

## GENERAL TERMS AND CONDITIONS FOR LENDING

### I. GRANTING

1. Utilisation of funds from a granted loan can only be effected:

- after the conditions set in the Loan Agreement have been fulfilled by the BORROWER. Until such fulfilment, the BANK has the right to disburse and block the loan amount in the BORROWER's account;
- in the form of non-cash transfers which comply with the purpose indicated in the Loan Agreement. Therefore, the BORROWER/PRINCIPAL cannot order transfers of funds to beneficiaries other than the persons/entities directly or indirectly involved in the utilisation of funds from the loan in accordance with the agreed purpose;
- up to a maximum of four times per month within the approved limit for credit lines.

2. The purpose of the loan must not be directly or indirectly related to financing any of the activities on the Exclusion List of activities not eligible for financing (as published on the BANK's website: [www.procreditbank.bg](http://www.procreditbank.bg)). By accepting the General Terms and Conditions the BORROWER declares that he/she/it is aware of the above-mentioned Exclusion List.

3. The BORROWER/PRINCIPAL declares that he/she/it is aware of the health and safety, environmental and social requirements of Bulgarian legislation and that his/her/its enterprise operates in compliance with those requirements.

### II. INTEREST

4. Interest on the utilised loan amount accrues from the loan disbursement day, monthly, on the basis of the actual number of days of the month /360, including the first and excluding the last day of the period.

5. For credit lines and overdrafts the annual interest rate accrues on the utilised loan amount on the basis of the actual number of days of the month/360. Interest accrues on daily basis and is charged monthly on the first business day of the following month.

6. In the event of a significant change in interest rates in the country, a change in the economic environment, an increase in the price of the financial resource, and/or an occurrence of certain other objective circumstances, the BANK reserves the right to unilaterally change the agreed and/or penalty interest rate in the Loan Agreement and is not obliged to justify its decision. Interest rate changes are applied automatically and are effective from the date of the decision by the Management Board of the BANK. The BANK is obliged to notify the BORROWER of such changes in one of the following ways: by sending a message to the Borrower's electronic mail address, by posting a message in the internet banking system "ProB@nking", by sending a registered letter to the postal address as indicated by the Borrower, or by delivering the notification in person. The BORROWER shall be obliged to promptly notify the CO-DEBTOR / GUARANTOR for the content of the letter. Neither Party shall be required to sign an annex to the agreement for such changes. Should the BORROWER object to the change in the interest rate, he/she/it has the right to repay his/her/its loan liabilities within 30 days, together with the interest originally agreed for the period of actual utilisation of loan funds, without being required to pay an early repayment fee. The Parties agree that, if the BORROWER does not repay his/her/its liabilities within said term, it shall be considered that he/she/it agrees with such changes. Should the interest rate applicable to the loan be reduced, the BANK shall not be required to notify the BORROWER.



### **III. REPAYMENT**

7. By signing the Loan Agreement/Bank Guarantee Agreement/Agreement for a Documentary Letter of Credit, the BORROWER/PRINCIPAL/CO-DEBTOR/GUARANTOR gives his/her/its irrevocable and unconditional consent for the BANK to collect ex officio all due fees, commissions, penalties, interest and principal from the funds held in his/her/its account(s) with the BANK.

8. The BORROWER/PRINCIPAL is obliged to pay the principal, interest, fees and commissions in the original currency in which funds were provided by the BANK. When a payment is made in a foreign currency, the BANK shall apply exchange rates as follows: for fees and commissions charged in accordance with the BANK's Price list - the Bulgarian National Bank's fixing prevalent on the day the operation is effected, and for payment of principal and/or interest - the Bank's sell currency exchange rate prevalent on the day the payment is received. Currency losses or earnings from such currency exchanges shall be debited/credited to the BORROWER/PRINCIPAL's account and the BORROWER/PRINCIPAL shall have no right to make any requests, objections or claims in this regard. A payment, whereby funds are provided in an amount insufficient to cover the due liability in full, is considered to be a partial payment.

