



K&H FAKTOR ZRT.

**TERMS AND CONDITIONS OF BUSINESS
AND GENERAL CONTRACTING TERMS AND CONDITIONS**

In effect from 27 May 2020

TABLE OF CONTENTS

PREAMBLE.....	4
1. GENERAL DEFINITIONS	5
2. GENERAL PROVISIONS.....	11
2.1 SCOPE OF THE TERMS AND CONDITIONS OF BUSINESS AND THE STRUCTURE OF CONTRACTS.....	11
2.2 PUBLICATION OF THE TERMS AND CONDITIONS OF BUSINESS.....	11
2.3 AMENDING THE TERMS AND CONDITIONS OF BUSINESS	12
2.4 DISCLOSURE OF AMENDMENTS TO THE TERMS AND CONDITIONS OF BUSINESS	12
2.5 ACCEPTING OR REJECTING THE AMENDED TERMS AND CONDITIONS OF BUSINESS.....	13
3. GENERAL RULES OF BUSINESS RELATIONSHIPS	13
3.1 PARTNER IDENTIFICATION AND REPRESENTATION.....	13
3.2 USING A THIRD-PARTY CONTRIBUTOR.....	15
3.3 COOPERATION BETWEEN THE FACTOR AND THE PARTNER, THE PROVISION OF INFORMATION.....	15
3.4 NOTICES, DELIVERY	17
3.5 FORM OF CONTACT	18
4. EVALUATING APPLICATIONS AND MAKING OFFERS.....	19
4.1 EVALUATING APPLICATIONS.....	19
4.2 OFFERS	19
5. CONCLUDING CONTRACTS, COMING INTO EFFECT, USING SERVICES	19
5.1 FRAMEWORK CONTRACT AND FRAMEWORK AGREEMENT	19
5.2 COMING INTO EFFECT OF THE CONTRACT AND USING SERVICES.....	19
5.3 PREREQUISITE DOCUMENTS.....	20
5.4 ADDITIONAL PREREQUISITES	20
5.5 USING THE FACILITY AMOUNT AND THE PURCHASE OF RECEIVABLES OR FACTORING	21
5.6 DATA REQUIRED FOR THE EXECUTION OF ORDERS.....	21
5.7 COLLATERAL DEPOSIT	22
5.8 CANCELLATION AND MODIFICATION.....	22
5.9 SUSPENDING THE PROVISION OF A SERVICE, TERMINATION	22
6. INTEREST, FEES, COMMISSIONS AND COSTS	24
6.1 CONSIDERATION, ANNOUNCEMENT.....	24
6.2 INTEREST RATE.....	25

6.3	INTEREST PERIOD	25
6.4	INTEREST PAYMENT	26
6.5	ALTERNATIVE REFERENCE INTEREST RATE	26
6.6	LATE INTEREST	26
6.7	COMMITMENT FEE	27
6.8	CONTRACTING FEE, CONTRACT AMENDMENT FEE, EXTENSION FEE AND WAIVER FEE	27
6.9	OTHER FEES, COMMISSIONS AND COSTS APPLIED BY THE FACTOR.....	27
6.10	SPECIFICATION OF FEES, COMMISSIONS AND COSTS	29
7.	PAYMENTS.....	29
7.1	PLACE OF PAYMENT	29
7.2	DATE OF PAYMENT.....	29
7.3	METHOD OF PAYMENT	29
8.	REPRESENTATIONS AND WARRANTIES	30
9.	COVENANTS.....	31
10.	BREACHES OF CONTRACT AND ENFORCEMENT OF RIGHTS, COMPLAINT HANDLING... 34	
10.1	BREACHES OF CONTRACT	34
10.2	ENFORCEMENT OF RIGHTS.....	35
10.3	COLLATERALS	36
10.4	REINVESTIGATION OF PARTNERS / COLLATERALS	38
10.5	COMPLAINT HANDLING	38
11.	TERMINATION OF THE CONTRACT	38
11.1	TERMINATION OF THE CONTRACT	38
12.	THE FACTOR'S LIABILITY	39
13.	DATA PROTECTION, DATA HANDLING, CENTRAL CREDIT INFORMATION SYSTEM.....	40
13.1	DATA PROTECTION AND DATA HANDLING	40
13.2	CENTRAL CREDIT INFORMATION SYSTEM.....	41
14.	MISCELLANEOUS AND CLOSING PROVISIONS.....	43
14.1	MISCELLANEOUS PROVISIONS	43
14.2	LANGUAGES	43
14.3	DISPUTES.....	43

PREAMBLE

K&H Faktor Zrt. is a Hungarian financial enterprise registered by the Court of Registration of the Budapest Metropolitan Court under company registration number Cg. 01-10-046363; its registered office is at 1095 Budapest, Lechner Ödön fasor 9., and its tax number is 14738519-2-43 (hereinafter referred to as the “**Factor**”).

The Factor has been authorized to engage in financial service activities since 31 March 2009 under operating license No. E-I-202/2009, dated 31 March 2009, issued by the Hungarian Finance Supervisory Authority, the predecessor of the MNB’s Financial Supervisory Authority (hereinafter referred to as the “**Supervisory Authority**”). The Factor conducts its activities in compliance with Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises and the prevailing and applicable legal regulations (the financial service activities conducted by the Factor hereinafter collectively referred to as the “**Service**”).

Because of the large number of Services provided by the Factor for its Partners, and also to ensure the fast and accurate fulfilment of the obligations assumed in the contracts between the Partners and the Factor, it is necessary to lay down general rules that are binding on both the Factor and the Partners in the course of all Services.

This is the purpose of these Terms and Conditions of Business and General Contracting Terms and Conditions of the Factor (hereinafter referred to as the “**Terms and Conditions of Business**”), which lay a definite and clear basis for the business relationships between the Factor and the Partners.

1. GENERAL DEFINITIONS

In the Terms and Conditions of Business and the given Partner Contract the terms listed below will have the following meanings, while the terms defined in other parts of the Contract (and set in a different font) will have the meanings ascribed to them there:

“**VAT**”: value added tax.

“**Offer**”: information provided by the Factor for a Partner in respect of one or more Services, which is only valid in writing. The Offer may be indicative (“**Indicative Offer**”), which is not binding on the Factor, or a **Firm Offer**, which is binding on the Factor (within the validity period specified in the Offer) because it is clearly and expressly provided for in the given information.

“**Bank Transfer Fee**”: the fee payable for transfers made by the Factor to the Client. The Factor may charge different fees for transfers made to K&H Bank Zrt. and to other Banks.

“**Detailed Transfer List Fee**”: the fee payable for the detailed list of transfers made by the Factor to the Client.

“**Automated Electronic Document Fee**” the fee payable for sending the types of documents specified in the Framework Contract regularly, in electronic form.

“**Bank Charge**”: see “Bank Transfer Fee”.

“**Insurance Premium**”: the insurance premium and the cost of insurance administration when a credit insurer is involved.

“**Collaterals**”: the collaterals listed in the Partner Contract, pledged by the Partner to the Factor to secure the Partner’s obligations arising from the Contract.

“**Collateral Agreement**”: the contract(s) on Collaterals.

“**BUBOR**”: the Budapest interbank offered rate, expressed as an annual percentage, that is set in accordance with the prevailing provisions of the regulation of the Hungarian FOREX Club, and displayed on the BUBOR page of the Reuters monitor (or, in the absence thereof, on the relevant page of the Telerate monitor). The Partner Contract specifies which of the different BUBOR rates for different maturities is to be applied.

“**Collection-only Fee**”: see “**Receivables Collection and Registration Fee**”: the fee charged for the collection and registration of Receivables in the case of Framework Contracts concluded without financing (where the Factor does not purchase or factor the Receivables for a consideration, and only agrees to handle the collection and administration of the Receivables), including cases where the Receivables are reassigned to the Partner but the Factor continues to handle collection in accordance with the Partner Contract.

“**Individual Information Fee**”: the fee payable for any extra consultation requested by the Client and conducted at a pre-agreed time. The consultation may be conducted by phone, in writing or in person, and may cover any question or problem that arises and cannot be answered using the lists supplied by the Factor or the Client finds the answer difficult to interpret.

“Consideration”: The Partner must pay interest, commission, handling fee and/or other fees for the Services provided and orders executed by the Factor. These are collectively referred to as the Consideration.

“Prerequisite(s)”: any condition(s) specified in the Contract (including, but not limited to, the submission of certain documents, the signing of contracts and statements in a prescribed manner and their coming into effect, and the taking of actions) until the (simultaneous) occurrence of which the Factor does not have to provide Services for the Partner, not even if the Contract has already come into effect.

“Pre-financed Purchase of Receivables or Factoring”: a Service where the Factor buys the receivable from the Partner or factors it before its original maturity date.

“EURIBOR”: the Frankfurt interbank offered rate set in accordance with the prevailing provisions of the applicable regulation of the European Central Bank, and displayed as EURIBOR on the relevant page of the Reuters monitor (or, in the absence thereof, on the relevant page of the Telerate monitor). The Partner Contract specifies which of the different EURIBOR rates for different maturities is to be applied.

“EUR LIBOR”: the London interbank offered rate set in accordance with the prevailing provisions of the applicable regulation of the British Bankers’ Association, and displayed as EUR LIBOR on the relevant page of the Reuters monitor (or, in the absence thereof, on the relevant page of the Telerate monitor). The Partner Contract specifies which of the different EUR LIBOR rates for different maturities is to be applied.

“Euro” or “EUR”: the single currency of the participating Member States (the term **“participating Member States”** refers to the Member States of the European Union that have adopted or will adopt the Euro as their currency in accordance with the laws of the European Union related to the European Economic and Monetary Union).

“Factoring”: in the case of contracts concluded after 15 March 2014, the transaction defined and described in Chapter LVIII of the Civil Code (Act V of 2013).

“Factor”: K&H Faktor Zrt., a Hungarian financial enterprise registered by the Court of Registration of the Budapest Metropolitan Court under company registration number Cg. 01-10-046363; its registered office is at 1095 Budapest, Lechner Ödön fasor 9., and its tax number is 14738519-2-43.

“Factoring Turnover Statement Fee”: the fee payable for any statement requested in addition to, or as a replacement for, the regular monthly statement.

“Factoring Fee”: the fee charged for purchasing/factoring Receivables.

“Parties”: refers to the Partner and the Factor collectively, while **“Party”** refers to the Partner or the Factor individually, or to any person defined as such in any part of the Contract or the Collateral Agreement(s).

“Reminder Fee”: the cost of sending a reminder letter to an Obligor or Client in the case of any overdue Receivables or any debt not repaid in a timely manner, and the related administration costs.

“Supervisory Authority”: the Financial Supervisory Authority of the National Bank of Hungary Magyar (MNB), 1054 Budapest, Szabadság tér 8-9.

“Insolvency”: unless otherwise agreed by the Parties in the individual contract, the Obligor’s insolvency means that liquidation or bankruptcy proceedings have been initiated against the Obligor.

“Lack of Willingness to Pay”: any reason for the Obligor’s nonperformance that is not attributable to Insolvency (including, in particular, payment delays not attributable to the above reasons, commercial disputes, etc.) is regarded by the Parties as a lack of willingness to pay, which the Factor does not assume liability for, and which the Client must indemnify the Factor against.

