

GENERAL INFORMATION
ON THE GRANTING MORTGAGE LOANS TO INDIVIDUALS

Lender	<p>MUNICIPAL BANK AD UIC 121086224</p> <p>Headquarters and registered address: Sofia 1000, Oborishte Region, 6 Vrabcha St. Website: www.municipalbank.bg Phone: 0700 1 58 85</p>
Loan objectives	<p>1. Acquisition or retention of real right over real estate (housing loans), incl. for:</p> <ul style="list-style-type: none"> > Purchase of already constructed real estate (building or part thereof) which is finished and has been put into operation with the relevant documents; > Purchase of already constructed real estate, for which at least 50% of the total built-up area is for residential needs, documented; > Purchase of a residence under construction - in the process of construction at the stage of "rough structure" (Act 14) and from the stage of "completed rough structure" (Act 15); > Purchase of real estate in combination with a loan for repairs or finishing works; > Finishing works, improvements, reconstruction, repair; > Purchase of shares of a co-owned property. <p>2. Financing current needs.</p> <p>3. Refinancing of loan obligations of the borrower, joint debtor or other individual to the Bank or to other financial institutions, for the purposes of the previous items 1 and 2.</p>
Collateral	<p>1. Mortgage in favor of the Bank on liquid real estate located on the territory of the Republic of Bulgaria;</p> <p>2. Pledge on the future income of the borrower / joint debtor - in all cases where it is agreed that upon enforcement the borrower / joint debtor shall be liable under Art. 133 of the Obligations and Contracts Act (the "full liability" option).</p>
Maximum loan term	Up to 30 years (360 months)
Term for taking a decision on the conclusion of the loan agreement	The term for taking a decision on the conclusion of a loan agreement by the consumer is 14 (fourteen) days from the receipt of a draft loan agreement.

<p>Type of interest rate</p>	<ul style="list-style-type: none"> ➤ Fixed interest rate for the first 10 years and variable interest rate for the remaining loan term (the option is applicable to loans in EUR) or ➤ Variable interest rate for the entire term of the loan <p>The variable interest rate is formed, applied and changed in accordance with the Methodology of Municipal Bank AD for the formation of a variable interest rate within the meaning of the Consumer Loans Act and the Consumer Credits Related to Immovable Property Act, on loans provided to individuals (Methodology), published on the Bank's website.</p> <p>The variable interest rate is formed as the sum of the reference interest rate - the 6-month EURIBOR index plus a fixed contractual surcharge.</p> <ol style="list-style-type: none"> 1. Six-month EURIBOR - "6MTH EURIBOR" is calculated on the basis of interest rates offered between first-class banks in the Economic and Monetary Union for six-month interbank deposits, as published on the EURIBOR & EONIA FIXINGS page in BLOOMBERG upon the numerical convention /actual number of days elapsed/ of 360, considered up to the third decimal place without rounding. 2. The Bank updates the value of the applied 6MTH EURIBOR monthly, from the 1st day of each calendar month, and accrues interest on the offered loans according to the value of the 6MTH EURIBOR, published on the pages of EURIBOR & EONIA FIXINGS in BLOOMBERG on the last business day of each calendar month. 3. If on the date of the update the Bank is unable receive information on the value of the 6MTH EURIBOR, the Bank determines the interest rate based on the latest values of the 6MTH EURIBOR published on the page EURIBOR & EONIA FIXINGS in BLOOMBERG. 4. In the event of a change in the six-month EURIBOR according to the EURIBOR & EONIA FIXINGS page in BLOOMBERG and from the date of its entry into force, the total interest rate on the loan will be considered automatically changed in accordance with the adopted changes, while maintaining the agreed surcharge. 5. The variable interest rate on the loan is formed according to the value of the 6MTH EURIBOR valid for the current month, during which the loan agreement is concluded / a variable interest rate is applied under the loan agreement. 6. In case the interest rate benchmark, index or indicator used by the Bank for reference interest rate under retail loan agreements changes significantly or is no longer published, the Bank shall apply an action plan in accordance with Art. 28 (2) of Regulation (EU) 2016/1011 of the European Parliament and of the Council, which is published on the Bank's website. In case of replacement of the reference interest rate under the previous sentence, the interest rate conditions under the loan agreements shall be considered automatically amended in accordance with the applied amendments, and at the time of replacement, the new interest rate under the Loan Agreement shall not be higher than the interest rate under the contract prior to that. 7. The methodology applicable to an approved loan cannot be changed unilaterally by the Bank for the duration of the concluded loan agreement.
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<p>Currency</p>	<p>BGN or EUR</p> <p>In cases where the income of the borrower and the joint debtor is in a currency other than BGN and EUR, possible movements in the exchange rate of the foreign currency (national currency) may affect the total amount due by the borrower and the joint debtor.</p>
<p>Representative Example</p>	<p>Mortgage loan for the purchase of a home or for current needs or for refinancing</p> <p>Loan parameters: Amount - BGN 100 000 Term - 30 years (360 months)</p> <p>Variable annual interest rate for the entire term of the contract - 2.50%</p> <p>Repayment: repayment plan with annuity installments</p> <p>*Annual Percentage Rate 2.60%</p> <p>Costs taken into account in calculating the APR: One-time commission for creditworthiness and collateral analysis - 0.50%; Fee for preparing an application for cancellation of a mortgage - BGN 50; Fee for verification of entries in the property register for the real estate, serving as collateral for the loan (one-time, annual fee) - BGN 10 Fee for valuation of the property provided as collateral - BGN 120. * The costs of establishing, releasing and renewing a mortgage and collateral insurance are not included in the calculation of the APR.</p> <p>Total costs on the loan BGN 43 273.59 (including the total amount of the remuneration interest and the total amount of the listed costs)</p> <p>Total amount due BGN 143 273.59 (including total loan amount and total costs)</p> <p>Number and frequency of payment: Monthly installment on the loan - BGN 395.12; Number - 360 monthly repayment installments.</p>

