

**METHODOLOGY OF MUNICIPAL BANK AD  
FOR CALCULATING THE REFERENCE INTEREST RATE  
ON LOANS TO CORPORATE CUSTOMERS**

**SECTION I  
GENERAL**

**Information about Municipal Bank AD**

1. Municipal Bank AD (hereinafter referred to as the "Bank") is a commercial company registered with the Commercial Register and the Register of Non-Profit Legal Entities at the Registration Agency with Uniform Identification Code (UIC) 121086224, with seat and registered office at: 6 Vrabcha Str., Sofia, e-mail: municipalbank.bg
2. Municipal Bank AD is a credit institution carrying out banking activities in the country and abroad based on license No. Б16, issued by the Bulgarian National Bank.

**Subject and Scope of the Methodology for Calculating the Reference Interest Rate on Loans to Corporate Customers (Methodology)**

3. This Methodology determines the procedure and method of calculating and applying the reference interest rate of Municipal Bank AD for corporate customers (RIRMBCC) when forming the variable interest rate on loans in national (BGN) and foreign (EUR) currency provided to corporate customers by the Bank.
4. A corporate customer (Customer) within the meaning of this Methodology is any local person, registered or created by law and operating in the country (with seat and registered office in the country or with seat and registered office outside of the country, through a registered branch in the country) or a foreign person with seat and registered office outside of the country (operating outside of the country or in the country, through a commercial or other representative office) - which local or foreign person is a non-financial enterprise and organization, a financial undertaking or a budget organization.
5. RIRMBCC is a reference interest rate for agreements for lending to corporate customers and is applied to the agreements under which the Bank and the customers have agreed to apply it.
6. RIRMBCC for loans to corporate customers is a variable interest rate and is applied to loans with a variable interest rate.

**Changes to the Methodology**

7. The Bank reserves the right to change this Methodology for calculating the RIRMBCC.
8. The Methodology and all amendments and supplements thereto are publicly disclosed by posting notices in the cash offices or on the Bank's website at: [www.municipalbank.bg](http://www.municipalbank.bg).
9. Any amendment to the Methodology shall apply from the date of the change only to loan agreements concluded after the date of entry into force of the changed methodology, unless the applicable legislation requires the application of the changes to already concluded loan agreements.

## **SECTION II**

### **REFERENCE INTEREST RATE OF MUNICIPAL BANK AD FOR CORPORATE CUSTOMERS**

#### **Nature of and Requirements for RIRMBCC**

10. When forming the variable interest rate on loans provided to corporate customers in BGN and EUR, the Bank uses the variable component RIRMBCC plus a margin. The determination of the RIRMBCC is not subject to negotiation.
11. RIRMBCC is an interest rate benchmark under Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks for the purposes of financial instruments and financial contracts or to measure the performance of investment funds, and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ, L 171/1 of 29 June 2016), or an index and/or indicator published by the Bulgarian National Bank (BNB) and/or the National Statistical Institute or a combination thereof.
12. RIRMBCC can only be a positive value or "0" (zero). If, as of the date of determination of the variable interest rate, RIRMBCC is with a negative value, the Bank assumes that the value of RIRMBCC is "0" (zero).
13. RIRMBCC is applicable to loans provided by the Bank to corporate customers in BGN and EUR.
14. The Bank also provides information about this Methodology and about the size of the RIRMBCC applied in premises to which the customers have access and on its website at: [www.municipalbank.bg](http://www.municipalbank.bg).

## **SECTION III**

### **DETERMINATION OF RIRMBCC**

#### **Sources of Data**

15. RIRMBCC is calculated by the Bank based on data from the Interest Statistics on Time Deposits for Households and Non-Profit Institutions Serving Households (NPISH) sector and the Non-Financial Corporations sector, published by the Bulgarian National Bank (BNB).
16. Data from the Interest Statistics on Time Deposits published by the Bulgarian National Bank are used for the calculations in the Methodology.
17. The following sectors are covered in the calculation:
  - a) Households and Non-Profit Institutions Serving Households (NPISH);
  - b) Non-Financial Corporations.
18. Data on interest rates and balances in BGN and EUR are used.
19. The following data series are used in the calculation:
  - a) interest rates and volumes on time deposit balances of the Non-Financial Corporations sector (TIME\_OA\_NFC);
  - b) interest rates and volumes on time deposit balances of the Households sector (TIME\_OA\_HH);

c) interest rates and volumes on new business on time deposits of the Households sector (TIME\_NBO\_HH);

d) interest rates and volumes on new business on time deposits of the Non-Financial Corporations sector (TIME\_NBO\_NFC).

