Loan Agreement

(Deposit Insurance Strengthening Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

and

BULGARIAN DEPOSIT INSURANCE FUND
LOAN AGREEMENT

Agreement dated as of the Signature Date, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and BULGARIAN DEPOSIT INSURANCE FUND ("Borrower"). The Bank and the Borrower hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of three hundred million Euro (€300,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.08 of this Agreement ("Loan"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section III of Schedule 2 to this Agreement.

2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount. The Borrower shall pay the Front-end Fee not later than sixty days after the Effective Date.

2.04. The Commitment Charge payable by the Borrower shall be equal to one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.

2.05. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Fixed Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02(e) of the General Conditions.

2.06. The Payment Dates are June 15 and December 15 in each year.
2.07. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

2.08. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to: (A) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; or (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread, or vice versa; or (C) all of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and (iii) the setting of limits on the Variable Rate or the Reference Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate or the Reference Rate.

(b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a "Conversion", as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

ARTICLE III — PROJECT

3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out the Project in accordance with the provisions of Article V of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

4.01. The Additional Events of Suspension consist of the following:

(a) the Deposit Insurance Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Borrower to: (i) perform any of its obligations under this Agreement; or (ii) carry out its deposit insurance and bank resolution obligations; or

(b) the BDIF Reserves are less than the cumulative amount of the BDIF Transfers, except when the difference can be justified by: (i) payments in an equivalent amount made by the Borrower to fulfill its deposit insurance and bank resolution obligations, in accordance with the Deposit Insurance Legislation, which payments shall not include repayment of funds borrowed from entities other than the Guarantor to fulfill its deposit insurance and bank resolution obligations, in
accordance with the Deposit Insurance Legislation; or (ii) an investment loss, when the investments of BDIF Reserves were made in accordance with the Deposit Insurance Legislation.

4.02. The Additional Event of Acceleration consists of the following: namely that the event specified in Section 4.01 (b) of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Bank to the Loan Parties.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness consists of the following: namely that the Project Operations Manual has been adopted by the Borrower in a manner and with content acceptable to the Bank.

5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Borrower’s Representative is the Chairman of the Management Board.

6.02. The Borrower’s Address is:

Bulgarian Deposit Insurance Fund
27 Vladayska Street
Sofia 1606
Bulgaria

Facsimile:
359-2-952-11-00

6.03. The Bank’s Address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Telex: 248423(MCI) or 64145(MCI)
Facsimile: 1-202-477-6391
AGREED at Sofia, Republic of Bulgaria, on behalf of the Bank on March 31, 2014, and on behalf of the Borrower on March 21, 2014.

IN WITNESS whereof, the parties hereto, acting through their duly authorized representatives, have caused this agreement to be signed in their respective names, in three original copies in the English language.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative

Name: Antony Thompson

Title: Country Manager

BULGARIAN DEPOSIT INSURANCE FUND

By

Authorized Representative

Name: "Chairman of the Board"
SCHEDULE 1

Project Description

The objective of the Project is to strengthen the financial and institutional capacity of the Borrower so as to enable it to meet its deposit insurance and bank resolution obligations.

The Project consists of the following part:

Part 1. Strengthen the Financial and Institutional Capacity of the Borrower

(a) Providing BDIF Transfers to the Borrower.

(b) Ensuring that the Borrower has an adequate institutional capacity to fulfill its mandate through: (i) the collection of risk-based premiums from banks; (ii) the recovery of assets from bankrupt banks; (iii) the strengthening of the Borrower's funding structure; (iv) the improvement of the Borrower's ability to anticipate and respond to problems in the banking sector; and (v) the improvement of the Borrower's ability to undertake depositor payout and bank resolution functions.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

For purposes of carrying out the Project, the Borrower shall maintain a Project team, with resources, staff, functions and responsibilities, all acceptable to the Bank and as set forth in the Project Operations Manual including, *inter alia*, a Project coordinator.

B. Project Operations Manual

1. The Borrower shall adopt and carry out the Project in accordance with the provisions of a manual, in form and substance satisfactory to the Bank ("Project Operations Manual"), which shall include, *inter alia*, the following:

   (a) institutional coordination and implementation arrangements and procedures for the Project;

   (b) financial management and disbursement procedures for the Project;

   (c) arrangements for monitoring, evaluation, and reporting of Project implementation, including the necessary protocols to confirm DLI achievement and the Project monitoring indicators; and

   (d) such other administrative, financial, technical and organizational arrangements, requirements and procedures as shall be required for the Project.

