



GENERAL TERMS OF CONTRACT
OF HUNGARIAN EXPORT-IMPORT BANK
WITH RESPECT TO DISCOUNTING OF RECEIVABLES¹

1. CONTENT AND NATURE OF THE GTC, AND THE PUBLICATION AND AMENDMENT THEREOF

1.1 The General Terms of Contract of Hungarian Export-Import Bank (hereinafter: **Bank**) with respect to discounting of receivables (hereinafter: **GTC**) define the terms and conditions applicable to the services of the Bank that are aimed at the discounting of receivables.

1.2 Unless the contract set forth in writing between the Client and the Bank provides otherwise – even in the absence of a separate stipulation – the provisions of the Bank’s Business Regulations shall apply to any legal relationship between the Bank and the Client; the content of the discounting transaction between the Bank and the Client and the detailed rules governing such relationship, as well as the detailed rules of any legal relationship between the bank and any third party providing security for the Client’s contractual performance shall be determined by these GTC or by the framework contracts or individual contracts. If it is provided for, the GTC shall constitute an integral part of contracts for receivables discounting transactions (hereinafter: **Contract**) concluded between the Bank and the clients, and shall always apply, unless the Contract contains an express provision to the contrary.

1.3 These GTC are public and may be viewed and consulted by anyone, at the Bank’s premises used for serving Clients, during business hours, and on the Bank’s website (www.exim.hu). Upon separate request, the Bank shall provide the GTC to the Client free of charge.

When entering into a contractual relationship, the Client shall, by signing the contract, acknowledge and accept the conditions set out in the GTC.

The Bank is entitled to amend the GTC unilaterally at any time. After the amendment of the GTC, the Bank shall post the amended GTC at its premises used for serving Clients, as well as on its website.

The Bank

¹ *Amendments effective as of 11 April 2016 are shown in the GTC in italics.*

a) shall notify Clients in writing of amendments to the GTC that are unfavourable for Clients 15 (fifteen) calendar days before the amendment is due to take effect;

b) shall notify Clients in writing of amendments to the GTC that do not constitute an unfavourable change for Clients on the banking day before the amendment is due to take effect by posting the amended GTC at its premises used for serving Clients and on the Bank's website.

Unless the Client raises an objection in writing to the GTC containing an amendment which is unfavourable for the Client before it takes effect, the new GTC shall be deemed to have been accepted by the Client. If the Client objects to the planned amendment in writing, the Bank is entitled to terminate the contract concluded with the Client in accordance with the provisions of the contract, and in the absence of a contractual provision to the contrary, with a notice period of fifteen (15) calendar days. In this case, the Client shall settle all of his liabilities to the Bank without delay.

The amendment of the GTC shall, starting from its effective date, apply also to contracts that were concluded prior to such effective date.

1.4 The Bank is entitled to review the conditions of the financial service that it provides, as well as other contractual terms, and to amend the GTC unfavourably for the Client in the following cases:

- a change in the law or in a central bank provision that relates to or affects the Bank's activity or operating conditions, or in other regulations that are binding on the Bank,
- a change in the opportunities for procuring funds in the money market, a change in the cost of funds, thus especially a change in Hungary's credit rating, a change in the country's credit default swap (CDS) premium, a change in interbank loan interest rates, a change in the reference interest rate, a change in the consumer price index, inflation, a change in state interest subsidies, a change in the Bank's obligation to pay public dues (e.g. tax), a change in the rules on the setting aside of mandatory reserves,
- a change in the assessment of the risk that is associated with the service or the transaction under the contract, or with the Client (especially with regard to any unfavourable changes that may have occurred in the Client's financial situation), or in the creditworthiness of the Client, or a change in the value or the saleability of any security.

The Bank shall inform the Client about any changes in the terms and conditions in writing and in advance, in accordance with section 1.3. The amendment shall not affect the rate of interest or the extent of the fee applicable for the period prior to the date indicated in the notice.

2. SUBJECT-MATTER OF THE CONTRACT, *SUBJECTS*

2.1 In the course of the receivables discounting transaction, the Bank discounts the Client's receivables gained from the export of goods and/or services, with or without recourse, that is it pays the value of the receivables to the Client before its due date, and purchases the receivables from the Client, while the Client sells and assigns the

receivables to the Bank. When paying the value of the receivables to the Client, the Bank deducts the discounting fee, including the interest charged for the entire financing period from the nominal value of the receivables in advance. Discounted receivables and their collaterals transfer to the Bank; the Bank becomes the new holder of all the rights which the Client is entitled to vis-a-vis the obligor or collateral provider under the contracts establishing the claim concerned or the collaterals.

2.2 In the scope of this activity, the Bank primarily discounts claims arising from the following types of transactions: (i) *generally* longer-term export transaction realised with supplier's credit (hereinafter: **Supplier's Credit Transaction**), (ii) *generally* shorter-term export transaction with deferred payment (hereinafter: **Deferred Payment Transaction**),

2.3 As a part of the discounting service provided, the Bank also provides discounting service as defined in the rules established by Government Decree 85/1998 (V. 6.) (hereinafter: **Decree**) on the Interest Equalisation System of the Hungarian Export-Import Bank. Such discounting is also subject to the Officially Supported Export Credits Arrangement of the Organisation for Economic Co-operation and Development as effective at the date of the contact. *Both the Supplier's Credit Transactions and the Deferred Payment Transactions may be subject to the Decree.*

2.4. *For the purpose of this GTC and the Contract, the **Client** is the entity whose receivables from the Foreign Trade Contract are discounted by the Bank, while the term **Buyer** refers to the obligor of the receivables discounted, excluding the bank having payment obligation in the case of a letter of credit.*

3. APPLICATION FOR THE DISCOUNTING OF RECEIVABLES

The Bank shall assess the application for the discounting of receivables submitted by the Client on the basis of its own internal rules and within the deadlines specified therein, and shall notify the Client about the results of such assessment. In the event of a favourable assessment, the Bank will conclude the Contract with the Client, which will contain the specific terms and conditions of the given transaction.