“Announcement”: The Factor’s own announcement, published in the manner described in applicable law, which contains the various interest rates, fees, commissions and costs and other terms applied by the Factor in the case of the Services. The Announcement forms an annex to the Terms and Conditions of Business. The Announcement is displayed at an easily accessible location on the Factor’s premises open to customers and is posted to the Factor’s website.

“Credit Insurance Limit Appraisal Fee”: the fee payable for credit appraisal, the limit decision and administration if a credit insurer is involved.

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

“Significant” (= “Material”): if any part of the Contract or the Collateral Agreement cites such qualifying circumstances, and the Partner Contract does not contain their exact meaning, the level or degree usually deemed significant/material in the given situation must be taken into account.

“Costs of the Enforcement of Rights”: all the costs and expenses (including attorney’s fees) incurred by the Factor in connection with the enforcement or protection of the Contract and/or of the rights based on collaterals.

“Interest”: the contractual interest and similar fees payable on the basis of the Service.

“Interest Rate”: (= Reference Interest Rate + Interest Margin, or a fixed (invariable) one-sum interest rate). The amount of Interest expressed as an annual percentage.

“Interest Margin”: a value determined by the Factor at its sole discretion – primarily based on the Partner’s risk – and expressed as an annual percentage, which makes up the Interest Rate together with the Reference Interest Rate.

“Framework Contract”: a contract entered into between the Client and the Factor for a Service. The Agreement may form an annex to the Framework Contract.

“Framework Agreement”: a contract entered into between the Obligor and the Factor for a Service.

“Facility Amount”: the maximum amount of the Receivables due from a given Obligor that the Factor will purchase or factor.

“Handling Fee”: the fee charged in connection with the registration and settlement of a Receivable when the Receivable is factored/purchased.

“Purchase of Receivables with Risk Sharing”: a Service where the Client and the Factor share the risk arising from the Obligor’s nonperformance for any reason attributable to Insolvency, in a manner whereby apart from the advance disbursed at the time the Receivable is purchased, the Factor will only have an additional payment obligation if the Obligor performs within a specific period. The Factor does not assume liability for the Lack of Willingness to Pay, which the Client must indemnify the Factor against.

“Risk Assumption Fee”: the fee charged for assuming the Obligor’s payment risk, either in whole or in part, when a Receivable is purchased.

“Purchase of Receivables with Risk Assumption”: a Service where the Factor assumes, in full, the risk arising from the Obligor’s nonperformance for any reason attributable to Insolvency, and after the term ends, the Factor has a settlement obligation toward the Client in the manner and by the deadline specified in the Framework Contract, regardless of the Obligor’s performance. The Factor does not assume liability for the Lack of Willingness to Pay, which the Client must indemnify the Factor against.

“Obligor”: a buyer of the Client (supplier); the Factor purchases or factors the Client’s Receivable due from the Obligor, or pre-finances the Receivable while creating a pledge on it.

“Obligor Limit”: the limit set up by the Factor for a given Partner as Obligor, which shows, in total (i.e., not in respect of a particular supplier), the maximum amount of invoices issued to the Obligor that the Factor will finance.

“Receivable”: any transferable payment claim of the Client against a third party that will fall due or be paid in the future and that is purchased or factored by the Factor. The Receivable may be a deferred payment claim (i) arising out of the supply of goods or the provision of services; (ii) based on a contract or law.

“Purchase of Receivables”: the transactions between the Factor and the Partner under the Framework Contract where if the Obligor fails to perform, the Receivable assigned to the Factor by its Partner is not reassigned by the Factor.

“Receivables Collection and Registration Fee”: the fee charged for the collection and registration of Receivables in the case of Framework Contracts concluded without financing (where the Factor does not purchase or factor the Receivables for a consideration, and only agrees to handle the collection and administration of the Receivables), including cases where the Receivables are reassigned to the Partner but the Factor continues to handle collection in accordance with the Partner Contract.

“Material”: see **“Significant”**.

“Maturity Date”: the cutoff date(s) specified in the Partner Contact by which the Partner must pay any of its debts to the Factor that is (are) due under the Contract, and after which unpaid debts become overdue.

“Purchase of Overdue Receivables”: the Service where the Factor purchases the receivable from the Partner or factors it at or after the original maturity date of the receivable. The Factor does not purchase or factor doubtful receivables within the framework regulated here.

“Overdue Invoice List Fee”: the fee payable for an individually requested reconciliation list (of overdue invoices).

“LIBOR”: the London interbank offered rate applicable to loans in the given currency, set in accordance with the prevailing provisions of the applicable regulation of the British Bankers’ Association, and displayed as LIBOR on the relevant page of the Reuters monitor (or, in the absence thereof, on the relevant page of the Telerate monitor). The Partner Contract specifies which of the different LIBOR rates for different maturities is to be applied.

“Minimum Fee”: based on the agreement concluded with the Client, the Factor may set the minimum amount of Consideration payable by the Client during the period specified in the agreement for the Services provided and orders executed by the Factor. If a Minimum Fee is set, at the end of the specified period the Factor will aggregate the fees and interest paid by the Client to the Factor during the period, and if such aggregate amount is less than the Minimum Fee, the Factor will invoice the Client for the difference.

“Business Day”: any day when the Factor is open for business. In respect of foreign currency transactions it means any day when the Factor is open for business and in the financial centers of the currency in question – where financial settlement is effected in such currency – the financial settlement of payments to be made in the given currency is possible in the generally used settlement systems according to standard banking practice. Any unspecified “day” referred to in any part of the Contract means a calendar day.

“NMK (receivables not advanced) List Fee”: the fee payable for an individually requested reconciliation list (of receivables not advanced).

“Open Receivables List Fee”: the fee payable for an individually requested reconciliation list (of open receivables).

“Partner”: any natural person, business organization with or without legal personality, or other organization that uses or intends to use the Factor’s services.

“Partner’s Affiliates”: any company in respect of which the Partner is entitled at least to a qualifying holding under the prevailing provisions of the act governing the Factor’s operations (at present Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises (“Credit Institutions Act”)), or which has such a holding in the Partner.

“Partner Contract”: means either the Framework Contract or the Framework Agreement.

“Postal Costs”: the costs related to sending mail to the Partner.

“Civil Code”: Act IV of 1959 on the Civil Code; in the case of contracts concluded after 15 March 2014, Act V of 2013 on the Civil Code.

“Registration Fee”: the fee that the Client pays the Factor for handling the collateral registration procedure necessary as a result of, or in connection with, the transaction between the Factor and the Client. The registration fee is charged separately for each collateral registration procedure.

“Reference Interest Rate”, “Benchmark Interest Rate”: the interest rate, expressed as an annual percentage, that serves as the basis for calculating the contractual interest payable on the given Service and is specified in the Partner Contract, in particular the BUBOR, EURIBOR, EUR LIBOR, LIBOR, MNB base rate, K&H Base Rate, or any other reference rate specified by the refinancing financial institution.

“Availability Period”: the period defined as such in the Partner Contract for the purpose of using the Service.

“Express Transfer (VIBER) Fee”: the fee charged by the Factor for an express (same-day) transfer made at the Client’s request.

“Supplier Limit” or “Factoring Limit”: the maximum financing amount that the Factor will grant to the Client within the Availability Period, and against and up to which the Factor will provide advancing/financing for the Client in respect of the Receivables purchased or factored.

“Supplier-Obligor Limit”: the limit set up by the Factor for a given Supplier-Obligor relation, which shows, in respect of the given Supplier, the maximum amount of invoices issued to the Obligor that the Factor will finance.

“Contract”: the total contract documentation entered into between the Factor and the Client in respect of a Service, the inseparable parts of which are the Partner Contract and the Terms and Conditions of Business and all annexes thereto, which together form an integral whole in terms of content, including all amendments and supplements thereto.

“Breach of Contract”: the events defined as such in applicable law or in any part of the Contract, or a violation of any provision of any relevant agreement or contract.

“Total Debt”: all outstanding and unpaid debts the Partner owes the Factor under the Contract (including fees), together with all interest and charges as well as all costs to be borne by the Customer that the Factor incurs in connection with the Contract and the enforcement thereof.

“Further Transfer Fee (= Further Transfer Charge)”: the amount charged by the Factor in the case of Obligor payments financially passing through the Factor, which the Client has not ordered the Factor to purchase or factor.

“Client”: a Partner (supplier) that the Factor provides a Service for by purchasing or factoring their receivables due from a third party (Obligor).

“Terms and Conditions of Business”: this document (the Factor’s Terms and Conditions of Business and General Contracting Terms and Conditions), which forms a clear and definite basis for the legal relationship between the Factor and its Partners. Wherever this document cites the “Terms and Conditions of Business”, it will be regarded by the parties as a reference to the General Contracting Terms and Conditions as well.

“Final Maturity Date”: the last day of the Grace Period following the original due date of the invoice that serves as the basis for the purchased receivable or has been factored.

“Buyer Limit”: see “Obligor Limit”.

“Buyer Limit Utilization List Fee”: the fee payable for an individually requested reconciliation list (of buyer limit utilization rates).

2. GENERAL PROVISIONS

2.1 **SCOPE OF THE TERMS AND CONDITIONS OF BUSINESS AND THE STRUCTURE OF CONTRACTS**

- 2.1.1 The provisions of the Terms and Conditions of Business will apply to any legal relationship between the Factor and any **Client, Obligor or Partner** – whether a natural person, business organization with or without legal personality, or other organization – where the Factor provides (or intends to provide) a Service for the Partner or the Partner uses (or intends to use) the Factor's Service.
- 2.1.2 The Terms and Conditions of Business will also cover all other business relationships where the Factor and the Partner expressly agree to apply the Terms and Conditions of Business.
- 2.1.3 The provisions of the Terms and Conditions of Business will be regarded as contractual terms that are binding on both the Factor and the Partner provided that the Partner has read and accepted them. By mutual consent the Factor and the Partner may also agree, in writing, on terms different from the Terms and Conditions of Business (or a specific part thereof) within the framework of applicable laws.
- 2.1.4 The content of the legal relationship between the Factor and the Partner is determined primarily by the Partner Contract relevant to the given type of Service - in addition to the Terms and Conditions of Business and the Announcement, which forms an annex thereto – which together form an integral whole in terms of content. In the event of any inconsistency between the corresponding provisions of the Terms and Conditions of Business and the Partner Contract, the provisions of the Partner Contract will prevail.
- 2.1.5 If the Factor applies international agreements or regulations (standards) to any legal relationship, the provisions thereof will prevail, and the provisions of the Terms and Conditions of Business will only be applicable if the international agreements or regulations (standards) do not provide otherwise.
- 2.1.6 If any matter related to the legal relationship between the Factor and the Partner is not regulated by any part of the Contract, the relevant provisions of prevailing Hungarian laws will apply, including but not limited to Act IV of 1959 on the Civil Code, after 15 March 2014 – in respect of contracts entered into after this date – Act V of 2013 on the Civil Code (hereinafter referred to as the "**Civil Code**"), and Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises (hereinafter referred to as the "**Credit Institutions Act**").

2.2 **PUBLICATION OF THE TERMS AND CONDITIONS OF BUSINESS**

- 2.2.1 The Terms and Conditions of Business are public. For its Partners' information the Factor will display the Terms and Conditions of Business at an easily accessible location on its premises open to customers and post them to its website. Furthermore, at the Partner's request the Factor will also make the Terms and Conditions of Business available in hard copy, free of charge.

