Notification template for Articles 133 and 134(5) of the Capital Requirements Directives (CRD) – Systemic risk buffer (SyRB)

Template for notifying the European Central Bank (ECB)and European Systemic Risk Board (ESRB) of the setting or resetting of one or more systemic risk buffer rates pursuant to Article 133(9) CRD and to request that the ESRB issue a recommendation to other Member States to reciprocate the measure under Article 134(5) CRD

Please send/upload this template to

- macropru.notifications@ecb.europa.eu when notifying the ECB (under Article 5 of the Single Supervisory Mechanism (SSM) Regulation[1]);
- DARWIN/ASTRA when notifying the ESRB.

The ESRB will forward the notification to the European Commission, the European Banking Authority (EBA) and the competent and designated authorities of the Member States concerned without delay. This notification will be made public by the ESRB once the relevant authorities have adopted and published the notified macroprudential measure[2].

E-mailing/uploading this template to the above addresses constitutes official notification; no further official letter is required. To facilitate the work of the notified authorities, please send the notification template in a format that allows the information to be read electronically.

1. Notifying national authority and scope of the notification	
1.1 Name of the notifying authority	Bulgarian National Bank
1.2 Country of the notifying authority	Bulgaria
1.3 Type of measure (also for reviews of existing measures)	Which SyRB measure do you intend to implement? ☐ Activate a new SyRB ☐ Change the level of an existing SyRB ☐ Change the scope of an existing SyRB (incl. changes to a subset of institutions or exposures) ☐ De-activate an existing SyRB ☒ Reset an existing SyRB (review)

[1] Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (OJ L 287, 29.10.2013, p. 63).
[2] On request by the notifying authority, it may be agreed with the Head of the ESRB Secretariat that this notification, or a part thereof, should not be published for reasons of confidentiality or financial stability.

2. Description of the measure

<table>
<tr><td>2.1 Institutions covered by the intended SyRB</td><td>
Please indicate whether the SyRB applies to:
☒ All institutions authorised in the Member State
☐ One or more subsets of credit institutions in the sector (please provide the names and identifiers (Legal Entity Identifier (LEI) code) of institutions covered)
<table><tr><th>Name of institution</th><th>LEI code</th><th>Consolidation level</th></tr>
<tr><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td></tr></table>
☐ A subsidiary whose parent is established in another Member State. (Please provide the names and identifiers (LEI code) of subsidiaries)
<table><tr><th>Name of subsidiary</th><th>Name of the parent</th><th>LEI code of the subsidiary</th></tr>
<tr><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td></tr></table>
</td></tr>
<tr><td>2.2 Exposures covered by the SyRB

(Article 133(5) CRD)</td><td>
Please indicate the exposures to which the SyRB applies:
☒ (a) all exposures located in the Member State that is setting the buffer;
☐ (b) the following sectoral exposures located in the Member State that is setting the buffer:
(i) ☐ all retail exposures to natural persons that are secured by residential property;
(ii) ☐ all exposures to legal persons that are secured by mortgages on commercial immovable property;
(iii) ☐ all exposures to legal persons excluding those specified in point (ii);
(iv) ☐ all exposures to natural persons excluding those specified in point (i);
☐ (c) subsets of any of the sectoral exposures identified in point (b). Please specify the subsets in Section 2.3;
☐ (d) all exposures located in other Member States;
☐ (e) exposures located in third countries.
</td></tr>
<tr><td>2.3 Subsets of sectoral exposures</td><td>
N/A
<table><tr><th>Dimensions/subdimensions</th><th>Elements</th></tr>
<tr><td>1. Type of debtor or counterparty sector</td><td></td></tr>
<tr><td>1.a Economic activity</td><td></td></tr>
<tr><td>2. Type of exposure</td><td></td></tr></table>
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<tr><td></td><td>

2.a Risk profile	
3. Type of collateral	
3.a Geographical area	

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</td></tr>
<tr><td>2.4 Exposures located in other Member States and in third countries</td><td>N/A</td></tr>
<tr><td>2.5 Buffer rate