4. CREDIT LIMIT AVAILABLE FOR RECEIVABLES DISCOUNTING

4.1 The Bank shall keep the credit limit available for the Client (hereinafter: **Credit Limit**) in the amount and for the period specified in the Contract.

4.2 The Bank shall discount the receivables specified in the Contract against the Credit Limit. The amount of payments made to the Client as a result of discounting will reduce the available Limit.

4.3 If, according to the provision of the Contract, the Credit Limit is of a revolving type, the Credit Limit will be re-loaded with the amount of the receivables which has been repaid to the Bank. In other cases, settled claims will not increase the amount of the Credit.

5. DISCOUNTING OF RECEIVABLES

5.1 Prerequisites for drawdown

5.1.1. The Bank shall, within the commitment period and to the extent of the available amount, discount the receivables to the debit of the Credit Limit, provided that the conditions defined in the Contract and below herein have been met, and, if the Client has submitted to the Bank an Application for Discounting, in accordance with Section 5.2.

5.1.2. The Bank will accept the Client's application for discounting stated in the Drawdown Application, if, to the best of the Bank's knowledge, the following conditions are met:

- (1) the declarations made by the Client and the *Buyer* are true;²
- (2) there has been no breach of contract or any such circumstance as gives the Bank grounds for exercising its right to termination;
- (3) the collaterals stipulated in the Contract have been established and still exist and the Client has fulfilled its related obligations;
- (4) this Contract has been entered into the loan collateral register as a factoring contract in the way and with the content accepted by the Bank;
- (5) **[In the case that the discounting of the claim arising from the Foreign Trade Contract is secured by an Insurance issued by MEHIB, where the Client is the Insured Party and the parties have established a pledge on the claim arising from the Insurance Contract in favour of the Bank] the pledge established on the claim arising from the Insurance Contract in favour of the Bank has been entered into the loan collateral register;*³
- (6) the Client shall certify with appropriate documents that they are appropriately registered in the loan collateral register, and shall provide the data pertaining to the registered user and required by the Bank;
- (7) the Client has presented or submitted to the Bank the following documents:
 - (i) valid Foreign Trade Contract(s), and order(s) confirmed by the Buyer,
 - (ii) the documents verifying the fulfilment of the Client's obligations specified in the Foreign Trade Contract (such as required transport document(s), foreign trade invoice(s), customs declaration, packing slip),
 - (iii) declaration signed by the Buyer, in which the Buyer declares, among others, acknowledgement of his debts and that the debts are transferred to the Bank, and waives, to the greatest possible extent, his offsetting rights from hidden defects;
 - (iv) the original of the Client's deed of foundation, or a copy thereof, at the same time that the original is presented;

2 *According to the GTC, the prerequisite of drawdown that the declarations made by the Buyer must be true is only applicable to Contract made after 11 April 2016. If an individual contract made before 11 April 2016 does not contain this prerequisite for drawdown, the provisions of the individual contract shall prevail.*

3 *According to the GTC, the prerequisite of drawdown that the pledge established on the claim arising from the Insurance Contract in favour of the Bank has to be entered into the loan collateral register is only applicable to Contract made after 11 April 2016. If an individual contract made before 11 April 2016 does not contain this prerequisite for drawdown, the provisions of the individual contract shall prevail.*

- (v) original specimen signatures, or sample signatures of the persons entitled to make a statement in relation to this Contract;
 - (vi) the original of the Client's extract from the company register, not older than 15 days, or a copy thereof, at the same time that the original is presented;
 - (vii) *as regards the Client:* the identification form, the declaration on the beneficial owner and, if requested by the Bank: KYC (Know Your Customer) questionnaire and the statement on the establishment of controlled foreign company status;
 - (viii) with the first drawdown to the debit of the Credit Limit, original certification not older than 30 days issued by the National Tax and Customs Administration stating that the Client has no public debts (NAV certificate of no overdue public liabilities / or certification of the same from other authentic NAV register);
 - (ix) a document verifying the authenticity of the representation right and signature of the person signing on behalf of the Buyer, issued by the Buyer's bank, the Hungarian consul, a (foreign) notary public or a law firm with a registered address at the Buyer's tax residence. *The Bank may, at its own discretion, accept a certificate of the Bank's foreign representation office on the representation right and authenticity of signature of the person signing on behalf of the Buyer;*
 - (x) In the case of a Supplier's Credit Transaction, a legal opinion acceptable to the Bank on the validity and enforceability of the contract on discounting receivables.
- (8) The Client or the Buyer has no overdue debts to the Bank.⁴
- (9) The Client has completed the data supply form attached to the Contract as an annex.
- (10) The causes for exclusion set out in the Bank's Business Regulations do not apply to the Client.
- (11) No circumstance exists due to which the Contract would authorise the Bank to suspend the discounting of receivables.
- (12) *The Insurance issued by Magyar Exporthitel Biztosító Zrt. (hereinafter: MEHIB) is valid and effective and *[applicable in the case that the discounting of the claim arising from the Foreign Trade Contract is secured by an Insurance issued by MEHIB, where the Client is the Insured Party] and MEHIB has included the claim in the coverage.⁵*
- (13) **[In the case that the discounting of the claim arising from the Foreign Trade Contract is secured by an Insurance issued by MEHIB, where the Client is the Insured Party and the insurance amount to be paid by MEHIB has been pledged.] A pledge on receivables, i.e. the insurance amount MEHIB has to pay to the Client if a damage event occurs, is validly established between the Bank as pledgee and the Client as pledger, or MEHIB.*

4 According to the GTC, the prerequisite of drawdown that the Buyer may not have overdue debts to the Bank is only applicable to Contract made after 11 April 2016. If an individual contract made before 11 April 2016 does not contain this prerequisite for drawdown, the provisions of the individual contract shall prevail.

5 According to the GTC, the prerequisite of drawdown that MEHIB should include the claim in the coverage is only applicable to Contract made after 11 April 2016. If an individual contract made before 11 April 2016 does not contain this prerequisite for drawdown, the provisions of the individual contract shall prevail.

