



BNP PARIBAS

GENERAL

TERMS AND CONDITIONS

of

BUSINESS ACTIVITY

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GENERAL TERMS OF BUSINESS ACTIVITY

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APPENDIX I. FRAME AGREEMENT (non-consumers)

APPENDIX II. FRAME AGREEMENT (consumers)

**APPENDIX III. PRIOR INFORMATION IN RELATION TO THE PROVISION OF PAYMENT SERVICES
(in relation to single payment transactions and in relation to consumers)**

I. INTRODUCTION

Business relations between BNP PARIBAS S.A. - Sofia Branch, with a seat in the city of Sofia and management address at 2, Tsar Osvoboditel Blvd., registered with the Commercial Register at the Registry Agency under Unified Identity Code 175185891, Web-site www.bnpparibas.bg, and its Clients are based on mutual trust.

BNP PARIBAS S.A. – Sofia Branch is a branch entered with the public register maintained by the Bulgarian National Bank (the “**BNB**”) (available at the following address: <http://www.bnb.bg/bnb/home.nsf>) of a BNP PARIBAS S.A., a French public limited company, registered at 16, Boulevard des Italiens, 75 009 PARIS, R.C.S.: PARIS 662 042 449 licensed as a banking institution and as such it is subject to the primary supervision by the competent French authorities (“**Commission Bancaire**” to the Bank of France).

The BNB supervises the activities of BNP Paribas S.A. in the territory of Bulgaria undertaken through the registered BNP PARIBAS S.A. – SOFIA Branch as expressly provided for in the Credit Institutions Act, and the applicable Community and Bulgarian banking legislation.

The Client may be confident that the Bank will carry out instructions of the Client with the care of a good merchant within the framework of the applicable law.

II. SCOPE OF ACTIVITY

- 2.1. The present General Conditions of Business Activity (hereinafter to be called the “Conditions” for brevity) govern the business relations between BNP PARIBAS S.A. - Sofia Branch, hereinafter to be called the “Bank” for brevity, and its Clients concerning the services offered by the Bank. The Conditions constitute an integral part of each individual agreement concluded between the Bank and the Client.
- 2.2. The Conditions are permanently applicable and are not limited to a specific operation, account, credit or other service provided by the Bank.
- 2.3. The Bank reserves for itself the right to alter the Conditions at its discretion; for each change the Clients will be advised through a notification, posted in a prominent place in the halls of the Bank, as well as in the following Web-site: www.bnpparibas.bg. If the Client does not object in writing to the Bank within a term of 15 days, it shall be considered that the Client has accepted the changes made.
- 2.4. For all changes in the Conditions and the applicable frame agreements in relation to payment transactions falling in the scope of the PSPSA (where the payer’s or the payee’s payment services provider is seated in an European Union Member State) the term under item 2.3. is 2-months, unless otherwise agreed in the respective frame agreement or in any applicable Special conditions.
- 2.5. Along with the present Conditions it is possible to apply to specific relationships between Bank and Client, such as deals in securities, in derivatives, electronic banking, etc., also certain Special conditions for the respective type of relation. In such cases, if there is contradiction between General and Special conditions, the latter shall apply.
- 2.6. In the event that between the Bank and the Client conditions are agreed that differ from those in the present Conditions and/or from the existing Special conditions, the priority will belong to the differing conditions thus agreed.

- 2.7. Without prejudice of any mandatory rules of law, with effect from 1 November 2009 the Bank shall apply:
- 2.7.1. In relation to the provision of payment services to its Clients (non-consumers) standard frame agreements materially in the form and substance as set out as Appendix I to these Conditions;
- 2.7.2. Prior to the entry into contractual relations, unless otherwise agreed in Frame Agreements with Clients (non-consumers), the Bank provides the prior information required to be provided under Chapter III of the Payment Services and Payment Systems Act ("**PSPSA**"), promulgated in State Gazette, Issue No Issue No 23 from 27.03.2009, implementing Directive 2007/64/EC on payment services in the internal market (the "**PSD**"). The minimum content of such prior information is set out in APPENDIX I hereto.
- 2.8. Without prejudice of any mandatory rules of law, with effect from 1 November 2009 the Bank shall apply:
- 2.8.1. In relation to the provision of payment services to its Clients (consumers) standard frame agreements materially in the form and substance as set out as Appendix II to these Conditions, any Special conditions applicable to the respective payment service along with the standard application documents;
- 2.8.2. Prior to the entry into contractual relations with Clients (consumers), the Bank provides the prior information required to be provided under Chapter III of the Payment Services and Payment Systems Act ("**PSPSA**"), promulgated in State Gazette, Issue No Issue No 23 from 27.03.2009, implementing Directive 2007/64/EC on payment services in the internal market (the "**PSD**"). The minimum content of such prior information is set out in APPENDIX II hereto.

The provisions of section III. 3.2 and 3.3 shall accordingly apply in relation to the communication of the preliminary information on payment services provided to the Bank the Frame Agreements attached as Appendix I and under Appendix II to the present Conditions and accordingly any changes therein shall be considered duly communicated and effective vis-à-vis Clients which are payment services users (within the sense of the PSPSA) under existing relations with the Bank.

III. GENERAL

3.1. Client identification and representation

- 3.1.1. When initial business relations are established with the Bank, the Client submits a document of its identity and/or representative power. The Bank may refuse to provide services should the Client insists on remaining anonymous.
- 3.1.2. In order to identify its legal capacity and activity the Client shall submit to the Bank the documents provided for in the applicable legislation concerning banking activity, the measures against money laundering, foreign exchange regime etc., as well as other documents the Bank will deem it expedient to request.
- 3.1.3. The Client submits to the Bank a specimen of its signature. The Client's signature should be on a valid form of the Bank and to be affixed in the presence of an empowered bank employee or to be officially confirmed by an institution enjoying the trust of the Bank, or to be notarised.
- 3.1.4. The Client may empower third parties to represent the Client in its relations with the Bank and/or to operate its accounts. Such empowerment is effected according to a valid form of the Bank and it shall be signed in the presence of two bank employees or be in a

- written form with notarised signature. The empowered persons shall submit specimens of their signatures to the Bank in conformity with the provisions of the present Conditions.
- 3.1.5. The Client shall immediately notify in writing the Bank of the termination of the powers of disposal with any account whatsoever, opened in the name of the Client. Until receipt of such notification the Bank will observe the current powers advised by the Client.
- 3.1.6. The Client shall, within a term of seven days, notify the Bank in writing about all changes in data that are essential for the business relations with the Bank, such as: change in the name or firm, the address of registration or address of management, change in the legal status, change in the place of taxation and others, with such changes being supported by respective written evidence.
- 3.1.7. In the event of the Bank being duly notify about the death of a Client or, if the Client is a body corporate – of its winding up, insolvency, declaration of bankruptcy and similar, the Bank will allow the possibility to operate the respective accounts only to such persons who certify with due documents that they are thus empowered (heirs, receivers, liquidators, trustees, custodians and others).
- 3.1.8. For the purposes of the payment services provided by the Bank, the Client shall provide such identification and communication details as are required by the applicable legislation, the effective frame agreement(s), in particular the relevant EU regulations and the PSPSA and the Ordinances of the BNB on its application, to allow the Bank proper execution of the service and compliance with the mandatory information obligations of the Bank to the Client.
- 3.1.9. The Bank shall not be held liable for miscommunication of information and reports of transactions in relation to the provision of payment services (as required in Chapter III of the Payment Services and Payment Systems Act) in case of failure of the Client to provide in a timely manner the identification and communication details necessary for the Bank to comply with its statutory information requirements.

3.2. Communication with the Bank

- 3.2.1. In order to establish contact with the Bank, including but not limited to, for giving instructions and expressing approval, the Client may use immediate contact with an employee of the Bank, or the mail, telephone, fax, telex or another electronic means of communication.
- 3.2.2. By accepting the present Conditions the Client gives its consent to the Bank to accept and act in accordance with instructions, notices and/or other similar statements, that appear to have been issued by the Client or by a duly authorised person, in a manner different from the written form with an original signature. The Bank is not obliged to verify the authenticity, validity or truthfulness of such instructions.
- 3.2.3. At its own discretion the Bank can make audio recordings of instructions given by telephone; such recordings shall be considered final and sufficient proof of the issue of the instructions. The Client agrees that such recordings may also be used as evidence in an eventual dispute between the parties.
- 3.2.4. The Bank may request for the performance of particular instructions by the Client the introduction of a special code agreed in advance.
- 3.2.5. Irrespective of their character the instructions of the Client must be clear, comprehensible and unambiguously express the will of the Client. All additional changes or supplements

- thereto, as well as additional confirmations or duplications of already given instructions must be explicitly labeled as such.
- 3.2.6. The Client declares its agreement and comprehension that the Bank needs a reasonable term for execution of the instructions in the order of their arrival at the Bank, in conformity with their peculiarities and complexity, the customary bank practice in the country and abroad and the requirements of the Bulgarian legislation. If the Client considers that an instruction needs urgent execution, the Client shall explicitly notify the Bank of such circumstance.
- 3.2.7. For the purposes of the payment services provided by the Bank, respective provisions set out in section IV below shall apply or the special terms set out in the frame agreements for the provision of payment services between the Bank and Clients (non-consumers) as set out in Appendix I hereto.
- 3.2.8. For the purpose of the payment services provided by the Bank to Clients (consumers) respective provisions set out in section IV below shall apply or the special terms set out in the frame agreements for the provision of payment services between the Bank and Clients (consumers) as per Appendix II hereto.

3.3. Client correspondence

- 3.3.1. Any advice notes, statements and other notifications from the Bank to the Client (hereinafter to be called 'client correspondence' for short) sent by mail, shall be considered received within a term of fifteen days from the date of their dispatch to the address last indicated in writing by the Client. Correspondence delivered to the Client by hand shall be considered received at the moment of their delivery. Advice notes, statements and notifications sent by fax, telex or other electronic carrier shall be considered received at the moment of their successful transmission. Advice notes and confirmations on operations performed by the Bank thereby produced in electronic mode shall be considered valid without signature.
- 3.3.2. In the event of agreement in writing for the dispatch of client correspondence by registered mail 'door-to-door', the documents shall be considered received at the moment of issue of a receipt for their delivery by the respective courier service. Those returned to the Bank owing to impossibility to be delivered shall be stored at the Bank until claimed by the Client, but for no longer than twelve months.
- 3.3.3. In the event of agreement in writing client correspondence can be stored for not more than two months in a special mail box at the Bank, from where it will be collected by the Client at a time suitable thereto. In this case correspondence shall be considered delivered at the moment of its distribution into the mailbox.
- 3.3.4. Client correspondence not collected for two consecutive months will be sent by mail to the address last indicated by the Client, under the terms of 3.3.2.
- 3.3.5. Save as otherwise provided in the respective frame agreements hereto in relation to payment services falling in the scope of PSPSA or in the mandatory provisions of Bulgarian law, any claims or objections related to client correspondence ought to be raised to the Bank in writing within a term of fifteen days from receipt of the respective statement or advice note. Objections and claims in connection with any other documents and notifications ought to be communicated immediately. Should the Client fail, within the indicated term, to submit an objection, this will be construed as tacit approval and consent.
- 3.3.6. In case of necessity the Bank may send cash and/or other valuables to the Client or a third party designated by the Client, entirely at the risk and responsibility of the Client.

