



**HUNGARIAN EXPORT-IMPORT BANK
PRIVATE LIMITED COMPANY
GENERAL TERMS OF CONTRACT RELATED TO
RECEIVABLES DISCOUNTING**

Effective 1 January 2021, with respect to contracts concluded from 1 January 2021.

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1. CONTENT, NATURE AND PUBLICATION OF THE GTC

- 1.1. The Bank operates on the basis of operating licence no. 118/1998/F issued by the Hungarian Financial and Capital Markets Supervisory Authority pursuant to resolution 63/1994 issued by the Hungarian Banking Supervisory Authority on 10 August 1994.
- 1.2. These GTC define the terms and conditions applicable to the financial services of the Bank related to the purchase of receivables.
- 1.3. The GTC and the Business Regulations – even in the absence of a separate stipulation – shall constitute a part of the Contract, and shall apply in all cases where the Contract does not contain an express provision to the contrary.
- 1.4. When establishing the contractual relationship the Client acknowledges, by signing the Contract, that he/she read the contents of the GTC before concluding the Contract and accepts the terms and conditions set out in the GTC.
- 1.5. The 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 (exim.hu). Upon separate request, the Bank shall provide the GTC to the Client free of charge.

2. DEFINITION OF TERMS

For the purposes of these GTC and the Contract, the terms listed below shall have the following meanings:

Tax: includes all taxes, contributions, stamp duty, fees, customs charges, customs duty, public debts that may be collected in the same manner as taxes, or other similar obligations payable by the Client (including, inter alia, any fines or interest payable for non-fulfilment of any payment obligation);

Tax Debt: means any debt related to Tax;

ARE Act: Act CV of 2015 on Debt Settlement Procedures for Private Individuals;

VAT: value added tax;

GTC: these General Terms of Contract;

Bank: Hungarian Export-Import Bank Private Limited Company (registered office: 1065 Budapest, Nagymező u. 46-48, company registration number: 01-10-042594, court of registration: Company Court of the Metropolitan Court of Budapest);

Insurance Contract: the export credit insurance contract concluded by the Client or the Bank with MEHIB as the insurer for commercial and political risks related to the non-payment or insolvency of the Buyer (trade debtor), of which – depending on the type of insurance (“the insurance facility”) concerned – the credit limit request form, the credit limit notice, the insurance policy, MEHIB's general terms of contract applicable to the

given Insurance Contract, the insurance offer, the list of terms and conditions, MEHIB's business regulations and any other documents specified in the Insurance Contract shall form a part;

Collateral: any security listed in section 10.1.1 of these GTC;

Btk.: Act C of 2012 on the Criminal Code;

Etv.: Act XLII of 1994 on the Hungarian Export-Import Bank and the Hungarian Export Credit Insurance Company;

Notification on Forfeiting: a document in which the Client informs the Buyer or the Opening Bank of the assignment of the receivables and instructs it to thereafter perform to the Bank, a specimen of which is attached to the Contract;

Parties shall be understood as the Bank and the Client collectively;

Day of Forfeiting: the day on which the Bank transfers to the Client the discounted nominal value of the Receivable(s) offered for discounting, i.e. the value thereof calculated on the basis of section 9.11.2 of these GTC;

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

Loan Collateral Register: the register maintained by the Hungarian National Chamber of Notaries, which contains lien rights established after 15 March 2014 and other entries;

Credit Institutions Act: Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises.

Limit: the amount kept at the disposal of the Client by the Bank pursuant to the Contract, against which the Bank discounts/purchases the Client's receivables specified in the Contract;

List of Terms and Conditions: the latest, effective list of terms and conditions of the Bank.

Govt. Decree: Government Decree 85/1998 (V. 6.) on the Interest Equalisation System of Hungarian Export-Import Bank Limited.

Act of Corruption: a criminal offence defined in section 5.4 of these GTC.

Receivable: a claim arising from the Foreign Trade Contract in relation to the purchase price of the goods or the consideration for the service thereunder;

Foreign Trade Contract: a foreign trade contract, foreign trade framework contract, supply contract, service contract, distribution agreement, marketing agreement or other similarly named agreement involving the export of goods or services of partial or full Hungarian origin. An order and order confirmation related to the export of goods or services between the same parties, or a series of orders and confirmations between them, shall also be considered a Foreign Trade Contract.

MEHIB: Hungarian Export Credit Insurance Private Limited Company (registered office: 1065 Budapest, Nagymező u. 46-48, company registration number: 01-10-042595, court of registration: Company Court of the Metropolitan Court of Budapest);

MEHIB Insurance: export credit insurance provided by MEHIB as the insurer under the Insurance Contract;

Working Day: any such day, other than Saturday, Sunday or a public holiday in Hungary or a bank holiday, on which the Bank is open for business. In respect of transactions in foreign currency, it means all the days when the Bank is open for conducting business and when, in the financial centres of the affected currency, financial settlement occurs in that currency, and when any payments that are to be executed in that currency may be settled, financially, in the generally used settlement systems and in accordance with the generally applied banking practice.

NAV: National Tax and Customs Administration;

Opening Bank: the foreign financial institution that issued the letter of credit, i.e. undertook to make a payment if the conditions specified in the letter of credit are met and the required documents are submitted;

OECD: Organisation for Economic Co-operation and Development;

Ptk.: Act V of 2013 on the Civil Code of Hungary.

Old Btk.: Act IV of 1978 on the Criminal Code;

Commitment Period: the period during which the Bank keeps the Limit available for the Customer, and the period during which the Client may submit a drawdown request to the Bank provided that the preconditions for this are met;

Discounting of Short-Term Receivables: the purchase by the Bank of receivables with a maturity of less than 2 (two) years arising from the Foreign Trade Contract;

Supplier's Credit Discounting: the purchase by the Bank of receivables of 2 (two) years or more than 2 (two) years;

Contract: the agreement concluded between the Bank and the Client for the discounting of receivables;

Sub-sovereign Entity: a regional government, local authority, as well as territorial or town municipalities with their own budget and partial or full autonomy;

Sovereign Entity: an entity or central bank that is part of the central government of a country;

Statement of Acknowledgment: a document in which the Buyer acknowledges, inter alia, the debt owed by it and acknowledges the assignment of the debt owed by him to the

Bank, and waives to the fullest extent permitted by the relevant laws, its right to offsetting associated with any hidden defects, an example of which constitutes an annex to the Contract, if applicable;

Client: the foreign or domestic company, Sovereign or Sub-sovereign Entity, or other legal entity whose receivables under the Foreign Trade Contract the Bank discounts (purchases) hereunder;

Business Regulations: the latest valid Business Regulations of the Bank.

Buyer: the debtor (obligor) with respect to the Receivable discounted or to be discounted by the Bank.

3. OBJECTS AND SUBJECTS OF THE CONTRACT

3.1 In the course of the receivables discounting transaction, the Bank – with or without recourse – discounts the Client’s Receivables arising from the export of the goods and/or services specified in the Foreign Trade Contract, that is, it pays the discounted value of the Receivable – before its due date – to the Client, and purchases the Receivable from the Client, while the Client sells the Receivable to the Bank and assigns the Receivable to the Bank. The discounted Receivables and their collaterals devolve to the Bank: the Bank becomes the new beneficiary with respect to the Receivables and to the Collaterals related to the Foreign Trade Contract, and acquires all the rights to which the Client is entitled vis-a-vis the Buyer under the Foreign Trade Contract and vis-a-vis the collateral provider under the contracts underlying the Collaterals.

3.2 In the framework of its receivables purchase activity, the Bank essentially discounts Receivables arising from the following types of transaction: (i) Receivables arising from export transactions implemented with supplier’s credit of a term of 2 years or of more than 2 years, and (ii) Receivables arising, during the Discounting of Short-Term Receivables, from deferred-payment export transactions of a shorter term, i.e. of less than 2 years.

4. AMENDMENTS

4.1. The Bank is entitled to unilaterally amend the contractual terms and conditions, interest rates and fees related to the receivables discounting, if the conditions specified for this as specified in this section are met. Unless otherwise provided by the Bank, any amendment to the terms and conditions shall, from the effective date of such amendment, apply also to any Contracts that were concluded prior to such effective date.