2. The Borrower shall not assign, amend, abrogate or waive the Project Operations Manual, or any of the provisions thereof, without the Bank’s prior agreement. In case of any conflict between the terms of the Project Operations Manual and those of this Agreement, the terms of this Agreement shall prevail.

C. Anti-Corruption

The Borrower shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

The Borrower shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of indicators acceptable to the Bank and set forth in the Project Operations Manual. Each Project Report shall cover the period of one calendar semester, and shall be
furnished to the Bank not later than forty five (45) days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Borrower shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.

2. Without limitation on the provision of Part A of this Section, the Borrower shall prepare and furnish to the Bank, as part of the Project Report, not later than forty five (45) days after the end of each calendar semester, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Bank.

3. The Borrower shall have the Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six months after the end of such period.

4. In the event that in any given calendar year the BDIF Reserves become less than the sum of BDIF Transfers made pursuant to this Agreement, the Borrower shall ensure that the auditor selected for purposes of paragraph 3 of this Section shall confirm if the difference is justified by: (i) payments in an equivalent amount made by the Borrower to fulfill its deposit insurance and bank resolution obligations, in accordance with the Deposit Insurance Legislation, which payments shall not include repayment of funds borrowed for the above purposes, from entities other than the Guarantor; or (ii) an investment loss, when the investment of BDIF Reserves was made in accordance with the Deposit Insurance Legislation.

C. Independent Performance Audit

1. No later than three months prior to the end of each fiscal year of the Borrower during Project implementation, the Borrower shall retain, under terms of reference and with qualifications satisfactory to the Bank, an Independent Performance Auditor, for purposes of carrying out the Independent Performance Audit.

2. The Borrower shall ensure independent monitoring and evaluation of the Project, through the carrying out of an Independent Performance Audit certifying the extent to which: (a) Eligible Expenditures under the Project have been incurred in compliance with the arrangements provided for in this Agreement and in the Project Operations Manual; (b) the DLIs have been met; and (c) the Additional Instructions have been adhered to by the Borrower.

3. Throughout Project implementation, the Borrower shall cause the Independent Performance Auditor to prepare an Independent Performance Audit Report covering each fiscal year of the Borrower, or any other period acceptable to the Bank, including all the findings and results from the Independent Performance Audit including the certification from the Independent Performance Auditor of the degree of achievement of the DLIs. Each Independent Performance Audit Report shall cover the period of one fiscal year of the
Section III. Withdrawal of Loan Proceeds

A. General

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions) (the “Additional Instructions”), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan (“Category”), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in EUR)</th>
<th>Percentage of Expenditures to be financed (exclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) BDIF Transfers under Part 1 (a) of the Project</td>
<td>300,000,000</td>
<td>100% up to EUR90,000,000 under DLI1 as set out in Schedule 4 to this Agreement</td>
</tr>
<tr>
<td></td>
<td></td>
<td>100% up to EUR60,000,000 under DLI2 as set out in Schedule 4 to this Agreement</td>
</tr>
<tr>
<td></td>
<td></td>
<td>100% up to EUR30,000,000 under DLI3 as set out in Schedule 4 to this Agreement</td>
</tr>
<tr>
<td></td>
<td></td>
<td>100% up to EUR60,000,000 under DLI4 as set out in Schedule 4 to this Agreement</td>
</tr>
<tr>
<td></td>
<td></td>
<td>100% up to EUR60,000,000 under DLI5 as set out in Schedule 4 to this Agreement</td>
</tr>
</tbody>
</table>

TOTAL AMOUNT 300,000,000
B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
   (a) from the Loan Account until the Bank has received payment in full of the Front-end Fee; and (b) for payments made prior to the Signature Date.

2. With respect to withdrawals under Category (1), withdrawals from the Loan Account shall be made for a respective DLI upon submission by the Borrower, pursuant to the Additional Instructions, of supporting documentation acceptable to the Bank confirming the achievement of the respective DLI or DLIs, as set forth in the Project Operations Manual.

