

Dear Customers,

In line with our policy of transparency and commitment, we would like to inform you that as of 15.03.2018 there will be changes in the General Terms and Conditions for granting loans. After taking effect the changes will concern only newly-granted and re-negotiated credit transactions in BGN for individuals and business entities.

What do the changes consist of?

On the basis of EU regulations a decision was taken for an alternative annual interest rate to be included in all credit products in BGN. It shall be applied only in case of cessation of SOFIBOR quote and if SOFIBOR is not replaced with another index by the regulator.

How is the interest under loans currently calculated?

Currently, the following formula is used for calculating the AIR (annual interest rate) for loans in BGN:

$\text{SOFIBOR} + \text{fixed margin} = \text{AIR}$

How will the interest under newly-granted loans be calculated after 15.03.2018?

The loans will still be granted on the basis of SOFIBOR index.

In case of cessation of SOFIBOR quote, the index will be replaced by a BIR (base interest rate) and the formula for calculating the AIR will be as follows:

$\text{BIR} + \text{fixed margin} = \text{AIR}$

What is a base interest rate?

The base interest rate has been determined independently by BNB since 04.02.1991. In a sense, the base interest rate performs the role of a “regulator” of the value of the money in a given economy. Currently, the value of the base interest rate is 0.00%.

Will the interest under existing loans be calculated in a different way?

The change in the terms and conditions shall apply only to newly-granted loans as of 15.03.2018 as well as to existing loans the parameters of which are subject to renegotiation. In the event of any possible replacement of SOFIBOR with BIR, the effective interest rate on loans shall remain unchanged, which will result in a change in the applicable margin.

Is any action required by customers?

No actions are required by customers.

The Bank provides pre-contractual information to all individuals, aiming to notify borrowers of all the details of a transaction which is about to be conducted.

If you have any questions or need further information, please, contact your personal banker or visit the nearest branch.