

# GENERAL TERMS AND CONDITIONS OF CIBANK FOR GRANTING LOANS SECURED BY A MORTGAGE TO INDIVIDUALS

## GENERAL PROVISIONS

1. These General Terms and Conditions govern the terms and conditions under which CIBANK (the Bank) provides loans secured by mortgages to individuals (Borrowers).

## PURPOSE OF FINANCING

2. The Bank offers loans secured by a mortgage to individuals for the following purposes:

- Purchase of property: apartments (incl. adjacent garages or parking spaces), houses, villas, studios, offices, bureaus, etc., with a minimum degree of completion at a "rough construction" stage (Act 14);
- Purchase of completed (fully finished) properties: apartments (incl. adjacent garages and/or parking spaces), houses, villas, studios, offices, etc.;
- Purchase of regulated land plots intended for residential or holiday home construction;
- Buying shares of co-owned property;
- Carrying out finishing works, improvements, renovations, repairs of completed (ready) real estate;
- Refinancing the borrower's/guarantor's or another individual's credit liabilities granted by other banks.
- Financing of current needs.

## LOAN COLLATERALISATION

3. For the purposes of securing a loan to be used for the purchase of a property (completed or at a "rough construction" stage), purchase of ideal shares of co-owned property, finishing works, improvements, renovation, repair, refinancing of credit liabilities, or for financing of current needs, a (legal/contractual) mortgage on real estate shall be established in favor of the Bank

4.1. The Borrower shall, if necessary, establish a pledge on future receivables in favor of the Bank on his/her remuneration originating from an employment contract/contract for management and control, or pension, or pledge on future receivables from signed contracts for a freelance practice.

4.2. As an additional collateral, the Bank requires a pledge on cash receivables on existing accounts of the Borrower at CIBANK and accounts which will be opened at the Bank.

## REQUIREMENTS TO THE BORROWER

5. The Borrower shall meet the following conditions:

- To be an active adult individual with permanent residence in Bulgaria;
- To have a current account at the Bank;
- To have no outstanding state and/or municipal debts;
- If the Borrower has credit obligations under loans granted by CIBANK and/or other banks, they should be classified as "regular exposures" as to the date of submitting the credit application;
- To have a regular monthly (social security) income, acceptable for the Bank and originating from:
  - an employment/service relationship under an employment contract/order/contract for management and control with a minimum of 3 (three) months of service with the company where he/she works as to the date of submitting the loan application; the Borrower is not in a probationary period or awaiting termination of the employment/service relationship, is not employed temporarily or seasonally, and receives regularly his/her employment/service remuneration;
  - a freelance practice in the Republic of Bulgaria, which has been carried out for a minimum of one year before filing the credit application, and without a record of interruption of the activity during the six months preceding the credit application;
  - civil relationships as a sole proprietor, and with activities carried out for at least one year before filing the credit application (should have a completed tax period);
  - pension;
  - letting of his/her own property (may only supplement the basic income).

6. The Borrower shall deposit a written loan application (as per the bank's template). If the Bank gives a positive opinion on the application, it will offer the applicant to sign a loan contract.

## PROVISION OF PRE-CONTRACTUAL INFORMATION

7. Before the client is bound by a proposal or conclusion of a loan contract, secured by a mortgage, the Bank shall provide him/her with free pre-contractual information according to the client's preferences and on the basis of the conditions offered by the Bank under the respective credit products.

## AMOUNT, PERIOD AND CURRENCY OF THE LOAN

8. The amount, currency and period for disbursement/repayment are determined depending on the purpose of the loan, the credit capacity of the Borrower, the type and adequacy of the proposed collateral. The Bank offers loans secured by a mortgage in national or foreign currency (EUR).

## ANNUAL PERCENTAGE RATE

9. The Annual Percentage Rate (APR) on a loan, secured by a mortgage, is calculated using a formula as per the Law on Consumer Credit and reflects the total present or future (interest, fees, commissions, etc.) costs of the Borrower on the loan. The APR is determined according to the specific loan amount and period.

## DISBURSEMENT OF THE LOAN

10. The loan is disbursed through the current account of the Borrower, one off or in stages (tranches) according to its purpose, and after: the collateral provided under the loan contract has been established; the client has presented a permanent certificate or a certificate issued for a period of not less than 10 years back for a first-ranking mortgage on the collateral property, registered in favor of the Bank; the client has presented an original insurance contract insuring the real estate/s, accepted as collateral; payment of the fees and commissions related to the loan.

## INTEREST, FEES AND COMMISSIONS

11. A loan secured by a mortgage on immovable property shall bear interest at a fixed or floating annual interest rate, determined in the loan contract.

12. The floating interest rate is the sum of the variable bank interest rate (BIR) of CIBANK for loans in national/foreign currency and an agreed margin.

