



**METHODOLOGY OF INVESTMENT BANK JSC FOR DETERMINING THE REFERENCE INTEREST RATE APPLIED ON CONSUMER AND MORTGAGE LOANS TO NATURAL PERSONS AND ON LOANS TO SMEs AND CORPORATE CLIENTS**

**SECTION I.  
GENERAL**

Art. 1. This Methodology regulates the procedure by which Investbank JSC (hereinafter referred to as the "Bank") determines the reference interest rate used as a basis for determining the variable interest rate on consumer and mortgage loans to natural persons, on standard loans to SME clients and on loans to corporate clients (hereinafter referred to as "Loans") in BGN, EUR and USD.

Art. 2. (1) The Bank shall grant loans to natural persons, SMEs and corporate clients at a fixed and variable interest rate.

(2) "Fixed interest rate" means an interest rate that does not change during certain periods of the loan term or is constant for the entire loan term.

(3) "Variable interest rate" means an interest rate defined as the sum of a reference interest rate and a fixed margin determined for each credit product and for each client group.

(4) "Reference interest rate" means the interest rate used as the basis for the calculation of the variable interest rate applicable to the loan. It constitutes a market index – "X-month EURIBOR for EUR", also applicable to loans in BGN, where "X" is the number of months.

Art. 3. In compliance with the requirements of Art. 58 of the Credit Institutions Act and Art. 33a of the Consumer Credit Act, the Bank shall provide its clients - natural persons with information on:

1. the current amount of the reference interest rates applied;
2. the methodology used for determining the reference interest rate.

Art. 4. The reference interest rate determined according to this Methodology shall be applicable for the pricing and formation of the final price of the loans offered by the Bank to natural persons, SMEs and corporate clients in BGN, EUR and USD.

Art. 5. The Bank shall maintain on its website and in its bank offices data on the current amount of the reference interest rates applied for loans to natural persons and SME clients in BGN, EUR and USD.

**SECTION II.  
DETERMINATION OF THE REFERENCE INTEREST RATE**

**A. DETERMINATION OF THE REFERENCE INTEREST RATE ON LOANS IN BGN**

Art. 6. (1) When determining a variable interest rate on loans to natural persons and SME clients in BGN for the purposes of this Methodology, the Bank shall use as a reference interest rate the indices declared in EUR as follows:

1. "One-month EURIBOR for EUR" - "1M EURIBOR" is the annual interest rate for providing deposits with a term of one month, as published on the EURIBOR screen of REUTERS or

BLOOMBERG at 11:00 Central European Time for the date of data download, and the Bank shall accept the value rounded up to the second decimal place. This value shall be reported for the purpose of calculating in the date model, two business days after the date on which the index is published.

2. “Three-month EURIBOR for EUR” - “3M EURIBOR” is the annual interest rate for providing deposits with a term of three months, as published on the EURIBOR screen of REUTERS or BLOOMBERG at 11:00 Central European Time for the date of data download, and the Bank shall accept the value rounded up to the second decimal place. This value shall be reported for the purpose of calculating in the date model, two business days after the date on which the index is published.

3. “Six-month EURIBOR for EUR” - “6M EURIBOR” is the annual interest rate for providing deposits with a term of six months, as published on the EURIBOR screen of REUTERS or BLOOMBERG at 11:00 Central European Time for the date of data download, and the Bank shall accept the value rounded up to the second decimal place. This value shall be reported for the purpose of calculating in the date model, two business days after the date on which the index is published.

4. “Twelve-month EURIBOR for EUR” - “12M EURIBOR” is the annual interest rate for providing deposits with a term of twelve months, as published on the EURIBOR screen of REUTERS or BLOOMBERG at 11:00 Central European Time for the date of data download, and the Bank shall accept the value rounded up to the second decimal place. This value shall be reported for the purpose of calculating in the date model, two business days after the date on which the index is published.

(2). In case that on the date of data download the Bank is not able to receive information on the value of EURIBOR for EUR as provided for in para. 1 above, the Bank shall determine the amount of the interest rate index on the basis of another similar publicly available index and margin. In these cases, the general interest rate on the loan shall not change at the time of the replacement, and the Bank shall place notices of the applicable new interest rate base and its value at a prominent place in the Bank's branches and on the Bank's website.