2.3 AMENDING THE TERMS AND CONDITIONS OF BUSINESS

- 2.3.1 The Factor expressly reserves the right, and the Partner acknowledges the Factor's right to:
- (a) unilaterally amend the Terms and Conditions of Business and the Announcement in consideration of, and in line with, changes in laws applicable to or affecting the Factor's activities or operating conditions, changes in central bank orders or other regulations and official requirements binding on the Factor, the central bank's base rate and other central bank interest rates, changes in domestic or foreign money or capital market or refinancing conditions, money market funding opportunities and costs, changes in other purchasing costs, the consumer price index or state interest subsidies, changes in tax and similar payment obligations, the Factor's procedural or operating processes or risks associated with the service or the Client, and unilaterally amend the conditions set out in the Partner Contract;
 - (b) unilaterally amend the Terms and Conditions of Business and the Announcement if the amendment has no adverse effect on the Partner;
 - (c) unilaterally supplement the Terms and Conditions of Business and the Announcement when launching a new and/or extended Service.
- 2.3.2 Amendments and supplements will, from the time they come into effect, also apply to Contracts concluded earlier unless the Contract provides otherwise.
- 2.3.3 Changing a bank account number or the organizational unit that maintains contact with the Partner will not be regarded as an amendment to a contract component.

2.4 DISCLOSURE OF AMENDMENTS TO THE TERMS AND CONDITIONS OF BUSINESS

- 2.4.1 If the Factor amends the Terms and Conditions of Business in a way that is adverse to the Partner, the Factor will publish the amendment at least 15 days before its effective date in an Announcement displayed on its premises open to customers, simultaneously provide information about it on its website, and also make it accessible electronically continuously and in an easily accessible manner.
- 2.4.2 Any amendment that *does not mean an adverse change* for the Partners will be published by the Factor not later than the Business Day preceding its effective date in an Announcement displayed on its premises open to customers, and information will also be provided about it simultaneously on the Factor's website.
- 2.4.3 Where there is a prior written agreement, the Factor will also notify its Partners directly of the amendment to the Terms and Conditions of Business in accordance with the agreement.
- A notification given in any of the following ways will be deemed a direct notification:
- an electronic message sent to the e-mail address provided by the Partner,
 - a message sent to the fax number provided by the Partner,
 - a notification given by post.

2.5 ACCEPTING OR REJECTING THE AMENDED TERMS AND CONDITIONS OF BUSINESS

- 2.5.1 Any amendment that the Partner does not object to by its effective date will be deemed accepted by the Partner.
- 2.5.2 If the Partner does not accept a planned amendment made known to the Partner in the manner described in Section 2.4.1 and notifies the Factor in writing accordingly, the Factor will consider the Contract(s) between the Factor and the Partner to be terminated by the Partner in accordance with the terms applicable to such Contract(s), or, in the absence thereof, as of the effective date of the amendment. In this case the Factor and the Partner must effect settlement by the end of the notice period, and the Partner must pay its total debt to the Factor in full.

Following the termination of the Contract(s) the Partner must settle all its obligations (including the obligations resulting from contingent liabilities) that are set out in, or may be incurred in connection with, the Contract (including, in particular, its assigned receivables due from a Partner, even before the payment deadline thereof).

3. GENERAL RULES OF BUSINESS RELATIONSHIPS

3.1 PARTNER IDENTIFICATION AND REPRESENTATION

- 3.1.1 In compliance with Act 2007/136 on the Prevention and Combating of Money Laundering and Terrorist Financing, the Factor must identify and rate the Partner (the Partner's representative), and during this process the Factor must request presentation of the identification documents (certificates) specified in said Act.
- 3.1.2 In the course of identification the Factor must request presentation of the following identification documents (certificates):
- a) for natural persons
 1. domestic natural persons: personal identification card (identity card, passport, or driver's license issued after 1 January 2001) and address card,
 2. foreign natural persons: passport, personal identification card – provided that it entitles the holder to stay in Hungary – or valid residence permit,
 3. natural persons below 14 years of age: official certificate that confirms the holder's personal identification number, passport, or student card;
 - b) for legal persons or other organizations without legal personality, in addition to presenting the documents specified in subsection (a) above for the person(s) authorized to act on their behalf or with their authorization, documents that confirm the following
 1. domestic business organizations: that the organization has been registered by the court of registration or filed an application for registration; sole traders: that the sole trader has a tax number or has filed an application for registration with the tax authority,
 2. other domestic legal persons: if the formation of the legal person is subject to registration by any authority or court, that it has been registered or filed an application for registration,
 3. foreign legal persons or other organizations without legal personality: that the organization has been registered under the laws of its home country;

c) prior to filing an application for registration with the court of registration or any authority or court, the articles of association (memorandum of association, bylaws) of the legal person or other organization without legal personality.

- 3.1.3 Pursuant to Section 3.1.2(b), the Factor must request any legal person or other organization without legal personality to present a certified document that is not older than 30 days.
- 3.1.4 Furthermore, the Factor must request its Partners to state in writing whether in their receivables purchase/factoring transactions they will act on behalf and in the interest of themselves or another beneficial owner (natural person, legal person or organization).
- 3.1.5 During the business relationship the Partner must notify the Factor of any change in the details provided as part of the identification process or in terms of the identity of the beneficial owner within five Business Days of becoming aware of the change.
- 3.1.6 In order to have secure contractual relationships, prior to executing the Partner's order or providing a Service the Factor will perform partner identification and verify that the person(s) acting as the Partner's representative(s) is (are) authorized to do so. During partner identification the Factor will only inspect the data and documents that must be inspected under applicable laws and regulations, and that the Factor, at its own discretion, reasonably believes need to be inspected to ensure a secure relationship between the Factor and the Partner.
- 3.1.7 For individual Services the Factor will also have the right and the obligation – under applicable laws and regulations (in particular the prevailing legislation on the prevention and combating of money laundering and terrorist financing) or at its own discretion – to request the Partner to present adequate proof of additional identification data, and to forward such data to the relevant authority (authorities) in the cases specified in the relevant laws and regulations. If the Partner fails to meet such request in the manner and by the date specified by the Factor, the Factor will have the right to refuse or suspend the provision or execution of the given Service or order.
- 3.1.8 The Partner must submit to the Factor in writing, in the form required by the Factor, the name(s) and specimen signature(s) of the person(s) who are authorized or granted authorization to represent the Partner. Unless expressly agreed between the Factor and the Partner, the Factor will not accept restrictions to representation rights either on an order-by-order basis or by amount. When entering into a Contract for a Service, the Partner may only be represented by a person who is an authorized signatory according to the Partner's currently effective certificate of incorporation, or has been granted a proxy by the Partner with the appropriate formalities. If a proxy holder acts instead of the Partner or the Partner's authorized signatory, the Factor will have the right to inspect the proxy holder's identity – in the case of legal persons, its existence – and the signatory's authorization, and request the necessary documents from either the Partner or the proxy holder for this purpose.
- 3.1.9 The Factor will have the right to regard the representatives registered by the Partner with the Factor and their signatures as valid and effective until the Factor receives the Partner's certified written notification that the representation right has been revoked.

If a document or order received from the Partner bears the signature of a person who is unauthorized or signs differently from the specimen on file, the Factor will return the instruction to the submitting party, specifying the reason for the return.

If the authorization of the person acting as the Partner's representative is unclear for any reason, the Factor will not execute the Partner's order and temporarily suspend the provision of the Service for the Partner.

The Factor will not be liable for any resulting loss.

- 3.1.10 If the Partner does not interact with the Factor in person or through a representative registered with the Factor, the person acting as the Partner's representative must prove their representation right with a notarized document, a private document of full probative value or a power of attorney.
- 3.1.11 Any person introduced as the Factor's representative by the head of the organizational unit that handles financing or any other activity related to factoring or the purchase of receivables for the Partner – or by the person appointed by the head of such organizational unit – may be regarded by the Partner as the Factor's representative. Unless otherwise provided by law or indicated by the circumstances, any employee working on premises open to customers will be regarded as the Factor's representative with regard to entering into transactions usually carried out on those premises. Only the authorized signatories specified in the Factor's representation policy will have the right to make, or refuse to make, legal statements on the Factor's behalf, which the Factor will certify in writing at the Partner's request.

3.2 USING A THIRD-PARTY CONTRIBUTOR

- 3.2.1 The Factor will have the right to use a third-party contributor in the provision of Services and the execution of orders if deemed necessary at the Factor's own discretion, to prevent the Partner from suffering any loss, or to safeguard and enforce its own claims.
- 3.2.2 The Factor will be liable for the actions of a contributor selected by the Partner in the same manner as if the Factor had acted itself. If the contributor's liability is limited by law or a contract, the Factor's liability will be adjusted to the contributor's liability. The Factor will not be liable for the actions of a contributor selected pursuant to the Partner's instructions.
- 3.2.3 If the Factor uses a foreign bank or other contributor in the provision of a Service or the execution of an order, the Factor's liability for the foreign contributor will be governed by the applicable international agreements and standards.

3.3 COOPERATION BETWEEN THE FACTOR AND THE PARTNER, THE PROVISION OF INFORMATION

- 3.3.1 The Factor and the Partner must act in accordance with the principles of civil law, taking each other's interests into consideration to the fullest extent possible. As part of that, the Factor and the Partner must notify each other promptly of any condition or fact deemed significant for their relationship, respond immediately to the questions received from each other unless otherwise required by the nature of the matter or the documents available, draw attention to any potential changes, errors and omissions and remedy them if the circumstances allow.
- 3.3.2 Notwithstanding Section 3.1.3, the Factor and the Partner must notify each other in writing immediately of any change in their respective names, addresses, telephone and fax numbers, e-mail addresses and representatives, and any other change affecting their identity, legal status or the Partner's financial position that is material to the performance of the Contract.
- 3.3.3 The Partner must notify the Factor in writing if any notification the Partner expects from the Factor is not received in time, particularly if it relates to the crediting of a

receivable. In the absence of such notification the Factor will not be liable for any loss incurred.

- 3.3.4 The Partner must treat any information about its relationship with the Factor in a confidential manner if the Factor classified such information as confidential in any manner when the Contract was concluded or at any other time. The Factor will also have the right to impose a confidentiality obligation in respect of the pre-contract period – the Parties' negotiations, consultations and offers.
- 3.3.5 In order to provide the Services set out in the Contract, monitor the Partner's obligations and fulfil its own commitments the Factor will have the right to ask its Partner for information on the Partner's personal, business and risk data and documents containing such information, including, in particular, the yearend balance sheet, the consolidated balance sheet and the business reports. Furthermore, the Partner must provide any data and information related to the provision or execution of the given Service or order if the Factor deems the availability of such data or information necessary for its decision or for the assessment of the Partner or the transaction. The Partner's failure to comply with its obligation to provide information as set forth in this section will be regarded as a serious breach of the Contract.
- 3.3.6 A Partner that is a legal person or a business organization without legal personality must inform the Factor immediately of any intended restructuring, separation, demerger, merger or amalgamation, any planned division of its assets, the completion of any of the above, and also if it intends to file for bankruptcy, dissolution or liquidation or the legal requirements thereof have been met, or if it learns in any way that a third party has filed or intends to file for its liquidation. The Partner's failure to comply with the obligation set forth in this section will be regarded as a serious breach of the Contract.
- 3.3.7 The documents furnished by the Partner must be either originals or copies certified by a notary public. The Factor may require additional forms of certification for documents issued abroad. The Factor or its agent will have the right to conduct an onsite inspection of the Partner's books and other records.
- 3.3.8 The Partner will be liable for providing the Factor with correct and accurate information that cannot be misleading for the Factor. The Factor will have the right to check the authenticity of the data provided by the Partner by any lawful means available. If the Partner fails to deliver the information and documents in the manner and by the date specified by the Factor, the Factor may refuse to provide the Service. The Partner's failure to comply with its obligation to provide information will be regarded as a serious breach of contract in respect of all the Contracts concluded with the Factor.
- 3.3.9 Any loss resulting from failure to comply with the obligation to provide information will be borne by the party at fault.
- 3.3.10 In other matters the Parties obligations to cooperate and provide information will be governed by the applicable provisions of the prevailing Civil Code.