4.2. Unilateral amendments unfavourable to the Client

4.2.1. The Bank is entitled to amend the interest rates, fees, costs and other contractual terms and conditions of the receivables purchase service provided by it in a manner unfavourable to the Client if all or any of the following events and circumstances should occur:

- a) a change in the law or in the regulatory environment that relates to or affects the Bank's activity or operating conditions, including without limitation the following:
 - (i) a legislative change,
 - (ii) a change in the regulatory instrument of public law,
 - (iii) a change in a recommendation of the central bank,
 - (iv) a change in the regulations issued by an authority,
 - (v) a change in other regulators or
 - (vi) a change in the application of the law;
- b) a change in money market funding opportunities or funding costs, in particular, but not exclusively
 - (i) a change in Hungary's credit rating,
 - (ii) a change in the country's risk premium (CDS),
 - (iii) a change in the central bank base rate,
 - (iv) a change in the central bank secured lending (repo) or deposit interest rates,
 - (v) a change in the yield on government securities with a maturity of more than one year,
 - (vi) a change in the yield on securities publicly issued by the Bank,
 - (vii) a change in interbank lending rates,
 - (viii) a change in the refinancing rate,
 - (ix) a change in the reference rate,
 - (x) a change in inflation, or in the consumer or producer price index,
 - (xi) a change in the state interest subsidy,
 - (xii) a change in the Bank's public-liability (e.g. tax or duty) payment obligation,
 - (xiii) a change in the minimum reserve requirements, or
 - (xiv) the shift in FX swap and other yield curves relative to each other;
- c) changes in the risks related to the receivables purchase service provided by the Bank, to the transaction or to the Client, in particular, but not exclusively
 - (i) a change, as perceived by the Bank, in the Client's financial position, solvency or willingness to pay,
 - (ii) a change, as perceived by the Bank, in the value of the Collateral(s),
 - (iii) a change, as perceived by the Bank, in the enforceability or marketability of the Collateral(s), or
 - (iv) a change in the risk and risk factors of the receivables purchase service provided by the Bank, at transaction-portfolio level.

4.2.2. The Bank shall notify the Client of any amendment of the terms and conditions unfavourable to the Client in writing at least 15 (fifteen) calendar days before the amendment enters into effect, or by placing the amended GTC or list of terms and conditions on the Bank's premises open to clients and on its website. If the Bank complies with its notification obligation both in writing and through publication, then for the purpose of deciding when the information was provided, the earlier of these two shall apply.

4.2.3. Unless the Client raises an objection in writing to the conditions containing an amendment which is unfavourable for the Client before they take effect, the new conditions shall be deemed to have been accepted by the Client. If the Client objects to the planned amendment in writing, the Client is entitled to terminate the Contract in writing, with a notice period of 15 (fifteen) calendar days. Upon

termination, all outstanding debts of the Client arising from the Contract shall immediately become due and payable.

4.3. Unilateral amendments not unfavourable to the Client

- 4.3.1. The Bank may amend the interest rates, fees, costs and other contractual terms and conditions related to receivables discounting in a manner not unfavourable to the Client for any reason.
- 4.3.2. The Bank shall notify the Client of any amendment of the terms and conditions that does not represent a change unfavourable for the Client in writing no later than on the Working Day before the amendment enters into effect, or by placing the amended GTC or list of terms and conditions on the Bank's premises open to clients and on its website. If the Bank complies with its notification obligation both in writing and through publication, then for the purpose of deciding when the information was provided, the earlier of these two shall apply.

5. CONDITIONS OF CONTRACT CONCLUSION

5.1. For the purpose of concluding this Contract, the Client shall submit to the Bank the following documents:

- a) the original copy of the identification data form, duly signed by the Client;
- b) the original of the beneficial ownership declaration, duly signed by the Client;
- c) the original copy of the politically exposed person (PEP) declaration, duly signed by the Client;
- d) the original copy of the KYC (Know Your Customer) questionnaire, duly signed by the Client;
- e) the original copy of the statement on the establishment of the legal status of a controlled foreign corporation (CFC), duly signed by the Client;
- f) the original copy of the declaration on the potential existence of business relations with persons, organisations or bodies that are the subject of sanctions, duly signed by the Client;
- g) *[In the case of the Discounting of Short-Term Receivables] the original of the anti-corruption declaration, duly signed by the Client;
- h) *[In the case of the Discounting of Supplier's Credit] based on the provisions set out in the OECD Council Recommendation on Bribery and Officially Supported Export Credits, the transaction is relevant as defined in the Recommendation and the participants therein as specified by the Bank declare that they or the persons acting on their behalf have not participated in an Act of Corruption in relation to the export transaction, the receivables discounting or MEHIB insurance;
- i) the original copy of the Client's valid deed of foundation, or a duplicate copy thereof subject to presentation of the original, or its valid e-authentic deed of foundation taken from the e-file;
- j) if its deed of foundation so requires, the original copy of the resolution of the Client's approval body, or a duplicate copy thereof subject to presentation of the original, approving the fact that the Client, or the representative (authorised proxy) acting on behalf of the Client, is authorised to conclude the given Contract.
- k) the original copy of the Client's authenticated (i.e. issued by a company court or a notary public) certificate of incorporation (in the case of a foreign Client, a public deed furnished with consular authentication or with an apostille evidencing the

Client's existence and its representation; in the case of sole traders, the original copy the official certificate issued by the competent authority "on the certificate on data processed in the registry of sole traders"), not older than 30 (thirty) days, or a duplicate copy thereof subject to presentation of the original, or its e-authentic certificate of incorporation not older than 30 (thirty) days taken from the e-file;

- l) the original copy of the notarised specimen signature, sample signature or sample e-authentic signature of the persons authorised to make declarations in connection with the Contract, or the evidencing of the right to sign and of the presentation of the signature in some other manner acceptable to the Bank.
- m) the original copy, or a duplicate copy identical to the original, of the Foreign Trade Contract suitable for the purchase of receivables;
- n) *[In the case of the Discounting of Supplier's Credit, or if, based on the Contract, the Discounting of Short-Term Receivables is subject to the Govt. Decree] the Foreign Trade Contract meets the definition of a foreign trade contract under the Govt. Decree; and
- o) *[In the case of the Discounting of Supplier's Credit] the Client completes, and the Bank approves, the environmental protection statement and questionnaire;

5.2. At the time of conclusion of the Contract, there may not be any:

- a) reason for exclusion with regard to the Client as specified in Annex 1/B of the Business Regulations with respect to the exporter,
- b) reason for exclusion with regard to the Buyer as specified in Annex 1/B of the Business Regulations with respect to the debtor,
- c) reason for exclusion with regard to the Opening Bank as specified in Annex No. 1/B of the Business Regulations, and
- d) reason for exclusion as specified in Annex 2 of the Business Regulations in respect of the transaction constituting the object of the Foreign Trade Contract.

5.3. The Contract may specify additional or different conditions of contract conclusion from these GTC.

5.4. For the purposes of these GTC, any conduct committed either in the territory of Hungary or abroad that tallies with the legal definition of any one or more of the following shall be deemed an Act of Corruption:

1.) certain crimes against public justice and crimes against international justice as defined in the Old Btk. (chapter XV, sections VII and VIII), i.e.,

- **bribery,**
- misprision of bribery,
- trading in influence,
- indirect corruption,
- persecution of whistleblowers,
- bribery in international relations,
- trading in influence and buying influence in international relations,
- failure to report bribery in international relations,

2.) certain corruption offences defined in the Btk. (chapter XXVII), i.e.,

- bribery,
- passive corruption,
- active corruption of public officials,

- passive corruption of official bribery,
- active corruption in court or regulatory proceedings,
- passive corruption in court or regulatory proceedings,
- failure to report a corruption offence,
- indirect corruption,
- trading in influence,

and, in the case of conduct governed by the jurisdiction of another country, this is understood to include the active corruption of a foreign and/or domestic official, the passive corruption of a foreign and/or domestic official, and – if it is classed as a criminal offence under the applicable governing law – any active or passive economic bribery.

6. LIMIT KEPT AVAILABLE FOR THE DISCOUNTING AND PURCHASE OF RECEIVABLES

6.1. The Bank shall keep available for the Client the Limit of the amount specified in the Contract and for the commitment period specified in the Contract.

6.2 The Bank shall discount the Receivables against the Limit following the fulfilment of the preconditions of drawdown. The amount of payments made to the Client as a result of discounting will reduce the available Limit.

6.3 If, based on the Contract, the Limit is of a revolving nature, the Limit will be replenished by the amount paid to the Bank under the discounted Receivable; in other cases, the settled Receivable will not increase the amount of the Limit

7. DISCOUNTING OF THE RECEIVABLES

7.1 Initiating the discounting of the Receivable(s)

7.1.1 The Client may initiate the discounting of the receivable concerned by submitting the correctly completed drawdown notice to the Bank.