(Article 133(9)(e) CRD)</td><td>

Exposures	New SyRB rate		Previous SyRB rate	
	All institutions (SyRB rate)	**Set of institutions** (range of SyRB rates)	**All institutions** (SyRB rate)	**Set of institutions** (range of SyRB rates)
(a) All exposures located in the Member State that is setting the buffer	3.0%	% - %	3.0%	
(b) *The following sectoral exposures located in the Member State that is setting the buffer:*				
(i) All retail exposures to natural persons that are secured by residential property	%	% - %		
(ii) All exposures to legal persons that are secured by mortgages on commercial immovable property	%	% - %		
(iii) All exposures to legal persons excluding those specified in point (ii)	%	% - %		
(iv) All exposures to natural persons excluding those specified in point (i)	%	% - %		
(c) All exposures located in other Member States	%	% - %		
(e) Exposures located in third countries	%	% - %		
(f) *Subsets of any of the sectoral exposures identified in point (b):*				
(i) Please specify the subset [Dimension/subdimensions]	%	% - %		

N/A

Set of institutions				
Exposures	**Name of institution**	**LEI code**	**New SyRB rate**	**Previous SyRB rate**
			%	
			%	
			%	
</td></tr>
</table>

3. Timing for the measure

3.1 Timing for the decision	08/12/2025

3.2 Timing for publication	11/12/2025
3.3 Disclosure	The BNB will announce on its web-site the Governing Council decision to maintain an existing 3% SyRB applicable to all banks based on their risk exposures in Bulgaria. Along with the rate, date and the scope of application, the justification for the systemic risk buffer will also be announced. https://www.bnb.bg/BankSupervision/BSCapitalBuffers/BSCBSystemicRiskBuffer/index.htm
3.4 Timing for application	08/12/2025
3.5 Phasing in	Without phase-in. The initial activation of SyRB was in 2014. On 31 October 2017 the BNB Governing Council reaffirmed the measure. On 15 October 2019 the BNB Governing Council reaffirmed the measure. On 3 December 2021 the BNB Governing Council reaffirmed the measure. On 7 December 2023 the BNB Governing Council reaffirmed the measure
3.6 Review/deactivation of the measure	The SyRB buffer is reviewed at least once every two years. The SyRB addresses the macroprudential risks on the background of structural, economic, social and other challenges including: 1) concentration of household savings in the banking sector and related implications for the DGS; 2) dominance of banks in financial intermediation in Bulgaria and the lack of appropriate substitutability with the non-bank financial sector services; 3) presence of long-term impediments to economic growth such as declining and aging population, along with a need to streamline the education system toward providing required skillset; a need to improve efficiency in the NPL litigation; 4) limited lender of last resort function of the BNB under the currency board. A downward recalibration/deactivation of the SyRB might be warranted in case of clear and robust moderation to the level, intensity, and trends in long-term structural risks and challenges. Joining the euro area from 1.1.2026 represents substantial change of the institutional set-up (establishment of the lender of last resort function; access to the emergency liquidity assistance (ELA)) with a clear potential for risk moderation and structural effects.
4. Reasons for the notified SyRB	
4.1 Description of the macroprudential or systemic risk in your Member State **(Article 133(9)(a) of the CRD)**	BNB introduced the SyRB in 2014 at the rate of 3% on the banks' risk exposures in Bulgaria and subsequently reaffirmed the measure in 2017, 2019, 2021 and 2023. The ultimate goal is to safeguard the resilience of the banking sector and accordingly to protect the interests of depositors. The decision reflects the BNB conservative capital policy relative to the particular structural systemic risks of the economic and political environment in which the Bulgarian banking sector operates. The SyRB is an intrinsic part of the capital buffer framework to support financial stability, especially in periods of heightened uncertainty. As such the decision to maintain the SyRB aligns with the ECB Governing Council statement on macroprudential policies from 7 July 2025 to preserve bank resilience as a main priority. The financial system in Bulgaria continues to be predominantly bank-oriented. Bank intermediation to the private sector has no close equivalent, as a substantial proportion of household and corporate savings is allocated through the banking sector to borrowers. This structural dominance is reinforced by the fact that the alternative savings and financing instruments (e.g., bonds and equities) are much less developed. Consequently, the banking sector represents the primary channel for providing financial resources to households and corporations. The stage of development of the national economy and the banking sector warrants a conservative assessment of macroprudential risk and potential vulnerabilities in line with the

