

AB "MANO BANKAS"

GENERAL INFORMATION ON CREDIT RELATED TO REAL ESTATE

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Before deciding on a long-term commitment, it is important to understand and assess the circumstances, implications and potential risks of entering into a credit agreement. Accordingly, below is some general information on home credit and credit against mortgages which we hope you will find useful in making your final decision.

To make a preliminary assessment of your ability to obtain a long-term loan, please fill in the application form on the Bank's website <https://mano.bank/privatiems>, contact us by phone +370 5 240 9389 or by e-mail hello@mano.bank.

1. DRAWING UP A CREDIT AGREEMENT

- 1.1. In order to obtain an accurate credit decision, you will need to fill in an application form and submit the documents necessary for a decision. This can be done by visiting a Bank branch at a time agreed in advance. If you wish to complete the application remotely or would like advice on other matters, please contact the Bank's specialists by phone +370 5 240 9389 or by e-mail hello@mano.bank.
- 1.2. Together with the application, depending on your individual situation, the Bank may ask you to provide additional documents and/or other information. If you have a spouse, he/she will also be required to submit the necessary documents. The data collected by the Bank about you is necessary to assess your creditworthiness.
- 1.3. We will notify you of the Bank's decision to grant you credit by telephone or e-mail in a manner convenient to you. If the Bank's decision is positive, we will provide you with a Standard Credit Information Form, which also constitutes a binding offer to grant credit. This information will help you to compare different bank offers, assess the consequences of borrowing and make a decision on whether to take out a credit agreement. On the day following the date of the binding offer, a 30-calendar day cooling-off period begins to consider whether to accept the responsibility to take out credit on the terms and conditions offered by the Bank.
- 1.4. Once you have decided to conclude a credit agreement, you will be able to sign it in a way that suits you:
 - by a qualified electronic signature;
 - Arrange a time in advance at the bank branch.

If you plan to take out the credit together with your spouse or another co-borrower, they will also have to sign the credit agreement in the same way as you will sign.

- 1.5. Once the credit agreement has been concluded, you may exercise your right to withdraw from the credit agreement within 14 calendar days of its conclusion. You may give notice of such withdrawal in the manner set out in the Standard Credit Information Form and the General Terms and Conditions of the credit agreement. In the event of withdrawal, you will be obliged to repay the amount of credit disbursed and the interest accrued from the date on which the credit was disbursed to the date of repayment within a period of 30 calendar days starting from the date on which the notice of withdrawal is sent to the Bank.

2. PURPOSES FOR WHICH THE CREDIT MAY BE USED

- 2.1. Housing credit can be used for:
 - for buying a house, building a house;
 - for home furnishing, renovation, reconstruction.
- 2.2. Credit secured by a mortgage on immovable property may be used:
 - to buy a more expensive asset (e.g. commercial property);
 - other personal/family needs.

The credit can only be used for its intended purpose.

- 2.3. The amount of credit available is determined on an individual basis and after an assessment of your (family's) financial capacity to repay the credit.
- 2.4. When buying a home, your own (non-borrowed) share must be at least 15% of the value or price of the property, whichever is the lower.
- 2.5. Your monthly financial commitments (including your future monthly loan payment) should not exceed 40% of your monthly income. Your monthly income.
- 2.6. Credit shall be granted only in euro.

3. POSSIBLE DURATION OF THE CREDIT AGREEMENT

- 3.1. The maximum duration of the credit agreement is up to 30 years.

4. SECURING OBLIGATIONS UNDER A CREDIT AGREEMENT

- 4.1. The due performance of the obligations under the Credit Agreement shall be secured by a mortgage of immovable property registered in the Republic of Lithuania.
- 4.2. Upon conclusion of the credit agreement, you will be required to pledge to the Bank the home you are purchasing, renovating, reconstructing, constructing or any other immovable property. In individual cases, you may also pledge other real estate, but please consult the Bank's specialists in advance.
- 4.3. If you decide to pledge property owned by third parties for the benefit of the Bank, such third parties will normally be co-obligors, guarantors. Accordingly, the spouse of the borrower or any other person whose income is assessed jointly with the borrower for the purpose of granting credit must be a co-borrower in the credit agreement.
- 4.4. All credits granted by the Bank shall be additionally secured by a pledge of funds in the customer's Bank accounts. A pledge of funds means that the Bank will have the right to debit the amount payable by you from your funds at the Bank. If agreed with the Bank in the credit agreement, the Bank will also have the right to debit the amounts due and payable (credit, interest, fees, charges, etc.) from accounts opened in your name with other credit institutions.

