

## GENERAL TERMS AND CONDITIONS FOR USING THE FACTORING SERVICE

### 1. Introduction

1.1. General terms and conditions for using the factoring service (hereinafter: General Terms and Conditions) regulate rights, obligations and terms and conditions for contracting and using the Factoring Service. General Terms and Conditions govern a business relationship between Intesa Sanpaolo Bank d.d. Bosna i Hercegovina (hereinafter: the Bank) and a customer-legal entity that negotiates the Factoring Service (hereinafter: the Customer).

1.2. The Bank retains the right to make amendments to the General Terms and Conditions in accordance with valid regulations and its business policy. The Bank is obliged to send a written notification thereof to the customers within min. 15 (fifteen) days prior to implementing any amendments. The notification shall be delivered through the Bank's distribution channels (by regular mail, by means of a Notice that is an integral part of the Account Statement, by e-mail, etc.). Information on the effective business conditions shall be available at all the Bank's business premises and its website. If the Customer chooses to reject the amendments to these Terms and Conditions, the Customer is required to notify the Bank in writing thereof, within 15 (fifteen) days upon receipt of the Bank's notification. Having received the Customer's notification on non-acceptance, the Bank is entitled to cancel the said service.

### 2. Basic terms

2.1. **Bank** means Intesa Sanpaolo Banka d.d. Bosnia and Herzegovina

2.1. **Bank's documents** mean the documents passed by the authorised bodies of the Bank according to the procedure regulating the specific areas of the Bank's operations (e.g. General Terms and Conditions)

2.2. **Seller or supplier of goods or service provider** is a seller of the accounts receivable and creditor of the subject of factoring that transfers their receivable from the buyer/debtor created based on the goods sale agreement or service agreement to the Bank according to the agreement.

2.3. **Buyer or Debtor** is a business entity which is a debtor of the subject of factoring that pays their debts in the outstanding amounts, deadlines and under other relevant conditions to the Bank instead to the seller or supplier of goods or a service provider as a creditor.

2.3. **Factoring** is a legal transaction pertaining to purchase of the existing outstanding or future short-term monetary receivable arising out of the agreement on sale of goods or provision of services in the country and abroad, that is transferred to the Bank based on the agreement and that the Bank takes over the receivables from the seller to collect it on its behalf and for its account.

2.4. **A short-term monetary receivable** is a claim that is due for collection within 180 days from the date of sale of goods or service provided, and is defined by an agreement on sale of goods or provision of services between legal entities based in the Federation of Bosnia and Herzegovina, or claim that is due for collection within one year from the date of sale of goods or service provided, and is defined by an agreement on sale of goods or provision of services between legal entities based in Republika Srpska.

2.5. **Subject of factoring** is purchasing every existing and/or future, full or partial, outstanding short-term receivable resulting from the agreement on sale of goods or provision of services in the country and abroad, concluded between entities that, when performing their activity, enter into mutual debtor-creditor relationships.

2.6. **Factoring guarantee fund** is a part of unpaid receivable the Bank retains until it collects from the buyer of goods/debtor as a guarantee the interest on the paid advance and fee to the Bank for delivered factoring services and it corresponds with the paid advance.

2.7. **Factoring limit** is the amount of factoring receivable that is transferred from the buyer to the Bank, according to the regulation on contractual relations and is covered by the payment security instrument acceptable by the Bank.

2.8. **Fee** is the amount the Bank calculates on the purchased receivable nominal amount.

2.9. **Administrative fee** is a fee for operational activities related to the factoring service provision (record keeping, negotiation and monitoring of the repayment of the subject of factoring, data collection, performing analyses and giving information on the creditworthiness of the debtor subject to factoring, etc.).

2.10. **Interest** means an agreed regular interest the Bank calculates on the paid amount of the subject of factoring from the date of payment of the purchase price for the subject of factoring to the date of the arranged payment of the purchase price for the subject of factoring where it may be calculated and paid: (a) before paying the purchase price for the subject of factoring, applying anticipative interest calculation, so that the Bank calculates the entire interest on the purchase price for the subject of factoring; (b) monthly which implies that the Bank shall calculate and charge the interest monthly and upon maturity;

2.11. **Statutory default interest** is the interest calculated and charged by the Bank in case of delay in meeting the obligations toward the Bank, as per rate of the default interest rate prescribed by law, in accordance with the law and variable according to the regulations.

2.12. **Domestic factoring with recourse (financing with advance)** means the Bank's right that in case that it cannot collect the receivable from the buyer, it may request, on the receivable maturity date, the settlement from the seller of the receivable and thereby to compensate its paid advance, interest on the advance and the fee.

