%.

Net Stable Funding components as of 31/12/2019	**Million BGN**
Items requiring stable funding	5 230
Items providing stable funding	7 107

The Bank strives to maintain amounts of the ratio exceeding the required regulatory minimum of 100, and as of 2019 this limit has not been breached.

In addition to the overall liquidity management framework, the Bank is developing a system of early indicators that aims to identify possible liquidity crises in a timely manner. In this way the optimum level of effectiveness of the applicable countermeasures is achieved.

Contingency plans have also been developed as an integral part of the tool kit to deal with crisis conditions.

The liquidity contingency plan describes the role of the different departments, the events leading to the declaration or cancellation of the liquidity crisis, respectively its level (three levels defined) and possible actions to address the deteriorated situation. The Plans include a clear definition of the tasks and responsibilities of the individual units as well as the information and communication flows within the Bank.

The Bank also prepares a Recovery plan in accordance with the requirements of Ordinance 7 of BNB and Directive 2014/59/EU.

The Plan includes a set of early signaling indicators designed to recognize the first signs of stressful situations, as well as a range of measures that could be taken to keep the Bank's stable position in the long term.

Funding risk/Risk of funding cost increase – This risk occurs when there is a need to secure liquidity under in unfavorable conditions, for example stemming from change the Bank's credit spread, i.e. the price of funding changes and the Bank's assets or commitments are not financed by liabilities with a similar maturity structure. This would lead to a substantial increase in the cost of funding the Bank’s activities.

As the rating is awarded by rating agencies, the Bank manages this type of risk by focusing on the elements influencing the rating assessment of the agencies:

- Generating sustainable profitability;
- Limiting the possibility of not achieving the results previously identified;
- Ensure the Bank’s resilience in accordance with the pre-defined target rating.

On a Group level, a quantitative and qualitative tool kit of indicators is applied that serves to target and monitor the Group's ability to generate income.

The Bank quantifies the risk of securing funding through a VaR model (value at risk with a holding period of 1 year and a confidence interval of 99.90%) aiming to measure the potential loss from the closure of current open liquidity imbalances (over 1 year) at a higher cost. It follows that the funding risk depends on the following components:

- The liquidity imbalances of the Bank for each separate maturity interval;
- The future, hypothetical, costs necessary to procure funding to cover liquidity imbalances.

The Bank prepares each year a plan to secure resources and strategy for the next three calendar years.

A particular attention is paid to ensuring a diversified funding base.

In order to reduce liquidity risk, the Bank develops a Financing Strategy that allows more flexible liquidity management within the year.

The entire liquidity risk management framework and tool box are duly described in the Bank's internal procedures and policies. They shall be updated regularly or when circumstances require so.

OPERATIONAL RISK

Operational Risk is defined as the risk of loss resulting from inadequate or poorly functioning internal processes, people and systems or from external events.

Legal Risk comprises the risks due to non-observance of legal or statutory requirements and/or inaccurately drafted contracts and their execution due to ignorance, lack of diligence in applying the respective law or a delay in reacting to changes in legal framework conditions. Non-observance due to ignorance is also considered an operational risk where the actual legal situation and the Raiffeisenbank (Bulgaria) EAD and its subsidiaries' own assessment of it diverge without fault or when these are unavoidable. For example in the event of an unexpected change in jurisdiction or on the entry into force of new legal provisions, either of which has retroactive effect on existing legal relations.

Legal Risk as well as Model Risk (the risk that models used in the course of bank-wide risk management or their application may not be suited for achieving their intended purpose) are both considered Operational Risk subcategories.

Conduct risk is the risk associated with bank's losses arising from an inappropriate, unethical or unlawful behaviour (including cases of wilful or negligent misconduct) in the process of supply of financial services

SECTION C: INFORMATION ON GOVERNANCE RULES

The Supervisory Board of Raiffeisenbank (Bulgaria) EAD pledges and approves the Bank's objectives. The Managing Board of the Bank is responsible for the fulfillment of these objectives, for the establishment of an appropriate organizational structure and for the timely development of an effective risk management function, for the adequate risk monitoring and control.

Although the Management Board may delegate some of its authorities, it remains exclusively responsible for all these activities.

The Management Board of Raiffeisenbank (Bulgaria) EAD is responsible for the development of a specific comprehensive risk management strategy and the implementation of risk management policies. The Management Board decides which procedures are to be developed for risk identification, measurement and control. It also takes specific management decisions on the basis of the prepared reports and risk analyses. The Management Board is assisted by the relevant departments and risk committees.

RISK MANAGEMENT FUNCTIONS UNDER CRO/CFO

Risk management units have the objective to optimise the risk profile of their supervised portfolios in defined risk categories. They develop, define, and implement tools, parameters, and methodologies used to analyse risks in business transactions and for managing portfolio risks; also, they define procedures to be followed in the process of underwriting risk.

The risk management units aim at optimization of the risk profile of portfolios managed by them in abidance by the defined risk categories. They develop, set and implement the tools, parameters and methodology for analysis of business transactions and management of risks associated with each respective portfolio. The responsible officers from the risk management units take active part in the process of establishment of procedures to be implemented during the transaction negotiation.

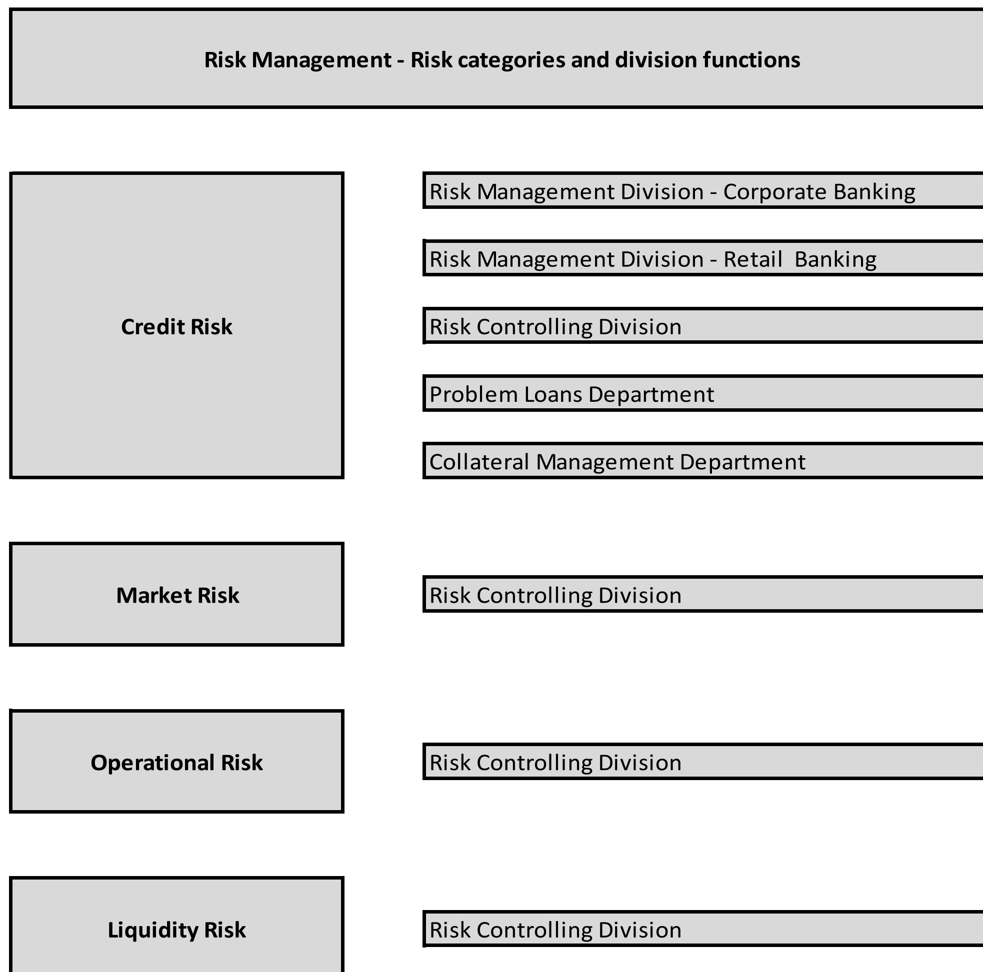
Two main risk functions exist in the risk management process:

- **The Risk management function** is responsibility of all units under the Risk management board area and comprises of the following main activities:
  - Define and implement the risk management strategy for the respective business segment/portfolio.
  - Develop, set and implement the risk management methods and processes (such as rating models, assessment of collaterals, competence levels, etc.).
  - Ensure that all Group and best practice standards with regard to the risk management methods, policies, practices and the respective tools are implemented across all business levels.

- Approve counterpart limits, other limits, and all new products according to defined competence authorities.
- Second level of approval of a certain business decision (client rating, etc.).
- Actively manage the risk (portfolio management, risk mitigation, diversification and portfolio analysis) in accordance with the approved budget and available risk taking capacity.

- **The risk control function establishes** the general control and monitoring framework of various types of risk on an aggregated level. Its purpose is to coordinate the implementation of the instruments, methods, parameters and risk evaluation and monitoring standards so as to avoid risk situations and improve the risk / return ratio within the risk limits. This includes:
  - Definition of the risk assessment methodology and parameters (such as credit and market VaR models, impairment, stress tests, concentrations).
  - Implementation of risk assessment and control tools (for example ensuring the abidance by limits and risk parameters).
  - Risk measurement, monitoring and preparation of reports on all types of risk on an aggregated level.
  - Drawing up of proposals for risk cost and capital allocation.
  - Budgeting and Forecasting risk costs, risk-weighted assets, funds-transfer pricing.
  - Actively communicate Risk related activities and methodology in front of the local supervisor and defend applied solutions. Carries out being compliant to all requirements posed by local legislation.
  - Monitoring of the counterparty limits.
  - Capital management activity – to ensure adequate internal and regulatory capital to cover all risks taken as well as to avoid the overcapitalization in order to ensure optimal employment of the shareholders’ capital.
  - Carrying out scenario analyses and stress tests in order to test the impact of extreme and severe crises on the bank’s positions.
  - Regarding the definition of methodologies and parameters the controlling function coordinates itself closely with the respective risk management functions.
  - Support the implementation of risk related IT solutions.

The structure below shows the functional allocation of the different risk management departments / divisions according to the risk category they manage:



RISK MANAGEMENT COMMITTEES

Risk Management committees in Raiffeisenbank (Bulgaria) EAD consist of representatives of all units dealing with risk management. Meetings are held regularly to make decisions on risk management related issues. The following committees are active in the Bank:

Assets and Liabilities Management Committee is responsible for the overall management of the Bank's balance sheet. It monitors the interest sensitivity and the structural liquidity of the bank.

Credit Committee has the authority to approve limits and credit reviews for RBBG. The credit exposures/limits exceeding the local authorities of RBBG are referred for approval by the Supervisory Board of the Bank.

Operational Risk Management and Controls Committee is a specialized internal body of

Raiffeisen Bulgaria Group in the area of operational risk management and internal controls (ICS).. The MB, as a supreme management body of operational risk in Raiffeisen Bulgaria Group, has delegated certain functions and responsibilities to the Operational Risk Management and Controls Committee.

Problem Loan Committee is the ultimate decision body for all problematic exposures in RBBG. Problem Loan Committee decisions are made in order to achieve the highest Net Present Value of the RBBG's receivables also considering the risks involved for each workout strategy.

In certain cases, as specified in the PLC Bylaws, the applications and credit reviews shall be approved by the Executive Credit Committee (ECC) or by the SB.

Fraud Committee is a specialized internal body of the management of RBBG in the area of management and control of the fraud risk. The Fraud committee is responsible for considering and making decisions regarding questions of a general nature, a comprehensive strategy to combat fraud and technical and organisational measures. Making proposals or order to improve structures and processes. Determination of expert team for investigation of complex fraud cases. In important cases of fraud, make recommendations to the Board including proposals for decision-making and lessons learned.

The primarily purpose of the **Risk Governance Committee** is to provide oversight, review and approval of the Bank and its subsidiaries' risk management activities in respect to RBBG Risk profile, Risk governance, Risk tolerance, Risk appetite framework and applied for all material risks, account, pool and portfolio level models. In fulfilling the above function, it shall monitor and continuously improve the overall risk management framework, promote sound risk governance and foster an effective risk culture throughout the Bank.

The Committee reviews policies, procedures, rules and practices related to the applied by RBBG Economic capital Model and Stress testing, as well as reviews and approves the results and scenarios for Stress testing and reviews and approves the results of Validation for all models through the model lifecycle (initial validation, regular monitoring of the performance and periodic validation). It assesses the Bank's compliance with Group regulations and analyses the effects of regulatory changes. Risk Governance Committee ensures comprehensive risk identification, measurement,

monitoring and timely implementation of remedial actions. It is responsible for the definition of risk-related parameters, assumptions, forecasts and trends.

PI/ Micro/ Corporate Portfolio Committee

Data Governance Operational Steering Committee is an operational decision making body for RBBG towards overall Data Governance and BCBS 239 compliance management. It oversees rules, regulations, processes and roles that are established in order to manage operational issues related to Data Governance and BCBS 239 principles and monitors Data Quality performance statistics, Data Quality Defect management statistics, operational incidents and issues related to Data Quality.

Management Board defines the policy and strategy of the Bank, makes decisions on all proposals of the committee for management of the respective risk type (such as allocating capital and budgeting, approval of limits, etc.).

SB Risk Committee as per CRD IV has been established**.**

MACRO-PRUDENTIAL SUPERVISION

Implementation of the global regulatory framework Basel III in European legislation through Directive 2013/36/ EU (CRD IV) has established 5 additional capital buffers, applicable for Credit institutions:

- **Capital conservation buffer**

  The reason for implementation of a capital conservation buffer is future avoidance of using state aid, when a bank experience financial difficulties, i.e. taxpayer's money for support of troubled banks. This buffer provides additional resources, where necessary for recovery and resolution of financial institutions in times of crisis. The capital conservation buffer of Common Equity Tier 1 (CET1) should be maintained to 2,5% of the total amount of their overall risk exposure.

- **Bank-specific countercyclical capital buffer**

  The countercyclical capital buffer is a macroprudential instrument introduced in BNB Ordinance No. 8 on Banks' Capital Buffers, in accordance with the requirements of Directive 2013/36/EU. The main purpose of the buffer is to safeguard the banking system against potential losses, stemming from build-up of cyclical systemic risk during periods of excessive credit growth. As of Q4 2019 the level of the countercyclical capital buffer is 0.5%.

- **Systemic risk buffer**

  The aim of the systemic risk buffer is maintaining the capital reserves built up so far in the banking system, as well as preventing and mitigating long-term non-cyclical systemic or macroprudential risks, which could cause disruption in the financial system. The systemic risk buffer is 3% of the risk-weighted exposures, which should be covered by CET1 capital, at the discretion of the Bulgarian National Bank it may also be applied to exposures in third countries. The BNB Governing Council with its decision of 15 October 2019 confirmed the requirement to all banks to maintain a systemic risk buffer of 3% of their risk exposures in Bulgaria. The systemic risk buffer thus set is cumulative to the buffer for other systemically important institutions (O-SII buffer) in accordance with art. 15 of Ordinance No. 8.

- **Buffer for global systemically important institutions - G-SII buffer and Buffer for other systemically important institutions - O-SII buffer**

  The buffer for other systemically important institutions (O-SIIs) is a macroprudential measure with preventive character that is aimed at banks with systemic importance. The goal of the buffer is to strengthen the capacity of O-SIIs to absorb losses and accordingly to limit the contagion risks stemming from potential stress event in a systemically important bank to other credit institutions or the banking system as a whole. With the higher capital requirements the resilience of the systemic institutions to adverse shocks is enhanced and the normal functioning of the banking system, even in times of significant unexpected future losses, is ensured.

The BNB Governing Council set a buffer for O-SIIs in accordance with art. 11, paragraph 1 of the BNB Ordinance No. 8 on an individual and on consolidated basis, applicable to the total risk exposure amount at the level of 0.25% applicable from 1-st January 2018 and 0.5% applicable from 1-st January 2019. From 1-st January 2020 the buffer for O-SIIs, applicable for RBBG, is set at the level of 0.75%.

5. INFORMATION ON THE SCOPE OF THE REGULATORY FRAMEWORK

EU LI1 — Differences between accounting and regulatory scopes of consolidation and the mapping of financial statement categories with regulatory risk categories (Annex 1)

EU LI2 — Main sources of differences between regulatory exposure amounts and carrying values in financial statements (Annex 1)

EU LI3 — Outline of the differences in the scopes of consolidation (entity by entity)

No differences as of Dec. 2019.

6. OWN FUNDS

The elements of own funds of Raiffeisenbank Bulgaria consist of:

- Tier 1 Capital – share capital and reserves
- Tier 2 Capital – subordinated debt

The following are deducted form own funds:

- Intangible fixed assets
- Deduction of negative amounts resulting from calculation of expected loss amounts

The deductions from own funds are based on and in compliance with Ordinance №7 of the Bulgarian National Bank and Regulation (EU) №575/2013.

Disclosure of own funds as per the provisions set in Regulation (EU) №575/2013 (Annex 1)

7. CAPITAL REQUIREMENTS

As of 01.11.2014 Raiffeisenbank (Bulgaria) EAD has been granted permission to apply Internal Rating Based Approach for calculating and managing the Credit risk on Bank level, according to the up-to-date banking regulatory requirements - Regulation (EU) 575/2013 of the European Parliament and the Council of the EU on prudential requirements for credit institutions and investment firms. For Market and Operational risk the Bank applies Standardized Approach.

Risk weighted assets are calculated based on the exposure classes taking into account the respective credit, market and interest rate risk as well as the available collaterals and guarantees. The approach is similar when risk weighted assets are calculated for the off-balance sheet exposures including that a credit conversion factor (CCF) is applied to the respective type of commitment measuring the probability of the such to be drawn.

The scope of the own funds requirements for Credit risk includes Credit risk, Counterparty credit risk and Dilution risk of the Banking book.

The scope of the own funds requirements for Market risk includes Market risk of the Trading book as well as Exchange rate risk and Commodities risk for both Banking and Trading books.

Since the beginning of 2012, the Bank applies the Standardized Approach for calculating the own funds requirements for operational risk.

During the reporting year 2019 the Bank remained compliant to all own funds requirements and has kept its Capital Adequacy Ratio above the minimum regulatory requirements

EU OV1 — Overview of RWAs (Annex 1)

EU CR10 — IRB (specialized lending and equities) (Annex1)

The specialized lending exposures as of 31.12.2019 are split only into regulatory categories 1 and 2. The total on-balance sheet exposures amount to 169 012 BGN thsd. In Category 1 the reported on-balance sheet amount comprises of 53% of the total on-balance sheet specialized lending exposure. The remaining 47% are part of Category 2. The total off-balance sheet exposure equals to 148 111 BGN thsd., of which 70% are categorized in Category 1 and 30% in Category 2. The specialized lending RWAs are 192 994 BGN thsd.

EU INS1 — Non-deducted participations in insurance undertakings:

RBBG does not have participations in insurance undertakings as of 31.12.2019

8. COUNTERCYCLICAL BUFFER

In accordance with Title IV, Chapter 4 of Directive 2013/36/EU and Ordinance №8 of the Bulgarian National Bank, countercyclical capital buffer should be applied with its macroprudential character and purpose – to protect the banking system against potential losses arising from accumulation of systemic risk throughout the economic cycle during periods of excessive credit growth. In accordance with Art. 5 of Ordinance №8 of BNB, the Bulgarian National Bank discloses the information for the

level of countercyclical capital buffer which should be applied. This information is being updated every three months. For 2019 the countercyclical capital buffer rates were as follows:

Period	CCyB Rate
2019 г. – Q1	0%
2019 г. – Q2	0%
2019 г. – Q3	0%
2019 г. – Q4	0.5%

As ofQ4 2019, Raiffeisenbank Bulgaria applies countercyclical capital buffer rate of 0.5%.

The institution-specific level of countercyclical capital buffer is also 0.5% after breaking down the exposure amounts on geographical indication and weighting and applying the rates of the given countries.

Below you can find this breakdown by countries, divided in two - for exposures under Standardized Approach and under Internal Rating Based approach.

