

**TERMS AND CONDITIONS FOR CORPORATE CLIENTS LOANS AND BANK GUARANTEES  
in force from 01.08.2023**

**GENERAL PROVISIONS**

These terms and conditions are intended to provide the Corporate Clients of DSK Bank with information about the interest due on the loans, the total costs associated with the utilisation and early repayment of loans, as well as the total costs associated with the issuance and management of bank guarantees. These terms and conditions also provide information on the documents required to grant loans and issue bank guarantees.

**INTEREST ACCRUAL PROCEDURE**

The Bank shall provide loans to corporate clients in BGN and EUR. **Regular interest** shall be accrued on the granted loans, which is formed by a variable **reference interest rate** - 1M EURIBOR or VWDI

(Volume Weighted Deposit Index) for loans in BGN and 1M EURIBOR or EUR Volume Weighted Deposit Index (VWDI) for loans in EUR plus an agreed risk premium based on the term and currency of the loan. The specific amount of the variance shall be set out in the loan agreement.

The reference interest rate is an interest rate benchmark or index and/or indicator published officially on the BNB website, or a combination of such indices and/or indicators. The VWDI is an average weighted deposit index calculated on the basis of the BNB interest rate statistics on interest rates and volumes of term deposits in BGN over 1 day to 3 months for the Non-financial Corporations and Households sectors in the banking system in the Republic of Bulgaria.

The value of the **reference interest rate** changes on a monthly basis on the interest payment date specified in the agreement. The variation of the **reference interest rate** shall be valid and shall apply for the next interest period (from the relevant interest payment date to the day preceding the next interest payment date).

In the event that the value of the Reference Interest Rate becomes negative, for the purposes of calculating the Interest on the Loan, this amount will be considered zero.

Regarding loans for which the Bank has agreed to apply the VWDI as a reference interest rate to calculate the variable interest rate, for each interest period the VWDI value shall apply, as announced by the Bank on the first business day of the respective month. In the event of interrupted continuity of the published

BNB data and the Bank is unable to calculate and publish its value on the first business day of the month, the Bank shall use the last value published by it until a new one is announced. The variation of the reference interest rate is binding on the parties until the complete repayment of the loan.

Information on the applicable reference interest rate values is available on the website of DSK Bank EAD ([www.dskbank.bg](http://www.dskbank.bg)), [Bulgarian National Bank \(bnb.bg\)](http://www.bnb.bg) for Base Interest Rate (BIR) of the BNB, at [www.emmi-benchmarks.eu](http://www.emmi-benchmarks.eu) for 1/3/6M EURIBOR and <http://www.cmegroup.com/market-data/cme-group-benchmark-administration/term-sofr.html> for 1/3/6 Month CME Term SOFR. The VWDI calculation methods are available on the website of DSK Bank EAD - [https://dskbank.bg/docs/default-source/бизнес/methodology-for-calculation-of-volume-weighted-deposit-index-\(vwdi\).pdf](https://dskbank.bg/docs/default-source/бизнес/methodology-for-calculation-of-volume-weighted-deposit-index-(vwdi).pdf) and [https://dskbank.bg/docs/default-source/бизнес/methodology-for-calculation-of-eur-volume-wighted-deposit-index-\(vwdi\).pdf](https://dskbank.bg/docs/default-source/бизнес/methodology-for-calculation-of-eur-volume-wighted-deposit-index-(vwdi).pdf) (for EUR VWDI).

If the interest rate benchmark or index and/or indicator used by the Bank in determining the agreed reference interest rate is no longer produced or has changed substantially, the Bank shall, within 3 months, determine a new reference interest rate on whose basis the interest shall be formed by using:

- (a) another appropriate interest rate benchmark; or
- (b) an index and/or indicators published officially on the BNB website, or a combination of such indices and/or indicators representing statistical information relating to the banking system on the local market.

Until the new reference interest rate is fixed, the value of the reference interest rate used so far shall apply.

The interest rate benchmark under para. (a) shall be considered appropriate if it relates to the same currency, has the same maturity and meets the criteria for an official interest rate benchmark, in

accordance with Regulation 2016/1011 of the European Parliament and of the Council of Europe. It is acceptable that the interest rate benchmark also applies to another currency, where the two currencies can be considered interchangeable (e.g. BGN and EUR due to the existing Currency Board).

The indices and/or indicators under para. "b" shall be at least tailored to the currency of the interest rate benchmark/index and/or indicators that are replaced, and may be based on a combination of currencies, where these currencies may be considered interchangeable.