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

- a) it should be submitted no later than on the 5th (fifth) Working Day preceding the expiry of the commitment period with respect to the Limit;
- b) it should be submitted on the form attached as an annex to the Contract.

7.1.3. The Client may submit a drawdown request if the preconditions for drawdown are met. The preconditions for drawdown to be fulfilled only before the first drawdown are set out in section 7.2 of these GTC, while the conditions to be fulfilled as preconditions for all drawdowns, i.e. the first and subsequent drawdowns, are set out in section 7.3 of these GTC. The Contract may specify additional or different conditions from these GTC in respect of either the first or any further drawdown.

7.1.4. In the case of individual-receivable discounting, a single Receivable will be discounted on the basis of the Contract. Prior to the drawdown request to be submitted in connection with this Receivable, the Client is obliged to fulfil the first and the general preconditions for drawdown.

7.1.5. If the preconditions for drawdown specified in the GTC or the Contract are not met, the Bank is entitled to refuse to fulfil the Client's drawdown request.

7.2 Preconditions for the first drawdown

The Client may submit a drawdown request for the first time after the following conditions have been fulfilled.

7.2.1 Preconditions for the first drawdown if, in the case of the Discounting of Short-Term Receivables, payment of the Receivable(s) is secured by MEHIB Insurance

The Client may submit a drawdown request for the first time after the following conditions have been fulfilled, provided that, in the case of the Discounting of Short-Term Receivables, payment of the Receivable(s) is secured by MEHIB Insurance:

- a) an original certificate of no overdue public debts in respect of the Client issued by NAV no more than 30 (thirty) days previously, or the evidencing of the same from some other certified public NAV records, is submitted to the Bank,
- b) the right of representation of the person signing on behalf of the Buyer and the authenticity of the signature have been verified in the manner chosen by the Bank from the following methods:
 - i. in a legal opinion issued by an independent law firm,
 - ii. through signature authentication by a domestic or foreign notary public,
 - iii. in an encrypted SWIFT message from the partner bank,
 - iv. through signature authentication made or a certificate issued by a Hungarian foreign representation office (embassy, consulate) authorised by the relevant legislation,
 - v. in a statement of confirmation issued by the Bank's foreign representative office,
 - vi. based on personal identification carried out at the Bank's registered office or at one of its branches (through personal identification documents and an original certificate of incorporation certifying the right to sign or a company document permitted by the relevant foreign statutory regulations)
 - vii. in other ways specified by the Bank,
- c) the Client provides the Bank with the data of the users registered in the Loan Collateral Register, as requested by the Bank,
- d) the fact of the factoring and the data necessary for the registration of the factoring have been duly recorded in the Loan Collateral Register;

7.2.2 Preconditions for the first drawdown if, in the case of the Discounting of Short-Term Receivables, payment of the Receivable(s) is secured by a letter of credit or bank guarantee

The Client may submit a drawdown request for the first time after the following conditions have been fulfilled, provided that, in the case of the Discounting of Short-Term Receivables, payment of the Receivable(s) is secured by a letter of credit or bank guarantee:

- a) an original certificate of no overdue public debts in respect of the Client issued by NAV no more than 30 (thirty) days previously, or the evidencing of the same from some other certified public NAV records, is submitted to the Bank,

- b) *[in the case of a bank guarantee] the right of representation of the person signing on behalf of the Buyer and the authenticity of the signature have been verified in the manner chosen by the Bank from the following methods:
 - i. in a legal opinion issued by an independent law firm,
 - ii. through signature authentication by a domestic or foreign notary public,
 - iii. in an encrypted SWIFT message from the partner bank,
 - iv. through signature authentication made or a certificate issued by a Hungarian foreign representation office (embassy, consulate) authorised by the relevant legislation,
 - v. in a statement of confirmation issued by the Bank's foreign representative office,
 - vi. based on personal identification carried out at the Bank's registered office or at one of its branches (through personal identification documents and an original certificate of incorporation certifying the right to sign or a company document permitted by the relevant foreign statutory regulations)
 - vii. in other ways specified by the Bank,
- c) the Client provides the Bank with the data of the users registered in the Loan Collateral Register, as requested by the Bank,
- d) the fact of the factoring and the data necessary for the registration of the factoring have been duly recorded in the Loan Collateral Register;
- e) *[in the case of a letter of credit], the Client has provided the Bank with all the documents necessary for the enforcement of the letter of credit,
- f) *[in the case of a letter of credit], the Opening Bank has confirmed to the Bank the acceptance of the documents prescribed in the letter of credit.
- g) *[in the case of a bank guarantee] the receivable arising from the bank guarantee has been – as per the choice of the Bank – transferred or assigned in favour of the Bank, in accordance with the terms of the bank guarantee; and
- h) *[in the case of a bank guarantee], the Client has provided the Bank with all the documents necessary for the enforcement of the bank guarantee.

7.2.3 Preconditions for the first drawdown in the case of Supplier's Credit Discounting

The Client may submit a drawdown request for the first time after the following conditions have been fulfilled:

- a) an original certificate of no overdue public debts in respect of the Client issued by NAV no more than 30 (thirty) days previously, or the evidencing of the same from some other certified public NAV records, is submitted to the Bank,
- b) the right of representation of the person signing on behalf of the Buyer and the authenticity of the signature have been verified in the manner chosen by the Bank from the following methods:
 - i. in a legal opinion issued by an independent law firm,
 - ii. through signature authentication by a domestic or foreign notary public,
 - iii. in an encrypted SWIFT message from the partner bank,
 - iv. through signature authentication made or a certificate issued by a Hungarian foreign representation office (embassy, consulate) authorised by the relevant legislation,
 - v. in a statement of confirmation issued by the Bank's foreign representative office,
 - vi. based on personal identification carried out at the Bank's registered office or at one of its branches (through personal identification documents and

- an original certificate of incorporation certifying the right to sign or a company document permitted by the relevant foreign statutory regulations)
 - vii. in other ways specified by the Bank,
 - c) the Client provides the Bank with the data of the users registered in the Loan Collateral Register, as requested by the Bank,
 - d) the fact of the factoring and the data necessary for the registration of the factoring have been duly recorded in the Loan Collateral Register,
 - e) a legal opinion issued by a law firm whose registered office is in the Buyer's country of residence and that is acceptable to the Bank, confirming the validity and enforceability of the Contract, and
 - f) the Advance paid by the Buyer to the Client's account has been confirmed for the Bank through presentation of the relevant bank statement.

7.2.4 *Preconditions for the first drawdown in other cases*

In cases other than those specified in sections 7.2.1-7.2.3, the Client may submit a drawdown request for the first time after the following conditions have been fulfilled:

- a) an original certificate of no overdue public debts in respect of the Client issued by NAV no more than 30 (thirty) days previously, or the evidencing of the same from some other certified public NAV records, is submitted to the Bank,
- b) the right of representation of the person signing on behalf of the Buyer and the authenticity of the signature have been verified in the manner chosen by the Bank from the following methods:
 - i. in a legal opinion issued by an independent law firm,
 - ii. through signature authentication by a domestic or foreign notary public,
 - iii. in an encrypted SWIFT message from the partner bank,
 - iv. through signature authentication made or a certificate issued by a Hungarian foreign representation office (embassy, consulate) authorised by the relevant legislation,
 - v. in a statement of confirmation issued by the Bank's foreign representative office,
 - vi. based on personal identification carried out at the Bank's registered office or at one of its branches (through personal identification documents and an original certificate of incorporation certifying the right to sign or a company document permitted by the relevant foreign statutory regulations)
 - vii. in other ways specified by the Bank,
- c) the Client provides the Bank with the data of the users registered in the Loan Collateral Register, as requested by the Bank,
- d) the fact of the factoring and the data necessary for the registration of the factoring have been duly recorded in the Loan Collateral Register.

7.3 General preconditions of drawdown

The following preconditions for drawdown must be met prior to each drawdown, in order for the Client to submit a drawdown request.

7.3.1 General preconditions for drawdown if, in the case of the Discounting of Short-Term Receivables, payment of the Receivable(s) is secured by MEHIB Insurance.

