



**SBERBANK**

# **General Loan Terms and Conditions for Entrepreneurs**

Effective as of  
1 May 2016

# GENERAL LOAN TERMS AND CONDITIONS FOR ENTREPRENEURS

## Part I/ Introduction

- (1) The following General Loan Terms and Conditions ("**Loan Terms and Conditions**") stipulate the binding rules for lending transaction executed by and between Sberbank CZ, a.s., Co. Reg. No. 25083325, registered in the Commercial Register with the Municipal Court in Prague, File No. B 4353 ("**Bank**"), and its clients ("**Client**") being the legal entities or entrepreneurs.
- (2) If any provision of a loan agreement entered into by and between the Bank and the Client contradicts a provision hereof, the provision of the loan agreement prevails.
- (3) Invalidity of particular provisions hereof does not establish the invalidity of the Loan Terms and Conditions in their entirety.
- (4) These Loan Terms and Conditions are executed in the Czech language and the English language whereas the Czech version hereof prevails.
- (5) These Loan Terms and Conditions apply to the following types of loans:
  - a) investment loans;
  - b) revolving loans;
  - c) overdraft facilities; and
  - d) other types of loans described in the loan agreement.The provisions of these Loan Terms and Conditions apply to all types of loans provided by the Bank unless the relevant provision applies only to a specific type of loan.
- (6) If the respective agreement entered into by and between the Bank and the Client explicitly refers to the Loan Terms and Conditions, the provisions of these Loan Terms and Conditions also apply with the necessary modifications to bank guarantees, letters of credit and other bank products provided by the Bank.
- (7) The Client has properly understood these Loan Terms and Conditions and in particular explicitly accepts the arrangements set forth herein and marked **bold**.

## Part II/ Loan Drawing

- (1) The form in which the loan is to be drawn down is specified in the loan agreement. The loan may be drawn down after the drawdown terms and conditions agreed in these Loan Terms and Conditions and the loan agreement are met.
- (2) The overdraft is drawn by way of debit transactions made from the current account specified in the loan agreement, incl. withdrawals and transfers from the current account; below the available balance of the respective Current Account, however, up to the agreed amount. The overdraft may be drawn repeatedly; by the Client or persons authorised to transact with the funds in the name of the Client within their Current Account authorisation rights. The Client, as the owner of the Current Account, must familiarise the authorised persons with the terms and conditions of the Agreement; and is liable for any breaches committed by such persons.
- (3) If the loan is to be drawn down by two or more parties, such parties are liable for all debts jointly and severally. Provisions of the Loan Terms and Conditions apply to each party separately.
- (4) **A loan can be drawn down by the Client against a duly signed and completed request submitted by the Client**

- to the Bank at least two business days before the loan is requested to be drawn down; and only after the draw-down terms and conditions are met. The request to draw down the loan must be submitted by the Client on the prescribed form attached to the loan agreement. The requested drawdown date must be a business day, and the requested drawdown amount and currency must correspond to that stipulated in the loan agreement. This does not apply to overdraft facilities that are drawn by way of by payments or cash withdrawals from the Client's current account up to the agreed amount.**
- (5) The request to draw down the loan must be signed by authorised persons in accordance with, and in the form specified on, the Client's signature specimen for the current account.
- (6) The request to draw down the loan is irrevocably binding once delivered to the Bank.
- (7) **Any communication concerning the loan drawing is carried out exclusively in writing; electronic means of communication (fax and email used to send a photocopied request signed by the Client) are permitted. A notification sent via electronic means of communication is deemed delivered once sent (and confirmed by a document printed by the transmitting device) whereby the liability for damage caused by the electronic means of communication misused by an unauthorised party is borne by the Client.**
- (8) Investment loans may be repeatedly drawn down only if so approved in advance by the Bank in writing.
- (9) **The Bank may disallow the Client to draw down the loan at any time without reason.**
- (10) **If a market disruption as defined below occurs, the Bank may, at its sole discretion, take one or more of the following measures:**
  - a) **establish with immediate effect a new loan interest rate interest rate period, whereby the interest rate per annum is determined as the sum of:**
    - aa) **the rate expressing the percentage rate per annum of the Bank's costs of financing the loan pursuant to the respective loan agreement from any source chosen by the Bank acting in good faith and regarding the current situation in the relevant market; and**
    - ab) **a premium in the amount specified in the respective loan agreement;**
  - b) **restrict or completely suspend the loan drawing for the period determined by the Bank;**
  - c) **terminate the drawing of not yet drawn portion of the loan (by written notice of termination taking effect upon delivery of the notice to the Client);**
  - d) **withdraw from the loan agreement by written notice and declare the loans, including related charges and interest, provided by the Bank as due within the term specified in the notice, which is not shorter than 30 days; or**
  - e) **declare the outstanding amount of loans provided by the Bank, including related charges and interest, irrespective of the agreed period of the loans and repayment, as due, in whole or in part, on the date specified in the declaration; the Client must pay the amount due, including related charges and interest,**