8.1. Upon entering into a loan relationship and/or upon the occurrence of a loan the below mentioned fees shall be due, for which the Borrower gives their consent to be deducted automatically by the Bank on the day the obligation arises, and namely:

- Fee for loan application processing is due for the requested amount of the financing. In case of a client or the Bank's failure to sign a loan agreement, the deducted fee for loan application processing shall not be refunded. Fee for loan application processing for Loan EcoMobility shall not be due.
- Fee for administration of a framework loan agreement shall be due once on the whole amount on the day of signing the agreement.
- Disbursement fee shall be due once on the disbursed amount on the day of validating the borrower's account.
- Management fee - for instalment loans shall be due by the borrower annually on the outstanding principal.
- Commitment fee - for credit lines and overdrafts shall be due by the borrower monthly on the unutilized amount.
- Fee for loan restructuring shall be due by the borrower for each change on the outstanding principal.
- Fee for change in the terms and conditions of a loan shall be due by the borrower on the outstanding principal/allowed limit for utilization.
- Fee for acquiring ownership title to a leasehold asset shall be due on the net financing on the day of transferring the ownership of the asset.

9. A payment shall be considered valid if the funds have been paid into the bank account listed in the loan agreement by 18:00 h on the due date. If the due date for the payment of principal and/or interest, a fee, or a commission falls on a non-business day, the next business day shall be considered to be the effective due date for the payment.

10. (Effective as of 31 July 2014) In the event of a breach of the terms of payment for the principal and / or the interest on the loan, as well as in the event of a demand for early repayment of receivables under a loan, the CREDITOR owes until the date of the full and final repayment of the obligation penalty interest, calculated monthly on the amount of the overdue principal in size of: a) 4% on Loan Contracts with monthly installments; (b) 2% per month on the amount of the principal outstanding and outstanding from the principal until the date of full and final repayment of the credit line liability. The BANK shall charge penalty interest as from the date following the due date of the obligation. The penalty interest is charged daily up to the date of filing an application by the BANK for the issuance of a writ of execution, respectively until the date of the sale of movable property. For overdraft contracts the BANK shall charge interest for an unauthorized overdraft amounting to the Tariff for natural persons/legal entities of ProCredit Bank (Bulgaria) EAD, and the BORROWER shall not pay the penalty interest above.



11. (Effective as of 01 August 2014) In the event of a breach of the terms of payment for principal and/or interest, and/or a commitment fee (for overdrafts and credit lines), as well as in the event of a demand for early repayment of receivables under a loan, in addition to the interest charged on regular debt, the BORROWER and other debtors under the loan shall be liable to pay penalty interest as follows:

- a) for instalment loans - the BANK shall also charge interest on the full outstanding principal amount (both regular and overdue) at a fixed rate of 5% per annum;
- b) for credit lines - the BANK shall also charge interest on the utilized and outstanding loan amount at a fixed rate of 10% per annum;
- c) for overdrafts - the Bank shall also charge interest on the utilized (in arrears) amount at the fixed rate of 10% per annum.

Penalty interest will be charged on a daily basis starting from the day following the due date until the date when the liability is paid in full, or until the date of filing a request by the BANK for a writ of execution to be issued, or until the date of sale of the pledged collateral.

12. Should the funds available in the BORROWER's account(s) be insufficient to cover a liability for a fee/commission as per the BANK's Price list for Private Clients/Legal Entities, the BANK shall debit the due amount to the account on the day upon which the obligation to pay such fee/commission arises, and shall charge penalty interest in accordance with the BANK's Price list, payable until the date of full repayment of the liability. Such liabilities are payable as of the time they arise; moreover, should the Client fail to pay such liabilities within 7 days, the Bank shall be entitled to take legal action in order to enforce collection.

13. Should the PRINCIPAL fail to fulfil any of the conditions set out in the Bank Guarantee Agreement/Agreement for a Documentary Letter of Credit, then he/she/it is obliged to pay the BANK a daily penalty equal to 0.1% of the amount of the issued guarantee/documentary letter of credit, subject to a maximum of 50% of the amount of the issued guarantee/documentary letter of credit.

14. Should any of the conditions as set out in the Loan Agreement remain unfulfilled, the BANK has the right to demand the early repayment of the loan or to unilaterally increase the interest rate for the loan by 2% points.

15. The Agreement for a Documentary Letter of Credit may be terminated prior to its term only upon receipt of a securely encoded telex/swift communication from the beneficiary's bank evidencing that the BANK has been released from all of its obligations under the letter of credit.

