The Workout Unit
A practitioner’s perspective

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For comparison reasons NPL coverage is calculated according the following expression: (IBNR + Specific) / Impaired loans
Source: BNB Statistics
Historic NPE

NPL Ratio / Coverage

NPL Ratio

Yearly Coverage

<table>
<thead>
<tr>
<th>Year</th>
<th>Coverage</th>
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<tbody>
<tr>
<td>2009</td>
<td>64% 128%</td>
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<tr>
<td>2010</td>
<td>50% 71%</td>
</tr>
<tr>
<td>2011</td>
<td>50% 56%</td>
</tr>
<tr>
<td>2012</td>
<td>50% 52%</td>
</tr>
<tr>
<td>2013</td>
<td>55% 55%</td>
</tr>
<tr>
<td>2014</td>
<td>58% 58%</td>
</tr>
<tr>
<td>2015</td>
<td>51% 60%</td>
</tr>
<tr>
<td>2016</td>
<td>53% 63%</td>
</tr>
<tr>
<td>2017</td>
<td>53% 73%</td>
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</tbody>
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LEVERS

1. Outsourced Workout process
2. Monthly screening of external partners
3. Team and individual quantitative KPIs
4. Group support for Portfolio NPE disposals
5. Processes for external appraisal and insurance renewal
6. Implementation of automated WO end-to-end tool
7. Enhanced Write-off policy
Portfolio NPE disposals

**TAURUS 1 (2016) & TAURUS 2 (2017)**

and

Small uncollateralized portfolios

BG NPL market volumes:
- 2016 - 460 mlnEUR
- 2017 - 395 mlnEUR

Volume:
- 2016 - 88 mlnEUR
- 2017 - 106 mlnEUR

UCB’s share:
- 2016 - 19%
- 2017 - 27%

✔ TAURUS 1 and TAURUS 2 are the first deals on the BG NPL market where Bank sell collateralized portfolio to 3rd party;

✔ UCBulbank is identified as market maker on the BG NPL market following the best market practices in EU.
From a practitioner’s perspective the message for Workout is:
It’s not about strategy translated into a presentation...
but strategy put into action that drives results!

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