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within the period specified in the written declaration, or within 30 days after receiving the declaration.

"Market disruption" occurs if:

- a) at or around 11 am on the day the interest rate is to be updated under the loan agreement or on the date on which the Bank is to enable the Client to draw down the loan under the loan agreement, the relevant reference rate to be used pursuant to the loan agreement to calculate the interest under the loan agreement is not available on the respective page of the Reuters system, or such other system that can replace this system; or
- b) on the date on which the interest rate is to be updated under the loan agreement or on the date on which the Bank is to enable the Client to draw down the loan under the loan agreement, the Bank discovers that its costs for obtaining the corresponding deposits in the relevant interbank market would exceed the level of the respective reference rate to be used under the loan agreement to calculate the interest under the loan agreement.

**(11) If so requested by the Client, the Bank may allow the Client to draw down the loan in a currency other than that agreed in the loan agreement. In such case, the Bank, in order to reduce the FX risk, may reduce the loan amount agreed in the loan agreement by:**

- a) 5% of the agreed amount of a loan with maturity up to 12 months; or
- b) 15% of the agreed amount of a loan with maturity exceeding 12 months.

If, during the loan term, the loan amount agreed in the loan agreement (possibly reduced by the Bank pursuant to the second sentence of this Paragraph 11) is exceeded due to exchange rate fluctuations, the loan becomes immediately due in such amount exceeding the agreed amount of the loan (possibly reduced by the Bank pursuant to the second sentence of this Paragraph 11).

The aforementioned limits are calculated using the Bank's current foreign currencies mid-market exchange rate valid on the day of calculation.