Unless stipulated otherwise the Bank will determine the mode of transportation by exercising the care of a good merchant. Unless provided otherwise, bills of exchange, promissory notes, cheques, contracts and papers for documentary operations may be sent by registered mail or specialized courier service.

3.4. Bank secrecy

- 3.4.1. Bank secrecy represents information known only to the Bank, concerning the assets and/or operations on the bank accounts of the Client.
- 3.4.2. The Bank may reveal to third parties information concerning the assets and/or operations on accounts of a Client only in the cases provided for in the law or with the consent of the Client. With the acceptance of the present Conditions the Client states its agreement for the Bank to provide any data concerning the Client to companies related to the Bank within the framework of the BNP Paribas Group.

3.5. Responsibility of the Bank. Obligation of the Client to cooperate

- 3.5.1. The bank shall bear no responsibility for damage caused by its compliance with applicable legal norms and provisions, including but not limited to, concerning banking activity, foreign exchange regime, taxation, measures against money laundering, terrorism, etc.
- 3.5.2. The Client undertakes to immediately inform the Bank of any changes affecting its legal capacity, as well as of any fact or circumstance of importance for its business relations with the Bank, and in particular – one that can have an adverse effect on its performance of obligations to the Bank. The Bank shall bear no responsibility for damage or forfeited benefits to the Client or a third party, caused by the fact that it has not been informed or it has been informed with delay of circumstances concerning the Client.
- 3.5.3. The Bank shall bear no responsibility for delays in the execution of instructions issued to the Bank in languages different from Bulgarian or English, without the respective legalized translation which the Client is obliged to ensure at its own cost.
- 3.5.4. The Bank reserves for itself the right, in case of suspicion concerning the truthfulness of instructions delivered in a form different from the written form with original signature, at its own discretion to request confirmation/specification in writing of the instructions, or partially or entirely to refuse their execution. In such case the Bank shall bear no responsibility for damage, loss or forfeited benefits sustained by the Client as a result of such specification or non-execution of the instructions.
- 3.5.5. When telephone, fax, non-tested telex or another form of communication is used, different from the written form with original signature, the Client shall bear the risk of the legal and actual consequences occurred as a result of instructions fulfilled by the Bank and issued by a person different from the person entitled to instruct, or ones occurred due to delay, technical failures, absence of clarity or other errors. The Client undertakes to indemnify the Bank for costs, damage or loss sustained due to the fact that the Bank has followed such instructions, unless they have been caused by gross negligence or intentionally on the part of the Bank.
- 3.5.6. In the event of agreed storage of client correspondence at the Bank, the Client releases the Bank of the responsibility for the consequences that could arise for the Client from the untimely and/or delayed collection of its correspondence.
- 3.5.7. The Bank is entitled to suspend/terminate at its own discretion the execution of instructions from the Client, without being liable for inflicted damage, in the event that the Client fails to pay duly its debts to the Bank.

- 3.5.8. Upon termination of business relations the Client shall release the Bank of all obligations that the Bank has assumed on behalf of the Client or at its instruction, and for the cases when this proves impossible, to provide the bank with acceptable security that can cover for these assumed obligations.
- 3.5.9. The Client shall bear responsibility for violation of copyrights or for the use on its part not for their legitimate purpose of software products licensed by the Bank. Upon termination of contractual relations between the Bank and the Client all forms, data carriers, means of communication and software products licensed to the Bank shall be duly returned to the Bank.
- 3.5.10. When mailing letters/notifications, irrespective of their subject, they will be sent to the address specified by the client for contact by registered mail or other provable way of sending with copy to the bank mail of the customer. The letter/notification is considered received after 14 days as of the day of sending when the address is on the territory of the Republic of Bulgaria and respectively 28 days as of the day of sending when the address is on the territory of another country. The Bank shall not be hold liable in case that it has not been informed by client for a change in the address for correspondence.
- 3.5.11. The Bank shall bear no responsibility for damage or forfeited benefits caused to Clients, deriving from difficulties or impossibility to provide banking services as a consequence of force majeure, civil commotion, war or natural calamities, disasters, strikes, administrative acts of local, governmental or international empowered authorities and other events beyond its control.
- 3.5.12. The Bank shall bear no responsibility for damage or forfeited benefits caused to Clients, deriving from actions of third parties based on information provided by the Bank in compliance with the Law and the requirements of Bank secrecy.

IV. OPENING AND KEEPING ACCOUNTS. PAYMENT SERVICES PROVIDED BY THE BANK

4.1. Payment services provided by the Bank.

4.1.1. The Bank provides the payment services listed below:

- as single payment services on the basis of acceptance of the present Conditions or
- under frame agreements (for non-consumers) with the Clients in a form and substance as per the template attached as Appendix I to the present Conditions; or
- under frame agreements (for consumers) with the Clients in a form and substance as per the template attached as Appendix II to the present Conditions;

4.1.2. Payment services provided by the Bank from/to payers/payees seated in an European Union Member State shall be subject to European regulations and the mandatory provisions of the PSPSA, namely;

- services enabling cash to be placed on or withdrawn from the Client's payment account as well as all the operations required for operating a payment account;
- direct debits, including one-off direct debits;
- execution of payment transactions through a payment card or a similar device;
- execution of credit transfers, including standing orders;
- issuing and/or acquiring of payment instruments.

4.1.2. Unless otherwise expressly provided for in the frame agreements with the Clients the Bank provides in advance the information in relation to the payment services offered in a form and substance materially as per the attached in Appendix III to the present Conditions. Following services are excluded from the scope of the application of the PPSA:

- payment service provided by the Bank if such service comes under the scope of any of the exclusions listed in Article 2 para 1 from the PPSA.
- paper cheques, paper-based drafts, paper-based vouchers, paper-based traveller's cheques or paper-based postal money orders.

4.2. General rules of opening accounts

4.2.1. The bank opens and keeps accounts in the name of the Client on the grounds of a written application accepted by the Bank and:

- following execution of a frame agreement between the Bank and the Client (non consumer) in a form and substance materially as set out in Appendix I to these Conditions;
- following execution of a frame agreement between the Bank and the Client (non consumer) in a form and substance materially as set out in Appendix II to these Conditions;

4.2.2. The Bank opens an account only upon presentation of the documents required under the Bulgarian legislation with the present Conditions. The Bank is also entitled to request additional documents.

4.2.3. The holder of account, and in the case of joint accounts – all co-holders, can empower explicitly in writing other persons to operate with the funds in the account.

4.3. Current account

4.3.1. The Bank opens current accounts in Bulgarian Levs, Euro and other main convertible currencies in compliance with the provisions of a frame agreement entered into between the Bank and the Client. The Bank may pose a condition for a minimum balance on the current account.

4.3.2. All operations on the current account shall be effected in the currency in which the account was opened, unless agreed otherwise in individual cases between the Bank and the Client. In such case unless conversion is made from and/or to Euro, Bulgarian levs or the currency of another EU member-state and provided that the Client is not a consumer, the Bank shall be entitled to charge a fee pursuant to the applicable Tariff.

4.3.3. In the event of the Client receiving payment in a currency in which it has not opened a current account, the Bank will inform the Client and require instructions as to which account to be credited. In the event that, within a reasonable term the Bank does not receive such instructions, the Bank can, at its discretion, credit the existing account of the Client by applying its official exchange rate for the day. In such case, the Bank shall be entitled to charge a fee pursuant to the Tariff of the Bank for currency conversions from currencies other than Euro, Bulgarian leva and currencies of other member states of the European Union, provided that the Client is not a consumer.

4.3.4. Any payments, transfers or other operations, as a consequence of which the account of the Client may turn in overdraft, shall be effected only in the existence of a particular advance agreement in writing between the Bank and the Client.

4.4. Deposit account

- 4.4.1. The Bank opens deposit accounts for the depositing of funds for a definite term or for the depositing of funds without a term, but with agreed prior notice of their use, in which case prior agreement is reached with the Client on the currency, the sum, the interest rate and the maturity, as well as on other additional terms that the parties considered essential. The contract for deposit is concluded in a written form and by crediting the deposit amount to the account.
- 4.4.2. Several deposits with different maturity may be opened simultaneously on one deposit account. Until maturity of the deposit the Client waives its right to freely dispose with the funds deposited, unless explicitly agreed otherwise.
- 4.3. The Bank opens a deposit account only after a current account has been opened (in force for all Clients, except financial institutions).

4.5. In-foundation - account

- 4.5.1. The Bank can open an account for the keeping of funds placed by the Client at the disposal of a Client's division, that is not differentiated as an independent entity, or for the incorporation of a legal person. For the needs of the judiciary and at the instruction of the Client the Bank will issue a certificate to confirm the company capital accumulated in the Bank account, the persons that have deposited it and the amount of the individual contributions. No interest is calculated on the in-foundation account, unless explicitly agreed otherwise.
- 4.5.2. After being entered into the Commercial Register the newly incorporated company shall submit to the Bank a certified copy of its registration document, specimens of the signatures of persons who will operate with the account, tax registration certificate, BULSTAT registration certificate, company seal and other documents required by the law or at the discretion of the Bank.

4.6. Joint account

- 4.6.1. The Bank can open an account for more than one individuals/entities as co-holders. Co-holders of a joint account shall be jointly and severally liable for the obligations ensuing from the operation of the account.
- 4.6.2. In the event of a joint account the right to dispose of it and the powers of the individual co-holders shall be agreed at the opening of the account.

4.7. Escrow account

- 4.7.1. The Bank can open a escrow account under payment conditions agreed in advance or under restrictions on the operations with the account and/or with regard to the required signatures.
- 4.7.2. Rights and obligations of persons empowered to operate with the escrow account shall be arranged in a separate contract, to which the Bank is a party in its capacity of a escrow agent.

4.8. Card account

- 4.8.1. The card account is a type of current account, the funds thereon being used through a bank card.

- 4.8.2. The card account is credited in all manners valid for the current account (e.g. cash deposits, incoming bank transfers, internal bank transfers, etc.).
- 4.8.3. All obligations of the Bank arising out from the PSPSA in relation to servicing card accounts would apply accordingly. For the avoidance of doubt the Bank shall not be held liable in case of failure of an intermediary payment services provider to provide timely and complete report on payment services or other mandatory information or in case of failure of such service provider to comply with the provisions of the PSPSA.