- (14) **[In the case that the discounting of the claim arising from the Foreign Trade Contract is secured by an Insurance issued by MEHIB, where the Client is the Insured Party and the Bank enters the insurance contract made between MEHIB and the Client as a co-insured party] A co-insurance agreement is validly established between the Client as insured party, MEHIB as insurer and the Bank as co-insured party in the format accepted by the Bank.⁶*
- (15) **[In the case that the discounting of the claim arising from the Foreign Trade Contract is secured by an Insurance issued by MEHIB, where the Client is the Insured Party] The Client verified that, for the claim affected by the drawdown in question has a valid limit in accordance with MEHIB's specification, and a bond issued by MEHIB exists.*
- (16) If prescribed by the deed of foundation of the Client or the persons providing security, a resolution, issued by the supreme body of the Client or of the persons providing the security, granting approval to the Client, or to the representative (proxy) acting on its behalf, for the concluding of the receivables discounting contract and the related security contracts, or to the person(s) providing the security, or the representative (proxy) acting on its (their) behalf, for the concluding of the related security contracts, and the Client has supplied the original copy of the document certifying the above to the Bank.
- (17) **[If the receivables discounting falls within the scope of the Decree, or advance payment has been stipulated in the Foreign Trade Contract] The advance payment made by the Buyer to the Client's account has been verified to the Bank with the presentation of the bank account statement.*

5.1.3. In the case of discounting transactions falling under the effect of the Decree the Bank shall only accept the Client's discounting request if, in addition to the conditions listed in section 5.1.2, the following conditions are also fulfilled:

- (i) the Foreign Trade Contract corresponds to the definition of foreign trade contract in the Decree;⁷
- (ii) Client has correctly completed and the Bank has approved the environmental protection statement and data form (questionnaire);⁸
- (iii) Client has issued a written statement to the effect that in accordance with the OECD's action statement on bribery and officially subsidised export loans they did not participate in bribery in connection with the transaction and are not aware of any instances of corruption;

6 *According to the GTC, the prerequisite of drawdown that the co-insurance agreement should be validly established is only applicable to Contract made after 11 April 2016. If an individual contract made before 11 April 2016 does not contain this prerequisite for drawdown, the provisions of the individual contract shall prevail.*

7 *According to the GTC, the prerequisite of drawdown that the Foreign Trade Contract should correspond to the definition of foreign trade contract in the Decree is only applicable to Contract made after 11 April 2016. If an individual contract made before 11 April 2016 does not contain this prerequisite for drawdown, the provisions of the individual contract shall prevail.*

8 On the basis of the preliminary environmental review and the environmental impact study conducted by the Bank in accordance with the OECD's Recommendation "On the Common Environmental Protection Approach to State-subsidised Export Loans", the financed transaction is not deemed harmful to the environment;

- (iv) *the Client has verified the Hungarian origin of the proportion prescribed in the Decree of the exported goods/services in accordance with the requirements of the Decree.*

5.2 Initiating the discounting of receivables

5.2.1 The Client may initiate the discounting of receivables by submitting the correctly completed drawdown notice to the Bank.

5.2.2 The drawdown notice submitted by the Client must meet the following requirements:

- (1) It must be submitted no later than the 5th (fifth) banking day preceding the expiry of the availability period of the Credit Limit;
- (2) It must contain the amount and currency of the receivables to be discounted, along with the bank account to be credited, in accordance with the Contract.

5.2.3 **[In the case that the discounting of the claim arising from the Foreign Trade Contract is secured by an Insurance issued by MEHIB]* A further prerequisite for the discounting of the claim by the Bank is that all requirements prescribed by MEHIB should be met, and all documents required should be submitted, including, among others, that:

1. A copy of the received delivery note(s) submitted to MEHIB, confirmed by the Client, which corresponds to the original;
2. A statement acceptable to the Bank in which the Buyer acknowledges performance by the Client, and its payment obligation arising from that (acknowledgement of debt regardless of further deliveries), accepts its transfer to the Bank, and waives its offsetting right;
3. Handover report on the goods delivered signed by the authorised person, and the certificate of completion for exported Services;
4. A declaration/certification of the Hungarian origin of the goods/services delivered, as requested by MEHIB;
5. a manufacturer's statement issued by the company manufacturing the exported goods.

5.2.4 **[In the case that the discounting of the claim arising from the Foreign Trade Contract is secured by an Insurance issued by MEHIB]* The Bank is entitled to reject the Drawdown Notice if: ⁹

1. *the amount of the claim offered by the Client for sale exceeds the valid credit limit determined by MEHIB for the Client,*
2. *MEHIB cancels or suspends the credit limit,*
3. *risk of damage arises or damage event occurs as defined in the relevant MEHIB GTC.*

⁹ *The Bank is only entitled to reject the Drawdown Notice according to the GTC for the reasons listed in Section 5.2.4 in the case of Contracts made after 11 April 2016. If an individual contract made before 11 April 2016 contains the reasons for rejection listed in Section 5.2.4, the provisions of the individual contract shall prevail.*

5.3 Discounting of receivables

5.3.1 If the drawdown prerequisites are fully met, the Bank will discount the receivables after submission of the drawdown notice.

5.3.2 The Bank will pay the amount of the claim to the bank account specified by the Client in the drawdown notice.

5.3.3 The Client may, parallel to the drawdown, submit an order for the transfer of the amount via the real-time gross settlement (RTGS) system. In this case, the Bank deducts the fee of the RTGS transfer from the amount to be paid. The fee for the RTGS transfer is specified in the latest effective List of Terms and Conditions.

5.4 Settlement of receivables

The payments made by (i) the Buyer, the Bank issuing the letter of credit, (iii) the bank issuing the guarantee, or (iv) MEHIB shall be accounted primarily for the discounted claims, then for the due claims of the Bank against the Client under the Contract.

After the above deductions, the Bank shall make the remaining part available to the Client by the 5th (fifth) banking day following the day when the above-mentioned payment is credited.

