

LIABILITY INTEREST RATE (LIR)

METHODOLOGY OF FIRST INVESTMENT BANK AD FOR DETERMINING THE LIABILITY INTEREST RATE

Section I. Purpose

This Methodology shall regulate the method of determining and calculating the Liability Interest Rate (LIR) applied by First Investment Bank AD ("Fibank" or "the Bank") as a basis for setting interest rates on credit transactions with legal entities.

The Bank shall determine a single LIR applicable to each individual type of currency in which it grants loans.

Section II. Methodology of Calculation

The LIR shall be determined every quarter based on the data published by the BNB 30 days after the end of each quarter of the year. The LIR shall become effective from the 1st of the following month (for example the LIR from August 1 shall be determined based on the data for the second quarter of the year published by the BNB on July 30).

The data for the LIR calculation shall be taken from the BNB website, section Bank Supervision / Credit Institutions (Banking Sector) / Financial Supervision Reports - Data / Banks and Foreign Banks' Branches, file „Banks and Foreign Banks' Branches Balance Sheet Statement (Statement of Financial Position) and Statement of profit or loss“, sheet "150", which contains reporting information for First Investment Bank AD.

The data are published at the following internet address:

<https://www.bnb.bg/BankSupervision/BSCreditInstitution/BSCIFinansReports/BSCIFRForeignBanks/>

Fibank shall inform its customers in a timely manner in the event of change in the above internet address.

LIR is a reference interest rate reflecting the effective market price of the Bank's financial liabilities. The formula for its calculation is as follows:

$$LIR = \frac{\text{Interest expense}}{\text{Financial liabilities}}$$

where:

Interest expense – the interest expense indicated on line 0090 "(Interest expense)" of "2. Statement of profit or loss" of First Investment Bank AD;

Financial liabilities – the financial liabilities obtained as the sum of lines 0010 "Financial liabilities held for trading", 0070 "Financial liabilities at fair value through profit or loss" and 0110 "Financial liabilities at amortized cost" from section 1.2 Liabilities of „1. Balance Sheet Statement (Statement of Financial Position)“ of First Investment Bank AD.

The ratio is recalculated on an annual basis by dividing it by the number of days in the period since the beginning of the year and multiplying it by the number of days in the year.

Section III. Transparency and Disclosure of LIR Information

With a view to transparency and trust in its relations with customers and in accordance with legal requirements, the Bank shall disclose the LIR and the methodology for its calculation on its website, as well as in other appropriate manners at its discretion.

Section IV. Final Provisions

This Methodology was adopted by the Management Board of First Investment Bank AD by resolution effective 01.08.2022.