

## SAVINGS-BASED INTEREST RATE (SIR)

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### METHODOLOGY OF FIRST INVESTMENT BANK AD FOR DETERMINING OF A REFERENCE INTEREST RATE WITHIN THE MEANING OF THE LAW ON CONSUMER CREDIT

#### Section I. Purpose

This Methodology establishes the method for determining and calculation of the Savings-based Interest Rate (SIR) applied by First Investment Bank AD ("Fibank" or "the Bank") as basis for determining the interest rates on loan transactions with individuals under the Law on Consumer Credit (LCC).

The Bank shall determine SIR for each individual currency in which it extends loans covered by the LCC.

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#### Section II. Methodology of calculation

SIR shall be determined on a monthly basis, based on data published by the BNB at the end of each month referring to the previous month. SIR shall enter into force from the first day of the month following the month in which it was determined (e.g. the SIR effective from July 1 shall be determined based on the data published by the BNB at the end of June, relating to the month of May).

The data for calculation of the reference rate shall be taken from the section „Interest Rates and Volumes of Outstanding Amounts on Overnight Deposits, Time Deposits and Deposits Redeemable at Notice of Non-financial Corporations and Households Sectors ” which is located on the BNB website in Statistics/Monetary and Interest Rate Statistics/Interest Rate Statistics/Interest Rate Statistics.

The data is published at the end of each month on the BNB website, at the following address:

<http://bnb.bg/Statistics/StMonetaryInterestRate/StInterestRate/StIRInterestRate/index.htm> .

Fibank shall inform its customers in a timely manner in the event of change of the address on which the above data is published.

The SIR of Fibank represents the average weighted rate on term deposits of the banking system. The concrete formula is as follows:

$$\text{СЛП}_{\text{ccy}} = \frac{IR_{H<2} \times BAL_{H<2} + IR_{H>2} \times BAL_{H>2} + IR_{C<2} \times BAL_{C<2} + IR_{C>2} \times BAL_{C>2}}{BAL_{H<2} + BAL_{H>2} + BAL_{C<2} + BAL_{C>2}}$$

where:

$\text{СЛП}_{\text{ccy}}$  – SIR in the respective currency (BGN, EUR, USD);

$IR_{H\leq 2}$  – annual effective interest rate on term deposits for households over 1 day to 2 years in the respective currency (BGN, EUR, USD);

$IR_{H>2}$  – annual effective interest rate on term deposits for households over 2 years in the respective currency (BGN, EUR, USD);

$IR_{C\leq 2}$  – annual effective interest rate on term deposits for nonfinancial enterprises over 1 day to 2 years in the respective currency (BGN, EUR, USD);

$IR_{C>2}$  – annual effective interest rate on term deposits for nonfinancial enterprises over 2 years in the respective currency (BGN, EUR, USD);

$BAL_{H\leq 2}$  – volume in million BGN of term deposits for households over 1 day to 2 years in the respective currency (BGN, EUR, USD);

$BAL_{H>2}$  – volume in million BGN of term deposits for households over 2 years in the respective currency (BGN, EUR, USD);

$BAL_{C\leq 2}$  – volume in million BGN of term deposits for nonfinancial enterprises over 1 day to 2 years in the respective currency (BGN, EUR, USD);

$BAL_{C>2}$  – volume in million BGN of term deposits for nonfinancial enterprises over 2 years in the respective currency (BGN, EUR, USD).

The SIR of Fibank for British pounds shall equal the SIR of Fibank for USD due to the absence of published statistics of the BNB on the interest rates for deposits in British pounds.

### **Section III. Disclosure and communication of information on SIR**

With a view to transparency and trust in its relations with customers and in accordance with legal requirements, the Bank shall announce SIR and the methodology for its calculation on its website and by other appropriate means at its discretion.

### **Section IV. Final provisions**

The present Methodology was adopted by the Managing Board of First Investment Bank AD by decision with effect from 23.07.2014.