Please note that failure to meet or improperly meeting your financial obligations may have a negative impact on your credit history, may make borrowing more expensive, and may put you at risk of losing ownership of the mortgaged property.

- 4.5. **Valuation of the collateral.** The Client shall ensure that an independent valuation of the mortgaged immovable property is carried out to determine the market value of the property. A list of independent valuers recommended by the Bank, from which you can choose a valuer, can be found on the Bank's website <https://mano.bank/privatiems/bustopaskola>.
- 4.6. You have the right to submit a property valuation carried out by another independent property appraiser or property and business valuation/appraising firm which is on the External List of Persons Entitled to Carry on the Business of Valuing Property and which has the right to value real estate. However, the Bank shall have the right to reasonably disagree with the independent property appraiser you have chosen.
- 4.7. The cost of the valuation shall be borne by the client.
- 4.8. In some cases, such as when you are buying a new-build home or carrying out renovations, a property valuation may not be necessary. You can consult the Bank's specialists for further advice.
- 4.9. **Insurance of the collateral.** The property pledged to the Bank (other than land) shall be insured for the benefit of the Bank for the full term of the credit agreement. The term of the insurance shall not be less than 12 (twelve) months and shall continue until the obligations under the Credit Agreement have been fully discharged. The Borrower shall have the right to insure the property with any insurance company of its choice, provided that the terms and conditions of the property insurance imposed by the insurance company are in accordance with the terms and conditions set out in the Credit Agreement.

5. INTEREST

- 5.1. The annual interest rate is determined on an individual basis, taking into account an assessment of your financial capacity, the amount of the credit, your own share of the funds, the state of the credit market, your credit payment history and any other relevant circumstances.
- 5.2. The type of interest charged by the Bank is variable interest.
- 5.3. Interest shall be payable monthly, together with the payment of the credit instalment and the contract administration fee. You may defer the payment of credit instalments for a period of up to 24 months, subject to the agreement of the Bank before the conclusion of the credit agreement, by paying only the interest and the contract administration fee for the specified period. In this case, interest is calculated and paid according to the amount of credit taken out and outstanding. The application of the grace period depends on the individual situation. The Bank is not obliged to apply a grace period.
- 5.4. The variable interest rate consists of the Bank's margin, set individually for you, and the 3, 6 or 12-month EURIBOR interbank offered rate, which varies at intervals of 3, 6 or 12 months respectively. The EURIBOR variable interest rate is first determined on the day of conclusion of the credit agreement and is equal to the EURIBOR for the relevant term (3, 6 or 12 months) on the second working day preceding the day of conclusion of the credit agreement and remains valid until the next interest reset date. On the interest reset date, interest shall be calculated as the sum of the EURIBOR rate and the margin. The variable part of the interest shall be determined by reference to the EURIBOR value of two working days before. In the case of a negative EURIBOR value, the variable interest component shall be deemed to be zero. You may be subject to a minimum interest rate - if the sum of EURIBOR and the Bank's margin becomes less than the specified minimum interest rate, the minimum interest rate will apply.

Please note that before entering into a credit agreement, you should take into account the fact that an increase in EURIBOR will result in a corresponding increase in your monthly repayments to the Bank.

- 5.5. Interest shall be calculated on the amount of credit taken out and outstanding, based on 360 days per year and the number of calendar days per month. Interest shall be calculated from the first day of disbursement of the credit and shall continue to accrue until the date of repayment in full to the Bank.
- 5.6. Explanatory notes:

- **EURIBOR** (*European Interbank Offered Rate*) - the interest rate on the European interbank market expressed as an annual rate. EURIBOR is determined, administered and published by the European Money Markets Institute (*EMMI*) or another officially designated organisation.

- **The margin** is a fixed interest rate set by the Bank, which remains unchanged throughout the term of the credit agreement, unless otherwise specified in the credit agreement. The amount of the margin depends on the risks, profits and costs of borrowing and lending.

5.7. In the event of material breaches of the terms and conditions of the credit agreement for which non-penalties are not applicable, the Bank shall have the right to unilaterally change the amount of the interest rate margin by increasing it by 3 percentage points. The Bank will inform you in writing at least 30 days prior to the date of the increase in the interest margin. The margin shall be changed only for the period for which the breach occurred.

