

GENERAL INFORMATION

On the Mortgage-Collateralized Loans to Individuals

Offered by Bulgarian American Credit Bank AD

1. Details, identifying the creditor

1.1. This General Information provides the banking services consumers with information, regarding the terms and conditions, applicable to the provision by Bulgarian American Credit Bank AD, UIC: 121246419, with seat and registered office at: 2, Slavyanska St, Sredets District, 1000 Sofia (referred to hereinafter as the “Bank“) of loans to individuals (referred to hereinafter as the “Borrowers“), collateralized by a mortgage, being loans for real estate properties of consumers, pursuant to the Loans for Real Estate of Consumers Act (LREUA).

1.2. The objective of this document is to provide the potential Borrowers with General Information regarding the terms and conditions, applicable to the lending by the Bank to individuals, with respect to loans, collateralized by a mortgage and guidelines regarding the making of an informed decision. The specific terms and conditions, applicable to the provision of the Loans by the Bank, shall be negotiated individually in a loan agreement, to be signed between the Bank and Borrower and applying the Bank’s General Terms and Conditions on the lending to individuals, in case of loans, collateralized by a mortgage /applicable to loan agreements, signed after 01.10.2016). This General Information shall not form part of the Loan Agreement, signed with the Borrower.

1.3. The personalized information regarding the applicable interest rate, expressed as an Annual Percentage Rate (APR), schedule, number and amount of the repayment instalments, additional obligations, related to payments and costs in case of early repayment of the loan, shall be provided to the potential Borrower as Pre-Contractual Information in the form of Standard European Consumer Credit Information form.

1.4. The lending to the Borrower is subject to approval, in accordance with the Bank’s currently effective internal rules and procedures. The provision of this General Information does not bind the Bank with granting a loan. The Bank shall issue a binding proposal for the signing of a Loan Agreement after the finalization of the Borrower’s creditworthiness, by providing a written draft Loan Agreement, containing any and all individual terms, conditions and parameters of the approved lending.

2. Eligible purposes of the loan

2.1. Buying finished (having an issued permit of use) real estate properties – apartments, houses, villas, studios, retail facilities, offices and garages.

2.2. Buying regulated land properties (RLP)/plots, intended for residential or villa development.

2.3. Construction of houses, villas, studios, garages and apartments, including construction through a house-building cooperation.

2.4. Finishing works, improvements, reconstruction, repair of real estate properties (having an issued permit of use).

2.5. Purchasing shares in a co-owned property.

2.6. Purchasing and replacement of real estate properties from state, institutional or municipal residential funds or real estate properties, owned by sole-owner governmental or municipal business companies and enterprises.

2.7. Refinancing of loans of a loan applicant/co-debtor or a third-party individual with similar parameters, granted by other banks.

2.8. Financing for current needs, regular or extraordinary/family/personal costs and expenses or refinancing of liabilities to another bank.

3. Types of collaterals

3.1. A first legal/contractual mortgage, established to the benefit of the Bank on the real estate property, purchased using the funding from the loan and/or another real estate property, acceptable for the Bank, owned by the Borrower or a third-party individual debtor. The real estate properties, used as collaterals for the loan, shall be situated within the Republic of Bulgaria.

3.2. Pledge of a financial asset, blocked in an account at BACB, owned by the Borrower or another third-party debtor.

3.3. In order to guarantee its receivables, the Bank allows a combination of a mortgage of a real estate property and a pledge of a financial asset.

3.4. As an additional collateral, the Bank may request: (a) a pledge of cash receivables in existing accounts of the Borrower at the Bank and/or in his/her accounts that will be opened at the Bank and/or (b) third-party guarantee.

4. Amount, term and currency of the loan

4.1. The Bank provides loans to individuals, collateralized by a mortgage in EUR and BGN.

4.2. The amount and repayment period of the loan shall be determined in the individual Loan Agreement, depending on the purpose of the loan, the Borrower's creditworthiness, the type and sufficiency of the proposed collaterals.

4.3. The Bank shall provide loans to individuals, collateralized by a mortgage for a period, not longer than 35 (thirty-five) years. The individual maximum repayment period of the loan shall be determined, depending on the Borrower's age as at the date of permission of the loan and the maximum age, specified for each and every loan product.