Standardized Approach for Credit Risk:

Country	Exposure - Standartised Approach for Credir Risk	Capital requirements - Standartised Approach for Credit Risk
Armenia	13	1
Austria	49	3
Belarus	3	0
Bulgaria	851 264	42 753
Croatia	1	0
Cuba	2	0
Czech Republic	4	0
Georgia	1	0
Germany	11	1
Greece	3	0
Hungary	1	0
Israel	1	0
Italy	25	2
Lebanon	18	1
North Macedonia	4	0
Russian Federation	6	0
Serbia	1	0
The Netherlands	1	0
Turkey	1	0
Ukraine	5	0
Uzbekistan	3	0
Total in thsd. BGN	**851 417**	**42 763**

Internal Rating Based Approach for Credit Risk:

Internal Rating Based Approach for Credit Risk		
Country	Exposure - Internal Rating Based Approach for Credit Risk	Capital requirements - Internal Rating Based Approach for Credit Risk
Afghanistan	10	0
Albania	53	4
Argentina	1	0
Armenia	1 517	80
Austria	3 591	62
Azerbaijan	2	0
Belarus	202	10
Belgium	645	63
Brazil	49	7
Bulgaria	6 048 371	304 413
Canada	4 536	206
China	198	8
Croatia	28	1
Cuba	55	4
Czech Republic	26 739	893
Denmark	157	1
Egypt	16	0
Estonia	49	8
Finland	6	0
France	807	12
Georgia	32	2
Germany	3 914	313
Greece	516	21
Hungary	221	7
India	78	2
Indonesia	1	0
Iraq	1	0
Islamic State of Iran	128	6
Israel	327	13
Italy	793	61
Kazakhstan	87	4
Latvia	93	6
Lebanon	160	12
Lithuania	47	1
Luxembourg	25	1
Malaysia	24	4
Malta	215	4
Moldova	63	1
Mozambique	12	1
Nigeria	12	0
North Macedonia	1 141	33
Norway	3	0
Pakistan	8	0
Philippines	2	0
Poland	697	9
Portugal	133	14
Republic of Korea	6	0
Romania	1 545	44
Russian Federation	1 928	59
Serbia	573	29
Slovakia	36	1
Spain	29 857	431
Sweden	102	10
Switzerland	6 619	564
Syrian Arab Republic	130	7
The Netherlands	23 102	1 237
Tunisia	7	0
Turkey	892	85
Turkmenistan	151	4
Ukraine	926	36
United Kingdom	4 256	154
USA	75 708	2 067
Uzbekistan	32	2
Total in thsd. BGN	**6 241 635**	**311 015**

9. CREDIT RISK. GENERAL INFORMATION ON CREDIT RISK MITIGATION (CRM)

SECTION A: GENERAL QUALITATIVE INFORMATION ON CREDIT RISK

The credit risk appraisal is based on four components: (i) probability of default (ii) current and expected credit exposure amount; (iii) expected amount to be recovered (loss given default) and (iv) time horizon of the probability of default.

These components of the credit risk, which represent expected losses, are according to the regulatory capital adequacy requirements and are part of the daily operations in the Bank.

For the measurement of the impairment losses, which decrease the amount of credit receivables is applied IFRS9. The Group assesses on a forward-looking basis the expected credit losses associated with its debt instrument assets carried at amortized cost and FVOCI and with the exposure arising from loan commitments, leasing receivables and financial guarantee contracts. The Group recognizes a loss allowance for such losses at each reporting date.

Definition of past-due for accounting purposes

Exposures are past due when the contractually agreed date for payment has been exceeded or when the borrower has exceeded the approved credit limit.

Definition of default and credit-impaired assets

The Group defines a financial instrument as in default according to Art. 178 of CRR 575/2013. A financial instrument is considered credit-impaired, when it meets one or more of the following criteria:

- **Quantitative criteria**

  The borrower is more than 90 days past due on a material credit obligation. No attempt is made to rebut the presumption that financial assets which are more than 90 days past due are to be shown in Stage 3.

- **Qualitative criteria**

  The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty and unlikely to repay any credit obligation in full. The indications of unlikeliness to pay include:

- A credit obligation is put to a non-accrual status due to its deteriorated credit quality
- A credit obligation is sold at a material economic loss
- A credit obligation is subject to a distressed restructuring
- An obligor is bankrupt/insolvent
- An obligor committed credit fraud
- An obligor is deceased
- A credit contract was prematurely terminated due to obligor’s non-compliance with contractual obligations.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout the Group’s expected loss calculations.

An instrument in segments **corporate and SME** is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of a minimum of 3 months or longer for distressed restructured exposures. This period of 3 months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions. In the **retail** segment instruments with more than 180 days past due could not be cured from default.

Definition of restructured (forborne) exposure

The definition used for distressed restructuring and forborne exposures are fully compliant with the definition in CRR 575/2013 art. 178, para 3, (d) and forborne exposure defined in Annex V of the Commission Implementing Regulation (EU) No 680/2014.

SECTION B: GENERAL QUANTITATIVE INFORMATION ON CREDIT RISK

EU CRB - B — Total and average net amount of exposures (Annex 1)

EU CRB - C — Geographical breakdown of exposures (Annex 1)

EU CRB - D — Concentration of exposures by industry or counterparty types (Annex 1)

EU CRB - E — Maturity of exposures (Annex 1)

<u>EU CR1 - A</u> — Credit quality of exposures by exposure class and instrument (Annex 1)

<u>EU CR1 - C</u> — Credit quality of exposures by geography (Annex 1)

<u>EU CR1 - D</u> — Ageing of past-due exposures (Annex 1)

<u>EU CR1 - E</u> — Non-performing and forborne exposures (Annex 1)

<u>EU CR2 - A</u> — Changes in the stock of general and specific risk adjustments (Annex 1)

<u>EU CR2 - B</u> — Changes in the stock of defaulted and impaired loans and debt securities (Annex 1)

SECTION C: GENERAL QUALITATIVE INFORMATION ON CREDIT RISK MITIGARION (CRM)

The bank uses policies and practices for credit risk mitigation. The most traditional technique is by acceptance of collateral. The bank uses rules for establishment of acceptable classes of collaterals or credit protection.

In order to achieve effective credit risk mitigation, the bank:

- Ensure agreements for credit protection, which are legally effective and enforceable in all relevant jurisdiction;
- Takes proper actions for ensuring effectiveness of credit risk protection agreements;
- Has procedures for effective management and control of risks deriving from actions connected with credit risk mitigation and expected loss;
- Performs complete valuation of credit risk of long positions by reporting credit risk mitigation or expected loss;
- Reviews and monitors by proper written rules and procedures the residual risk deriving from low effective risk protection than expected from the applied techniques for credit risk and expected loss.

Main collateral types recognized by the bank are:

- Mortgages of real estates – residential, commercial, industrial, agricultural, raw land, etc.
- Cash;
- Pledge of machines and equipment, inventory, receivables, commodities;

- Bank guarantees and counter guarantees;
- Portfolio guarantees issued by international or national institutions;
- Pledge of financial instruments as bonds, equities

As of 31.12.2019 the bank does not apply balance and write-off netting as a technique for credit risk mitigation However the Bank uses netting of Reverse repo-deals with the Debt securities as collateralization when there is such business case.

When determine the policy for acceptable collaterals the bank follows group directive of RBI for collateral evaluation. According to this directive only collaterals described in it are taken for collateralization of secured exposures.

Valid legal title - The bank's legal title (not only represented by the underlying collateral contract but also taking into account all other necessary steps like filing, registration, etc.) to the collateral is properly documented and legally enforceable under the applicable jurisdiction. The track record of jurisdiction in the country must ensure enforceability of the collateral by banks.

Sustainable intrinsic value - The collateral has sustainable intrinsic value at least for the maximum tenor of the underlying credit contract, being regularly monitored and evaluated. In case of a decrease in value, technical condition, etc. the Bank has the right to ask for new external appraisal report form independent appraiser. If there is a decrease of market value, appropriate measures are taken to reflect this decrease and additional collateral may be asked to cover bank's requirements for collateralization upon initial approval of the secured exposure.

Realizable and willingness to realize - the collateral must be realizable in cash within reasonable time, proven by a favorable track record for assignment and realization of collateral according to Bulgarian legislation.

Little or no correlation - there shall be little or no correlation between the credit standing of the borrower and the value of the collateral (example of high correlation: a bond issued by the borrower used as collateral)

In order to apply more conservative approach to evaluate collateral realization the bank uses minimum discounts for correction of accepted market value, applicable for all network units of RBI. The purpose of this correction is to compensate the eventual risk of volatility of collateral prices, and also any other risks connected with collateral realization.

Of significant importance for unfunded protection is the collateral provider and the conditions under which is the contract for credit protection. Collateral provider must be eligible and credit protection legally effective in all relevant jurisdictions. It is the main method to achieve proper level of security of credit protection, after recognizing the effect of credit risk mitigation techniques

The bank has no open exposures in credit derivatives or collateralized ones.

The bank monitors for potential concentration of risk, deriving from usage of techniques for credit risk protection. These techniques should correspond to the risk profile of the bank.

SECTION D: GENERAL QUANTITATIVE INFORMATION ON CREDIT RISK MITIGATION (CRM)

EU CR3 — CRM techniques - Overview (Annex 1)

**In this template as collateralized are shown those exposures which have valid and eligible collateral in accordance with Regulation (EU) 575/2013 and used for calculating the regulatory capital requirements.*

In the Annual Financial Report are disclosed the on-balance sheet credit exposures (without exposures to financial institutions) collateralized and non-collateralized according to the internal policies of the Bank.

10. CREDIT RISK AND CREDIT RISK MITIGATION UNDER STANDARTIZED APPROACH

SECTION A: QUALITATIVE INFORMATION ON THE USE OF STANDARTIZED APPROACH TO CREDIT RISK

The exposure types to which Raiffeisenbank (Bulgaria) EAD has the permission to apply **permanent partial use of Standardized Approach** are:

- **according to art. 150(1)(c) of Regulation (EU) 575/2013**: exposures in non-significant business units as well as exposure classes or types of exposures that are immaterial in terms of size and perceived risk profile.

- **according to art. 150(1)(d) of Regulation (EU) 575/2013**: exposures to central governments and central banks of the Member States and their regional governments, local authorities, administrative bodies and public sector entities provided :

i) there is no difference in risk between the exposures to that central government and central bank and those other exposures because of specific public arrangements; and

ii) exposures to the central government and central bank are assigned a 0 % risk weight under Article 114(2), (4) or (5);

- **according to art. 150(1)(j) of Regulation (EU) 575/2013**: State and State-reinsured guarantees referred to in Article 215(2).

Standardized Approach is applied also to other non-credit obligation assets – cash, cash items in process of collection, tangible fixed assets, and suspense accounts.

SECTION B: QUANTITATIVE INFORMATION ON THE USE OF STANDARTIZED APPROACH TO CREDIT RISK

EU CR4 — Standardized approach – Credit risk exposure and CRM effects (Annex 1)

EU CR5 — Standardized approach (Annex 1)

11. CREDIT RISK AND CREDIT RISK MITIGATION UNDER INTERNAL RATING BASED APPROACH

SECTION A: QUALITATIVE INFORMATION ON THE USE OF INTERNAL RATING BASED APPROACH TO CREDIT RISK

In connection with the application of an IRB Approach before granting a new credit limit, the credit quality of the obligor is assessed by assigning an internal rating. Several rating / scoring models are applied depending on the asset class of the respective debtor:

- Large Corporate Rating Model;
- Regular Corporate Rating Model;
- Small and Medium Business Rating Model;
- Sovereign Rating Model;

- Financial Institutions Rating Model;
- Insurance Rating Model;
- Collective Investment Undertakings Rating Model;
- Project Finance Rating Model;
- Scoring models for individuals;
- Scoring models for microenterprises.

The calculation of the capital requirements for credit risk for the relevant asset classes is based on the allocation of the credit portfolio by rating categories as a result by the application of the internal models.

RBBG offers to the two retail segments a variety of products, and for the majority of those, RBBG has obtained regulatory approval to use the Advanced Internal Ratings-Based (A-IRB) approach to capital requirements for credit risk.

Local and Regional Governments Rating Model is currently under the Standardized Approach to capital requirements for credit risk (regulatory approval received in January 2017). In the case of the PF model, the ‘slotting criteria approach’ is used.

SECTION B: QUANTITATIVE INFORMATION ON THE USE OF INTERNAL RATING BASED APPROACH TO CREDIT RISK

EU CR6 — IRB approach – Credit risk exposures by exposure class and PD range (Annex 1)

EU CR7 — IRB approach – Effect on the RWAs of credit derivatives used as CRM techniques:

As of 31.12.2019, RBBG does not use credit derivatives as a CRM technique.

EU CR8 — RWA flow statements of credit risk exposures under IRB approach (Annex 1)

Reported change in capital requirements with respect to Methodology and policy reflects the application of Article 114 (6b) from Regulation (EU) No 575/2013, effective from the beginning of 2019.

EU CR9 — IRB approach – Back-testing of PD per exposure class (Annex 1)

Main parts of the clients in default are concentrated under IRB Models for Corporate clients and Small and Medium Enterprises. Historic default rate covers 5 consecutive non-overlapping years starting from 31.12.2014 to 31.12.2019. The default rate is calculated based on the number of performing clients in the current portfolio in the end of each year and the number of clients in default in the next 12 months.

As of November 2019 a New Default Definition (NDD) was implemented in Retail. The rise in the number of obligors defaulted during the year is due to NDD.

Probability of default (PD) in Retail portfolio represents weighted average of the parameter estimates within one internal grade in the respective exposure class, weighted by EAD and number of obligors.

PD values within the different exposure classes are lower in comparison to the 5-year default rates due to the favorable economic environment. Performed comparison by exposure class and internal grade accounts for coherence.

12. CREDIT RISK - FORBEARANCE AND NON-PERFORMING EXPOSURES

RBBG is being developing NPE strategy since 2017 according to EBA guidelines. In a such manner it's ensured that the Bank effectively manages NPEs and forborne exposures (FBEs) in the balance sheet.

The non-performing exposures include the defaulted and impaired exposures. Forborne exposures can be identified both in the performing and in the non-performing portfolios.

Non-performing exposures are those that satisfy either or both of the following criteria:

(a) material exposures which are more than 90 days past-due;

(b) the debtor is assessed as unlikely to pay its credit obligations in full without realisation of collateral, regardless of the existence of any past-due amount or of the number of days past due.

Forborne exposures are debt contracts in respect of which forbearance measures have been extended. Forbearance measures consist of concessions towards a debtor facing or about to face difficulties in meeting its financial commitments ("financial difficulties").

In Annex 1 the following quantitative templates represent as of 31.12.2019 the requested information:

Template 1: Credit quality of forborne exposures

Template 3: Credit quality of performing and non-performing exposures by past due days

Template 4: Performing and non-performing exposures and related provisions

Template 9: Collateral obtained by taking possession and execution processes

13. COUNTERPARTY CREDIT RISK (CCR)

Counterparty credit risk arises from exposures which originate from derivative deal transactions, repurchase agreements, securities or commodities lending/borrowing transactions, margin lending transactions, long settlement transactions. It is the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows and could not be able to provide the respective contractual transactions on time.

The Bank holds own funds for counterparty credit risk arising from derivative deals and repurchase agreements using the Mark-to-Market Method according to art. 247 of Regulation (EU) 575/2013.

Raiffeisenbank (Bulgaria) EAD applies number of counterparty credit risk mitigation policies. The most common one is for receiving collaterals as credit risk protection. The Bank applies eligibility rules for collateral and credit protection acceptance.

Main types of collaterals accepted by the Bank are:

- Immovable property mortgage;
- Cash deposits;
- Pledge of commercial assets like machines or buildings, inventory and receivables;
- Bank guarantees;
- Portfolio guarantees issued by fist-class Bulgarian or international institutions;
- Pledge agreements for securities;

Long-term financing and corporate client credits are usually collateralized, while private individuals' consumer loans are often not collateralized. In addition, for minimizing the expected credit loss in some circumstances when there are indications for worsening the quality of the credit, the Bank may request additional collateral to be provided by the customer.

In addition, Wrong-Way risk (WWR) may arise due to the origination of derivative exposures. Wrong-Way risk is the risk that the probability of default of a derivative customer is positively correlated with the exposure of its derivative portfolio. I.e. if the exposure is high it can be expected that the default probability is also high and vice versa. According to Article 291 CRR, specific stress-testing framework is established on a group level. In case of potential cases detection, group has established process for notification to all relevant decision makers, including also board member responsible for the Risk Management. Final decision whether there really is a WWR or not, and whether there are any actions to be taken, is based on the local governance bodies. During 2019, one case is detected as after detailed review of the deals, and the local governance bodies were duly informed as per the group requirements.

SECTION A: INFORMATION ON REGULATORY MEASURES

EU CCR1 — Analysis of CCR exposure by approach (Annex 1)

EU CCR2 — CVA capital charge (Annex 1)

EU CCR8 — Exposure to CCPs:

As of 31.12.2019, RBBG does not have exposures to CCPs.

SECTION B: INFORMATION BY REGULATORY RISK-WEIGHT APPROACH

EU CCR3 — Standardized approach – CCR exposures by regulatory portfolio and risk:

As of 31.12.2019, RBBG does not have CCR exposures.

EU CCR4 — IRB approach – CCR exposures by portfolio and PD scale (Annex 1)

EU CCR7 — RWA flow statement if CCR exposures under the IMM:

As RBBG does not apply IMM, this information is not applicable.

SECTION D: OTHER INFORMATION ON CCR

EU CCR5 - A — Impact of netting collateral held on exposure values:

As of 31.12.2019 the Bank does not have given or received collaterals as well as does not perform exposure nettings in accordance with the provisions set out in Part Three, Title II, Chapter 6 of Regulation (EU) 575/2013 neither has exposures to CCPs.

EU CCR5 - B — Composition of collateral for exposures to CCR:

As of 31.12.2019, RBBG does not have collateralized exposures to CCR.

EU CCR6 — Credit derivatives exposure:

As of 31.12.2019, RBBG does not have open positions in credit derivatives.

14. UNENCUMBERED AND ENCUMBERED ASSETS

13.1. Unencumbered assets

31.12.2019	Carrying amount of encumbered assets	Carrying amount of non-encumbered assets
Assets of the reporting institution	**144 180**	**8 345 638**
Loans on demand	10 744	1 016 323
Equity instruments	0	9 444
Debt securities	123 688	1 026 316
of which: covered bonds	0	0
of which: asset-backed securities	0	0
of which: issued by general governments	123 687	715 286
of which: issued by financial corporations	0	251 566
of which: issued by non-financial corporations	0	59 464
Loans and advances other than loans on demand	0	5 915 570
of which: mortgage loans	0	2 060 842
Other assets	9 749	377 985

13.2. Encumbered assets

Disclosure on asset encumbrance

Template A - Assets

		Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of non-encumbered assets	Fair value of non-encumbered assets
		010	040	060	090
010	Assets of the reporting institution	144 180		8 345 638	
030	Equity instruments	0	0	9 444	9 444
040	Debt securities	123 688	125 759	1 026 316	1 048 499
120	Other assets	9 749		377 985	

Template B - Collateral received by the reporting institution (AE-COL)

		Fair value of encumbered collateral received or own debt securities issued	Fair value of collateral received or own debt securities issued available for encumbrance
		010	040
130	Collateral received by the reporting institution	-	-
150	Equity instruments	-	-
160	Dept securities	-	-
230	Other collateral received	-	-
240	Own debt securities issued other than own covered bonds or ABSs	-	-

Template C - Carrying amount of encumbered assets / collateral received and associated liabilities

		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
		010	030
010	Carrying amount of selected financial liabilities	**106 353**	**123 688**

[grey box] Not to be filled under any circumstances

Template D - Information on importance of encumbrance

The amount of pledged securities is monitored on a daily base, changes are made when necessary (could be daily). The amount of pledged securities is excluded from the value of the liquidity buffer for the purpose of the liquidity model and the calculation of the stress-test result, together with the value of the available highly liquid securities for the purpose of liquidity coverage ratio. The report is based on the "maturity ladder" template (reporting form iALM3), established by Regulation (EC) 2017/2114. Liquidity coverage ratio (LCR) calculation is based on Article 460, § 2 from Regulation (EC) 575/2013.
The process of pledging the securities is an integral part of the general framework for the bank's liquidity risk management. In this context, the currency structure of the pledged securities is in line with the current and expected results from the stress-test scenario for every significant currency.
The general principles, duties and responsibilities, which should be complied with in managing the risk arising from the encumbering of assets, are described in the internal regulation "PR 10.28 Procedure for managing the risk arising from the encumbering of the assets". In accordance with the regulation, all types of encumbered assets are as follows:

- Funding schemes with International Financial Institutions and banks outside RBI's network units.
- Provisioning of attracted funds – includes provisioning of budget funds attracted by the bank and provisioning by the bank of external funding lines with sovereign government bonds, Eurobonds/ Global government securities.
- Secured funding deals – repo deals, borrowing and lending securities, sale/buy back security deals.
- Agreements for deals with covered derivatives (Margin account).
- Securitization of loan portfolios.

In addition, and with the purpose of avoiding discrepancies, the bank has developed a special instruction describing in great details the roles and responsibilities of the employees, committed to the implementation of the requirements made by the Bulgarian National Bank and the Ministry of Finance towards the commercial banks, in line with the Law of the State Budget, regarding servicing the budget resources, as well as other requirements by International Financial Institutions, in accordance with the signed contracts for financing- these are the two main sources for encumbering. (IC. 09.08.03 Instruction for determining and securing the attracted budget funds with government securities, as well as provisioning of external lines through local government securities and Eurobonds / Global government securities).