### Part III/ Assistance, Duty to Inform, Verification

- (1) The Client must immediately notify the Bank as of any contemplated organisational changes (changed business name, full name, registered office, residential address and/or governing bodies; sale or lease of the enterprise or part thereof; business activities, etc.) concerning the Client, guarantors, or persons providing security for the loan in question.
- (2) The Client undertakes to inform the Bank throughout the term of the loan agreement and without undue delay in writing of any contemplated changes to the ownership structure, including changed controlling entity pursuant to Section 74 et seq. of Act No. 90/2012, governing the business corporations, as amended; or any contemplated transformation pursuant to law in force (mergers, divisions, change of legal form, etc.).
- (3) If so requested by the Bank, however at least annually, the Client undertakes to submit to the Bank information about the Client's financial standing; incl. income tax returns and related financial statements and appendices thereto compiled in accordance with Act No. 563/1991 Sb., governing the accounting, as amended, for the past accounting period, and do so no later than 15 days after the deadline for filing tax returns. The submitted tax return must be accompanied by the tax authority's confirmation stamp of the revenue authority or any other document proving, in the opinion of the Bank, delivery of the tax return to the respective tax authority. The tax return must be accompanied by all legal annexes, in particular the relevant financial statements and audit reports, if the Client is required by law to have the financial statements verified by an auditor. If so requested by the Bank, the Client must further submit additional or updated information concerning the Client's financial standing and do so without delay.
- (4) If so requested by the Bank, the Client undertakes to submit a written document as regards any outstanding debts of the Client to the State issued by the relevant tax authority, social security authority and any health insurer to which the Client must pay social security and health insurance contribution for the employees under relevant law; and do so at the latest by the date the loan agreement is entered into and subsequently whenever so requested by the Bank.
- (5) If the loan is secured by real estate put up as collateral for the loan, the Client must submit to the Bank the current copy of an entry in the Land Register; and do so on the date the loan agreement is entered into and subsequently whenever so requested by the Bank.
- (6) The Client further undertakes to submit to the Bank other documents related to the loan or requested loan security; and do so without undue delay if so requested by the Bank. If the Client fails to do so, the Bank may obtain the necessary documents itself on the Client's account.
- (7) The Bank may inspect the Client's business and other premises or property owned by the Client or a third party provided to the Bank as security, review the accounting books or check the Client's business operations, or have such activities undertaken by persons authorised by the Bank to do so. If so requested, the Client must provide the Bank with all necessary cooperation and so without undue delay once so requested by the Bank.
- (8) The Client undertakes to notify the Bank without undue delay as of any development or circumstances that could (whether at the time being or in the future) negatively affect the Client's business activities and financial standing, especially if these could result in an increased risk of default on payments to the Bank (deteriorated financial standing, inability to pay faced by the Client or party security for the Client's debts, pending bankruptcy/liquidation, distraint order, legal or administrative proceedings that may impose substantial payment obligations on the Client, etc.).
- (9) If any event or circumstance arises or occurs which, in the view of the Bank, negatively affects or could negatively affect:
  - a) state of the assets, business activities or financial standing of the Client or party providing security for the Client's duties; or
  - b) Client's ability to perform the Client's debts under the loan agreement,

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**the Bank may stop or restrict the Client to draw down the loan and require the Client to provide additional security for the Client's debts to the Bank.**

- (10) If so requested by the Bank throughout the term of the loan agreement, the Client must deliver to the Bank a statement confirming compliance with the Czech Environmental and Social Law and the Environmental, Health and Safety Guidelines of the World Bank pursuant to Part VIII/ Paragraph 7 hereof, or, as the case might be, detailing any non-compliance and the action(s) being taken to ensure compliance; and do so within 90 days after the end of each financial year.
- (11) If any significant environmental or social incident or accident occurs, the Client undertakes to notify the Bank and keep the Bank informed about any remedying and mitigation measures adopted by the Client; and do so not later than three days after such incident or accident has occurred.