3.4 NOTICES, DELIVERY

- 3.4.1 The Factor will send all contractual offers, statements, notices and documents intended for the Partner to the address provided by the Partner. In the absence of such an address, the Factor will have the right to send the documents to the Partner's address known to the Factor. The Factor will not be liable for any delay in, or failure of, delivery due to the inaccuracy of, or changes in, the name, address or other key delivery-related data provided by the Partner, or for any other reason beyond the Factor's control. Any extra cost arising from erroneous delivery as a result of an incorrect address provided by the Partner will be borne by the Partner and be immediately due and payable.
- The Partner acknowledges that if the delivery of notification letters sent to the Partner is unsuccessful, the Factor will subsequently have the right to discontinue deliveries, prepare and store all further notification letters electronically only, and hand them over in hard copy at the time of the Partner's personal visit.
- 3.4.2 The Factor will not be required to send documents and notices to the Partner by registered mail, return receipt requested. Mail will be deemed sent if the Factor possesses a photocopy of the original document and sending is evidenced by the initialed postal register, a certificate of mailing or the records maintained by the Factor for this purpose. In the case of notices sent to a large number of Partners, one copy of the circular will be sufficient to prove that it has been sent.
- 3.4.3 The rules set forth above will not apply to securities, contractual offers and other documents that the Factor believes must be handled with increased security due to their nature. In such cases the Factor will forward the item in a manner selected with due care. The cost and risk of forwarding will be borne by the Partner.
- 3.4.4 Unless otherwise provided by law, written notices sent by the Factor to the Partners may be deemed by the Factor to have been delivered to the Partner
- (i) two postal Business Days after mailing if sent to a domestic address,
 - (ii) ten postal Business Days after mailing if sent to a foreign address,
 - (iii) twenty postal Business Days after mailing if sent to an address outside Europe.
- 3.4.5 If the contents of the notice affect a large number of Partners, the Factor may also notify the Partners by displaying the information (as an announcement) on its premises open to customers. The Factor will, in particular, notify the Partners in this manner about the changes in the Terms and Conditions of Business. Such notices will be deemed delivered on the Business Day following the Business Day when the information is displayed during business hours.
- 3.4.6 Written communication intended for the Factor must be sent to the Factor's registered office, or to the Factor's organizational unit that has concluded the Contract with the Partner or that the Factor has designated to the Partner for this purpose. The receipt of written communication by the Factor will be determined by the postal records or, in the absence thereof, the Factor's own records. In certain cases the Factor will issue an acknowledgment of receipt at the Partner's request. It will be deemed an acknowledgment of receipt if the Factor signs a copy of the communication and/or stamps it with the stamp used for this purpose.

- 3.4.7 The Factor may send various notices and settlement statements in relation to the purchase and factoring of the given receivables, in accordance with the provisions of the given contract.

3.5 FORM OF CONTACT

- 3.5.1 The Partner will maintain contact with the Factor through the notification channels used by the Factor. Such notification channels include, in particular, the following: the Factor's business premises (personal contact), fax, telephone, electronic (direct computer) connection. Except for the business premises, the notification channels may be used under a separate agreement concluded between the Partner and the Factor for the given notification channel.
- 3.5.2 Both the Factor and the Partner must put down and confirm in writing all notices, orders, and messages to each other as well as all Contracts. The Factor will have the right to request that the Partner confirm its instruction in writing, at its own expense, before it is carried out.
- 3.5.3 Notices, messages, orders and Contracts sent to each other by mail, fax or – if so agreed between the Factor and the Partner – electronically will be deemed to be in writing. Any non-written communication must simultaneously be confirmed in writing and will only come into effect upon such written confirmation.
- 3.5.4 In the event that any communication received by phone or in any other non-written form is confirmed, the other party must indicate any discrepancy between the communication and the written confirmation immediately.
- 3.5.5 Orders placed by the Partner by fax will only be executed by the Factor if the Partner has expressly authorized the Factor to do so in writing, in a Contract, in advance, at the same time acknowledging that any loss resulting from the execution of such orders will be borne solely by the Partner. Orders received by fax and executed will always be deemed to have come from the Partner.
- 3.5.6 The Factor informs the Partner that the use of electronic communication devices (in particular, phone, fax and computer networks) carries a higher risk of mistakes, misunderstandings, and other errors and abuse resulting from the nature of the device than direct written communication. Therefore, the Factor will only use the aforementioned communication channels at the Client's express request and with the Client's express authorization, and orders forwarded via electronic communication without written confirmation will only be executed at the Client's express request and risk.
- The Partner will be liable for any loss resulting from mistakes, misunderstandings and errors or any abuse occurring in a phone or fax connection or in communication via a computer network unless the loss is directly attributable to the Factor's error.
- 3.5.7 The Factor reserves the right to reject any order received by fax or electronically for security reasons at its own discretion – except as provided for in Section 3.5.5 – and the Factor rejects any liability in this regard. The Partner must be notified of the rejection immediately.
- 3.5.8 The Factor will have the right to consider its notice acknowledged and accepted by the Partner if the Factor does not receive any written comment on or objection to such notice from the Partner within three days – fifteen days in the case of changes

affecting these Terms and Conditions of Business – from the receipt thereof.

4. EVALUATING APPLICATIONS AND MAKING OFFERS

4.1 EVALUATING APPLICATIONS

4.1.1 Prior to concluding a Contract the Factor will investigate the Partner's creditworthiness, the collateral value and enforceability of the collaterals offered and any other circumstance the Factor deems significant for the decision on the given Service. The Partner must submit to the Factor all the documents and information requested by the Factor in the form and with the content required by the Factor. If the Factor finds the Partner sufficiently creditworthy based on the data and information submitted and the debtor rating and collateral valuation performed, the Factor will decide to accept the Partner's application for the given Service, otherwise it will reject it. In its approval the Factor may set a lower amount than the amount requested by the Partner in respect of the given Service, or different terms and conditions. The Partner acknowledges that the Factor will set at its own discretion the terms and conditions of the various Services it offers.

If the Partner does not meet the requirements set by the Factor, the Factor may refuse to provide the Service at any time before the contract is entered into or thereafter.

4.2 OFFERS

4.2.1 The Factor will inform the Partner about the terms and conditions of using the given Service. The information given to the Partner with respect to one or more Services will only be valid in writing, and even then it will only be binding on the Factor if it is clearly and expressly provided for in the given information. If the given information contains no provision whatsoever about being binding on the Factor, it can under no circumstances be considered an Offer.

5. CONCLUDING CONTRACTS, COMING INTO EFFECT, USING SERVICES

5.1 FRAMEWORK CONTRACT AND FRAMEWORK AGREEMENT

5.1.1 In compliance with the provisions of the prevailing Civil Code, the Factor will conclude a Framework Contract or Framework Agreement with the Partner for the Service(s) provided by the Factor.

5.1.2 The Factor will conclude the Framework Contract with the Client for providing the opportunity to use certain Services at a later date. The Factor will conclude the Framework Agreement with the Obligor for providing the opportunity to use certain Services at a later date.

5.1.3 The Framework Contract and the Framework Agreement must be in writing, and will come into existence upon being duly signed by the Parties.

5.2 COMING INTO EFFECT OF THE CONTRACT AND USING SERVICES

5.2.1 The Contract will come into effect at the time specified in the Partner Contract or on the day when the Partner submits to the Factor all the documents specified in the Contract and/or required by the Factor and/or fulfils all the requirements for coming into effect or

they are met.

- 5.2.2 Regardless of whether the Contract has come into effect or not, until the Prerequisite(s) for the Partner's use of the Service are met or fulfilled, the Factor may lawfully refuse to provide the given Service for the Partner. The Factor will not be held liable for any loss suffered by the Partner or by any third party due to the refusal or failure to provide the Service for the Partner for such a reason.

5.3 PREREQUISITE DOCUMENTS

The Contract will not come into effect and/or the Factor will not deliver the Service to the Partner until the Factor receives the following documents in the form and with the contents appropriate for the Factor:

- (a) the documents specified in Section 3.1 "Partner identification";
- (b) a copy of the document that proves the contracting Partner's identity and/or their right to engage in business activities, a copy of the Partner's certificate of incorporation (or other registration document) that reflects the Partner's current status (but not older than 30 days, and certified), which clearly shows that the Partner operates in full compliance with applicable laws and regulations;
- (c) the contracting Partner's effective articles of association (founding document);
- (d) a document that proves the contracting Partner's tax number and statistical number, and a document that certifies, in the manner specified by the Factor, that the Partner has no overdue tax, customs duty, contribution or similar payments;
- (e) presentation of the original specimen signature card or submission of a notary-certified specimen signature card for every authorized person who has signed the Contract and has the right to give the Factor notices on the contracting Partner's behalf with respect to the Contract;
- (f) if the Contract is signed by a proxy holder representing the Partner or a proxy holder instead of the Partner's authorized signatory, a proxy with the appropriate formalities that is at least in the form of a private document of full probative value, plus the documents requested by the Factor for the proxy holder's identification;
- (g) an original copy of the Collateral Agreement(s) (if any), signed by all parties concerned, in the form of a private or notarized document depending on the Factor's decision. A copy of the document(s) that prove the identity of the person(s) who signed the Collateral Agreement(s) and/or those specified in subsection (d), in the manner specified by the Factor.
- (h) if an insurer is involved, the insurance policy described in Section 11.3.9.

5.4 ADDITIONAL PREREQUISITES

- 5.4.1 Furthermore, the Contract will not come into effect and the Factor will not be required to provide a Service for the Partner unless

- (a) all the statements and representations made in the Contract are true and correct;
- (b) there is no Breach of Contract;
- (c) the Partner has paid all the fees and costs specified in the Contract as prerequisites for using the Service; and
- (d) all the Collaterals are in force and effect and are fully enforceable.

- 5.4.2 The Factor may also set additional Prerequisites in the given Partner Contract, which

must also be met in addition to the Prerequisites set out in the Terms and Conditions of Business when the Contract comes into effect and/or the Service is used.

5.5 USING THE FACILITY AMOUNT AND THE PURCHASE OF RECEIVABLES OR FACTORING

5.5.1 The Factor will hold available for the Partner a Facility Amount that can be used in accordance with the provisions of the Contract and up to which the Factor will – during the Availability Period, if all the other requirements are met – purchase or factor the Client’s receivables due from the buyers (Obligors) specified in the Contract or pay the Obligor’s debts owed to the suppliers specified in the Contract, in the currency specified in the Contract.