4.9. Closing of accounts

- 4.9.1. The closing of an account can be undertaken at any time at the initiative of the Client or of the Bank.
- 4.9.2. The Client may close an account upon termination of the frame agreement with a one-month written notification to the Bank. A precondition for the closure of the account at the initiative of the Client is the repayment by the Client of all debts to the Bank and the provision of collateral for the off-balance sheet liabilities assumed by the Bank on behalf of the Client.
- 4.9.3. At its initiative the Bank can close an account of the Client upon termination of the frame agreement with a two-month written notification to the Client. The credit balance in the closed account is transferred to an internal non-interest-bearing account of the Bank until it is claimed by a person with due identification. The closure at the Bank's initiative of an account with debit balance does not constitute a waiver by the Bank of the latter's receivable and/or of the Bank's right to undertake actions for collecting the amount due under the closed account.

4.10. Cash transactions. Cash-desk operations

- 4.10.1. The Bank will accept cash funds at a cash desk or in any other mode specially agreed with the Client.
- 4.10.2. The Client or its authorized representative may draw cash funds at a cash desk in the premises of the Bank by way of withdrawal order, cheque or bank card, where a automatic teller machine is available. For the withdrawal of large sums in cash the Bank may require advance notification from the Client. The Client may ask the Bank to ensure a duly secured transport against the respective fee. The bank shall not be responsible for the cash funds received and/or for the security of the Client outside the bank premises.
- 4.10.3. The Bank will refuse to perform operations with dubious or false means of payment. False means of payment shall be treated in conformity with the applicable legal provisions.
- 4.10.4. In the event of drawing sums in cash with the purpose of paying work wages, the Client shall present to the Bank proof of the executed due payment of the respective contributions for social and health insurance.

4.11. Non-cash operations. Payment orders and bank transfers

- 4.11.1. Non-cash transfers are effected by the Bank on the grounds of a duly completed written payment order by the Client.
- 4.11.2. The Bank may debit the account of the Client without its consent only in the following circumstances:

- reimbursement of amounts due, fees and expenses incurred for bank services provided to the Client by/through the Bank;
 - final settlement of payments made by cheque, bank card and payment of due debit interest charged on the current account;
 - correction of obvious technical errors made in the entries in the Client's account;
 - under a distraint imposed by a competent authority;
 - payment of a collection previously approved by the Client;
 - other cases provided for by the law, these Conditions and/or the respective frame agreement.
- 4.11.3. All payment orders ought to be submitted to the Bank by the Client or by its authorized representative, on forms approved by the Bank or by the banking regulatory authorities.
- 4.11.4. Orders for payment must be signed by the Client or by duly authorized representative, including by electronic means. Signatures on behalf of a Client – body corporate, ought to be accompanied by a company seal.
- 4.11.5. The Client may deposit at the Bank regular payment orders with a future value date while explicitly indicating the day on which they ought to be effected. Every change in the conditions of such payment orders must be received at the Bank not later than five working days prior to the date on which they fall due.
- 4.11.6. Conditional transfers shall be considered as documentary letters of credit and shall be treated as such.
- 4.11.7. The Client as the payer shall submit to the Bank the **unique identifier of the payee** as well as any other information which may be necessary or requested by the Bank to duly perform the payment order.
- 4.11.8. The payment order shall be deemed received at the moment when the Bank receives the payment order transferred directly by the Client as the payer or indirectly by or through the recipient in the agreed manner for communication of payment orders. Unless otherwise expressly specified in the frame agreement between the Client and the Bank, the payment orders shall be communicated as set out in Section 3.2 above. Each payment which has been ordered after the respective cut-off times under the applicable Tariff shall be deemed as received on the immediately following business day.
- 4.11.9. With respect to payment transactions in euros or Bulgarian leva or implying one currency conversion from or into euros, Bulgarian leva or the currency of another EU member states, the Bank shall ensure that, after the point in time of receipt of the payment order, the amount of the payment transaction is credited to the payee's payment service provider's account at the latest by the end of the third following business day, or, in case of paper-initiated payment transactions, by the end of the fourth following business day.
- 4.11.10. With effect from 1 January 2012, the Bank when acting as payment services provider for the Client as the payer is obliged to ensure that the account of the payment services provider of the payee shall be credited with the ordered amount not later than the next business day immediately following the receipt of the payment order.
- 4.11.11. In case the payment has been ordered on a paper carrier the term under the preceding paragraph shall be prolonged with one day.
- 4.11.12. All national payments settled within the RINGS (Real-time Interbank Gross Settlement System) operated by the BNB shall be handled, executed and settled in conformity with the provisions of Ordinance No 3 of the BNB on Money Transfers and Payment Systems (in effect from 1 November 2009).

V. RIGHTS AND OBLIGATIONS IN RELATION TO PAYMENTS SERVICES PROVIDED BY THE BANK UNDER THE PSPSA**5.1. Payment limits by using payment instruments**

The Bank may apply certain payment limits when using payment instruments upon its discretion depending on the type of instruments (as set out in the preliminary information provided to the Client) or upon express instruction from the Client.

5.2. Authorization of a payment transaction. Consent and withdrawal of consent

5.2.1. A payment transaction is authorized in case the Client has given a payment order (instruction) or has given consent for its execution in the manner agreed herein in the present Conditions or in a Frame Agreement for payments services. In the absence of consent the payment transaction shall be considered unauthorized.

5.2.2. The Client authorizes the payment before the performance of the payment services or, if otherwise agreed in case of single payment transaction or in the Frame Agreement – following execution of the transaction.

5.2.3. In case the Bank and the Client - payer agree that the payment order should be performed on a certain date or on the day immediately following such date the Client can revoke the payment order not later than the day prior the agreed execution day. After the expiration of the term under the preceding sentence the payment order can be revoked only with the consent of the Bank.

5.2.4. The consent for execution of a payment transaction or a series of payment transactions is given in the manner and procedure agreed between the Client and the Bank in Section IV of the present Conditions, or in the Frame Agreement for the provision of payment services.

5.2.5. The authorization of the Client may be withdrawn at any time but not later than the time when transaction has become irrevocable (i.e. by the time of receipt of the payment order by the payment services provider of the payee in case of credit transfers or on the day preceding the stipulated day for debiting the payees account-in case of direct debit).

5.2.6. In case of withdrawal of authorization for execution of a series of payment operations all future payment transactions are considered unauthorized.

5.3. Execution

5.3.1. Receipt of payment orders. The point in time of receipt of a payment order is the time when the payment order, transmitted directly by the Client as payer or indirectly by or through a payee, is received by the Bank. If the point in time of receipt is not on a business day for the Bank, the payment order shall be deemed to have been received on the following business day.

5.3.2. Cut-off time for receipt of payment orders. The Bank establishes in the respective applicable Tariff cut-off times beyond which any payment order received shall be deemed to have been received on the following business day.

5.3.3. If the Client and the Bank agree that the execution of a payment order shall start on a specific day or at the end of a certain period or on the day on which the Client has set funds at the Bank's disposal, the point in time of receipt is deemed to be the agreed day.

If the agreed day is not a business day for the Bank, the payment order shall be deemed to have been received on the following business day.

5.4. Refusal of a payment order

5.4.1. Where the Bank refuses to execute a payment order, the refusal and, if possible, the reasons for it and the procedure for correcting any factual mistakes that led to the refusal shall be notified or made available to the Client, unless prohibited by other relevant Community or the Bulgarian legislation.

5.4.2. The notification or the availability referred to in the preceding article shall be made in a manner agreed upon by the Parties, at the earliest opportunity, and in any case, within the time limits for execution specified herein or in the Frame Agreement.

5.4.3. In case of notification, notification fees may be charged to the Client by the Bank if the refusal is objectively justified.

5.4.4. In cases where all of the conditions set out in the Agreement are met, the Bank shall not refuse to execute an authorised payment order, irrespective of whether the payment order is initiated by the Client as payer or by or through a payee, unless prohibited by other relevant Community or national legislation.

5.5. Execution time

5.5.1. With respect to the payment transactions referred to in 5.5.2 the Bank shall ensure that, after the point in time of receipt of the payment order, the amount of the payment transaction is credited to the payee's payment service provider's account at the latest by the end of the third following business day, or, in case of paper-initiated payment transactions, by the end of the fourth following business day.

5.5.2. The provisions of Article 5.5.1 apply exclusively to the following payment transactions:

- payment transactions in euro;
- payment transactions involving only one currency conversion between the euro and Bulgarian leva and/or the currency of a PSD Country outside the euro area, provided that the required currency conversion is carried out in the PSD Country outside the euro area concerned and, in the case of cross-border payment transactions, the cross-border transfer takes place in euro.

5.5.3. As from 1 January 2012, the maximum execution times herein shall be shortened to the business day following the point in time of receipt of the payment order or, in case of paper-initiated payment transactions, the second business day following such point in time of receipt of the payment order.

5.5.4. For payment transactions which are not provided in item 5.5.2, the Bank shall ensure that it shall credit the amount of the payment transaction to the payee's payment service provider's account at the latest by the end of the fourth business day following the point in time of receipt of the payment order.

5.5.5. Where the Client is the payee of a payment transaction, the Bank shall make available to the Client the amount of the payment transaction by crediting his account immediately once such amount is credited to the Bank's account.

5.5.6. Where the Client places cash on his payment account with the Bank, in the currency of such payment account, the Bank shall ensure that the amount placed is made available and value dated at the latest on the next business day after the receipt of the funds.

5.5.7. Where the Client is the payee of a payment transaction and the amount received by the Bank is denominated in a currency other than the currency of the Client's payment account, the Parties agree that the Bank shall automatically convert the amount received into the currency of the payment account, unless the Bank receives from the Client prior instructions to the contrary.

5.6. Value dates

5.6.1. The debit value date for the Client payer's payment account is no earlier than the point in time at which the amount of the payment transaction is debited to that payment account.

5.6.2. The credit value date for the Client payee's payment account is no later than the business day on which the amount of the payment transaction is credited to the Bank's account.

5.7. Use of payment instruments

5.7.1. Obligations of the Client relating to the use of payment instruments. The Client entitled to use a payment instrument shall have the following obligations:

- the Client must use the payment instrument in accordance with the terms governing the issue and use of such payment instrument and, as soon as he receives a payment instrument, the payment service user must take all reasonable steps to keep its personalized security features safe;
- on becoming aware of loss, theft, misappropriation or any other unauthorised use of the payment instrument, the Client must inform the Bank or the entity specified by the latter without undue delay.