The amount of pledged securities is monitored on a daily base, changes are made when necessary (could be daily). The amount of pledged securities is excluded from the value of the liquidity buffer for the purpose of the liquidity model and the calculation of the stress-test result, together with the value of the available highly liquid securities for the purpose of liquidity coverage ratio. The report based on Ordinance №11 also takes this under consideration and books the securities in column Pledged assets/Past due assets over 30 days.

The process of pledging the securities is an integral part of the general framework for the bank's liquidity risk management. In this context, the currency structure of the pledged securities is in line with the current and expected results from the stress-test scenario for every significant currency.

The general principles, duties and responsibilities, which should be complied with in managing the risk arising from the encumbering of assets, are described in the internal regulation "PR 10.28 Procedure for managing the risk arising from the encumbering of the assets". In accordance with the regulation, all types of encumbered assets are as follows:

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- Provisioning of attracted funds – includes provisioning of budget funds attracted by the bank and provisioning by the bank of external funding lines with sovereign government bonds, Eurobonds/ Global government securities.
- Secured funding deals – repo deals, borrowing and lending securities, sale/buy back security deals.
- Agreements for deals with covered derivatives (Margin account).
- Securitization of loan portfolios.

In addition, and with the purpose of avoiding discrepancies, the bank has developed a special instruction describing in great details the roles and responsibilities of the employees, committed to the implementation of the requirements made by the Bulgarian National Bank and the Ministry of Finance towards the commercial banks, in line with the Law of the State Budget, regarding servicing the budget resources, as well as other requirements by International Financial Institutions, in accordance with the signed contracts for financing- these are the two main sources for encumbering.

15. MARKET RISK

SECTION A: OWN FUNDS REQUIREMENTS FOR MARKET RISK UNDER STANDARTIZED APPROACH

EU MR1 — Market risk under the Standardized approach (Annex 1)

SECTION B: QUALITATIVE INFORMATION ON THE INTERNAL MODEL APPROACH

As of 31.12.2019, the bank does not apply market risk internal model for the calculation of own fund capital requirements. Such models are used only for internal purposes and they support the limit system in the Bank's internal market risk limits structure.

SECTION C: OWN FUNDS REQUIREMENTS FOR MARKET RISK UNDER THE INTERNAL MODEL APPROACH

EU MR2-A — Market risk under the IMA: Not applicable.

EU MR2-B — RWA flow statement of market risks exposures under the IMA: Not applicable.

SECTION D: OTHER QUANTITATIVE INFORMATION FOR MARKET RISK UNDER THE INTERNAL MODEL APPROACH

EU MR3 — IMA values for trading portfolio: Not applicable.

EU MR4 — Comparison of VaR estimates with gains/losses

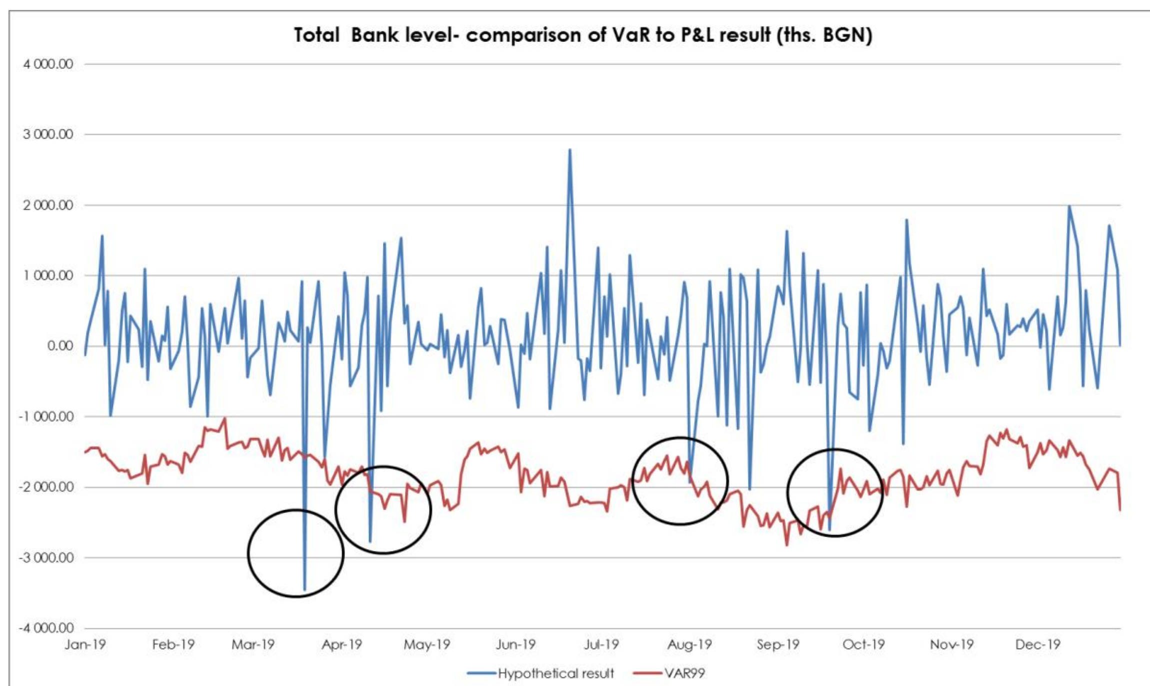
Notwithstanding the Bank does not apply market risk internal models for the evaluation if the risk, RBBG strictly monitors the deviations in Value at Risk figures on daily basis, deviations of the hypothetical and actual results.

On Total bank level, only hypothetical result vs. Value at Risk changes are monitored, as for the Banking and Trading book, the bank monitors and the actual results vs. Value at Risk as well.

A) Total Bank Level:

On Total Bank level, for the 2019, 4 violations of the hypothetical results are registered, which are in the green zone. However, as the bank does not apply the internal model approach, there is not a requirement for additional add-on factor to economic capital calculations.

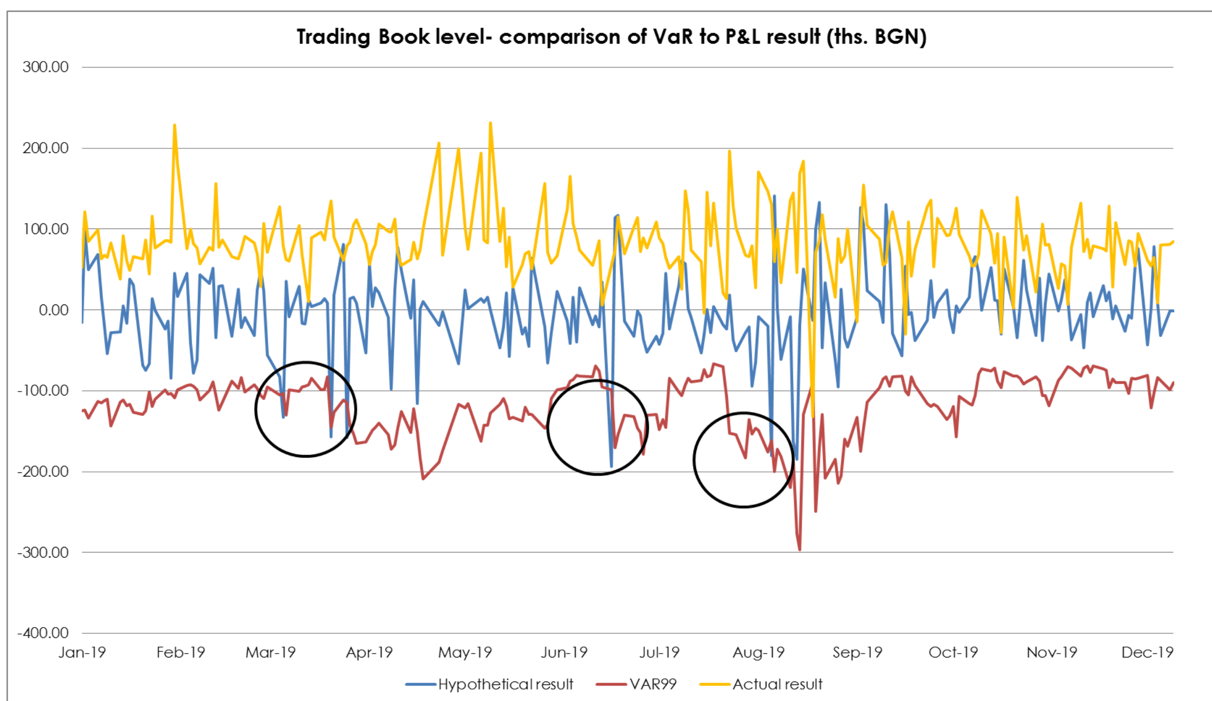
Zone	Number of overshootings	Addend
Green	0	0.00
	1	0.00
	2	0.00
	3	0.00
	4	0.00
Yellow	5	0.40
	6	0.50
	7	0.65
	8	0.75
	9	0.85
Red	10 or more	1.00



B) Trading book:

On trading book level, there are 5 violations of the hypothetical P&L for the 2019, which are in the yellow zone for the applied add-on for the economic capital calculations. Violations of the actual result vs. VaR were not registered during the year which confirms the validity of the model in line with market risk under the standardized approach. As the bank does not apply the internal model approach, there is not a requirement for additional add-on factor to economic capital calculations.

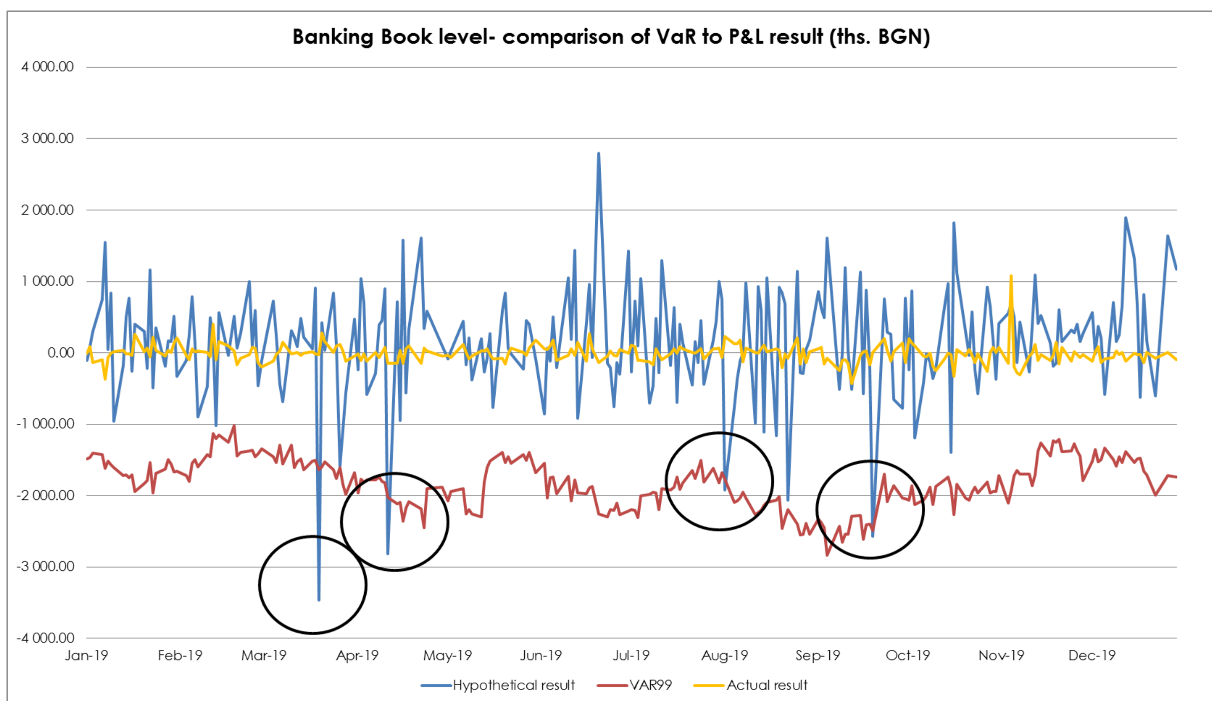
Zone	Number of overshootings	Addend
Green	0	0.00
	1	0.00
	2	0.00
	3	0.00
	4	0.00
Yellow	5	0.40
	6	0.50
	7	0.65
	8	0.75
	9	0.85
Red	10 or more	1.00



C) Banking Book:

On a Banking book level, there are 4 registered violations of the hypothetical P&L vs. VaR on back-testing level from 2019. Violations of the actual result vs. VaR were not registered during the year which confirms the validity of the model in line with market risk under the standardized approach.

Zone	Number of overshootings	Addend
Green	0	0.00
	1	0.00
	2	0.00
	3	0.00
	4	0.00
Yellow	5	0.40
	6	0.50
	7	0.65
	8	0.75
	9	0.85
Red	10 or more	1.00



16. OPERATIONAL RISK

Operational Risk Management is identifying, measuring, managing and monitoring exposures, resulting from inadequate or failed internal processes, human interaction and systems, or from external events.

The Operational Risk Management Framework consists of the processes, structures, controls and systems used to manage Operational risk throughout the Group, ensuring that key governance elements and operating activities are in place.

RBI Group fosters a risk aware and open environment/culture, which supports identification, measurement, management and monitoring of operational risks.

All employees of RBBG and its subsidiaries, through their individual roles and responsibilities, contribute to maintaining an effective Operational Risk Management Framework. Hence, all employees must clearly understand their individual role in the risk management process.

The Bank applies the Three lines of defence operating model which establishes the appropriate accountability for the Operational Risk Management.

The first line of defence is the risk originating units whose business activities give rise to risk. The risk originating units own Operational Risk. The Operational Risk Managers (ORM) and Dedicated Operational Risk Specialists (DORS) are responsible for the day-to-day management of Operational Risk in a manner consistent with the Group-wide principles applied in RBBG and its subsidiaries.

The second line of defence provides an independent assessment of Operational Risk, oversight and challenges the first line of defence. The second line of defence is comprised of: Group Chief Risk Officer (CRO) and Executive Director Risk Management and Finance; Operational Risk Management Committees; Group Operational Risk Controlling; Operational Risk Controlling of RBBG and its subsidiaries;

The third line of defence is the Internal Audit Department, it reviews effectiveness and suitability of the general risk management processes. The audit function shall not be part of the day-by-day Operational Risk Management process in order to act as an independent review function.

Operational Risk is managed within the Risk Management cycle, which encompasses the identification, measurement, management and monitoring of risk. More particularly, the Operational Risk is managed using the following tools and approaches - Risk Assessment, Scenario Analysis, Event Data Collection Early Warning Indicators, Reporting, etc. Together these tools and measures provide an overview of the Operational Risk exposure and ensure that it stays within the RBBG’s risk appetite.

During 2019, the Operational Risk Controlling function focused on further improvements in the local processes related to operational risk management instruments, as well as to further increase risk awareness amongst the First and Second Lines of Defence.

The Bank applies the Standardized Approach (TSA) for the calculation of the regulatory capital for operational risk.

17. EXPOSURES TOWARDS EQUITY INSTRUMENTS OTHER THAN HELD FOR TRADING

The Bank recognizes the fair value of financial instruments using the following hierarchy of methods based on the significance of the factors used for fair value definition:

- Level 1: the inputs for level 1 are the quoted (unquoted) prices of instruments on active markets for identical financial instruments.
- Level 2: the inputs for level 2 are the observable or unobservable inputs for a certain asset or liability different from the quoted prices (included in level 1). This category includes instruments evaluated using: quoted prices of identical or similar assets or liabilities on markets, not considered to be active; other valuation techniques where all significant inputs can be observed directly or indirectly using market data.
- Level 3: the inputs for level 3 are unobservable inputs for a certain asset or liability. This category includes all instruments for which the valuation technique does not include observable inputs and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments whose valuation is based on quoted prices of similar instruments where significant unobservable corrections or assumptions are required in order to account for the differences between the instruments.

The fair value of the financial instruments is calculated on the basis of existing quotations of market prices using a state of the art valuation tool widely adopted worldwide. The fair value of financial instruments for which no market prices quotations exist is calculated by diverse valuation techniques, as for example: calculation of the net present value, future cash flows discount, or comparison to similar instruments for which there are market prices quotations.

For more complex financial instruments the Bank apples internally developed models based on proven by practice valuation models. Some of the calculated valuations may be unobservable under the existing market conditions and are based on market prices or percentages or are based on assumptions. At the moment of the deal the financial instrument is at first recognized at purchase price that is the best fair value indicator, although it may differ from the value calculated by implementation of valuation models. This initial difference from the application of valuation models is recognized in the comprehensive income statement depending on the circumstances and conditions of the particular deal, but not later than the moment when there are observable financial markets inputs.

The fair values determined by application of valuation models are adjusted for a number of factors and circumstances taken into account at the time of the deal and that may not always be accounted for in the valuation model. These adjustments take into account the credit risk, dealer margins, liquidity risk, etc. the Management considers these adjustments to be necessary and relevant for the appropriate representation of the fair values in the Banks's financial statements so that they are as close as possible to the market prices, that would have been determined on a market basis in a transaction between unrelated parties.

The fair value calculation is supervised by the Market and Liquidity Risk Management Section under Market, Liquidity and Operational Risk Controlling department and is independent from Bank departments that are directly involved in the trading and investment activities. The specific supervisory functions include confirmation of the applied market prices, review of valuation models, review and confirmation of new valuation models.

All equity instruments in the banking book are strategic investments sanctioned by decisions of the respective committees and the Management/Supervisory Board.

18. INTEREST RATE RISK ARISING FROM NON-TRADING BOOK ACTIVITIES

Due to the specifics of the positions arising from non-trading book an activity, defining the scope of interest rate risk is a matter of utmost importance, i.e. all interest rate risks related to the Bank's assets, liabilities and off-balance sheet items must be taken into account. In order to achieve this objective, an internal system for monitoring of exposures has been established. The system covers all on-balance-sheet and off-balance sheet items which are exposed to the risk of changing interest rates. The results generated by the interest rate risk management system in the Banking book are used to assess the effective allocation of economic capital, which in turn ensures the active monitoring and management of market risk, to which the Bank's Banking book is exposed.

The Bank applies a combination of the most common techniques to measure the risk of the change in the economic value of its assets/liabilities as a result of changing interest rates. The techniques for monitoring and managing interest rate risk are mainly based on maturity tables and tables that account for the next interest rate resets in the corresponding currency, according to the market conditions for the floating rate instruments. As part of the limit system, the possible deviations are translated into limits. The maturity tables used to account for the Bank's interest risk exposure are the distribution of interest sensitive assets, liabilities and off-balance sheet positions at

predetermined time intervals according to their maturity (in case of fixed rate instruments) or the remaining time until the next interest reset date (in case of floating rate instruments). Assets and liabilities for which the maturity cannot be determined (e.g. sight deposits or savings accounts) are modelled by a using replication matrices, the validity of which is back-tested every 6 months and, if necessary, they are optimized/recalibrated. Interest rate gap analysis combined with applying durational weights for each time interval is used in the next phase in management and monitoring of interest risk in the Banking book. Such analysis successfully complements the rest of the techniques used by the Bank and it is an essential part of the tool kit for determining, limiting and monitoring the interest rate risk of the Banking book.

The Bank’s system for interest rate risk management aims to improve the process and optimize the calculation processes. The system is specialized software that is used on a group level and allows for the following:

- Simulation of the Bank's net interest income (NII) in different standard and non-standard scenarios of changing interest curves.
- Identifying the factors that are relevant to the Bank's NII.
- Measuring the impact of different business strategies on the Bank's balance, thus providing a sound basis for decision making.
- Support the process of regulatory compliance and recommendations.

On the following figure the change of the interest-sensitive income of the Bank at the end of 2019 is presented in a scenario +/-200 b.p. (parallel shift of the interest rate curve). The scenario presented below represents a positive or negative change in interest-sensitive income against baseline scenarios at stable interest rates

ISI Scenarios / ISI Sensitivity	Parallel + 200 bp		Parallel - 200 bp	
	2019	**2020**	**2019**	**2020**
Change in Net Interest Income	**61.28**	**74.81**	**-26.51**	**-38.09**
Change in Valuation	**-16.79**	**2.32**	**19.91**	**5.56**
Total ISI Sensitivity	**44.49**	**77.12**	**-6.60**	**-32.53**

In BGN mn |Figures representing difference between Stable and respective Stree scenario

*Income variability due to application of interest rates shocks

The Interest rate risk in the Banking book is also valued using the value-for-risk (VaR) calculation. VaR values and existing limits are the basis of the concept of applying internal models for risk management purposes on an operational level and are calculated on a daily basis. This type of limit serves to regulate the Bank's exposure to interest rate changes.