### Part IV/ Interest

- (1) **The provided loan bears interest at a fixed or floating rate. The type of the interest rate, amount and method of calculation are established in the loan agreement. If the interest rate is tied to a reference rate, i.e. the officially announced interbank lending rate for the given currency (e.g. PRIBOR, EURIBOR) and this reference rate corresponds on the day of updating the base rate to a value less than 0.75% p.a., then the loan bears interest for the ensuing interest period at the fixed interest rate of 0.75% p.a. plus a premium established in the loan agreement.**
- (2) The Bank uses the following types of interest rates:
  - a) reference interest rate – an interbank market bid rate published by Reuters/Bloomberg and/or on the internet valid on the day the respective interest rate is updated; updated quarterly/monthly at all times on the first business day of each calendar quarter/month based on the relevant interest rate (e.g. PRIBOR, EURIBOR, LIBOR); reference rate for the first interest period is determined based on the reference interest rate valid on the first day of the calendar quarter/month in which the loan was drawn down; the updated interest rate (i.e. the reference interest rate and premium referred to in Part IV/ Paragraph 1 hereof) is communicated to the Client in a notification sent by ordinary mail;
  - b) floating interest rate – a current interest rate (determined on the basis of the reference interest rate PRIBOR, EURIBOR, LIBOR) stipulated in the loan agreement and valid on the date the loan is drawn down and/or the maturity of the respective tranche of a revolving loan is extended;
  - c) fixed IRS interest rate (interest rate swap) – an interest rate for loans with maturity exceeding 12 months; applied by the Bank together with the premium established in the loan agreement;
  - d) base overdraft interest rate – an interest rate established in the loan agreement with reference to the interest rate announced by the Bank on the day the loan agreement is entered into; may be updated by the Bank from time to time throughout the term of the loan agreement in accordance with Part IV/ Paragraph 3 hereof; and
  - e) base investment loan interest rate – an interest rate established in the loan agreement with reference to the interest rate announced by the Bank on the day the loan agreement is entered into; may be updated by the Bank from time to time throughout the term of the loan agreement in accordance with Part IV/ Paragraph 3 hereof.
- (3) The base overdraft/investment loan interest rate may be updated by the Bank with reference to the development of interest rates in the interbank market; always on the 1<sup>st</sup> and 15<sup>th</sup> day of each calendar month. The Bank notifies the Client as of the updated base rate no later than on the day the rate is amended; and does so by publishing the Bank's new base rate at the POS and website [www.sberbank.cz](http://www.sberbank.cz).
- (4) **The Bank reserves the right to adjust appropriately the loan interest rate and hence the loan payments; and do so with reference to the changes in the financial and capital markets; and adjust appropriately also other lending interest rates with reference to the monetary and credit policy measures announced by the regulators.**
- (5) A loan drawn down in another currency bears the interest rate applying to the respective currency (e.g. CZK = PRIBOR) increased by the premium specified in the loan agreement.
- (6) If the relevant interest rate ceases to exist due to the currency reform conducted during the loan term, the loan bears interest at the equivalent interest rate applicable to the given currency (e.g. EUR = EURIBOR).
- (7) Loan interest, default interest and interest stipulated for unauthorised overdrafts are calculated using the "actual number of days/360" convention, unless stipulated otherwise.
- (8) If the adjusted interest rate is to take effect on other than the business day, the respective interest rate is amended by the Bank with effect from the next business day. If the adjusted interest rate is to take effect on the last day of the month and this day is not a business day, the respective interest rate is amended by the Bank with effect from the last business day of the respective month.

### Part V/ Payment Currency

- (1) **If the loan is provided in a foreign currency, the Bank may request the Client to make all payments (principal, interest, additional costs) in the loan currency. If the currency in which the payments are to be made under the loan agreement is replaced by EUR (as the EU legal tender), such payments must be made in EUR whereby such transition in no case entitles the Client to terminate/amend the loan agreement unilaterally.**
- (2) **The Bank is not obligated to advise the Client regarding the FX risks and assumes no liability for the consequences of the Client's decisions and chosen actions.**
- (3) **If the loan is provided in a foreign currency and the Client defaults on the loan payments for over 30 calendar days, the Bank may convert the loan to CZK and do so even without the Client's consent thereto; of which the Client is notified in writing. Once notified as of such change, the Client must start repaying the loan in CZK.**

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- (4) If the loan is provided in a foreign currency, the Client – in signing the respective loan agreement – acknowledges the existence of FX risk inherent to FX loans not hedged against such risk and simultaneously confirms of having been familiarised by the Bank before executing the loan agreement about:
- risks inherent to FX loans (to an extent sufficient for the Client's informed and prudent decision-making including information on the adverse effect of a potential significant devaluation of the domestic currency or of a potential significant increase in the FX interest rates on the FX loan payments); and
  - existence of the Bank's offer as regards: (i) loans of the same nature provided in the domestic currency; and (ii) financial instruments providing the Client with an option to hedge against the interest rate and/or FX risk.
- In executing the respective loan agreement, the Client further agrees that any risks inherent to the FX rate fluctuations are borne by the Client and the Bank assumes no liability for any loss or harm incurred by the Client with respect to the FX differences.