3. Notwithstanding the provisions of paragraph 2 above, the Borrower may withdraw an amount not to exceed the equivalent of EUR 100,000,000 as an advance under Category (1), provided, however, that if the DLIs for said Category, in the opinion of the Bank, are not achieved (or are only partially achieved) by the Closing Date, the Borrower shall refund such advance (or proportion of such advance equal to the amount allocated in Schedule 4 of this agreement to the DLIs that have not been achieved, as determined by the Bank) to the Bank upon notice thereof by the Bank. Except as otherwise agreed with the Borrower, the Bank shall cancel the amount so refunded.

4. For the purposes of withdrawals under Category (1):
   (a) The Bank may, after consultation with, and by notice to, the Borrower, cancel any amount of the Loan allocated to a DLI that has not been met, in whole or in part, or reallocate it to another DLI.
   (b) The Bank and the Borrower may agree from time to time, by exchange of letters, to adjust the DLIs, corresponding amounts or respective dates for DLIs set forth in Schedule 4 of this Agreement.

5. Notwithstanding the provisions of paragraphs 2, 3 and 4 above, the Bank shall not be required to make further deposits into the Designated Account (as such term is defined in the “World Bank Disbursement Guidelines for Projects” dated May 2006), for Category (1):
   (a) if the Bank, at any time, is not satisfied that evidence and supporting documentation referred to in Section B.2 above provide satisfactory information as specified in the Additional Instructions and Project Operations Manual; or
   (b) if the Borrower shall have failed to furnish to the Bank, within the period of time specified in Section II.C of Schedule 2 to this Agreement, any of the Independent Performance Audit Reports required to be furnished to the Bank pursuant to said Section.

6. If the Bank determines at any time that any payment out of the Designated Account was made for an expenditure for purposes different from providing deposit insurance and carrying out any bank resolution obligations, in accordance with the Deposit Insurance Legislation, or was not justified by the evidence furnished to the Bank, the Borrower shall, promptly upon notice from the Bank, provide such additional evidence as the Bank may
request, or deposit into the Designated Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment. Unless the Bank shall otherwise agree, no further deposit by the Bank into the Designated Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

7. Refunds to the Bank made pursuant to paragraph 6 above shall be credited to the Loan Account for subsequent withdrawal or for cancellation in accordance with the provisions of the Loan Agreement.

8. The Closing Date is December 31, 2018.

Section IV. Other Undertakings

A. Reserve Ratio

1. Except as the Borrower and the Bank otherwise agree, and in the absence of a payout made by the Borrower to fulfill its deposit insurance and bank resolution obligations before the respective dates set forth below, the Borrower shall achieve a reserve ratio of: (a) not less than 0.8% by December 31, 2016; (b) not less than 1.0% by December 31, 2017; and (c) not less than 1.5% by December 31, 2018.

2. Before June 30 in each of the Borrower’s fiscal years starting in fiscal year 2016, the Borrower shall, on the basis of forecasts prepared by the Borrower, review whether it would meet the requirements set forth in paragraph (1) above in respect of such year and the next following fiscal year and shall furnish to the Bank the results of such review upon its completion.

3. If any such review shows that the Borrower would not meet the requirements set forth in paragraph (1) above for the Borrower’s fiscal years covered by such review, the Borrower shall promptly take measures in order to meet such requirements.

4. For the purposes of this Section:
   
   (a) The term “covered deposits” means the deposits guaranteed by the Borrower pursuant to Chapter III of the Deposit Guarantee Act.

   (b) The term “reserve ratio” means the ratio of the BDIF Reserves held in its deposit insurance fund to the total amount of covered deposits, before any payments made by the Borrower to fulfill its deposit insurance and bank resolution obligations, in accordance with the Deposit Insurance Legislation.

B. Amendments to the Loan Agreement

1. The Borrower shall, prior to agreeing to any amendment to the Loan Agreement: (a) obtain the Guarantor Representative’s no-objection to said amendment; and (b) furnish to the Bank evidence of the Guarantor Representative’s no-objection to said amendment.
SCHEDULE 3
Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date ("Installment Share"). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying:
(a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share (Expressed as a Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 15, 2022</td>
<td>5%</td>
</tr>
<tr>
<td>December 15, 2022</td>
<td>0%</td>
</tr>
<tr>
<td>June 15, 2023</td>
<td>5%</td>
</tr>
<tr>
<td>December 15, 2023</td>
<td>0%</td>
</tr>
<tr>
<td>June 15, 2024</td>
<td>16.66%</td>
</tr>
<tr>
<td>December 15, 2024</td>
<td>0%</td>
</tr>
<tr>
<td>June 15, 2025</td>
<td>31.66%</td>
</tr>
<tr>
<td>December 15, 2025</td>
<td>0%</td>
</tr>
<tr>
<td>June 15, 2026</td>
<td>41.68%</td>
</tr>
</tbody>
</table>