The Factor will only execute the Partner’s order if it can be executed against the unused portion of the Facility Amount specified in the Contract. The Factor may decide at its own discretion to agree to execute a part of the order, but will not be held liable for any loss caused to the Partner and/or a third party due to partial execution.

5.5.2 If under the Partner Contract the Facility Amount is “**revolving**”, the amount of receivables paid by the Partner to the Factor will automatically be available to the Partner again in a manner whereby the Partner can place orders for purchasing or factoring new receivables, in accordance with the provisions of the Contract, against this amount (and the unused portion of the Facility Amount).

5.5.3 The Facility Amount will be used in accordance with the Partner Contract. Within the framework of financing the Partner will assign its receivable(s), including any interest and charges, in a receivable purchase or factoring transaction. Accordingly, the Partner will submit to the Factor the documents related to the assigned receivables, i.e., the invoice or invoice summary.

5.5.4 Based on the orders placed by the Partner, the Factor will purchase or factor the receivables or pay off the debts.

Unless otherwise agreed between the Factor and the Partner (and provided that all the requirements set out in the Contract have been met), the Factor will purchase or factor the receivable based on the Partner’s order, and transfer the amount to be disbursed under the Partner Contract to the bank account specified in the Contract within three Business Days upon receipt by the Factor of the factoring application for the receivable, which must be in the format specified in the Contract.

The Factor will have the right to settle the consideration for the service by setoff against any amount payable to the Partner. In consideration of the provisions of the Contract, the Factor reserves its right to set off against any amount payable and to use any such amount as a collateral deposit.

5.6 DATA REQUIRED FOR THE EXECUTION OF ORDERS

5.6.1 All orders and instructions must clearly contain the data required for execution. If the data provided by the Partner and required for the execution of the order are incorrect or incomplete, the Factor will not be held liable or any resulting loss. The Factor will also not be held liable for any resulting loss if the copies of the order cannot be read properly or at all, are inconsistent with each other, or the issuer of the order has misled the Factor or the Partner.

5.6.2 If the Factor recognizes that the order is incorrect or incomplete, the Factor will return the

order, specifying the exact reason for the return.

- 5.6.3 Orders to be executed at a specific time must be delivered to the Factor in time to allow the Factor the time necessary for their execution. The Factor will not be held liable for any loss resulting from orders executed erroneously or late due to the time available being shorter than necessary.

5.7 COLLATERAL DEPOSIT

- 5.7.1 The difference between the gross amount of the receivable and the amount disbursed by the Factor (if the total gross amount of the receivable is not disbursed) will be treated by the Factor as a collateral deposit. Unless the amount of the collateral deposit is regulated differently in the Partner Contract, the entire difference between the gross amount of the receivable and the amount disbursed will serve as a collateral deposit for the Factor to secure the risks assumed by the Factor in the Partner Contract.
- 5.7.2 The Factor will, within three Business Days following the complete execution of the invoice or invoice package, effect settlement with the Partner with regard to the collateral deposit, and transfer the collateral deposit amount less the consideration for the Service (i.e., the amount in arrears) to the Partner's bank account specified in the Contract or use it in another lawful manner.

5.8 CANCELLATION AND MODIFICATION

- 5.8.1 The Partner may cancel or modify its orders not yet executed by the Factor, in accordance with the applicable provisions of the Contract. The Partner will have the right to propose, in writing, amendments to the conditions applicable to the Service or the other provisions set out in the Contract and the Collateral Agreement. The Factor will decide at its sole discretion whether to accept the proposal. The Factor may reject the request without giving any reason, or make the amendment subject to performing additional credit investigations or the results thereof.
- 5.8.2 The maturity date of the given Service may be extended (prolonged) where appropriate, but this cannot mean changing an originally short-term Service into a long-term one. The Partner must request the Factor's approval for the extension in advance, at a time that gives the Factor sufficient time (at least 90 days unless otherwise agreed) before the original maturity date of the Service to carefully evaluate whether the request for extension can be granted.

5.9 SUSPENDING THE PROVISION OF A SERVICE, TERMINATION

- 5.9.1 Even after the Contract is concluded and the Prerequisites are met, the Factor may still refuse to provide the Service and suspend the purchase or factoring of receivables if in the Factor's opinion in the meantime there has been a material change in the circumstances of the Factor, the Partner or the Partner's contractual partners involved in financing due to which the performance of the Contract can no longer be expected and/or termination with immediate effect is warranted (MAC-1 clause).

The Factor will also have this right if the given Contract was entered into by violating, in any manner, the internal procedure or other directive created by the Factor at its own discretion for the conclusion of such Contracts (and the provision of such Services).

- 5.9.2 Unless in the Contract the Factor charges a Commitment Fee in respect of the service held available and unless otherwise agreed by the Parties in the Partner Contract, the Factor will have the right to refuse to provide the portion of the given Service(s) not

used by the Partner at any time, without giving any reason, with immediate effect, with simultaneous notice to the Partner, or terminate it with immediate effect. In this case the Factor will not be held liable for any loss suffered by the Partner or any third party. (Uncommitted clause)

- 5.9.3 If due to a change to the Partner, its contractual partners involved in financing or the collateral structure the Factor believes that the recovery of the receivables already purchased is in jeopardy, the Factor will have the right to suspend any further purchase or factoring of receivables, even if the Partner has already submitted the order to the Factor but the receivable has not been purchased yet. (MAC-2 clause)

6. INTEREST, FEES, COMMISSIONS AND COSTS

6.1 CONSIDERATION, ANNOUNCEMENT

- 6.1.1 The Partner must pay interest, commissions, handling fees and other fees (hereinafter collectively referred to as the “**Consideration**”) for the Services provided and orders executed by the Factor, the amount of which will be set out in the prevailing, applicable Announcement, the Contract and/or these Terms and Conditions of Business.
- 6.1.2 In the case of certain Partners or Services the Factor reserves the right to provide its Services under unique terms that differ from the Consideration and conditions published in the Terms and Conditions of Business and the Announcement. The Factor will have the right to determine and change these terms at its sole discretion. The Partner will not have the right to demand that Factor provide the given Service for the Partner under terms different from those set out in the Announcement, or that the Factor reimburse the Partner for the difference between the consideration payable for a Service provided under the terms set out in the Announcement and the consideration payable for an identical Service potentially provided under more favorable terms.
- 6.1.3 Any other costs incurred during the provision of the Service or the execution of an order – including, in particular, postal costs, the costs of any official proceedings and stamp duties – will be borne by the Partner. At the Factor’s request the Partner must immediately pay the Factor the amount of any cost increase incurred by the Factor due to the entry into force of, or a change in, any law or regulation, or a change in the interpretation thereof. Furthermore, at the Factor’s request the Partner must reimburse the Factor from time to time for all documented costs incurred in connection with the (attempted) enforcement and retention of any right the Factor has on the basis of the Service, or in connection with amending or supplementing the Contract or any waiver or consent granted in relation thereto.
- 6.1.4 The amount of consideration payable for the Services is specified primarily in the Partner Contracts. If a Service or its consideration is not provided for in the Partner Contract, the Announcement will prevail.
- 6.1.5 Unless otherwise provided by the Contract, the Consideration will be payable at the closing settlement specified in the Contract, upon the termination of the Contract and at the time specified in the Announcement.
- 6.1.6 The Consideration payable to the Factor will be paid as follows: when the Consideration falls due, the Factor will issue an invoice for the amount due. The Partner must pay the Consideration by the payment deadline and to the bank account stated on the invoice. The Factor will have the right to settle the amount of the Consideration by setoff against any debt owed by the Partner to the Factor. The Factor will state it on the invoice issued if the Consideration has been paid by setoff.
- 6.1.7 Foreign bank charges incurred in the case of execution based on the Partner’s order will be borne in accordance with the relevant international standards or as agreed between the Factor and the Partner.
- 6.1.8 Unless otherwise provided, the payment of Considerations by the Partner will be a requirement for the provision of a Service and the execution of an order. In the absence thereof the Factor will have the right to refuse to provide the Service or

execute the order, or suspend the provision of the Service or the execution of the order already in progress until the Consideration is paid.

- 6.1.9 Unless otherwise provided, the interest and similar fees and period-based fees payable by the Partner to the Factor must be calculated for calendar days according to the following formula:

$$\frac{\text{Basis for calculation x interest rate x number of calendar days}}{36\,000}$$

- 6.1.10 Unless otherwise provided by the Partner Contract, bank holidays will be considered interest days.
- 6.1.11 The Services will usually be exempt from value added tax. If the provision of the given Services is subject to VAT, the Consideration will also include VAT.

6.2 INTEREST RATE

- 6.2.1 The contractual interest and similar fees (“Interest”) payable on the basis of the Service must be calculated using the interest rate (“Interest Rate”), expressed as annual percentage, that the Factor determines (i) as the sum of a Reference Interest Rate and a certain annual Interest Margin, or (ii) regardless of the above, as an Interest Rate. If the Interest Rate is established by a Reference Interest Rate plus Interest Margin of a certain annual rate then the prevailing minimum Interest Rate is equal to the rate of the Interest Margin¹.
- 6.2.2 Pursuant to the Partner Contract, the Interest Rate may be fixed or variable.
- (a) A Fixed (invariable) Interest Rate is set in advance for the entire term of the given Service or a part thereof.
 - (b) A Variable Interest Rate changes (i) at the time(s) specified in the Partner Contract in line with the Reference Interest Rate, automatically when the Reference Interest Rate changes, and/or (ii) when the Factor modifies the Interest Margin unilaterally.
- 6.2.3 Unless otherwise agreed between the Factor and the Partner, foreign bank charges incurred in the case of execution based on the Partner’s order will be borne by the Partner.
- 6.2.4 The Factor reserves the right to review any Interest Rate unilaterally at any time during the term of the Service and modify it or the Interest Margin unilaterally if the Factor’s funding costs change by at least 5 basis points as a result of either the actions taken by the National Bank of Hungary as central bank or legislative or money market changes, or as a result of the actions taken by foreign funding institutions.

6.3 INTEREST PERIOD

- 6.3.1 Interest and similar fees will be calculated from the time (date) the receivable is purchased to the payment of the receivable (“Interest Period”).

¹ Applicable to Contracts concluded from 08 March, 2017 and which refer explicitly to this.

6.4 INTEREST PAYMENT

- 6.4.1 Interest or a similar fee calculated at the applicable Interest Rate pursuant to the provisions above will be payable on the payments made by the Factor to the Partner on the basis of the Service if it results from the nature of the given Service. Unless otherwise provided by the Contract, the Interest will be payable on the date of purchase or factoring of the receivable in advance for the period from the date of purchase/factoring of the receivable to the due date of the invoice; in the event of late payment, the Interest will be payable from the date following the due date of the invoice, in arrears, with the frequency specified in the Contract and when the given receivable is paid in full (“**Interest Payment Date**”).

