

LOAN RESTRUCTURING POLICY

2022-06-14
Vilnius

1. GENERAL PROVISIONS

- 1.1. This Loan restructuring policy („**Policy**“) sets out the main principles for modifying loans provided for borrowers (“**Borrowers**“) via the crowdfunding platform www.heavyfinance.com (“**Platform**“) operated by crowdfunding service provider UAB HEAVY FINANCE (“**Operator**“).
- 1.2. The main purpose of this Policy is to establish principles for exercising the loan restructuring process in order to simplify the possibility for Borrowers to meet their obligations under the Loan Agreements considering their loan repayment capacity, whilst improving the eventual returns for the investors who provided crowdfunding funds to the Borrower through the Platform (“**Investors**“).

2. DEFINITIONS

- 2.1. Unless a different meaning is required by the context, the following capitalised words used in the present Policy shall have the meanings indicated below:
 - 2.1.1. **Borrower** shall mean the party to the Loan Agreement, to whom a loan is granted through the Platform under the internal Operator’s procedures;
 - 2.1.2. **Operator** shall mean the crowdfunding service provider UAB HEAVY FINANCE, legal entity code 305576227, registered address at Birutės str. 18-1, Vilnius, Lithuania, that is the operator of crowdfunding platform www.heavyfinance.com;
 - 2.1.3. **Interest** shall mean the remuneration for the granted Loan Amount, which accrues for each calendar day on the actual outstanding Loan Amount, and it shall be considered that a year has 365 days, and a month consists of the number of calendar days;
 - 2.1.4. **Investors** shall mean the persons (funders) which are the party to the Loan Agreement and have granted the Loan Amount to the Borrower by means of the crowdfunding platform www.heavyfinance.com. The Lenders are represented by the Operator;
 - 2.1.5. **Loan Agreement** shall mean the Loan Agreement which consists of the General Terms and Special Terms together with all its annexes amendments and (or) supplements;
 - 2.1.6. **Loan Amount** shall mean the amount funded by the Lenders which is granted as a loan to the Borrower and which the Borrower must repay on the terms set forth in the Loan Agreement;
 - 2.1.7. **Loan Restructuring** shall mean an update of the existing Loan Agreement concluded between the Investors, that are represented by the Operator, and the Borrower, where the term of the repayment of the loan under the existing Loan Agreement is prolonged for a certain period of time;
 - 2.1.8. **Payment Schedule** shall mean the schedule according to which the Borrower shall repay the Loan Amount and pay the Interest and (or) other amounts payable under the Loan Agreement as known in advance;
 - 2.1.9. **Platform** shall mean the crowdfunding platform available at www.heavyfinance.com operated by the Operator, through which the Investors grant the crowdfunding funds to the Borrower;
 - 2.1.10. **Policy** shall mean this document.
- 2.2. Other capitalised words used in the Policy shall have the meanings assigned to them in the Regulation (EU) 2020/1503, the laws of the Republic of Lithuania, resolutions of the Board of the

Bank of Lithuania and other relevant legal acts, as well as the Loan Agreement and (or) other documents concluded between the Investors, the Operator and the Borrower.

3. GENERAL PRINCIPLES OF LOAN RESTRUCTURING

- 3.1. The Operator follows these general principles for Loan Restructuring:
- 3.1.1. **Priority of Investors' interests.** When assessing the Loan Restructuring possibilities, the Operator shall always act and make decision in the best interests and in favour of the Investors and shall operate to the best of its standards as a provider of crowdfunding services.
 - 3.1.2. **Disclosure of all relevant information.** The Operator shall ensure that explanations on the Loan Restructuring measures available for the Borrowers and Investors are expressed publicly in the Platform, clearly and in plain language. In cases, when a decision is made for Loan Restructuring, the Operator shall ensure that key characteristics of the restructured loan and an updated Loan Agreement is presented to the Borrower and Investors.
 - 3.1.3. **Consideration and evaluation.** The Operator, on receipt of a request from the Borrower, shall always evaluate the proposal for restructuring of the Borrower's existing loan and shall ensure a constructive and proper evaluation of the Borrower's capabilities to repay the restructured loan in accordance with the Operator's internal procedures and shall make a separate decision regarding each Loan Restructuring case.