	stringent supervisory approach towards all credit institutions especially in the absence of an active monetary policy under the functioning Currency Board and the function of lender of last resort. The main macroprudential risks targeted are grouped in the following categories: ➢ Risks stemming from structural characteristics of the banking sector including size and importance of banks' financial intermediation; ➢ Inherent risks of the banking sector's activities including asset quality and vulnerabilities; ➢ Exogenous risks for the banking system, stemming from macroeconomic developments, including economic openness and impediments to long-term economic growth.
4.2 Reasons why the dimension of the macroprudential or systemic risks threatens the stability of the financial system in your Member State **(Article 133(9)(b) CRD)**	The systemic risk analysis is made with regards to risks propagation, particularly considering that Bulgaria is a small open economy with a bank-centred financial system. The domestic banking sector functions as the main channel for the accumulation of savings and serves as the predominant source of financing for households and non-financial corporations. Given that potential disruptions in financial intermediation through the banking system may trigger adverse feedback effects between banks and the real economy, the resilience of credit institutions emerges as a critical policy priority. Despite the improvements observed in certain indicators, the banking sector continues to operate within an environment marked by systemic impediments to long-term economic growth, including adverse demographic dynamics and inefficiencies in the judicial system. In this context, enhancing the sector's adaptability is essential to ensure its sustainable functioning, particularly if domestic or external shocks further amplify these structural constraints. In the current environment of heightened uncertainty due to geopolitical risks and trade fragmentation maintaining the existing SyRB preserves the resilience of the banking sector and strengthens its capacity to absorb potential losses from macro-financial deteriorations. In addition, maintaining the SyRB is backed by observations in recent stress test exercises that featured geopolitical and trade related risk factors. The aggregate credit risk losses in terms of CET 1 impact has increased to around 6% under the adverse hypotheses, which reflects the propensity of banks in Bulgaria towards elevated loan losses in case of credit risk materialization. The Bulgarian banking system is well-capitalized. The aggregate CET 1 capital ratio remains above 20% and as of end-June 2025 stands at 21.83%. The regulatory capital surplus above capital requirements and applicable buffers (i.e. management buffer) has maintained level between 3% and 5% and in Q2 2025 reached 5.5%. The current capital buffers including the SyRB do not represent a binding constraint factor for the lending activity of banks, as there is no evidence to suggest that aggregate credit supply is negatively affected. Thus, the SyRB serves as an additional safeguard of resilience without imposing significant costs on the system. The established SyRB level has been among the main factors contributing to banks' resilience to withstand previous adverse periods with a strong capital position. Given the positive macroprudential experience historically, and considering that the above-mentioned risk factors are likely to remain present over the near term, maintaining the SyRB level at 3% is justified in terms of providing loan loss capacity against realisation of structural risks threatening the stability of the banking and financial system in Bulgaria.
4.3 Indicators used for activation of the measure	To support the analysis and motivate the decision the BNB uses variety of structural indicators to monitor macroprudential risks to the banking system and the economy. The indicators focus on long-term risks of non-cyclical nature and are relevant for the development of the financial intermediation. Certain corresponding limitations of the dataset stem from the relatively short time series, the presence of multiple structural breaks, and less

	granular reporting frequency. The convergence nature of the Bulgarian economy and the banking intermediation brings also asymmetrical effects on the indicators. The time series encompass indicators on semi-annual and annual basis where applicable since 2009 and are organized in the three targeted risk dimensions: 1) Risk stemming from structural characteristics of the banking sector: - Banking sector Assets to GDP; - Deposits under deposit guarantee schemes (DGS) to Total deposits; - Share of banking assets in the financial system; - Loan to Deposit ratio; - Share of Loans and advances to Total assets; - Income from traditional banking intermediation (NII and NFCI) to Total income; - Share of private sector deposits to total liabilities. 2) Inherent risks for the banking sector activities: - Risk exposures to Total assets; - Banks with NPL ratio over 5%, share of total loans; - Banks with S2 ratio over 5%, share of total loans; - Nonperforming loans (NPL) coverage; - Average duration of NPL litigation (years); - Share of variable rate loans; - Stress test impact of credit risk losses to CET 1 ratio; - Liquid assets to Total assets; - Cost to Income ratio; - Cost of Risk ratio. 3) Risk stemming from macroeconomic development as exogenous risks factors: - Trade openness; - Share of top 5 largest countries in import; - Share of top 5 largest countries in export; - Government and government guaranteed debt; - Debt securities issued by general governments to CET1; - Population, change compared to 5-year moving average; - Social burden on working age population; - Employment rate. Taking the risk indicators in combination, the current analysis does not point to a structural change in the macroprudential risks that would require a recalibration of the level or the scope of the SyRB. The banking sector remains the most important part of the financial system for financial intermediation and with unchanged structural characteristics. The inherent vulnerabilities towards material credit losses continue to be elevated in the background of subdued impairment costs. The exogenous macro risk factors are heightened given the high openness and concentration to main trade partners, especially in an environment of rising geopolitical risks and trade policy uncertainty. The long term impediments to economic growth also contribute to the factors with adverse effects. The banking sector remains the main channel of financial intermediation, both in terms of its relative size to the economy and its share within the financial system. The banking system assets stand at 95.7% of GDP in Q2 2025 and maintain a share in the overall financial system of above 70%. The interconnectedness of the banking system with the private sector (non-financial corporations and households) is of prime importance in terms of the size of bilateral exposures. On the asset side, banks' provision of credit to the private sector constitutes nearly 97% of the total aggregate, while on the liability side the banking sector remains the only part of the financial system that attracts funds from all other financial sectors. Bulgarian banks follow a traditional business model as loans represent over half of total assets, the Loans-to-Deposits (LTD) ratio is around 75%, and private sector deposits exceed 80% of total liabilities. A key feature of the deposit structure is the significant volume and share of deposits covered by DGS, which currently stands at 63%. Credit risk is inherent to the banking sector traditional business model and accordingly the asset quality (non-performing loans) is the key part of regular prudential assessment of systemic vulnerabilities, while the management of credit quality and loan provisions

