

METHODOLOGY

FOR

**CALCULATING THE REFERENCE INTEREST RATE OF UNITED BULGARIAN BANK AD
FOR LOANS TO INDIVIDUALS, IN EFFECT AS OF 22.12.2025**

1. General Provisions

- 1.1.** This methodology defines the way in which the Reference Interest Rate of United Bulgarian Bank AD (the "Bank"), applicable to loans with a variable interest rate in the euro currency is being determined and calculated, as well as the procedure for subsequent changes to its value.
- 1.2.** This Methodology shall be applicable to agreements for loans to individuals in the euro currency /mortgage loans, consumer loans and overdrafts/ with a variable interest rate, and concluded after 22.12.2025 inclusive, as well as to all currently active loans to individuals as of 22.12.2025, with regard to which after the said date the interest rate conditions under the loan have been renegotiated in writing, involving the inclusion of a Reference Interest Rate, determined according to this Methodology, and serving as a manner of calculating the variable interest rate on the loan.
- 1.3.** For the purposes hereof:
- 1.3.1. "Loan Interest Rate"** shall mean the interest rate, expressed as a fixed or variable percentage, which is being charged on an annual basis to the utilized loan amount.
- 1.3.2. "Variable Interest Rate on the Loan,"** shall mean the interest rate, envisaged in loan agreements of individuals, under which the Bank and the borrower have agreed that the contractual interest rate, applicable to agreements, is to be formed on the basis of a **Reference Interest Rate** (variable component) in EUR **plus a fixed margin**.
- 3.3.1. "Reference Interest Rate" (RIR)** of United Bulgarian Bank AD shall be the interest rate, used as a basis to calculate the variable interest rate, applicable to loan agreements of individuals. The RIR value is being determined only for EUR loans of individuals. The Reference Interest Rate, applicable to loans of individuals in the euro currency, is being calculated, based on the Interest Rate Statistics of the Bulgarian National Bank in the manner, determined in Item 2. further below.
- 1.3.4. A fixed margin**, taking into account the level of risk, assumed by the Bank upon granting the loan. This margin has been stated in the loan agreement and cannot be changed unilaterally over the entire loan period.

2. Procedure for calculating and changing the Reference Interest Rate

- 2.1.** RIR is being calculated based on the following formula:

$$RIR = \frac{IR \text{ Households} \times Volume \text{ Households} + IR \text{ Non – financial corp.} \times Volume \text{ Non – financial corp.}}{Volume \text{ Households} + Volume \text{ Non – financial corporations}}$$

where:

Interest rate Households – effective annual interest rate on EUR deposit balances of Households with agreed maturity of over 1 day and up to 2 years.

This indicator is being calculated by the Bulgarian National Bank as an average weighted value for the entire banking sector and is being published on the BNB webpage.

Volume Households – volume of EUR deposits of Households with agreed maturity of over 1 day and up to 2 years /average-weighted, published on the BNB webpage/.

Interest rate Non-financial corporations – effective annual interest rate on EUR deposit balances of Non-financial corporations with agreed maturity of over 1 day and up to 2 years. This indicator is being calculated by the Bulgarian National Bank as an average weighted value for the entire banking sector and is being published on the BNB webpage.

Volume Non-financial corporations – volume of EUR deposits of Non-financial corporations with agreed maturity of over 1 day and up to 2 years /average-weighted, published on the BNB webpage/.

This data is being published on a monthly basis in the interest rate statistics of the BNB, on the regulator's official webpage. In the website of United Bulgarian Bank AD there is a direct link to the documents, published by the BNB.

2.2. The RIR value recalculation according to this Methodology is being made by the Bank 2 (two) times a year, on 1-st March and on 1st September - „Interest Rate Recalculation Date". The recalculation is being made based on the most recently announced value on the BNB webpage, prior to the Interest Rate Recalculation Dates.

2.3. The resultant RIR values are being rounded up to two decimal places and stated in percentages (for example: 0.6423% is being rounded up and stated as 0.64%; 0.6455% is being rounded up and stated as 0.65%). The value, announced by the Bank as per Item 4 further below shall be used for the calculation of the new interest rate.

2.4. Upon a negative RIR value, the latter shall be considered equal to 0 %, while the ultimate interest rate on the Borrower's loan shall not be lower than the fixed margin.

3. Applying the Reference Interest Rate

3.1. The first RIR calculation, using this methodology has been made using values of the relevant indicators as of 27.08.2025.

3.2. The new and recalculated as per Item 2 Reference Interest Rate value under existing loans to individuals, to whom this Methodology is applicable, shall be applied as of the first maturity date, succeeding the recalculation date.

3.3. Should there be a change in the RIR value over the period between the Loan Agreement signing date and the drawdown /first utilization of loan funds, which change has been made according to the procedure and within the deadlines, stipulated above, then upon the loan drawdown an updated variable interest rate shall be applied, based on the new RIR value.