VaR 1d/99%	2019			
In thsd. BGN	Avg	Max	Min	31.12.2019
VaR IRRBB	1 247.06	2 295.17	527.91	1 726.20

*Interest VaR in the Banking book for 2019

19. EXPOSURES IN SECURITISATION POSITIONS

Raiffeisenbank Bulgaria currently participates in synthetic securitization schemes as an issuer but as of 31.12.2019 does not transfer the risk to the investor for calculating the regulatory capital requirements.

20. REMUNERATION

The Management Board of Raiffeisenbank (Bulgaria) EAD approves the Remuneration Policy then confirmed by the Supervisory Board. The Policy applies to employees of the Bank and its subsidiaries who are under supervision on a consolidated basis.

The Human Resources Department, the Compliance Department, and the Legal Division are involved in the preparation and the annual review of the Policy. The Remuneration Policy is in line with the applicable Internal Regulations of the RBI Group, part of which is Raiffeisenbank (Bulgaria) EAD. The Policy defines the main principles for determining the remuneration elements (fixed and variable) for all employees falling within the scope of the Policy. It focuses on the reliable and effective risk management and does not encourage risk taking that would lead to a change in the Bank’s risk profile and would exceed the Bank’s tolerable risk levels. The policy aims at synchronizing the employees’ interests with the Bank’s long-term interests and its business strategy, and provides for measures for avoiding conflicts of interest.

The policy considers remuneration as a set of elements of fixed and variable nature, the latter being directly linked to the results (quantitative and qualitative indicators) of the activity of the bank as a whole, the structural unit and the employee in different configurations. The elements of the variable remuneration are managed through a bonus pool, which includes the variable remuneration of all employees entitled to such remuneration, including senior management.

The amount and funding of the bonus pool, as well as the allocation of the deferred/retained parts of the individual variable remuneration of the identified staff under Art. 2, items 1, 2 and 4 of Ordinance No. 4 of 2010 of the BNB on the requirements for remuneration in banks is determined according to the annual results on predefined indicators – return on equity, cost/income ratio, return of risk-adjusted capital, risk weighted assets, fulfilment of CET1 ratio at RBI Group level, fulfilment of CET1 ratio at local level. The results of the activity of Raiffeisenbank (Bulgaria) EAD are measured and evaluated on predefined indicators, covering periods longer than 1 year, taking into account the business cycle and the risks undertaken, as well as the cost of the capital and the necessary liquidity.

The incentive schemes for variable remuneration, documented in Art. 5.6.9. of the Raiffeisenbank (Bulgaria) EAD Remuneration Policy, take into account individual and team performance, have a qualitative step-in criterion for payment of variable remuneration and a minimum of 30% of the performance depends on the realization of quality indicators. These models necessarily provide for both a possibility for zero variable remuneration and a maximum amount of the individual variable remuneration.

The procedure for allocation and payment of variable remuneration to the persons under Art. 2, items 1, 2 and 4 of Ordinance No. 4 of 2010 of the BNB on the requirements for remuneration in banks is documented in Art. 6 of the Remuneration Policy of Raiffeisenbank (Bulgaria) EAD – Specific Principles for Remuneration in the RBI Group – applicable in RBBG. The variable portion of the total remuneration of the persons under Art. 2 of Ordinance No. 4 of the BNB is distributed in a ratio of 50/50 for the monetary and non-monetary part. The payment of 40% of the variable remuneration (both for the monetary and the non-monetary part) is deferred for a period of 3 years, and the portion paid in instruments is retained for one year. For the persons under Article 10 of the CIA, the payment of 60% of the variable remuneration (both for the monetary and the non-monetary part) is deferred for a period of 4 years and the portion paid in instruments is retained for two years.

Variable remuneration elements that are subject to retention can only be granted (only after the expiry of the relevant retention periods – with a duration of 1 or 2 years) in amounts that allow the proper application of the risk reporting requirements (after a check on events occurred, resulting in a reduction in deferred remunerations or the reimbursement of paid or acquired remunerations, the so-called Malus/Clawback events).

A limit on the variable remuneration is set at 100% of the fixed remuneration, which can be increased to 200% of the fixed remuneration only with the approval of the RBI Board, the RBBG Supervisory Board and the shareholders or owners or members of RBBG.

21. LEVERAGE RATIO

In compliance with art. 429 of Regulation (EU) 575/2013 (and the later amendments of that Regulation) the Leverage ratio is part of the Liquidity risk management framework. The Bank calculates its Leverage ratio dividing the capital measure by the total exposure measure and expressed as a percentage. Below you can find information about the Leverage ratio of the Bank in accordance with art. 451 of Regulation (EU) 575/2013 and Implementing Regulation (EU) 2016/200:

Table LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

		Applicable Amount
1	Total assets as per published financial statements	
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	
3	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013)	
4	Adjustments for derivative financial instruments	21 599
5	Adjustment for securities financing transactions (SFTs)	
6	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	690 403
EU-6a	(Adjustment for intragroup exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(7) of Regulation (EU) No 575/2013)	
EU-6b	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(14) of Regulation (EU) No 575/2013)	
7	Other adjustments	7 988 364
8	**Leverage ratio total exposure measure**	8 700 366

Table LRCom: Leverage ratio common disclosure

		010
		CRR leverage ratio exposures
	On-balance sheet exposures (excluding derivatives and SFTs)	
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	8 019 323
2	(Asset amounts deducted in determining Tier 1 capital)	-30 959
3	**Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)**	7 988 364
	Derivative exposures	
4	Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	14 256
5	Add-on amounts for PFE associated with all derivatives transactions (mark- to-market method)	7 343
EU-5a	Exposure determined under Original Exposure Method	
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	
8	(Exempted CCP leg of client-cleared trade exposures)	
9	Adjusted effective notional amount of written credit derivatives	
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	
11	**Total derivatives exposures (sum of lines 4 to 10)**	21 599
	SFT exposures	
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	
14	Counterparty credit risk exposure for SFT assets	
EU-14a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429b(4) and 222 of Regulation (EU) No 575/2013	
15	Agent transaction exposures	
EU-15a	(Exempted CCP leg of client-cleared SFT exposure) 16	
16	Total securities financing transaction exposures (sum of lines 12 to 15a)	0
	Other off-balance sheet exposures	
17	Off-balance sheet exposures at gross notional amount	
18	(Adjustments for conversion to credit equivalent amounts)	690 403
19	**Other off-balance sheet exposures (sum of lines 17 and 18)**	690 403
	Exempted exposures in accordance with Article 429(7) and (14) of Regulation (EU) No 575/2013 (on	
EU-19a	(Intragroup exposures (solo basis) exempted in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))	
EU-19b	(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet))	
	Capital and total exposure mesure	
20	Tier 1 capital	734 078
21	Leverage ratio total exposure measure (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	8 700 366
	Leverage ratio	
22	Leverage ratio	8.44%
	Choice on transitional arrangements and amount of derecognised fiduciary items	
EU-23	Choice on transitional arrangements for the definition of the capital measure	
EU-24	Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) No 575/2013	

Table LRSpl: Split-up of on balance sheet exposures (excluding derivatives, STFs and exempted exposures)

		010
		CRR leverage ratio exposures
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	9 003 344
EU-2	Trading book exposures	
EU-3	Banking book exposures, of which:	9 003 344
EU-4	Covered bonds	91 865
EU-5	Exposures treated as sovereigns	1 862 779
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	20 991
EU-7	Institutions	528 418
EU-8	Secured by mortgages of immovable properties	1 733 337
EU-9	Retail exposures	1 399 439
EU-10	Corporate	2 874 536
EU-11	Exposures in default	145 208
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	346 771

22. INTERNAL CAPITAL ADEQUACY ASSESSMENT

Raiffeisenbank Bulgaria defines the respective capital used for covering losses in regards to subsequent Pillar 2 items – Internal Capital and Risk Taking Capacity.

Based on Principle 5 (Internal capital is of high quality and clearly defined) of the “ECB Guide to the internal capital adequacy assessment process (ICAAP)” stipulating that the internal capital is of high quality and clearly defined, RBBG and RBI group defines the respective Internal Capital and Risk Taking Capacity for the economic perspective as well as the respective capital used to cover potential losses within the normative perspective (Stress Testing purposes).

The general target of the respective capital definition is to ensure high quality of all components and to fulfil the Principle 5 of the ECB Guide.

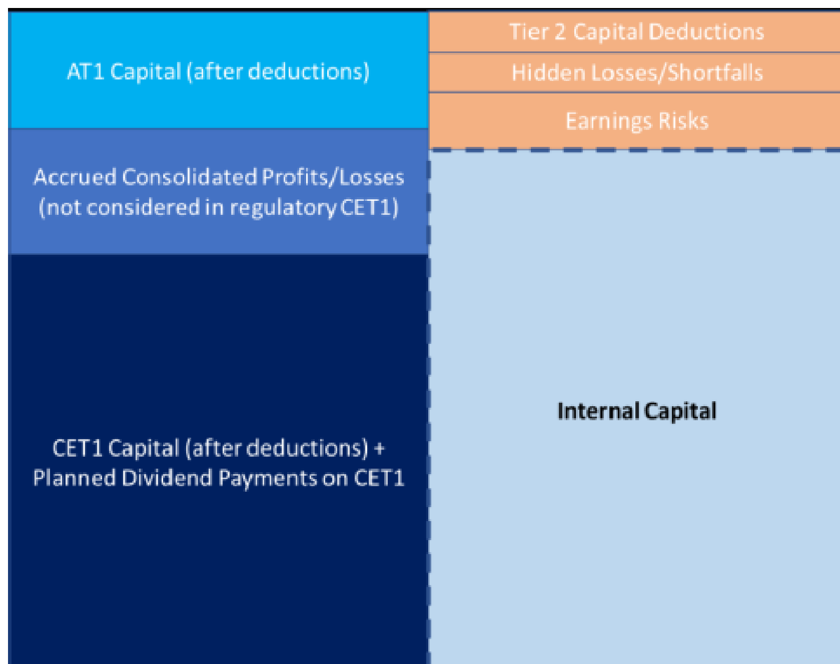
With regards to the economic perspective, the Bank is applying two different perspectives (As these two perspectives have different confidence levels in regards to their covered risk types (99.9% vs. 95%), capital composition is different too:

INTERNAL CAPITAL

Internal capital is the capital amount available to cover risks in the Economic Capital approach.

To fulfil Principle 5 of the “ECB Guide”, the definition of internal capital uses regulatory own funds (excluding any Tier 2 Capital positions) as a starting point.

The graph below should outline the main calculation principles to determine internal capital:



- CET1 after deductions and Planned Dividend payments

CET1 after deductions is based on respective regulatory Reporting of own funds. This means, several deduction items are already considered (e.g. deduction of intangible assets). CET 1 includes subscribed capital, capital reserves, retained earnings and is core component of the internal capital of the Bank.

- Accrued Consolidated Profit

Accrued Consolidated profits (losses) which are not considered in regulatory CET1 positions of the current reference period but exclude any expected profits until the end of the remaining planning/reporting period. This amount is calculated periodically in the course of preparing the Bank’s regular income statement.

- Additional Tier 1

AT 1 Instruments means any (directly or indirectly issued) capital instruments that qualify as Additional Tier 1 instruments pursuant to Article 52 CRR, including any capital instruments that qualify as Additional Tier 1 instruments pursuant to transitional provisions under the CRR.

- Deductions of T2 Capital

From regulatory perspective, additional deduction items exist on T2 capital (acc. CRR Art. 66). The respective positions are deducted from Gross Internal Capital.

- Hidden Losses and Shortfalls

Hidden Losses could exist in the case that there exist negative differences of fair value and book value of asset and liability positions.

Shortfall: In case, loss provisions from Bank's portfolio are lower than its expected losses, the respective shortfall amount (Loss provisions versus Expected loss) is deducted from Gross Internal Capital. A respective excess of provisions over expected loss is not considered in Gross Internal capital.

Calculation of Excess/Shortfall for Internal Capital:

- ✓ Calculation of excess/shortfall from PLLP vs. EL from performing portfolio, capped by 0.6% of credit EC * 12.5
- ✓ Calculation of excess/shortfall from ILLP vs. EL from non-performing portfolio, capped by 0.6% of credit EC * 12.5

- Earnings Risk

Earnings risk stemming from immediate change in interest rates and net fee and commission income are deducted from Internal Capital.

RISK TAKING CAPACITY

Economic Perspective (Value-at Risk Approach) - Banking laws require banks to hold a minimum amount of capital for all their material risks. Regulators require banks to hold capital for the same objective but a different reason as the bank's shareholders do. They try to avoid financial distress of

a bank as they are concerned with the spill-over of a default to other banks (systemic risk) and the cost they have to bear for deposit insurance or bank rescue operations.

For these risks (i.e. credit, market, and operational risk) explicit quantification and assessment procedures are given; adding up those numbers yields the regulatory capital requirement.

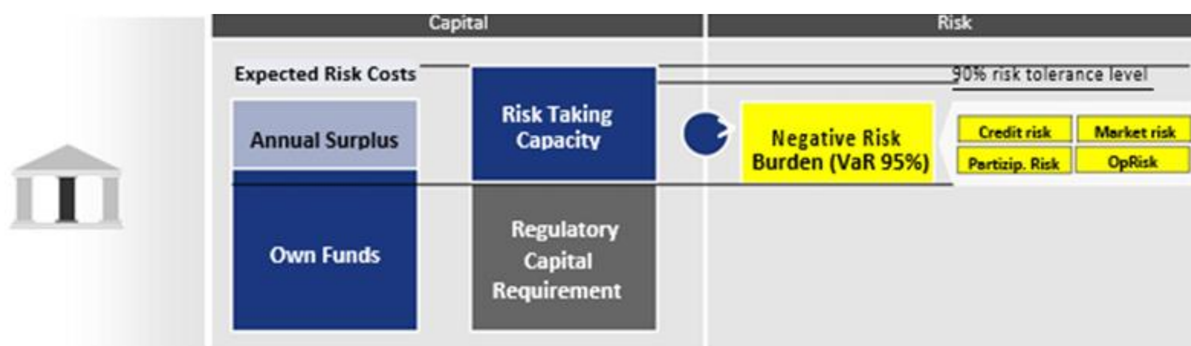
Likewise, a legal definition of eligible capital for backing these risks exists. So-called Common Equity Tier-1, Additional Tier 1 capital, and Tier-2 capital is accepted as risk buffer.

Besides the economic capital concept risk management has to ensure that regulatory capital requirements are met (going concern).

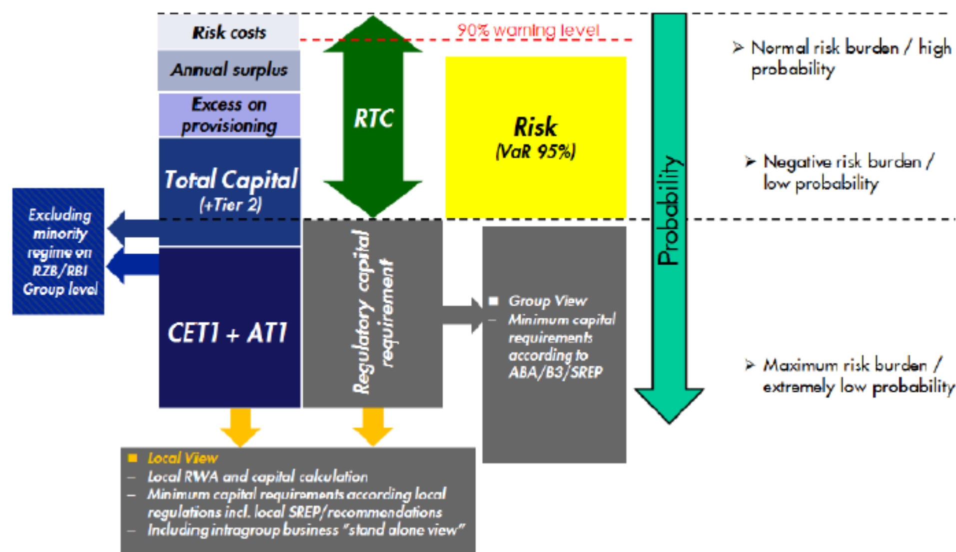
Failure to meet these capital requirements will not necessarily result in default, but will probably trigger regulatory intervention against the management of the bank and dividend payments. The Bank holds capital in excess of the regulatory minimum as an extra buffer to avoid regulatory intervention and subsequent reputational losses which is called risk taking capacity (RTC). Additionally, excess capital is held as a buffer for increasing business activities and future growth.

Due to the fact that Risk Taking Capacity is mainly based on the surplus of capital over the minimum capital requirement (MCR), MCR is the needed regulatory capital requirement for Pillar I risks. For RTC purposes, the MCR is not calculated by using the CRR minimum capital requirement only, but includes also the subsequent buffer types:

- the additional Pillar II SREP add-on since 01.01.2020;
- the combined buffer regime (systemic risk buffer, capital conservation buffer, countercyclical buffer, buffer for global systemically important institutions, buffer for other systemically important institutions);



The maximum loss such that the bank still is able to meet the defined MCR is the excess capitalization of eligible own funds compared to MCR. In addition, several restrictions on the eligibility of different levels of capital quality exist. No need to pay a minimum dividend is assumed, but if business operations were increased, then new capital would be necessary.

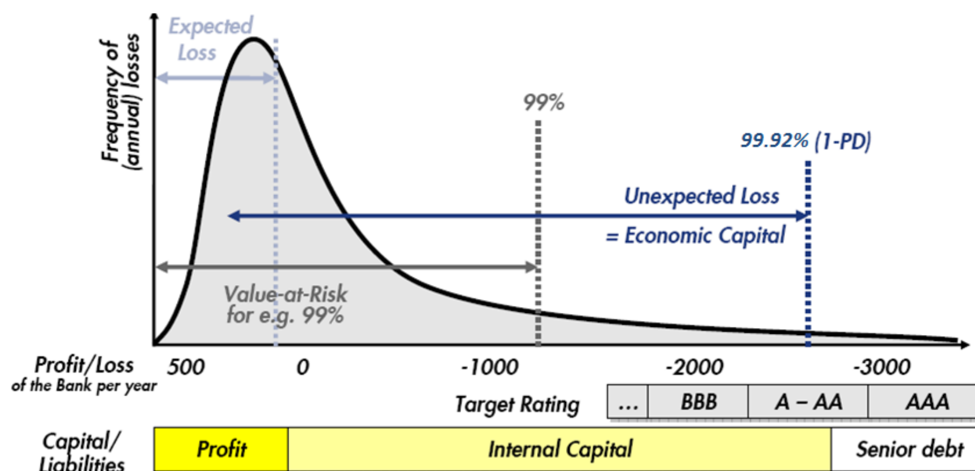


ECONOMIC CAPITAL

Economic capital (also called Internal Assessment of Capital Needs) denotes an overall estimate of the overall level of the risk at Raiffeisenbank Bulgaria, calculated using statistical risk measurement approaches. The horizon that underlies the estimation of economic capital equals one year which is consistent with the one year period for estimating the default probability of the Bank's target rating and – moreover – it corresponds to the annual planning and budgeting process used to calculate and allocate economic capital. Nevertheless, for some risk types other horizons are used as well in order to reflect different market conditions (e.g. for trading book positions) or planning periods. The confidence level for quantifying economic capital is set at 99.90%, consistent with the default probability of the target rating of the Bank.

Value-at-Risk (VaR) is an assessment of the maximum expected and unexpected potential loss over a given time horizon for a given confidence level. Credit risk losses could be expected due to the possibility of occurrence of customer default. Unexpected credit risk losses arise due to write-offs or due to increase of loan loss provisions above the expected amounts. Market risk-taking activities are related to expectations of positive financial results. Still, unfavorable changes in risk factors (for instance, interest rates, FX rates, equity prices, volatility, etc.) could lead to losses from the portfolio. The frequency and the severity of the inadequate or failed internal processes, people and systems or from external events are a measure of the unexpected losses arising from operational risk.

Economic capital is related to VaR in that it denotes the unexpected part of the VaR figure. Expected losses directly reduce (expected returns increase) available risk coverage capital and therefore only unexpected losses need to be backed by the (adjusted) amount of capital.



Economic capital is a comparable measure of different risk drivers and it insures consistency in two different lines: consistency of the applied methodology and of the set of parameters related to it.

VaR for Market risk

VaR is a measure, based on statistical methods, of the potential loss for the Bank in unfavorable market movements. It is the maximum loss which can occur with certain level of confidence (99%). Therefore, there is a 1% chance that the loss will be greater than the expected amount. The VaR methodology assumes a holding period of n days for closing of the positions (1d). The model also assumes that the market conditions during the holding period will follow to a certain degree the conditions that were historically recorded.

The Bank uses a hybrid approach in VaR calculation. The historical simulation method is combined with the parametric VaR, taking into consideration events resulting from extreme movements of the risk factors. The volatility of the risk factors is time-weighted (the volatility for the last 20 trading days is weighted with 80% in the calculation and the volatility of the last two years is assigned with a 20% weight in the model).