2.13. **Domestic factoring without recourse (discount financing)** implies that the Bank assumes the risk of collection of the receivable and if it cannot collect the receivable from the buyer, it may not collect the receivable from the receivable seller. The risk of receivable collection includes the risk that the buyer is not able to pay.

2.14. **Supplier or reverse factoring** is a special type of factoring when the Bank takes the obligation to pay the debtor's/buyer's undue and/or future short-term monetary debt to the supplier(s).

2.15. **Security instruments** are the receivable payment security instruments arising out of the Factoring Agreement and /or related

agreements.

2.16. **Business day** means any day, except Saturdays and Sundays and holidays, during business hours during which banks in Bosnia and Herzegovina are open for business.

### **3. Assignment/transfer/acquisition of the subject of factoring**

3.1. Assignment/transfer/acquisition of the subject of factoring is done:

- by concluding the Receivable Assignment Agreement as a related agreement to the Domestic Factoring Agreement without arranged recourse from the seller/Agreement on domestic factoring with arranged recourse from the seller and by notifying the buyer as an assignee.
- by concluding the Factoring Agreement
- if the supplier factoring has been agreed, at the time when the Bank settles the subject to factoring;
- at the time and as defined by an individual factoring agreement.

3.2. The assigned, transferred or acquired subject of factoring includes the entire receivable together with auxiliary rights, which includes also the rights of any kind connected to the subject of factoring.

### **4. Payment of purchase price/purchase of the subject of factoring**

4.1. Following conclusion of the Factoring Agreement an/or related agreements, before use/payment of the amount of purchase price of the subject of factoring, the Bank shall request that the following requirements be fulfilled:

- that the accounts of the Buyer and Seller are not blocked;
- that the Buyer/Supplier has no unsettled monetary liabilities towards the Bank;
- that all terms and conditions prescribed by the Factoring Agreement and/or related Agreements have been fulfilled.

4.2. Having concluded the Factoring Agreement and fulfilled all conditions from the Factoring Agreement, the Bank shall pay the Supplier the advance/discount in the amount determined by the Factoring Agreement.

4.3. If the Factoring Agreement and/or related agreement stipulates the obligation to pay the interest and fee arranged by the Supplier, the Bank, having fulfilled the above mentioned conditions from the Factoring Agreement, shall pay the Supplier the purchase price of the subject of factoring, reduced by the amount of the interest, factoring fee and/or administrative fee.

4.4. If the Factoring Agreement and/or related agreements stipulate the obligation to pay the interest and the fee by the Buyer, the Bank shall pay to the Supplier the agreed advance part of the Purchase Price of the subject of factoring, reduced by the fee, and the interest payment shall be defined by an individual Factoring Agreement and/or related agreement.

4.5. The Bank shall pay the purchase price of the subject of factoring by direct payment to the Supplier's transaction account.

### **5. Obligations and responsibility of Supplier/Seller and Buyer/Debtor**

5.1. The Seller sells the receivables subject to sale and assigns them them in full with all accompanying auxiliary receivables and rights to the Bank.

5.2. When concluding the Factoring Agreement, the Seller/Buyer must:

- guarantee the existence (verity) of receivables intended for selling to the Bank;
- guarantee that when submitting the request for factoring they shall hand over to the Bank all documents, security instruments and other proofs referring to the receivables intended for sale to the Bank at the Bank's request, and to undertake to deliver also all subsequently obtained documents, that refer to such receivable;

5.3. If it has been proven that any receivable sold to the Bank did not exist or that other similar reason exists for its inability to collect it, and that the Seller/Buyer has breached the provisions of the Agreement and these General Terms and Conditions, the Bank has the right to declare its receivables payable. Thus the Seller /Buyer shall be under the obligation to return to the Bank every amount paid by the Bank for the purchased receivable together with statutory default interest. The default interest shall accrue from the date of payment of the price to the date of return.

5.4. The Seller shall be responsible for paying the discount and fees for the factoring without recourse, i.e. the regular interest and fee for the factoring with recourse. The Buyer shall be responsible for paying the regular interest and fee in the reverse/supplier factoring.

5.5. If the sale of receivables is prohibited by the agreement between the Seller and Debtor, or by the Debtor's general terms of operation, such prohibition shall not have any legal effect on the receivables being sold based on the Factoring Agreement. The Debtor's consent is required for transfer of receivables only if required by law.

5.6. Receivables are the property of the supplier of goods or service provider and shall not be subject to errors, contractual or legal restrictions limiting their sale or transfer;

5.7. Receivables are not compensated and shall not be compensated by any Debtor's payables to the Supplier of goods or Provider of service, present or those that may arise during the Factoring Agreement;

5.8. Receivables are indisputable with respect to their existence, amount and the date of payment, and there is no possibility to subsequently replace the purchased receivables and/or bills/invoices.