5.7.2. The Bank accepts direct debit consents and executed direct debit orders under consumer-Client's accounts only subject to conformity (at the Bank's sole discretion) of the Client (consumer)'s prior express consent meeting at least the following minimum requirements:

- The direct debit consent shall be submitted directly by the Client (consumer) or an expressly authorized representative of the Client (consumer) in original written form on paper (or on other durable carrier as may be agreed in the frame agreement) with an identical copy being provided to the payee;
- The consent shall identify precise value and currency of the payment transaction. In case of no precise value indicated in the direct debit consent form, a specific limit corresponding to the expected value should be indicated in the frame agreement;
- The Client (consumer) shall secure to the Bank that the payee under a direct debit transaction shall provide information to the Bank on the forthcoming payment transaction in original written form on paper (or on other durable carrier as may be agreed in the frame agreement) at least 28 days before the date of execution of the transaction with evidence that the same information has been already provided to the Client (consumer) by the payee in conformity with article 59 para 6 of the PSPSA;
- The payee's payment service provider having verified and confirmed to the Bank the signature of the payee on the information in relation to the forthcoming transaction under the previous item;

- The direct debit consent form shall have all requisites set out in Ordinance No 3 of the BNB on Money Transfers and Payment Systems (in effect from 1 November 2009);

5.7.3. The Bank shall refuse the execution of the transfer under a direct debit order in case of non-conformity of the Client (consumer) with any of the requirements set out herein above.

5.7.4. The Bank accepts direct debit consents and signed direct debit orders under accounts of Clients (non-consumers) pursuant to the conditions set out in the frame agreements with Clients (non-consumers). The Client (non-consumer) shall not be entitled to refund of amounts under executed and authorized payment operation made at the initiative of or through the recipient (payee) pursuant to the procedure and on the grounds of article 59 of the PSPSA, if on the grounds of article 48 of the PSPSA, in accordance with the frame agreement (for non-consumers), it has agreed that in its relations with the Bank article 59 of the PSPSA shall not apply. The relations in connection with such operations shall be settled directly between the Client (non-consumer) and the recipient of the amounts under the authorized and executed operation. For the avoidance of doubt, the Bank shall not be held liable upon or in connection with the execution of the payment operation, on the basis of a direct debit payment order and direct debit consent, signed by the Client (non-consumer), if such operation has been executed and authorized pursuant to the terms of the frame agreement with the Bank.

5.8. **Protective measures**

5.8.1. The Bank shall be authorised to block payment instruments issued to the Client in the following circumstances:

- if this is justified by objective reasons in connection with the security of the payment instrument; or
- if an unauthorized or fraudulent use of the payment instrument is suspected; or
- in case of a significantly increased risk of the Client being unable to meet his/her payment obligations in connection with a credit line associated with the payment instrument.

5.8.2. To the extent permitted, the bank shall notify the Client of such blocking and of the reasons for it in a manner of communication agreed with the Client, where possible, before the payment instrument is blocked, but in any event immediately thereafter.

5.9. **Notification of defective transactions and corrective actions**

5.9.1. The Bank shall correct a payment transaction only in case the Client has notified it without undue delay from the date on which it has become aware of an unauthorized or incorrectly executed transaction which would entitle it to refund of amount but not later than 13 months from the debiting of its account unless otherwise agreed in the Frame Agreement set out in Appendix I hereto.

5.9.2. It is considered that the Client has learnt about the unauthorized or incorrect payment transaction by the time of receipt of mandatory report. This term does not apply in case the Bank has failed to perform its information obligations.

5.10. **Evidence of authentication and correct execution**

5.10.1. The authentication is a procedure allowing verification by the Bank of the lawful use of a payment instrument including its personalised protective features.

- 5.10.2. When the Client is not a consumer and claims that it has not authorized the execution of a payment transaction or that the transaction has not been correctly executed the Client shall be in charge of proving the authenticity of the payment transaction as stipulated in the frame agreement under Appendix I hereto.
- 5.10.3. When the Client is a consumer and claims that it has not authorized the execution of a payment transaction or that the transaction has not been correctly executed the Bank shall be in charge of proving the authenticity of the payment transaction its registration and accounting as well as the fact that it is not affected by technical damage or defect.
- 5.11. **Fees, commissions and exchange rates.**
- 5.11.1. In case prior to the performance of a payment transaction the Bank offers currency exchange services, it provides the Client with information on any and all fees and commissions and applicable exchange rates, unless otherwise provided for in the frame agreement set out in Appendix I hereto.
- 5.11.2. The Bank shall not charge the Client with fees in consideration with the performance of its notification obligations or against the undertaking of corrective or protective measures unless explicitly provided in Chapter IV of the Payment Services and Payment Systems Act or in the Frame Agreement.
- 5.11.3. Where a payment transaction does not involve any currency conversion, the Client pays the charges and commissions levied by the Bank, and the payee respectively pays the charges levied by his payment service provider.
- 5.11.4. The Bank shall be entitled to charge fees for additional information or for the provision of information in periods shorter than those provided for in the PSPSA or for the provision of information via means of communications different than those set out in the frame agreements at the request of the Client. Such fees shall be adequate and corresponding to the Bank's actual costs.
- 5.11.5. In case of card payments all costs related to the servicing of the card payments by any intermediary payment service provider, including currency conversion charges shall be for the account of the Client up until the moment of debiting or crediting the Client's card account in the Bank will be for the Client's account.
- 5.12. **Term for refund of the transferred amount in case of cash money remittance**

Provided that the payee has not appeared to receive the transferred amount the latter shall be refunded to the payee as per the applicable provisions of the PSPSA.

VI. SPECIFIC BANKING OPERATIONS

6.1. Credit facilities

- 6.1.1. The Bank provides various types of credit facilities, including overdraft, and discounting commercial effects on the grounds of Client request and duly concluded credit agreement in writing.
- 6.1.2. The Bank will make decision on a case-by-case basis about the granting of a credit facility after a detailed analysis of all circumstances and risks of the deal to be financed, the collateral provided, the financial, economic and legal status of the Client and in strict compliance with the existing Internal Rules of the Bank on lending.

- 6.1.3. If, due to amendment of any bylaw, regulations of the Bulgarian National Bank or of any government or administrative authority, or in case of substantial change of the market conditions, economic trends and interest rate levels, any prerequisites arise for the Bank to suffer direct or indirect damages and losses, the Bank has the right to unilaterally alter any material conditions in the credit agreements, in order to compensate itself for possible damages and loss of profit.

6.2. Letters of credit

- 6.2.1. In case of order for opening a letter of credit the Client shall provide clear, exact and exhaustive instructions concerning the mode and form of issuing the letter of credit, the conditions of payment, acceptance or negotiation.
- 6.2.2. The Bank shall not effect payment in case of presentation of irregular documents that fail to meet the conditions of the letter of credit, unless the Client explicitly instructs the Bank in writing to accept the submitted documents such as they are, and to effect the payment. The Client unconditionally accepts to indemnify the Bank for damage incurred as a consequence of the fulfillment of such instruction of the Client.
- 6.2.3. If, in the course of examining the documents in connection with drawing on a letter of credit, a payment was made with reservations, notwithstanding the discrepancies found, the Bank may debit again the Client's account with the amount paid, if it is claimed by the beneficiary's bank.

6.3. Bank guarantees

- 6.3.1. A Bank guarantee issued/avalized by the Bank in favour of a third party is a commitment independent from the contractual relationship with regard to which it has arisen and it shall be effected in accordance with the terms and conditions set forth in such guarantee.
- 6.3.2. The issuance of any guarantee is subject to the terms and conditions stated by the Client in the application form for issuing a bank guarantee.
- 6.3.3. If the Bank effects a payment on the basis of a guarantee issued/avalized at Client 's instructions, the Client, at Bank's first demand, shall reimburse the Bank.

6.4. Commercial effects. Collection and discounting commercial effects

- 6.4.1. For the purpose of these Conditions the following shall be considered as commercial effects: bills of exchange, promissory notes, cheques, bills of lading and other shipping documents used in the usual trade and banking practice.
- 6.4.2. The commercial effects can be collected, discounted or avalized by the Bank at its own discretion and in the case that certain conditions set by the Bank are fulfilled.
- 6.4.3. Collection and discounting of commercial effects not duly drawn up signed and sealed may be refused by the Bank.
- 6.4.4. The Client should give explicit instructions to the Bank in each particular case where dispatch by an express mail/special courier service for the collection of commercial effects is required. When no such instructions have been given, the Bank may be liable for gross negligence only in the cases where the use of express mail/special courier service is the usual practice for collecting such negotiable instruments.
- 6.4.5. The Bank reserves its right to recourse for discounted or collected commercial effects until the actual payment there under, unless otherwise agreed in writing.

- 6.4.6. If the Bank at Client's request, effects a credit entry up to the amount of the commercial effects presented to it for collection and/or discounting prior to the actual collection of the amounts due there under, such credit entry shall be considered as conditional upon the actual collection of the amounts.

In any case, however, the Bank shall reserve the right to debit back ex-officio the Client's account, if:

- The amount of such commercial effects cannot be collected by the Bank for any reason whatsoever irrespective of its nature;
 - The Bank obtains information in respect of any party liable under such commercial effects that it deems unsatisfactory;
 - The Bank deems the actions or the financial position of any party under such commercial effects to be unsatisfactory.
- 6.4.7. The commercial effects should be submitted to the Bank for collection within a reasonable period - at least fifteen days before maturity.
- 6.4.8. The cover for commercial effects avalized or accepted by the Bank on account of the Client must be in received in the Bank 3 working days before maturity at the latest; otherwise, and provided a payment is effected by the Bank, the latter will charge a special penalty interest.
- 6.4.9. The Bank shall effect payments under commercial effects payable with it, only if a written order containing all necessary requisites has been received in good time.

6.5. Foreign exchange transactions

- 6.5.1. The Bank buys or sells foreign currency in cash or from/to account, against Levs or other foreign currency at the 'buy' rate or 'sell' rate valid for the date of the purchase, respectively sale. For all cash operations the 'cash' rate is applied, whereas for all non-cash operations – 'non-cash' rate. Every day the Bank publishes a list with all currencies and exchange rates for which it is prepared/offers to conclude foreign exchange deals.
- 6.5.2. At its own discretion the Bank may conclude deals also in currencies not indicated in the list of currencies regularly traded by the Bank.
- 6.5.3. The Bank has no obligation to conclude a foreign exchange deal if, when negotiating the deal the Client does not possess the currency amount sold by him on its account with the Bank.
- 6.5.4. An exchange rate quoted by the dealer of the Bank for a given deal, shall be valid for the term indicated by the dealer at the moment of communicating this information to the Client. If no term is indicated, the exchange rate ceases to be valid if the Client fails to accept it immediately.
- 6.5.5. Transactions negotiated by telephone are considered concluded and are binding upon the parties as from the moment of achieving a verbal agreement concerning the following components of the deal:
- the sum and currency purchased or sold from/to the client;
 - the 'buy' rate, respectively the 'sell' rate (the exchange rate); and
 - the value date(s).
- 6.5.6. Neither of the parties shall be entitled to unilaterally cancel a concluded deal.
- 6.5.7. Immediately upon conclusion of a deal by telephone and not later than by the end of the working day in which the deal was concluded, the Client shall submit to the Bank a

written confirmation of the deal either by mail, by fax or in electronic form, signed by authorized persons. The Bank shall have no obligation to effect payment under a concluded deal before receiving a confirmation from the Client.

