Registered office:
Av. Alexandre Rosselló, 8
07002 Palma de Mallorca

PRE-CONTRACTUAL INFORMATION SHEET (FIPRE) / GENERAL INFORMATION MORTGAGE LOANS: HIPOTECA MIXTA

The information highlighted in bold is of particular relevance.

This document is issued in response to your request for information, in accordance with Order EHA/2899/2011, of 28 October, on transparency and the protection of banking services customers and does not place Banca March under the obligation of granting a loan. The information is for guidance only. It has been prepared based on current market conditions. The subsequent personalised offer may differ if these conditions change or based on new information about the customer's preferences and financial circumstances.

The bank does not provide advisory services. The information contained in this document refers to the lender's product.

1. CREDIT INSTITUTION

Identity: **Banca March, S.A. registered in the Companies Register of the Balearic Islands, F-76, V-410, B-334, H-PM-644. VAT No. A07004021**

Registered office: **Av. Alexandre Rosselló, 8. 07002 Palma (Mallorca)**

Telephone number: **(+34) 971 779 111**

Website address: **http://www.bancamarch.es/**

Supervisory authority: **Banco de España (BDE) www.bde.es**

Customer Service contact details: **Contact person: María del Mar Mainzer Estarellas**

Address: **Av. Alexandre Rosselló, 8. 07002 Palma (Mallorca)**

E-mail: **atencion_cliente@bancamarch.es**

Banca March, S.A. follows the Code of Good Practice for the viable restructuring of mortgage-backed loans for primary residence, published by Royal Decree Law 6/2012, of 9 March, approving urgent measures to protect low income mortgage debtors, which establishes measures to avoid foreclosure through debt structuring or dation in payment allowing the debtor to remain in the property for 2 years as a rent-paying tenant, provided that in the judicial proceedings an auction has not been announced or the mortgaged home has no post-mortgage fees from the Bank.

2. LOAN FEATURES

Maximum loan amount available in relation to the value of the property:

- **For resident individuals: Up to 80% (including self developer) of the valuation in the case of 1st home and up to 70% (including self developer) in the case of 2nd home.**
- **For non-resident individuals: if they receive their income in euros, up to 70% (including self-developer) of the valuation; if they receive their income in US dollar, pound sterling, Swiss franc or Scandinavian countries, up to 60% of the valuation.**
- **For companies with registered office in Spain: Up to 70% of the property valuation, and with a domicile in EU countries and balances in euros, up to 60% of the property valuation.**

By way of example:

- Property value: €150,000.
- Maximum amount to be financed:

- For Residents: €120,000 in the case of 1st home and €105,000 in the case of 2nd home.
- For Non-Residents: €105,000 if they receive their income in euros / €90,000 if they receive their income in US dollars, pounds sterling, Swiss francs or Scandinavian countries.
- For companies with registered office in Spain: €105,000.
- For companies domiciled in EU countries and with balance sheets in euros: €90,000.

– Purpose: financing for the purchase of a first or second home, or for self-build housing.

– Loan type: Fixed interest loan for the first 5 years and variable interest for the rest of the loan term.

There are two amortisation systems:

a) Constant amortisation: The capital is repaid in equal and successive monthly instalments, which consist of a constant capital amount that is calculated by dividing the loan capital by the number of instalments. The interest for each period is added to this capital amount, which will be paid monthly in arrears, always based on the outstanding capital at any given time.

b) Constant payment: The loan capital and interest are paid in successive monthly instalments covering capital and interest, calculated using the French amortisation method. The instalment covering capital and interest will not change in the case of fixed interest and consists of a portion of interest on the outstanding capital and another portion of increasing capital. If the loan were a variable interest loan, the applicable payments for each new interest period would be calculated using the French amortisation method according to the outstanding capital at the start of that period, the remaining duration of the loan and the applicable interest rate.

In the case of loans for self-build housing, a grace period of a maximum of 24 months applies. During this period, interest will only be paid on a monthly basis.

Amortisation period:

- **For resident individuals: term up to 25 years.**
- **For non-resident individuals: term up to 20 years.**
- **For companies: term up to 15 years.**

Forms of guarantee: Mortgage security or other security interest in residential real estate, or in land or real estate constructed or to be constructed when the purpose of the loan is to acquire or retain these property rights. To these effects, elements such as storage rooms, garages and any other elements which, without constituting a dwelling as such, fulfil a domestic function, will also be understood as real estate for residential use. The mortgaged property or land must be located in Spanish territory.

Representative example, Repayment of the loan and Consequences of breach of the loan contract: (See contents of section 5. Representative Example: Annual Equivalent Rate and Total Loan Cost).