VaR calculations for each portfolio differ according to the set of market factors considered in the model. VaR is calculated for each group of market factors: FX VaR (foreign currency risk), IR VaR (interest rate risk), SP VaR (spread risk), EQ VaR (equity risk):

Risk Factor	Covered in VaR	Not covered in VaR	Comment
FX	X		
IR	X		
SP	X		Bond/CDS-spreads
ZQ	partly	X	Only indices of capital guarantee products.
ZQD		X	
CO		X	
FXV, IRV	X		FX, cap, swaptions
ZQV		X	
QU		X	
IN	X		
CO2		X	
Sovereign Basis risk (included in SP)	X		Government-swap covered in SP category
General basis risks (SPB)	X		FREQ Types and XC/FX
Gap risk	X		Only connected with capital guar-antees in RBI

FX – Foreign Exchange Rates

IR – Interest Rate

SP – Credit spread

ZQ – Equity price

ZQD – Equity Dividend

CO – Commodity Prices

FXV/ IRV – Implied volatilities

ZQV – Implied volatilities

QU – Implied Correlations

IN – The risk that the implied inflation curve changes

CO2 – Carbon emission

Real results from the applied model are analyzed on a continuous basis in order to validate the assumptions and factors applied in the calculations.

The application of this framework could not prevent the occurrence of losses above the specified limits. Nevertheless, the application of the hybrid VaR model takes into account to a certain degree extreme market factor conditions and movements above the expected ranges.

in thsd. BGN (1 d/99 %)	AVG	MAX	MIN	31.12.2019
Trading Book VaR on an individual basis	119	279	35	117
Banking Book VaR on an individual basis	1 664	2 666	875	2 057
Total VaR Diversified	1 670	2 748	909	2 098

RISK APPETITE

The **Risk Appetite** framework aims to provide the management with a tool to set and constrain the level of overall risk RBBG is willing and able to take on, in order to achieve its strategic and business goals. There is a close interconnectedness to the Internal Capital Adequacy Assessment Process (ICAAP), as the main objective of the Risk Appetite Framework is to align strategic and business target with the necessity to fulfill minimum regulatory capital requirements not only in the base case scenario, but importantly also in adverse scenarios, as well as in an extreme risk scenario (gone-concern).

Under the framework of Risk Appetite, the following terms are defined:

1. **Risk Capacity**: The level of overall risk the bank can absorb before breaching regulatory requirements and potentially become subject of resolution. Within the ICAAP concept the Risk Capacity is defined 100% utilization of Internal Capital by Economic Capital (Economic Capital Approach) or 100% utilization of the Risk Taking Capacity (Value-at-Risk Approach). The Risk Capacity is seen as the regulatory capital within the normative perspective (stress testing perspective).
2. **Risk Profile** – RBBG Risk Profile is defined as the sum of the risk amounts for all quantified risk types in ICAAP at a given reporting date (Economic Capital and Value-at-Risk Approach).
3. **Risk Tolerance** – the level of overall risk the bank is willing to tolerate before it has to consider countermeasures.

- **ICAAP – Economic Perspective**

- ➢ Economic Capital Approach: 90% Utilization of Internal Capital of RBI Group
- ➢ Value-at-Risk Approach: 90% Utilization of the Risk Taking Capacity of RBI Group
- ➢ Risk Tolerance threshold for the allocated EC budget is set at 95% of the RBBG's individual internal capital

- **ICAAP – Normative Perspective**

- ➢ Baseline Scenario: aligned with the yellow thresholds in the Trigger Monitoring.

Actual:

CET1: 11.00%
T1: 12.50%
TC: 14.50%

Forward:

CET1:12.25%
T1: 13.75%
TC: 15.75%

- ➢ Stress Scenarios: aligned with the red thresholds in the Trigger Monitoring

Actual:

CET1: 7.50%
T1: 9.00%
TC: 11.00%

Forward:

CET1: 8.13%
T1: 9.63%
TC: 11.63%

4. Risk Appetite – the overall level of risk which is planned and budgeted in line with the business perspective. For this purpose, the Appetite is defined as a percent of the Risk Tolerance, so that regular breaches are not observed. The currently applicable threshold is defined as 75% of the Internal Capital.

The utilization of the budget for Economic Capital is monitored on a quarterly basis and reported to the Risk Governance Committee as the utilization is considered separately for each risk type:

- Non-retail Credit Risk;
- Retail Credit Risk;
- Market Risk;
- FX capital position;
- Operational Risk;

- Other Risks (including participation risk, liquidity risk, owned property risk, CVA risk);
- Risk buffer for non-quantifiable risks – defined as % of the Economic Capital allocated for all other risk types;

23. DISSEMINATION OF INFORMATION

This information is disclosed annually in compliance with Part Eight of Regulation (EU) 575/2013 on the Bank's website *rbb.bg* under section Annual Reports.

Martin Pytlik

Executive Director

Nedyalko Mihaylov

Executive Director

ANNEX 1 – DISCLOSURE TEMPLATES

Detailed Information About The Own Funds of Raiffeisenbank (Bulgaria) EAD as of 31.12.2019 on Consolidated Basis in accordance with Commission Implementing Regulation (EU) No 1423/2013 laying down implementing technical standards with regard to disclosure of own funds requirements for institutions according to Regulation (EU) No 575/2013 of the European Parliament and of the Council

			BGN 000's
	Transition own funds disclosure template (consolidated basis)	**AMOUNT AT DISCLOSURE DATE**	**REGULATION (EU)No 575/2013 ARTICLE REFERENCE**
	Common equity Tier 1 (CET1) capital: Instruments and reserves		
1	**Capital instruments and the related share premium accounts**	**603 448**	26 (1), 27, 28, 29
	of which: Instrument type 1	603 448	EBA list 26 (3)
	of which: Instrument type 2		EBA list 26 (3)
	of which: Instrument type 3		EBA list 26 (3)
2	Retained earnings	198 812	26 (1) (c)
3	Accumulated other comprehensive income (and other reserves)	10 740	26 (1)
3a	Funds for general banking risks		26 (1) (f)
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1		486 (2)
5	Minority interests (amount allowed in consolidated CET1)		84
5a	Independently reviewed interim profits net of any foreseeable charge or dividend		26 (2)
6	**Common equity Tier 1 (CET1) capital before regulatory adjustments**	**813 000**	**Sum of rows 1 to 5a**
	Common equity Tier 1 (CET1) capital: regulatory adjustments		
7	Additional value adjustments (negative amount)	-1 048	34, 105
8	Intangible assets (net of related tax liability) (negative amount)	-43 464	36 (1) (b), 37
9	Empty set in the EU		
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) are met) (negative amount)		36 (1) (c), 38
11	Fair value reserves related to gains or losses on cash flow hedges		33 (1) (a)
12	Negative amounts resulting from the calculation of expected loss amounts		26 (1) (d), 40, 159
13	Any increase in equity that result from securitized assets (negative amount)		32 (1)
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing		33 (1) (b)
15	Defined-benefit pension fund assets (negative amount)		36 (1) (e), 41
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)		36 (1) (f), 42
17	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		36 (1) (g), 44
18	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10 % threshold and net of eligible short positions) (negative amount)		36 (1) (h), 43, 45, 46, 49 (2) (3), 79
19	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10 % threshold and net of eligible short positions) (negative amount)		36 (1) (i), 43, 45, 47, 48 (1) (b), 49, (1) to (3), 79
20	Empty set in the EU		
20a	Exposure amount of the following items which qualify for a RW of 1250 %, where the institution opts for the deduction alternative		36 (1) (k)

20b	of which: qualifying holdings outside the financial sector (negative amount)		36 (1) (k) (i), 89 to 91
20c	of which: securitization positions (negative amount)		36 (1) (k) (ii), 243 (1) (b), 244 (1) (b), 258
20d	of which: free deliveries (negative amount)		36 (1) (k) (iii), 379 (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) are met) (negative amount)		36 (1) (c), 38, 48 (1) (a)
22	Amount exceeding the 15 % threshold (negative amount)		48 (1)
23	of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities		36 (1) (i), 48 (1) (b)
24	Empty set in the EU		
25	of which: deferred tax assets arising from temporary differences		36 (1 (c), 38, 41 (1) (a)
25a	Losses for the current financial year (negative amount)		36 (1) (a)
25b	Foreseeable tax charges relating to CET1 items (negative amount)		36 (1) (l)
26	Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-CRR treatment		
26a	Regulatory adjustments relating to unrealized gains and losses pursuant to Article 467 and 468		
26b	Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre CRR		481
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)		36 (1) (j)
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	-44 512	Sum of rows 7 to 20a, 21, 22 and 25a to 27
29	**Common equity Tier 1 (CET1) capital**	**768 488**	**Row 6 minus row 28**
	Additional Tier 1 (AT1) capital: Instruments		
30	Capital instruments and the related share premium accounts		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) and the related share premium accounts subject to phase out from AT1		486 (3)
	Public sector capital injections grandfathered until 1 January 2018		483 (3)
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		85, 86, 480
35	of which: Instruments issued by subsidiaries subject to phase out		486 (3)
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**		
	Additional Tier 1 (AT1) capital: regulatory adjustments		
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)		52 (1) (b), 56 (a), 57, 475 (2)
38	Holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		56 (b), 58, 475 (3)
39	Direct and indirect holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10 % threshold and net of eligible short positions) (negative amount)		56 (c) 59, 60, 79, 475 (4)
40	Direct and indirect holdings of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10 % threshold and net of eligible short positions) (negative amount)		56 (d), 59, 79, 475 (4)
41	Regulatory adjustments applied to additional tier 1 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 572/2013 (i.e. CRR residual amounts)		
41a	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of regulation (EU) No 575/2013		472, 472 (3) (a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a) 472 (11) (a)
	Of which items to be detailed line by line, eg. Material net interim losses, intangibles,		

	shortfall of provisions to expected losses etc		
41b	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Tier 2 capital during the transitional period pursuant to article 472 of regulation (EU) No 575/2013		477, 477 (3), 477 (4) (a)
	Of which items to be detailed line by line, e.g. Reciprocal cross holdings in Tier 2 instruments, direct holdings of non-significant investments in the capital of other financial sector entities, etc.		
41c	Amount to be deducted from or added to Additional Tier 1 capital with regard to additional filters and deductions required pre-CRR		467, 468, 481
42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)		56 (e)
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)**	**768 488**	
	Tier 2 (T2) capital: instruments and provisions		
46	Capital instruments and the related share premium accounts	329 218	62, 63
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2		486 (4)
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		87, 88, 480
49	of which: Instruments issued by subsidiaries subject to phase out		486 (4)
50	Credit risk adjustments	9 006	62 (c) & (d)
51	**Tier 2 (T2) capital before regulatory adjustments**	**338 224**	
Tier 2 (T2) capital: regulatory adjustments			
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)		63 (b) (i), 66 (a), 67, 477 (2)
53	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)		66 (b), 68, 477 (3)
54	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10 % threshold and net of eligible short positions) (negative amount)		66 (c), 69, 70, 79, 477 (4)
54a	Of which new holdings not subject to transitional arrangements		
54b	Of which holdings existing before 1 January 2013 and subject to transitional arrangements		
55	Direct and indirect 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) as described in Articles 66(d) and 69 of Regulation (EU) 575/2013 (negative amount)		66 (d), 69, 79, 477 (4)
56	Direct and indirect holdings of the T2 instruments and subordinated loans 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)		
56a	Residual amounts deducted from Tier 2 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013		472, 472 (3) (a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)
	Of which items to be detailed line by line, e.g. Material net interim losses, intangibles, shortfall of provisions to expected losses etc.		
56b	Residual amounts deducted from T2 capital with regard to deduction from Additional Tier 1 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013		475, 475 (2) (a), 475 (3), 475 (4) (a)
	Of which items to be detailed line by line, i.e. reciprocal cross holdings of in AT1 instruments, direct holdings of non-significant investments in the capital of other financial sector entities, etc.		
56c	Amount to be deducted from or added to Tier 2 capital with regard to additional filters and deductions required pre CRR		467, 648, 481
	Items not deducted from T2 items (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. Indirect holdings of own T2 instruments, indirect holdings of non-significant investments in the capital of other financial sector entities, indirect holdings of significant investments in the capital of other financial sector entities etc.)		477, 477 (2) (b), 477 (2) (c), 477 (4) (b)

57	**Total regulatory adjustments to Tier 2 (T2) Capital**	**0**	
58	**Tier 2 (T2) capital**	**338 224**	
59	**Total capital (TC = T1 + T2)**	**1 106 712**	
59a	Risk weighted assets in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)		
60	**Total risk weighted assets**	**5 188 088**	
	Capital ratios and buffers		
61	**Common Equity Tier 1 (as a percentage of risk exposure amount)**	**14.81%**	92 (2) (a), 465
62	**Tier 1 (as a percentage of risk exposure amount)**	**14.81%**	92 (2) (b), 465
63	**Total capital (as a percentage of risk exposure amount)**	**21.33%**	92 (2) (c)
64	**Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII or O-SII buffer), expressed as a percentage of risk exposure amount)**	**329 675**	CRD 128, 129, 130
65	of which: capital conservation buffer requirement	129 702	
66	of which: countercyclical buffer requirement	25 422	
67	of which: systemic risk buffer requirement	148 611	
67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	25 940	CRD 131
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	14.81%	CRD 128
	Amounts below the thresholds for deduction (before risk weighting)		
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)		36 (1) (h), 45, 46, 472 (10), 56 (c), 59, 60, 475 (4), 66 (c),69, 70, 477 (4)
73	Direct and indirect holdings of the CET 1 of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)		26 (1) (i), 45, 48, 470, 472 (11)
74	Empty set in the EU		
75	Deferred tax assets arising from temporary differences (amount above 10 % threshold, net of related tax liability where the conditions in Article 38 (3) are met)		36 (1) (c), 38, 48, 470, 472 (5)
	Applicable caps on the inclusion of provisions in Tier 2		
76	Credit risk adjustments included in T2 in respect of exposures subject to standardized approach (prior to the application of the cap)		62
77	Cap on inclusion of credit risk adjustments in T2 under standardized approach		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)	9 006	62
79	Cap on inclusion of credit risk adjustments in T2 under internal ratings-based approach	24 536	62
	Capital instruments subject to phase-out arrangements(only applicable between 1 Jan 2013 and 1 Jan 2022)		
80	Current cap on CET1 instruments subject to phase out arrangements		484 (3), 486 (2) & (5)
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		484 (4), 486 (3) & (5)
82	Current cap on AT1 instruments subject to phase out arrangements		484 (4), 486 (3) & (5)
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		484 (4), 486 (3) & (5)
84	Current cap on T2 instruments subject to phase out arrangements		484 (5), 486 (4) & (5)
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		484 (5), 486 (4) & (5)

Capital instruments main features template on consolidated basis (1 of 5)		
		BGN 000's
1	Issuer	Raiffeisenbank (Bulgaria) EAD
2	Unique identifier	BG1100092052
3	Governing law(s) of the instrument	Bulgarian
	Regulatory treatment	CET1 (Art. 26 from Regulation (EU) No 575/2013)
4	Transitional CRR rules	Common Equity Tier 1 capital
5	Post-transitional CRR rules	Common Equity Tier 1 capital
6	Eligible on solo/(sub-)consolidated/ solo & (sub-)consolidated	solo & (sub-) consolidated
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares
8	Amount recognized in regulatory capital (currency in thousands as of most recent reporting date)	603 488
9	Nominal amount of instrument	603 488
9a	Issue price	100%
9б	Redemption price	N/A
10	Accounting classification	Share capital
11	Original date of issuance	1994 - 2009
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dated and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	
17	Fixed or floating dividend/coupon	N/A
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	N/A
20a	Fully discretionally, partially discretionally or mandatory (in terms of timing)	N/A
20b	Fully discretionally, partially discretionally or mandatory (in terms of amount)	N/A
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	N/A
23	Convertible or non-convertible	N/A
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down features	No
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to all other liabilities
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

Capital instruments main features template on consolidated basis (2 of 5)		
		BGN 000's
1	Issuer	Raiffeisenbank (Bulgaria) EAD
2	Unique identifier	N/A
3	Governing law(s) of the instrument	Austrian / Bulgarian
	Regulatory treatment	Tier 2 capital (Art. 63 from Regulation (EU) No 575/2013)
4	Transitional CRR rules	Tier 2 capital
5	Post-transitional CRR rules	Tier 2 capital
6	Eligible on solo/(sub-)consolidated/ solo & (sub-)consolidated	solo & (sub-)consolidated
7	Instrument type (types to be specified by each jurisdiction)	Hybrid instrument
8	Amount recognized in regulatory capital (currency in thousands as of most recent reporting date)	138 864
9	Nominal amount of instrument	138 864
9a	Issue price	100%
9б	Redemption price	N/A
10	Accounting classification	Liability - at amortized cost
11	Original date of issuance	2001 - 2006
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dated and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	EURIBOR + 1.5 points + 0.5% administration fee
19	Existence of a dividend stopper	Yes
20a	Fully discretionally, partially discretionally or mandatory (in terms of timing)	Mandatory
20б	Fully discretionally, partially discretionally or mandatory (in terms of amount)	Mandatory
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down features	N/A
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately	Subordinated to all liabilities except

	senior to instrument)	CET1 capital
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

Capital instruments main features template on consolidated basis (3 of 5)		
		BGN 000's
1	Issuer	Raiffeisenbank (Bulgaria) EAD
2	Unique identifier	N/A
3	Governing law(s) of the instrument	Austrian / Bulgarian
	Regulatory treatment	Tier 2 capital (Art. 63 from Regulation (EU) No 575/2013)
4	Transitional CRR rules	Tier 2 capital
5	Post-transitional CRR rules	Tier 2 capital
6	Eligible on solo/(sub-)consolidated/ solo & (sub-)consolidated	solo & (sub-)consolidated
7	Instrument type (types to be specified by each jurisdiction)	Hybrid instrument
8	Amount recognized in regulatory capital (currency in thousands as of most recent reporting date)	39 117
9	Nominal amount of instrument	39 117
9a	Issue price	100%
9б	Redemption price	N/A
10	Accounting classification	Liability - at amortized cost
11	Original date of issuance	08.12.2006
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dated and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	EURIBOR + 1.9 points + 0.5% administration fee
19	Existence of a dividend stopper	
20a	Fully discretionally, partially discretionally or mandatory (in terms of timing)	Mandatory
20б	Fully discretionally, partially discretionally or mandatory (in terms of amount)	Mandatory
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A

30	Write-down features	No
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to all liabilities except CET1 capital
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

Capital instruments main features template on consolidated basis (4 of 5)		
		BGN 000's
1	Issuer	Raiffeisenbank (Bulgaria) EAD
2	Unique identifier	N/A
3	Governing law(s) of the instrument	Austrian / Bulgarian
	Regulatory treatment	Tier 2 capital (Art. 63 from Regulation (EU) No 575/2013)
4	Transitional CRR rules	Tier 2 capital
5	Post-transitional CRR rules	Tier 2 capital
6	Eligible on solo/(sub-)consolidated/ solo & (sub-)consolidated	solo & (sub-)consolidated
7	Instrument type (types to be specified by each jurisdiction)	Subordinated debt
8	Amount recognized in regulatory capital (currency in thousands as of most recent reporting date)	54 883
9	Nominal amount of instrument	71 583
9a	Issue price	100%
9б	Redemption price	N/A
10	Accounting classification	Liability - at amortized cost
11	Original date of issuance	2013
12	Perpetual or dated	Dated
13	Original maturity date	2023
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dated and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	EURIBOR + 5.22 points EUR 2 500 fixed management fee EUR 2 500 fixed administration fee
19	Existence of a dividend stopper	No
20a	Fully discretionally, partially discretionally or mandatory (in terms of timing)	Mandatory
20б	Fully discretionally, partially discretionally or mandatory (in terms of amount)	Mandatory
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible

24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down features	No
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to all liabilities except CET1 capital
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

Capital instruments main features template on consolidated basis (5 of 5)		
		BGN 000's
1	Issuer	Raiffeisenbank (Bulgaria) EAD
2	Unique identifier	N/A
3	Governing law(s) of the instrument	Austrian / Bulgarian
	Regulatory treatment	Tier 2 capital (Art. 63 from Regulation (EU) No 575/2013)
4	Transitional CRR rules	Tier 2 capital
5	Post-transitional CRR rules	Tier 2 capital
6	Eligible on solo/(sub-)consolidated/ solo & (sub-)consolidated	solo & (sub-)consolidated
7	Instrument type (types to be specified by each jurisdiction)	Subordinated debt
8	Amount recognized in regulatory capital (currency in thousands as of most recent reporting date)	96 354
9	Nominal amount of instrument	113 438
9a	Issue price	100%
9б	Redemption price	N/A
10	Accounting classification	Liability - at amortized cost
11	Original date of issuance	2014
12	Perpetual or dated	Dated
13	Original maturity date	2024
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dated and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	EURIBOR + 5.12 points EUR 2 550 fixed management fee EUR 2 550 fixed administration fee

