

APPENDIX

ANNEX TO THE COLLECTIVE AGREEMENT OF 2016 - 2017 WHICH CONSTITUTES AN INTEGRAL PART OF IT: BANKS' EMPLOYEES LOAN SCHEMES

First: General Conditions

1- Allotments:

- The bank shall allot to the loans it grants to its employees, at the utmost, 1% (One Percent) for housing and repair loans and 0.5% (Half Percent) for various loans, from the funds deposited at the bank in LBP, as they are on December 31st of the year which preceded the one in which the loans are granted.
- The current loans are considered within the two above – mentioned proportions.

2- Loan Interest

- a-Upon granting the loan, the interest rate shall be equivalent to the medium rate of money cost deposited with the banking sector in Lebanon, as determined every month by the Central Bank and notified by the Association to the banks. The rate for each loan is set for one full year.
- b-The interest rate is reviewed every two years, starting from the date on which the loan is granted, according to the same principles stipulated in paragraph /1/ above.

Second: Housing Loans

Article I - Allotments of Housing Loans to Banks' Employees

- 1- Banks shall grant their employees Housing Loans within the allotments stipulated in paragraph /1/ of the “general conditions” above.
- 2- The two parties have concurred on considering the housing loans subject to the present scheme counted within any future loans which might be enforced in the future by the Lebanese Authorities for financing housing projects, provided they collaborate jointly to ensure this aim.
- 3- The housing loans for banks employees shall be subject to the rules and regulations stipulated in this scheme.

Article II - Conditions which should be fulfilled by loan applicant

The loan applicant should fulfill the following conditions:

- 1-Should be Lebanese.
- 2-Should have completed at least two consecutive years in the service of the same bank on the date of the application while the remaining years of service until retirement should be sufficient to settle the loan.
- 3-The place of work of the applicant should be in the same province where he/she intends to buy or build a house. Employees working in Beirut Province and its suburbs are allowed to own or construct in Beirut or its suburbs to the extent of 25 km from its boundaries.
- 4-The applicant should not own, himself/herself nor any member of his/her family, i.e. husband, wife, children dwelling with him, a building or residence within an area not exceeding 25 km from his/her working location.

- 5- He/She should not have had himself/herself or any member of his/her family mentioned in paragraph (4) above any previous housing loan from whichever source.
- 6- He/She shall undertake, in case of owning an unconstructed plot, to start building the residence within a maximum period of one year from the purchase date and shall finalize the building works in full within a period of another two years.
- 7- He/She shall undertake not to dispense with the unconstructed plot mentioned above and the residence and to refrain from placing any real right upon or taking any measure which reduces its value, before settlement of all the installments due.
- 8- He/She shall undertake to occupy the residence in principle himself/herself or with his/her dependents immediately upon purchase or on completion of construction during the whole period fixed for the settlement of the installments and shall undertake, under any circumstances, not to lease it until settlement of the whole installments.
- 9- He/She shall undertake to up-keep the premises throughout the period required for the settlement of the whole installments.
- 10- He/She shall undertake not to utilize the loan, whether in part or in full, for a purpose other than that for which it was originally granted.
- 11- He/She shall present all the certificates and documents which the bank requires from him/her, especially those which the bank requires from its clients when granting them loans against collateral securities.
- 12- He/She shall present to the bank the securities outlined in Article (8) of this scheme.
- 13- The bank has the right to supervise the execution of the residential project at any time it deems suitable to ensure that the debtor is adhering to the regulations proportion to the executed stages.

Article III - Priorities in granting loans

The bank shall follow a priority administrative procedure in granting loans, taking into consideration especially the following factors:

- a- Seniority: Priority is given to the applicant employee according to his/her seniority in the bank in which he/she is working, provided the duration of work with the same bank shall not be less than two consecutive years in all circumstances.
- b- The loan applicant shall be married and supporting a family.
- c- He/She should have saved an amount of money which enables him/her to participate in the execution of the project for acquiring a residence. In this case, he/she should have, at the time of applying for the loan, at least 10% (Ten percent) of the price of the residence he/she intends to buy or build. Also, should the loan be for building, the plot must be wholly and solely owned by the applicant or his wife/her husband.