- 6.5.8. Refusal by the Client to submit a confirmation and/or to execute the deal does not cancel the right of the Bank to debit the account of the Client with the currency sold by the Client, on the grounds of the foreign exchange contract concluded by telephone, where after to pay its part under the deal. In the event that the Client does not possess in its account the sum sold under the deal, the Bank shall be entitled, in order to indemnify itself for the incurred damages, to debit *ex officio* the account of the Client with the difference, if it is a negative number, between the value of the currency sold by the Client, calculated at the agreed exchange rate for the deal, and the value of the currency sold by the Client at a current market rate of exchange as defined by the Bank after the refusal of the Client.

6.6. Transactions in securities

- 6.6.1. The Bank concludes transactions in securities under conditions agreed with the Client.
- 6.6.2. The Bank has no obligation to conclude transactions in securities at the request of a Client, neither to buy back securities sold by the Bank.
- 6.6.3. The Bank has no obligation to conclude a transaction in securities if, at the moment of the transaction the Client does not possess the price of the deal or the securities in its account with the Bank.
- 6.6.4. Price for a security quoted by the Bank dealer for a given transaction shall be valid for the term indicated by the dealer at the moment of communicating this information to the Client. If no term is indicated, the price ceases to be valid if the Client fails to accept it immediately.
- 6.6.5. Transactions negotiated by telephone are considered concluded and binding upon the parties as from the moment of achieving a verbal agreement concerning the following components of the deal:
- the type and issue of the security;
 - the par value;
 - the net price and accrued interest, if any;
 - the date and mode of settlement.
- 6.6.6. Neither of the parties shall be entitled to unilaterally cancel a concluded deal.
- 6.6.7. Immediately upon conclusion of a deal by telephone and not later than by the end of the working day in which the deal was concluded, the Client shall submit to the Bank a written confirmation of the deal either by mail, by fax or in electronic form, signed by authorized persons. The Bank shall have no obligation to effect settlement under a concluded deal before receiving a confirmation from the Client.
- 6.6.8. Refusal by the Client to submit a confirmation and/or to execute the deal does not cancel the right of the Bank a) to debit the account of the Client with the price of the deal on the grounds of the contract of sale of securities concluded by telephone, where after to transfer the securities to the Client, or b) to debit the account of the Client with the securities sold by the Client, where after to pay to the Client the price of the deal. In the event that the Client does not possess in its account the securities sold or the price of the deal owed by the Client, the Bank shall be entitled, in order to indemnify itself for the incurred damages, to debit *ex officio* the account of the Client with the difference between the price of the deal and the value of the securities, calculated at the current market rate for the securities, as defined by the Bank after the refusal of the Client.

6.7. Transactions in securities under the Public Offering of Securities Act

- 6.7.1. The bank is an investment intermediary licensed by the Commission for Financial Supervision.
- 6.7.2. In its capacity of investment intermediary the Bank effects for its clients the transactions and activities permitted by the Public Offering of Securities Act.
- 6.7.3. When concluding transactions under the Public Offering of Securities Act, the Bank provides to its clients General Conditions for deals in securities as approved by the Commission for Financial Supervision and applicable to the contract concluded with clients.

**VII. LIABILITY OF THE PARTIES IN CASE OF PAYMENT TRANSACTIONS
(UNAUTHORIZED AND AUTHORIZED)****7.1 Liability of the Bank in case of unauthorised payment transactions**

- 7.1.1 In case of an unauthorised payment transaction, after being duly notified not later than 2 months after debiting the payer's account, the Bank shall immediately refund to the Client the amount of such unauthorised payment transaction and restore the Client's debited account to the state in which it would have been had the unauthorised payment transaction not taken place.
- 7.1.2 If the unique identifier provided by the Client in a payment order is incorrect, the Bank shall not be liable for non-execution or defective execution of the payment transaction.
- 7.1.3 However, the Bank shall make reasonable efforts to recover the funds involved in the payment transaction.
- 7.1.4 For such purpose, the Bank may charge the Client for recovery, in accordance with the provisions of the Agreement currently in effect.

7.2 Liability of the Client in case of unauthorised payment transactions

- 7.2.1 The Client shall bear, up to the amount of *maximum BGN 300*, the losses relating to any unauthorised payment transactions resulting from the use of a lost or stolen payment instrument or, if the Client has failed to keep the personalised security features safe, from the misappropriation of a payment instrument.
- 7.2.2 However, the Client shall bear all the losses relating to any unauthorised payment transactions if he incurred them by acting fraudulently or by failing to fulfil, with intent or gross negligence, one or more of his obligations relating to payment instruments. In such cases, the maximum amount referred to in Article 7.2.1 shall not apply.
- 7.2.3 The Parties agree that the Client may bear the financial consequences resulting from use of the lost, stolen or misappropriated payment instrument after the notification provided in case of loss, theft, misappropriation or unauthorised use of the payment instrument, in accordance with the conditions provided in the Agreement currently in effect.
- 7.2.4 If the Client claims that it has not authorized the execution of a payment transaction or that the transaction has not been correctly executed the Client shall be in charge of proving the authenticity of the payment transaction

7.3 Liability of the Bank in case of authorized payment transactions

- 7.3.1 The Bank shall be liable towards the Client for the refund of amounts paid under authorised transactions ordered by or through the payee if the following conditions have been cumulatively completed: as at the moment of providing the direct debit consent there is no precise value given and the value of the transaction exceeds the value expected by the payer based on previous expenses for similar transactions, terms of the frame agreement or other conditions specific for the case.
- 7.3.2 The request for refund by the Client and the refund by the Bank shall be made as per the applicable terms set in the law.

VIII. BANK REMUNERATION. COSTS. COLLATERAL.

8.1. Bank remuneration

- 8.1.1. The current interest rates are at the disposal of the Client at the halls of the Bank, in the bulletins distributed or with the authorized Bank employees.
- 8.1.2. The fees, commissions and other remuneration applied by the Bank are indicated in the Tariff on Fees and Commissions of the Bank. The Client can receive a copy of the Tariff in the halls of the Bank or from its authorized employees during the working hours of the Bank. The Client shall be considered informed of changes in the Tariff from the moment of their posting at a prominent place in the halls of the Bank.
- 8.1.3. The Bank applies special yearly fee in the amount of BGN 500 for servicing dormant accounts. Dormant accounts are current accounts which have no movements and transactions done (excluding automatic operations – booking of monthly fees, interest, etc.) for a period of 360 days. The special annual fee shall be due as of the next day following the end of the respective 360-days period.
- 8.1.4. The Bank reserves for itself the right to alter the interest rates, the fees, commissions and other costs at any time, at the exclusive discretion of the Bank.
- 8.1.5. The remuneration indicated in the valid Tariff of the Bank is applied insofar as not agreed otherwise. The Bank is entitled to decide when determining the remuneration for services requested by the Client, that are not included in the Tariff.
- 8.1.6. If no special agreement exists between the Bank and the Client and the remuneration for a rendered service is not explicitly indicated in the Tariff, the Bank is entitled to determine the due remuneration in conformity with the prevailing market conditions or the commercial practice.
- 8.1.7. If not explicitly indicated or agreed otherwise, the calculation of the interest rate will be done on a basis of 360 days, i.e. on a basis of the actually elapsed days for a year of 360 days.
- 8.1.8. In the event that the interest calculated on the account of the Client is subject to taxation, the tax will be calculated and withheld by the Bank on the day of payment of the interest in conformity with the applicable law.

8.2. Costs at the expense of the Client

- 8.2.1. The Client shall bear at its own expense all costs incurred by the Bank at the order of the Client in implementation of Client instructions, or in the interest of the Client, as well as upon the acceptance, management, release and/or realization of collateral, including but not only: taxes due by the Client, expenses for payment at the injunction of a judge of

execution, tax authority or another empowered body, notarial fees, insurance costs, warehouse charges, fees for evaluation, lawyers' fees, etc.

- 8.2.2. Unless agreed otherwise, the account of the Client will be debited or credited with the respective interest, fees, commissions and expenses for any operation, at the end of each calendar month or on the day of closing the account.

8.3. Securing the receivables of the Bank

- 8.3.1. The bank is entitled at any time to require of the Client a suitable collateral for the Client's debts, even when such debts are conditional, limited in time or with maturity still due.
- 8.3.2. In order to secure its receivables from the Clients, the Bank can use any kinds of collateral admissible under the applicable legislation and acceptable to the Bank. The Bank is entitled to seize the movables and securities of the Client that the Bank has received from the Client or for the Client, irrespective of the instructions issued by the Client in connection with such movables and securities.
- 8.3.3. After initial provision of security, upon the advent of circumstances necessitating higher evaluation of risk for the Bank to collect its receivables from the Client, the Bank may request, and the Client undertakes to provide additional collateral acceptable to the Bank, or an increase in the amount of already provided collateral up to a level acceptable to the Bank.
- 8.3.4. The Client undertakes not to transfer assets mortgaged or pledged in favor of the Bank, neither to pledge or mortgage such assets in favor of third parties without the explicit written consent of the Bank therefore.
- 8.3.5. In the existence of claims against the Client, the Bank may suspend or terminate the provision of assigned services or obligations to the Client, even when the claims of the Bank are conditional, limited in time, not due or based on different legal relations.
- 8.3.6. The Client shall take care in good faith for the maintenance and protection of its entire property and rights, as well as for the collection of all receivables that serve as collateral before the Bank, by duly notifying the Bank on all actions undertaken by the Client to this effect.
- 8.3.7. In the event that the Client fails to pay upon maturity, entirely or partially, its debts to the Bank, or finds itself in a procedure of insolvency or liquidation, the Bank is entitled to declare the Client's debts as immediately due and to satisfy itself from any collateral provided by the Client, in conformity with the provisions of the applicable law and the present Conditions.
- 8.3.8. Any delay of the Bank in exercising or failing to exercise, entirely or partially, its rights or means of protecting its receivables from the Client, shall not be construed as a waiver of the exercise thereof.

8.4. Right to set-off

- 8.4.1. The Client expresses its agreement that the credit balances on all its account with the Bank will serve as collateral for its debts to the Bank. By accepting the present Conditions the Client gives its consent for the Bank to officially debit all Client accounts and to offset its receivables from the Client in the event of overdue debts of the Client to the Bank.
- 8.4.2. In the event that the Client possesses in its accounts sums in a currency different from the currency of its debt, the Bank is empowered to cover the debt from the available

sums by applying its official rate of exchange for the day and withholding the expenses incurred.

IX. APPLICABLE LAW AND JURISDICTION

- 9.1. For all matters not settled in the Conditions or in separate contractual arrangements between the Client and the Bank, the currently valid Bulgarian legislation shall apply.
- 9.2. The Bank and the Client will do their best and will strive to settle all disputes arisen between them through negotiations and on the basis of mutual out-of-court agreement. If within a reasonable term no mutually acceptable solution on the arisen dispute is achieved, the dispute will be referred for resolution before the respective competent Bulgarian court of justice.