### Part VI/ Loan Repayment

- The loan is repaid by transfer of funds from the Client's current account to the respective loan account (save for the overdraft facilities – see below) as specified in the loan agreement. The Bank may repay the loan principal, interest and related fees as agreed in the loan agreement by transferring the relevant amount from the current account to the loan account without further consent of the Client and do so in the account currency. The loan account is not intended to make payments but rather to record the outstanding loan amount to be repaid. Statements are printed out after each transaction on the loan account. The Bank is not obligated to accept any payment from any party other than the Client.
- In the case of overdraft facilities, only one current account is maintained through which the loan-related interest and service fees are paid. Overdraft facilities are provided for an indefinite period and are paid in a lump sum upon loan termination. The loan-related interest and service fees are automatically debited by the Bank from the current account to which the overdraft loan has been arranged.
- The Client undertakes to enter into an account agreement with the Bank in accordance with Section 2662 et seq. of Act No. 89/2012 Sb., the Civil Code, as amended; and do so before executing the loan agreement. The current account agreement cannot be terminated or withdrawn from by the Client as long as the Bank records a claim against the Client under the loan agreement or other claims relating to the loan agreement.
- The Client must have sufficient funds in the current account so that the principal, interest and fees (if any) charged by the Bank in accordance with Part VI/ Paragraph 1 hereof can be debited from the respective current account without further Client's consent. If there are insufficient funds in the current account and the account thus falls into overdraft, penalty interest determined for unauthorised overdrafts apply and the loan is not repaid; and the Bank may at any time and at its own discretion cancel such transfers in the respective currency and debit the loan account.
- The loan is terminated only after all of the Bank's claims arising under the loan are fully settled. Any security for the loan provided by the Client is released only after all the Bank's secured claims arising under the respective loan are fully settled. Any overdraft resulting from non-payment of the aforementioned payments represents a claim under the loan and as such must be fully settled before the loan is terminated.
- If the payment date falls on other than the business day, the Bank executes such payment on the next business day. If the payment date falls on the last day of a month and this day is not a business day, the Bank executes such payment on the last business day of the given month.
- Unless agreed otherwise by and between the Bank and the Client, the Client's payments made to discharge the Client's debt to the Bank are first used to cover the Bank's expenses and bank fees, default interest and regular loan interest and only thereafter to repay the loan principal. If the Client is provided with several loans maturing on the same day and if the Client's payment is not sufficient to cover all loans, the Client's payment is used, at the Bank's discretion, to settle the least secured loan.
- If the loan is repaid by regular flat payments and the increased interest rate results in the final loan payment being increased by at least 100% as compared to that specified in the loan agreement, the Bank may recalculate the loan payments at the updated interest rate and notify the Client in writing as of the new amount; whereby the Client must pay the new loan payments from the date specified in the notice. If the reduced interest rate results in the final loan payment being decreased by over 100% as compared to that specified in the loan agreement, the Client is notified in writing as of the option to request the Bank to reduce the loan payment with respect to the new interest rate. The loan term remains unchanged.
- The Bank and the Client have agreed that the Bank may offset all its claims arising from or in connection with the Agreement, whether outstanding or non-outstanding, against any (even non-outstanding) claims recorded by the Client against the Bank; and in particular against claims for any payments made by the Bank in favour of the Client, Client's deposits at the Bank, any positive balance on any account(s) opened by the Client with the Bank in any currency, or non-outstanding claims of the Client against the Bank arising for any reason and in any currency. The Client's claims against the Bank cannot be unilaterally offset against any claim recorded by the Bank against the Client.

### Part VII/ Costs and Payments

- The Bank may charge the Client's current account designated for loan repayment and/or the loan-related current account with other costs associated with the loan arrangement, maintenance and termination; namely with the fees stipulated in the List of Fees (such as for reminders, etc.), costs of expert opinions, costs of legal representation, costs of a court-appointed distrainer, administrative fees, notary fees, costs for security realisation, etc. In case of loan prepayment, whether in full or only in part, the Bank's costs stipulated in the first sentence hereof also include the damage (whether real damage or lost profit) incurred by the Bank in connection with such loan prepayment ("Early Repayment Charges").