5.5 MEHIB Insurance

**[In the case that the discounting of the claim arising from the Foreign Trade Contract is secured by an Insurance issued by MEHIB, where the Bank is the Insured Party]* The Client accepts that the discounting of the claim arising from the Foreign Trade Contract is secured by an Insurance issued by MEHIB, where the Bank is the Insured Party.

**[In the case that the discounting of the claim arising from the Foreign Trade Contract is secured by an Insurance issued by MEHIB, where the Client is the Insured Party]* In the case of discounting claims arising from Foreign Trade Contracts secured by MEHIB, the Client shall:

- (1) fulfil his *obligations* arising from the Insurance Contract, *including but not limited to* payment obligations, and maintain the insurance,
- (2) enter into a pledge contract with the Bank as pledgee, the Client as pledger and MEHIB on the insurance amount to be paid by MEHIB to the Client in the case of a damage event, as a claim, *or a co-insurance agreement with the Client as insured party, MEHIB as insurer and the Bank as co-insured party in the format accepted by the Bank,*
- (3) promptly notify the Bank of the occurrence of a damage event under the scope of the insurance, and of all circumstances that threaten with the occurrence of an insurance event or may otherwise have adverse effect on the insurance contract.

5.6 Guarantee, letter of credit issued by the Bank

A claim arising from a discount secured by a guarantee or letter of credit issued by the Bank may only be discounted if, pursuant to the terms of the guarantee and the letter of credit, by discounting the claim concerned, *the Bank will become entitled to enforce the rights arising from the guarantee or the letter of credit acting as or on behalf of the beneficiary of the guarantee or the letter of credit.*

The Client shall provide the Bank with all documents necessary for using the coverage.

6. LIABILITY FOR DISCOUNTED CLAIMS

6.1 The Contract specifies if the claim is discounted with or without recourse. The parties state that if in the case of default by the obligor, the Bank will not be required to re-assign the claim to the Client, and the Client will not be required to reimburse the amount received. The parties state that the discounting of the claim is to be regarded as a special factoring contract defined in Section 6:405 of the Civil Code.

6.2 In the case that discounting is made without recourse, the Client will not be liable to the Bank, that is, the Bank will not be entitled to enforce a reimbursement claim against the Client, if the Client fails to fulfil his payment obligation arising under the Foreign Trade Contract.

6.3 In the case that discounting is made with recourse, the Client will be liable for the Buyer's payment under absolute suretyship. In this case, the Bank will be entitled to enforce its claim against the Client as of the day following the due date of the claim, if the Buyer or the bank issuing the letter of credit fails to settle the claim by the deadline specified in the Foreign Trade Contract or the letter of credit. The suretyship qualifies as an absolute suretyship, and the Client as surety shall not be entitled to the fallback option defined in Art. 6:419 of the Civil Code. The enforceability and extent of the absolute suretyship shall not be influenced by any bankruptcy or liquidation proceedings as may be launched against the Buyer, or by any payment deferral as may be ordered in respect of the Buyer's debts, or any settlement or forced settlement as may be concluded in the course of bankruptcy or liquidation proceedings in respect of the Debtor's debts, regardless of whether the Bank has informed the absolute surety of the settlement in advance. Consequently, the liability of the absolute surety remains regardless of whether he was informed or not; the enforceability and extent of the absolute suretyship shall not be affected by whether the Bank has notified the Client as surety of the degree, amount, conditions, changes in the conditions, or the due date, of the Buyer's obligations towards the Bank arising under the Foreign Trade Contract or the letter of credit, or of any changes in the situation of the Buyer.

6.4 Regardless of whether discounting is made with or without recourse, the Client shall indemnify the Bank for any damage, the cause of which was that:

- (1) the Client has violated his warranty undertaking or commitment made under the Contract or these GTC, or
- (2) the Client has violated any of its obligations undertaken in the Foreign Trade Contract, or

- (3) MEHIB suspends the insurance of the liabilities for a reason attributable to the Client or is released from its indemnification obligation for the same reason, or
- (4) a deduction is made from the amount of the claim on any legal ground (such as default/late performance, waiver of the claim, consent to the reduction of the claim by the Client, rescheduling of the liability without prior consent from the Bank).

6.5 For the purposes of the previous section, the damage suffered by the Bank is that it does not receive the price of the discounted claim, or receives it only in part or with delay. The amount of the claim equals the aggregate amount of the discounted claim which has not been paid to the Bank and the amount of the default interest calculated from the due date of the claim, at the rate specified in the Contract.

7. PRICE OF CLAIMS, FEES, COSTS AND TAXES

7.1 Price of claims

7.1.1 Under the discounting transaction, the Bank pays the nominal value of the claim reduced by the forfeiting fee (hereinafter: **Price of the Claim**).¹⁰

7.1.2 Unless provided otherwise by the Contract, the number of interest periods per year is two.

7.1.3 The Price of Claim (\acute{E}_0) will be determined using the following set of equations:

$$\acute{E}_1 = ((D_1 - D_0) * K / 360 + 1) * \acute{E}_0$$

$$\dots$$

$$\acute{E}_i = ((D_i - D_{i-1}) * K / 360 + 1) * \acute{E}_{i-1}$$

$$\dots$$

$$\acute{E}_N = ((D_N - D_{N-1}) * K / 360 + 1) * \acute{E}_{N-1}$$

where:

\acute{E}_0 : Price of Claim

\acute{E}_N : nominal value

N: number of interest periods in the entire Term

K: the annual interest rate

D_0 : the Forfeiting Day

D_N : the expiry date of the Term

\acute{E}_i : value at the end of period i

i: number of current period

Term: the period from the Forfeiting Day to the due date of the claim concerned plus 5 working days for the technical realisation for collection from the claim.

Forfeiting Day: the day when the Bank pays the Price of Claim to the Client.

Forfeiting fee = $\acute{E}_N - \acute{E}_0$

10 The definition of the Price of Claims given above corresponds to the requirements laid down in Paragraph 17 (8) of Government Decree No. 250/2000 (XII. 24.) on the special provisions regarding the annual reporting and bookkeeping obligations of credit institutions and financial enterprises.