3. INTEREST RATE

Applicable interest rate type and level:

– **Interest rate for the Fixed tranche:** This is set using a specific fixed percentage, so the borrower must pay the same instalment for the duration of the fixed-rate tranche.

– **Interest rate for the variable tranche:** This is set using the one-year interbank reference rate (Euribor) plus a spread[1], which assumes that the interest rate will change over the life of the loan. The borrower agrees to pay interest at the interest rate based on the value of the reference rate at any given time plus the agreed spread. This way the amount of the payments can increase or decrease.

1. Mortgage market reference rate, published in the B.O.E. (Official State Gazette) by the Bank of Spain, without rounding. Last published index: Euribor 01.02.2023= 3.337%.

Interest rate review: annual.

Maximum interest for the variable tranche: no maximum interest rate (except in the case of a CAP contract* as an interest rate hedging instrument).

*** Interest rate hedging instruments:**

- Cap is an interest rate hedging product that allows the buyer to limit the Variable Rate (Euribor) of a loan to a maximum interest rate (cap rate).

Customers who take out a cap do not assume any obligation with the bank, apart from the cost of the cap, which is known as the premium and is paid when it is taken out. The amount of this premium depends on the chosen level of protection (that is, the cap rate), the amount arranged and the cap's maturity, as well as market conditions.

- An interest rate swap, or simply a SWAP (hereinafter “IRS”), is an interest rate hedging product that allows the buyer to decide whether to receive a variable interest rate or a fixed interest rate. If the buyer has a floating rate loan, they may decide to purchase an ORS and receive the same floating rate as the loan, without counting the spread, and in return pay a fixed rate.

Customers who purchase an IRS assume an obligation with the bank to pay the variable or fixed rate agreed upon. The Bank, in turn, assumes the obligation to pay the customer the fixed or floating rate that it has agreed with them.

4. BONDS AND PREPARATORY COSTS

In the case of resident and non-resident individuals, in order to formalise this Mortgage, it is essential to be of legal age.

COMBINED PRODUCTS AND SERVICES

Products listed in section 3 above, relating to "Interest rate".

The borrower has the option of taking out an insurance policy/contract for damages (home, business and SME) with any insurance company other than Generali, which is the company proposed by Banca March, S.A., as long as this insurance covers the conditions required by Banca March, S.A., as this insurance is considered compulsory under mortgage regulations. When the damage insurance is taken out through another insurance company, the customer must provide proof of valid damage insurance for the life of the mortgage loan.

Conditions required by Banca March:

- The borrower must keep the mortgaged properties insured against the risk of fire, damage or destruction (in accordance with the table of guarantees indicated below) with a leading national insurance company for a sum not less than their respective insurance values as established in the appraisal:

HOME GUARANTEES TABLE

FIRE AND OTHER DAMAGES	Fire, explosion, lightning strike Electrical damage
EXTENSIVE RISKS	Acts of vandalism Rain, wind, hail and snow Flooding Smoke damage Vehicle collision or impact Aircraft crash Sonic waves Spill or leak from facilities Falling trees, polls, lamp posts and aerials
WATER DAMAGE	Damage to the insured properties
THIRD-PARTY LIABILITY	Head of household third-party liability Tenant's liability
OPTIONAL GUARANTEES	
ALL-RISK	
DOMESTIC WORKERS	

PREPARATORY COSTS

When taking out a mortgage loan with Banca March, the customer is required to have a valuation carried out on the property, and the expenses arising from this action, as well as those corresponding to the verification of the property's registration status, are to be paid by the customer, even if the loan is not granted by Banca March. Likewise, Banca March S.A. will accept any valuation provided by the customer, as long as it is certified by an approved appraiser and has not expired, and will not charge any additional expenses for the verifications that may be carried out for said valuation.

For loans intended to purchase a property, the customer has the right to designate, by mutual agreement with Banca March, the person or entity that will carry out the valuation of the property, who will be in charge of the administrative management of the transaction (agency), as well as the insurance company that, if applicable, will cover the contingencies that Banca March requires for the formalisation of the loan.

5. REPRESENTATIVE EXAMPLE: ANNUAL PERCENTAGE RATE AND TOTAL COST OF THE LOAN

Representative example of the total amount of the loan, the cost of the loan for the borrower, the total amount owed by the borrower and the APR.