The Client may submit a drawdown request after the following conditions have been fulfilled, provided that, in the case of the Discounting of Short-Term Receivables, payment of the Receivable(s) is secured by MEHIB Insurance:

- a) The Client or the Buyer has no overdue debts to the Bank.
- b) there has been no breach of contract or any such circumstance as gives the Bank grounds for exercising its right to termination or suspension,
- c) the Collaterals stipulated in the Contract have been established and still exist and the Client has fulfilled its obligations related thereto;
- d) there is no reason for exclusion with regard to the Client as specified in Annex No. 1/B of the Business Regulations with respect to the exporter which must be complied with in the case of drawdowns as well,
- e) there is no reason for exclusion with regard to the Buyer as specified in Annex No. 1/B of the Business Regulations with respect to the debtor which must be complied with in the case of drawdowns as well,
- f) there is no reason for exclusion as specified in Annex No. 2 of the Business Regulations in respect of the transaction constituting the object of the Foreign Trade Contract,
- g) neither the Loan Collateral Register nor the Pledge Register – with the exception of entries made in favour of the Bank – contains any entry regarding transfer for pledge, factoring or collateral purposes in respect of the Receivable(s) arising from the Foreign Trade Contract and the MEHIB Insurance. At the time of the first drawdown, prior to submitting the Drawdown Request, the Client must, in respect of the Receivable(s) arising from the Foreign Trade Contract,
 - erase or cause to be erased from the Loan Collateral and the Pledge Register any transfer entry of a pledge, factoring or collateral purpose made in favour of a third party, or
 - submit to the Bank the waiver declarations of third parties made in favour of the Bank in respect of any transfer entry entered in the Loan Collateral and the Pledge Register for pledge, factoring or collateral purposes made in favour of a third party,
- h) the Client has sent to the Bank the original drawdown request prepared in full compliance with the sample constituting an annex to the Contract, duly signed by the Client,
- i) the Client has sent to the Bank the original copy of the Notification on Forfeiting prepared on the basis of the sample attached to the Contract, duly signed by the Client, sent to and certifiably received by the Buyer,
- j) the Bank has received the original copy of the Statement of Acknowledgment prepared on the basis of the sample attached to the Contract, duly signed by the Buyer,
- k) the Insurance Contract is valid and in force,
- l) the credit limit assigned by MEHIB to the Buyer in respect of the Receivable requested to be discounted is valid at the time of delivery, and it has not been withdrawn or suspended by MEHIB,
- m) with the Receivable requested to be discounted, the amount of the receivables covered by MEHIB does not exceed the sum total of the credit limit valid at the time of delivery, with the proviso that the Bank agrees to deliveries above the limit set by MEHIB for the Buyer, although it reserves the right to refuse to discount

- Receivables above the limit, and, in the case of multiple deliveries, it discounts the Receivable arising from the earliest delivery,
- n) if a separate limit-validity or insurability condition has been stipulated in the Insurance Contract, the limit-validity condition stipulated by MEHIB in the limit notification or the insurability condition set out in the policy constituting an integral part of the Insurance Contract has been fulfilled,
 - o) no threat of loss or damage event specified in the relevant MEHIB GTC has occurred,
 - p) * [if Discounting of Short-Term Receivables is not covered by the Govt. Decree] the original copy or original duplicate copy of the certificate or proof of Hungarian origin issued by the chamber with jurisdiction and competence with respect to the delivered Hungarian products – i.e. the Hungarian Chamber of Commerce and Industry or the National Chamber of Agriculture – in compliance with the conditions set by MEHIB, and
 - q) * [if Discounting of Short-Term Receivables is covered by the Govt. Decree] the original copy or original duplicate copy of the certificate or proof of Hungarian origin issued by the chamber with jurisdiction and competence with respect to the delivered Hungarian products – i.e. the Hungarian Chamber of Commerce and Industry or the National Chamber of Agriculture – in compliance with the provisions of the Govt. Decree and the conditions set by MEHIB.

7.3.2 General preconditions for drawdown if, in the case of the Discounting of Short-Term Receivables, payment of the Receivable(s) is secured by a letter of credit or bank guarantee.

The Client may submit a drawdown request after the following conditions have been fulfilled, provided that, in the case of the Discounting of Short-Term Receivables, payment of the Receivable(s) is secured by a letter of credit or bank guarantee:

- a) the Client has no overdue debts to the Bank,
- b) there has been no breach of contract or any such circumstance as gives the Bank grounds for exercising its right to termination or suspension,
- c) the Collaterals stipulated in the Contract have been established and still exist and the Client has fulfilled its obligations related thereto;
- d) there is no reason for exclusion with regard to the Client as specified in Annex No. 1/B of the Business Regulations with respect to the exporter which must be complied with in the case of drawdowns as well,
- e) there is no reason for exclusion with regard to the Buyer as specified in Annex No. 1/B of the Business Regulations with respect to the debtor which must be complied with in the case of drawdowns as well,
- f) there is no reason for exclusion with regard to the Opening Bank as specified in Annex No. 1/B of the Business Regulations which must be complied with in the case of drawdowns as well,
- g) there is no reason for exclusion as specified in Annex No. 2 of the Business Regulations in respect of the transaction constituting the object of the Foreign Trade Contract,
- h) neither the Loan Collateral Register nor the Pledge Register – with the exception of entries made in favor of the Bank – contains any entry regarding transfer for pledge, factoring or collateral purposes in respect of the Receivable(s) arising from the Foreign Trade Contract. At the time of the first drawdown, prior to submitting the Drawdown Request, the Client must, in respect of the Receivable(s) arising from the Foreign Trade Contract,

- erase or cause to be erased from the Loan Collateral and the Pledge Register any transfer entry of a pledge, factoring or collateral purpose made in favour of a third party, or
 - submit to the Bank the waiver declarations of third parties made in favour of the Bank in respect of any transfer entry entered in the Loan Collateral and the Pledge Register for pledge, factoring or collateral purposes made in favour of a third party,
- i) the Client has sent to the Bank the original drawdown request prepared in full compliance with the sample constituting an annex to the Contract, duly signed by the Client,
 - j) an appropriate limit set by the Bank for the Opening Bank and the Guarantor Bank is available, and
 - k) the Client has submitted to the Bank the documents stipulated in the letter of credit or the guarantee as well as the documents certifying the fulfilment of the conditions specified therein.

7.3.3 *General preconditions for drawdown in the case of Supplier's Credit Discounting*

The Client may submit a drawdown request after the following conditions have been fulfilled:

- a) The Client or the Buyer has no overdue debts to the Bank.
- b) there has been no breach of contract or any such circumstance as gives the Bank grounds for exercising its right to termination or suspension,
- c) the Collaterals stipulated in the Contract have been established and still exist and the Client has fulfilled its obligations related thereto;
- d) there is no reason for exclusion with regard to the Client as specified in Annex No. 1/B of the Business Regulations with respect to the exporter which must be complied with in the case of drawdowns as well,
- e) there is no reason for exclusion with regard to the Buyer as specified in Annex No. 1/B of the Business Regulations with respect to the debtor which must be complied with in the case of drawdowns as well,
- f) no reason for exclusion as specified in Annex No. 2 of the Business Regulations exists in respect of the transaction constituting the object of the Foreign Trade Contract,
- g) neither the Loan Collateral Register nor the Pledge Register – with the exception of entries made in favour of the Bank – contains any entry regarding transfer for pledge, factoring or collateral purposes in respect of the Receivable(s) arising from the Foreign Trade Contract and the MEHIB Insurance. At the time of the first drawdown, prior to submitting the Drawdown Request, the Client must, in respect of the Receivable(s) arising from the Foreign Trade Contract,
 - erase or cause to be erased from the Loan Collateral and the Pledge Register any transfer entry of a pledge, factoring or collateral purpose made in favour of a third party, or
 - submit to the Bank the waiver declarations of third parties made in favour of the Bank in respect of any transfer entry entered in the Loan Collateral and the Pledge Register for pledge, factoring or collateral purposes made in favour of a third party,
- h) the Client has sent to the Bank the original drawdown request prepared in full compliance with the sample constituting an annex to the Contract, duly signed by the Client,

- i) the Client has sent to the Bank the original or duplicate copy of the Notification on Forfaiting prepared on the basis of the sample attached to the Contract, duly signed by the Client, sent to and received by the Buyer in a verifiable manner,
- j) the Bank has received the original or duplicate copy of the Statement of Acknowledgment prepared on the basis of the sample attached to the Contract, duly signed by the Buyer,
- k) the Insurance Contract is valid and in force,
- l) the Client certifies to the Bank that the credit limit assigned by MEHIB to the Buyer in respect of the Receivable requested to be discounted is valid at the time of delivery, and it has not been withdrawn or suspended by MEHIB,
- m) the Client certifies to the Bank that with the Receivable requested to be discounted, the amount of the receivables covered by MEHIB does not exceed the sum total of the credit limit valid at the time of delivery,
- n) if a separate limit validity or insurability condition has been stipulated in the Insurance Contract, the Client certifies to the Bank that the limit validity conditions stipulated by MEHIB in the limit notification or other insurability conditions set out in the policy constituting an integral part of the Insurance Contract have been fulfilled,
- o) no threat of loss or damage event specified in the relevant MEHIB GTC has occurred,
- p) the original or original duplicate of the Hungarian certificate or proof of origin issued by the chamber with jurisdiction and competence with respect to the delivered Hungarian products – i.e. the Hungarian Chamber of Commerce and Industry or the National Chamber of Agriculture – in compliance with the provisions of the Govt. Decree and by the conditions set by MEHIB.

