

TERMS AND CONDITIONS OF CIBANK FOR GRANTING LOANS COLLATERALIZED WITH A MORTGAGE TO INDIVIDUALS

GENERAL PROVISIONS

1. These Terms and Conditions define the procedure under which CIBANK JSC (the Bank) provides loans collateralized with a mortgage to individuals (Borrowers).

PURPOSE OF FINANCING

2. The Bank grants loans collateralized with a mortgage to individuals for the following purposes:

- Buying real estate - apartments (incl. adjacent garages or parking spaces), houses, villas, studios, offices, surgeries, law firm offices, etc. - completed to at least a "rough construction" stage (Act 14);
- Buying completed (fully finished) real estate - apartments (incl. adjacent garages and/or parking spaces), houses, villas, studios, offices, etc.;
- Buying regulated land plots intended for residential or holiday home construction;
- Buying shares of a co-owned property;
- Carrying out finishing works, improvements, renovations, repairs of completed (ready) real estate;
- Refinancing the borrower's/guarantor's or a third party's loans granted by other banks;
- Financing of current needs;

LOAN COLLATERAL

3. To collateralize the loan to be used for buying real estate (completed or at a "rough construction" stage), for buying shares of co-owned property, for 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, pension, or a pledge on future receivables from contracts for freelance activities.

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

4.3. For loans granted after 14.07.2014, where the Bank is satisfied in full to the amount of collateral under it. 3 after the court has ordered enforcement proceedings on the collateral or after the borrower has performed a sale with the consent of the Bank, there shall be no requirement to establish a pledge under it. 4.1. and 4.2.

REQUIREMENTS FOR THE BORROWER

5. The Borrower shall meet the following conditions:

- To be a legally capable adult 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 loans granted by CIBANK and/or other banks, they must fall into the category of "regular exposures" on the date of submitting the loan application;
- To have a regular monthly (social security) income, acceptable to the Bank and originating from:
 - a labor/civil servant contract/appointment order/management and control contract with an employment history of at least 3 (three) months at the Borrower's place of work as to the date of the loan application. The Borrower is not on a trial period or in a period of termination of his/her labor/civil servant contract, is not on a temporary or seasonal job placement and has received regularly his/her labor/civil service remuneration;
 - a freelance practice in the Republic of Bulgaria, which has been carried out for a minimum of one year before submitting the loan application, and without a registered interruption of the activity during the six months preceding the loan application;
 - civil contract as a sole trader dated at least one year before submitting the loan application (borrower must have a closed tax period);
 - pension;
 - renting out his/her own property (this shall be considered only as supplementing the main income).

6. The Borrower shall submit a 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.

PROVIDING PRE-CONTRACTUAL INFORMATION

7. Before the client is bound by a proposal or conclusion of a loan contract, collateralized by a mortgage, the Bank shall provide him/her with free pre-contractual information in line with the client's preferences and based on Bank's terms and conditions for the respective credit products.

AMOUNT, TERM AND CURRENCY OF THE LOAN

8. The amount, currency and term for disbursement/repayment are determined depending on the purpose of the loan, the credit capacity of the Borrower, the type and sufficiency of the proposed collateral. The Bank grants loans collateralized with a mortgage in national (BGN) or foreign currency (EUR).

ANNUAL PERCENTAGE RATE

9. The Annual Percentage Rate (APR) on a loan collateralized with a mortgage, is calculated using a formula given in the Law on Consumer Loans and reflects the total present or future costs of the Borrower for the loan (interest, fees, commissions, etc.). The APR is determined according to the specific loan amount and term.

DISBURSEMENT OF THE LOAN

10. The loan is disbursed in the Borrower's current account either with a one-off payment or in stages (tranches) according to its purpose 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 for the duration of the loan term; payment of the loan fees and commissions. The expenses for signing an insurance contract shall be paid by the borrower, they are decided by respective Insurer and amended if there is a change to the insurance premium set by the Insurer.

INTEREST, FEES AND COMMISSIONS

11. A loan collateralized with a mortgage on a real estate shall bear floating annual interest rate, specified in the loan contract.

12. The floating interest rate shall be formed as the sum of the variable reference interest rate (RIR) of CIBANK for loans in national/foreign currency and an agreed margin.

13. The RIR of CIBANK is determined in accordance with a methodology approved by the Bank for calculation of the reference interest rate of CIBANK JSC (Methodology). The existing RIR can be changed twice a year if the values of the market indexes and indicators on which the RIR has been based and which are indicated in the methodology, have changed as to 30 June and 31 December and this change in the values leads to a difference of 0.5% in absolute value between the existing and the new RIR.

14. The Bank shall inform the Borrower about the new RIR before the change comes into effect and the first interest installment with the new RIR shall be payable on the relevant date for interest payment in the month which follows the month in which the new RIR enters into force. If the Borrower does not accept the change, he/she has the right to notify the Bank in writing about that and terminate the contract, while repaying early the entire outstanding amount of the debt.

15. The accrual of due interest shall begin on the date of the first disbursement of loan amounts. For the purposes of interest accrual, the year is deemed to consist of 365 days.

16. The Borrower shall pay to the Bank with own funds the fees and commissions specified in the loan contract as well as in the Tariff within the specified time limits. If there are not sufficient funds in the Borrower's account at the moment when payments are due, the Bank may collect automatically the payable fees and commissions from the amount of the approved loan.

17. The Bank shall charge the following fees and commissions on the granted overdraft consumer loan:

- One-off review fee payable upon submission of an application for obtaining an overdraft consumer loan;
- A fee for renegotiation of price parameters under the contract, payable upon signing an annex;
- A fee for renegotiation of other conditions of the contract other than price, payable upon signing an annex;
- The amount of the fees and commissions is specified for each loan product and included in the loan contract signed between the Bank and the Borrower.
- Other fees and commissions payable for the overdraft loan, including those for the related servicing account and bank card specified in the Bank's Tariff, as follows:
- Fees and commissions for effected banking operations including those related to the account servicing the loan and the used bank card. The fees and the commissions mentioned in the Tariff can be changed with a decision of the Bank's Management Board in compliance with the requirements of the Law on Payment Services and Payment Systems. Changes in the Tariff shall be made public at the Bank's offices and website.

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

LOAN REPAYMENT

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

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

20. The Borrower is entitled to repay early part of or the entire loan principal before the contract expires. The Bank shall allow early repayment if the Borrower has submitted a written request and provided the early repayment amount into the account servicing the loan.

21. In case of early repayment of part of the loan, the repayment schedule shall be 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. The Borrower shall not pay a fee for early repayment of the loan.

ADDITIONAL PROVISIONS

22. In case of any differences between the provisions of these 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 Terms and Conditions and the mandatory legal framework, the existing law shall be applied.

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

These Terms and Conditions have been adopted on the grounds of Art. 59 of the Law on Credit Institutions with a decision of the Management Board of CIBANK under Minutes No 29/07.07.2014 and they are applicable to loans offered as of 14.07.2014.