19	Existence of a dividend stopper	No
20a	Fully discretionally, partially discretionally or mandatory (in terms of timing)	Mandatory
20б	Fully discretionally, partially discretionally or mandatory (in terms of amount)	Mandatory
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down features	No
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to all liabilities except CET1 capital
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

Consolidated basis **Own funds template position**	**Balance sheet positions included in the calculation of CET 1**									
	Paid up capital	**Retained earnings**	**Profit or loss attributable to owners of the parent**	**Accumulated Other Comprehensive Income**	**Intangible assets**	**Deferred tax asset**	**Financial liabilities measured at amortised cost**	**Other corrections**	**Total T1 Capital**	**Total T2 Capital**
	603 448	**171 991**	**124 754**	**10 740**	**44 936**	**0**	**329 218**		**910 933**	**329 218**
OWN FUNDS									**768 488**	**338 224**
TIER 1 CAPITAL									0	
COMMON EQUITY TIER 1 CAPITAL									0	
Capital instruments eligible as CET1 Capital									0	
Paid up capital instruments	603 448								603 448	
Retained earnings									0	
Previous years retained earnings		171 991						-10 862	161 129	
Profit or loss attributable to owners of the parent			124 754						124 754	
(-) Part of interim or year-end profit not eligible			-124 754					37 683	-87 071	
Accumulated other comprehensive income				10 740					10 740	
Adjustments to CET1 due to prudential filters									0	
(-) Value adjustments due to the requirements for prudent valuation								-844	-844	
(-) Other intangible assets									0	
(-) Other intangible assets before deduction of deferred tax liabilities					-44 936				-44 936	
Deferred tax liabilities associated to other intangible assets								1 472	1 472	
(-) IRB shortfall of credit risk adjustments to expected losses								-204	-204	
Other transitional adjustments to CET1 Capital								0	0	
TIER 2 CAPITAL									0	
Capital instruments and subordinated loans eligible as T2 Capital									0	
Paid up capital instrumentsand subordinated loans							329 218		0	329 218
IRB Excess of provisions over expected losses eligible								9 006	0	9 006
Other transitional adjustments to T2 Capital								0	0	0
(-) Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities						0			0	

EU LI1 — Differences between accounting and regulatory scopes of consolidation and the mapping of financial statement categories with regulatory risk categories

	а	б	в	г	д	е	ж
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items				
			Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash, cash balances at central banks and other demand deposits	1 344 110	1 344 110	1 344 110	0	0	0	0
Financial assets held for trading	61 647	61 647	0	15 580	0	61 647	0
Non-trading financial assets mandatorily at fair value through profit or loss	26 268	26 268	26 268	0	0		0
Financial assets at fair value through other comprehensive income	522 461	522 461	522 461	0	0	0	0
Financial assets at amortised cost	6 860 460	6 860 460	7 011 756	0	0		0
Investments in subsidiaries, joint ventures and associates	0	0	0	0	0	0	0
Tangible assets	82 785	82 785	82 785	0	0	0	0
Intangible assets	44 936	44 936	0	0	0	0	44 936
Tax assets	143	143	143	0	0	0	0
Other assets	33 330	33 330	33 330	0	0	0	0
Non-current assets and disposal groups classified as held for sale	0	0	0	0	0	0	0
Total Assets	**8 976 140**	**8 976 140**	**9 020 853**	**15 580**	**0**	**61 647**	**44 936**
Liabilities							
Financial liabilities held for trading	9 364	9 364	0	0	0	9 364	0
Financial liabilities measured at amortised cost	8 007 355	8 007 355	0	0	0	0	0
Provisions	34 543	34 543	0	0	0	0	0
Tax liabilities	1 213	1 213	0	0	0	0	0
Other liabilities	12 732	12 732	0	0	0	0	0
Total liabilities	**8 065 207**	**8 065 207**	**0**	**0**	**0**	**9 364**	**0**

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

		а	б	в	г	д
		Total	Items subject to			
			Credit risk framework	CCR framework	Securitisation framework	Market risk framework
1	**Assets carrying value amount under the scope of regulatory consolidation (as per template EU LI1)**	8 976 140	9 020 853	15 580	0	61 647
2	**Liabilities carrying value amount under the regulatory scope of consolidation (as per template EU LI1)**	8 065 207	0	0	0	9 364
3	**Total net amount under the regulatory scope of consolidation**	0	0	0	0	0
4	**Off-balance-sheet amounts**	2 269 784	2 269 784	0	0	0
5	Differences in valuations	0	0	0	0	0
6	Differences due to different netting rules, other than those already included in row 2	0	0	0	0	0
7	Differences due to consideration of provisions	151 296	151 296	0	0	0
8	Differences due to prudential filters	44 936	44 936	0	0	0
9	Differences due different rules	8 829	0	8 829	0	0
10	Differences due to trading portfolio	54 896	54 896			

EU LI3 — Outline of the differences in the scopes of consolidation (entity by entity)

Name of the entity	а	б	в	г	д	е
	Method of accounting consolidation	Method of regulatory consolidation				Description of the entity
		Full consolidation	Proportional consolidation	Neither consolidated nor deducted	Deducted	
Raiffeisen Leasing OOD	Full consolidation	X				Other Financial
Raiffesen Insurance Broker EOOD	Full consolidation	X				Non financial
Raiffeisen Service EOOD	Full consolidation	X				Non financial
Raiffeisen Asset Management EAD	Full consolidation	X				Other Financial

EU OV1 — Overview of RWAs

			RWAs		Minimum capital requirements
			31.12.2019	30.09.2019	31.12.2019
	1	**Credit risk (excluding CCR)**	**4 627 043**	**4 365 812**	**370 163**
Article 438(c)(d)	2	Of which the standardised approach	544 278	555 243	43 542
Article 438(c)(d)	3	Of which the foundation IRB (FIRB) approach	2 521 189	2 498 546	201 695
Article 438(c)(d)	4	Of which the advanced IRB (AIRB) approach	1 561 576	1 312 023	124 926
Article 438(d)	5	Of which equity IRB under the simple risk-weighted approach or the IMA			-
Article 107 **Article 438(c)(d)**	6	**CCR**	**6 944**	**11 465**	**556**
Article 438(c)(d)	7	Of which mark to market	6 506	10 577	520
Article 438(c)(d)	8	Of which original exposure			-
	9	Of which the standardised approach			-
	10	Of which internal model method (IMM)			-
Article 438(c)(d)	11	Of which risk exposure amount for contributions to the default fund of a CCP			-
Article 438(c)(d)	12	Of which CVA	438	888	35
Article 438(e)	13	**Settlement risk**	-	-	-
Article 449(o)(i)	14	**Securitisation exposures in the banking book (after the cap)**	-	-	-
	15	Of which IRB approach	-	-	-
	16	Of which IRB supervisory formula approach (SFA)	-	-	-
	17	Of which internal assessment approach (IAA)	-	-	-
	18	Of which standardised approach	-	-	-
Article 438 (e)	19	**Market risk**	**28 413**	**29 563**	**2 273**
	20	Of which the standardised approach	28 413	29 563	2 273
	21	Of which IMA	-		-
Article 438(e)	22	**Large exposures**	-	-	-
Article 438(f)	23	**Operational risk**	**525 063**	**511 213**	**42 005**
	24	Of which basic indicator approach	-	-	-
	25	Of which standardised approach	525 063	511 213	42 005
	26	Of which advanced measurement approach	-	-	-
Article 437(2), Article 48 and Article 60	27	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	**625**	**625**	**50**
Article 500	28	**Floor adjustment**	-	-	-
	29	**Total**	**5 188 088**	**4 918 678**	**415 047**

EU CR10 — IRB (specialized lending and equities)

Specialized lending							
Regulatory categories	Remaining maturity	On-balance-sheet amount (net of allowances)	Off-balance-sheet amount (net of allowances)	Risk weight	Exposure amount	RWAs	Expected losses
Category 1	Less than 2.5 years	57 000	14 624	50%	64 944	32 472	-
	Equal to or more than 2.5 years	32 252	89 633	70%	99 448	69 614	398
Category 2	Less than 2.5 years	22 144	24 749	70%	37 616	26 331	150
	Equal to or more than 2.5 years	57 615	19 104	90%	71 751	64 576	574
Category 3	Less than 2.5 years	-	-	115%	-	-	-
	Equal to or more than 2.5 years	-	-	115%	-	-	-
Category 4	Less than 2.5 years	-	-	250%	-	-	-
	Equal to or more than 2.5 years	-	-	250%	-	-	-
Category 5	Less than 2.5 years	-	-	-	-	-	-
	Equal to or more than 2.5 years	-	-	-	-	-	-
Total	Less than 2.5 years	79 144	39 374		102 560	58 803	150
	Equal to or more than 2.5 years	89 868	108 737		171 200	134 190	972

EU CRB-B — Total and average net amount of exposures

		a	b
		Net value of exposures at the end of the period	Average net exposures over the period
1	Central governments or central banks	563 209	488 167
2	Institutions	724 838	899 293
3	Corporates	4 357 564	4 135 889
4	*Of which: Specialised lending*	317 124	259 491
5	*Of which: SMEs*	1 656 144	1 708 102
6	Retail	3 209 663	3 018 185
7	Secured by real estate property	1 768 320	1 631 490
8	*SMEs*	423 997	398 259
9	*Non-SMEs*	1 344 323	1 233 232
10	Qualifying revolving	186 261	173 912
11	Other retail	1 255 082	1 212 783
12	SMEs	225 383	232 020
13	Non-SMEs	1 029 699	980 763
14	Equity	9 882	9 445
15	**Total IRB approach**	**8 865 156**	**8 550 979**
16	Central governments or central ba	1 299 528	1 041 685
17	Regional governments or local au	29 341	33 377
18	Public sector entities	164	231
19	Multilateral development banks	0	0
20	International organisations	0	0
21	Institutions	1	4
22	Corporates	352 244	334 480
23	Of which: SMEs	179 939	177 325
24	Retail	190 029	182 678
25	*Of which: SMEs*	73 969	75 016
26	Secured by mortgages on immova	29 416	22 952
27	*Of which: SMEs*	4 090	4 522
28	Exposures in default	5 645	4 986
29	Items associated with particularl	0	0
30	Covered bonds	0	0
31	Claims on institutions and corpor	0	0
32	Collective investments undertaki	0	0
33	Equity exposures	0	0
34	Other exposures	336 889	219 401
35	**Total standardised approach**	**2 243 257**	**1 839 793**
36	**Total**	**11 108 413**	**10 390 772**

EU CRB - C — Geographical breakdown of exposures

		a	b	c	d	e	f	g	h	i	j
		Net value									
		European Union Eurozone	European Union outside the Eurozone	Europe	North America	South America	Asia	Africa	Australia	Other	Total
1	Central governments or central banks	7 828.00	493 890	-	61 491	-	-	-	-	-	563 209
2	Institutions	231 646	391 005	11 757	89 885	-	545	-	-	-	724 838
3	Corporates	44 637	4 208 680	14 582	88 116	87	1 462	-	-	-	4 357 564
4	Retail	5 693	3 195 589	4 529	88	58	3 676	30	-	-	3 209 663
5	Equity	0	2 838	-	7 044	-	-	-	-	-	9 882
6	**Total IRB approach**	**289 804**	**8 292 002**	**30 868**	**246 624**	**145**	**5 683**	**30**	**0**	**0**	**8 865 156**
7	Central governments or central banks	49 836	1 249 692	-	-	-	-	-	-	-	1 299 528
8	Regional governments or local authorities	-	29 341	-	-	-	-	-	-	-	29 341
9	Public sector entities	-	164	-	-	-	-	-	-	-	164
10	Multilateral development banks	-	0	-	-	-	-	-	-	-	0
11	International organisations	-	0	-	-	-	-	-	-	-	0
12	Institutions	-	1	-	-	-	-	-	-	-	1
13	Corporates	-	352 244	-	-	-	-	-	-	-	352 244
14	Retail	1 371	188 532	65	-	3.00	57	1	-	-	190 029
15	Secured by mortgages on immovable property	-	29 416	-	-	-	-	-	-	-	29 416
16	Exposures in default	34	5 610	1.00	-	-	-	-	-	-	5 645
17	Items associated with particularly high risk	-	-	-	-	-	-	-	-	-	0
18	Covered bonds	-	-	-	-	-	-	-	-	-	0
19	Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	0
20	Collective investments undertakings	-	-	-	-	-	-	-	-	-	0
21	Equity exposures	-	-	-	-	-	-	-	-	-	0
22	Other exposures	-	336 889	-	-	-	-	-	-	-	336 889
23	**Total standardised approach**	**51 241**	**2 191 889**	**66**	**0**	**3**	**57**	**1**	**0**	**0**	**2 243 257**
24	**Total**	**341 045**	**10 483 891**	**30 934**	**246 624**	**148**	**5 740**	**31**	**0**	**0**	**11 108 413**

EU CRB - D — Concentration of exposures by industry or counterparty types

		a	b	c	d	e	f	g	h	i	j	k
		Net Value										
		Other industries and retail banking	State governance	Real estate activities	Manufacturing	Agriculture, forestry and fishing	Construction	Transport	Wholesale and retail trade	Services	Financial services	Total
1	Central governments or central banks	-	553 430	-	-	-	-	-	-	-	9 779	563 209
2	Institutions	11 489	-	-	-	-	-	-	-	-	713 349	724 838
3	Corporates	115 868	1	319 222	1 139 378	290 720	330 341	174 565	1 419 173	353 955	214 341	4 357 564
4	Retail	2 550 320	3 287	11 967	99 103	126 631	49 131	46 719	199 829	120 929	1 747	3 209 663
5	Equity	-	-	-	-	-	-	-	-	-	9 882	9 882
6	**Total IRB approach**	**2 677 677**	**556 718**	**331 189**	**1 238 481**	**417 351**	**379 472**	**221 284**	**1 619 002**	**474 884**	**949 098**	**8 865 156**
7	Central governments or central banks	10 797	303 878	-	-	-	-	-	-	-	984 853	1 299 528
8	Regional governments or local authorities	0	29 341	-	-	-	-	-	-	-	-	29 341
9	Public sector entities	164	-	-	-	-	-	-	-	-	-	164
10	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
11	International organisations	-	-	-	-	-	-	-	-	-	-	-
12	Institutions	1	-	-	-	-	-	-	-	-	-	1
13	Corporates	351 668	5	-	-	-	-	-	526	45	0	352 244
14	Retail	167 302	84	142	2 317	2 728	2 483	2 125	7 123	5 706	19	190 029
15	Secured by mortgages on immovable property	26 852	-	-	-	-	765	29	1 281	489	-	29 416
16	Exposures in default	5 521	7	-	11	12	6	21	35	32	-	5 645
17	Items associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	-
18	Covered bonds	-	-	-	-	-	-	-	-	-	-	-
19	Claims on institutions and corporates with a short-term credit as	-	-	-	-	-	-	-	-	-	-	-
20	Collective investments undertakings	-	-	-	-	-	-	-	-	-	-	-
21	Equity exposures	-	-	-	-	-	-	-	-	-	-	-
22	Other exposures	332 041	-	-	-	-	-	0	-	-	4 848	336 889
23	**Total standardised approach**	**894 346**	**333 315**	**142**	**2 328**	**2 740**	**3 254**	**2 175**	**8 965**	**6 272**	**989 720**	**2 243 257**
24	**Total**	**3 572 023**	**890 033**	**331 331**	**1 240 809**	**420 091**	**382 726**	**223 459**	**1 627 967**	**481 156**	**1 938 818**	**11 108 413**

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EU CRB - E — Maturity of exposures

		a	b	c	d	e	f
		Net exposure value and derivatives					
		<= 1 month	>1 month <= 3 months	>3 months <=12 months	> 1 year <= 5 years	> 5 years	Total
1	Central governments or central banks	63 042	0	8 806	396 379	94 982	563 209
2	Institutions	216 973	54 323	222 351	130 577	5 287	629 511
3	Corporates	727 457	62 666	470 536	718 857	578 011	2 557 527
4	Retail	2 123	13 637	115 316	636 277	2 192 847	2 960 200
5	Equity	9 882	0	0	0	0	9 882
6	**Total IRB approach**	**1 019 477**	**130 626**	**817 009**	**1 882 090**	**2 871 127**	**6 720 329**
7	Central governments or central banks	995 650	55 444	49 222	147 190	52 022	1 299 528
8	Regional governments or local authorities	0	0	1 097	14 270	5 460	20 827
9	Public sector entities	47	117	0	0	0	164
10	Multilateral development banks	0	0	0	0	0	0
11	International organisations	0	0	0	0	0	0
12	Institutions	1	0	0	0	0	1
13	Corporates	3 264	2 471	14 641	285 461	25 775	331 612
14	Retail	448	1 122	7 128	105 779	28 414	142 891
15	Secured by mortgages on immovable property	0	56	213	3 821	23 182	27 272
16	Exposures in default	35	20	293	1 599	3 624	5 571
17	Items associated with particularly high risk	0	0	0	0	0	0
18	Covered bonds	0	0	0	0	0	0
19	Claims on institutions and corporates with a short-term credit assessment	0	0	0	0	0	0
20	Collective investments undertakings	0	0	0	0	0	0
21	Equity exposures	0	0	0	0	0	0
22	Other exposures	336 850	0	0	39	0	336 889
23	**Total standardised approach**	**1 336 295**	**59 230**	**72 594**	**558 159**	**138 477**	**2 164 755**
24	**Total**	**2 355 772**	**189 856**	**889 603**	**2 440 249**	**3 009 604**	**8 885 084**

EU CR1 - A — Credit quality of exposures by exposure class and instrument

		a	b	c	d	e	f
		Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Credit risk adjustment charges of the period	Net values
		Defaulted exposures	Non-defaulted exposures				(a+b-c-d)
1	Central governments or central banks	0	563 251	42	0	20	563 209
2	Institutions	0	724 846	8	0	-59	724 838
3	Corporates	41 982	4 356 864	41 282	0	-10 400	4 357 564
4	*Of which: Specialised lending*	0	317 792	668	0	321	317 124
5	*Of which: SMEs*	3 813	1 657 511	5 180	0	-2 874	1 656 144
6	Retail	97 655	3 214 307	102 299	0	1 889	3 209 663
7	*Secured by real estate property*	40 247	1 766 828	38 755	0	-10 236	1 768 320
8	*SMEs*	16 430	428 230	20 663	0	2 639	423 997
9	*Non-SMEs*	23 817	1 338 598	18 092	0	-12 875	1 344 323
10	*Qualifying revolving*	3 533	187 963	5 235	0	-6 449	186 261
11	*Other retail*	53 875	1 259 516	58 309	0	18 574	1 255 082
12	*SMEs*	7 191	227 184	8 992	0	3 835	225 383
13	*Non-SMEs*	46 684	1 032 332	49 317	0	14 739	1 029 699
14	Equity	0	9 882	0	0	0	9 882
15	**Total IRB approach**	**139 637**	**8 869 150**	**143 631**	**0**	**-8 550**	**8 865 156**
16	Central governments or central banks	0	1 299 545	17	0	0	1 299 528
17	Regional governments or local authorities	0	29 362	21	0	-2	29 341
18	Public sector entities	0	164	0	0	0	164
19	Multilateral development banks	0	0	0	0	0	0
20	International organisations	0	0	0	0	0	0
21	Institutions	0	1	0	0	0	1
22	Corporates	0	354 266	2 022	0	304	352 244
23	*Of which: SMEs*	0	180 651	712	0	-187	179 939
24	Retail	0	196 424	6 395	0	1 958	190 029
25	*Of which: SMEs*	0	76 822	2 853	0	922	73 969
26	Secured by mortgages on immovable property	0	29 419	3	0	-4	29 416
27	*Of which: SMEs*	0	4 092	2	0	2	4 090
28	Exposures in default	15 525	0	9 880	0	134	5 645
29	Items associated with particularly high risk	0	0	0	0	0	0
30	Covered bonds	0	0	0	0	0	0
31	Claims on institutions and corporates with a short-term credit as	0	0	0	0	0	0
32	Collective investments undertakings	0	0	0	0	0	0
33	Equity exposures	0	0	0	0	0	0
34	Other exposures	0	336 889	0	0	0	336 889
35	**Total standardised approach**	**15 525**	**2 246 070**	**18 338**	**0**	**2 390**	**2 243 257**
36	**Total**	**155 162**	**11 115 220**	**161 969**	**0**	**-6 160**	**11 108 413**
37	*Of which: Loans*	146 951	6 264 353	151 221	0	-4 257	6 260 083
38	*Of which: Debt securities*	0	1 139 303	104	0	-12	1 139 199
39	*Of which: Off-balance-sheet exposures*	8 211	2 241 342	10 644	0	-1 903	2 238 909