The new benchmark interest rate, in addition to the elements under para. "a" and "b", shall include a countervailing allowance or discount, in order to keep unchanged the final interest payable by the client at the date of exchange.

Upon replacement of the reference interest rate, the Bank shall notify the client by publishing a notice on the website and in the branches of the Bank containing information on the new reference interest rate, the countervailing allowance or discount and the effective date of the replacement.

At the client's request, the Bank may, at its discretion, negotiate loans with a different reference interest rate and/or a different renewal period, with a fixed interest rate, as well as in another currency.

The **interest rate** on the granted loans shall be calculated on a 360-day basis and shall be calculated for the real number of days the loan is utilised, except for the business credit card limit, where the interest shall be calculated on a 360-day basis and 30 interest bearing days monthly. The interest rate on the loans is simple, it shall be accrued daily on the actual amount disbursed under the loan and shall be collected on the dates and according to the agreement reached with the client upon the expiration of the respective interest period.

Each interest period includes the days from the date when the respective interest payment is due until the day preceding the date of the next interest payment due, with the first interest period beginning on the date of the first drawdown under the loan.

As of the repayment date of the debt under the loan, only interest maturing as of that date shall be collected. This principle also applies in the event of early repayments under a regularly serviced loan

(regardless of its type), made upon the client's instructions (on a date other than the agreed maturity date) in cases where the agreement is not to be terminated. These interests shall be due and collected on the closest next agreed monthly maturity date.

Accrued non-maturing interest shall be collected upon repayment of the whole receivable of the bank (at maturity or earlier) when the loan agreement is to be terminated at the same time.

## DELAY INTEREST

In case of a **delayed payment of the principal** under the terms of the agreement and the repayment plan, the Bank shall collect, apart from the **regular interest**, also a **penalty interest** on the matured and overdue portion.

In case of a **delayed payment of the interest due** under the terms of the agreement, the Bank shall collect, apart from the **regular interest**, also a **penalty interest** on the non-matured principle of the loan. The Bank shall have the right to apply this penalty surcharge also in the event of any other default on the agreed terms, until the default is remedied.

**Where the Bank makes a payment on a bank guarantee issued by the Bank**, the receivable of the Bank against the amount paid shall be formalised as an immediately payable loan and from that moment on **statutory interest** shall be charged on this amount. The statutory interest on the payable loan shall be accrued daily on the loan amount and shall be payable from the day when the Bank makes payment under the guarantee until the complete repayment of the amounts due by the originator, incl. also by enforcement.

In case of a **business credit cards limit** a monthly maturity date shall be specified, which shall be the start of the grace period regarding the interest. In the event that within the grace period the client repays the entire amount utilised as of the maturity date, no interest shall be charged on the utilised amount for the previous reporting period. If the client fails to repay in full the revolving amount due within the grace period, the outstanding amounts of the transactions performed as of the maturity date shall start to bear 22% annual interest from the day following the day when the grace period expired. In addition, for any overdue amount a **penalty** shall be charged in the amount agreed in the credit limit agreement.

From the date of early chargeability of the Loan or from the due date of the final maturity, the Bank shall accrue statutory interest on the amount of the outstanding principal of the loan until its complete repayment, incl. also by enforcement.

## **EARLY REPAYMENT**

The Client shall have the right to repay the loan in full or in part early. In such cases, it shall pay the relevant fee under the Interest Rate, Fees and Commissions Tariff of DSK Bank EAD effective as of the repayment date, unless otherwise stipulated in the agreement. The amount of the fee and the method of calculation and collection shall be indicated in the loan agreement.

Early repayments on the principal shall be posted to the closest maturing instalments under the agreed repayment plan.

If the loan is not repaid in the currency in which it was disbursed, the repayment amount shall be restated at the "buy" and "sell" rates of the Bank for the respective currencies as of the transaction day (or at an exchange rate individually approved), after which it shall be posted as repayment of the debt.

## **COST OF LOANS AND GUARANTEES**

Borrowers shall pay fees and commissions for the granted loans and issued guarantees in accordance with the Interest Rate, Fees and Commissions Tariff of DSK Bank EAD, effective as of the time these are paid, unless otherwise stipulated in the agreement, as well as any costs incurred for valuation, insurance, establishment, deletion and renewal of the accepted collateral and the associated attorneys' fees, and the debt collection costs, incl. also by enforcement.

The Borrower shall pay a **fee for examining a loan application or renegotiation of a loan/bank guarantee**, which shall be paid upon filing the application and it shall not be refunded if the Bank does not approve the granting or renegotiation of the loan.