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:
(a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.
(b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date ("Original Installment Share") and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall
be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

(b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.
SCHEDULE 4
Disbursement Linked Indicators

The DLIs and corresponding amounts may be adjusted from time to time by the Bank and the Borrower pursuant to Section III.B.4 (b) of Schedule 2 to this Agreement.

<table>
<thead>
<tr>
<th>Disbursement Linked Indicator Description</th>
<th>Disbursement Linked Indicator</th>
<th>Amount of the Loan Allocated (expressed in EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>DLI 1. Increase the Borrower’s reserves through premium collection from banks</td>
<td>DLI 1.1: the BNB has issued regulation on collecting risk-based premiums from banks. DLI 1.2: The Borrower has collected from banks premiums equal to at least BGN150,000,000 for calendar year 2016 by May 31, 2016. DLI 1.3: The Borrower has collected from banks premiums equal to at least BGN150,000,000 for calendar year 2017 by May 31, 2017.</td>
<td>DLI #1.1: €30,000,000 DLI #1.2: (a) €22,500,000 for premiums collected equal to BGN100,000,000, and (b) €150,000 for every additional premiums collected equal to BGN1,000,000, all up to a maximum of €30,000,000 DLI #1.3: (a) €22,500,000 for premiums collected equal to BGN100,000,000, and (b) €150,000 for every additional premiums collected equal to BGN1,000,000, all up to a maximum of €30,000,000</td>
</tr>
</tbody>
</table>
| DLI 2. Make progress in asset recovery process from bankrupt banks | **DLI 2.1:** (i) The Borrower has recovered BGN200,000,000 from bankrupt banks; and (ii) the bankrupt banks have transferred said BGN200,000,000 into the Borrower’s account in BNB, all from a baseline of BGN0 and cumulatively since October 1, 2015.  

**DLI 2.2:** (i) the Borrower has recovered BGN400,000,000 from bankrupt banks; and (ii) the bankrupt banks have transferred said BGN400,000,000 into the Borrower’s account in BNB, all from a baseline of BGN0 and cumulatively since October 1, 2015. | **DLI 2.1:** €30,000,000  

**DLI 2.2:** €30,000,000 |
| DLI 3. Strengthen the Borrower’s funding structure | **DLI 3.1:** The Borrower has entered into an agreement with third party/parties, for a loan or a back-stop liquidity facility to the Borrower in the amount of at least EUR300,000,000 to be available to the Borrower until December 31, 2021, and said agreement has become effective by September 30, 2016. | **DLI 3.1:** €30,000,000 |
| DLI 4. Improve the Borrower’s ability to anticipate and respond to problems in banking sector | **DLI 4.1:** The Borrower and BNB have signed an updated memorandum of understanding regulating the flow of information between the two entities.  

**DLI 4.2:** The BNB has shared with the Borrower the summary of results of the independent Asset Quality Review of commercial banks by October 31, 2016. | **DLI 4.1:** €30,000,000  

**DLI 4.2:** €30,000,000 |
| DLI 5. Improve the Borrower’s ability to undertake depositor payout and bank resolution functions | **DLI 5.1:** The Borrower has: (i) conducted a public awareness survey; and (ii) through its board, has approved a public awareness strategy.  

**DLI 5.2:** The Borrower, through its board, has approved a contingency plan for the Borrower’s actions in the case of deposit payout or bank resolution event, based on the Borrower’s mandate under the current legal framework. | **DLI 5.1:** €30,000,000  

**DLI 5.2:** €30,000,000 |
| **Total** | **€ 300,000,000** |
APPENDIX

Section I. Definitions


2. "Additional Instructions" means the additional instructions referred to in Section III.A.1 of Schedule 2 to this Agreement, dated March 31, 2016, as such Additional Instructions may be revised from time to time by the Bank and delivered to the Borrower.


5. "BDIF Reserves" means the Borrower's available funds, as defined in Paragraph 4 of §1 of the Additional Provisions of the Deposit Guarantee Act.