EU CR1 - C — Credit quality of exposures by geography

		a	b	c	d	e	f
		Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Credit risk adjustment charges	Net values
		Defaulted exposures	Non-defaulted exposures				(a+b-c-d)
1	European Union Eurozone	198	323 303	276	0	99	323 225
2	European Union outside the Eurozone	146 655	8 319 257	150 737	0	-4 329	8 315 175
3	Europe	51	26 543	119	0	51	26 475
4	North America	0	199 006	41	0	-31	198 965
5	South America	0	145	2	0	2	143
6	Asia	47	5 594	150	0	-49	5 491
7	Africa	0	30	0	0	0	30
8	Australia	0	0	0	0	0	0
9	Other	0	0	0	0	0	0
	Total	**146 951**	**8 873 878**	**151 325**	**0**	**-4 257**	**8 869 504**

EU CR1 - D — Ageing of past-due exposures

		a	b	c	d	e	f
		Gross carrying values					
		≤ 30 days	> 30 days ≤ 60 days	> 60 days ≤ 90 days	> 90 days ≤ 180 days	> 180 days ≤ 1 year	> 1 year
1	Loans	1 737 748	12 142	80 238	15 079	15 266	39 601
2	Debt securities	0	0	0	0	0	0
3	Total	1 737 748	12 142	80 238	15 079	15 266	39 601

EU CR1 - E — Non-performing and forborne exposures

		a	b	c	d	e	f	g	h	i	j	k	l	m
		Gross carrying amount of performing and non-performing exposures							Accumulated impairment, provisions and negative changes in fair value due to credit risk				Collateral received and financial guarantees received	
			Performing, past due > 30 days ≤ 90 days	Performing with forbearance measures	Of which non-performing				Performing exposures		Non-performing exposures		Non-performing exposures	Of which: with forbearance measures
						Of which: defaulted	Of which: impaired	Of which: with forbearance measures		Of which: with forbearance measures		Of which: with forbearance measures		
10	Debt securities	1 139 328	0	0	0	0	0	0	-104	0	0	0	0	0
20	Loans and advances	7 532 133	12 142	64 043	150 184	147 375	144 464	49 802	-51 143	-3 099	-100 075	-31 335	27 287	57 655
30	Off-balance-sheet exposures	2 269 784	0	0	0	0	0	0	0	0	0	0	0	0

EU CR2 - A — Changes in the stock of general and specific risk adjustments

		a	b
		Accumulated specific credit risk adjustment	**Accumulated general credit risk adjustment**
1	**Opening balance**	-155 582	
2	Increases due to amounts set aside for estimated loan losses during the period	-32 236	
3	Decreases due to amounts reversed for estimated loan losses during the period		
4	Decreases due to amounts taken against accumulated credit risk adjustments	43 464	
5	Transfers between credit risk adjustments		
6	Impact of exchange rate differences		
7	Business combinations, including acquisitions and disposals of subsidiaries		
8	Other adjustments		
9	**Closing balance**	**-144 354**	
10	Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	8 716	
11	Specific credit risk adjustments directly recorded to the statement of profit or loss		

EU CR2 - B — Changes in the stock of defaulted and impaired loans and debt securities

		a
		Gross carrying value defaulted exposures
1	**Opening balance**	138 958
2	Loans and debt securities that have defaulted or impaired since the last reporting period	72 274
3	Returned to non-defaulted status	-11 986
4	Amounts written off	-18 965
5	Other changes	-33 330
6	**Closing balance**	146 951

EU CR3 — CRM techniques - Overview

		a	b	c	d	e
		Exposures unsecured – Carrying amount	**Exposures secured – Gross carrying amount**	**Exposures secured by collateral**	**Exposures secured by financial guarantees**	**Exposures secured by credit derivatives**
1	Total loans	5 488 830	370 911	334 732	62 141	0
2	Total debt securities	1 047 340	91 865	91 862	0	0
3	**Total exposures**	**10 448 938**	**662 690**	**565 103**	**94 372**	**0**
4	Of which defaulted	16 231	4 495	1 502	238	0

In this template are presented secured exposures as per the provisions of Regulation (EU) 575/2013 and which collaterals are used to reduce capital requirements.

The exposures shown above do not include credits to central government and central banks, and credit institutions.

EU CR4 — Standardized approach – Credit risk exposure and CRM

	a	b	c	d	e	f
	Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWA density	
Exposure classes	On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount	Off-balance-sheet amount	RWAs	RWA density
Central governments or central banks	1 299 528		1 320 043	3 012	53	0%
Regional government or local authorities	20 827	8 514	20 827	4 257	10 153	40%
Public sector entities	164	-	164	-	164	100%
Multilateral development banks	-	-	42 006	5 004	-	0%
International organisations	-	-	-	-	-	0%
Institutions	1	-	1	-	-	0%
Corporates	331 612	20 632	331 612	10 257	309 684	91%
Retail	142 891	47 138	122 516	17 155	93 679	67%
Secured by mortgages on immovable property	27 272	2 144	27 272	561	12 157	44%
Exposures in default	5 571	74	5 122	33	5 395	105%
Exposures associated with particularly high risk	-	-	-	-	-	0%
Covered bonds	-	-	-	-	-	0%
Institutions and corporates with a short-term credit assessment	-	-	-	-	-	0%
Collective investment undertakings	-	-	-	-	-	0%
Equity	-	-	-	-	-	0%
Other items	336 889	-	336 889	-	113 618	34%
Total	**2 164 755**	**78 502**	**2 206 452**	**40 279**	**544 903**	**24%**

EU CR5 — Standardized approach

	Exposure classes	Risk weight																Total	Of which unrated
		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others	Deducted		
1	Central governments or central banks	1 323 002									53							1 323 055	-
2	Regional government or local authorities					12 937		9 163			2 984							25 084	15 915
3	Public sector entities										164							164	164
4	Multilateral development banks	47 010																47 010	47 010
5	International organizations																	-	-
6	Institutions					1												1	1
7	Corporates										341 869							341 869	341 869
8	Retail									139 671								139 671	139 671
9	Secured by mortgages on immovable property						10 348	17 485										27 833	27 833
10	Exposures in default										4 676	479						5 155	5 155
11	Exposures associated with particularly high risk																	-	-
12	Covered bonds																	-	-
13	Institutions and corporates with a shortterm credit assessment																	-	-
14	Collective investment undertakings																	-	-
15	Equity																	-	-
16	Other items	223 271									113 618							336 889	336 889
17	Total	**1 593 283**	**-**	**-**	**-**	**12 938**	**10 348**	**26 648**	**-**	**139 671**	**463 364**	**479**	**-**	**-**	**-**	**-**	**-**	**2 246 731**	**914 507**

<u>EU CR6</u> — IRB approach – Credit risk exposures by exposure class and PD range

		a	b	c	d	e	f	g	h	i	j	k	l
Exposure class	**PD scale**	**Original on-balance-sheet gross exposures**	**Off-balance-sheet exposures pre-CCF**	**Average CCF (%)**	**EAD post CRM and post CCF**	**Average PD (%)**	**Number of obligors**	**Average LGD (%)**	**Average maturity (days)**	**RWA**	**RWA density (%)**	**EL**	**Value adjustments and provisions**
Central governments and central banks	0.00 to <0.15	563 251	0	0.00	563 251	0.03	4	45.00	1 010	44 698	7.94	76	42
Subtotal (Central governments and central banks)		**563 251**	**0**	**-**	**563 251**	**0.03**	**4**	**45.00**	**1 010**	**44 698**	**7.94**	**76**	**42**
Institutions	0.00 to <0.15	611 577	98 653	20.73	632 028	0.05	35	40.17	913	147 571	23.41	133	7
	0.15 to <0.25	8 704	3 036	97.42	11 662	0.16	5	45.00	913	6 481	55.57	9	0
	0.75 to <2.50	0	4 218	50.00	1 707	1.38	1	2.26	913	180	5.49	0	1
	2.50 to <10.00	0	374	20.00	75	2.52	2	45.00	913	120	159.66	1	0
	10.00 to <100.00	0	0	0.00	0	43.58	1	45.00	913	0	247.24	0	0
Subtotal (Institutions)		**620 281**	**106 282**	**23.65**	**645 472**	**0.06**	**44**	**40.18**	**913**	**154 351**	**23.91**	**143**	**8**
Corporates-SME	0.00 to <0.15	45 942	81 202	22.63	63 408	0.08	401	43.30	911	9 953	15.70	22	6
	0.15 to <0.25	55 073	52 542	28.05	67 867	0.20	260	42.58	912	19 038	28.05	57	15
	0.25 to <0.50	92 126	115 470	21.81	110 096	0.36	350	43.24	920	43 573	39.61	169	50
	0.50 to <0.75	212 509	143 568	31.82	251 072	0.64	364	43.61	911	151 651	60.49	701	259
	0.75 to <2.50	380 282	167 874	25.94	412 043	1.46	510	43.71	909	327 335	79.44	2 641	898
	2.50 to <10.00	220 668	68 645	29.37	235 294	3.63	376	43.42	916	232 748	98.95	3 648	1 335
	10.00 to <100.00	19 902	1 708	72.45	20 401	21.15	191	43.83	899	36 900	180.91	1 876	1 178
	100.00(Default)	3 320	493	20.44	2 852	100.00	30	42.20	822	0	0.00	1 188	1 439
Subtotal (Corporates-SME)		**1 029 822**	**631 502**	**21.09**	**1 163 032**	**2.06**	**2 482**	**43.50**	**912**	**821 199**	**70.64**	**10 303**	**5 179**
Corporates-Specialised Lending	0.15 to <0.25	89 372	104 447	71.83	164 393	0.23	38	45.00	913	102 086	62.10	398	309
	0.25 to <0.50	79 982	43 990	66.80	109 367	0.45	22	45.00	913	90 908	83.12	724	360
Subtotal (Corporates-Specialised Lending)		**169 354**	**148 437**	**70.34**	**273 760**	**0.32**	**60**	**45.00**	**913**	**192 994**	**70.50**	**1 122**	**669**
Corporates-Other	0.00 to <0.15	214 740	145 076	12.94	233 506	0.10	49	42.25	913	68 448	29.31	93	64
	0.15 to <0.25	42 503	86 693	32.84	70 974	0.18	51	44.66	913	31 165	43.91	57	26
	0.25 to <0.50	136 963	238 330	29.75	207 454	0.37	121	42.99	914	126 923	61.25	333	189
	0.50 to <0.75	327 758	162 410	27.63	372 501	0.63	129	43.65	915	293 123	78.81	1 022	400
	0.75 to <2.50	493 803	306 956	19.55	545 894	1.39	209	44.01	910	562 803	103.37	3 242	1 312
	2.50 to <10.00	122 420	73 735	31.44	141 034	3.43	196	43.18	901	176 401	125.08	1 909	799
	10.00 to <100.00	15 520	14 657	10.38	17 081	14.62	512	44.72	913	39 133	229.60	1 112	773
	100.00(Default)	32 022	6 147	65.71	36 040	100.00	220	44.02	913	0	0.00	15 867	31 871
Subtotal (Corporates-Other)		**1 385 728**	**1 034 003**	**22.85**	**1 624 483**	**3.36**	**1 487**	**43.51**	**911**	**1 297 997**	**80.01**	**23 634**	**35 434**
Retail-Secured by real estate SMEs	0.00 to <0.15	2 111	0		2 111	0.09	21	42.43	5 777	158	7.51	1	0
	0.15 to <0.25	50 858	14 843	29.73	55 270	0.21	892	55.47	1 583	14 773	26.73	64	101
	0.25 to <0.50	195 560	14 065	31.82	200 036	0.35	1 803	55.84	2 386	78 069	39.03	387	712
	0.50 to <0.75	72 743	4 566	36.98	74 431	0.74	591	55.69	2 709	49 588	66.62	307	1 262
	0.75 to <2.50	31 214	1 485	44.94	31 882	1.91	271	55.82	2 555	39 490	123.86	340	1 501
	2.50 to <10.00	28 307	902	76.72	28 999	6.01	283	55.00	2 196	65 695	226.55	961	3 490
	10.00 to <100.00	11 275	301	43.88	11 407	28.29	144	54.57	2 395	39 541	346.63	1 760	2 834
	100.00(Default)	16 370	60	0.00	16 370	100.00	321	81.38	2 097	19 594	119.70	12 243	10 763
Subtotal (Retail-Secured by real estate SMEs)		**408 438**	**36 222**	**33.31**	**420 505**	**5.54**	**4 326**	**56.60**	**2 343**	**306 909**	**72.99**	**16 063**	**20 663**
Retail-Secured by real estate non-SME	0.00 to <0.15	590 266	2 881	100.00	593 148	0.09	7 470	42.92	6 336	59 110	9.97	229	273
	0.15 to <0.25	219 668	7 690	99.05	227 286	0.20	2 566	46.30	7 139	47 120	20.73	212	264
	0.25 to <0.50	268 574	9 282	92.66	277 174	0.38	3 233	48.53	6 355	106 240	38.33	504	725
	0.50 to <0.75	117 178	3 698	89.10	120 473	0.71	1 409	47.57	6 604	71 874	59.66	407	718
	0.75 to <2.50	56 702	618	63.29	57 093	1.82	840	43.26	6 247	56 691	99.30	453	1 109
	2.50 to <10.00	35 594	87	48.47	35 636	5.59	614	38.79	5 788	58 078	162.98	777	1 936
	10.00 to <100.00	26 090	269	100.00	26 359	31.43	460	37.39	6 610	61 478	233.23	3 145	2 479
	100.00(Default)	23 802	15	0.00	23 802	100.00	615	57.16	3 987	10 363	43.54	12 906	10 587
Subtotal (Retail-Secured by real estate non-SME)		**1 337 874**	**24 541**	**94.12**	**1 360 971**	**2.79**	**17 207**	**45.09**	**6 444**	**470 955**	**34.60**	**18 633**	**18 092**
Retail-Qualifying revolving	0.50 to <0.75	20 217	83 228	37.01	51 022	0.52	31 444	71.91	616	8 951	17.54	191	211
	0.75 to <2.50	22 860	44 266	38.66	39 975	1.12	33 339	71.91	641	12 596	31.51	323	425
	2.50 to <10.00	7 625	3 430	45.46	9 185	4.79	7 245	71.91	647	8 101	88.20	316	492
	10.00 to <100.00	2 497	3 839	39.78	4 025	31.78	4 097	71.91	642	8 788	218.36	920	735
	100.00(Default)	2 555	977	1.47	2 570	100.00	2 694	97.52	865	721	28.04	2 449	3 372
Subtotal (Retail-Qualifying revolving)		**55 755**	**135 741**	**37.59**	**106 776**	**4.69**	**78 819**	**72.53**	**635**	**39 157**	**36.67**	**4 199**	**5 235**
Retail-Other SMEs	0.15 to <0.25	25 286	14 578	28.18	29 394	0.21	1 206	59.16	793	8 524	29.00	37	80
	0.25 to <0.50	94 767	20 767	33.02	101 624	0.34	2 856	59.14	901	39 847	39.21	205	439
	0.50 to <0.75	30 975	6 097	36.16	33 180	0.74	971	59.28	934	20 287	61.14	145	601
	0.75 to <2.50	14 720	2 080	46.57	15 689	1.86	614	59.37	886	13 497	86.03	173	647
	2.50 to <10.00	10 512	2 470	40.57	11 514	6.36	394	59.17	698	12 127	105.32	433	1 238
	10.00 to <100.00	4 633	298	60.64	4 813	27.78	200	59.28	807	7 752	161.05	793	1 072
	100.00(Default)	6 914	277	0.41	6 915	100.00	399	83.43	859	4 486	64.88	5 535	4 915
Subtotal (Retail-Other SMEs)		**187 808**	**46 567**	**32.90**	**203 129**	**4.89**	**6 640**	**60.01**	**875**	**106 521**	**52.44**	**7 321**	**8 992**
Retail-Other non-SMEs	0.15 to <0.25	4 557	391	27.67	4 665	0.21	263	59.16	1 421	1 776	38.06	6	10
	0.25 to <0.50	448 411	3 881	27.32	449 471	0.35	31 077	56.79	2 095	161 542	35.94	902	923
	0.50 to <0.75	8 589	3 275	27.32	9 484	0.74	414	59.16	2 370	7 633	80.49	42	141
	0.75 to <2.50	339 769	366	27.32	339 869	1.28	19 781	56.67	2 472	221 716	65.24	2 474	1 810
	2.50 to <10.00	164 257	711	27.32	164 451	5.35	9 861	56.68	2 645	147 936	89.96	4 990	4 252
	10.00 to <100.00	58 127	0		58 127	24.61	4 010	56.66	2 615	78 630	135.27	8 104	9 140
	100.00(Default)	46 684	0	0.00	46 684	100.00	3 895	82.00	2 114	18 800	40.27	36 796	33 041
Subtotal (Retail-Other non-SMEs)		**1 070 394**	**8 622**	**27.34**	**1 072 751**	**7.07**	**69 301**	**57.86**	**2 327**	**638 034**	**59.48**	**53 313**	**49 317**
Capital instruments	0.00 to <0.15	61 685	0	0.00	61 685	0.09	5	90.00	1 826	77 257	125.24	51	0
	0.15 to <0.25	2 691	0	0.00	2 691	0.16	1	90.00	1 826	2 982	110.83	4	0
Subtotal (Capital instruments)		**64 376**	**0**	**-**	**64 376**	**0.10**	**6**	**90.00**	**1 826**	**80 239**	**124.64**	**55**	**0**
Total (all portfolios)		**6 893 081**	**2 171 917**	27.76	**7 498 507**	**3.09**	**180 376**	**47.72**	**2 185**	**4 153 054**	**55.41**	**134 863**	**143 629**

**PD of exposures in default is not included in the total average PD for each exposure class*

EU CR8 — RWA flow statements of credit risk exposures under IRB approach

		a	б
		RWA amounts	**Capital requirements**
1	**RWAs as at the end of the previous reporting period**	**3 188 622**	**255 090**
2	Asset size	**786 426**	**62 914**
3	Asset quality	**-107 094**	**-8 567**
4	Model updates	**202 566**	**16 205**
5	Methodology and policy	**12 245**	**980**
6	Acquisitions and disposals	**0**	**0**
7	Foreign exchange movements	**0**	**0**
8	Other	**0**	**0**
9	**RWAs as at the end of the reporting period**	**4 082 765**	**326 621**

EU CR9 — IRB approach – Back-testing of PD per exposure class

Exposure class	External rating equivalent	PD Range	Weighted average PD	Arithmetic average PD by obligors	Number of obligors		Defaulted obligors in the year	Of which new obligors	Average historical annual default rate of last 5 years
					End of previous year	End of the year			
Corporate model	X	Total	1.65%	1.77%	1140	1174	5	0	0.69%
		0,00 to <0,15	0.11%	0.10%	115	119	0	0	0.00%
		0,15 to <0,25	0.20%	0.19%	189	173	0	0	0.00%
		0,25 to <0,50	0.36%	0.35%	206	228	0	0	0.00%
		0,50 to <0,75	0.64%	0.64%	178	214	0	0	0.00%
		0,75 to <2,50	1.43%	1.41%	273	248	2	0	0.25%
		2,50 to <10,00	3.46%	3.85%	150	159	1	0	1.16%
		10,00 to <100,00	17.29%	25.66%	29	33	2	0	13.02%

Exposure class	External rating equivalent	PD Range	Weighted average PD	Arithmetic average PD by obligors	Number of obligors		Defaulted obligors in the year	Of which new obligors	Average historical annual default rate of last 5 years
					End of previous year	End of the year			
SMB model	X	Total	1.46%	0.95%	1563	1404	10	0	1.41%
		0,00 to <0,15	0.08%	0.07%	358	365	0	0	0.00%
		0,15 to <0,25	0.19%	0.19%	252	213	1	0	0.00%
		0,25 to <0,50	0.35%	0.36%	255	244	0	0	0.28%
		0,50 to <0,75	0.65%	0.66%	233	202	0	0	0.00%
		0,75 to <2,50	1.38%	1.35%	254	227	2	0	0.38%
		2,50 to <10,00	3.98%	4.02%	156	142	4	0	1.76%
		10,00 to <100,00	22.30%	16.03%	55	11	3	1	13.55%