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Announced by the Bank to the Client, the Early Repayment Charges represent the difference between Amount A and Amount B; if the difference between Amount A and Amount B, however, is less than zero, the respective Early Repayment Charges equal to zero unless the loan agreement provides for other costs (if any) incurred by the Bank in relation to the loan prepayment.

For the purposes hereof:

(i) Amount A means the interest otherwise payable to the Bank under the loan agreement accrued on the prepaid portion of the loan in the period from the loan prepayment date until the last day of the interest rate period in which the loan was prepaid.

(ii) Amount B means the interest otherwise payable to the Bank on the last day of the interest rate period in which the loan was prepaid had the prepaid loan portion been considered by the Bank to be a risk-free asset in the period from the third business day following the loan prepayment date until the last day of the respective interest rate period in which the loan was prepaid.

- (2) The loan or any part thereof may be prepaid by the Client prior to the loan maturity date agreed in the loan agreement only with prior written consent of the Bank; whereby the Client must reimburse the Bank for all costs and damage incurred by the Bank in connection with the loan prepayment, namely the Early Repayment Charges stipulated in Part VII/ Paragraph 1 hereof plus the fee of 5% of the prepaid portion unless agreed otherwise. The aforementioned fee may be charged by the Bank even if the loan is prepaid with respect to the Client's termination of the loan agreement. The aforementioned fee is not charged to overdraft facilities arranged and subsequently refinanced by the Bank.
- (3) If the Bank's costs associated with the loan arrangement, maintenance and/or refinancing increase or if the returns (to be) received by the Bank under the loan agreement are reduced as implied by law or other provisions, changed interpretation thereof by the competent authority or requirements to be met as imposed by the central bank/ other supervisor, the Client reimburses the Bank for the amount spent/incurred by the Bank with reference to such increase/reduction and does so upon Bank's request.
- (4) Unless agreed otherwise, all fees are charged on a monthly/quarterly basis; at all times on the last day of the given month/quarter.

### Part VIII/ Rights and Responsibilities

- (1) The Client undertakes to ensure that the debts under the loan agreement are properly satisfied at least equally with all other existing and future debts of the Client; and do so until the same are repaid in full. The Client further undertakes to ensure that the security arranged for the debts under the loan agreement and provided to the Bank is at least of the same quality (in terms of the type and priority) as the security provided to the Client's other comparable creditors; until these debts are discharged in full. The security must be arranged and endure for the entire term of the loan agreement entered into by and between the Bank and the Client until all Client's debts to the Bank under the loan agreement are discharged in full.

- (2) Unless so approved by the Bank, the Client undertakes not to:
  - a) accept any further (simple) loan exceeding 10% of the maximum loan amount granted by the Bank to the Client under the loan agreement;
  - b) enter into a lease contract committing the Client to a financial performance throughout the entire term thereof exceeding 10% of the maximum loan amount granted by the Bank to the Client under the loan agreement;
  - c) enter into a factoring agreement.

The Bank undertakes not to withhold its consent to the Client unreasonably.

- (3) Unless so approved by the Bank in writing, the Client undertakes throughout the term of the loan agreement not to: encumber or create a security interest over the Client's assets; provide the Client's assets to any other creditors as other security for the debt of the Client and/ or a third party; and encumber the Client's assets or allow the same to be encumbered with any other rights of third parties that would negatively affect the value of the Client's assets. The Bank undertakes not to withhold its consent to the Client unreasonably.
- (4) Within one month after having entered into the loan agreement, the Client must: direct to the Client's current accounts opened with the Bank payments for the Client's domestic and foreign claims at least in the proportion to the Bank's loan exposures to the Client relative to other financial institutions' credit exposures to the Client; and conduct payments through the Client's accounts opened with the Bank in the extent stated above throughout the term of the loan agreement.
- (5) The Client represents and warrants that the Client is aware of the value of performance provided to the Client by the Bank under the loan agreement. The Client further explicitly waives the Client's right to claim the termination of the loan agreement and restoration of the rights.
- (6) **The Bank may assign its rights and responsibilities under the loan agreement to any third party; to which the Client explicitly agrees. The Client may assign the Client's rights and responsibilities under the loan agreement to a third party only if so previously approved by the Bank.**
- (7) The Client must comply with the environmental and social laws whereas:

- a) The Client represents and warrants that the Client's activities are in accordance with the respective environmental and social laws of the Czech Republic and the respective World Bank Environmental, Health and Safety Guidelines.
- b) The Client's failure to comply with any of the Client's obligations under Part VIII/ Paragraph 7 and Part III/ Paragraphs 10 and 11 hereof is considered a breach in accordance with Part IX hereof, provided, that any such failure continues for over 30 days after the Client has been notified by the Bank thereof.
- c) The Client represents and warrants that that the Client does not engage in the activities defined in World Bank/ IFC Exclusion List 1 (activities irreversibly damaging to the environment or human health or good practices of the business community). The list of excluded activities is published on the Bank's website [www.sberbank.cz](http://www.sberbank.cz).

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## Part IX/ Breach

- (1) A breach is any circumstance that could result in a substantial change in the terms and conditions under which the Agreement was entered into and that may, in the Bank's opinion, threaten the proper performance of the Client's duties and obligations to the Bank, in particular:
- a) The Client commits a material breach of any provision of the Agreement and no other case of a breach occurs.
  - b) The Client commits a minor breach of the provisions of the Agreement and fails to remedy the situation within 15 days after having been notified thereof by the Bank, provided no other case of a breach occurs.
  - c) The Client breaches any other contractual or other legal obligation to the Bank or a third party, and is in default in fulfilling this obligation for over 15 days.
  - d) The Client's ownership structure is changed without the consent of the Bank, including a change of the controlling entity within the meaning of Section 74 et seq. of Act No. 90/2012, as amended, governing the business corporations, or any form of change in accordance with applicable law (mergers, changes of legal form, division, etc.).
  - e) A person or entity providing security breaches any obligation pursuant to the agreement establishing security under the loan agreement entered into by and between such person or entity as the one party and the Bank as the other.
  - f) The security for the Client's debts under the loan agreement ceases to exist, deteriorates, becomes ineffective or is declared as such by the Client or by the provider of such security, or if such security otherwise comes into question.
  - g) The Bank discovers circumstances that may threaten the loan's repayment to the Bank (especially considerable deterioration of the Client's financial situation, the Client's inability to pay, impending insolvency proceedings or liquidation, distraint order, etc.).
  - h) The Client has failed to inform the Bank about circumstances that could result in an increased risk as to the repayment of the loan; or has provided the Bank with untrue, distorted or incomplete information.
  - i) The Client dies or is pronounced dead.
  - j) The Client's legal capacity is limited.
  - k) Insolvency proceedings are commenced in a court relating to the Client or to a person or entity providing security, or a distress warrant is issued against the assets of the Client or those of a person or entity providing security, and relating to:
    - ka) a substantial part of the assets of the Client or of a person or entity providing security; or
    - kb) the assets of the Client or a person or entity providing security for the Client's obligations arising under the loan agreement.
  - l) The Client is bankrupt or declares in writing that is unable to perform the Client's properly.
  - m) The Client, persons providing security to the Bank and/ or any members of the Client's group default for over 14 days on payment of any debt to the Bank or to any other financial institution other than the Bank, whether domestic or foreign; or significantly breached any of their obligations under any loan agreement, security agreement, financial covenant or guarantee arranged with the Bank or with any other financial institution other than the Bank, whether domestic or foreign. For the purposes hereof, the Client's group includes: the Client and other entities with influence on the other, whether direct or indirect; and the Client and other interrelated entities likely to be affected by the financial issues of the Client/ interrelated entities, especially as regards the loan financing and/or repayment.
  - n) The Client breaches any of the Client's obligations under Part VIII/ Paragraph 7 and Part III/ Paragraphs 10 and 11 hereof and fails to remedy the situation within 30 days after having been notified thereof by the Bank.
- (2) If a breach occurs, the Bank may undertake one or more of the following measures at its discretion:
- a) declare due, whether in full or in part, the entire remaining amount of all loans and related charges and interest, enumerated as at the day stated in the declaration, regardless of the agreed loan term; whereby the stated amount and related charges and interest must be paid by the Client within 15 days after the respective notice has been delivered to the Client;
  - b) block the funds deposited in the Client's current or time (deposit) accounts opened with the Bank;
  - c) require additional security;
  - d) limit or fully suspend the loan drawing;
  - e) withdraw from the loan agreement;
  - f) claim a contractual penalty of CZK 50,000 pursuant to Section 2048 et seq. of the Civil Code, as amended, for each breach of the loan agreement without prejudice to the Bank's right to claim damages;
  - g) realise the security;
  - h) terminate the loan drawing (remaining portion) with effect from the day the respective notice of termination is delivered to the Client;
  - i) increase the loan interest agreed in the loan agreement up to the default interest announced by the Bank on the date when the breach occurs; and
  - j) take other legal measures (if any).
- (3) if the Client defaults on loan repayment, whether in full or in part (or exceeds the agreed limit), the Bank may charge default interest (or overdraft interest) at the rate determined for unauthorised overdrafts and do so from the day of the loan payment default/excess until full repayment of the outstanding amount.
- (4) If the Bank or the Client withdraws from the Agreement, the obligation ceases to exist at the moment the withdrawal becomes effective.