6.5 ALTERNATIVE REFERENCE INTEREST RATE

- 6.5.1 If the Reference Interest Rate specified in the Contract is not available for any reason for the purpose of determining the Interest Rate, or it no longer reflects the Factor's funding costs in respect of the given Service appropriately for a reason beyond the Factor's control, the Factor will notify the Partner of this fact immediately, and in such cases at the Factor's request the Partner must start negotiations with the Factor to agree on the applicable Alternative Reference Interest Rate so that the Interest Rate can be determined.
- 6.5.2 If the Parties do not come to an agreement within 3 Business Days after the consultation is proposed, (i) the Partner must immediately repay all its debts outstanding on the basis of the Service, including all unpaid Interest and fees; (ii) from the first day of the Interest Period for which no Interest Rate can be determined according to the provisions of the Contract to the day when the Parties come to an agreement on the Alternative Reference Interest Rate or the Partner repays its debts outstanding on the basis of the Service, Interest must be calculated at the Interest Rate reasonably set by the Factor at its own discretion; (iii) the other provisions of the Contract notwithstanding, the Factor will no longer be required to provide the Service for the Partner.
- 6.5.3 As long as such an Alternative Reference Interest Rate is in effect, the Factor will review from time to time, but at least once per Interest Period whether the circumstances described in this section still apply, in order to establish whether it is possible to return to the application of the ordinary provisions of the Contract, unless during the consultations the Parties agree to regard the agreed Alternative Reference Interest Rate as the contractual Reference Interest Rate in the future.

6.6 LATE INTEREST

- 6.6.1 If any amount payable by the Client under the Contract is not paid at the due date, in addition to the contractual interest specified in the Contract the Client must also pay late interest on the unpaid amount for the period from the due date to the actual payment date.
- 6.6.2 If any amount payable by the Obligor under the Contract is not paid at the due date, or the Obligor erroneously pays the amount of the purchased or factored receivable to the Client and the Client fails to pay the Factor in accordance with the Framework Contract, in addition to the contractual interest specified in the Framework Contract the Client must also pay late interest on the unpaid amount for the period from the Final Maturity Date of the receivable to the actual payment date, or, in the case of factoring, to the date the Receivable is reassigned to the Client.

- 6.6.3 Unless otherwise agreed between the Factor and the Partner or unless there is a mandatory special provision in applicable law, late interest will always be payable at a rate that equals the general rate of late interest set for relationships between business organizations under the Civil Code in force at the time the given Contract is concluded, except if the Factor deviates from such rate in the Announcement.

6.7 COMMITMENT FEE

- 6.7.1 The Client must pay the Factor a Commitment Fee for the portion of the Supplier Limit held available by the Factor and not used by the Client.
- 6.7.2 In the case of the purchase or factoring of receivables in connection with a Supplier Program, the Obligor must pay the Factor a Commitment Fee for the portion of the Facility Amount held available by the Factor but not used.
- 6.7.3 The Factor will charge the Commitment Fee from the first day (inclusive) to the last day (inclusive) of the Availability Period of the Service.

6.8 CONTRACTING FEE, CONTRACT AMENDMENT FEE, EXTENSION FEE AND WAIVER FEE

- 6.8.1 The Factor will charge a **Contracting Fee** for concluding the Framework Contract and using the Service. The Client must, within 3 Business Days upon receipt of a request to this effect, pay the Factor all the costs and expenses (including attorney's fees) incurred in the preparation of the Contract.
- 6.8.2 The Factor will charge a Contract Amendment Fee for each amendment to the Framework Contract and the Framework Agreement. The Partner will not have to pay a **Contract Amendment Fee** if the Factor amends the Contract unilaterally.
- 6.8.3 The Factor will charge an **Extension Fee** for the annual review and extension of the Framework Contract and the Framework Agreement
- 6.8.4 If the Partner does not meet a requirement set out in the Contract, the Factor may grant the Partner a waiver for a temporary period. In such cases the Factor will have the right to charge a **Waiver Fee**.

6.9 OTHER FEES, COMMISSIONS AND COSTS APPLIED BY THE FACTOR

- 6.9.1 In addition to those mentioned above, the fees charged to the Client include, but are not limited to, the following (see the "General Definitions" chapter for definitions):
- Risk Assumption Fee
 - Factoring Fee
 - Handling Fee
 - Further Transfer Charge
 - Credit Insurance Limit Appraisal Fee
 - Individual Information Fee
 - Insurance Premium
 - Bank Charge
 - Reminder Fee

- Further Transfer Fee
- Express Transfer (VIBER) Fee
- Minimum Fee
- Collection-only Fee
- Detailed Transfer List Fee
- Automated Electronic Document Fee
- Factoring Turnover Statement Fee
- Overdue Invoices List Fee
- NMK (receivables not advanced) List Fee
- Open Receivables List Fee
- Buyer Limit Utilization List Fee
- Postal Costs
- For Contracts concluded after 15 March 2014, the fees incurred in connection with registration in the collateral register (Registration Fee)
- For Contracts concluded after 15 March 2014, all the costs and fees that the assignment causes the Obligor
- Costs of the Enforcement of Rights: The Client must, within 3 Business Days upon receipt of a request to this effect, pay the Factor all the costs and expenses (including attorney's fees) incurred by the Factor in connection with the enforcement or protection of the Contract and/or of the rights based on collaterals. The Client must reimburse these costs and expenses in the currency they were incurred in by the Factor.
- Fees, costs, stamp duties payable to third parties: The Client will bear the costs of the conclusion and notarization of the Contract as well as the fees, costs and stamp duties incurred in connection with establishing collaterals and completing the registrations required for their existence. The Client must pay these fees, costs and stamp duties at the due date thereof directly to the third party charging the given fee, cost or stamp duty. If these amounts are paid by the Factor, the Client must reimburse the Factor, within 3 Business Days upon the Factor's written notice, for all the documented amounts paid by the Factor.
- Furthermore, the Partner must indemnify the Factor against any loss and reimburse the Factor for any cost incurred in connection with the enforcement of the Factor's claim against the Partner.

6.10 SPECIFICATION OF FEES, COMMISSIONS AND COSTS

- 6.10.1 The Factor expressly reserves the right to charge other costs and fees irrespective of, and in addition to, the costs and fees specified in these Terms and Conditions of Business.
- 6.10.2 The type and amount of all fees, commissions and costs incurred in respect of the given Service as well as the other terms applicable thereto will either be specified in the Partner Contract or the Partner will be required to pay the amount of consideration specified in the Announcement, in accordance with the Terms and Conditions of Business.

7. PAYMENTS

7.1 PLACE OF PAYMENT

- 7.1.1 Payments must be made to the Factor's account specified in the Partner Contract. If the place of payment is modified, the Factor will not be required to reimburse any extra cost incurred in relation thereto.

7.2 DATE OF PAYMENT

- 7.2.1 Any payment made to the Factor will be deemed completed on the day it is credited to the Factor's account specified in the Contract.
- 7.2.2 Any payment made by the Factor to the Partner will be deemed completed on the day the Factor's bank account is debited with the amount.

When handling foreign currency payments, the Factor must settle the amount received on the Partner's behalf within three Business Days after the bank account provider notifies the Factor of the value date of the credit entry on the Factor's own bank account.

- 7.2.3 The due date of payment will be the date stated as the original payment deadline and/or maturity date on the invoice or other document that represents the receivable.
- 7.2.4 The Partner must make sure – by placing an order to have its bank account debited or otherwise – that its payment obligations toward the Factor that fall due are fulfilled in a timely manner. If any amount payable by the Partner under the Contract is not paid at the due date, the Partner must pay Late Interest on the unpaid amount for the period from the due date to the actual payment date.

7.3 METHOD OF PAYMENT

- 7.3.1 Unless otherwise provided, all payments due to the Factor may also be completed in a manner whereby based on the Partner's full and irrevocable consent expressed pursuant to this section of the Terms and Conditions of Business and the conclusion of the individual contract, the Factor will set off the amount of the Partner's due debts against the Partner's receivables due from the Factor.
- 7.3.2 Any amount payable under the Contract must be paid by the Partner in full in forints or in the currency of the Service (Contract for Service) that the given payment (principal repayment, interest and fee payment) is related to.

If any payment related to the Service is made in a currency other than the currency of

the Service (including if payment is made to the Factor's bank account maintained in a different currency), the amount payable will be converted by the Factor using appropriate exchange rates specified in the Contract related to the given Service; unless otherwise provided, at the appropriate FX I rate quoted for the given day by K&H Bank Zrt. (1059 Budapest, Lechner Ödön fasor 9., company registration number: 01-10-041043). Any amount payable under the Contract must be paid by the Partner without any deduction for setoff, tax payment or any counterclaim, except if the Partner is required to make such deduction under an applicable law or regulation. If there is a mandatory deduction from any amount paid or payable by the Partner under the Contract, the Partner must pay the Factor an additional amount to ensure that the total net amount received by the Factor equals the amount the Factor would have received without such mandatory deduction.

- 7.3.3 At the Factor's request the Partner must grant the Factor an authorization – in respect of all the accounts the Partner holds with other credit institutions that are either transaction accounts or accounts against which prompt collection orders can be submitted – to satisfy any claim of the Factor arising from the Contract that has fallen due but has not been paid by the Partner by submitting a prompt collection order, in which case all costs and fees incurred in relation to prompt collection will be borne by the Partner.

8. REPRESENTATIONS AND WARRANTIES

- 8.1.1 The Partner represents and warrants to the Factor the following:

- (i) The Partner is a private individual authorized to engage in business activities under Hungarian law, or a business organization duly established, registered and operating under the laws of Hungary (or those of its home country).
- (ii) The Contract constitutes its legal, valid and binding obligation that is effective and enforceable against it in accordance with its terms.
- (iii) The Partner has the right to enter into the Contract and perform the obligations under the Contract, has obtained all necessary approvals and permits and has taken all the necessary actions in order to validly enter into the Contract and the transaction contemplated therein, and to perform its obligations under Contract.
- (iv) The Partner is not in breach of any contract (which it is a party to or may be bound by) that could affect the Partner's ability to perform its obligations under the Contract or comply with the provisions thereof.
- (v) Entering into and performing the Contract and the transaction contemplated therein is not inconsistent with
 - (a) any law, regulation, court or other official resolution;
 - (b) the Partner's company documents (if any); or
 - (c) any contract or other document that constitutes an obligation for the Partner.
- (vi) The Partner's obligations under the Contract rank and will continue to rank at least pari passu in order of satisfaction with its other unsecured and unsubordinated obligations, except for those given priority under applicable law.
- (vii) The financial statements submitted by the Partner to the Factor
 - (a) have been prepared in accordance with the applicable accounting

regulations; and

- (b) give a true and fair view of the Partner's financial position as at the date of the statements, and there has not been any material adverse change in its financial position since that date.
- (viii) All the information, reports and statements submitted to the Factor in connection with the Contract were, and will remain, true and accurate in every respect, and no fact is missing from them that would make the declarations in them misleading.
- (ix) The Partner has no significant debts or pledged collaterals apart from those it reveals to the Factor in writing.
- (x) There is no ongoing litigation before any court of law or court of arbitration and there are no ongoing administrative proceedings (and, to the best of the Partner's knowledge, no such litigation or proceeding is (are) pending or threatened) the unfavorable outcome of which can be reasonably assumed to probably have a material adverse effect on the Partner's business, financial position or ability to perform its obligations under the Contract.

8.1.2 The Partner's above representations and warranties

- (a) are made at the time the Contract is signed; and
- (b) will be deemed reiterated – without a separate confirmation – every day when the Partner uses the Factor's Service under the Contract.