7.3.4 Preconditions for the first drawdown in other cases

In cases other than those specified in sections 7.2.1-7.2.3, the Client may submit a drawdown request for the first time after the following conditions have been fulfilled:

- a) The Client or the Buyer has no overdue debts to the Bank,
- b) there has been no breach of contract or any such circumstance as gives the Bank grounds for exercising its right to termination or suspension,
- c) the Collaterals stipulated in the Contract have been established and still exist and the Client has fulfilled its obligations related thereto;
- d) there is no reason for exclusion with regard to the Client as specified in Annex No. 1/B of the Business Regulations with respect to the exporter which must be complied with in the case of drawdowns as well,
- e) there is no reason for exclusion with regard to the Buyer as specified in Annex No. 1/B of the Business Regulations with respect to the debtor which must be complied with in the case of drawdowns as well,
- f) there is no reason for exclusion as specified in Annex No. 2 of the Business Regulations in respect of the transaction constituting the object of the Foreign Trade Contract,
- g) *[if the discounting is covered by the Govt. Decree] the original or original duplicate of the Hungarian certificate or proof of origin issued by the chamber with jurisdiction and competence with respect to the delivered Hungarian products – i.e. the Hungarian Chamber of Commerce and Industry or the National Chamber of Agriculture – in compliance with the provisions of the Govt. Decree,
- h) neither the Loan Collateral Register nor the Pledge Register – with the exception of entries made in favour of the Bank – contains any entry regarding transfer for

pledge, factoring or collateral purposes in respect of the Receivable(s) arising from the Foreign Trade Contract. At the time of the first drawdown, prior to submitting the Drawdown Request, the Client must, in respect of the Receivable(s) arising from the Foreign Trade Contract,

- erase or cause to be erased from the Loan Collateral and the Pledge Register any transfer entry of a pledge, factoring or collateral purpose made in favour of a third party, or

- submit to the Bank the waiver declarations of third parties made in favour of the Bank in respect of any transfer entry entered in the Loan Collateral and the Pledge Register for pledge, factoring or collateral purposes made in favour of a third party,

- i) the Client has sent to the Bank the original drawdown request prepared in full compliance with the sample constituting an annex to the Contract, duly signed by the Client,
- j) the Client has sent to the Bank the original copy of the Notification on Forfaiting prepared on the basis of the sample attached to the Contract, duly signed by the Client, sent to and received by the Buyer in a verifiable manner, and
- k) the Bank has received the original copy of the Statement of Acknowledgment prepared on the basis of the sample attached to the Contract, duly signed by the Buyer,

7.4 Discounting of Receivable(s)

The Bank examines the drawdown request and the fulfilment of the preconditions for drawdown and, if satisfied, sends to the Client a confirmation on the discounting of the Receivable(s) offered for sale (a sample of which is attached to the Contract), and at the same time transfers the discounted value of the Receivable(s) – calculated in accordance with clause 9.11.2 of the GTC – to the Client's account indicated in the drawdown request.

7.5 Collection of Receivables, settlement of the amounts received

7.5.1 The Receivable(s) are collected by the Bank. Beyond the period between the Forfaiting Day and the expiry of the given Receivable(s), the Bank shall take into account an additional period of 5 (five) Working Days in relation to the Receivable(s) for the technical implementation of the collection, which is not considered a delay.

7.5.2 If the Buyer or the Opening Bank does not pay any of the Receivables in accordance with the provisions of the Foreign Trade Contract, the Bank is entitled to take measures against the Buyer or the Opening Bank, and to enforce the Collateral(s).

7.5.3 The payments (i) made by the Buyer, (ii) made by the Opening Bank (iii) made by the guarantor bank, (iv) made by MEHIB or (v) received from the enforcement of other Collaterals shall be accounted primarily for the discounted claims, then for the due claims of the Bank against the Client under the Contract.

7.5.4 After the above deductions, the Bank shall make the remaining amount available to the Client by the 5th (fifth) Working Day following the day when the above-mentioned received amounts are credited.

8. LIABILITY FOR DISCOUNTED CLAIMS

8.1 The Contract specifies if the Receivable(s) is (are) discounted with or without recourse. The Parties state that if the Receivable(s) are purchased without recourse, in the event of default by the Buyer or the Opening Bank, the Bank shall not be obliged to re-assign the claim to the Client, and the Client will not be obliged to reimburse the amount received, so the discounting of the Receivable is implemented based on a special factoring contract different from the one defined in Section 6:405 of the Civil Code.

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

8.3 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:

- a) the Client has violated his warranty undertaking or commitment made under the Contract or these GTC, or
- b) the Client has violated any of its obligations undertaken in the Foreign Trade Contract, or
- c) *[In the case of a MEHIB Insurance] MEHIB suspends the insurance of the liabilities for a reason attributable to the Client or refuses to fulfil its indemnification obligation for the same reason (release or exclusion), or
- d) 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).

8.4 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 for damage equals the aggregate amount of the discounted claim not paid to the Bank – including the amount of the indemnification which has not been paid by MAHIB –, and the amount of the default interest calculated from the due date of the claim, at the rate specified in the Contract.

9. FEES, COSTS, PUBLIC DEBTS, DEFAULT INTEREST

9.1 Forfeiting fee /Discount rate

9.1.1 The Bank charges a forfeiting fee, otherwise known as a discount rate, for the Discounting of Receivables.

9.1.2 The forfeiting fee will be determined using the following set of equations:

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

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

(...)

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

(...)

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

where:

\acute{E}_0 : the price of the receivable

\acute{E}_N : the nominal value

N: the number of interest periods in the entire Term

K: the annual discount interest rate

D_0 : the Day of Forfeiting

D_N : the expiry date of the Term

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

i: the number of the current interest period

9.1.3 Unless provided otherwise by the Contract, the number of interest periods per year is 2 (two).

9.2 Commitment fee

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

$$\frac{\text{commitment fee annual \% x amount kept available x number of calendar days}}{36,000}$$

9.2.2 The commitment fee shall be due as from the initial day of commitment, on the last Working 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.

9.3 One-off fee

A fee charged as a consideration for the one-off operating costs of the Bank incurred in connection with its purchasing of receivables financial service.

9.4 Contract amendment fee

In the case of Supplier's Credit Discounting, in relation to any amendment of the Contract (e.g. extension, modification of the amount of the Limit, the restructuring of the system of collaterals, etc.) initiated by the Client, the Bank may charge a one-off contract amendment fee in order to cover the increased risk and/or the handling and administration costs.

9.5 Underwriting fee

9.5.1 If the Bank discounts the Receivable(s) alongside MEHIB Insurance, and the Bank is the insured party under the Insurance Contract, then the Client is obliged to reimburse the Bank for the insurance premium charged by MEHIB, as an underwriting fee.

9.5.2 If the Bank discounts the Receivable(s) alongside MEHIB Insurance, and the Client is the insured party under the Insurance Contract, then the Client is obliged to pay the MEHIB Insurance premium directly to MEHIB, or it may stipulate in the drawdown request that the Bank withhold the insurance premium, pay it on behalf of the Client and settle it retrospectively.

9.6 Fees related to the processing of letters of credit

9.6.1 If the Client has offered a letter of credit to the Bank as Collateral, the Client shall be obliged to pay the Bank the fees related to prior notification and avalising, the preliminary document verification, the use and amendment of the letter of credit as well as the transfer of the letter of credit to another credit institution, unless the provisions of the letter of credit stipulate that all the above charges are to be borne by the Buyer.