## Part X/ Agreement Termination

- (1) Loan agreements executed for an indefinite period may be terminated by either party in writing without reason. The period of notice is 30 days and commences on the first day of the next calendar month after the respective notice has been delivered; no loans can be drawn down during the period of notice.

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- (2) The Client's loan-related debts to the Bank, including interest, fees, penalties and other costs, must be settled by the Client no later than on the day the termination becomes effective / current account agreement (overdraft facility agreement) terminates.
- (3) The loan agreement may be terminated solely in writing; with a notice of termination delivered as specified in the General Business Terms and Conditions.
- (4) The overdraft facility loan agreement expires upon the termination of the current account to which the overdraft facility has been arranged.

### Part XI/ Additional Provisions

- (1) If the loan is secured by a guarantee, the rights and obligations under these Loan Terms and Conditions stipulated in Parts III, VIII and IX also apply to the guarantor with necessary modifications. To avoid any doubt as to the interpretation, the guarantor in the text of these Loan Terms and Conditions is understood to be the Client; and the guarantee agreement is understood to be the loan agreement. A breach under Part IX hereof is also a breach of the guarantor's obligations stated herein.
- (2) **The Bank and the Client have agreed that a breach under Part IX hereof is also a breach of the obligations imposed hereby by any person or entity belonging to the Client's group. The Client's group hereunder is understood to include all persons or entities controlled by the Client, controlling the Client, or having other property interest in the Client, or controlled together with the Client by a third party. For the purposes hereof, a breach of a contractual obligation of a member of the Client's group in relation to the Bank is considered a breach entitling the Bank to claim a contractual penalty from the Client pursuant to Part IX hereof.**

### Part XII/ Final Provisions

- (1) The loan agreement may be changed and/or amended solely in writing.
- (2) These Loan Terms and Conditions may be amended by the Bank as stipulated in Part Three/Clause III of the General Business Terms and Conditions (with the exception of Part Three/ Clause III/ Paragraph 4 thereof). If the Client disagrees with the amended Loan Terms and Conditions and notifies the Bank thereof in writing prior to the day the amendments are to take effect, the respective proposal to amend the Loan Terms and Conditions is cancelled ex tunc.
- (3) The provisions of the loan agreement and these Loan Terms and Conditions take precedence over the directory provisions of Act No. 89/2012 Sb., the Civil Code, as amended, governing the rights and obligations of the Bank and the Client in a different manner.
- (4) These Loan Terms and Conditions take effect on 1 May 2016, replacing the wording dated 1 January 2014.