<p>Additional loan costs not included in the total loan costs due under the loan agreement</p>	<p>Notary fees for establishing, renewing, amending and deleting the mortgage and the state fee for registering the mortgage, according to the Tariff for notary fees to the Law on Notaries and Notarial Activity and state fees according to the Tariff for state fees collected by the Registry Agency.</p> <p>Costs for property insurance of the collateral in the amount according to the insurance contract concluded by the borrower with an insurer chosen by him. The Bank requires the borrower to conclude and maintain for the entire term of the loan agreement a property insurance for the real estate provided as collateral for the loan.</p>
<p>Loan repayment</p>	<p>1. Annuity installments - equal monthly repayment installments, including the monthly interest and principal payments due Example: Loan amount - BGN 100 000 Term - 30 years (360 months) Variable annual interest rate for the entire term of the loan agreement - 2.50 % Periodicity of the repayment installments - monthly Number of repayment installments - 360 Amount of a monthly repayment installment - BGN 395.12</p> <p>2. Equal installments on principal and the respective monthly interest - decreasing the monthly repayment installments Example: Loan amount - BGN 100 000 Term - 30 years (360 months) Variable annual interest rate for the entire term of the loan agreement - 2.50 % Periodicity of the repayment installments - monthly Number of repayment installments - 360 Amount of the monthly repayment installment - decreasing amount for the entire repayment period: First installment - BGN 485.31; Last installment - BGN 278.38.</p>
<p>Repayment of loans with payment only of the interest due</p>	<p>In the case of an agreed grace period for the repayment of the principal, within the grace period the borrower pays only the interest due. Payments of interest due during the grace period do not lead to a reduction in the total loan amount.</p>