## **B. DETERMINATION OF THE REFERENCE INTEREST RATE ON LOANS IN EUR**

Art. 8. (1) When determining a variable interest rate on loans to natural persons and SME clients in EUR for the purposes of this Methodology, the Bank shall use as a reference interest rate the indices as follows:

1. “One-month EURIBOR for EUR” - “1M EURIBOR” is the annual interest rate for providing deposits with a term of one month, as published on the EURIBOR screen of REUTERS or BLOOMBERG at 11:00 Central European Time for the date of data download, and the Bank shall accept the value rounded up to the second decimal place. This value shall be reported for the purpose of calculating in the date model, two business days after the date on which the index is published.

2. “Three-month EURIBOR for EUR” - “3M EURIBOR” is the annual interest rate for providing deposits with a term of three months, as published on the EURIBOR screen of REUTERS or BLOOMBERG at 11:00 Central European Time for the date of data download, and the Bank shall accept the value rounded up to the second decimal place. This value shall be reported for the purpose of calculating in the date model, two business days after the date on which the index is published.

3. “Six-month EURIBOR for EUR” - “6M EURIBOR” is the annual interest rate for providing deposits with a term of six months, as published on the EURIBOR screen of REUTERS or

BLOOMBERG at 11:00 Central European Time for the date of data download, and the Bank shall accept the value rounded up to the second decimal place. This value shall be reported for the purpose of calculating in the date model, two business days after the date on which the index is published.

4. “Twelve-month EURIBOR for EUR” - “12M EURIBOR” is the annual interest rate for providing deposits with a term of twelve months, as published on the EURIBOR screen of REUTERS or BLOOMBERG at 11:00 Central European Time for the date of data download, and the Bank shall accept the value rounded up to the second decimal place. This value shall be reported for the purpose of calculating in the date model, two business days after the date on which the index is published.

(2) In case that on the date of data download the Bank is not able to receive information on the value of EURIBOR for EUR as provided for in para. 1 above, the Bank shall determine the amount of the interest rate index on the basis of another similar publicly available index and margin. In these cases, the general interest rate on the loan shall not change at the time of the replacement, and the Bank shall place notices of the applicable new interest rate base and its value at a prominent place in the Bank's branches and on the Bank's website.

### **C. DETERMINATION OF THE REFERENCE INTEREST RATE ON LOANS IN USD**

Art. 9. (1) When determining a variable interest rate on loans to SME clients in USD for the purposes of this Methodology, the Bank shall use as a reference interest rate the indices as follows:

1. “One-month EURIBOR for USD” - “USD EURIBOR 1M” is the annual interest rate at which interbank fixed-term deposits with a term of one month in USD are provided by one first-class bank to another on the London Interbank Money Market, as published on the EURIBOR screen of REUTERS at 11:00 London time, for the date of data download, the Bank shall accept the value rounded up to the second decimal place. This value shall be reported for the purpose of calculating in the date model, two business days after the date on which the index is published.

2. “Three-month EURIBOR for USD” - “USD EURIBOR 3M” is the annual interest rate at which interbank fixed-term deposits with a term of three months in USD are provided by one first-class bank to another on the London Interbank Money Market, as published on the LIBOR screen of REUTERS at 11:00 London time, for the date of data download, the Bank shall accept the value rounded up to the second decimal place. This value shall be reported for the purpose of calculating in the date model, two business days after the date on which the index is published.

3. “Six-month EURIBOR for USD” - “USD EURIBOR 6M” is the annual interest rate at which interbank fixed-term deposits with a term of six months in USD are provided by one first-class bank to another on the London Interbank Money Market, as published on the LIBOR screen of REUTERS at 11:00 London time, for the date of data download, the Bank shall accept the value rounded up to the second decimal place. This value shall be reported for the purpose of calculating in the date model, two business days after the date on which the index is published.