As of the date of the loan agreement, the borrower shall pay a **commitment fee**, which shall be accrued on the undrawn portion of the loan amount, as well as a **management fee** for the granted loan in an amount and upon maturity as stipulated in the agreement. The **commitment fee** is charged daily and shall be payable once per month on the Date of interest payment.

## **PAYMENT RELATED OBLIGATIONS**

The loans shall be disbursed and repaid through the Borrower's current account opened with DSK Bank, which shall be specified in the loan agreement. To open and maintain a current account, fees shall be payable in accordance with the effective Interest Rate, Fees and Commissions Tariff of DSK Bank at the time when the respective fee is collected.

## **OBLIGATIONS RELATED TO INSURANCE INSURANCE**

DSK Bank AD has concluded an agreement with OTP Insurance Broker EOOD (hereinafter referred to as "Broker") for the provision of insurance brokerage services for insurance and maintenance of the insurance coverage of property subject to collateral in favor of DSK Bank.

The Client (borrower or third party providing collateral subject to insurance) has the opportunity to use the services of the Broker when insuring the collateral under the transaction by concluding an assignment agreement with the Broker.

In case the Client does not take advantage of the opportunity to conclude an insurance contract through the Broker, he is obliged to provide the Broker with an insurance policy for insurance of the collateral under the transaction, as well as a document for paid insurance premium or deferred installment of the insurance premium. address: office@otpbroker.bg or at the address: Sofia, 73 Alexander Stamboliyski Blvd., 4th floor - for OTP Insurance Broker EOOD.

## **REQUIRED DOCUMENTS FOR LOAN/GUARANTEE APPROVAL**

In case a client is interested in taking a loan, the client shall submit the following basic documents:

1. A loan application and the declarations in the forms of the Bank, enclosed to the application.

2. Certificate of up-to-date legal status for entities not subject to registration with the Commercial Register (from the respective district court or BCCI with respect to commercial representative offices of foreign entities).
3. Statute/Articles of Association/Company Agreement (for entities not subject to registration with the Commercial Register)
4. Permits to carry on the business, licenses, registration in other special registers (*if any are required for the business of the trader*).
5. Financial statements for the last 2 years and for the last current period certified by an auditor.
6. An audit report for the last financial year and the explanatory notes to the financial statements/consolidated accounts.
7. Tax return for the last financial year (in case no audited financial statements are prepared).
8. Documents certifying the ownership and status of the proposed collateral.
9. Market valuation of the proposed collateral by an external valuator acceptable to the bank.

#### **REQUIRED DOCUMENTS FOR LOAN/GUARANTEE CONCLUSION**

1. Decision of the competent body to use, respectively, secure the loan at the approved parameters.
2. \* Certificate under Art. 87, para 6 of the Tax and Social Security Procedure Code evidencing absence (presence) of public obligations in cases where existing public obligations were established in the certificate under Article 87, para 11 of the Tax and Social Security Procedure Code (received electronically) or in a previously presented certificate under Art. 87, para 6 of the Tax and Social Security Procedure Code.
3. \*\* Upon request on behalf of the bank, a certificate for absence (presence) of bankruptcy proceedings, issued by the respective district court, which establishes the absence (presence) of petitions filed by other creditors to open bankruptcy proceedings in case of contradictory data received from the legal information systems.
4. \*\*\* Certificate of absence of liquidation proceedings for traders not subject to registration with the CR.

#### **REQUIRED DOCUMENTS FOR LOAN DISBURSEMENT/ ISSUING A BANK GUARANTEE**

1. Certificate from the respective register (the Property Register, the Central Register of Special Pledges, Central Depository, etc.) according to the type of collateral, stating the collateral established in favour of the Bank and certifying that the bank is a first ranking creditor. The non-encumbrance certificate from the relevant property register shall cover a period of 10 years back and shall be issued by lots of the property or by files of all the persons who owned the property during the 10-year period.
2. Valid collateral insurance assigned to the Bank, and documents evidencing the payment of the insurance premiums.
3. Other documents at the discretion of the bank.

These documents shall be presented by the borrower, the co-debtor, the guarantor, the third party providing collateral under the loan, as well as, at the discretion of the Bank - by related parties, and the Bank may require other additional documents.

\* The certificate shall be issued no longer than one month before concluding the loan agreement, but after the date of the certificate under art.87, (11) of TSSPC or the previously presented certificate under Art.87, (11) of TSSPC.

\*\* The certificate provided by the originator (borrower, debtor or third party) shall be issued after the date of the references in the legal information systems.

\*\*\* The certificate provided by the originator (borrower, debtor or third party) shall be issued no longer than one month before concluding the loan agreement and, in the other cases - not longer than two months before concluding the loan agreement.