RESIDENTS	NON-RESIDENTS
The Variable APR* applicable to your loan is **4.90% ***	The Variable APR* applicable to your loan is **4.90% ***
It includes:	It includes:
Fixed interest rate from the 1st to the 5th year: **3.85%**	Fixed interest rate from the 1st to the 5th year: **3.85%**
Annual review from 6th year onwards: **One-year Euribor** + 1.25%**	Annual review from 6th year onwards: **One-year Euribor** + 1.25%**
Arrangement fee: **0.50% (minimum €1,200)**	Arrangement fee: **0.50% (minimum €1,200)**
Insurance: **Damage Insurance**	Insurance: **Damage Insurance**
Financed amount: €150,000	**Financed amount:** €150,000
Total Interest: €96,090.82	**Total Interest:** €73,534.49
Arrangement fee: €1,200	**Arrangement fee:** €1,200
Damage Insurance: €210 per year	**Damage Insurance:** €210 per year
Valuation cost: €467.06	**Valuation cost:** €467.06
Registry verification: €23.01	**Registry verification:** €23.01
Half-yearly maintenance cost current account: €100	**Half-yearly maintenance cost current account:** €100
Total cost of the loan: €108,030.89	**Total cost of the loan:** €83,424.56
Total amount owed by the borrower: €258,030.89 (sum of total amount plus total cost)	**Total amount owed by the borrower:** €233,424.56 (sum of total amount plus total cost)
Number of instalments: 300	**Number of instalments:** 240
Amount of the instalments: 60 instalments of €779.38 239 instalments of €830.53 1 last instalment of €830.75	**Amount of the instalments:** 60 instalments of €897.16 239 instalments of €942.80 1 last instalment of €942.91
Frequency: monthly	**Frequency:** monthly
The calculation of the Variable APR* and total cost of the loan are based on the following assumptions:	**The calculation of the Variable APR* and total cost of the loan are based on the following assumptions:**
Term: 25 years	Term: 20 years
Grace period: no grace period	Grace period: no grace period
Purchase value of €300,000 and Valuation of €400,000	Purchase value of €300,000 and Valuation of €400,000

***The calculation of the Variable APR has been made under the assumption that no total or partial early repayment is made during the entire life of the loan and that the benchmark indices do not vary and, therefore, could vary with interest rate revisions. When the fixed interest rate applicable during the initial period is higher than the rate resulting from the sum of the agreed spread and the benchmark indices in force on the contracting date, applicable to the rest of the period, this fixed interest rate will be used to calculate the Variable APR for the entire life of the transaction.**

**** One-year Euribor published in the B.O.E. [Official State Gazette] of February 2023: 3.337%.**

Damage Insurance:

Damage insurance (home, commercial and SME) of €210 per year (premium calculated for a building of €125,000 and contents of €20,000). Insurance calculated for a mortgage with a term of 20 and 25 years and the premium for the first year has been taken as a reference for the whole life of the loan. It is compulsory to take out damage insurance (Home, Commercial and SME), and optional to take out insurance through Banca March. The products taken out with Banca March will be reviewed annually throughout the life of the loan.

Cost of maintaining the associated account:

If the current account opened at Banca March, S.A. is used solely and exclusively to arrange the loan, this account will not accrue any commission. Otherwise, if the account is used for other purposes, the agreed fees will accrue.

Other costs not included in the total cost of the loan:

(i) Gastos The registry of the property to be used as collateral for the loan must be checked, in order to verify its ownership (who actually owns it) and whether the property has any "encumbrances", i.e. whether any debt of the owner for which the property is liable for payment is registered in the Land Registry,

(ii) Copy of the mortgage deed, if requested by the borrower.

Loan repayment:

For a loan such as the one indicated in the previous section, amortised using the French amortisation system whereby the repayment of the loan capital and the payment of interest are made in constant and successive monthly instalments comprising capital and interest, calculated according to the following formula: a= C_0 x(i / 1-(1+i) –n) where: “a”: constant period instalment, "C_o": borrowed capital, "i": annual loan interest rate and "n": number of periods.

Consequences of non-compliance with the loan agreement. The consequences for defaulting on capital and interest payments are:

- Interest for late payment will accrue, thereby increasing the cost of the loan.
- Where applicable, it may entail early cancellation of the loan and judicial or extrajudicial claims or foreclosure proceedings, with the ensuring costs and legal expenses.
- The judicial or extrajudicial claim or foreclosure entails the public auction of the mortgaged property, and therefore the owner loses ownership of the mortgaged property.

DEFAULT INTEREST

The Bank and the borrower agree that the outstanding and unpaid capital will accrue a default interest equivalent to the agreed ordinary interest increased by three percentage points in force at the time the interest accrues. The default interest will be annual, payable and enforceable together payment of the amount due and can only be accrued on the outstanding capital. This default interest cannot be capitalised under any circumstances, except in the case envisaged in Article 579.2 a) of the Civil Procedure Act.