Exposure class	PD pool (RBI Retail rating grades)	External rating equivalent	EAD EUR	Weighted average PD	Arithmetic average PD by obligors	Number of obligors		Defaulted obligors in the year	Of which new obligors	Average historical annual default rate of last 5 years	Average historical annual default rate of full history	
						End of previous year	End of the year				Number of historical years	Average of annual default rate
Private Individuals (PI)	***total***		**2 467 442**	**1.86%**	**2.77%**	**144 373**	**158 130**	**3 528**	**296**	**2.43%**	**12**	**3.68%**
	0.50		624 917	0.10%	0.19%	12 664	12 355	20	13	0.09%	12	0.10%
	1.00		488 472	0.26%	0.40%	32 807	33 508	119	25	0.23%	12	0.23%
	1.50		489 376	0.41%	0.46%	24 716	30 195	152	28	0.42%	12	0.41%
	2.00		342 877	0.78%	0.86%	41 860	36 074	561	47	0.74%	12	0.79%
	2.50		224 017	1.83%	1.79%	13 543	19 710	319	57	1.66%	12	1.75%
	3.00		140 835	4.08%	3.95%	8 205	12 259	409	71	3.74%	12	3.74%
	3.50		68 437	8.03%	8.00%	3 333	5 462	421	47	7.63%	12	7.87%
	4.00		40 693	14.75%	14.59%	2 506	3 136	457	7	14.04%	12	15.00%
	4.50		47 817	37.36%	37.61%	4 739	5 431	1070	1	31.37%	12	36.67%
- hereof secured by immovable property	***total***		**1 337 169**	**1.06%**	**1.36%**	**14 774**	**16 596**	**327**	**5**	**1.98%**	**12**	**2.87%**
	0.50		612 810	0.09%	0.09%	7 991	7 739	16	1	0.08%	12	0.09%
	1.00		251 594	0.21%	0.21%	2 991	2 798	41	1	0.20%	12	0.18%
	1.50		233 204	0.40%	0.40%	1 822	2 734	22		0.35%	12	0.38%
	2.00		120 473	0.71%	0.70%	787	1 409	10		0.56%	12	0.68%
	2.50		57 093	1.82%	1.81%	406	841	13	2	1.51%	12	1.72%
	3.00		22 606	3.99%	3.96%	290	398	40		3.96%	12	3.85%
	3.50		13 030	8.36%	8.29%	202	217	64	1	7.48%	12	7.82%
	4.00		6 988	16.20%	16.25%	77	131	27		16.67%	12	15.41%
	4.50		19 371	36.93%	36.91%	208	329	94		29.65%	12	35.36%
- hereof qualifying revolving	***total***		**104 206**	**2.34%**	**2.94%**	**69 076**	**76 125**	**1317**	**126**	**2.69%**	**11**	**5.41%**
	0.50		793	0.52%	0.52%	13	1 231		11	0.26%	11	0.17%
	1.00		30 908	0.52%	0.52%	15 485	17 637	44	22	0.26%	11	0.17%
	1.50		19 320	0.52%	0.52%	10 572	12 576	65	18	0.52%	11	0.48%
	2.00		29 093	0.89%	0.89%	28 246	23 936	394	27	0.89%	11	0.82%
	2.50		10 882	1.75%	1.75%	6 120	9 403	128	23	1.74%	11	1.62%
	3.00		6 971	3.75%	3.75%	3 742	5 222	158	11	3.43%	11	3.38%
	3.50		2 214	8.05%	8.05%	1 367	2 023	129	9	7.47%	11	7.42%
	4.00		1 028	14.69%	14.69%	897	888	105	4	13.93%	11	13.85%
	4.50		2 997	37.65%	37.65%	2 634	3 209	294	1	34.41%	11	36.10%
- hereof other	***total***		**1 026 066**	**2.84%**	**2.93%**	**60 523**	**65 409**	**1884**	**165**	**3.00%**	**12**	**4.20%**
	0.50		11 313.95	0.25%	0.27%	4 660	3 385	4	1	0.26%	12	0.26%
	1.00		205 969.87	0.28%	0.28%	14 331	13 073	34	2	0.26%	12	0.26%
	1.50		236 852.10	0.42%	0.42%	12 322	14 885	65	10	0.49%	12	0.43%
	2.00		193 311.10	0.82%	0.82%	12 827	10 729	157	20	0.82%	12	0.80%
	2.50		156 041.34	1.83%	1.83%	7 017	9 466	178	32	1.70%	12	1.72%
	3.00		111 257.84	4.11%	4.11%	4 173	6 639	211	60	3.71%	12	3.83%
	3.50		53 193.45	7.95%	7.95%	1 764	3 222	228	37	7.67%	12	7.90%
	4.00		32 677.15	14.44%	14.44%	1 532	2 117	325	3	13.48%	12	14.14%
	4.50		25 449.57	37.66%	37.66%	1 897	1 893	682		32.32%	12	36.03%
Small and medium enterprises (Micro SME)	***total***		**600 350**	**1.66%**	**1.77%**	**9 425**	**10 259**	**407**	**22**	**4.46%**	**9**	**6.93%**
	0.50		84 517	0.21%	0.21%	313	2 105	1	2	0.01%	9	0.00%
	1.00		153 510	0.27%	0.28%	1 790	2 682	14	1	0.41%	9	0.26%
	1.50		150 732	0.42%	0.42%	2 679	2 169	17	4	0.49%	9	0.41%
	2.00		107 963	0.74%	0.76%	2 103	1 574	57	4	0.87%	9	0.75%
	2.50		46 895	1.91%	1.89%	1 065	707	25	4	2.03%	9	1.84%
	3.00		25 086	4.40%	4.36%	463	403	24	0	4.26%	9	4.27%
	3.50		15 426	8.88%	8.85%	407	275	46	4	8.43%	9	8.57%
	4.00		7 583	15.30%	15.26%	219	171	56	2	14.96%	9	15.08%
	4.50		8 638	39.40%	39.03%	386	173	167	1	33.63%	9	37.93%
- hereof secured by immovable property	***total***		**404 136**	**1.72%**	**1.81%**	**3 664**	**4 007**	**175**	**11**	**4.46%**	**9**	**6.93%**
	0.50		55 115	0.21%	0.21%	218	895	1	2	0.01%	9	0.00%
	1.00		99 637	0.27%	0.27%	626	963	8		0.41%	9	0.26%
	1.50		102 665	0.42%	0.42%	931	860	4	1	0.49%	9	0.41%
	2.00		74 431	0.74%	0.74%	823	591	19	1	0.87%	9	0.75%
	2.50		31 882	1.91%	1.91%	452	271	2	1	2.03%	9	1.84%
	3.00		18 591	4.40%	4.37%	194	174	8		4.26%	9	4.27%
	3.50		10 408	8.88%	8.86%	162	109	21	3	8.43%	9	8.57%
	4.00		5 258	15.32%	15.32%	101	79	24	2	14.96%	9	15.08%
	4.50		6 149	39.38%	39.21%	157	65	88	1	33.63%	9	37.93%
- hereof other	***total***		**196 214**	**1.54%**	**1.75%**	**5 761**	**6 252**	**232**	**11**	**4.46%**	**9**	**6.93%**
	0.50		29 402	0.21%	0.21%	95	1 210			0.01%	9	0.00%
	1.00		53 873	0.27%	0.29%	1 164	1 719	6	1	0.41%	9	0.26%
	1.50		48 068	0.42%	0.42%	1 748	1 309	13	3	0.49%	9	0.41%
	2.00		33 531	0.74%	0.77%	1 280	983	38	3	0.87%	9	0.75%
	2.50		15 013	1.91%	1.89%	613	436	23	3	2.03%	9	1.84%
	3.00		6 495	4.41%	4.35%	269	229	16		4.26%	9	4.27%
	3.50		5 018	8.88%	8.84%	245	166	25	1	8.43%	9	8.57%
	4.00		2 324	15.27%	15.20%	118	92	32		14.96%	9	15.08%
	4.50		2 489	39.46%	38.92%	229	108	79		33.63%	9	37.93%

IRB approach – Back-testing of LGD per exposure class:

Exposure class	LGD range	External rating equivalent	Weighted average LGD	Arithmetic average LGD by obligors	Number of obligors		Defaulted obligors in the year	Of which new obligors	Average historical annual loss rate of last 5 years	Average historical annual loss rate of full history	
					End of previous year	End of the year				Number of historical years	Average of annual loss rates
Private Individuals (PI)			**51.00%**	**62.00%**	**144 373**	**158 130**	**3528**	**296**	**35.50%**	**10**	**43.69%**
hereof secured by immovable property			45.00%	39.00%	14 774	16 596	327	5	29.57%	8	31.52%
hereof qualifying revolving			57.00%	57.00%	69 076	76 125	1317	126	53.71%	10	65.73%
hereof other			72.00%	72.00%	60 523	65 409	1884	165	40.89%	10	48.91%
Small and medium enterprises (Micro SME)			**57.00%**	**58.00%**	**9 425**	**10 259**	**176**	**13**	**45.91%**	**10**	**46.77%**
hereof secured by immovable property			56.00%	55.00%	3 664	4 007	175	11	41.78%	8	42.70%
hereof other			59.00%	60.00%	5 761	6 252	1	2	41.76%	10	50.96%

IRB approach – Back-testing of CCF per exposure class:

Exposure class	CCF range	External rating equivalent	Weighted average CCF	Arithmetic average CCF by obligors	Number of obligors		Defaulted obligors in the year	Of which new obligors	Average historical annual credit conversion factor last 5 years	Average historical annual credit conversion factor of full history	
					End of previous year	End of the year				Number of historical years	Average of annual credit conversion factor
Private Individuals (PI)			**46%**	**247%**	**144 373**	**158 130**	**3 528**	**296**			
hereof secured by immovable property			94%	102%	14 774	16 596	327	5			
hereof qualifying revolving			27%	104%	69 076	76 125	1 317	126	17%	12	32%
hereof other			38%	399%	60 523	65 409	1 884	165			
Small and medium enterprises (Micro SME)			**33%**	**3035%**	**9 425**	**10 259**	**176**	**13**	6%	12	16%
hereof secured by immovable property			33%	1774%	3 664	4 007	175	11	6%	12	16%
hereof other			33%	3799%	5 761	6 252	1	2	6%	12	16%

Forbearance and Non-performing templates

Template 1: Credit quality of forborne exposures

		Gross carring amount/nominal amount of exposures with forbearance measures				Accumilated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		
				Of which defaulted	Of which impaired				Of which collateral and financial guarantees received on non-performing exposures
1	Loans and advances								
2	Central banks								
3	General governments								
4	Credit institutions								
5	Other financial corporations								
6	Non-financial corporations	36 670	30 467		24 247	-1 161	-19 688		35 035
7	Households	27 373	19 335		19 099	-1 938	-11 647		22 620
8	Debt securities								
9	Loan commitments given								
10	**Total**	**64 043**	**49 802**		**43 346**	**-3 099**	**-31 335**		**57 655**

Template 3: Credit quality of performing and non-performing exposures by past due days

		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
1	**Loans and advances**	**7 358 592**	**7 346 450**	**12 142**	**147 273**	**77 327**	**15 079**	**15 266**	**11 361**	**11 966**	**3 470**	**12 804**	**144 464**
2	*Central banks*	1 005 376	1 005 376	0	0	0	0	0	0	0	0	0	0
3	*General governments*	11 836	11 836	0	3 760	0	0	3 760	0	0	0	0	3 760
4	*Credit institutions*	478 009	478 009	0	0	0	0	0	0	0	0	0	0
5	*Other financial corporations*	28 473	28 473	0	1	0	0	1	0	0	0	0	0
6	*Non-financial corporations*	3 251 010	3 249 974	1 036	61 732	33 325	3 445	2 854	1 505	5 790	2 732	12 081	60 802
7	*Of which SMEs*	863 912	862 882	1 030	28 736	17 478	2 817	2 038	1 498	2 974	509	1 422	28 090
8	*Households*	2 583 888	2 572 782	11 106	81 780	44 002	11 634	8 651	9 856	6 176	738	723	79 902
9	**Debt securities**	**1 139 328**	**1 139 328**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
10	*Central banks*	0	0	0	0	0	0	0	0	0	0	0	0
11	*General governments*	866 558	866 558	0	0	0	0	0	0	0	0	0	0
12	*Credit institutions*	151 010	151 010	0	0	0	0	0	0	0	0	0	0
13	*Other financial corporations*	62 036	62 036	0	0	0	0	0	0	0	0	0	0
14	*Non-financial corporations*	59 724	59 724	0	0	0	0	0	0	0	0	0	0
15	**Off-balance-sheet exposures**	**2 261 375**	**0**	**0**	**8 409**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
16	*Central banks*	0			0								0
17	*General governments*	8 520			0								0
18	*Credit institutions*	104 564			0								0
19	*Other financial corporations*	48 662			0								0
20	*Non-financial corporations*	1 885 821			7258								0
21	*Households*	213 808			1151								0
22	**Total**	**10 759 295**	**8 485 778**	**12 142**	**155 682**	**77 327**	**15 079**	**15 266**	**11 361**	**11 966**	**3 470**	**12 804**	**144 464**

Template 4: Performing and non-performing exposures and related provisions.

		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 changrs 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			
1	**Loans and advances**	**7 381 949**	**5 886 043**	**490 530**	**150 184**	**5 495**	**144 689**	**51 143**	**19 475**	**31 668**	**100 075**	**5 056**	**95 019**	**0**	**3 170 216**	**27 287**
2	*Central banks*	***1 005 376***	*0*	*0*	***0***	*0*	*0*	***0***	*0*	*0*	***0***	*0*	*0*	*0*	*0*	*0*
3	*General governments*	***11 836***	*11 836*	*0*	***3 760***	*0*	*3 760*	***9***	*9*	*0*	***3 760***	*3 760*	*0*	*0*	*0*	*0*
4	*Credit institutions*	***478 009***	*478 009*	*0*	***0***	*0*	*0*	***0***	*0*	*0*	***0***	*0*	*0*	*0*	*0*	*0*
5	*Other financial corporations*	***28 473***	*28 473*	*0*	***1***	*0*	*1*	***17***	*17*	*0*	***0***	*0*	*0*	*0*	*7 715*	*0*
6	*Non-financial corporations*	***3 274 367***	*2 966 146*	*308 221*	***64 643***	*3 610*	*61 033*	***21 770***	*7 826*	*13 944*	***44 682***	*527*	*44 155*	*0*	*1 781 016*	*12 822*
7	*Of which SMEs*	***863 912***	*697 619*	*166 293*	***28 736***	*646*	*28 090*	***13 154***	*2 426*	*10 728*	***18 521***	*527*	*17 994*	*0*		*8 706*
8	*Households*	***2 583 888***	*2 401 579*	*182 309*	***81 780***	*1 885*	*79 895*	***29 347***	*11 623*	*17 724*	***51 633***	*769*	*50 864*	*0*	*1 381 485*	*14 465*
9	**Debt securities**	**1 139 328**	**1 139 328**	**0**	**0**	**0**	**0**	**104**	**104**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
10	*Central banks*	***0***	*0*	*0*	***0***	*0*	*0*	***0***	*0*	*0*	***0***	*0*	*0*	*0*	*0*	*0*
11	*General governments*	***866 558***	*866 558*	*0*	***0***	*0*	*0*	***66***	*66*	*0*	***0***	*0*	*0*	*0*	*0*	*0*
12	*Credit institutions*	***151 010***	*151 010*	*0*	***0***	*0*	*0*	***4***	*4*	*0*	***0***	*0*	*0*	*0*	*0*	*0*
13	*Other financial corporations*	***62 036***	*62 036*	*0*	***0***	*0*	*0*	***2***	*2*	*0*	***0***	*0*	*0*	*0*	*0*	*0*
14	*Non-financial corporations*	***59 724***	*59 724*	*0*	***0***	*0*	*0*	***32***	*32*	*0*	***0***	*0*	*0*	*0*	*0*	*0*
15	**Off-balance-sheet exposures**	**2 261 375**	**2 140 090**	**121 285**	**8 409**	**0**	**8 409**	**3 123**	**2 010**	**1 113**	**7 522**	**0**	**7 522**		**0**	**0**
16	*Central banks*	***0***	*0*	*0*	***0***	*0*	*0*	***0***	*0*	*0*	***0***	*0*	*0*		*0*	*0*
17	*General governments*	***8 520***	*8 520*	*0*	***0***	*0*	*0*	***6***	*6*	*0*	***0***	*0*	*0*		*0*	*0*
18	*Credit institutions*	***104 564***	*104 564*	*0*	***0***	*0*	*0*	***4***	*4*	*0*	***0***	*0*	*0*		*0*	*0*
19	*Other financial corporations*	***48 662***	*47 489*	*1 173*	***0***	*0*	*0*	***3***	*2*	*1*	***0***	*0*	*0*		*0*	*0*
20	*Non-financial corporations*	***1 885 821***	*1 795 477*	*90 344*	***7 258***	*0*	*7258*	***1 997***	*1 514*	*483*	***6 448***	*0*	*6448*		*0*	*0*
21	*Households*	***213 808***	*184 040*	*29 768*	***1 151***	*0*	*1151*	***1 113***	*484*	*629*	***1 074***	*0*	*1074*		*0*	*0*
22	**Total**	**10 782 652**	**9 165 461**	**611 815**	**158 593**	**5 495**	**153 098**	**54 370**	**21 589**	**32 781**	**107 597**	**5 056**	**102 541**	**0**	**3 170 216**	**27 287**

Template 9: Collateral obtained by taking possession and execution processes

		Collateral obtained by taking possession	
		Value at initial recognition	Accumulated negative changes
1	Property, plant and equipment (PP&E)		
2	**Other than PP&E**	**925**	
3	*Residential immovable property*	*483*	
4	*Commercial Immovable property*	*103*	
5	*Movable property (auto, shipping, etc.)*		
6	*Equity and debt instruments*		
7	*Other*	*339*	
8	**Total**	**925**	

EU CCR1 — Analysis of CCR exposure by approach

	a	b	c	d	e	f	g
	Notional	Replacement cost/current market	Potential future credit exposure	EEPE	Multiplier	EAD post CRM	RWA
Mark to market		6 729	8 851			15 580	6 506
Original exposure	0					0	0
Standardised approach		0			0	0	0
IMM (for derivatives and SFTs)				0	0	0	0
Of which securities financing transactions				0	0	0	0
Of which derivatives and long settlement transactions				0	0	0	0
Of which from contractual cross-product netting				0	0	0	0
Financial collateral simple method (for SFTs)						0	0
Financial collateral comprehensive method (for SFTs)						0	0
VaR for SFTs						0	0
Total							**6 506**

EU CCR2 — CVA capital charge

		a	б
		Exposure value	RWAs
1	Total portfolios subject to the advanced method	0	0
2	(i) VaR component (including the 3Ч multiplier)		0
3	(ii) SVaR component (including the 3Ч multiplier)		0
4	All portfolios subject to the standardised method	6 766	438
EU4	Based on the original exposure method	0	0
5	**Total subject to the CVA capital charge**	**6 766**	**438**

EU CCR4 — IRB approach – CCR exposures by portfolio and PD scale

		a	b	c	d	e	f	g
	PD scale	EAD post CRM	Average PD	Number of obligors	Average LGD	Average maturity	RWAs	RWA density
Institutions								
	0,00 to <0,15	9 234	0	1	45	1	2 551	0
	Subtotal	**9 234**					**2 551**	
		a	b	c	d	e	f	g
	PD scale	EAD post CRM	Average PD	Number of obligors	Average LGD	Average maturity	RWAs	RWA density
Corporates - SME								
	0,00 to <0,15	14	0	3	45	0	2	0
	0,15 to <0,25	10	0	1	45	0	3	0
	0,25 to <0,50	161	0	5	45	0	66	0
	0,50 to <0,75	459	1	3	45	4	330	1
	0,75 to <2,50	412	2	5	45	4	385	1
	2,50 to <10,00	113	8	2	45	6	167	1
	Subtotal	**1 168**					**953**	
		a	b	c	d	e	f	g
	PD scale	EAD post CRM	Average PD	Number of obligors	Average LGD	Average maturity	RWAs	RWA density
Corporates - Other								
	0,00 to <0,15	1 041	0	3	45	0	222	0
	0,15 to <0,25	1 702	0	2	45	0	837	0
	0,25 to <0,50	962	0	3	45	3	584	1
	0,50 to <0,75	364	1	2	45	0	281	1
	0,75 to <2,50	522	2	4	45	5	592	1
	2,50 to <10,00	89	5	1	45	1	137	2
	Subtotal	**4 680**					**2 653**	
		a	b	c	d	e	f	g
	PD scale	EAD post CRM	Average PD	Number of obligors	Average LGD	Average maturity	RWAs	RWA density
Corporates - Specialised Lending								
	0,15 to <0,25	498	0	1	45	8	349	1
	Subtotal	**498**						
Total (all portfolios)		15 580					6 158	1

EU MR1 — Market risk under the Standardized approach

		a	б
		RWA amounts	Capital requirements
Outright products		28 413	2 273
1	Interest rate risk (general and specific)	28 413	2 273
2	Equity risk (general and specific)	-	-
3	Foreign exchange risk	-	-
4	Commodity risk	-	-
Options		-	-
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitisation (specific risk)	-	-
9	**Total**	**28 413**	**2 273**