

GENERAL TERMS AND CONDITIONS FOR LENDING



ProCredit Bank

Part of the
ProCredit Group

I. GRANTING

1. Utilisation of funds from a granted loan can only be effected:
- after the conditions set in the Loan Contract 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 operations which comply with the purpose indicated in the Loan Contract. 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). 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 contract 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 in writing or orally of any such change but neither Party is required to sign an annex to the Contract. 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.

III. REPAYMENT

7. By signing the Loan Contract/Bank Guarantee Contract/Contract 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 the 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, for which funds have been provided but which is insufficient to cover the full payment of the respective obligation, is considered to be a partial payment.

9. When 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 actual due date for the payment.

10. Should the BORROWER breach any of the terms for repayment of principal and/or interest set out in the loan contract, or should there be a demand for early repayment of the loan, the BORROWER shall pay penalty interest for the period until the full and final repayment of the liability is received. Penalty interest is calculated on the loan amount in arrears at a monthly rate of:

- 4% for loan contracts with monthly instalments
- 2% on the utilised and unpaid part of a credit line, payable until the date of full and final repayment of the liability.

The BANK will charge penalty interest from the day following the due date for the liability. Penalty interest will be charged on a daily basis 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 pledged collateral.

11. In the case of overdraft contracts, the BANK will charge interest on an unapproved overdraft in accordance with the Tariff for Private Clients/Legal Entities of ProCredit Bank (Bulgaria) EAD, and the BORROWER will not be obliged to pay the penalty interest as per section 10 above.

12. Should the PRINCIPAL fail to fulfil any of the conditions set out in the Bank Guarantee Contract/ Contract 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.

13. Should the BORROWER fail to fulfil any of the conditions set out in the Loan Contract, 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.

14. The Contract 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.

15. The Contract 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 started.

16. The Loan Contract 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 commission fee as set out in the BANK's Tariff prevailing at the time of early repayment. Fees and commissions collected in advance are not refundable.

17. Should a BORROWER declare the intent to make an early repayment liabilities exist under several contracts concluded between the BORROWER and the BANK and/or between the BORROWER and ProCredit Company EAD, liabilities shall be repaid in the following order: first – non-secured loans; next – loans secured with promissory notes; next – loans secured with pledges; and last – loans secured with mortgages on real estate properties. The BANK has the right to choose which liability is to be paid back.

18. Should the BORROWER have several obligations to the BANK and/or ProCredit Company EAD 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.

19. In the event of the BORROWER's non-performance of his/her/its obligations in full, such obligations are to be repaid in the following order: penalty interest; interest in arrears; principal in arrears; regular interest; regular principal; fees and commissions due pursuant to the BANK's Tariff; court expenses. Should there be more than one annuity loan, all accumulated penalty interest is to be paid first; the obligations are then repaid instalment by instalment, starting from the instalment with the greatest number of days in arrears, in the order set out in the previous section. When obligations under several contracts are being repaid, payments are carried out in parallel, taking into consideration the number of days in arrears.

IV. UTILISATION

20. Each mortgaged or pledged property must be insured in favour of the BANK and/or ProCredit Company EAD under the General Policy or with another insurer pursuant to the Loan Contract/ Bank Guarantee Contract. For the duration of the Contract 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.

21. 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 Contract, 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 or annually a fee for the inclusion, processing and maintenance of the insurance coverage of the collateral pursuant to the BANK's Tariff.

22. For the full duration of the loan contract, 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 in the sense of the Law on Credit Institutions, as well as any loan indebtedness of such related parties

- inform the BANK of any change in their organs 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

- 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

- not undertake obligations without the explicit written consent of the BANK

- inform the BANK of all circumstances, which may have a direct or indirect negative effect on the BANK's capacity to collect its receivables

- 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.



23. In the event of any deterioration in the financial condition of the BORROWER/PRINCIPAL and/or the CO-DEBTOR/GURANTOR 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 to an amount specified by the BANK.

24. All expenses for the establishment/registration/deregistration of collateral to the contract will be borne by the BORROWER/PRINCIPAL. The BORROWER/PRINCIPAL is obliged to pay the fees due for extending the registration of the collateral to a contract not later than 30 days prior to the expiration of the original term of registration. If the BORROWER/PRINCIPAL 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-debtors' accounts.

25. The BANK performs financial monitoring relating to its loan contracts at least once in every twelve-month period commencing with the date of signing the Loan Contract. 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 Contract.

26. 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
- b) refusing the utilisation of further amounts without justifying its decision.