9.6.2 If, in the course of payment under the letter of credit, the amount reduced by the commissions charged by the Opening Bank and/or the intermediary banks is transferred to the Bank, the Client shall pay the Bank the difference as past-on banking costs.

9.7 Fees related to the use of the guarantee

If the Client has offered a guarantee to the Bank as Collateral, the Client shall be obliged to pay the Bank the fees related to the avalising, amendment and drawdown of the guarantee.

9.8 Costs

9.8.1 All costs incurred in connection with the valid conclusion of the Contract – especially, but not exclusively with the entry (entries) in the Loan Collateral Register and the amendment(s) – its execution and enforcement, as well as the determination of the value of the Collaterals, as well as the maintenance, management, insurance and verification thereof, including their review by an expert appointed by the Bank and their enforcement, shall be borne by the Client, unless such costs can be passed on to a third party (e.g. MEHIB). Costs arising in connection with the maintenance of Collaterals comprise the Insured's share under the Insurance Contract of the costs arising in the course of performing damage prevention, damage mitigation and damage collection obligations deemed necessary by MEHIB.

9.8.2 Client shall, within 3 (three) Working Days from the date of receipt of the Bank's written demand, 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.

9.9 Payment of VAT

All considerations payable by the Client under the Contract are to be understood to be 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.

9.10 Default interest

The Client shall pay default interest on its overdue debts (generally fee debts), starting from the due date until the day of actual payment. The default interest is to be calculated by applying the default interest rate expressed as a percentage of the amount of the outstanding debt.

9.11 Rate and payment of fees, costs and VAT

9.11.1 The discount interest rate, fees and default interest rates are included in the Contract or, in the absence of a contractual provision on the matter, in the List of Terms and Conditions.

9.11.2 As a general rule, the fees, costs and VAT payable by the Client shall be paid by offsetting, i.e. the amount concerned will be deducted by the Bank from the nominal value of the Receivable(s). The Client is obliged to pay the commitment fee, the one-off fee, as well as the fees, costs, default interest and VAT incurred after disbursement on the basis of the invoice or payment notice issued by the Bank, within the payment deadline indicated on the invoice.

9.11.3 If it is necessary to convert the fees and costs into another currency, the Bank shall perform the conversion based on the MNB exchange rate valid on the day of disbursement and/or the issuing of the invoice.

10. COLLATERALS

10.1 General obligations

10.1.1 The Bank, in order to ensure the repayment or payment of its claims arising from the Contract, is entitled to request, as an accessory obligation, especially the following Collaterals:

- a) the assignment or pledging of the receivables arising from the MEHIB Insurance or the conclusion of a co-insurance relationship with the involvement of the Bank as a co-insured party,
- b) letter of credit,
- c) guarantee (especially, but not exclusively, a bank guarantee),
- d) suretyship,
- e) pledge,
- f) collateral deposit,
- g) assignment for security purposes,
- h) purchase right (call option) for security purposes,
- i) netting within the balance sheet,
- j) bill of exchange.

10.1.2 The Bank may request several Collaterals at the same time, each of which – in the absence of a contractual provision to the contrary – shall serve as collateral for the entire amount of the Bank's claim. Until the security is provided or the provided security is supplemented at the Bank's request, the Bank is entitled to suspend the performance of any payment obligations that it may have towards the Client. The Bank shall not be liable for any losses sustained by the Client or other persons as a result of this.

10.1.3 When stipulating the Collateral, the Bank is entitled to determine – in the manner stated in its internal regulations – the value at which it will recognise the various Collaterals.

10.1.4 The Client shall, as security for the fulfilment of the Client's obligation to pay all payment obligations imposed on it under the Contract, provide the Bank with the Collaterals specified in the Contract.

10.1.5 The Client shall take all necessary measures to ensure that the Collaterals stipulated in the Contract are established, maintained and enforceable, their value is preserved, and that they are provided to the Bank within the specified deadlines. If the Client fails to comply with this obligation and thereby prejudices the existence, value and enforceability of the Collaterals, 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.

10.1.6. The Client shall immediately inform the Bank about any such circumstances as have a negative impact on the value or enforceability of the Collaterals, as well as about any changes that have occurred in the Collaterals. The Client shall replace any assets that have been specified by type and quantity but that have in the meantime been used up or sold, in accordance with the provisions of the Contract and/or the Collateral Contract. The Bank, or an expert commissioned by it, is also entitled to conduct an on-site check to determine whether the Collateral provides adequate coverage for its claims.

10.1.7. The Client shall use, handle, operate, and appropriately safeguard and maintain the assets serving as the objects of the Collateral, as assets that have remained or will be in its possession, in a condition suitable for their appropriate use, and it shall fulfil all its obligations stipulated by law in relation to this.

10.1.8. The Client shall insure the movable and real estate assets serving as the objects of the Collateral for all risks and for their full value, at an insurance company and under conditions acceptable to the Bank, and shall maintain the insurance until all its obligations under the Contract have been met in full. In respect of the insurance contract the Client shall, at the Bank's discretion, either establish in favour of the Bank a mortgage right on the claim outstanding from the insurance company, or assign the claim to the Bank, and it shall indicate the Bank as the beneficiary in the insurance policy, and shall inform the Bank about this by presenting the appropriate documents. The Client shall, within eight days after the payment of each due premium – starting from the conclusion of the insurance contract and throughout the term of the discount – prove to the Bank with a document that it has paid the insurance premium in an appropriate manner. The Bank may entrust the determination of the insurance conditions and the task of verifying the existence of the insurance and the payment of premiums to an expert company designated by it.

The Client may not amend or terminate the insurance contract without the prior written consent of the Bank. The Bank is entitled to use the insurance money (indemnity) transferred by the insurer to reduce the Client's debt before the due date (maturity) of its claim, if the Client does not replace or repair the lost, destroyed or damaged asset. The portion of the indemnity in excess of the Bank's claims shall be due to the Client.

10.1.9. The Client acknowledges that the obligation to provide additional security, which is acceptable to the Bank, arises if

- a) the Collateral provided at the time of contract conclusion is destroyed, lost or damaged,
- b) the Bank is of the opinion that a significant loss in the value of the Collateral relative to the debt outstanding has occurred, based also on any change in the exchange rate,
- c) the value of the cash, securities and/or other financial instrument serving as Collateral falls,
- d) the Bank is of the opinion that there has been a significant deterioration in the Client's management or financial position,
- e) the Contract or Collateral Contract requires it,

- f) the collateral provider subject to the ARE Act participates in the Debt Settlement proceedings as a Client, Co-Client or other obligor, and further, if it makes a declaration in accordance with Section 10 (1) (d) of the ARE Act as another obligor during the proceeding.

10.1.10. If the Client does not perform at the due date, the Bank shall be entitled to exercise its right to foreclosure in respect of any Collateral.

10.1.11. The Client shall ensure that any third person providing security in connection with the Contract fulfils the obligations specified in sections 10.1.5-10.1.6.

10.2 Enforcement of Collaterals

10.2.1 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 Contract, in the individual security contracts and in the laws related to the Collaterals concerned.

10.2.2 If a claim is secured by more than one Collateral, all the Collaterals shall serve as security for the full claim, and the Bank may, within the avenues provided it under the law, decide at its own discretion whether or not to enforce its right to satisfaction from the Collaterals, which of these rights to enforce, and in what order to enforce them.

10.2.3 The Bank shall always settle accounts with the Client in a comprehensive manner with regard to the costs and revenues related to the Collaterals, including the MEHIB Insurance.

11. REPRESENTATIONS, WARRANTY DECLARATIONS AND COMMITMENTS

11.1 The Client's warranties

In order for the Bank to enter into the Contract with the Client, the Client shall make the representations, warranty declarations and commitments listed in this section. The Client acknowledges that the Bank is entering into the Contract on the assumption that the provisions of this section are correct and true.

Upon submission of each disbursement request, the Client shall be deemed to have repeated the declarations made in this section, and to have represented that these declarations and commitments are true and correct and will last for as long as the Bank has or may have any claims against the Debtor under the Contract.

11.2 General representations and commitments of the Client:

11.2.1 Legal status

The Client – with the exception of natural persons and Sovereign and Sub-sovereign Clients – is a business entity validly established and registered in accordance with its personal law, which has the legal capacity to carry on its business activity and all the requisite official permits for doing so.