8.1.3 The above representations and warranties will be deemed to be in force and effect until the Partner informs the Factor about a change thereof. Any liability or loss resulting from a failure to modify a representation or warranty will be borne by the Partner.

9. COVENANTS

The Partner makes the following covenants from the signing of the Contract until the date by which and debt exists or may be incurred under the Contract:

- 9.1.1 The Partner must ensure that its obligations under the Contract rank and will continue to rank at least pari passu in order of satisfaction with all its present and future unsubordinated obligations, except for those given priority under applicable law.

Furthermore, the Parties covenants and agrees that if the Partner or any of its affiliates pledges collateral to secure the (full or partial) repayment of the Partner's credit facility or loan with any other lender, the same collateral – or collateral equivalent thereto in the Factor's opinion – will also be offered to the Factor. (Pari passu)

- 9.1.2 The Partner will not, without the Factor's prior written consent, conclude any credit or loan agreement or pledge any collateral (including, but not limited to, any kind of mortgage or charge, collateral deposit, (first-loss) surety guarantee, purchase option as collateral, assignment as collateral, letter of comfort, authorization to submit a prompt collection order) to secure any claim of a third-party lender against any person. For Contracts concluded after 15 March 2014: The Partner will not, without the Factor's prior written consent, conclude any credit or loan agreement, factoring or leasing contract or pledge any collateral (including, but not limited to, any kind of mortgage or charge, collateral deposit, (first-loss) surety guarantee, transfer of title for collateral purposes, letter of comfort, authorization to submit a prompt collection order, guarantee agreement) to secure any claim of a third-party lender against any person. (Negative pledge)

- 9.1.3 The Partner covenants and agrees not to open another transaction account with any bank during the term of the Contract without prior written notice to the Factor, and to grant the Factor, simultaneously with opening the account, an authorization to submit a prompt collection order. (Right to collect)

- 9.1.4 The Partner agrees to deliver to the Factor:

- (i) its annual (audited) report prepared in accordance with the provisions of the prevailing accounting laws – if the Partner is required by law to prepare such a report – immediately after it is completed (but definitely not later than the 160th day following the end of the given financial year);
- (ii) its unaudited management reports for the preceding six months, within 45 days following each financial half-year; and
- (iii) any other financial or other information pertaining to the Partner that the Factor may reasonably request in order to monitor the Partner's financial position and economic situation.

- 9.1.5 The Partner must notify the Factor immediately

- (i) of any Breach of Contract (and any steps taken to remedy it) immediately after becoming aware of it;
- (ii) of any decision to file for bankruptcy, liquidation or dissolution, before submitting the application to the court;
- (iii) if the Partner becomes aware that any of its creditors has initiated or is planning to initiate liquidation proceedings against it;
- (iv) of any court or other official resolution (whether final or not) that requires the Client to pay a significant amount of money;
- (v) if a prompt collection order for more than HUF 250,000 is submitted against its current account maintained with any bank;

- (vi) if any authority or court has imposed any ban, restriction or other sanction in connection with its activities or operation;
 - (vii) if it is subject to any foreclosure proceedings or any actual or attempted foreclosure or seizure;
 - (viii) of any change in the identity of its owners or their respective ownership interests;
 - (ix) of the disposal of its ownership interests in other companies and the acquisition of such interests;
 - (x) of any change in the Partner's management or the identity of its senior officers;
 - (xi) if any of its debts to third parties is more than 30 days overdue and has not been paid;
 - (xii) if it takes out credit or a loan or provides a surety guarantee following the conclusion of the Contract.
- 9.1.6 The Partner agrees not to sell, transfer, rent out or otherwise put at another person's disposal the total of its assets or a significant part thereof, either in a single transaction or in a series of transactions (whether they are related or not). This provision will not apply to (a) exchanges for other assets that are similar to, or better than, the ones sold in terms of type, value and quantity; (b) disposal (including, in particular, alienation) of redundant assets at market value, or (c) in the ordinary course of the Partner's business, within the framework of its usual business activities.
- 9.1.7 Any transaction between the Partner and its affiliates will also be entered into in the ordinary course of the Partner's business and only under terms that are not less favorable than those the Partner could have stipulated in a similar transaction made with an unaffiliated company.
- 9.1.8 The Partner will not carry out a merger, demerger or any other significant financial restructuring without prior written notice to the Factor.
- 9.1.9 The Partner must allow the Factor or its agent to check the authenticity of the representations and warranties set out in the Contract, the fulfilment of the covenants, the Partner's financial position and the existence and condition of the Collaterals in any manner during the term of the Contract.
- 9.1.10 The Partner agrees to obtain full insurance coverage for its assets that can be insured by nature (and maintain this insurance coverage continuously) against all risks usually covered by companies engaged in similar business activities. The limit of liability and the amount of excess (if any) must be determined in a manner so that the maximum compensation paid by the insurer on this basis should not be less than the potential maximum of the Partner's payment obligations under the Contract. The insurance contract that meets the above requirements must be maintained by the Partner as long as the assets are used to secure the Factor's receivable.
- 9.1.11 If the currency of the Facility Amount differs from that of the receivables purchased or factored, and as a result of exchange rate fluctuations the amount of the receivables purchased or factored, converted at the daily exchange rate, would exceed the Facility Amount, at the Factor's request the Partner must immediately pay the amount of the difference determined by the Factor, or take any other action reasonably requested by the Factor.

- 9.1.12 The Partner covenants and agrees in a contract that during the term of the facility agreement it will not open any new bank account with another bank or financial institution in addition to the bank accounts registered with the Factor, and not establish any relationship for the purpose of loans, guarantees or leasing (or other, similar banking products) without the Factor's prior written consent.
- 9.1.13 The Partner states that it will not pay dividends during the term of the facility agreement. Any dividend taking will require the Factor's prior consent, otherwise the Factor will have the right to terminate the facility agreement.
- 9.1.14 The Partner states that during the term of the facility agreement it will not withdraw the member loan that was outstanding at the time the application was submitted and the amount of which is set out in the facility agreement.

10. BREACHES OF CONTRACT AND ENFORCEMENT OF RIGHTS, COMPLAINT HANDLING

10.1 BREACHES OF CONTRACT

Any of the events listed in this section will be regarded in respect of the Contract as a separate breach of contract or a circumstance that serves as the basis for the exercise by the Factor of the options to enforce rights (hereinafter collectively referred to as a "**Breach of Contract**"); the list is not exhaustive, i.e., the breach of any obligation under the Contract will be deemed a breach of contract:

- (a) The Partner fails to pay any amount payable under the Contract at the due date thereof.
- (b) The Partner fails to comply with any other provision of the Contract (other than that in paragraph (a) above).
- (c) Any statement or declaration made by the Partner in, or in connection with, the Contract proves false in any regard for the time when it was made or repeated.
- (d) The Partner or any of its affiliates or owners
 - has a breach of contract in any of its contracts that represents a significant financial liability, under the terms of the document where such financial liability laid down (Cross default 1),
 - or breaches any contract concluded with any company that (directly or indirectly) owns or is affiliated with the Factor, or with K&H Bank Zrt. or any of its affiliates. (Cross default 2).
 - For the purposes of this provision, a financial liability will be deemed significant if its amount, including interest and charges, exceeds 2% of the Partner's total outstanding liability to the Factor in any legal relationship at the given time, but minimum HUF 250,000 or EUR 1,000.
- (e) A court passes a resolution ordering the Partner's liquidation;

the Partner files for bankruptcy or dissolution;

the Partner's competent body is convened to pass a resolution on the Partner's bankruptcy, liquidation or dissolution (with the exception of an amalgamation, reorganization, merger or equivalent procedure that is voluntary, is not warranted by insolvency and that the Partner has notified the Factor about in advance);

anyone files for the Partner's liquidation (unless it is contested by the Partner in good faith,

in a manner satisfactory to the Factor, within the time available for this purpose).

- (f) An event occurs that, in the Factor's reasonable opinion, has or may have a material adverse effect on the Partner's business, operation, outlook or financial position, or impairs the Partner's ability to fulfil its obligations under the Contract. (MAC clause)
- (g) The validity, effect or full enforceability of any Collateral ends or is reduced for any reason, including, in particular, if a mortgage, charge or other encumbrance is established for a third party without the Factor's consent or foreclosure proceedings are initiated.
- (h) The Partner uses the funds derived from the Service for a purpose other than the intended purpose specified in the Contract, or the funds cannot be used for the intended purpose.
- (i) Any event occurs that is defined in prevailing, applicable laws or regulations as a Breach of Contract in respect of the Contract.
- (j) A prompt collection order submitted against the Partner's current account maintained with any bank is for such an amount that it suggests that the Partner's financial position has deteriorated and it jeopardizes the fulfilment of its obligations toward the Factor.

In the case of Contracts concluded after 15 March 2014, if any obligation is not fulfilled in accordance with the Contract, the provisions of the Civil Code applicable to breaches of contract will apply.

10.2 ENFORCEMENT OF RIGHTS

If a Breach of Contract occurs (and at any time after its occurrence if it has not been remedied and the Factor has not waived it), without prejudice to the other legal remedies available, the Factor may, with immediate effect:

- (a) suspend the execution of any Order the Partner has placed with the Factor (regardless of whether the order was submitted to the Factor before or after the Breach of Contract occurred); in this case the Factor will not be liable for any loss or damage that the Partner may suffer as a consequence thereof; and/or
- (b) make a unilateral decision and convert into forints the Service provided for the Partner in foreign currency and the Partner's debt denominated in a foreign currency, record them in forints from then on, and apply the interest and other terms applicable to forint-based Services; and/or
- (c) refuse to provide the Service to be performed for the Partner under the Contract (suspend the purchase or factoring of receivables based on the orders submitted), or terminate the Contract with immediate effect, whereupon all the Factor's obligations under the Contract will be terminated immediately; and/or
- (d) exercise its rights in respect of any or all Collaterals (in the order and to the extent decided at its own discretion); and/or
- (e) terminate with immediate effect all contracts entered into between the Partner and the Factor; and/or
- (f) exercise all the rights and options granted under the Partner Contract and the prevailing laws and regulations.