<p>Early loan repayment</p>	<p>The Borrower has the right, without notice, to repay early the loan in full or in part by making an explicit written request to that effect.</p> <p>The Borrower does not owe interest on the prepaid part of the loan from the date of its early repayment until the end of the loan term. In case of full early repayment, the Borrower shall pay to the Bank the remaining amount in accordance with the repayment schedule, less the interest due until the end of the period.</p> <p>The Bank is entitled to compensation in case of early repayment of the loan, in the amount of 1% of the prepaid amount of the loan, when the loan is repaid before the payment of 12 monthly installments from the moment of its disbursement. The borrower does not owe compensation for early repayment if the repayment is made after the payment of the first 12 monthly installments.</p> <p>In case of partial early repayment of a mortgage loan, repaid according to a repayment schedule with equal installments on the principal, at the option of the borrower the following will be reduced:</p> <ol style="list-style-type: none"> 1. The consecutive installment for principal under the repayment schedule; or 2. The amount of the monthly installment on the principal, while the term for repayment of the loan shall remain the same; or 3. the deadline for repayment of the loan, while the amount of the monthly installment on the principal shall remain the same. <p>In case of partial early repayment of a mortgage loan paid in annuity installments, the principal is reduced and the amount of the monthly repayment installment is recalculated. In case of partial early repayment of the loan, the Bank shall prepare a new repayment schedule.</p>
<p>Real estate valuation</p>	<p>Real estate accepted as collateral for a mortgage loan shall be valued by independent licensed appraisers approved by the Bank. The property valuation fee depends on the type of the appraised real estate, according to the tariff of the appraiser company.</p>
<p>Additional services that the consumer is obliged to use in order to receive the loan or to obtain the loan under the offered conditions</p>	<p>The borrower is obliged to:</p> <ol style="list-style-type: none"> 1. Throughout the term of the loan agreement, until the full repayment of all amounts due on the loan, to maintain a current account with the Bank, intended for utilization and repayment of the loan. 2. Conclude and maintain / ensure the conclusion and maintenance, at his own expense and for the entire term of the loan agreement, of property insurance for the real estate, provided as collateral for the Bank's receivables arising from the loan agreement, upon a preliminary agreement with the Bank on the insurer, the covered risks and sum insured in the amount of 120% of the debt as of the date of concluding the insurance contract, in case the ratio of the value of the collateral to the amount of the debt is over 120%. In all other cases - the sum insured may not be less than the market value of the mortgaged property, determined by an independent licensed appraiser.

**Possible consequences
in case of non-
fulfillment of the
obligations related to
the loan agreement**

1. The Borrower shall receive his income arising from employment relations/ pension / rent or other income serving as collateral for the loan - in full or up to the amount of the monthly installment on the loan, increased by BGN 100 to BGN 200, depending on the terms of the offered loan product, on an account opened with the Bank. In case it is established that the borrower has failed to fulfil his obligation under the previous sentence, the Bank has the right to increase the total interest rate applicable under the loan agreement by 1 (one) percentage point for the period of default.
2. In the case of mortgage loans intended for refinancing, within 45 (forty-five) days from the date of concluding the loan agreement, the borrower must present proof of repayment of the loan(s) to the other bank(s) and cancellation of previous collateral mortgages. In case of non-compliance with the requirement under the previous sentence, the Bank has the right to increase the applicable total interest rate on the loan by 1 (one) percentage point and not to allow the utilization of additional funds from subsequent tranches, if any.
3. In case of non-payment, delayed or partial payment of the repayment installment on the principal, the outstanding part of the principal shall bear default interest in the amount of the statutory interest, until the final repayment of the outstanding amount.
4. In case of non-payment, delayed or partial payment of due interest and / or default interest, the Bank charges a penalty for delay in the amount of the statutory interest for each day of delay on the overdue amount.
5. The Bank has the right to accelerate all outstanding receivables arising from the loan agreement (which is considered expiration of the borrower's right to utilize loan amounts and a requirement for the borrower and the joint debtor to pay in full and immediately any and all amounts due), together with any interest, penalties, commissions, fees and other charges), in any of the following cases:
 - > In case of non-payment in full or in time of any repayment installment on the principal, interest, fees or commissions according to the Bank's Tariff, and in case of non-payment of the accrued penalties.
 - > In case of insufficiency of the collateral and after an invitation, the borrower fails to reduce the debt or fails to fill the deficit on the collateral up to the amount, type and term determined by the Bank.
 - > If the borrower fails to pay in a timely manner any other debts of the borrower to the Bank, when they become due.
 - > Where certain data, confirmation, statement, certificate or another document provided by the borrower/ joint debtor in connection with the conclusion of the loan agreement or its implementation, are incorrect or invalid at any time during the validity of the loan agreement.
 - > Upon initiation by third parties of enforcement against the property of the borrower/ joint debtor and/ or against the real estate, which is provided as collateral for the loan.
 - > Where the borrower does not assist/ does not ensure the renewal of the registered

	<p>mortgage for a new ten-year term, before the expiration of the term of the initial registration.</p> <ul style="list-style-type: none">> In case of misuse of loan funds.> In case of any non-fulfillment of the clauses of the loan agreement by the borrower, as well as in other cases provided by law
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