4. “Twelve-month EURIBOR for USD” - “USD EURIBOR 12M” is the annual interest rate at which interbank fixed-term deposits with a term of twelve months in USD are provided by one first-class bank to another on the London Interbank Money Market, as published on the E screen of REUTERS at 11:00 London time, for the date of data download, the Bank shall accept the value rounded up to the second decimal place. This value shall be reported for the purpose of calculating in the date model, two business days after the date on which the index is published.

(2) In case that on the date of data download the Bank is not able to receive information on the value of EURIBOR for USD as provided for in para. 1 above, the Bank shall determine the amount of the interest rate index based on the last published values of USD LIBOR on the REUTERS screen or at <http://online.wsj.com> or [www.bankrate.com](http://www.bankrate.com).

**SECTION III.**  
**DETERMINATION OF A MARGIN TO THE REFERENCE INTEREST RATE.**  
**MINIMUM INTEREST RATE ON LOANS**

Art. 9. (1) The fixed margin is the risk-associated margin that the Bank assumes when granting the loan. The margin shall also be specified in the loan agreement and shall not change for the term of the loan. When determining this margin, the following elements should be considered:

1. type, term and purpose of the loan;
2. solvency of the borrower;
3. type and quality of the collateral;
4. risk of non-repayment of the loan;
5. other risk factors.

(2) For all loans, the Bank shall determine and apply a fixed minimum interest rate on the loans to natural persons, SMEs and corporate clients.

**SECTION IV.**  
**DETERMINATION OF THE VALUE OF THE REFERENCE INTEREST RATE**

Art. 10. (1) The Bank shall determine the value of the reference interest rate on loans to natural persons, SMEs and corporate clients in BGN, EUR and USD as follows:

1. The one-month indices (1M EURIBOR and USD EURIBOR 1M) shall change monthly on the first day of each calendar month (respectively the first following business day if the first day is a non-business day). The index shall be valid until the day preceding the first business day of the following monthly period inclusive. According to the specific credit indices, the monthly maturity data of each respective month are applied - for loans to individuals and to MSP and corporate clients with an annuity repayment plan, and from the date on which the relevant index was changed - for loans to MSP and corporate clients. excluding loans with an annuity repayment plan.
2. The three-month indices (3M EURIBOR and USD EURIBOR 3M) shall change on the first day of March, June, September and December (respectively the first following business day if any of the indicated dates is a non-business day). The index shall be valid until the day preceding the first business day of the following three-month period inclusive. For specific loans, the index is applied from the monthly maturity date of each respective month in which the change is made - for loans to individuals and SMEs and corporate clients with an annuity repayment plan and from the date on which the relevant index was changed - for loans to SMEs and corporate clients, with the exception of loans with an annuity repayment plan.
3. The six-month indices (6M EURIBOR and USD EURIBOR 6M) shall change on the first day of June and December (respectively the first following business day if any of the indicated dates is a non-business day). The index shall be valid until the day preceding the first business day of June and December of the following six-month period inclusive. For specific loans, the index is applied from the monthly maturity date of each respective month in which the change is made - for loans to individuals and SMEs and corporate clients with an annuity repayment plan and from the date on which the relevant index was changed - for loans to SMEs and corporate clients, with the exception of loans with an annuity repayment plan.
4. The twelve-month indices (12M EURIBOR and USD EURIBOR 12M) shall change on the first



day of December (respectively the first following business day if any of the indicated dates is a non-business day). The index shall be valid until the day preceding the first business day of the following twelve-month period inclusive. For specific loans, the index is applied from the monthly maturity date of each respective month in which the change is made - for loans to individuals and SMEs and corporate clients with an annuity repayment plan and from the date on which the relevant index was changed - for loans to SMEs and corporate clients, with the exception of loans with an annuity repayment plan.

(2) The recalculation for loans in BGN shall be made according to the value of the EURIBOR index applicable to EUR published on the REUTERS pages and/or on publicly available leading financial sites, such as <http://www.euribor-rates.eu/>, for the date which is two business days ahead the dates of change referred to in para. 1 (or on the basis of the value of another similar publicly available index, which replaces EURIBOR).

(3) The recalculation for loans in EUR shall be made according to the value of the relevant EURIBOR index published on the REUTERS pages and/or on publicly available leading financial sites, such as <http://www.euribor-rates.eu/>, for the date which is two business days ahead the dates of change referred to in para. 1 (or on the basis of the value of another similar publicly available index, which replaces EURIBOR).