16. The Agreement for a Bank Guarantee may be terminated prior to its term only if the original bank guarantee certificate is returned to the BANK for cancellation, and a letter is presented from the beneficiary of the guarantee evidencing that the BANK has been released from all of its obligations under the guarantee.

- For bank guarantees for customs purposes, including general transit, the original bank guarantee certificate must be returned to the BANK, together with a letter signed and stamped by the BENEFICIARY of the guarantee evidencing that the BANK is released from all of its obligations under the guarantee.

- For bank guarantees for the general transit scheme, the guarantee may be terminated in writing prior to its term by the Customs authority or by the BANK; such termination will become effective on the 16th day following the day of receipt of the notification. In accordance with the terms of article 227 of the Rules on the Application of the Customs Law or the respective provision of the applicable EU legislation, the BANK's engagement shall remain valid for transit operations that have already commenced.

17. The Loan Agreement may be terminated by either of the parties upon expiration of a 30-day period of notification in writing. Upon early repayment of the loan or part thereof, the BORROWER shall pay the principal and interest, which are due at the time of early repayment, as well as an early repayment fee as set out in the BANK's Price list effective at the time of the early repayment:

- Calculated for instalment loans, calculated on the amount of the principal which shall be early repaid;
- Calculated for overdraft/ credit line/ loan with extended term for utilization, calculated on the allowed amount for utilization;



In case of early repayment of a loan against deposit, an early repayment fee shall not be due. Fees and commissions collected in advance are not refundable.

18. Should a BORROWER declare the intent to make an early repayment, and liabilities exist under several agreements concluded between the BORROWER and the BANK, liabilities shall be repaid in the following order: first - non-secured loans; next - loans secured by promissory note; next - loans secured by pledge; and last - loans secured by mortgage on immovable properties. The BANK has the right to choose which liability is to be paid back.

19. Should the BORROWER have several obligations to the BANK which have been designated for early repayment, the obligations are to be paid back in the order as per section 17 of these General Terms and Conditions for Lending.

20. In the event of the BORROWER's non-performance of his/her/its obligations in full, such obligations shall be repaid in the following order: penalty interest on claims for fees/commissions; claims for fees/commissions; penalty interest on principal; interest in arrears; principal in arrears; regular interest; regular principal. If early repayment is demanded for the loan, court expenses shall be repaid prior to all other claims. Should there be more than one instalment loan, penalty interest on claims for fees/commissions; claims for fees and commissions, and all accumulated penalty interest on principal for all loans are to be paid first, and the obligations are then repaid instalment by instalment, starting with the instalment which is the greatest number of days in arrears, in the order set out in the previous sentence. When obligations under several agreements are being repaid, payments are carried out in parallel, taking into consideration the number of days in arrears.

#### **IV. UTILISATION**

21. Each mortgaged or pledged property must be insured in favour of the BANK under the General Policy or with another insurer pursuant to the Loan Agreement/Bank Guarantee Agreement. For the duration of the Agreement, the BORROWER/PRINCIPAL is obliged to not additionally insure the mortgaged/pledged property, unless through the insurer with whom the original insurance policy was taken and for an amount not exceeding the difference between the residual loan amount and the actual value of the property.

22. Should the BORROWER/PRINCIPAL fail to pay the insurance premium due, or fail to conclude an insurance policy for the properties used as collateral for the agreement, he/she/it gives his/her/its consent for the collateral to be included under the General Insurance Policy of the BANK. In this case, the BORROWER/PRINCIPAL shall pay the BANK once for each insurance year a fee for the inclusion, processing and maintenance of the insurance coverage of the collateral pursuant to the BANK's Price list. The fee for immovable property shall be deducted annually on the outstanding amount of the loan at the time of its payment. The fee for movable assets shall be deducted annually on the amount of the insurance value.

23. For the full duration of the loan agreement, the BORROWER/PRINCIPAL/CO-DEBTOR/ GUARANTOR is obliged, either on demand by the BANK or within 5 days of the occurrence or establishment of the relevant change, to:

- inform the BANK of any changes involving the BORROWER's related parties as defined in the Law on Credit Institutions, as well as any debt obligations of such related parties;
- inform the BANK of any change in their corporate bodies and/or management structure and/or representation and/or changes in their capital/ownership structure;
- inform the BANK of any changes in the correspondence address given to the BANK;
- provide new versions of any documents which were provided to the BANK upon disbursement of the loan in the event that amendments and/or additions are made to such documents.