4. CIRCUMSTANCES TO RESTRUCTURE THE LOAN

- 4.1. Borrowers shall have a right to apply for Loan Restructuring, in order to ensure that the Borrower will fully meet its obligations to repay the loan granted through the Platform under the Loan Agreement concluded between the Borrower and the Operator (representing the Investors).
- 4.2. In case described in paragraph 4.1 of this Policy, Borrowers shall provide a Loan Restructuring application on prescribed form provided in the Annex of this Policy ("**Application**"). The Application form must be completed truthfully and signed by both the Borrower and the persons providing Performance Security under the Loan Agreement (when relevant, i.e. when Performance Security is provided not by the Borrower, but by third parties).

5. INITIAL ASSESMENT OF APPLICATION FORM AND POTENTIAL RISKS FOR LOAN RESTRUCTURING

- 5.1. Borrower shall be required to provide documentary evidence to support the claim that the Borrower shall be entitled for Loan Restructuring in order to better serve the interests of Investors in regards to the Borrower properly and fully carrying out its obligations under the existing Loan Agreement.
- 5.2. Upon the receipt of the Loan Restructuring Application, the Operator shall firstly identify whether:
 - 5.2.1. the information provided in the application is provided fully and comprehensively;
 - 5.2.2. the Borrower has submitted necessary supporting documents to justify the necessity to restructure the loan granted to the Borrower under the Loan Agreement;
 - 5.2.3. the information provided by the Borrower is within the Application form provided in the Annex of this Policy.
- 5.3. If the Operator comes into a decision that the Application does not meet the requirements set out in paragraph 5.2 of this Policy, the Operator shall return all the submitted documentation to the Borrower within 5 (five) business days from the day of their receipt. When returning the submitted documents, the Operator shall indicate the reasons for refusing to assess the Application. Borrower shall not be prohibited to re-apply for Loan Restructuring, if the Operator comes into decision disclosed in this paragraph.
- 5.4. If the Operator comes into a decision that the Application meets the requirements set out in paragraph 5.3 of this Policy, the Operator shall start the risk identification process and assess any risks arising for the Investors in relation to the Loan Restructuring. The Operator initiates a revised Borrower's reliability assessment and the risk identification measures of the Borrower shall mostly rely on the revised result of the Borrower's reliability assessment in accordance to the procedures adopted by the Operator.

- 5.5. The Operator shall immediately dismiss the Borrower's Loan Restructuring Application in cases when:
 - 5.5.1. the Borrower's credit risk rating is assigned to a rating of "D" (excessive risk), under the procedure disclosed in the Operator's internal reliability assessment rules;
 - or
 - 5.5.2. the information available to the Operator gives reason to believe that such Loan Restructuring would not improve or even further endanger the interests of the Investors.
- 5.6. If the Operator's risk identification and assessment procedure for the Loan Restructuring shall not present any unacceptable results under the Operator's internal risk management rules, the Operator enters the phase of the potential Loan Restructuring evaluation. The Operator shall inform the Borrower via the Platform or via other communication means established in the Loan Agreement that the Borrower's application is being evaluated and start the evaluation of Loan Restructuring Application in accordance with the provisions disclosed in Section 6 of this Policy.
- 5.7. If the Operator establishes that the Loan Restructuring presents unacceptable risks under the Operator's internal risk management rules, the Operator shall decline the Borrower's Application and inform the Borrower immediately, but no later than within 5 (five) business days after the identification of such risks, about the negative decision to restructure the loan granted to the Borrower. The Borrower shall not be prohibited to re-apply for Loan Restructuring under different Loan Restructuring measures if the Operator comes into decision disclosed in this paragraph.