In the event that amounts under the credit limit have already been utilised, the BANK has the right to allow the use of the credit line/overdraft within the reduced limit, or demand its full repayment. The BORROWER/CO-DEBTOR(S) are obliged to repay the utilised 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. DEMAND FOR EARLY REPAYMENT

27. The BANK has the right to unilaterally suspend the utilisation of amounts under the loan, and/or unilaterally terminate the contract with regard to issuing further bank guarantees within the agreed limit, and/or to demand early repayment of its receivables under the Loan Contract 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/GURANTOR, if:

- the BORROWER/PRINCIPAL/CO-DEBTOR/GURANTOR fail to perform their obligation to pay or any other obligation, and/or breach any of the conditions under the Loan Contract / Bank Guarantee Contract/ Contract for a Documentary Letter of Credit, and/or these General Terms and Conditions and/or any other contract relating to the main contract, and/or any regulatory provision referring and applicable to the contract
- 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
- in the cases pursuant to the provisions and conditions of article 432 of the Commerce Law

28. The BORROWER/PRINCIPAL/CO-DEBTOR or their related parties file a claim against the BANK.

VI. ENFORCEMENT PROCEEDINGS

29. Should the BORROWER/PRINCIPAL fail to perform any of his/her/its obligations under the Loan Contract/Bank Guarantee Contract/ Contract 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 contract and the applicable legislation
- to obtain a writ of execution for its receivables arising from the Loan Contract 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 claim.

VII. CO-DEBTOR. GURANTOR

30. The CO-DEBTOR/GURANTOR for the loan is jointly and severally liable together with the BORROWER/PRINCIPAL. The BANK may claim performance for the entire obligation from any of the debtors (BORROWER/PRINCIPAL/CO-DEBTOR/GURANTOR).

31. The CO-DEBTOR has the same obligations as the BORROWER/PRINCIPAL, arising from the Contract with the BANK and these General Terms and Conditions.

VIII. ADDITIONAL PROVISIONS

32. Failure to perform an obligation under any contract 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 in the sense of the Commercial Law, are considered to be failure to perform under all contracts.

33. The contents of the Contract may be amended and supplemented only by expressed mutual agreement between the parties in writing, except for cases set out in these General Terms and Conditions allowing unilateral changes. In order to amend the provisions of the Contract, the BORROWER/PRINCIPAL is required to pay a fee in accordance with the BANK's prevailing Tariff at the time of change.

34. The BANK has the right to transfer its rights and/or obligations under the loan contract to third parties according to 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 Contract without the prior written consent of the BANK.

35. The BORROWER/PRINCIPAL/CO-DEBTOR/GURANTOR voluntarily provides their personal data to be processed and kept by the BANK. By signing the Contract, the BORROWER/PRINCIPAL is considered informed and acknowledges that upon receipt of an information request from an official state organ, such as the Ministry of the Interior, the Investigating Authorities, etc., or from shareholders and creditors of ProCredit Bank (Bulgaria) EAD, the BANK is obliged to and will provide such requested information and documents, which shall not be considered to be a violation of the clauses stipulating the obligation for non-disclosure of information. The BORROWER/PRINCIPAL declares his/her/its consent for the Contract as well as any documents related to the disbursement of the loan and the establishment of collateral to be provided to shareholders and/or creditors of the BANK, and is obliged to provide assistance and access to its premises for the purpose of auditing/monitoring.

36. The BORROWER/PRINCIPAL/CO-DEBTOR/GURANTOR acknowledge that the BANK has the right to transfer/discard their personal data to third parties/ personal data administrators, and by signing the Contract, the BORROWER/PRINCIPAL/CO-DEBTOR/GURANTOR expressly consents to such a disclosure/transfer of personal data.

37. By signing the Loan Contract the BORROWER/PRINCIPAL consents to the BANK sending him/her/it all notifications, invitations, letters, etc. via electronic mail, by registered post, or by placing them in the BORROWER/PRINCIPAL's bank mail box. 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 if placed in the BORROWER/PRINCIPAL's bank mail box.

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

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

40. For any matters not settled in the Contract and/or these General Terms and Conditions, the relevant Bulgarian legislation applies.

For the purposes of these General Terms and Conditions the terms listed below shall be deemed to have 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 contracts 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.

This revision of the text of these General Terms and Conditions for Lending was approved by the Managing Board of ProCredit Bank (Bulgaria) EAD as recorded in the Meeting Minutes (07.10.2013) and is effective as of 21.10.2013.

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.