Article IV - Loan Amount

- 1- The loan amount should not exceed 90% (Ninety percent) of the residence cost or price.
- 2- For the purpose of fixing the amount of the loan, the monthly installments, which the applicant has to pay, principal and interest, shall be taken into consideration, in a way whereby the amount of a single installment shall not exceed the third of the monthly income of the applicant at the date of granting the loan. It is meant by monthly income, the basic salary, added to it H.C.L. and the family allowance. The additional months' income shall also be accounted for proportionately.
- 3- In all circumstances, the loan amount shall not exceed in principal, excluding the interest, an amount of LBP. 75.000.000. – (Leb. Pounds Seventy Five Million only) as a maximum.

Article V - Loan Interest

The interest on the loans shall be calculated according to paragraph /2/ of the “general conditions” above.

Article VI - Loan Duration

- 1- The minimum duration of housing loans settlement is fixed for two years, and the maximum duration for twenty years. The period will commence from the date of acquiring the whole loan.
- 2- In all circumstances, the duration of the loan should not exceed the remaining number of years of service left for the borrower until attaining the legal retirement age stipulated in the Article 30 of the Collective Labor Agreement.
- 3- The loan duration as fixed on the date it was granted, may be shortened when the amendments to the installments referred to the Article (7), paragraph (4 c) of this scheme lead to an early settlement of the whole loan.

Article VII - Installments and Settlement

- 1- The loan shall be settled through the payment of monthly equal installments.
- 2- Each bank shall follow its own private way to ensure the borrower’s commitment to pay the monthly installments due on him/her (Signing bills or letter of undertaking, etc.).
- 3- Settlement of the first installment shall commence after the elapse of one whole year from the date of acquiring the whole loan.
- 4- The monthly installment shall be fixed as follows:
 - a)The installment shall cover the principal and interest.

- b) The monthly installment shall be one third of the borrower's monthly income, as outlined in Paragraph (2) of Article (4) of this scheme.
- c) The monthly installment shall be amended once a year after receiving the annual increment and H.C.L. making the installment within the third of the monthly income in the first five years and shall be reduced to 25% (Twenty Five Percent) of the income for the following five years, and to 20% (Twenty Percent) for the balance of the loan provided that any amendment to the installment shall not lead to an amount lesser than the previous installment.

5- In case the borrower does not pay three successive installments, for whatever reason, all the remaining installments shall fall due immediately without a need to send a warning or any other action.

6- The loan or its balance shall fall due immediately in case the borrower breaks any of the conditions agreed upon, especially if it is discovered that he/she has presented false certificates or documents or if he/she has not started executing the residential project, or if execution is not completed within the prescribed periods or if he/she utilizes the loan in part or in full for a purpose other than that for which it was granted, or if he/she sells the residence, object of the guarantee.

7- If the borrower repels any of the loan conditions, the bank has the right to sell the residence, on the borrower's responsibility and expense, charging him/her with all interests, fees, expenses and remunerations of any nature.

8- The borrower has the right to settle the whole balance of the loan or any part of it before maturity.

9- If the borrower resigns from the bank where he/she works for any reason, he/she must settle the whole balance of the loan immediately.

10- If the loan or what remains of it falls due for what ever reason mentioned in Paragraphs (5, 6, 7, 9) above, then the prime lending rate fixed by the Banks Association, or the one implemented by the banks shall apply on the balance of the loan until final settlement.

Article VIII - Securities

1- Every borrower must provide the bank with the following securities:

- a) First Legal Mortgage of the residence or plot in favor of the bank as a collateral to the principal, interest and the expenses together with an undertaking not to placing any other legal right on the plot.
- b) Foregoing on the part of his/her income equivalent to the monthly installment which he/she has to settle.
- c) Life insurance policy in favor of the bank covering the whole loan, principal and interest in case of death or incapacity. This policy may be reduced year after year relatively to the settled installments.
- d) Insurance policy in favor of the bank covering the construction for the amount of the loan and interest. This policy may be reduced year after year relatively to the settled installments.

2- The cost of the securities subject of this article, together with the costs of the required certificates and documents is on the borrower's expense.