	represents the main challenge for banks. Due to the structural specifics, the NPL cycle tends to be prolonged and heightened with according elevated credit losses. It also affects all banks, which is reflected in the significant market share of banks with NPL or S2 loans ratio above 5%. Among the factors contributing to the susceptibility of the system to credit risk are the prolonged NPL litigation process (over three years on average), the general type of lending with a variable interest rate (close to 100%), and the low value of the cost of risk (below 1%). The sensitivity to credit losses is assessed as significant in the annual BNB solvency stress tests, as recent exercises point to loan impairments exceeding a level of 5.5 p.p. CET 1 impact. The macroeconomic development highlights sources of potential vulnerability stemming from the economic openness, the significant home-bias of the bank-sovereign nexus, and the long-term impediments to economic growth. The Bulgarian economy is small and open with traditional trading partners both on the import and export side. The financial soundness of sector "General Government" is stable, however with increased servicing conditions and a rising debt-to-GDP ratio, which reached over 26% in June 2025. A significant portion of government debt is held by Bulgarian banks and represents 139% of CET 1 capital. Long term economic growth is constrained by structural factors such as the persistent negative population growth (around -1% annually), the social burden on working age population (above 38%) and the employment rate (close to 53%; measured as the ratio between the employed population and the total population in the group aged 15 years and over). In addition, the materialization of climate-related risks could pose further challenges to the stability of the banking sector, as both physical and transition risks may adversely affect asset quality and credit exposures. The Bulgarian economy is characterized by relatively high CO_2 intensity, which although declining, still remains three times higher than the EU average.
4.4 Effectiveness and proportionality of the measure **(Article 133(9)(c) CRD)**	Since its introduction in 2014 the measure proved effective to address the macroprudential and systemic risk in Bulgaria by preserving the built-up capital and enhancing resilience in all institutions. The higher level of capital facilitates the supportive role of the banking sector in the convergence process of the national economy towards higher competitiveness and productivity, thus contributing to continuous economic growth and development. The ongoing assessment shows that the SyRB does not represent additional regulatory burden for banks. In addition, since 2021 the banking system stands on continuous high profitability trend. Against the backdrop of heightened economic, trade and geopolitical uncertainty at present the role of the systemic risk buffer remains crucial.
4.5 Reason why the systemic risk buffer is not duplicating the functioning of the O-SII buffer provided for in Article 131 CRD **(Article 133(9)(f) CRD)**	Other macroprudential measures alone or in combination are not sufficient to cover the systemic risk that is structural in nature, which stems from the key role of the banking system for both the financial stability and the sustainability of the national economy. By the design, scope and objectives the O-SII buffer targets different type of risks. For banks identified as O-SIIs, depending on their overall score, the O-SII buffer rates are between 0.5% and 1% since 1st of January 2020 (the end of the three year phase-in period). The aim is to limit the contagion effects stemming from potential stress event in a systemically important bank to other institution or to the entire banking system.
5. Sufficiency, consistency and non-overlap of the policy response	
5.1 Sufficiency of the policy response	Considering that the scope of SyRB is designed to include all credit institutions and the required level of 3% is high, the applied buffer is assessed as sufficient to significantly prevent and mitigate macroprudential or systemic risks. The buffer calibration reflects the long-term structural specificities of the Bulgarian banking sector and the economy. The structural measure is of preventive character and thus it preserves the capital in all institutions and safeguards their resilience.
	The instrument is consistent with the goal of limiting the potential negative impact of macroprudential or systemic risks. The measure is applied under Article 133 of the Capital