X. FINAL PROVISIONS

- 10.1. The present Conditions and the respective applicable frame agreement shall be applied in conjunction with the terms provided under the respective applicable Tariff (Tariff for private clients, Tariff for banks, Tariff for corporate clients) and the Interest Rates Bulletin
- 10.2. The present general Conditions of business activity were drafted in Bulgarian and English languages. In the event of contradicting interpretation or in the event of a dispute arising over the content of individual texts of the Conditions, the Bulgarian text shall be considered with priority. The separate chapters and headings in the present Conditions are only for reference and cross-reference in case of necessity.

APPENDIX I FRAME AGREEMENT (non - consumers)**SECTION 1: GENERAL PROVISIONS****Article 1: Introduction**

- 1.1 The purpose of this agreement (hereafter, the "**Agreement**") is to adapt the existing contractual relations between the Bank and the Client and the General Terms and Conditions of the Bank (the "**Conditions**") to reflect the changes made to the Bulgarian law pursuant to the transposition of Directive 2007/64/EC on payment services in the internal market (the "**PSD**").
- 1.2 In the absence of any notification of refusal of the Agreement within a period of 15 (fifteen) days, and if the account relationship is carried on, the Client shall be deemed to have accepted the Agreement and such Agreement shall amend accordingly all existing contractual relations with effect from 1 November 2009.

Article 2: Definitions

2.1 The Client and the Bank are collectively referred to as the "**Parties**" and, individually, as a "**Party**".

2.2 Unless specifically defined herein, capitalised terms and expressions used in this Agreement shall have the meaning given to such terms and expressions in the Conditions.

2.3 For purposes of this Amendment:

"**force majeure**" means any unforeseeable and unusual circumstances which are not under the control of the Bank and whose consequences would have been inevitable despite all the efforts expended.

"**PSD Country**" means any European Union Member State, Norway, Iceland, Liechtenstein, as well as territories deemed to be a part of the European Union under Article 299 of the Treaty of Rome.

"**payee**" means a natural or legal person who is the intended recipient of funds which have been the subject of a payment transaction.

"**payer**" means a natural or legal person who holds a payment account and allows a payment order from that payment account.

"**payment instrument**" means any personalised device(s) and/or set of procedures agreed between the payment service user and the payment service provider and used by the payment service user in order to initiate a payment order.

"**payment order**" means any instruction by a payer or payee to his payment service provider requesting the execution of a payment transaction.

"**PSPSA**" means the Payment Services and Payment Systems Act, promulgated in State Gazette, Issue No 23 from 27.03.2009 with effect from 1.11.2009 as amended and supplemented, implementing the PSD.

"**payment service provider**" means an entity authorised to carry out the activity of providing payment services.

"**payment service user**" means a natural or legal person making use of a payment

service in the capacity of either payer or payee, or both.

"payment transaction" means an act, initiated by the payer or by the payee, of placing, transferring or withdrawing funds, irrespective of any underlying obligations between the payer and the payee.

"unique identifier" means the combination of letters, numbers or symbols specified to the payment service user by the payment service provider and to be provided by the payment service user to identify unambiguously the other payment service user and/or his payment account for a payment transaction.

Article 3 : Scope of the Agreement

- 3.1 The Agreement applies exclusively where the Bank provides certain payment services, in certain currencies, provided that certain providers are involved and that the payment service provided by the Bank does not fall within the scope of any of the exclusions listed in Article 2 para 1 of the Payment Services and Payment Systems Act implementing the PSD in Bulgaria.
- 3.2 Payment services concerned
These are:
- services enabling cash to be placed on or withdrawn from the Client's payment account as well as all the operations required for operating a payment account;
 - direct debits, including one-off direct debits;
 - execution of payment transactions through a payment card or a similar device;
 - execution of credit transfers, including standing orders;
 - issuing and/or acquiring of payment instruments.
- 3.3. Currencies concerned
The Agreement applies exclusively to the payment services provided by the Bank in euros, in Bulgarian levs or in the currency of a PSD Country outside of the euro area.
- 3.4. Providers involved
The Agreement only applies if the payment service provider of the payee or, as the case may be, of the payer, is located in Bulgaria, another PSD Country, or if the Bank is the only payment service provider involved in the payment transaction.
- 3.5. Exclusions from the scope of the Agreement
- 3.5.1 Even if all of the conditions set out in Articles 3.2, 3.3 and 3.4 above are satisfied, the Agreement shall not apply to a payment service provided by the Bank if such service comes under the scope of any of the exclusions listed in Article 2 para 1 from the Payment Services and Payment Systems Act transposing article 3 of the PSD and set out as a schedule to this Agreement.
- 3.5.2 In particular, the Agreement does not apply to paper cheques, paper-based drafts, paper-based vouchers, paper-based traveller's cheques or paper-based postal money orders.
- 3.6 Payment services which are not included in the scope of the Agreement are not governed by its terms.

Article 4: Maintenance of current contractual arrangements

- 4.1 The contractual arrangements agreed upon by the Parties prior to the implementation of the PSD into the Bulgarian law, namely the PSPSA shall remain in effect, subject to those contrary provisions of the Agreement and those provisions of the PSPSA transposing the PSD that may not be contractually waived.
- 4.2 Pursuant to Article 4.1 and in order to maintain the contractual arrangements currently in effect, the Parties agree to exercise the options provided for in the PSPSA which allow contractual waiver (if the Client is not a consumer) of the following provisions of PSPSA:
- all of the provisions of Chapter III relating to transparency of conditions and information requirements for payment services;
 - Article 49, paragraph 1, relating to the charges applicable by the Bank to the provision of information and to the taking of preventive or corrective measures pursuant to title IV of the PSD ;
 - Article 51, paragraph 3, relating to the Client's consent;
 - Article 56 paragraph 1 in relation to the burden of proof for the authenticity of a payment transaction;
 - Article 55 paragraph 1 in relation to the term of refund which shall not be 13 months;
 - Article 59 in relation to the right to refund of amounts under executed and authorized payment operations initiated by or through the payee, under direct debt consents and direct debit order;
 - Article 60 relating to evidence of authentication and execution of payment transactions;
 - Article 37 paragraph 1 item 5 relating to refunds, under certain conditions, for payment transactions initiated by or through the payee;
 - Article 62 relating to the irrevocability of a payment order;
 - Article 69 relating to the non-execution or defective execution of payment transactions.

SECTION 2: EXECUTION OF PAYMENT ORDERS**Article 5: Receipt of payment orders**

- 5.1 The point in time of receipt of a payment order is the time when the payment order, transmitted directly by the Client as payer or indirectly by or through a payee, is received by the Bank. If the point in time of receipt is not on a business day for the Bank, the payment order shall be deemed to have been received on the following business day.
- 5.2 **Cut-off time for receipt of payment orders**
The Bank establishes cut-off times pursuant to the applicable Tariffs beyond which any payment order received shall be deemed to have been received on the following business day.

- 5.3 If the Client and the Bank agree that the execution of a payment order shall start on a specific day or at the end of a certain period or on the day on which the Client has set funds at the Bank's disposal, the point in time of receipt is deemed to be the agreed day. If the agreed day is not a business day for the Bank, the payment order shall be deemed to have been received on the following business day.

Article 6: Refusal of a payment order

- 6.1 Where the Bank refuses to execute a payment order, the refusal and, if possible, the reasons for it and the procedure for correcting any factual mistakes that led to the refusal shall be notified or made available to the Client, unless prohibited by other relevant Community or national legislation.
- 6.2 The notification or the availability referred to in the preceding article shall be made in a manner agreed upon by the Parties, at the earliest opportunity, and in any case, within the time limits for execution specified in Article 7 of this Agreement.
- 6.3 In case of notification, notification fees may be charged to the Client by the Bank if the refusal is objectively justified.
- 6.4 In cases where all of the conditions set out in the Agreement are met, the Bank shall not refuse to execute an authorised payment order, irrespective of whether the payment order is initiated by the Client as payer or by or through a payee, unless prohibited by other relevant Community or national legislation.

Article 7: Execution time

- 7.1 With respect to the payment transactions referred to in Article 7.2, the parties agree that the Bank shall ensure that, after the point in time of receipt of the payment order, the amount of the payment transaction is credited to the payee's payment service provider's account at the latest by the end of the third following business day, or, in case of paper-initiated payment transactions, by the end of the fourth following business day.
- 7.2 The provisions of Article 7.1 apply exclusively to the following payment transactions:
- payment transactions in euro;
 - payment transactions involving only one currency conversion between the euro and Bulgarian leva and/or the currency of a PSD Country outside the euro area, provided that the required currency conversion is carried out in the PSD Country outside the euro area concerned and, in the case of cross-border payment transactions, the cross-border transfer takes place in euro.
- 7.3 As from 1 January 2012, the maximum execution times set out in Article 7.1 shall be shortened to the business day following the point in time of receipt of the payment order or, in case of paper-initiated payment transactions, the second business day following such point in time of receipt of the payment order.
- 7.4 For payment transactions which are not provided in Article 7.2, the Bank shall ensure that it shall credit the amount of the payment transaction to the payee's payment service provider's account at the latest by the end of the fourth business day following the point in time of receipt of the payment order except for national payment transactions settled via the RINGS (Real-time Interbank Gross Settlement System) in which case the mandatory provisions of Ordinance No3 of the BNB on Money Transfers and Payment Systems will apply .
- 7.5 Where the Client is the payee of a payment transaction, the Bank shall make available

to the Client the amount of the payment transaction by crediting his account immediately once such amount is credited to the Bank's account.

- 7.6 Where the Client places cash on his payment account with the Bank, in the currency of such payment account, the Bank shall ensure that the amount placed is made available and value dated at the latest on the next business day after the receipt of the funds.
- 7.7 Where the Client is the payee of a payment transaction and the amount received by the Bank is denominated in a currency other than the currency of the Client's payment account, the Parties agree that the Bank shall automatically convert the amount received into the currency of the payment account, unless the Bank receives from the Client prior instructions to the contrary.

Article 8: Value dates

- 8.1 The debit value date for the Client payer's payment account is no earlier than the point in time at which the amount of the payment transaction is debited to that payment account.
- 8.2 The credit value date for the Client payee's payment account is no later than the business day on which the amount of the payment transaction is credited to the Bank's account.

SECTION 3: USE OF PAYMENT INSTRUMENTS

Article 9: Obligations of the Client relating to the use of payment instruments

The Client entitled to use a payment instrument shall have the following obligations:

- the Client must use the payment instrument in accordance with the terms governing the issue and use of such payment instrument and, as soon as he receives a payment instrument, the payment service user must take all reasonable steps to keep its personalized security features safe;
- on becoming aware of loss, theft, misappropriation or any other unauthorised use of the payment instrument, the Client must inform the Bank or the entity specified by the latter without undue delay.