24. The BORROWER/PRINCIPAL/CO-DEBTOR shall be obliged to:

- not undertake obligations without the explicit written consent of the BANK and inform the BANK of all circumstances which may have a direct or indirect negative effect on the BANK's capacity to collect its



receivables, as well as not provide third parties with any collateral which may be superior in nature and/or more liquid than the collateral provided to the BANK;

- not conduct actions, and to prevent actions on the part of any third party/guarantor, to dispose of any collateral, nor to establish any mortgage/pledge thereon in favour of third parties, nor to grant any encumbrance thereon.

25. Upon the request of the BANK, the BORROWER/PRINCIPAL/CO-DEBTOR/GUARANTOR shall be obliged to:

- provide up-to-date written information regarding his/her/its assets and financial condition, including documents evidencing that the funds provided by the BANK have been expended in accordance with the agreed loan purpose;

- permit the Bank to perform inspections of, monitor and have access to all places related to his/her/its business activities;

26. In the event of any deterioration in the financial condition of the BORROWER/PRINCIPAL/ CO-DEBTOR/GUARANTOR or of any of their related parties, and/or any loss in value of the collateral, the BORROWER is obliged upon the written request of the BANK to provide new collateral or to repay his/her/its obligations up to an amount specified by the BANK. For the period between sending the notification and registration of collateral/repayment of liabilities, the BANK shall be entitled to block the amounts needed for repayment of the liabilities available in the accounts of the BORROWER/PRINCIPAL and/or CO-DEBTOR/PRINCIPAL.

27. All expenses for the establishment/registration/deregistration of collateral to the agreement will be borne by the BORROWER/PRINCIPAL. The BORROWER/PRINCIPAL shall be obliged to pay the fees as per the BANK's Price list for the for preparation of documents related to the registration/deregistration of the collateral in favour of the BANK (pledges and/or mortgages). The BORROWER/PRINCIPAL shall pay the fees for the renewal of the registration of the collateral to a loan agreement not later than 30 days prior to the expiry of the original term of registration. If the BORROWER/RINCIPAL fails to provide a document certifying the payment of the fees within the above-mentioned term, such fees shall be paid by the BANK and the amount will be charged to the client's or the co-debtor's accounts.

28. The BANK shall be entitled to perform financial monitoring relating to all its loan agreements at least once in every twelve-month period commencing with the date of signing the Loan Agreement. The aim of this monitoring is to verify the financial soundness of the BORROWER/ CO-DEBTOR(s) and the fulfilment of the conditions set out in the Loan Agreement.

29. Where credit lines/overdrafts are concerned, such monitoring may result in the BANK:

a) permitting the utilisation of further amounts within the agreed credit limit - however, the BANK reserves its right to change the term, interest rate and/or fees applicable to the credit line/overdraft. Should the BORROWER object to such change, he/she/it is entitled to repay in full the utilised amount and due interest within 30 days of being made aware of the change/ of notifying the borrower via the internet banking system ProB@nking, without being required to pay an early repayment fee;

b) refusing the utilization of further amounts without justifying the decision. In the event that amounts under the credit limit have already been utilized, the BANK has the right to allow the use of the credit line/overdraft within the reduced limit, or to demand full repayment thereof. The BORROWER/CO-DEBTOR(s) are obliged to repay the utilized and outstanding parts of the credit line/overdraft (principal and interest) above the approved limit in the form of an instalment loan with a term of up to 36 months.

## **V. EARLY REPAYMENT**

30. The BANK has the right to unilaterally suspend the utilization of amounts under the loan, to unilaterally terminate the agreement with regard to issuing further bank guarantees within the agreed limit, and/or to demand early repayment of its receivables under the Loan Agreement and to demand immediate payment of due



principal, interest and all other due and outstanding liabilities under the loan, as well as obtain a court order against the BORROWER/PRINCIPAL/ CO-DEBTOR/GUARANTOR, if:

- the BORROWER/PRINCIPAL/CO-DEBTOR/GUARANTOR should fail to perform their obligation to pay a monthly instalment or any other obligation, and/or breach any of the conditions under the Loan Agreement/Bank Guarantee Agreement/Agreement for a Documentary Letter of Credit, these General Terms and Conditions and any other agreement relating to the main agreement, as well as any regulatory provision referring and applicable to the agreement;
- certain circumstances occur, which disable or prevent to a considerable extent the performance of the BORROWER/PRINCIPAL's obligations to pay;
- the BORROWER/PRINCIPAL becomes insolvent, and/or enforcement proceedings are initiated against them and their property by third parties;
- cases arise which are governed by the conditions of article 432 of the Commercial Code;
- the BORROWER/PRINCIPAL/CO-DEBTOR or their related parties file a claim against the BANK;
- the BORROWER/PRINCIPAL/CO-DEBTOR should fail to provide documentation or information as demanded by the BANK within the term indicated, or fail to inform the BANK of any changes in its capital structure, management bodies, or any other change registered in its entry in the Commercial Register.

## **VI. ENFORCEMENT PROCEEDINGS**

31. Should the BORROWER/PRINCIPAL fail to perform any of his/her/its obligations under the Loan Agreement/Bank Guarantee Agreement/Agreement for a Documentary Letter of Credit, and/or these General Terms and Conditions; and/or upon receipt of instructions for distraint on the funds held in the account(s) of the BORROWER/PRINCIPAL and/or CO-DEBTOR; and/or if the BANK has good reason to believe that a risk exists that the BORROWER/CO-DEBTOR may fail to repay their loan obligations when due; or if early repayment of the loan is demanded, then the BANK has the right:

- without notification to block the accounts of the BORROWER/PRINCIPAL/CO-DEBTORS/ GUARANTORS and their related parties and to withhold existing and incoming funds held in the accounts in order to repay all due amounts;
- to dispose of any collateral asset through sale without court intervention under the conditions and in the order arranged in the respective pledge agreement and the applicable legislation;
- to obtain a writ of execution for its receivables arising from the Loan Agreement and, pursuant to the Civil Procedures Code, to initiate enforcement proceedings against the collateral and against the remainder of the BORROWER's movable and immovable property in order to satisfy its claims.

## **VII. CO-DEBTOR, GUARANTOR**

32. The CO-DEBTOR/GUARANTOR for the loan is jointly liable together with the BORROWER/ PRINCIPAL. The BANK may seek enforcement of the entire obligation from any of the debtors (BORROWER/PRINCIPAL/CO-DEBTOR/GUARANTOR).

33. The CO-DEBTOR has the same obligations as the BORROWER/PRINCIPAL in all matters arising from the Agreement with the BANK and these General Terms and Conditions.

## **VIII. ADDITIONAL PROVISIONS**

34. Failure to perform an obligation under any agreement concluded between the BANK and/or ProCredit Company EAD and/or ProLease (Bulgaria) EAD and the BORROWER/PRINCIPAL/ CO-DEBTOR and/or their related parties as defined in the Commercial Code, is considered to be failure to perform under all agreements.

35. The contents of the agreement may be amended and supplemented only by express mutual agreement between the parties in writing, except for the cases set out in these General Terms and Conditions which allow



unilateral changes. In order to amend the provisions of the agreement, the BORROWER/PRINCIPAL is required to pay a fee in accordance with the BANK's prevailing Price list at the time of the change.

36. The BANK has the right to transfer its rights and/or obligations under the Loan Agreement to third parties in accordance with the provisions of Bulgarian legislation. The BORROWER/ PRINCIPAL does not have the right to cede, transfer, pledge or otherwise encumber his/her/its rights arising from the agreement without the prior written consent of the BANK.

37. The BANK collects, processes and stores personal data of the Borrower/Principal/Co-debtor/ Guarantor, of representatives or authorized by them persons in compliance with Regulation EU 2016/679 for personal data protection and the Bulgarian legislation. The provision of personal data by the Borrower/Principal/Co-debtor/Guarantor is voluntarily. The Borrower/Principal/ Guarantor have been informed that the refusal to provide personal data, when this is related to a statutory requirement for the Bank, is an obstacle for establishing the relevant legal relationship.