11.2.2 Rights and authorisations

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

11.2.3 Ownership structure, mergers, acquisitions

- a) The Client shall inform the Bank without delay of any changes in the personnel structure of its business management, the persons endowed with rights of representation or the method of exercising such rights of representation.
- b) The Client makes a commitment to ensure that its legal successors in the case of transformation, merger or demerger will undertake joint and several liability and absolute suretyship in respect of the payment obligations existing under this Contract, and that they will offer the Bank, individually as well as jointly, the same Collaterals as those to which the Bank is entitled under this Contract.

11.2.4 Loan Collateral Register

The Client makes a commitment to report to the Loan Collateral Register without delay any changes in its data recorded in the Loan Collateral Register, to notify the Bank of this fact in writing without delay, to take without delay any measures that are necessary to ensure the registration (validation) of such data changes in the Loan Collateral Register, and to submit to the Bank without delay the documents certifying this fact.

11.2.5 Binding obligations, compliance with the law

The Client's obligations assumed under the Contract, these GTC and the Business Regulations are lawful, valid, binding, enforceable and executable. The signing of the Contract by the Client and the exercise of the rights and fulfilment of the obligations contained in the Contract, these GTC and the Business Regulations does not run counter to the law, the Client's deed of foundation, a court judgment or official decision or any agreement that is binding upon it. The Client makes a commitment to fully comply with all substantial legal rules applicable to it and with its contractual obligations during the term of the Contract.

11.2.6 No proceedings

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

11.2.7 No event of default

None of the events of default or reasons for suspension specified in the Contract or these GTC are present or threatening, and the conclusion of the Contract or the fulfilment of its contents shall not result in the occurrence of any of the events of default or reasons for suspension.

11.2.8 Financial solvency

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

11.2.9 Information

Unless otherwise stated in a written declaration submitted to the Bank:

- a) the financial report submitted to the Bank and all other information provided in relation to the Contract or the Collateral are true, complete and accurate,
- b) since the handover of the information specified in point a), no significant adverse changes have occurred in the Client's business operation, assets or financial situation,
- c) since the handover of the information related to the Collaterals, 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.

11.2.10 Taxes

- a) The Client has no overdue Tax Debt.
- b) In relation Tax Debt, no claims enforcement proceedings have been, or may reasonably be expected to be, instituted against the Client.
- c) The Client makes a commitment to the effect that, within the stipulated deadline, it will repay all its public debts and fulfil all other payment obligations.

11.2.11 No reasons for exclusion

The Client represents that, to the best of its knowledge, there is no

- a) reason for exclusion with regard to it as specified in Annex No. 1/B of the Business Regulations with respect to the exporter,
- b) reason for exclusion with regard to the Buyer as specified in Annex 1/B of the Business Regulations with respect to the debtor,
- c) reason for exclusion with regard to the Opening Bank as specified in Annex No. 1/B of the Business Regulations, and
- d) reason for exclusion as specified in Annex 2 of the Business Regulations in respect of the transaction constituting the object of the Foreign Trade Contract.

The Client shall ensure that it remains fully transparent in its dealings throughout the term of the Contract as per Section 2(4) of the Etv.

11.3 The Client's statements and commitments regarding the Foreign Trade Contract(s)

11.3.1 The Client represents that the Foreign Trade Contract(s) is (are) effective and valid, and represents further that the Foreign Trade Contract(s) has (have) not been amended without the Bank's prior written approval.

11.3.2 The Client represents that when concluding the Foreign Trade Contract(s), it acted with the level of due diligence that may be expected of a specialist company engaged in foreign trade.

11.3.3 The Receivable(s) shall arise from the performance of one or more Foreign Trade Contracts based on which goods that are either partially or fully Hungarian in origin are to be delivered.

11.3.4 The Client represents that all the official permits necessary for the conclusion and performance of the Foreign Trade Contract(s), especially but not exclusively, the necessary environmental protection permit(s), are available or will be acquired in due time.

11.3.5 The Client agrees to fully comply with all its delivery obligations under the Foreign Trade Contract(s).

11.3.6 The Client warrants that it shall conclude and/or has concluded contracts with the third parties collaborating with it in the performance of the Foreign Trade Contracts(s) by providing transport and forwarding services with the level of due diligence that may be expected of a specialist company engaged in foreign trade.

11.3.7 The Client warrants that it shall insure and/or has insured the goods that are the subject of the Foreign Trade Contract(s) with the level of due diligence that may be expected of a specialist company engaged in foreign trade, and that this insurance covers the full range of possible loss events.

11.3.8 The Client represents that it has no overdue or disputed obligations towards the Buyer and that there is no ownership relationship between it and the Buyer.

11.3.9 The Client agrees not to encumber or alienate in any way the Receivable(s) under the Foreign Trade Contract(s) offered to the Bank for discounting.

11.3.10 The Client makes a commitment to the effect that, also after the discounting, it shall fully comply with its obligations arising from the Foreign Trade Contract(s), and take all necessary steps to facilitate the Buyer's performance.

11.4 The Client's representations and commitments regarding the discounting of the Receivable(s)

11.4.1 The Client represents that it has provided the Bank in advance with all information that is material in respect of the receivables purchase.

11.4.1 The Client undertakes only to offer such Receivables for discounting as are based on real, valid and effective commitments and are enforceable in the manner stipulated in the underlying Foreign Trade Contract(s).

11.4.3 The Client agrees only to offer such Receivables for discounting as are free from litigation, encumbrances and claims, over which the Client may dispose freely, and warrants that there shall be no court or regulatory proceedings pending against the Receivables, and that furthermore, the obligor of the Receivables has no counterclaim that might otherwise prejudice the rights of the Bank.

11.4.4 The Client ensures that, at the Bank's request and subject to prior notice, the Bank's technical expert conduct inspections even the site of implementation of the foreign investment, or, in the case of the delivery of goods, even at the establishment of the business entity.

11.4.5 If, when any Receivables fall due, any amount is deducted from the given Receivable by a third party on any legal basis, the Client shall reimburse the amount of such deduction to the Bank.

11.4.6 The Client represents that, to the best of its knowledge, there is currently no threat of a procedure or circumstance as might limit the recovery of the Bank's Receivable(s).

11.4.7 The Client shall inform the Bank in writing of all such circumstances that have come to its attention as may have an impact on either the existence or the enforceability of the Receivable(s).

11.4.8 The Client agrees to execute without delay, at the Bank's notice, all legal or procedural actions related to the enforcement of the assigned Receivable(s) in which the Client's personal co-operation is necessary.

11.5 The Client's representations and commitments related to the Insurance Contract

11.5.1 The Client agrees to provide the Bank, at the Bank's request, with all such information as the Bank may require for the purpose of complying with all of its obligations arising from the Insurance Contract, including in particular all its obligations to provide information to MEHIB.

11.5.2 If MEHIB deducts from the indemnification payable to the Bank the amount corresponding to the Bank's deductible, the Client undertakes to reimburse the Bank for the amount corresponding to the withheld deductible immediately after the payment of the indemnification.

11.6 Commitments related to reporting, verification

11.6.1 Obligations of co-operation and reporting related to the performance of the Foreign Trade Contract and the Buyer's financial situation

During the performance of the Foreign Trade Contract and the Contract, the Client is obliged to co-operate with the Bank, and to inform the Bank of all facts and circumstances relevant to the performance of the Foreign Trade Contract within 2 (two) Working Days from the occurrence of such fact, event or circumstance, including especially but not exclusively a breach of the Foreign Trade Contract committed by either party, or any change concerning the Buyer's solvency or readiness to pay or the collaterals for the receivable, as well as all facts and circumstances that might prevent or hinder the recovery of the receivable discounted by the Bank.

11.6.2 Obligation to provide information related to an Act of Corruption

The Client shall notify the Bank within 2 (two) Working Days of becoming aware of such, if, in connection with the Contract and/or the Foreign Trade Contract(s), it learns of the fact that an Act of Corruption has been committed, or a suspicion of such, or if criminal proceedings related to the commitment of an Act of Corruption are initiated against it, and/or an employee, senior officer, member of the supervisory board, or company manager of the Client, or against any person authorised to represent it, or the proxies of any of such persons, and/or any person otherwise acting on its behalf (including an agent),

or if any such persons are convicted in a criminal procedure, with legally binding effect, of having committed an Act of Corruption.

11.6.3 Obligations to provide information in relation to the Client's financial situation

11.6.3.1 At the Bank's request, the Client shall provide the Bank with any information that it reasonably deems necessary for analysing the Client's financial and economic situation.