(4) The recalculation for loans in USD shall be made according to the value of the relevant USD LIBOR index published on the REUTERS pages and/or on publicly available leading financial sites, such as [www.bankrate.com](http://www.bankrate.com) and <http://online.wsj.com>, for the date that is two business days ahead the dates of change referred to in para. 1.

(5) If it is impossible to obtain quotations for the above indices, the Bank shall reserve the right to replace them with other relevant indicators published by the BNB and/or the National Statistical Institute or another licensed data provider.

Art. 13. (1) 1. In the event of a change in the applicable reference interest rate for loans granted to individuals, SMEs and corporate clients, the agreed variable interest rate shall be changed accordingly as of the date of the change in the reference interest rate and shall enter into force:

- on the monthly maturity date of the loan - for loans to individuals and for SMEs and corporate clients with an annuity repayment plan and

- from the date on which the relevant index is changed - for loans to SMEs and corporate clients, with the exception of loans with an annuity repayment plan

It is not necessary for the parties to renegotiate and sign an additional annex to the contract. In this case, and in the event that the newly determined interest rate on the loan exceeds the determined minimum interest rate on the loan, the Bank changes the amount of the monthly repayment installments, by ex officio preparing a new repayment plan for the balance of the debt with the changed interest rate.

2. In the event that any of the indices applied by the Bank ceases to exist and the Bank replaces it with another similar publicly available index, the interest rate on the existing loan agreements based on obsolete indices and margin shall be formed by a new similar publicly available index and margin, whereby the total interest rate on the loan will not be changed at the time of the replacement. In case of subsequent change in the applicable new reference interest rate on loans provided to natural persons, SMEs and corporate clients, the agreed variable interest rate shall be changed accordingly as from the date of the following change of the reference interest rate and shall enter into force on the monthly loan maturity date, without the need for renegotiation by the parties and signing of an additional annex to the agreement. In this case and in case the newly determined interest rate on the loan exceeds the determined minimum interest rate on the loan, the Bank shall also change the amount of the monthly repayment instalments by preparing ex officio a new repayment plan for the remaining debt with the changed interest rate.

(2) The Bank shall inform its clients - retail and business clients about any change of the applicable reference interest rate not later than one business day before the entry into force of the change by placing the information at prominent places in its bank branches and on the website of the Bank, including where the Bank replaces one interest rate index with another similar one in the cases where one of the applicable indices ceases to exist.

(3) The Bank shall inform its clients - natural persons and SME clients about any change in the amount of the monthly repayment instalments. The notification of the clients - natural persons,



SMEs and corporate clients about the change of the amount of the monthly repayment instalments shall be made by sending the newly generated repayment plan by e-mail to their e-

mail address or by sending sms message with the amount of the new instalment to a previously provided mobile phone number.

Art. 14. (1) The Bank shall reserve the right to change the methodology for determining the reference interest rate on loans to natural persons and business clients.

(2) The competent structural units in the Bank may submit a proposal to the Management Board of the Bank for changing the methodology for determining the reference interest rate on loans to natural persons, SMEs and corporate clients.

(3) Any change in the methodology for determining the reference interest rate shall be published on the Bank's website and shall be applied as from the date of its change only under loan agreements concluded after the date of entry into force of the changed methodology.

## **SECTION V. TRANSITIONAL AND FINAL PROVISIONS**

§1. The present METHODOLOGY OF INVESTBANK AD FOR DETERMINATION OF REFERENCE INTEREST RATE PERCENTAGE APPLIED ON CONSUMER AND MORTGAGE LOANS TO INDIVIDUALS AND ON LOANS TO SMES AND CORPORATE CLIENTS was approved by the Management Board of the Bank with Minutes № 105 / 25.11.2014 and entry into force on 01.12.2014, Modified by the Management Board of the Bank with protocol № 29 / 12.06.2018 and entry into force on 01.07.2018 and with Protocol of the Management Board № 9 / 01.03.2022 and enters into force from 01.03.2022 and Protocol of the Management Board № 38/24.08.2022 and enters into force from 01.09.2022