5.2 Consistency of application of the policy response	Requirements Directive (CRD) and Article 12 of the Ordinance No. 8 of the BNB on Banks' Capital Buffers. In addition, the measure is in line with the consistently applied macroprudential policy of BNB to maintain high capital buffers for enhanced banking resilience.
5.3 Non-overlap of the policy response	The instrument is addressed to limit macroprudential or systemic risks in a general system-wide way. The instrument is thus designed accordingly to the respective systemic risk that is structural in nature for all banks, which stems from the key role of the banking system for both the financial stability and the sustainability of national economy in the long term. There are no other measures that target the system-wide exposures of all credit institutions in a structural way and thus there is no overlap present with other policy instruments.
6. Cross-border and cross-sector impact of the measure	
6.1 Assessment of cross-border effects and the likely impact on the Internal Market **(Article 133(9)(d) of the CRD and Recommendation ESRB/2015/2[3])**	As the SyRB scope is limited to the domestic exposures the cross-border effects of the implementation of the measure are not material.
6.2 Assessment of leakages and regulatory arbitrage within the notifying Member State	The assessment shows limited potential for such regulatory arbitrage as the design of the SyRB requires its application on individual as well as on consolidated level.
6.3 Request for reciprocation by other Member States **(Article 134(5) CRD and Recommendation ESRB/2015/2)**	Considering the banking system current structure and concentration, as well as the nature of the measure – a requirement to hold CET1 capital to build-up resilience against the macroprudential risk in Bulgaria - the reciprocation by other Member States is not required.
6.4 Justification for the request for reciprocation by other Member States	N/A.

[3] Recommendation of the European Systemic Risk Board of 15 December 2015 on the assessment of cross-border effects of and voluntary reciprocity for macroprudential policy measures (ESRB/2015/3) (OJ C 97, 12.3.2016, p. 9).

(Article 134(5) CRD and Recommendation ESRB/2015/2)

7. Combination of the SyRB with other buffers

7.1 Combination with G-SII and/or O-SII buffers

(Article 131(15) CRD)

The sum of the systemic risk buffer and the O-SII buffer rate is below 5% for all institutions.

There is no G-SII institution operating in Bulgaria.

The O-SII buffer is applied to 6 institutions in the range of 0.5% and 1.0%.

Name of institution	G-SII/O-SII buffer rate	O-SII consolidation level	Sum of G-SII/O-SII and SyRB rates
UniCredit Bulbank AD	1.0%	Individual and consolidated level	4.0%
United Bulgarian Bank AD	1.0%	Individual and consolidated level	4.0%
DSK Bank AD	1.0%	Individual and consolidated level	4.0%
Eurobank Bulgaria AD	1.00%	Individual level	4.00%
First Investment Bank AD	0.75%	Individual and consolidated level	3.75%
Invest Capital JSC	0.50%	Highest level of consolidation	3.50%
Central Cooperative Bank AD	0.50%	Individual level	3.50%
	%		%

7.2 Combination with other systemic risk buffers

(Article 133(11) and (12) CRD)

N/A.

No subsidiary of a parent in another EU Member State would be subject to a combined systemic risk buffer rate above 3%.

8. Miscellaneous

8.1 Contact person(s)/mailbox at notifying authority

Stoyan Manolov, Director General, Banking Supervision Department, Bulgarian National Bank, e-mail: manolov@bnbank.org

Elisaveta Pravova, Director of Macroprudential Supervision and Financial Stability Directorate, Banking Supervision Department, Bulgarian National Bank, e-mail: pravova.e@bnbank.org

Ventsislav Hristev, Head of division at Macroprudential Supervision and Financial Stability Directorate, Banking Supervision Department, Bulgarian National Bank, e-mail: hristev.v@bnbank.org

8.2 Any other relevant information

N/A

8.3 Date of the notification

08/12/2025