Typical example of the calculation of the annual percentage rate (APR):

A credit facility of EUR 50 000 linked to a mortgage on immovable property, for a term of 20 years, without deferment of payments, at a variable annual interest rate of 6 %, with instalments payable by annuity and in instalments:

- a one-off contract administration fee of 1% (€500);

- a monthly administration fee (€5);

- payment transfer fee (EUR 2)

The annual percentage rate of charge on the total cost of the credit would be 6,572% and the total amount payable by the borrower would be EUR 88 281,97. The total number of instalments of the credit facility is 240 and the monthly instalment is EUR 365,75.

The annual percentage rate of the total cost of the credit, the total amount to be paid by the borrower, the total number of credit instalments and the amount of the instalment have been calculated on the basis of the assumptions that the credit agreement will be valid for a term equal to the duration of the credit agreement, that the full amount of the credit will be drawn down on the date of signature of the agreement, that the first instalment will be due one month after the signing of the credit agreement, that the parties will fulfil their obligations in full and in good faith, and that the variable rate, the level of charges and other expenses will remain the same as at the time of signature of the credit agreement and will remain in place until the end of the credit agreement.

In addition, the Borrower will incur pledge (mortgage) transaction fees, property insurance, valuation costs, which depend on the individual characteristics of the pledged property and are therefore not included in the total cost of the credit in the above example.

6. OTHER POSSIBLE COSTS RELATED TO THE CONCLUSION OF THE CREDIT AGREEMENT NOT INCLUDED IN THE TOTAL COST OF CREDIT

6.1. Certain services provided by third parties (e.g. property appraisers, insurance companies) or public authorities (e.g. notary services, mortgage registration) in connection with the obtaining of the credit are subject to payment according to the fees set by them, which may vary, and are therefore only a sample list of possible additional costs (which are not included in the estimated total cost of credit):

- the cost of valuing the mortgaged property - depending on the valuation company's fees, the scope of the work, the individual characteristics of the property being valued, its location, and the timing of the valuation;

- the cost of insuring the collateral - depends on the insurance company's rates, its location, the individual characteristics of the property and other circumstances the insurance company considers relevant;

- costs for services rendered by a notary - the specific amount is specified by the notary, the rates for notarial actions are published on the website of the Lithuanian Chamber of Notaries <https://www.notarurumai.lt/teises-aktai/9>;

- costs related to the registration of property - the remuneration rates are available on the website of the State Enterprise "Registry centras" <https://www.registrucentras.lt/kainos/>.

6.2. You will also be required to pay for other services provided by the Bank (e.g., account opening, making payments, etc.) in accordance with the fees for services and transactions which are available on the Bank's website <https://mano.bank/privatiems/ikainiai>.

7. WAYS OF REPAYING THE CREDIT

7.1. The Customer may choose any day of the month as a payment day when concluding the credit agreement. The Bank will debit the repayment of the credit, interest payments and the contract administration fee from your account with the Bank once a month. The number of instalments depends on the duration of the credit agreement. The amount of the instalments applicable to you will be indicated in the standard credit information form provided to you by the Bank.

7.2. Repayment may be made by one of the following methods:

- Annuity - a flat monthly payment consisting of repayments and interest. Initially, interest makes up the larger part of the payment. Gradually, it decreases and the credit portion increases, but the monthly instalment remains constant.

- Linear method - the principal amount of the loan is divided into equal instalments, which are paid each month. Interest is added on the outstanding balance for the actual number of days (the lower the credit balance, the lower the amount of interest paid). Thus, the monthly instalments decrease over the life of the contract. If you can pay higher instalments initially, it is more

advantageous for you to opt for the linear repayment method, as the amount of interest paid over the whole period will be lower.

Please note that if the credit agreement provides for a deferred repayment period, you will only pay monthly interest and a contract administration fee, so you will need to make separate arrangements to repay the credit under the credit agreement.

7.3. Below are examples of repayments, which are for illustrative purposes only and correspond to the most common terms and conditions of the Bank's credit facilities. The sample repayment schedules (except for the example of a loan repayable at maturity) are based on the following assumptions:

- The amount of the loan is EUR 40 000, payable on the day the contract is signed;
- The variable interest rate for the 6 months following the conclusion of the contract is 5.53% (for the sake of convenience of the graph, it is assumed that this rate will remain in force until the end of the credit period);
- The credit period is 20 years (240 instalments in total).