5. Pre-Contractual Information. Binding proposal.

5.1. Before the Borrower is bound by a proposal or by the signing of a Loan Agreement and after the Bank has received all necessary information, regarding the needs, financial condition and preferences of the Borrower, the Bank shall provide the respective Borrower with personalized information on the proposed loan, necessary for comparing that proposal to other loans, offered on the market, for the evaluation of the possible consequences for the Borrower and for making of an informed decision for signing the Loan Agreement ("Pre-Contractual

Information“). The Bank shall provide Pre-Contractual Information free of charge, in printed form or on another permanent media, written in Bulgarian. The Pre-Contractual Information shall not have the legal power of a proposal for signing of a Loan Agreement and does not bind the Bank with granting the respective loan to the Borrower.

5.2. The Bank shall carry out an evaluation of Borrower’s creditworthiness upon the submission of documents, requested by the Bank in accordance with the Bank’s currently effective internal rules.

5.3. After the completion of the analysis and evaluation of the Borrower’s creditworthiness and when, based on this evaluation of the creditworthiness, the Bank approved the lending, the Bank issues to the Borrower a binding proposal for signing a Loan Agreement. The binding proposal shall be in the form of a draft Loan Agreement and it shall contain the terms and conditions, agreed individually between the Bank and the Borrower.

5.4. Within 14 days after receiving the binding proposal/draft Loan Agreement, the Borrower shall be allowed to reconsider the signing of the loan agreement, as the proposal shall remain binding for the Bank within that period of time, and the Borrower may accept it at any moment, before the expiration of that time.

6. Interest rate type, applicable to the loan

6.1. The loans, collateralized by a mortgage shall be charged with floating or fixed annual interest rate, specified in the individual Loan Agreement, signed between the Bank and the Borrower and conforming to the terms and conditions of the respective loan product, as that interest shall be charged on the outstanding part of the principal of the loan.

6.2. The fixed interest rate shall remain permanent for the entire duration or individual periods of the loan agreement.

6.3. The floating interest rate shall be formed as the sum of the Reference Interest Rate (RIR) and an agreed fixed surcharge. The RIR shall be determined, based on methods, specified by the Bank’s Management Board and it shall be a market index – 6-month SOFIBOR for loans in BGN and 6-month EURIBOR for loans in EUR. The RIR may only have a positive value.

6.4. The SOFIBOR index is the fixed rate of quotations of non-collateralized deposits in BGN, offered on the Bulgarian interbank market. It is calculated, based on a selection of timelines at 11:00 (local time) on every day, as an average value of the „sell“ quotations, submitted by a representative sample of banks. The SOFIBOR fixed rate is published every day on the BNB’s website: www.bnb.bg.

6.5. The EURIBOR index is the average interest rate, published by the European Money Markets Institute (EMMI) in Brussels, Belgium, offering interbank fixed-term deposits in EUR in the European Currency Union area, by one first-class bank to another, calculated at 11:00 a.m. CET. The EURIBOR index is published every business day on the websites of REUTERS and/or BLOOMBERG and/or to generally accessible leading financial websites, such as www.euribor.org or www.euribor-rates.eu.

6.6. If, at the date of determining the reference interest rate, it has a negative value, the Bank shall assume that the value of the reference interest rate is “0“ (nil).

6.7. The Bank shall determine the RIR twice every year – on January 1 and on July 1. The recalculation for loans in BGN shall take place, in accordance with the value of the 6-month SOFIBOR, published on the BNB's website www.bnb.bg (or on another website, substituting the BNB's website) for the date, two business days prior to 1 January and 1 July. The recalculation of the loans in EUR shall take place in accordance with the value of the 6-month EURIBOR, published on the REUTERS and/or BLOOMBERG and/or on generally accessible leading financial websites, such as www.euribor.org or www.euribor-rates.eu, for the date, two days prior to 1 January and 1 July. If it is objectively impossible to obtain the quotations for the aforesaid indexes, the Bank reserves its right to substitute them for other similar indicators, published by the BNB and/or the National Statistical Institute, or a combination thereof.

6.8. If, at a certain moment of the duration of a signed Loan Agreement, the agreed RIR changes (increases or decreases), this shall result in the respective change, when calculating the interest, payable with respect to the loan and in the total amount, payable by the Borrower, in accordance with the Loan Agreement. In such cases, the Borrower shall be entitled to repay early the loan, in accordance with the provisions of item 11 below.