38. By accepting the current General Terms and Conditions, the Borrower/Principal/Co-debtor/Guarantor is considered to be informed:

- that their personal data shall be collected, processed and stored for the purposes of the existing loan relationship, as well as that their use/ processing/ storing shall be carried out in compliance with the deadlines defined in Regulation (EU) 2016/679 for personal data protection and the Bulgarian legislation;
- that their personal data may be provided for processing and/or stored to/ from third parties (insurance companies, appraisal companies, law/notary firms, archiving companies, collectors companies, etc.) on the grounds of legitimate interest of the Bank, based on concluded agreement by the Bank and a third party only for the purpose of the existing loan relationship, as well as that their provision, use and storing shall be carried out in compliance with the deadlines defined in Regulation (EU) 2016/679 for personal data protection and the Bulgarian legislation;
- upon receipt of a request for information from the Ministry of Interior, Investigation Bodies, etc. in the cases provided by the law, as well as from the shareholders and creditors of ProCredit Bank (Bulgaria) EAD, the Bank is obliged to provide the requested information and documents, and this is not a breach of the non-disclosure clauses;

39. The Borrower/ Principal/ Co-debtor/ Guarantor declare their consent:

- the loan agreement and the documents for disbursement and collateral of the loan shall be provided to shareholders and/or creditors of the Bank, as well as they oblige to provide assistance and access to their premises when conducting an audit, monitoring, assessment of their financial status, creditworthiness, etc.;
- the provided personal data shall be used when making inquiries in the register of the National Insurance Institute with in order to check whether or not there is a change in the creditworthiness;

40. The Borrower/ Principal/ Co-debtor/ Guarantor declare that they are aware of the Privacy Policy of ProCredit Bank (Bulgaria) EAD, whose content has been explained in detail, as well as the possibilities, the order and way if exercising their rights for personal data protection.

41. The BORROWER/PRINCIPAL/CO-DEBTOR/GUARANTOR are aware and acknowledge that the BANK has the right to transfer/disclose their personal data to third parties/personal data administrators (including collection companies) and, by signing this agreement, the BORROWER/PRINCIPAL/CO-DEBTOR/GUARANTOR expressly consents and does not object to such a disclosure/transfer of personal data.

42. By signing the Loan Agreement, the BORROWER/PRINCIPAL/CO-DEBTOR/GUARANTOR consents to the BANK sending him/her/it all notifications, invitations, letters, etc. in one of the following ways: via electronic mail, by registered post, or by posting a notification in the internet banking system ProB@nking. The borrower obliges to inform the co-debtor/ guarantor for the received via the internet banking system ProB@nking notifications regarding the loan relationship. The Bank can also choose to deliver correspondence to the obliged parties in person. The Bank sends correspondence for the obliged party to the correspondence address as

indicated in its own information system BANKER. When a letter is sent and the BORROWER/PRINCIPAL cannot be found at the given address, which is documented by the return of a non-delivered registered post letter or an electronic delivery failure message, or by two witnesses, the documents shall be considered delivered.

43. In case of discrepancies between the contents of the Loan Agreement or the Bank Guarantee Agreement/Agreement for a Documentary Letter of Credit and these General Terms and Conditions, the content of the Agreement shall prevail.

44. The invalidity of any clause or part of a clause in the agreement and/or these General Terms and Conditions shall not cause the entire agreement and/or General Terms and Conditions to become invalid, but shall be limited to the individual clause/part of clause in question.

45. For any matters not settled in the agreement and/or these General Terms and Conditions, the relevant Bulgarian legislation shall apply.

For the purposes of these General Terms and Conditions the terms listed below shall be deemed to have the following meanings:

**PRINCIPAL** - a person/legal entity, by whose request the BANK issues a bank guarantee/ documentary letter of credit.

**BORROWER** - a person/legal entity, to whom the BANK provides a loan/credit line/overdraft.

**These General Terms and Conditions for Lending apply to all agreements for loans/bank guarantees/documentary letters of credit of ProCredit Bank (Bulgaria) EAD, except for loan contracts concluded with private clients which are covered in the scope of the Law on Consumer Credit and the Law on Real Estate Loans.**

**These General Terms and Conditions for Lending were approved by the Management Board of ProCredit Bank (Bulgaria) EAD with Protocol №677/ 15.08.2018, effective as of 03.09.2018.**

**This translation from Bulgarian into English of the General Terms and Conditions for Lending is provided for information purposes only. The Bulgarian original text remains the only legally enforceable version.**