Example of an annuity schedule:

Month.	Credit amount	Interest/month	Credit/month	Monthly fee	Payment/month EUR
1	40000,00	190,48	87,18	5,00	282,66
2	39 912,82	183,93	93,73	5,00	282,66
3	39 819,09	189,62	88,04	5,00	282,66
4	39 731,05	189,20	88,46	5,00	282,66
5	39 642,59	170,51	107,15	5,00	282,66
...
238	827,34	3,94	273,72	5,00	282,66
239	553,62	2,64	275,02	5,00	282,66
240	278,60	1,28	278,60	5,00	278,60

An example of a linear schedule:

Month.	Credit amount	Interest/month	Credit/month	Monthly fee	Payment/month
1	40000,00	190,48	166,67	5,00	362,15
2	39833,33	183,57	166,67	5,00	355,24
3	39666,66	188,89	166,67	5,00	360,56
4	39499,99	188,10	166,67	5,00	359,77
5	39333,32	169,18	166,67	5,00	340,85
...
238	499,21	2,38	166,67	5,00	174,05
239	332,54	1,58	166,67	5,00	173,25
240	165,87	0,76	165,87	5,00	171,63

7.4. Comparison of repayment methods:

Annuity method:

Benefits:

- lower monthly payment compared to the linear method;
- the customer knows the fixed monthly payment for the next interest period (i.e. the interest rate changes every 6 months, so your payments will be equal for 6 months).

Disadvantages:

- as the interest rate increases, the monthly payment increases;
- more interest is paid to the Bank over the life of the loan than under the linear method.

Linear method:

Benefits:

- Monthly instalments decrease if the interest rate does not increase;
- less interest is paid to the Bank over the life of the loan than under the annuity method.

Disadvantages:

- a higher monthly payment at the beginning of the period compared to the annuity method;
- as the interest rate rises, the loan payment increases.

The monthly payment mentioned above includes the repayment of the loan, the interest payment and the contract administration fee.

8. DEFERMENT OF CREDIT INSTALMENTS

8.1. You have the right to apply for a deferral of credit payments for a maximum period of 3 months. Deferral of credit instalments shall apply when the Bank determines that your financial situation no longer satisfies the requirements of creditworthiness assessment and responsible lending in relation to the ratio of the borrower's average instalment of financial obligations under credit and other agreements to his/her income, and at least one of the following circumstances exists:

- your marriage breaks down;
- your spouse dies;
- You or your spouse becomes unemployed or loses at least one third of your income;
- You are recognised as unable to work or partially able to work in accordance with the procedure laid down in the Law on Social Integration of Disabled Persons.

9. POSSIBILITY TO REPAY THE LOAN BEFORE THE AGREED TIME

9.1. You have the right to repay all or part of the credit earlier than the due date set out in the credit agreement by notifying the Bank 3 business days before the expected repayment.

9.2. The amount of the credit or part thereof to be repaid shall not be less than the amount obtained by dividing the amount of the credit remaining to be repaid by the number of months remaining until the end of the contractual term.

9.3. If you repay the credit or part of it before the due date, you will have to pay compensation to the Bank. Compensation for early repayment of the credit shall be calculated in accordance with the procedure set out in the Rules for Calculation of Compensation for Repayment of a Real Estate-Related Credit before the Expiry of the Credit Agreement, approved by Resolution No 03-177 of the Board of the Bank of Lithuania on 13-12-2016. The compensation may not exceed 3 per cent of the amount of the credit or part thereof to be repaid.

9.4. No compensation will be payable if the credit or part of it is repaid early on the date of the change of the variable credit interest rate.

10. CONSEQUENCES OF NON-PERFORMANCE OR IMPROPER PERFORMANCE OF OBLIGATIONS UNDER A CREDIT AGREEMENT

10.1. If you fail to perform or improperly perform your obligations under the Credit Agreement, the following adverse consequences may arise:

- you will pay interest of up to 0.05% for each day you are late (penalty interest). You may also have to pay procedural interest at the statutory rate on the amount not paid on time, as well as default interest of 0.015%, which will be charged if the credit agreement is terminated early or at the end of the contractual term;
- A higher interest rate may apply in cases specified in the credit agreement;
- If you do not insure the collateral, you may face a shortage of funds to repay the loan and/or repair or otherwise compensate for the damage in the event of a disaster that damages or destroys the property;
- in the cases set out in the credit agreement, the Bank will have the right to terminate the credit agreement and to initiate compulsory debt recovery. Accordingly, you may be liable for court costs, lawyer's fees, and you or other persons who have ensured the proper performance of your obligations under the credit agreement may lose ownership of the property, etc.;
- a bad credit history due to poor performance under a credit agreement can make it harder for you to borrow in the future;
- other remedies provided for in the credit agreement and the legislation of the Republic of Lithuania may be applied.

If you are experiencing financial difficulties, please contact the Bank's specialists immediately by phone +370 5 240 9389 or by e-mail hello@mano.bank so that we can discuss your situation and offer you individual solutions.