7. Representative example:

In case of a loan, amounting to BGN 100 000 (Total amount of the loan), repayment period 20 years, interest rate 4,70% with respect to Loan Applicants with contributory income of BGN 1 400 and more, and including the following fees: (1) BGN 130 single application and investigation fee; (2) BGN 130 fee for the inspection and evaluation of the real estate, proposed as a collateral under the loan, if it is an apartment; (3) BGN 2 single fee for opening a payment account, to be used for the purposes of the loan; (4) BGN 2,50 monthly fee for the maintenance of the payment account, used for the purposes of the loan, including a debit card; (5) BGN 80 single fee for the preparation of the title deed; (6) 0,102% of the amount of the outstanding principal under the loan – annual insurance premium for the insurance of the property, if such insurance is concluded through the agency of the Bank; (7) BGN 30 fee for the preparation of the mortgage erasure fee:

APR: 5,01%,

Monthly annuity instalment: BGN 643,50.

Total amount to be repaid: BGN 156 646,89.

Total costs for the loan: BGN 56 646,89.

The example above is for illustrative purposes only. The annual percentage rate (APR) applicable to a specific loan of an individual, collateralized by a mortgage shall be determined in accordance with the specific amount and period of the loan, as well as in accordance with the interests, fees and other costs due. The precise amount of the APR and the assumptions, used for its calculation, are specified in the individual Loan Agreement.

8. Possible additional costs for the loan, not included in the total cost of the loan

8.1. The Total Cost of the Loan does not include the following fees, which may occur at times, within the duration of the Loan Agreement: (1) fee for the review of the Borrower's request for a change in the terms and conditions of the Loan Agreement which is/is not overdue, on the

date of the loan application; (2) early repayment fee, if payable, and (3) fee for the re-evaluation of the real estate property, serving as a collateral.

8.2. The Total Cost of the loan does not include any title deeds for the establishment, renewal, amendment or erasing of the mortgage, as well as the state fee for the registration of the mortgage, as well as the notarial fees and the state fee for the registration of the transfer of ownership of the real estate, and the expenses, to be paid by the Borrower in case of a default under the Loan Agreement.

9. Loan repayment methods

9.1. The Loans of individuals, collateralized by a mortgage, according to the provisions of the individual Loan Agreement, shall be repaid: (1) by means of annuity instalments, being equal monthly repayment instalments, including principal and interest or (2) according to an individual repayment plan in equal monthly repayment instalments with respect to the principal and an applicable interest.

9.2. In certain cases, the Bank may allow a grace period for the repayment of the principal. During the grace period the Borrower shall pay any and all interests, payable for that period, as the observation of the terms and conditions of the Loan Agreement does not result in repayment of the total amount of the loan.

9.3. The number of the monthly repayment instalments coincides with the duration of the loan, expressed in months.

10. Early repayment

10.1. The Borrower may at any time repay fully or partially his/her debt under the loan, prior to the agreed deadline.

10.2. The Bank may not refuse to accept an early repayment of the Loan Agreement, as such repayment shall be allowed, upon the submission by the Borrower of a written early repayment request and after he/she has deposited the amount, required for the early termination, to the account, used for the purposes of the loan.

10.3. If the loan is repaid before the payment of 12 monthly repayment instalments, the Borrower shall pay an early repayment fee, amounting to 1 (one) % of the early repaid amount under the loan. By exception, the Bank may request a higher compensation, if it is able to prove that it has suffered a loss, resulting from the early loan repayment, in excess of the amount, mentioned in the previous sentence.

10.4. If the loan has been repaid after the payment of 12 monthly repayment instalments, after its utilization, the Bank shall not collect any early repayment fees.

11. Evaluation of real estate properties, proposed as collaterals

11.1. The Bank shall accept the real estate properties loans, collateralized by a mortgage, according to their evaluation, made by licensed evaluators, approved by the Bank, registered in the Independent Evaluators Register, as per art. 15 of the Independent Evaluators Act, holders of Independent Evaluator Qualification Certificates.

11.2. The Borrower shall pay a fee for the inspection and evaluation of the collateral, in accordance with the Bank's Tariff.

12. Additional services, which the Borrower must use, in order to be entitled to the lending terms and conditions, set out in paragraph 7

12.1. Conclusion of a mandatory property insurance, with the Bank being the beneficiary, with respect to the real estate property, used as a collateral, covering the permitted amount of the loan, with an insurance company and insurance risks, agreed with the Bank.