13. The Bank has the right to unilaterally change the BIR of CIBANK for loans in national/foreign currency. The BIR amount is changed by a decision of the Management Board of the Bank, in compliance with the adopted methodology, upon change in any of the following objective parameters and factors, by which the BIR is determined, namely: the weighted average value /in %/ of the cash resources borrowed by the BANK in the respective currency; the price of the new cash resources which the BANK may borrow at any time; the market interest indexes BIR, SOFIBOR, EURIBOR, LIBOR; the direct non-interest expenses related to the borrowed cash resources - minimum required reserves, the amount of the contribution to the Deposit Insurance Fund; the legislation and/or regulations of the Bulgarian National Bank;

14. The Bank shall inform the Borrower of any change in the applicable BIR by displaying information at the Bank's offices and on its website at least ten (10) days before the change enters into force. If the Borrower does not accept the change, the Borrower may notify the BANK in writing about that and terminate the contract, while repaying the entire outstanding amount of the loan by the date of entry into force of the new BIR. Any failure of the Borrower to repay the outstanding amount of the loan within the specified period shall be deemed acceptance of the new BIR.

15. The accrual of the interest due under this contract will begin on the date of the first disbursement. For the purposes of calculating the interest, one year is considered to consist of 360.

16. The Borrower shall pay to the Bank the fees and commissions referred to in the loan contract within the specified time limits.

17. The Bank charges the following fees and commissions on a loan secured by a mortgage on real estate:

- One-off application and review fee payable upon submission of an application for obtaining a mortgage loan;
- One-off processing commission accrued on the amount of the approved loan and payable on signing a loan contract;
- Management fee charged annually on the outstanding loan amount and payable - for the first year of the loan contract - upon the first disbursement of funds, and for each subsequent year - together with the first installment for the respective year of the loan repayment;
- Fee for valuation/revaluation of the property offered as collateral, which is payable upon signing a letter of assignment for the preparation of a valuation by a licensed valuer;
- Commitment commission, payable on each disbursement of funds from the loan during the agreed disbursement period, after the expiry of the first month as of the signing date of the loan contract;
- Fee for renegotiation of the loan conditions, to an amount specified in the Bank's Tariff, which is accrued on the outstanding loan amount and payable upon signing an annex to the loan contract;
- Fee for changing the date for payment (maturity date) of the monthly installment, to an amount specified in the Bank's Tariff, payable when depositing an application for such a change;
- Early repayment fee, charged on the amount repaid ahead of schedule and payable on submitting an application for early repayment;
- Fee for replacement of a contract for a registered pledge on future receivables, to an amount as per the Bank's Tariff, payable when replacing a contract for registered pledge on future receivables of the Borrower during the term of the loan;
- Fee for deletion of a mortgage, to an amount as per the Bank's Tariff, payable on submitting an application for deletion of the mortgage and does not include the notary fee and state fee due for registration of the deletion;
- Fees and commissions charged on the payment account servicing the loan, including on bank transactions carried out through it, as well as on the bank card used (if any), in the amounts specified in the Bank's Tariff.

The Borrower shall pay all fees and other expenses related to the establishment, changes, and deletion of collaterals on the loan.

The amounts of the fees and commissions in item 17, except those under the Bank's Tariff, are specified for each loan product and in the loan contract, signed between the Bank and the Borrower. The amounts of the fees and commissions on the loan, payable under CIBANK's Tariff, are subject to change during the term of the loan, taking into account the indexes and parameters referred to in item 13. The changes in the Tariff shall be displayed at the Bank's offices and on the Bank's website at least ten (10) days prior to their entry into force. If the

Borrower does not accept the changes, he/she is entitled to notify the BANK in writing of his/her disagreement and terminate the loan contract, while repaying the entire outstanding amount of the loan by the date of entry into force of the changes. Any failure of the Borrower to repay the outstanding amount of the loan within the specified period shall be deemed as an act of acceptance of the changes.

#### LOAN REPAYMENT

18. The loan repayment period and the final maturity date are specified in the loan contract.

19. The loan shall be repaid in monthly annuity installments or equal installments on the principal and interest, indicated in a repayment schedule attached to the loan contract. The schedule is updated automatically by the BANK upon any change of the BIR, while preserving the term of the contract and without any need for signing an annex thereto. In case of loan disbursement in tranches, the schedule is updated upon each disbursement.

20. The Borrower can repay ahead of schedule the whole outstanding amount of the principal prior to the agreed maturity date of the loan. The Bank allows early partial repayment provided that: the amount repaid ahead of schedule is not less than the sum of two monthly installments; the Borrower has lodged an application for early repayment and has provided funds on the loan-servicing account sufficient to cover the commission for the service, the interest payable at the time and the amount specified in the application for early repayment.

21. In case of early repayment of part of the loan, the repayment schedule is recalculated to the first due date following the date of the early repayment, and, at the request of the Borrower, either the repayment period is preserved while reducing the amount of the installments or the repayment period is reduced while preserving the amount of the installments, for which an annex shall be signed.

#### ADDITIONAL PROVISIONS

22. In case of any differences between the provisions of these General Terms and Conditions and the loan contract and/or contract/s for collateral, the provisions of the respective contract shall prevail.

23. In case of any differences between the provisions of these General Terms and Conditions and the imperative legal framework, the law shall be applied.

24. The Bank reserves its right to update these General Terms and Conditions, and in case of amendments hereto, the Bank shall promptly notify its clients of the changes and the last update by displaying them in the Bank's offices and via its electronic channels.

These General Terms and Conditions were approved by the Management Board of CIBANK under Minutes No15/21.04.2011, effective as of 02.05.2011., , amended with Protocol No 29/02.08.2012