11.6.3.2 During each Commitment Period, the Client shall, in each calendar year, provide the Bank with verifiable proof of the fact that it has no overdue tax debts or other public debts collected in the same way as are taxes.

11.6.3.3 The Client shall notify the Bank within 2 (two) Working Days of the provisions set out in the Business Regulations, as well as if

- a) it suspends its payments;
- b) its decision-making body makes a preliminary or final decision on division of the company's assets, or a corporate restructuring that results in a reduction of the Client's assets, a transformation, merger or demerger or an organisational or legal change.
- c) its members' meeting or general meeting has placed insolvency, bankruptcy or winding-up proceedings on its agenda or has otherwise decided to initiate such proceedings;
- d) it is notified of the initiation of liquidation proceedings against it and/or
- e) a negative change has occurred in the business activity or the economic situation of the Client or of a legal entity providing the collateral, which influences the fulfilment of their obligations, or if they have failed to fulfil any of their payment obligations to a third party, including in particular their tax debts, when due;

11.6.4 Obligations to provide information in relation to representations and commitments

The Client shall notify the Bank within 2 (two) Working Days if there is a material change, other than those described above, in any of the representations set out in the Contract or the GTC, and/or if any of the commitments set out in the Contract or in the GTC are not fulfilled, or such circumstances occur, other than those described above, as a consequence of which it will foreseeably not be able to fulfil these commitments.

11.6.5 Assuring access

The Client shall, based on reasonable prior notice, provide the Bank and the experts appointed by the Bank with unrestricted access to its premises, assets and records; additionally, it shall meet the Bank's representatives and discuss with them any issues raised.

11.7 Indemnification, penalty

11.7.1 The Client shall – in addition to any other consequences specified 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.

11.7.2 In the event that the Client fails to fulfil any of its obligations to provide information as stipulated in these GTC or the Contract, and it fails to remedy such omission within 15 (fifteen) calendar days from the receipt of the Bank's notice related thereto, the Bank may

charge a penalty for late performance in the amount of HUF 100,000 (a hundred thousand forints) from the expiry of the deadline until the day of fulfilment of the obligation to provide information (assuming 30-day months). Payment of the penalty for late performance does not exempt the Client from fulfilling its obligation to provide information. In addition to the penalty, the Bank may enforce damages in excess of the penalty.

11.7.3. If the Client breaches its obligation of reporting or co-operation during the process of assessing the application or of the drafting or signing of the Contract, as a result of which the Contract is not signed and the drawdown thereunder does not occur, it shall be fully liable for any damage caused to the Bank as a consequence of the failure of the transaction resulting from the breach of its obligations.

12. TERMINATION AND SUSPENSION OF THE RECEIVABLES DISCOUNTING

12.1 Termination or suspension by the Bank

The Bank may – in addition to the cases specified in Section 6:407 of the Civil Code and in the Business Regulations – terminate this Contract with immediate effect or, at its choice, suspend the discounting of receivables for a period stipulated by it, in the cases specified below:

- a) the Client is late with the fulfilment of any of its payment obligations for more than 5 (five) Working Days,
- b) the Client breaches any of its obligations specified in the Contract and/or the GTC and/or the Business Regulations and fails to remedy the breach – assuming it can be remedied – within 8 (eight) Working Days from the Bank's notice,
- c) due to a deterioration in the Client's or the Buyer's asset position, or to the Client's or the Buyer's breach of contract or withdrawal of collateral, or to a substantial external circumstance affecting the Client's or the Buyer's sphere of interests, the Bank believes that the payment of its receivables discounted under the Contract is endangered,
- d) if the Bank proves that, due to significant changes in their circumstances or those of either the Client or the Buyer after conclusion of the Contract, performance of the Contract can no longer be expected,
- e) the Client or the Buyer misled the Bank by stating untrue facts, concealing data or in any other way, if this had an impact on the conclusion or the content of the Contract or the determination of the amount of the financing,
- f) the Client or the Buyer impedes an investigation relating to its insolvency, to the collateral coverage or security of the financing, or to the implementation of the purpose of the financing – in spite of a warning – including where it breaches a data-provision obligation undertaken in the Contract or stipulated by law,
- g) the breach by the Client of any contract concluded between the Client and the Bank shall also be deemed as a breach of contract with respect to this Contract, and shall give grounds for immediate termination of the Contract by the Bank,
- h) the Client commits a material breach of a contract concluded with any financial institution other than the Bank,
- i) the Collaterals provided for the Contract fall substantially in value, and the Client fails to restore such value at the Bank's notice,

- j) the collateral provider subject to the ARE Act participates in the debt settlement proceedings as a debtor, co-debtor or other obligor, and further, if it makes a declaration in accordance with Section 10 (1) (d) of the ARE Act as another obligor during the proceeding.
- k) the Client fails to fulfil its obligation to preserve, insure, pay premiums on, top up or disclose material circumstances related to the stipulated Collateral, or
- l) an Act of Corruption is suspected, criminal proceedings are instituted or a final judgment has been passed in connection with the Contract and/or the Foreign Trade Contract(s).

If the Bank suspends the discounting of the receivables and the reason for the termination does not cease, the Bank is entitled to terminate the Contract subsequently during the period of suspension for the same reason that led to the suspension.

12.2 Termination (with notice) by the Client

The Client may terminate this Contract at any time, with a notice period of 30 (thirty) days, in respect of any not-yet transferred Receivable(s).

12.3 Common rules applicable to termination by the Client or the Bank

12.3.1 The termination of this Contract shall not affect any Receivable(s) discounted between the Parties up until the day of the termination, and the provisions of this Contract shall continue to be applicable to these. The Parties state that in the event of termination of the Contract, the Bank shall not be obliged to re-assign the receivable to the Client or to reimburse the Client for any incurred fees and costs, and the Client shall not be obliged to repay the nominal value of the Receivable(s) less fees and costs, calculated in accordance with section 9.11.2 of the GTC

12.3.2 Upon termination of the Contract

- a) the Limit shall be cancelled, and
- b) all debts of the Parties to each other shall become immediately due for payment.

12.4 Reservation of rights

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, and such right shall remain in effect without it having to make a separate statement to the effect that it reserves its rights.

13. OTHER TERMS AND CONDITIONS

13.1 Evidence

13.1.1 The amount of the Client's debts outstanding at any time under the Contract shall primarily be determined based on the Bank's business books.

13.1.2 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 also use in any possible claims enforcement proceedings.

13.2 Payments

13.2.1 The Client shall repay its debts outstanding under the Contract (principal, interest, costs, commissions and fees) when due. If the due date of any amount payable under this Contract is not a Working Day, the due date shall be the next Working Day thereafter. If this latter falls on a day following the Maturity Date, then the due date shall be the last Working Day prior to the Maturity Date.

13.2.2 The Client shall fulfil its payment obligation by transfer to the Bank's business account.

13.2.3 The Client's payment obligation shall be deemed fulfilled on the value date of the crediting of the Bank's account, or, if the Bank is notified about the crediting after the value date, on the working 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.

13.3 Transfer of contract

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

13.3.2 The Client may not assign or transfer its rights or obligations under the Contract, the claims arising from the Contract or its Contractual position without the Bank's prior written consent.

13.3.3 By signing the Contract, the Client consents in advance to the Bank's assigning or transferring or encumbering as collateral any of its claims, rights and obligations arising from the Contract as well as its contractual position to a third party. By signing the Contract, the Client expressly consents to the maintenance of the Collaterals provided by it in the event of assignment of the Contract by the Bank, meaning that the third person shall become the subject of the rights and obligations relating to the Collaterals.

13.4 Applicable law, severability, legal disputes

13.4.1 The Contract shall be governed by Hungarian law. With respect to matters not regulated in the Contract, these GTC, the Business Regulations, the Ptk. and the relevant provisions of law shall apply.

13.4.2 The nullity of any section of the Contract shall apply only to the given provision and it shall not entail the nullity of the entire contract.

13.4.3 The Parties will attempt to settle their disputes in an amicable manner. If such attempts fail, Parties shall submit the dispute to the exclusive jurisdiction of the courts of Hungary.

14. ENTIRE AGREEMENT

The Contract contains all terms and conditions of the agreement made between the Bank and the Client in the subject-matter of the Contract, and all prior agreements that are not integrated into the Contract shall become null and void upon the signing of this Contract. Practices or customary actions that were earlier applied or developed by the Parties hereto,

or that are known and followed by parties to similar contracts, shall not constitute a part of the Contract.