12.2. Opening and maintenance of a payment account, used for the purposes of the provision, utilization and repayment of the loan.

12.3. Transfer of salaries/other remunerations, remunerations under management and control contracts, pensions or income from exercising of liberal professions/freelancing or remunerations/income to the payment account of the Borrower, opened with the Bank.

13. Consequences in case of non-performance of the obligations, related to the Loan Agreement

13.1. In case of complete or partial default in the due payment by the respective maturity date, in accordance with the repayment schedule, of the monthly repayment instalment, payable by the Borrower, the Borrower shall pay the Bank a default fee, at a rate, determined by the Bank's Management Board with respect to the individual loan products, but not exceeding the legal interest, determined in accordance with the currently effective legislation. The default fee shall be charged on the respective amount in default, for the entire duration of the default – from the maturity date until the final payment of all default amounts.

13.2. If the Borrower fails to pay in due time, the insurance premium, under the property insurance concluded with respect to the real estate property, serving as a collateral, the Bank shall be entitled to transfer the respective insurance premium due to the insurer, and it shall subsequently deduct that amount from any payments, made by the Borrower under the loan, as the Bank shall collect that deduction before the respective repayment instalments, according to the repayment schedule.

13.3. If the transfer of the employment or other remuneration/income to the Borrower's payment account at the Bank, is not effected in two successive months, the interest surcharge on the loan shall be increased by 1% /one per-cent/ per annum, starting from the first subsequent date of due payment of the monthly repayment instalment.

13.4. In case of a complete or partial non-performance of the payment obligations, agreed in the Loan Agreement and a failure in the payment of any annuity instalment, principal instalment, monthly interest, fee or commission, the Bank shall be entitled to unilaterally accelerate the complete amount of the outstanding principal under the loan and undertake the enforcement of the collection of all the amounts, due and payable under the loan, including: outstanding part of the principal under the loan, payable interests, charged as of the date of acceleration of the loan, defaults, fees, commissions and costs and expenses, related to the collection of the Bank's receivables.

13.5. In case of loan acceleration, the Bank may commence collection of its receivables, without being obliged to provide a voluntary repayment period and without referring the respective

matter to the court, depending on the type of the collateral, or by obtaining an immediate enforcement order and a writ of execution in accordance with the Civil Procedure Code, and commence the enforcement of the collection of its receivables, including: outstanding part of the loan, payable interests, charged as of the date of acceleration of the loan, defaults, fees, commissions and costs and expenses, related to the collection of the Bank's receivables.

13.6. If it is agreed in the Loan Agreement that the entire property of the Borrower shall serve as a collateral for the Bank, within the meaning of art. 133 of the Obligations and Contracts Act, the Bank shall be entitled to direct the enforcement, at its discretion, to the collateral or to the entire property of the Borrower, in the manner, provided for in the law.

13.7. If it is agreed in the Loan Agreement that the Borrower shall be liable, up to the amount of the collateral, the Bank shall be satisfied fully and finally, up to the amount of the collateral under the agreement, after the enforcement, with respect to the collateral, carried out through involvement of the court or after the sale of such collateral by the Borrower, carried out with the Bank's consent.

14. Dispute resolution methods

14.1. The Borrower shall be entitled to submit a written objection and/or complaint to the Bank, related to the provision and/or performance of the obligations, under loan agreements of individuals, collateralized by a mortgage, in accordance with BACB's Client Complaints Management Policy, available on the Bank's website at www.bacb.bg. An objection or complaint may also be submitted at each and every office of BACB AD, as well as to the address of the Bank's Head Office at 2, Slavyanska St, 1000 Sofia.

14.2. The Supervising Authority, regarding the observation of the requirements of the Loans for Real Estate of Consumers Act shall be the Sector Reconciliation Committee for reviewing disputes in the area of financial services, including the remote provision of financial services, related to the granting of consumer and mortgage loans at the Consumer Protection Committee at 4A Slaveykov Square, fl. 3, 1000 Sofia, telephone numbers: + 359 2 933 06 03; email address: adr.credits@kzp.bg; website: www.kzp.bg.

14.3. The Borrowers are entitled to refer to the sector reconciliation committee, as per paragraph 14.2., if their rights and legal interests have been violated, with respect to the granting of loans, collateralized by a mortgage and/or in case of a dispute, regarding a complaint or objection, submitted with respect to a loan, collateralized by a mortgage.