20. The data are extracted from the BNB website:

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

### Calculation Formula

21. **RIRMBCC** is calculated by the following formula:

$$RIRMBCC = 0.5IR \text{ new business} + 0.5IR \text{ balances},$$

where:

IR new business is the weighted average interest rate on new business time deposits of the Households and NPISH sector and the Non-Financial Corporations sector in BGN and EUR for all maturity intervals. The Interest Rate (IR) for the new business may not be a negative number.

$$IR \text{ new business} = \max \left\{ \frac{IR_{T,HH,New} BAL_{T,HH,New} + IR_{T,NFC,New} BAL_{T,NFC,New}}{BAL_{T,HH,New} + BAL_{T,NFC,New}}, 0 \right\},$$

where:

$IR_{T,HH,New}$  is the weighted average interest rate on new business time deposits of the Households and NPISH sector in BGN and EUR for all maturity intervals;

$IR_{T,NFC,New}$  is the weighted average interest rate on new business time deposits of the Non-Financial Corporations sector in BGN and EUR for all maturity intervals;

$BAL_{T,HH,New}$  is the sum of the new business time deposits of the Households and NPISH sector in BGN and EUR for all maturity intervals;

$BAL_{T,NFC,New}$  is the sum of the new business time deposits of the Non-Financial Corporations sector in BGN and EUR for all maturity intervals;

IR Balances is the weighted average interest rate on time deposits on balances of the Households and NPISH sector and the Non-Financial Corporations sector in BGN and EUR for all maturity intervals. The IR for the new business may not be a negative number.

$$IR \text{ balances} = \max \left\{ \frac{IR_{T,HH,OA} BAL_{T,HH,OA} + IR_{T,NFC,OA} BAL_{T,NFC,OA}}{BAL_{T,HH,OA} + BAL_{T,NFC,OA}}, 0 \right\},$$

where:

$IR_{T,HH,OA}$  is the weighted average interest rate on time deposits on balances of the Households and NPISH sector in BGN and EUR for all maturity intervals;

$IR_{T,NFC,OA}$  is the weighted average interest rate on time deposits on balances of the Non-Financial Corporations sector in BGN and EUR for all maturity intervals;

$BAL_{T,HH,OA}$  is the sum of the time deposits on balances of the Households and NPISH sector in BGN and EUR for all maturity intervals;

$BAL_{T,NFC,OA}$  is the sum of the time deposits on balances of the Non-Financial Corporations sector in BGN and EUR for all maturity intervals;

22. The resulting RIRMBCC rate is rounded up to the second decimal place.

### **Calculation Periodicity**

23. RIRMBCC is calculated quarterly. The applicable value is determined based on the latest monthly data published by the BNB, available 5 business days before the start of the new quarterly period. The new RIR values come into effect on 1 January, 1 April, 1 July and 1 October.
24. The data used in the calculation may not refer to a period from the end of which more than 3 months have passed from the end of the period to the date of the calculation.

### **Application of RIRMBCC**

25. The Bank updates the value of RIRMBCC on loans four times a year.
26. The determined value of the RIRMBCC is applied for the relevant quarter, namely:
  - 26.1. The value determined at the end of December of the current calendar year is applied in the following calendar year, from 1 January to 31 March, inclusive;
  - 26.2. The value determined at the end of March of the current calendar year is applied from 1 April to 30 June of the same year, inclusive;
  - 26.3. The value determined at the end of June of the current calendar year is applied from 1 July to 30 September of the same year, inclusive;
  - 26.4. The value determined at the end of September of the current calendar year is applied from 1 October to 31 December of the same year, inclusive.
27. In the event of a change in the RIRMBCC value and as of the date of its entry into force, the total interest rate on the loan will be considered to be automatically changed in accordance with the adopted amendments while maintaining the amount of the agreed margin, of which the client shall be notified as agreed in the loan agreement.

## **SECTION IV**

### **REPLACEMENT OF THE APPLICABLE REFERENCE INTEREST RATE**

28. In case an interest rate benchmark, index or indicator used by the Bank as reference interest rate under loan agreements with corporate customers changes significantly or is no longer used, the Bank shall implement an action plan in accordance with Art. 28(2) of Regulation (EU) 2016/1011 of the European Parliament and of the Council.
29. When replacing a reference interest rate under the procedure of para. 28, the interest terms under the loan agreements shall be considered to be automatically changed in accordance with the applied amendments, and at the time of replacement, the size of the new interest rate under the relevant loan agreement may not be higher than the size of the previous interest rate under the agreement.

### **FINAL PROVISION**

§1. This Methodology of Municipal Bank AD for Calculating the Reference Interest Rate on Loans to Corporate Customers is adopted by a decision of the Bank's Management Board (MB) dated 26 November 2024, enters into force on the same date and applies to loan agreements with corporate customers concluded after the date of its entry into force or under which the Bank and the customers have agreed to apply it.