7.2 Default interest and flat-rate collection charge

The Client shall pay default interest on his overdue debts (*generally charges*), starting from the due date until the day of actual payment, in addition to the interest specified in the Contract, in the extent specified in the Contract.

In the event of late payment by the Client, or any entity classified as an undertaking establishing a security interest in the Bank's favour, it shall pay the equivalent in forint of forty euros (EUR 40), converted at the official middle exchange rate published by the National Bank of Hungary on the due date, to the Bank as beneficiary.

7.3 Costs

7.3.1 The Client shall bear all the costs incurred in relation to the performance and enforcement of the Contract and the maintenance and checking of collaterals, except where these costs can be transferred to a third party. *Costs arising in connection with the maintenance of collaterals comprise the costs arising in the course of performing damage prevention, damage mitigation, damage collection obligations deemed necessary by MEHIB.*

7.3.2 The Client shall, within three banking days from the receipt of the Bank's written demand to this effect, pay the Bank any – newly arising or increased – costs incurred due to compliance with a legal provision enforced or amended after the execution of the Contract (including any amendments in the interpretation or application of such legal provision and the related administrative procedure) in relation to the Contract.

7.3.3 **[In the case that the discounting of the claim arising from the Foreign Trade Contract is secured by an Insurance issued by MEHIB, where the Bank is the Insured Party] If claims secured by MEHIB are discounted, the insurance premium payable to MEHIB under the Insurance Contract for the entire insured period, excluding limit fees or limit revision fees, etc. are paid in the manner that the Bank deducts the amount corresponding to the invoice issued by MEHIB from the Price of Claim as a one-off fee, and transfers it to the account indicated by MEHIB.*

7.3.4 If a claim secured by a letter of credit is discounted, provided that the letter of credit provides that banking costs are borne by the Buyer, the Bank charges letter-of-credit availing fee, service commission and courier costs according to the List of Terms and Conditions. If, in the course of payment under the letter of credit, the amount reduced by the commissions or various fees charged by the bank issuing the letter of credit or the intermediary banks is transferred to the Bank, the Bank shall pay the difference as transferred banking cost.

7.3.5 The costs incurred by the Bank under this section are paid by offsetting, i.e. the Bank deducts the amount concerned from the Price of Claim. Any costs arising after the payment of the Price of Claim shall be paid by the Client against invoice issued by the Bank.

7.4 Commitment fee

7.4.1 Unless provided otherwise by the Contract, the Client shall, with respect to the Credit Limit made available to it, pay a fee in the extent specified in the Contract, which is calculated by applying the following formula:

$$\frac{\text{annual \% of the commitment fee} \times \text{the amount made available} \times \text{the number of calendar days}}{36,000}$$

7.4.2 The commitment fee shall be due as from the initial day of commitment, on the last banking day of each calendar quarter, as well as on the last day of the commitment, and it shall be payable in the currency of the available Credit Limit.

7.5 Tax

7.5.1 Within three banking days from receipt of the Bank's request to this effect, the Client shall pay the Bank the amount of any kind of tax payable to the Bank in connection with the Contract (excluding taxes payable on the net revenues of the Bank) and that of any other public debt.

7.5.2 All considerations payable by the Client under the Contract are to be understood as exclusive of VAT. If any of the services provided by the Bank is subject to VAT, the Client shall pay such consideration increased by the amount of the VAT.

8. COLLATERALS

8.1 General obligations

8.1.1 The Client shall, as security for the fulfilment of all obligations imposed on it under the Contract, provide the Bank with the personal collaterals (e.g. suretyship, guarantee) and/or physical collaterals (e.g. pledge, security deposit) specified in the Contract.

8.1.2 The [Client]/[or other person providing security] shall take all necessary measures to ensure that the securities stipulated in the Contract are established, maintained and enforceable, and their value is preserved. If the [Client]/[or other person providing security] fails to comply with this obligation and thereby prejudices the existence, value and enforceability of the securities, the Bank, or its designated representative, shall be entitled to act directly on the Client's behalf and at its expense or to initiate the necessary authority or court proceedings.

8.1.3 The [Client]/[or other person providing security] shall immediately inform the Bank of any such circumstances as have a negative impact on the value or enforceability of the securities, as well as of any changes that have occurred in the securities.

8.1.4 If the Client does not perform at the due date, the Bank shall be entitled to enforce its right to foreclosure in respect of any security.

8.1.5 *The Client shall ensure that any third person providing security in connection with the Contract fulfils the obligations specified in sections 8.1.2.-8.1.3.

8.1.6 The general terms and conditions related to individual collaterals are set out in the following provisions.

8.2 Enforcement of collaterals

8.2.1 The Bank may, after its right to foreclosure has become exercisable, in order to enforce its due claim against the Client, exercise the rights defined in the individual security contracts and in the laws related to the securities concerned.

The Bank is entitled to apply the legal consequences set out in section 11.1 of these GTC if the Client fails to meet its obligation to provide information regarding material circumstances related to the collateral.

8.2.2 If the receivable is secured by more than one security, all the securities and all the assets pledged as security shall serve as security for the entire claim, and the Bank may, within the possibilities provided by the law, decide at its own discretion which of them to use and in what order.

8.2.3 The Bank shall always settle accounts with the Client in a comprehensive manner with regard to the costs and revenues related to the securities, *including the MEHIB insurance*.

9. REPRESENTATIONS

By signing the Contract, the Client makes the following representations in favour of the Bank and in order that the Bank enters into a contract on receivables discounting with the Client, and the Bank provides the receivables discounting service assuming that the following representations are true. Whenever a drawdown notice is submitted, it shall be assumed that the Client has repeated the following representations and has declared that these representations and warranties are true at the time of the drawdown as well.

9.1 Legal status, ownership structure

The Client is a validly established and registered business entity and it has the appropriate legal capacities to dispose over its assets and to conduct its business activities.

9.2 Rights and authorisations

The Client has all the rights and authorisations necessary for concluding the Contract and for performing its obligations arising therefrom.

