

Why choose Ancoria Bank Base Rate?

The Ancoria Bank Base Rate (BBR) for loans, is derived in line with one of our core values; Transparency. Our BBR is calculated using solely externally determined and publicly available components, which are not influenced by the Bank.

How often is the BBR calculated?

The BBR is calculated on predetermined time intervals and aims to reflect the actual cost of funds in the local market and quantify the cost of regulatory liquidity requirements.

How often does the BBR change?

The BBR is recalculated and published by the Bank on the second Monday of each calendar quarter. If the recalculation date falls on a local and/or Eurosystem's public holiday, the recalculation and publication will take place on the following working day.

How is the Ancoria Bank BBR calculated? - Method of calculation

$$\text{BBR} = \text{Cost of Funds (A)} + \text{Liquidity Cost (B)}$$

Cost of Funds (A)

What does Cost of Funds really mean?

The cost of funds component reflects the average cost of customer deposits in the local market. In other words, it reflects the average interest rate paid by banks in Cyprus on euro-denominated deposits of maturities of up to two years.

How is the Cost of Funds calculated and how do I know that it is transparent?

This average deposit rate is not published by Ancoria Bank, it is published by the Central Bank of Cyprus (CBC) in its Monetary and Financial Statistics. Current and historical rates can be found under table 9 in CBC's monthly Monetary and Financial Statistics reports.

Why does Ancoria Bank not derive its own cost of funds?

In an effort to maintain high transparency standards, Ancoria Bank has decided to use only externally derived figures which are publicly available. This approach enables our customers to decompose the BBR, feel more comfortable and better understand the factors that can affect their loan rates and repayment schedule.

Liquidity Cost (B)

What does Liquidity Cost mean and how is it calculated?

As per regulatory requirements and prudence, the Bank needs to maintain a portion of its funds in liquid assets. The liquidity cost is calculated by multiplying the Liquidity Outflow Rate by the difference between Cost of Funds (as explained above) and the Risk-Free Rate (Interest rate offered by European Central Bank (ECB) to financial institutions for overnight deposits in euro).

What does Liquidity Outflow Rate mean?

According to the (EU) 2015/61 regulation all banks need to consider a possible outflow of deposits when assessing their liquidity. Outflows are calculated by multiplying the outstanding balances of various types of deposits and other commitments by the rate at which they are expected to run off or be drawn down. In the BBR calculation, the Bank uses the highest outflow rate for retail deposits which currently stands at 20%.

What if any of the components used in the calculation becomes unavailable in the future?

In such a case the Bank will redefine the component using another relevant publicly available rate/index/benchmark and adjust its BBR calculation accordingly.

Are there any other occasions where the Bank can potentially change its BBR calculation?

The Bank reserves the right to replace any of the components used in the calculation of BBR with another relevant publicly available rate/index/benchmark and adjust its BBR calculation accordingly, in order to fairly reflect any changes in the regulatory environment and/or market conditions. For more details on the conditions and parameters taken into account for any future changes, please refer to the Ancoria Bank website.

<https://www.ancoriabank.com/sites/default/files/Rates-Definitions.pdf>

Will Ancoria Bank notify me of any changes in the BBR?

Yes. Ancoria Bank will communicate any changes in the BBR components or in the calculation methodology to all of its customers that use BBR based products. In addition, any amendments will be posted on the Ancoria Bank website.

Where is BBR used?

The Ancoria Bank BBR can be used as the base of your choice in a range of loan products offered by the Bank for both Individuals and Businesses. Specifically, it can be used for Housing Loans, Student Loans, Car Loans, Personal Loans and Business Loans.

Where can I get more information on the Ancoria BBR?

You can visit the Ancoria Bank website where you can find all the relevant details by following the link below:

<https://www.ancoriabank.com/sites/default/files/Rates-Definitions.pdf>

Alternatively, you can contact us by phone at 8000 0050 or visit any one of our Banking Centres in Nicosia, Limassol and Larnaca.