In the event that the loan is not included in the scope of application of Law 5/2019, of 15 March, regulating real estate credit contracts, a late payment interest rate of 18% will be charged.

6. EARLY REPAYMENT

6.1. Loans included in the scope of application of Law 5/2019, of 15 March, regulating real estate credit contracts:

If the borrower exercises the power to fully or partially amortise the loan early, or in the case of subrogated amortisation, the following commission will be accrued.

FIXED INTEREST

a) If the loan is fully or partially repaid or amortised within the first 10 years of the loan agreement or from the day the fixed rate becomes applicable, a compensation or commission is established in favour of the lender which may not exceed the amount of the financial loss that the Bank could suffer, in accordance with the method of calculation envisaged below, with a limit of 2% of the capital repaid in advance; and

b) If the loan is fully or partially repaid or amortised between the end of the period mentioned in a) until the end of the loan, a compensation or fee is established in favour of the lender which cannot exceed the amount of the financial loss that the Bank could suffer, in accordance with the method of calculation envisaged below, with a limit of 1.5% of the capital repaid in advance.

   The aforementioned financial loss that the lender suffers will be calculated, in proportion to the repaid capital, based on a negative difference between the outstanding capital at the time of early repayment and the loan's current market value.

VARIABLE INTEREST

If the loan is fully or partially repaid or amortised within the first 5 years of the loan agreement, a compensation or fee is established in favour of the lender which may not exceed the amount of the financial loss that the Bank could suffer, in accordance with the method of calculation envisaged below, with a limit of 0.15% of the capital repaid in advance.

The aforementioned financial loss that the lender suffers will be calculated, in proportion to the repaid capital, based on a negative difference between the outstanding capital at the time of early repayment and the loan's current market value.

The loan's current market value will be calculated as the sum of the current value of the outstanding payment instalments until the next review of the interest rate and the current value of the outstanding capital that would remain at the time of the review if there were no early cancellation. The updated interest rate will be the market rate applicable to the remaining period until the next review. The index or benchmark interest rate(s) will be the Interest Rate Swap (IRS) at 2, 3, 4, 5, 7, 10, 15, 20 and 30 years which will be published by the Bank of Spain and to which a spread agreed between the parties will be added. This spread refers to the difference, at the time this loan is arranged, between the loan's interest rate and the IRS at the closest term, at the time, until the next interest rate review date or until its maturity. The benchmark interest rate from the above that is closest to the remaining term of the loan from the early cancellation to the next interest rate review date or until the date of its maturity will apply.

In the event of novation of the applicable interest rate or subrogation of a third party to the creditor's rights, provided that in both cases it entails the application of a fixed interest rate for the remainder of the term of the contract in place of a variable rate, the compensation or fee for early repayment or amortisation may not exceed the financial loss that the lender may suffer, with a limit of 0.05 per cent of the capital repaid early, during the first 3 years of the term of the loan contract. If the novation does not involve early repayment of capital, no fee may be charged for this concept.

After the first 3 years of the loan agreement, the lender cannot demand any compensation or fee in the event of interest rate novation or third party subrogation in the creditor's rights for which it is agreed to apply a fixed interest rate for the remainder of the life of the loan.

In all cases, the compensation or commission will accrue on the amount of amortised capital and will be payable and enforceable at the time of amortisation.

6.2. Loans not included in the scope of application of Law 5/2019, of 15 March, regulating real estate credit contracts:

Compensation for withdrawal. In both total and partial subrogatory and non-subrogatory cancellations, the amount to be received by the Bank as compensation for withdrawal will be 0.50% when the early repayment occurs within the first five years of the life of the loan, and 0.25% when the repayment occurs after the first five years.

Interest rate risk fee. In subrogatory and non-subrogatory cancellations, total or partial, of credits or mortgage loans that occur within an interest rate review period whose agreed duration is longer than twelve months, in the event that the early repayment generates a loss for Banca March, S.A., the debtor must pay the latter the compensation for interest rate risk agreed by the parties. Capital gain from exposure to interest rate risk shall mean the positive difference between the principal outstanding at the time of early repayment and the market value of the loan or credit. If the difference is negative, the creditor institution shall be deemed to have incurred a capital loss. The market value of the loan or credit shall be calculated as the sum of the present value of the outstanding instalments until the next interest rate reset and the present value of the outstanding principal that would remain at the time of the reset in the absence of early repayment. The updated interest rate will be the market rate applicable to the remaining period until the next review.