9.3 Obligations of binding force

The Client's obligations assumed under the Contract are lawful, valid, binding, enforceable and executable. The Contract does not run counter to the law, the Client's deed of foundation or any agreement that is binding upon it.

9.4 Financial solvency

The Client is not insolvent and no bankruptcy, dissolution, liquidation or distraint proceedings are in progress or have been instituted against it, or are otherwise threatening.

9.5 No termination event

None of the termination events defined in section 11 of these GTC are present or threatening or will result from the conclusion of the Contract, or the performance of the provisions set out therein.

9.6 Information

The Client states that, unless he has informed the Bank otherwise in writing:

- (a) all other information provided by the Client to the Bank in relation to the Contract is true and accurate;
- (b) *[In the case that the discounting of the claim arising from the Foreign Trade Contract is secured by an Insurance issued by MEHIB, where the Client is the Insured Party] if claims arising from Foreign Trade Contracts secured by MEHIB are discounted, the Insurance Contract provided as an annex to the Contract is valid and effective, and it has not been amended during the term of the Contract;
- (c) since the handover of the financial report and other information, no significant adverse changes have occurred to the Client's business operation, assets or financial situation;
- (d) since the handover of the information related to the collaterals offered by the Client, no such changes have occurred to the value, marketability or legal status of the collateral as would have a detrimental impact on the Bank's rights related to the collateral or on the enforceability of such rights.█

9.7 Compliance with the law, no proceedings underway

The Client has not committed any violation of the law, and no such court or other proceedings or investigations are in progress against it as would have a detrimental impact on the Bank's ability to fulfil its payment and other obligations set out in the Contract or in these GTC.

9.8 Taxation, lawful use of subsidies

- (a) The Client has no overdue tax, customs, social insurance debts or other public debts that may be collected in the same manner as are taxes ("Tax").
- (b) In relation to taxes, no claim validation proceedings have been, or may reasonably be expected to be, instituted against the Client.
- (c) The Client is solely under the jurisdiction of the Hungarian tax authority.

- (d) If the Client has received any grants from the various subsystems of the state administration apparatus, or from EU pre-accession instruments or structural funds, and it has fulfilled all its obligations undertaken in any subsidy contracts concluded in this respect; the European Committee has no such resolutions stipulating the repayment of a subsidy as would apply to the Client, and, to the best of its knowledge, there is no circumstance that would result in the issuing of such resolution.

9.9 Relationship between the Client and the Buyer

The Client states that, apart from the Foreign Trade Contract, it has no overdue or disputed liability towards the Buyer, and no ownership interest relationship exists between him and the Buyer¹¹

10. OBLIGATIONS

The Client – as a condition for the discounting of receivables, in addition to the provisions of the Contract – undertakes a commitment to comply with the following requirements.

10.1 General commitments

- (a) The Client fully complies with all substantial legal rules applicable to it and with its contractual obligations.
- (b) The Client shall, within the stipulated deadline, repay all its public debts and fulfil all other payment obligations.
- (c) The Client shall, without delay, acquire all the permits and authorisations necessary for the performance of its activity and for the fulfilment of its obligations, it shall continually comply with the conditions set out therein, and it shall maintain their effect and validity.
- (d) The Client shall fully comply with its obligations towards the obligors of the discounted claims.
- (e) In the case of transactions falling within the scope of the Decree, if, according to the environmental test, the project requires further screening, the Debtor shall each year comply with its reporting obligation by completing the environmental questionnaire attached as an annex hereto.
- (f) In the case of exported services, the Client ensures that the Bank's technical expert checks the site of Project implementation, and, in the case of the delivery of goods, at the establishment of the company, as requested, with prior notice.
- (g) In the case of a construction-assembly service, the Client may only engage a new subcontractor or change the technical specification with the Bank's prior written consent.
- (h) The Client further states that it will not perform any further deliveries to the Buyer above the limit set by MEHIB, *unless with the Bank's express consent to deliveries above the limit;*

¹¹ *The Client is only required to warrant that it has no disputed liability towards the Buyer for Contracts made after 11 April 2016. If an individual contract made before 11 April 2016 contained this warranty, the provisions of the individual contract shall prevail.*

- (i) *The Client commits itself to remain a transparent organisation all through the term of the Contract, as defined in Paragraph 2 (4) of Act XLII of 1994 on the Hungarian Export-Import Bank Private Limited Company and the Hungarian Export Credit Insurance Private Limited Company.*¹²

10.2 The Foreign Trade Contracts

In connection with the Foreign Trade Contract(s)

- (a) the Client shall acquire, in good time, all the official permits necessary for the conclusion and performance of the contract(s);
- (b) during the conclusion of such contract(s), it shall act with the due care that may be expected from an expert company engaged in foreign trade activities;
- (c) during the performance of such contract(s), it shall enter into contract with any third parties performing intermediation, shipping or transportation activities with the due care that may be expected from an expert company engaged in foreign trade activities;
- (d) it shall exercise its right of disposal over the goods constituting the object of such contract(s) in full compliance with, and in the interest of executing, the provisions of the Foreign Trade Contract.
- (e) it may not encumber or alienate, in any way, the claims arising therefrom and discounted by the Bank;
- (f) also after the discounting, it shall fully comply with its obligations arising therefrom, take all necessary steps to facilitate the Buyer's performance, and cooperate with the Bank in the interest of recoverability;
- (g) it may only agree to the modification of any term – including, especially, the payment terms – subject to the Bank's prior written consent.

10.3 Regular business activity

- (a) The Client shall perform its business activity without any substantial change.
- (b) The Client shall use and utilise its assets in the course of regular business activity.
- (c) The Client shall only establish any business relationship under market conditions and in compliance with the arm's length principles.
- (d) In the case of transactions falling within the scope of the Decree, if, according to the environmental test, the project requires further screening, the Client shall each year comply with its reporting obligation by completing the environmental questionnaire attached as an annex hereto.

10.4 MEHIB Insurance

The Client undertakes to provide the Bank with any information requested by MEHIB from the Bank in relation to the Contract without delay.