6. "BDIF Transfers" means periodic transfer of Loan proceeds from the Loan Account either (a) directly to; or (b) through the Designated Account (as defined in the Additional Instructions) to the Foreign Currency Account of the Borrower for the purposes of the Borrower providing deposit insurance and carrying out any bank resolution obligations, in accordance with the Deposit Insurance Legislation; as such transfers shall be made in accordance with the provisions of this Agreement, the Additional Instructions and on the basis of the criteria set forth in the Project Operations Manual, deemed an Eligible Expenditure for purposes of the General Conditions.

7. "BGN" means Bulgarian Lev.


9. "Category" means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.


12. "Disbursement-Linked Indicator" or "DLI" means an indicator, set forth in Schedule 4 of this Agreement, the achievement of which is a condition for disbursement of Loan Proceeds, pursuant to Section III.B.2 of Schedule 2 to this Agreement.

14. "Independent Performance Audit" means the annual audit carried out by the Independent Performance Auditor, referred to in Section II.C.2 of Schedule 2 to this Agreement.

15. "Independent Performance Audit Report" means the report by the Independent Performance Auditor integrating the results of the Independent Performance Audit, to be prepared and furnished to the Bank pursuant to Section II.C.3 of Schedule 2 to this Agreement.


17. "Project Operations Manual" means the manual referred to in Section I.B.1 of Schedule 2 to this Agreement, as the same may be amended from time to time in a manner and with content satisfactory to the Bank.

18. "Signature Date" means the latest of the three dates on which the Borrower signed the Loan Agreement, the Guarantor signed the Guarantee Agreement, and the Bank signed the Loan Agreement and the Guarantee Agreement, and such definition applies to all references to "the date of the Loan Agreement" in the General Conditions.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. In the Table of Contents, the references to Sections, Section names and Section numbers are modified to reflect the modifications set forth in the paragraphs below.

2. Section 3.01. (Front-end Fee) is modified to read as follows:

   "Section 3.01. Front-end Fee; Commitment Charge

   (a) The Borrower shall pay the Bank a front-end fee on the Loan amount at the rate specified in the Loan Agreement (the "Front-end Fee").

   (b) The Borrower shall pay the Bank a commitment charge on the Unwithdrawn Loan Balance at the rate specified in the Loan Agreement (the "Commitment Charge"). The Commitment Charge shall accrue from a date sixty days after the date of the Loan Agreement to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled. The Commitment Charge shall be payable semi-annually in arrears on each Payment Date."
3. Section 5.09 (a) is hereby modified to read as follows: "The Borrower shall maintain a financial management system and prepare financial statements ("Financial Statements") in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations and financial condition of the Borrower, including the operations, resources and expenditures related to the Project;".

4. In the Appendix, Definitions, all relevant references to Section numbers and paragraphs are modified, as necessary, to reflect the modification set forth in paragraph 2 above.

5. The Appendix is modified by inserting a new paragraph 19 with the following definition of "Commitment Charge", and renumbering the subsequent paragraphs accordingly:

   "19. "Commitment Charge" means the commitment charge specified in the Loan Agreement for the purpose of Section 3.01(b)."

6. In the renumbered paragraph 49 (originally paragraph 48) of the Appendix, the definition of "Front-end Fee" is modified by replacing the reference to Section 3.01 with Section 3.01 (a).

7. In the renumbered paragraph 53 (originally paragraph 52) of the Appendix, the definition of "Guarantor's Representative" is modified by replacing the reference to Loan Agreement with Guarantee Agreement.

8. In the renumbered paragraph 68 (originally paragraph 67) of the Appendix, the definition of the term "Loan Payment" is modified to read as follows:

   "68. "Loan Payment" means any amount payable by the Loan Parties to the Bank pursuant to the Legal Agreements or these General Conditions, including (but not limited to) any amount of the Withdrawn Loan Balance, interest, the Front-end Fee, the Commitment Charge, interest at the Default Interest Rate (if any), any prepayment premium, any transaction fee for a Conversion or early termination of a Conversion, the Variable Spread Fixing Charge (if any), any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Borrower."

9. In the renumbered paragraph 73 (originally paragraph 72) of the Appendix, the definition of "Payment Date" is modified by deleting the word "is" and inserting the words "and Commitment Charge are" after the word "interest".