6. EVALUATION OF LOAN RESTRUCTURING APPLICATION

- 6.1. Evaluation of the Loan Restructuring shall be based on the following aggregate of criteria:
 - 6.1.1. justifications that explain the necessity to restructure the loan;
 - 6.1.2. loan repayment history of the Borrower;
 - 6.1.3. Borrower's capacity to repay the loan under a restructured loan Payment Schedule and updated Interest;
 - 6.1.4. Borrower's credit risk rating established in accordance with the Operator's internal procedures;
 - 6.1.5. additional Performance Security measures (if any);
 - 6.1.6. increase of Investors' returns in accordance with the conditions of the restructured loan;
 - 6.1.7. other information or circumstances about the Borrower and (or) other aspects that the Operator identifies to be relevant when evaluating the Application.
- 6.2. If the Operator comes into a decision that any additional information or documentation is required in order to properly evaluate the Loan Restructuring Application, the Operator may contact the Borrower to gather such information and (or) documents.
- 6.3. After evaluating the criteria disclosed in paragraph 6.1 of this Policy, and (if relevant) additional information and (or) documentation provided in accordance to the paragraph 6.2 of this Policy, the Operator may come into one of the following decisions:
 - 6.3.1. to approve the Borrower's Application to restructure the loan;
 - 6.3.2. to reject the Borrower's Application to restructure the loan.
- 6.4. The Operator may approve the Borrower's Application for Loan Restructuring and only if at least the following conditions are present:
 - 6.4.1. the Interest rate that is paid to the Investors under the existing Loan Agreement is raised by at least 0.5 percent;
 - 6.4.2. the term for the repayment of the loan granted to the Borrower under the Loan Agreement is prolonged by no longer than 48 months;
 - 6.4.3. the Borrower provides sufficient proof that within the prolonged term for the repayment of the loan granted to the Borrower under the Loan Agreement the Borrower will be able to fully carry out its obligations assumed under the respective Loan Agreement.

- 6.5. If the Operator comes into decision disclosed in paragraph 6.3.1 of this Policy, the Operator shall immediately, but no later than within 5 (five) business days after taking such decision, contact the Borrower and present an updated loan agreement and other relevant information and documents in accordance to the Operator's internal procedures, with a suggested restructured loan repayment procedure disclosed in an updated version of the Loan Agreement.
- 6.6. If the Operator comes into decision disclosed in paragraph 6.3.2 of this Policy, the Operator shall immediately, but no later than within 5 (five) business days after taking such decision, inform the Borrower about the decision taken.
- 6.7. The Borrower shall not be prohibited to re-apply for Loan Restructuring, under different Loan Restructuring measures if the Operator comes into decision disclosed in paragraph 6.3.2 of this Policy.
- 6.8. The Borrower may apply for a Loan Restructuring only once during the term of the Loan Agreement concluded with the Borrower.

7. FINAL PROVISIONS

- 7.1. This Policy shall enter into force on the date of its approval and may be amended or repealed only by the decision of the Operator's manager. After any amendments, the latest version of this Policy shall also be published on the Platform.
- 7.2. The Operator's manager is responsible for the implementation of this Policy within the Company.
- 7.3. Every employee of the Operator must be duly acquainted with this Policy.
- 7.4. The Operator's manager or other authorized person shall periodically, but not less than once a year, review whether the procedures and requirements set out in this Policy are sufficiently effective. In performing these functions, the Operator's manager or other authorized person shall:
 - 7.4.1. periodically review the provisions of this Policy, propose how to improve the Policy, ensure its compatibility with other internal documents of the Operator and applicable legal acts;
 - 7.4.2. inform the Operator's employees about the new procedures implemented by the Operator and advise them on the procedure for the implementation of specific provisions of this Policy;
 - 7.4.3. constantly monitor changes in the relevant legal acts and, if necessary, immediately initiate amendments to the Policy in accordance with the changes in the relevant legal acts.

LOAN RESTRUCTURING APPLICATION FORM

1. Data of the Borrower:

Name, last name / Legal entity name	
Personal code / legal entity code	
Loan Agreement No.	

2. Please disclose the preferred loan payment period:

--

3. Please disclose the preferred loan payment amount you would wish to pay each month (indicating the additional Performance Security measures, the additional Interest to the Investors, etc.):

--

4. Please disclose the reasons on why you have difficulties meeting your current obligations under the Loan Agreement?

--

5. Do you have any documented evidence confirming your answers disclosed in the Question No. 4 of this form?

Yes

Please disclose the list of the supporting documents below:

1.	
2.	
3.	
4.	
5.	

No

6. Other relevant information

--

<i>date</i>	<i>full name</i>	<i>signature</i>
-------------	------------------	------------------