3.4. Should the indicators, included in the formula hereunder change substantially or be repealed, then the Bank shall apply an Action Plan pursuant to Regulation (EU) 2016/1011 of the

European Parliament and of the Council dated 8 June 2016 on indices, used as benchmarks in 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) № 596/2014 (OB, L 171/1 dated 29 June 2016) referred to hereinafter as „Regulation (EU) 2016/1011“.

4. Information to be announced publicly.

4.1. In accordance with legal requirements the Bank announces on its website this Methodology, the current RIR value, calculated by it and maintains data about all RIR values, determined by it and based on the RIR Calculation Methodology. The Methodology and the currently effective RIR values are available in the banking halls.

This Methodology for calculating the Reference Interest Rate of United Bulgarian Bank AD on loans to individuals has been adopted with a decision of the UBB AD Management Board /Minutes № 72/16.12.2025/ and comes into effect as of 22.12.2025.

To all loan agreements, concluded with individuals prior to 22.12.2025, the applicable interest rate calculation methodology shall be that, negotiated in the relevant agreement.

GENERAL INFORMATION ABOUT THE ACTION PLAN

In implementation of Regulation (EU) 2016/1011 of the European Parliament and of the Council dated 8 June 2016 on indices used as benchmarks in 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) № 596/2014 (OB, L 171/1 dated 29 June 2016) („Regulation (EU) 2016/1011“), the Bank maintains an Action Plan, should the Reference Interest Rate be materially amended or should it be discontinued. To date the Action Plan, adopted by the Bank and relevant hereto, is the following:

- If, for any reason whatsoever 2 (two) days prior to the Interest Rate Recalculation Date on the BNB website or on another replacement website there is no published value of a certain and/or of all components, involved in the calculation of the used benchmark (ERIR) as per the BNB statistics for the respective month, preceding the month, in which the respective recalculation is being made, then the BANK shall apply the most recent value of that/those and/or of all components, involved in the ERIR calculation as per the BNB statistics, officially published on the BNB website, respectively on the replacement website, valid prior to the first day of the respective month, in which the respective recalculation is being made, over a period of 3 (three) calendar months, counted from the month, following the month, for which there is information published about the needed ERIR components.
- If, after expiry of the above period, on the BNB website/ respectively on its replacement website, there is still no information announced of the value of any and/or of all components, involved in the calculation of the used interest rate benchmark (ERIR) according to the BNB statistics over the previous three consecutive calendar months, the

Bank shall proceed to replacing that/those and/or all components with alternative ones, published on the BNB website or from another official source.

- If such alternative official information is not available for any of the components, involved in the calculation of the used interest rate benchmark (ERIR) according to the BNB statistics over the previous three consecutive calendar months, then the applicable Reference Interest Rate going forward shall be the 6-month EURIBOR value, 2 (two) business days (spot value) prior to the Interest Rate Recalculation Date.
- Should the 6-month EURIBOR value change significantly or should it be discontinued, then the Action Plan for EURIBOR shall respectively be applied.

2. Application criteria

The new interest rate basis or the new Reference Interest Rate shall have to meet the following criteria:

- It should be in the same currency as that of the interest rate benchmark, which is being replaced.
- It should have the same periodicity as that of the interest rate benchmark, which is being replaced.
- There should also be a balancing discount, included in the new Reference Interest Rate, so as to have the ultimate interest rate remaining unchanged as of the date of the initial application of the replacement and not to exceed the most recently applicable interest rate under the agreement, as reflected in the Credit Institutions Act, Consumer Loans Act and in the Consumer Real Estate Loans Act.
- The choice of an alternative interest rate calculation basis is being made in accordance with the statutory requirements to interest rate benchmarks as per Annex 1 to Regulation (EU) 2016/1011 of the European Parliament and of the Council, as well as based on an analysis of the existing options, based on the data, published on generally accessible leading financial websites - www.euribor.org or www.euribor-rates.eu (or on other webpages, replacing those), as well as on the platforms for analysis and trade in financial instruments (for example Bloomberg and LSEG). The analysis aims at choosing an interest calculation basis, which is closest in terms of characteristic features (value, period, currency, development expectations, volatility) to that, which was applicable under contractual relations between the Bank and its clients until the moment of change or cancellation. This is made due to the need to maintain and apply a sustainable interest rate policy by the Bank.

It is envisaged that the initial application of the replacement index should happen not later than 3 (three) months of the benchmark discontinuation or after expiry of the contractual fixing period, as upon the initial transition, the Interest Rate shall not exceed - as per the Credit

Institutions Act /Consumer Loans Act /Consumer Real Estate Loans Act - the most recently applicable Interest Rate under the Agreement with the Client. Over the period from benchmark discontinuation until the initial application of the replacement index the value used shall be the last available value of the benchmark rate.