5.9. The receivables being sold shall not be subject of any lien and/or court claims and any taxes or statutory charges;

5.10. The Seller and the Buyer will notify the Bank of any event that could affect the collection of assigned receivables, and will submit all documentation required for the collection of receivables from the Buyer at the Bank's request.

5.11. financial statements, property data, property encumbrances, rights and obligations, as well as other data and documents submitted to the Bank shall be comprehensive, true and up-to-date, therefore the Seller and/or Buyer undertake to produce all financial statements according to the accounting regulations and no later than within 15 days from the statutory deadline for their submission, shall submit to the Bank all financial statements and allow the Bank to review business books and to submit other documents and data at the Bank's request;

5.12. To keep the Bank informed on changes entered into the court register, or the register of other competent body, within 3 (three) business days and to submit the appropriate documents as evidence;

5.13. All decisions, approvals and consents required by regulations for concluding and execution of the Agreement do exist and are in full force and effect;

5.14. No court proceedings have been initiated or suspended against the Seller and/or Buyer, or any arbitration or other proceedings, and nothing has happened that might have a negative impact on the ability to fulfil the obligations under the Agreement;

5.15. If any unlawfulness or possible liability to the third parties has been subsequently identified, whether or not it existed at the time of conclusion of the Agreement, or it occurred later on, the Seller and/or Buyer shall assume all risks that may result from such liabilities, including also the possible indemnity or payment of penalties to third parties.

5.16. Additional obligations of the Seller:

- to guarantee that if they receive any payment from the Debtor/Buyer for receivables sold to the Bank, they shall notify the Bank thereof without delay and make all such payments to the Bank within 3 days;

- to undertake to ensure, at the Bank's request, also the declaration of the Buyer/Debtor that they have received the goods and services according to the issued invoice, without any complaints about their material deficiencies;

- to undertake to inform in writing the Buyer/Debtor on the concluded Agreement with the Bank, within 5 days from the day of its conclusion.

5.17. The Buyer shall guarantee that it shall not pay to the Supplier the purchased receivables directly;

5.18. In the reverse factoring/supplier factoring, the Buyer shall guarantee the following:

- that all or any instructions given to the Bank by the Buyer refer to the receivables resulting from the supply of goods and/or provision of services by the Supplier;

- acquisition of the subject of factoring by the Bank is not prohibited by the governing law or the acquisition of the subject of factoring violate the rights of any third party, and none of the individual receivables that makes the subject of factoring is not and shall not be the subject of factoring in the transaction with any third party;

- if after payment to the Supplier by the Bank is shown that the Buyer did not have any debts to the Supplier, or that a guarantee of the Buyer was or subsequently became incomplete fully or in part, the Buyer is required at the first written request by the Bank and without delay to return to the Bank every paid amount on that basis to the Supplier, including the default interest to be calculated on that amount from the date of payment to the Supplier to the date of return of the paid amount to the Bank;

- All representations and warranties stated in this Item shall be considered as given regarding the facts and circumstances that existed: (i) on the Agreement signing date; (ii) on the date of receipt of every instruction for settlement of the subject of factoring; and (iii) on the date of settlement of the subject of factoring.

## **6. Obligations of the Bank**

6.1. Following fulfilment of all terms and conditions defined by the Factoring Agreement the Bank undertakes:

- to pay to the Seller the full amount of receivables reduced by the discount interest, factoring fee and administrative fee under the factoring without recourse;

- to pay to the Seller the amount of receivables reduced by the factoring guarantee fund and factoring fee and administrative fee under the factoring with recourse; The Bank shall calculate interest on a monthly basis and upon maturity, and submit to the Seller the interest rate sheet for the calculated interest. The interest shall be payable within eight days from the date of calculation.

- to settle the Buyer's debt following fulfilment of agreed terms and conditions;

6.2. The factoring fee may not exceed 2% of the nominal amount of the receivables.

6.3. Administrative fee, depending on the amount of the invoice, may not exceed BAM 50 per bill.

6.4. The Bank shall calculate and collect the default interest upon maturity on all payable, outstanding obligations, except to the extent prohibited by the laws and regulations, in the amount of annual default interest based on the conform method, and it shall be applicable according to the change of statutory default interest rate.

## **7. Payment of monetary obligations to the Bank**

7.1. The date of payment of monetary obligations towards the Bank shall be considered the date of the Bank's account being credited.

7.2. If the payment date is a non-working day, then the date of payment shall be the next business day.

7.3. The Bank shall not bear any responsibility for delay in booking the transactions, and additional costs and fees incurred for the reasons for which the Bank is not directly responsible.