*[In the case that the discounting of the claim arising from the Foreign Trade Contract is secured by an Insurance issued by MEHIB, where the Client is the Insured Party] In the case of discounting claims arising from Foreign Trade Contracts secured by MEHIB, the Client undertakes to comply with all of its obligations under the

12 *The commitment in section 10.1 (i) and its legal consequences are only applicable to Contract made after 11 April 2016. If an individual contract made before 11 April 2016 contained this commitment, the provisions of the individual contract shall prevail.*

Insurance Contract concluded with MEHIB, in particular all of its information supply obligations to MEHIB, and it accepts that any modification to the terms of the insurance contract or its termination *or cancellation in any other way*¹³ is subject to the Bank's prior written consent.

By signing this Contract, the Client authorises the Bank to report the damage event to MEHIB, with consideration to the provisions of the Insurance Contract, if the Buyer does not pay or is insolvent.

10.5 Information provision, checks

10.5.1 During the commitment period of the Credit Limit, the Client provides the Bank with certificates of no public debts issued by the National Tax and Customs Administration in each calendar year.

10.5.2 The Client shall promptly notify the Bank in the following cases:

- (1) its members' meeting or general meeting has insolvency, bankruptcy or winding-up proceeding on the agenda or has otherwise decided on the same;
- (2) it learns that winding-up proceeding has been instituted against it;
- (3) its decision-making body adopts a preliminary or final resolution on the distribution of the company's assets, on corporate restructuring or organisational, legal changes resulting in the decrease of the Client's assets;
- (4) on any changes occurred in connection with the performance of the Foreign Trade Contract, a breach of the Foreign Trade Contract committed by either party, the Buyer's insolvency or readiness to pay and all other facts or circumstances that would hinder or prevent the repayment of the claim discounted by the Bank.

10.5.3 The Client shall promptly notify the Bank if:

- (1) it learns of an Act of Corruption in connection with the conclusion of the Contract or the Foreign Trade Contract, or a criminal action is brought against its executive officer, employee, agent or representative;

For the purposes of this section, acts of corruption shall mean in particular

- 1.) certain crimes against public justice and crimes against international justice as defined in Act IV of 1978 on the Criminal Code (hereinafter: the "**Former Btk.**") (sections VII and VIII), that is,
 - bribery (Former Btk. Art. 250-255/A),
 - influence peddling (Former Btk. Art. 256),
 - bribery in international relations (Former Btk. Art. 258/B-258/D),and

13 *According to the GTC, the wording "cancellation in any other way" is only applicable in the case of Contracts made after 11 April 2016. If an individual contract made before 11 April 2016 contained the provision that any cancellation of the insurance contract is subject to the Bank's prior written consent, the provisions of the individual contract shall prevail.*

- abuse of a function and indirect bribery in international relations (Former Btk. Art. 258/E),

as well as forgery of public documents and forgery of private documents in connection with the above (Former Btk. Art. 274-276), and

2.) certain criminal acts of corruption as defined in Act C of 2012 on the Criminal Code (hereinafter: the “**Btk.**”) (chapter XXVII), that is,

- active corruption (Btk. Art. 290),
- passive corruption (Btk. Art. 291)
- active corruption of public officials (Btk. Art. 293),
- passive corruption of official bribery (Btk. Art. 294),
- active corruption in court or regulatory proceedings (Btk. Art. 295),
- passive corruption in court or regulatory proceedings (Btk. Art. 296),
- misprision of bribery (Btk. Art. 297),
- indirect corruption (Btk. Art. 298),
- abuse of a function (Btk. Art. 299-300),

as well as any related forgery of administrative documents (Btk. Art. 342) and use of forged private documents (Btk. Art. 345) and criminal offenses of authentic instruments (Btk. Art. 346).

- (2) in the case of a transaction within the scope of the Govt. Decree, it learns that the transaction realised by him does not comply any longer with the requirements set forth in the environmental test carried out before the conclusion of the Contract;
- (3) a material change besides those mentioned above occurs to the statements contained in the Contract or the GTC,
- (4) any of the commitments contained in the Contract or the GTC is not fulfilled, or any circumstance besides those mentioned above arises, as a result of which they will not be able to fulfil these commitments.

10.5.4 In the course of performing the commitments contained in the Contract or the Foreign Trade Contract, the Client shall cooperate with the Bank and inform the Bank without delay of any fact or circumstance that is significant for the performance of the Foreign Trade Contract.

The Client shall inform the Bank of any changes occurred in connection with the performance of the Foreign Trade Contract, a breach of the Foreign Trade Contract committed by either party, any change to the Buyer’s insolvency or readiness to pay and all other facts or circumstances that would hinder or prevent the repayment of the claim.

10.6 Access

On prior notice, the Client grants free access to the Bank and the experts designated by the Bank to its premises, assets and records, meets the representatives of the Bank and discusses the arising issues with them.

10.7 Indemnification, penalty

10.7.1 The Client shall – in addition to any other consequences defined in the Contract, the GTC and the legal provisions – bear full liability for any damages caused to the Bank resulting from the breach of its obligations.

10.7.2 In the event that the Client fails to fulfil any of its obligations to provide information stipulated in these GTC or the Contract, and it also fails to remedy such default within 15 days of the receipt of the Bank's related reminder, it shall pay the Bank a default penalty in the amount of HUF 100,000 per month (based on 30-day months) per breach of obligation from the expiry of the deadline until the obligation to provide information is fulfilled. The payment of a default penalty does not provide exemption to the Client from meeting its obligation to provide information. In addition to the penalty, the Bank may also enforce any damages that it has sustained in excess of the penalty.