Article IX - Loans for the improvement or repairs of an existing residence

The loans granted for the improvement or repairs of an existing residence shall be governed by the following rules, conditions and procedures:

- 1- The maximum loan amount: The loan amount shall not exceed LBP. 15.000.000. – (Fifteen Million Lebanese Pounds). Upon setting the

monthly installments, the borrower should pay as a principal and interest, the amount of one installment – including the other loans the borrower has benefited from – shall not exceed one third of the monthly income of the borrower, on the date the loan is granted, plus the H.C.L., the family allowances, and the additional months income.

- 2- The maximum loan duration: The maximum duration for the loan is ten years.
- 3- The improvement and repairs loans are granted within the one percent mentioned in paragraph /1/ of the “general conditions” of the banks employees housing loan scheme annexed to the present contract and lie within any loan the Lebanese Authorities will impose in the future for the same purpose.
- 4- The loan applicant should fulfill the following conditions:
 - a- Should be Lebanese.
 - b- Should have completed at least two consecutive years at the service of the same bank on the date of the application while the remaining years of service until retirement should be sufficient to settle the loan.
 - c- The place of work of the applicant should be in the same province where the residence, object of the repair loan, is located. Beirut and its suburbs to the extent of 25 km to the place of work are considered as one province.
 - d- The applicant shall undertake to occupy the residence in principle himself/herself or with his/her dependents and to up-keep the premises throughout the duration of the loan.
 - e- He/She shall undertake not to utilize the loan, whether in part or in full, for a purpose other than that for which it was originally granted. The bank has the right to supervise the execution of the residential project at any time and in any way it deems suitable.
 - f- He/She shall present all the certificates and documents which the bank requires from him/her.

- g- He/She shall provide the bank with the following securities:
- Foregoing on the part of his/her income equivalent to the monthly installment which he/she has to settle.
 - Foregoing on his/her end of service or discharge indemnity until the settlement of the installments, due according to the proportion allowed legally.
 - Life insurance policy in favor of the bank covering the whole loan, principal and interest, in case of death or incapacity. This policy may be reduced year after year relatively to the settled installments.

5-Loan priority: The improvement and repairs loans are subject to the priorities scheme (Article 3, except for paragraph /c/) in force in the housing loans.

6-Loan interest: The interest rate on loans is calculated according to paragraph /2/ of the “general conditions” above.

7-Installments and settlement: The settlement of the loan is subject to Article 7 of the housing loans scheme.

Paragraphs /6/ and /7/ of the mentioned article are cancelled and replaced by the following text:

“The loan or its balance shall fall due immediately in case the borrower breaks any of the conditions agreed upon, especially if it is discovered that he/she has presented false certificates or documents or if he/she utilizes the loan in part or in full for a purpose other than that for which it was granted.”

Third: University Loans

Article X

Banks grant their employees specialized loans to cover the expenses of their children’s education (university fees), in private universities in Lebanon and abroad:

- A- The objective of the loan is to cover the university fees of the employee's children
- B- It is up to the bank management to examine the loan demand and take the adequate decision in this matter.
- C- The employee, with two consecutive years at least at the service of the bank, can benefit from this loan, provided that the remaining duration till the end of his/her service is not below the duration of the loan resettlement.
- D- The management sets the amount of the loan, provided that this global amount does not exceed the equivalent of 50% of the amount of university fees to be settled for one child.
- E- The loan is reimbursed in six monthly installments, provided that half of the employee's salary is free and not subject to seizure.
- F- The interest applied to the loan is that stipulated in paragraph 2 (A) of the system of loans to banks employees (first: general provisions).

Fourth: Various loans

Article XI:

The banks grant their employees loans to fulfill their different needs, within the allotments set in paragraph /1/ of the "general conditions" above and according to the following conditions:

- a-The objective of the loan is to fulfill the basic and necessary needs of the loan applicant.
- b-The Management is entitled to examine the loan application and take the adequate decision in this regard.
- c-The employee should have completed at least three consecutive years in the service of the same bank while the remaining years of service until retirement should be three years at least.

- d-The Management sets the amount of the loan, on the condition that its global value – principal and interest – does not exceed the total of the salaries of the loan applicant for one year, on the basis of his/her salary on the date the loan is granted, and within a maximum limit of twenty million Lebanese Pounds. The “salary” means in this regard, the basic salary, including the H.C.L.
- e-The interest rate on the loans is calculated according to paragraph /2/ of the “general conditions” above.
- f-The loan is settled within three years, starting from the date of its grant and according to monthly installments covering the principal and the interest.