SECTION 4: CHARGES AND COMMISSIONS

Article 10: Charges applicable to payment transactions

- 10.1 Where a payment transaction does not involve any currency conversion, the Client pays the charges and commissions levied by the Bank, and the payee respectively pays the charges levied by his payment service provider.
- 10.2 For PSD compliance purposes, the Bank reserves the right to modify any Client instructions issued in breach of Article 10.1.
- 10.3 As a general rule, the Bank shall abstain from deducting its charges and commissions from the amount transferred.
- 10.4 However, where the Client is the payee of a payment transaction, the parties agree that the Bank may, at its own and entire discretion, deduct its charges and commissions from the amount transferred before crediting the Client. In such event, the total amount of the payment transaction and the charges are separated in the information provided to the Client.

Article 11: Charges applicable to notifications of refusals of payment orders

Where a refusal of a payment order is done in accordance with Article 6 and is objectively justified, the Bank reserves the right to charge to the Client all related charges.

Article 12: Review of current fees and charges

A new set of fees and charges, applicable as from 1st November 2009, is provided to the Client together with the Agreement.

SECTION 5: LIABILITY**Article 13: General rules**

- 13.1 Except where expressly stated to the contrary, the Bank will only be liable for its own acts and to the condition that a gross negligence or intentional misconduct can be attributed to it.
- 13.2 Notwithstanding Article 13.1, the Bank should not incur any liability in case of force majeure or of compliance with other legal obligations under national or Community law.
- 13.3 In the case of a non-executed or defectively executed payment transaction, the Bank shall, on request, make immediate efforts to trace the payment transaction and notify the Client of the outcome. The Bank may charge investigation fees to the Client unless such non-executed or defective transaction has resulted from wilful misconduct or gross negligence of the Bank, in which case investigations fees shall be for the account of the Bank.
- 13.4. The Bank shall be authorized to block payment instruments issued to the Client in the following circumstances:
- if this is justified by objective reasons in connection with the security of the payment instrument; or
 - if an unauthorized or fraudulent use of the payment instrument is suspected; or
 - in case of a significantly increased risk of the Client being unable to meet his/her payment obligations in connection with a credit line associated with the payment instrument.
- 13.5. To the extent permitted, the bank shall notify the Client of such blocking and of the reasons for it in a manner of communication agreed with the Client, where possible, before the payment instrument is blocked, but in any event immediately thereafter.
- 13.6. In case the Client claims that it has not authorized the execution of a payment transaction or that the transaction has not been correctly executed the Client shall be in charge of proving the authenticity of the payment transaction.

Article 14: Claims of the Client regarding an absence of authorisation of a defective execution

The Client may only obtain from the Bank that it corrects a transaction if the Client notifies the Bank without undue delay on becoming aware of any unauthorised or defective payment transaction giving rise to a claim, and at the latest within 21 days following the date on which the information relating to the transaction were provided to the Client or, as the case may be, made available to it.

Article 15. Liability of the Parties in case of unauthorised payment transactions**15.1 Liability of the Bank in case of unauthorised payment transactions.**

- 15.1.1 In case of an unauthorised payment transaction, the Bank shall immediately refund to the Client the amount of such unauthorised payment transaction and restore the Client's debited account to the state in which it would have been had the unauthorised payment transaction not taken place.
- 15.1.2 If the unique identifier provided by the Client in a payment order is incorrect, the Bank shall not be liable for non-execution or defective execution of the payment transaction.
- 15.1.3 However, the Bank shall make reasonable efforts to recover the funds involved in the payment transaction.
- 15.1.4 For such purpose, the Bank may charge the Client for recovery, in accordance with the provisions of the Agreement currently in effect.

15.2 Liability of the Client in case of unauthorised payment transactions

- 15.2.1 The Client shall bear, up to the amount provided in the Agreement, the losses relating to any unauthorised payment transactions resulting from the use of a lost or stolen payment instrument or, if the Client has failed to keep the personalised security features safe, from the misappropriation of a payment instrument.
- 15.2.2 However, the Client shall bear all the losses relating to any unauthorised payment transactions if he incurred them by acting fraudulently or by failing to fulfil, with intent or gross negligence, one or more of his obligations relating to payment instruments. In such cases, the maximum amount referred to in Article 15.2.1 shall not apply.
- 15.2.3 The Parties agree that the Client may bear the financial consequences resulting from use of the lost, stolen or misappropriated payment instrument after the notification provided in case of loss, theft, misappropriation or unauthorised use of the payment instrument, in accordance with the conditions provided in the Agreement currently in effect.

15.3 Liability of the Client in case of authorised payment transactions.

- 15.3.1 The Parties herein agree that in case of failure of the Client to comply with the Bank's requirements for the form of consent in case of execution of direct debit transfer orders, the Client shall not be entitled to refund.

SECTION 6: TERMINATION OF THE AGREEMENT**Article 16: Termination by way of a notice from either party**

- 16.1 The payment service user may terminate the Agreement with a one-month prior notice to the Bank.
- 16.2 The Bank may terminate the Agreement with a two-month prior notice to the payment service user.
- 16.3. In case of termination of the agreement under this Article 16 by way of notice from either party the Client shall use its best efforts to identify and notify (within the term of

the termination notice) to the Bank of any defective transaction which has occurred prior to the effective termination date. Failure of the Client to notify the Bank within the notice term the Bank shall not be held liable and shall not be required to refund any amounts under 5 herein above.

SECTION 7: GOVERNING LAW. DISPUTE RESOLUTION

Article 17: Governing law

- 17.1 Any issues which may arise between the Parties in connection with the present Agreement shall be settled according to the provisions of the effective Bulgarian legislation.

Article 18: Dispute resolution

- 18.1 Any disputes between the Parties shall be resolved in the reconciliation procedure provided for in articles the PSPSA and in case of failure to reach an out-of-court redress, by the competent court.

APPENDIX II FRAME AGREEMENT (consumers)**SECTION 1: GENERAL PROVISIONS****Article 1: Introduction**

- 1.1 The purpose of this agreement (hereafter, the "**Agreement**") is to adapt the existing contractual relations between the Bank and the Client and the General Terms and Conditions of the Bank (the "**Conditions**") to reflect the changes made to the Bulgarian law pursuant to the transposition of Directive 2007/64/EC on payment services in the internal market (the "**PSD**").
- 1.2 In the absence of any notification of refusal of the Agreement within a period of 15 (fifteen) days, and if the account relationship is carried on, the Client shall be deemed to have accepted the Agreement and such Agreement shall amend accordingly all existing contractual relations with effect from 1 November 2009.

Article 2: Definitions

2.1 The Client and the Bank are collectively referred to as the "**Parties**" and, individually, as a "**Party**".

2.2 Unless specifically defined herein, capitalised terms and expressions used in this Agreement shall have the meaning given to such terms and expressions in the Conditions.

2.3 For purposes of this Amendment:

"**force majeure**" means any unforeseeable and unusual circumstances which are not under the control of the Bank and whose consequences would have been inevitable despite all the efforts expended.

"**PSD Country**" means any European Union Member State, Norway, Iceland, Liechtenstein, as well as territories deemed to be a part of the European Union under Article 299 of the Treaty of Rome.

"**payee**" means a natural or legal person who is the intended recipient of funds which have been the subject of a payment transaction.

"**payer**" means a natural or legal person who holds a payment account and allows a payment order from that payment account.

"**payment instrument**" means any personalised device(s) and/or set of procedures agreed between the payment service user and the payment service provider and used by the payment service user in order to initiate a payment order.

"**payment order**" means any instruction by a payer or payee to his payment service provider requesting the execution of a payment transaction.

"**PSPSA**" means the Payment Services and Payment Systems Act, promulgated in State Gazette, Issue No 23 from 27.03.2009 with effect from 1.11.2009 as amended and supplemented, implementing the PSD.

"**payment service provider**" means an entity authorised to carry out the activity of providing payment services.

"**payment service user**" means a natural or legal person making use of a payment

service in the capacity of either payer or payee, or both.

"payment transaction" means an act, initiated by the payer or by the payee, of placing, transferring or withdrawing funds, irrespective of any underlying obligations between the payer and the payee.

"unique identifier" means the combination of letters, numbers or symbols specified to the payment service user by the payment service provider and to be provided by the payment service user to identify unambiguously the other payment service user and/or his payment account for a payment transaction.

Article 3 : Scope of the Agreement

3.1 The Agreement applies exclusively where the Bank provides certain payment services, in certain currencies, provided that certain providers are involved and that the payment service provided by the Bank does not fall within the scope of any of the exclusions listed in Article 2 para 1 of the Payment Services and Payment Systems Act implementing the PSD in Bulgaria.

3.2 Payment services concerned
These are:

- services enabling cash to be placed on or withdrawn from the Client's payment account as well as all the operations required for operating a payment account;
- direct debits, including one-off direct debits;
- execution of payment transactions through a payment card or a similar device;
- execution of credit transfers, including standing orders;
- issuing and/or acquiring of payment instruments.

3.3. Currencies concerned

The Agreement applies exclusively to the payment services provided by the Bank in euros, in Bulgarian leva or in the currency of a PSD Country outside of the euro area.

3.4. Providers involved

The Agreement only applies if the payment service provider of the payee or, as the case may be, of the payer, is located in Bulgaria, another PSD Country, or if the Bank is the only payment service provider involved in the payment transaction.

3.5. Exclusions from the scope of the Agreement

3.5.1 Even if all of the conditions set out in Articles 3.2, 3.3 and 3.4 above are satisfied, the Agreement shall not apply to a payment service provided by the Bank if such service comes under the scope of any of the exclusions listed in Article 2 para 1 from the Payment Services and Payment Systems Act transposing article 3 of the PSD and set out as a schedule to this Agreement.

3.5.2 In particular, the Agreement does not apply to paper cheques, paper-based drafts, paper-based vouchers, paper-based traveller's cheques or paper-based postal money orders.

- 3.6 Payment services which are not included in the scope of the Agreement are not governed by its terms.

Article 4: Maintenance of current contractual arrangements

- 4.1 The contractual arrangements agreed upon by the Parties prior to the implementation of the PSD into the Bulgarian law, namely the PPSA shall remain in effect, subject to the mandatory provisions of the PPSA transposing the PSD.

SECTION 2: EXECUTION OF PAYMENT ORDERS

Article 5: Receipt of payment orders

- 5.1 The point in time of receipt of a payment order is the time when the payment order, transmitted directly by the Client as payer or indirectly by or through a payee, is received by the Bank. If the point in time of receipt is not on a business day for the Bank, the payment order shall be deemed to have been received on the following business day.
- 5.2 Cut-off time for receipt of payment orders
- The Bank establishes cut-off times in the respective applicable Tariffs beyond which any payment order received shall be deemed to have been received on the following business day.
- 5.3 If the Client and the Bank agree that the execution of a payment order shall start on a specific day or at the end of a certain period or on the day on which the Client has set funds at the Bank's disposal, the point in time of receipt is deemed to be the agreed day. If the agreed day is not a business day for the Bank, the payment order shall be deemed to have been received on the following business day.