11. CASES OF TERMINATION¹⁴

11.1 Termination with immediate effect

The Bank shall be entitled to terminate the Contract with immediate effect in the following cases:

- (1) the financial situation of the Client *or the Buyer* deteriorates, a substantial decrease or change occurs in the economic, financial circumstances or the legal status of the Client *or the Buyer*, or their behaviour aiming to conceal coverage prejudices the possibility of repayment of the price of the claim purchased;
- (2) the Client *or the Buyer* has committed any other material breach of contract;
- (3) if the Bank proves that, due to significant changes in their circumstances or those of the Client *or the Buyer* after conclusion of a contract, performance of the contract can no longer be expected or they are able to prove that termination with immediate effect can be applied on the grounds of factors that emerge after the conclusion of the contract.
- (4) the Client *or the Buyer* misled the Bank by stating untrue facts, by concealing data or in any other way, and this affected the conclusion of the Contract, the contents of the contract or the determination of the financing amount;
- (5) the Client *or the Buyer* impedes an investigation relating to its insolvency, to the collateral coverage or security of the financing, or in to the implementation of the financing purpose – in spite of a warning – including the case in which it breaches a data-provision obligation undertaken in the Contract or stipulated by law;
- (6) a well-founded suspicion has arisen, in relation to the conclusion of this Contract, that an act of corruption described in section 10.5.3 (1) above has been committed, if this results in a criminal procedure. The Client hereby

¹⁴ *The provisions relating to the Buyer in this section 11 of the GTC are only applicable to Contract made after 11 April 2016. If an individual contract made before 11 April 2016 contained the provisions relating to the Buyer in section 11, the provisions of the individual contract shall prevail.*

waives its right to enforce any claims against the Bank in such case where the Bank terminates the Contract with reference to causes defined in this section.

All other causes of termination with immediate effect or based on notice of termination are defined in the Contract.

11.2 Legal consequences of termination

11.2.1 If the Contract is terminated between the Contracting Parties, it will not affect the claims discounted before the date of termination, i.e. in the case of termination, the Bank will not be required to re-assign the claim to the Client, and the Client will not be required to reimburse the amount received. The Parties state that the discounting of the claim is to be regarded as a special factoring contract defined in Section 6:405 of the Civil Code.

11.2.2 In the event of termination, all of the Client's debts to the Bank shall become immediately due and payable in one lump sum, and the Bank shall be entitled to enforce its claim, and to exercise its security rights in the interests of doing so.

11.2.3 If the Bank fails to exercise, partly or in full, its right to termination, this shall not be construed as a waiver of this right, which shall remain in effect even without a separate declaration on the reservation of rights.

12. OTHER TERMS AND CONDITIONS

12.1 Provision of evidence

12.1.1 The Bank's business books shall be the primary basis for determining the Client's outstanding debts under the Contract.

12.1.2 The Bank may, in order to provide evidence of its claims outstanding from the Client under the Contract, request the preparation of a certificate of the facts comprised in a notarised deed, based on the Client's accounts managed at any financial institution and on the Bank's related documentary records, which the Bank may use in possible foreclosure proceedings as well.

12.2 Payments

12.2.1 The Client shall repay its debts that exist under the Contract (principal, interest and commissions) when due. If a particular due date is not a banking day, then the next banking day shall be regarded as the due date.

12.2.2 The Client shall fulfil its payment obligation by transfer to the Bank's account No. [---].

12.2.3 The Client's payment obligation shall be considered fulfilled on the value date of crediting on the Bank's account, or, if the Bank is notified about the crediting after the value date, on the banking day following the date of such notification, or, in the case of conversion, on the 2nd (second) value date following the date of notification regarding the crediting.

12.3 Legal succession

12.3.1 The Contract shall be binding upon the Parties and their legal successors.

12.3.2 The Client may not assign or transfer its rights or obligations under the Contract, any claims arising on the basis of the Contract or its contractual position without the Bank's prior written consent.

12.3.3 The Bank may – without the Client's authorisation – assign, transfer its claims and rights arising from the Contract to a third party, or it may encumber them as security, or, for the same purpose, transfer any information and documents (including bank secrets and trade secrets) related to such claim or right to a third party, which transfer of information the Debtor expressly consents to by signing the Contract. By signing the Contract, the Client expressly and irrevocably consents to the Bank's assigning its debt and contractual position based on the Contracts to a third party. By signing the Contract, the Client expressly consents to the maintenance of the securities provided by it in the event of assignment of the contract by the Bank, *meaning that the third person becomes the subject of the rights and obligations relating to the securities (including the insurance).*

12.4 Applicable law, partial validity, legal disputes

12.4.1 This Contract shall be governed by Hungarian law. With respect to matters not regulated in the Contract, the Bank's Business Regulations, these GTC, the Ptk. and the relevant provisions of law shall apply.

12.4.2 The invalidity of any of the items of this Contract shall only affect the specific provision, and shall not entail the invalidity of the entire Contract.

12.4.3 Parties shall attempt to settle any disputes as may arise between them amicably, out of court. If such attempts fail, Parties shall submit the dispute to the exclusive authority of the Money and Capital Markets Permanent Court of Arbitration. This contract, pursuant to Act LXXI of 1994 on Arbitration, qualifies as a contract subject to the competence of a court of arbitration.

13. NOTICES

13.1 Any notice, request or other correspondence between the Client and the Bank under this Contract shall be made in writing. Any notice, request or other message shall be considered delivered if it has reached the other party by hand-delivery or by post to the address specified in the Contract or other address that has been communicated by the given party to the other (sending) party by way of a notice.

13.2 Documents sent by mail shall be considered delivered on the day of attempted delivery if the Client refused to accept the delivery. If delivery was unsuccessful because the Client did not receive the document (i.e. did not pick it up), or the Client moved to an unknown place, the document is returned marked "unknown addressee" or delivery was unsuccessful for any other reason, it shall be considered to be delivered on the fifth (5th) working day following the second delivery attempt. In the case of a foreign addressee, the Bank shall consider notices that are mailed to the

Client to have been delivered upon the expiry of the eighth (8th) calendar day following their mailing. In the case of notices sent by fax – unless proven otherwise – the time of receipt shall be the time indicated in the activity report of the fax device.

14.1 Entire Agreement clause

The Contract contains all of the conditions pertaining to the subject-matter of the Contract and the agreement between the Bank and the Client, and all earlier agreements not included herein shall become null and void. Any practices or customs previously applied or established between the parties, or practices or customs familiar to or applied by the subjects of similar contracts do not form a part of this Contract.