## **8. Environmental clause and socially responsible operations:**

The Seller and the Buyer hereby undertake that from the date of Agreement signing to the date of settlement of all liabilities they shall not be engaged on the activities that may jeopardise the protection of healthy environment, human health and safety and preservation of natural sources, or those that may involve violation of legal regulations of the state, local and other authorities and/or regulations in the field of socially responsible operations, environmental protection and similar areas. The Seller and Buyer

hereby confirm that no proceeding is pending against them for violation of environmental regulations and the regulations governing the socially responsible operations.

The Seller and/or Buyer shall immediately notify the Bank of every incident or accident related to their activities and of those that may have a very negative impact on the environment, public health and safety. Specifically, the following is considered to be a negative impact:

- (i) when the applicable law requires notification of the authorities about the incident/ accident,
- (ii) when the incident/accident results in death of any person or when several persons suffered serious injuries that required hospitalisation,
- (iii) when this has become public news through media coverage, among other things.

#### **9. Other notifications**

9.1. The Customer is required to duly inform the Bank on all changes to their personal data which affect or may affect the use of the service.

#### **10. Dispute resolution**

10.1. The Bank and the Customer shall resolve their disputes amicably, otherwise they shall agree on the jurisdiction of the court in Sarajevo.

#### **11. Data delivery**

Having affixed their signature to the Agreement, the Customer gives an irrevocable consent to the Bank to take all actions related to the processing of personal data of its authorised representative, obtained during the Agreement realisation and the confidential information obtained during the Agreement realisation, and to deliver such data to members of the Intesa Sanpaolo Group in the country and abroad, and to companies with which it has concluded a business cooperation agreement related to providing services to the Bank and the companies dealing with credit history checks and statistics, as well as to any government authority or institutions to which the Bank is required to deliver such data pursuant to valid regulations, all with an objective of regulating this contractual relationship with the Bank and all other contractual/business relations the Customer may have with the Bank. The consent is valid from the moment of signing the Agreement until its expiry on any grounds, i.e. until all contractual/business obligations have been fulfilled towards the Bank. Having signed the Agreement, the Customer agrees that the Bank shall have the right to submit the account information and the documents in the Agreement file to the digital archives/central data base of the Group to which the Bank belongs.

Notwithstanding the foregoing, the Bank may send to the third party (private individual and legal entity) the data obtained in establishing a business cooperation with the Customer, if it has the Customer's consent in writing.

#### **12. Notifications and complaints**

12.1. By signing the agreement, the Customer gives explicit consent to the Bank that the delivery of all notifications related to the use of the service is made to the address that will be specified in the Agreement or to the address that he subsequently communicates to the Bank.

12.2. If the Customer believes that the Bank does not follow its obligations from the concluded agreement, good business practices, general terms and conditions, provisions of the laws and regulations, then a verbal or written complaint may be filed directly or by delivering it to Bank's address by mail or electronically.

If the complainant files a verbal complaint, but is not satisfied with the Bank's response, the complainant shall be entitled to file a complaint in writing and/or electronically.

The Bank is required to conduct relevant procedure related to the submitted written complaint and to respond to the complainant within 30 (thirty) days from the day of receipt of the complaint pertaining to the agreements concluded in the organisational part of the Bank operating in the territory of the Federation of Bosnia and Herzegovina, or within 15 (fifteen) days for the agreements concluded in the organisational part of the Bank operating in the territory of Republika Srpska.

Should the Bank fail to respond within the deadlines specified in the previous paragraph, that is, if the complainant is not satisfied with the Bank's response to the complaint, the complainant, who established the business relationship with the Bank at the organisational part of the Bank operating in the territory of Federation of Bosnia and Herzegovina, has the right to inform the Banking Agency of the Federation of Bosnia and Herzegovina in writing about their dissatisfaction with the outcome of the complaint procedure conducted by the Bank, or to submit a written complaint to the Agency about the Bank's operations within 3 (three) months from the date of response receipt or expiry of the 30-day period in which the Bank was required to respond to the submitted complaint. The complainant, having established a business relationship with the Bank in the organisational unit operating in the territory of Republika Srpska, may notify in writing the Ombudsman for the banking system (established within the Banking Agency of Republika Srpska at the address Vladika Platona 1/A Banja Luka) that they are dissatisfied by the outcome of the complaint procedure, within 6 (six) months from the date of receipt of the Bank's response or the expiry of the 15 (fifteen) day period in which the Bank was required to respond to the complaint, that is, if the Bank has not sent a response to the customer, i.e. the complainant.

#### **13. Final Provisions**

13.1. These General Terms and Conditions shall enter into force on April 1<sup>st</sup> 2025.