Article 6: Refusal of a payment order

- 6.1 Where the Bank refuses to execute a payment order, the refusal and, if possible, the reasons for it and the procedure for correcting any factual mistakes that led to the refusal shall be notified or made available to the Client, unless prohibited by other relevant Community or national legislation.
- 6.2 The notification or the availability referred to in the preceding article shall be made in a manner agreed upon by the Parties, at the earliest opportunity, and in any case, within the time limits for execution specified in Article 7 of this Agreement.
- 6.3 In case of notification, notification fees may be charged to the Client by the Bank if the refusal is objectively justified.
- 6.4 In cases where all of the conditions set out in the Agreement are met, the Bank shall not refuse to execute an authorised payment order, irrespective of whether the payment order is initiated by the Client as payer or by or through a payee, unless prohibited by other relevant Community or national legislation.

Article 7: Execution time

- 7.1 With respect to the payment transactions referred to in Article 7.2, the parties agree that the Bank shall ensure that, after the point in time of receipt of the payment order, the amount of the payment transaction is credited to the payee's payment service provider's account at the latest by the end of the third following business day, or, in case of paper-

initiated payment transactions, by the end of the fourth following business day.

- 7.2 The provisions of Article 7.1 apply exclusively to the following payment transactions:
- payment transactions in euro;
 - payment transactions involving only one currency conversion between the euro and Bulgarian leva and/or the currency of a PSD Country outside the euro area, provided that the required currency conversion is carried out in the PSD Country outside the euro area concerned and, in the case of cross-border payment transactions, the cross-border transfer takes place in euro.
- 7.3 As from 1 January 2012, the maximum execution times set out in Article 7.1 shall be shortened to the business day following the point in time of receipt of the payment order or, in case of paper-initiated payment transactions, the second business day following such point in time of receipt of the payment order.
- 7.4 For payment transactions which are not provided in Article 7.2, the Bank shall ensure that it shall credit the amount of the payment transaction to the payee's payment service provider's account at the latest by the end of the fourth business day following the point in time of receipt of the payment order except for national payment transactions settled via the RINGS (Real-time Interbank Gross Settlement System) in which case the mandatory provisions of Ordinance No3 of the BNB on Money Transfers and Payment Systems will apply .
- 7.5 Where the Client is the payee of a payment transaction, the Bank shall make available to the Client the amount of the payment transaction by crediting his account immediately once such amount is credited to the Bank's account.
- 7.6 Where the Client places cash on his payment account with the Bank, in the currency of such payment account, the Bank shall ensure that the amount placed is made available and value dated at the latest on the next business day after the receipt of the funds.
- 7.7 Where the Client is the payee of a payment transaction and the amount received by the Bank is denominated in a currency other than the currency of the Client's payment account, the Parties agree that the Bank shall automatically convert the amount received into the currency of the payment account, unless the Bank receives from the Client prior instructions to the contrary.

Article 8: Value dates

- 8.1 The debit value date for the Client payer's payment account is no earlier than the point in time at which the amount of the payment transaction is debited to that payment account.
- 8.2 The credit value date for the Client payee's payment account is no later than the business day on which the amount of the payment transaction is credited to the Bank's account.

SECTION 3: USE OF PAYMENT INSTRUMENTS

Article 9: Obligations of the Client relating to the use of payment instruments

The Client entitled to use a payment instrument shall have the following obligations:

- the Client must use the payment instrument in accordance with the terms governing the issue and use of such payment instrument and, as soon as he receives a payment instrument, the payment service user must take all reasonable steps to keep its personalized security features safe;

- on becoming aware of loss, theft, misappropriation or any other unauthorised use of the payment instrument, the Client must inform the Bank or the entity specified by the latter without undue delay.

SECTION 4: CHARGES AND COMMISSIONS

Article 10: Charges applicable to payment transactions

- 10.1 Where a payment transaction does not involve any currency conversion, the Client pays the charges and commissions levied by the Bank, and the payee respectively pays the charges levied by his payment service provider.
- 10.2 For PSD compliance purposes, the Bank reserves the right to modify any Client instructions issued in breach of Article 10.1.
- 10.3 As a general rule, the Bank shall abstain from deducting its charges and commissions from the amount transferred.
- 10.4 However, where the Client is the payee of a payment transaction, the parties agree that the Bank may, at its own and entire discretion, deduct its charges and commissions from the amount transferred before crediting the Client. In such event, the total amount of the payment transaction and the charges are separated in the information provided to the Client.

Article 11: Charges applicable to notifications of refusals of payment orders

Where a refusal of a payment order is done in accordance with Article 6 and is objectively justified, the Bank reserves the right to charge to the Client all related charges.

Article 12: Review of current fees and charges

A new set of fees and charges, applicable as from 1st November 2009, is provided to the Client together with the Agreement.

SECTION 5: LIABILITY**Article 13: General rules**

- 13.1 Except where expressly stated to the contrary, the Bank will only be liable for its own acts and to the condition that a gross negligence or intentional misconduct can be attributed to it.
- 13.2 Notwithstanding Article 13.1, the Bank should not incur any liability in case of force majeure or of compliance with other legal obligations under national or Community law.
- 13.3 In the case of a non-executed or defectively executed payment transaction, the Bank shall, on request, make immediate efforts to trace the payment transaction and notify the Client of the outcome. The Bank may charge investigation fees to the Client unless such non-executed or defective transaction has resulted from wilful misconduct or gross negligence of the Bank, in which case investigations fees shall be for the account of the Bank.

Article 14: Claims of the Client regarding an absence of authorisation of a defective execution

The Client may only obtain from the Bank that it corrects a transaction if the Client notifies the Bank without undue delay on becoming aware of any unauthorised or defective payment transaction giving rise to a claim, and at the latest within 21 days following the date on which the information relating to the transaction were provided to the Client or, as the case may be, made available to it.

Article 15: Claims of the Client in case of payment transactions initiated by or through a payee

- 15.1 The Client is entitled to a refund from the Bank of an authorised payment transaction initiated by or through a payee which has already been executed, if the following conditions are met:
- the authorisation did not specify the exact amount of the payment transaction when the authorisation was made;
 - the amount of the payment transaction exceeded the amount the Client could reasonably have expected taking into account his previous spending pattern, the conditions in his framework agreement and relevant circumstances of the case; and
 - the other terms set out in the General Terms and Conditions of Business Activity of the Bank for execution of direct debit transactions.
- 15.2 At the Bank's request, the Client shall provide factual elements relating to such conditions.

- 15.3 The Client may not rely on currency exchange reasons if the exchange rate agreed with the Bank was applied.
- 15.4 The Client may only request such refund to the Bank for a period of up to 56 days (from the date on which the funds were debited).
- 15.5 The Client as the payer shall not be entitled to a refund under this Article 15 in case it has given its consent for the execution of the payment transaction directly to Bank as its payment services provider and the Bank or the payee have provided at the disposal of the payer information on the forthcoming payment transaction in the agreed manner at least 28 days before the date of execution of the payment transaction.

Article 16: Liability of the Parties in case of unauthorised payment transactions

- 16.1 Liability of the Bank in case of unauthorised payment transactions.
- 16.1.1 In case of an unauthorised payment transaction, the Bank shall immediately refund to the Client the amount of such unauthorised payment transaction and restore the Client's debited account to the state in which it would have been had the unauthorised payment transaction not taken place.
- 16.1.2 If the unique identifier provided by the Client in a payment order is incorrect, the Bank shall not be liable for non-execution or defective execution of the payment transaction.
- 16.1.3 However, the Bank shall make reasonable efforts to recover the funds involved in the payment transaction.
- 16.1.4 For such purpose, the Bank may charge the Client for recovery, in accordance with the provisions of the Agreement currently in effect.
- 16.2 Liability of the Client in case of unauthorised payment transactions
- 16.2.1 The Client shall bear, up to the amount provided in the Agreement, the losses relating to any unauthorised payment transactions resulting from the use of a lost or stolen payment instrument or, if the Client has failed to keep the personalised security features safe, from the misappropriation of a payment instrument.
- 16.2.2 However, the Client shall bear all the losses relating to any unauthorised payment transactions if he incurred them by acting fraudulently or by failing to fulfil, with intent or gross negligence, one or more of his obligations relating to payment instruments. In such cases, the maximum amount referred to in Article 14.2.1 shall not apply.
- 16.2.3 The Parties agree that the Client may bear the financial consequences resulting from use of the lost, stolen or misappropriated payment instrument after the notification provided in case of loss, theft, misappropriation or unauthorised use of the payment instrument, in accordance with the conditions provided in the Agreement currently in effect.
- 16.3 Liability of the Client in case of authorised payment transactions.
- 16.3.1 The Parties herein agree that in case of failure of the Client to comply with the Bank's requirements for the form of consent in case of execution of direct debit transfer orders, the Client shall not be entitled to refund.

SECTION 6: TERMINATION OF THE AGREEMENT

Article 17: Termination by way of a notice from either party

- 17.1 The payment service user may terminate the Agreement with a one-month prior notice to the Bank.
- 17.2 The Bank may terminate the Agreement with a two-month prior notice to the payment service user.
- 17.3 In case of termination of the agreement under this Article 17 by way of notice from either party the Client shall use its best efforts to identify and notify (within the term of the termination notice) to the Bank of any defective transaction which has occurred prior to the effective termination date. Failure of the Client to notify the Bank within the notice term the Bank shall not be held liable and shall not be required to refund any amounts under 5 herein above.

SECTION 7: GOVERNING LAW. DISPUTE RESOLUTION

Article 18: Governing law

- 18.1 Any issues which may arise between the Parties in connection with the present Agreement shall be settled according to the provisions of the effective Bulgarian legislation.

Article 19: Dispute resolution

- 19.1 Any disputes between the Parties shall be resolved in the reconciliation procedure provided for in articles the PSPSA and in case of failure to reach an out-of-court redress, by the competent court.

APPENDIX III PRIOR INFORMATION IN RELATION TO THE PROVISION OF PAYMENT SERVICES (in relation to single payment transactions and in relation with consumers)

1. Kind and features of the information or unique identifier or any other information which shall be submitted by the payment services user in order to ensure the exact performance of the payment order;
2. Maximum term for performance of the payment service;
3. Any fees and commissions due by the payment services user to the payment services provider (kind and value if applicable);
4. The current and reference exchange rate which will apply for the payment operation;
5. The deadline after which funds not sought by the payee will be returned to the payer - in the event of money remittance; this deadline cannot exceed 7 days of the date on which the transfer has been ordered.