10.3 COLLATERALS

- 10.3.1 The Partner will, at any time and in respect of all its receivables, have the right to demand the Partner to pledge appropriate Collateral or increase the value of the given Collateral even if the Partner's debts are subject to certain terms, are scheduled or are not yet due.
- 10.3.2 The Factor may require different types of Collaterals at the same time, and unless otherwise provided by a contract, each of these Collaterals will secure the Factor's total receivable. The Partner's failure to comply with the Factor's request to pledge Collateral will be deemed a serious breach of contract. Until Collateral is pledged or the value of the pledged Collateral is increased as requested by the Factor, the Factor will have the right to suspend providing the given Service to the Partner.
- 10.3.3 In respect of any asset, right or receivable of the Partner that is transferred to the Factor's possession in the course of the business relationship between the Partner and the Factor but which is otherwise under the Partner's disposal, at the Factor's request the Partner must make all legal statements necessary for the mortgage or charge to be validly registered and/or enforced.
- 10.3.4 If the exercise of a right or the enforcement of a receivable pledged as collateral becomes due, the Factor will have the right to exercise such right and enforce such receivable. Unless otherwise agreed with the Partner, the Factor will have the right to treat the amounts received in the course of enforcement as Collateral.
- 10.3.5 The Factor will primarily accept as collateral the standard banker's collaterals, particularly bank guarantees, (first-loss) surety guarantees, collateral deposits, different types of mortgages and charges, purchase options, and the assignment of receivables. In the case of Contracts concluded after 15 March 2014, the following provision will apply: The Factor will primarily accept as collateral the standard banker's collaterals, particularly, but not limited to, bank guarantees, (first-loss) surety guarantees, collateral deposits and different types of mortgages and charges. The Factor will determine the type and amount of Collateral within the framework of the provisions of applicable laws, in light of the Partner's business operations, according to the risk of the Service in question.
- 10.3.6 The collateral value of the Collateral offered by the Partner will be determined by the Factor alone, at its own discretion, according to the collateral valuation policy prepared and used by the Factor, in consideration of the provisions of prevailing laws.
- 10.3.7 The Partner must maintain, and preserve the value of, all assets, rights and receivables pledged as collateral to the Factor. The Partner must also ensure that the receivables are enforceable and that they are paid to the Factor at the due date. The Partner has the right and the obligation to properly use, handle, operate and preserve the assets pledged as collateral to the Factor. If the Partner fails to comply with its above obligations and thus jeopardizes the existence, value or enforceability of the Collaterals, the Factor or its agent will have the right to take direct action instead of the Partner, at the Partner's expense, and initiate the necessary procedure with the authorities or a court.
- 10.3.8 The assets pledged as collateral must be insured by the Partner in a manner acceptable to the Factor, for an amount that does not exceed the insurable interest; the Partner must present and hand over the insurance policy at the Factor's request, and pay the insurance premium in accordance with the provisions of the insurance contract. As long as the Partner has outstanding obligations to the Factor, the Partner cannot modify or terminate the insurance contract without the Factor's consent. The Partner

must designate the Factor as beneficiary in respect of the insurance amount, or, if that is not possible under the given insurer's contractual terms, ensure in another manner that upon the occurrence of an insured event the Factor will be entitled to the insurance amount without further ado (in particular, but not limited to, a mortgage or charge), a circumstance that must be stated on the insurance policy. At the Factor's request the Partner must use its claim under the insurance policy and the insurance amount to reduce its debts – even before the due date of its receivable – if the Partner does not replace the assets destroyed, lost or damaged. The Partner will be entitled to the remainder of the insurance amount.

- 10.3.9* The Partner must inform the Factor immediately about any change that occurs, will foreseeably occur or is expected to occur in the value, marketability and enforceability of the Collaterals. The Factor or its agent will have the right to verify at any time – even on site – the existence of the Collaterals and whether the Partner complies with its obligations related to the Collaterals. The Partner must cooperate with the Factor in the verification, provide the information required for verification and allow access to the documents.
- 10.3.10* If the Partner fails to meet any of its payment obligations under the Contract at the maturity date thereof, at the Factor's request the Partner must grant the Factor an authorization – in respect of all the accounts of the Partner that are either transaction accounts or accounts against which prompt collection orders can be submitted – to satisfy its claim arising from the Contract that has fallen due but has not been paid by the Partner by submitting a prompt collection order.
- 10.3.11* In the event of a Breach of Contract the Factor may employ any method allowed under Hungarian laws prevailing at the time the right is exercised to seek satisfaction from the Collateral(s) in a manner that the Factor believes the most effective to satisfy its claim, which the Partner must endure.
- 10.3.12* Any cost incurred in connection with the establishment, modification, registration, maintenance, management and enforcement of Collaterals will be borne by the Partner.

10.4 REINVESTIGATION OF PARTNERS / COLLATERALS

10.4.1 The Factor may reinvestigate the Partner's creditworthiness, the collateral value and enforceability of the Collateral(s), and other circumstances at any time during the term of the Contract; for this purpose the Partner must hand over the data and documents specified by the Factor by the deadline specified in the Factor's notice.

10.5 COMPLAINT HANDLING

10.5.1 The Partner may file a complaint regarding the Factor's service in person on the Factor's business premises or in writing.

10.5.2 The Factor will investigate the Partner's complaint, and inform the Partner about the result of the investigation in writing within 30 days upon receipt of the complaint. If the complaint cannot be investigated and the Partner cannot be informed by this deadline due to the nature of the Service or because third parties (in particular, but not limited to, international financial service providers and outsourcing organizations) are also involved in the provision of the Service, the Factor will inform the Partner about the date the complaint is expected to be investigated and the result sent. The handling of complaints submitted through the Factor's supervisory authority and the related deadlines will be governed by the provisions of applicable laws.

10.5.3 The Factor's supervisory authorities:

Financial Supervisory Authority of the National Bank of Hungary (MNB), 1054 Budapest, Szabadság tér 8-9.

11. TERMINATION OF THE CONTRACT

11.1 TERMINATION OF THE CONTRACT

11.1.1 Unless the nature of the given Service requires otherwise, either Party will have the right to terminate the Contract with 15 days' notice by making a written statement to the other Party ("**ordinary termination**"). The termination of the Contracts or their discontinuation for any other reason will have no impact on the effect of the transactions already completed financially by the Factor, in respect of which the provisions of the Contract – with particular regard to collaterals and fees – will remain in existence as long as the Factor has any claim against the Partner on any grounds.

11.1.2 When factoring services are provided, the Factor will also have the right to terminate the Contract in accordance with Article 6:407 of the Civil Code in the cases listed therein.

11.1.3 The Factor will have the right to terminate the Contract in writing with immediate effect ("**extraordinary termination**") upon the occurrence of any event defined in the Contract as a Breach of Contract.

11.1.4 The Partner may exercise the right to ordinary termination referred to in Section 12.1.3 if at the time of termination the Partner has no debts or obligations whatsoever, including the Partner's obligation for recourse or any other form of indemnification.

11.1.5 Whatever reason the Contract is terminated for, it will not in itself mean the termination of any claim the Factor is entitled to against the Partner under the Contract, or the possibility to enforce it.

12. THE FACTOR'S LIABILITY

- 12.1.1* The legal relationship between the Partner and the Factor is based on mutual trust. The Partner can trust the Factor to handle its orders with the due care of a conscientious agent, operate in accordance with the requirements of careful, cautious and reliable (together: prudent) operation, and at the same time represent the Partner's interests as long as it is able and can be expected to in the given situation.
- 12.1.2* The Factor will reimburse the Partner for any direct financial loss caused by the Factor to the Partner and documented by the Partner if the legal requirements for such reimbursement are met. The Partner must take reasonable action immediately to mitigate the loss and notify the Factor.
- 12.1.3* The Factor will not assume liability for any smaller error (omission) that may occur even when reasonable care is exercised.
- 12.1.4* The Factor will not be liable for any loss that occurs for an unavoidable reason beyond the Factor's control – in particular, natural disasters, wars, domestic or foreign laws or regulations, or the refusal, late granting or absence of any required official or other authorization, license or other necessary document.
- 12.1.5* The Factor will not be liable for any loss resulting from a disruption in its operations, including limited operations related to the maintenance of its facility, or if the Factor suspends or limits its operations on a certain day or for a certain period for a significant reason.
- 12.1.6* The Factor will not be liable for a failure to perform the Service it has agreed to provide if its action is hindered by a dispute between the Partner and a third party not related to the Factor.
- 12.1.7* Documents received or forwarded by the Factor at the Partner's order will be inspected by the Factor for compliance with the order. The Factor, however, will not be liable for the authenticity or validity of the documents submitted to the Factor, any amendments thereto, or the type, origin, quantity or quality of the goods mentioned in such documents. With regard to the release of documents and payment, the Factor will perform to the person that the Factor believes to be authorized to accept the documents and payment based on the inspection of the certification documents of such person.
- 12.1.8* The Factor will not be liable for the consequences of executing a false or forged order that could not be recognized as false or forged using the controls employed in the ordinary course of business.
- 12.1.9* The Factor will not be liable for any loss incurred because the Partner makes a fraudulent or negligent misrepresentation to the Factor regarding its legal status and capacity, or fails to inform the Factor in writing in time about the changes in its capacity or legal status.
- 12.1.10* The Factor expressly reserves the right to unilaterally modify the Facility Amount, in accordance with the provisions of Section 3.3.1, in light of, and in line with, changes in applicable laws or regulations, money and capital market conditions or risks associated with the Partner or any Service. The Partner will not have the right to make any claim for compensation in connection with any modification carried out pursuant to this section, and expressly waives any such claim.
- 12.1.11* The provisions of the Framework Contract and the Framework Agreement will under no

circumstances be deemed as a commitment on the Factor's part to provide Services. The rules of the client rating, credit appraisal, receivables purchase and collateral valuation procedures will be determined by the Factor itself, and on this basis the Factor will always decide at its own discretion whether to purchase or refuse to purchase the given receivable.

12.1.12 The Factor will not be liable in any manner if either the Partner or any third party engages in a procedure of any kind solely on the basis of the Framework Contract or the Framework Agreement, for a reason not attributable to the Factor, and incurs a cost, loss or damage or fails to realize an expected profit in relation thereto, including, but not limited to, costs incurred by the Partner in seeking a legal opinion on the Contract.

13. DATA PROTECTION, DATA HANDLING, CENTRAL CREDIT INFORMATION SYSTEM

13.1 DATA PROTECTION AND DATA HANDLING

13.1.1 By signing the Contract the Partner expressly consents to the registration, handling and processing by the Factor, depending on the nature of the Service provided by the Factor, in compliance with prevailing data protection laws and the applicable provisions of the Credit Institutions Act, of the Partner's data shown on the documents, contracts, certificates and forms submitted to the Factor and all data of the Partner created in any form. Depending on the nature of the Contract, the Factor will have the right to use these data for risk analysis and mitigation purposes as well as for the purpose of effecting settlement with the Partner, and also to certify the obligations and rights arising on the Partner's part in the Contract.

13.1.2 By signing the Contract the Partner voluntarily consents to the registration and handling by the Factor of the Partner's data related to the contractual offer and to the Contract for marketing and risk management purposes for a period of ten years after the termination of the Contract.

13.1.3 By signing the Contract the Partner expressly authorizes the Factor to make accessible and transfer the Partner's data registered in connection with the contractual offer and to the Contract to the following entities:

- KBC Groep NV, KBC Bank NV, KBC Insurance NV, K&H Bank Zrt. and the legal entities they hold an ownership interest in,
- the Factor's affiliated companies according to the prevailing Terms and Conditions of Business and
- the successors of these companies.

13.1.4 The purpose of data transfer, depending on the nature of the service used by the Partner, will be credit and client rating, risk analysis and evaluation, review, maintenance and development of IT systems, facilitating the provision of services by the Factor, offering services to the Partner directly, serving the Partner efficiently and mutually furthering compliance with obligations related to accounting, the prevention and combating of money laundering and other legal obligations.

13.1.5 The Factor declares that it will take into consideration the provisions of Act CXI of 2011 on Informational Self-Determination and the Freedom of Information when handling partner data that are also classified as personal data and transferring such data to third countries outside the territory of the European Union.

13.1.6 By signing the Contract the Partner expressly consents to receiving information from time

to time by direct mail or other communication tools from the Factor and the legal entities specified in Section 13.1.3 about their services and those of other legal entities specified in Section 13.1.3 for marketing purposes.

- 13.1.7* In the event that a Contract is entered into, the Partner consents to the processing and evaluation of its data by computer equipment, and if processing is carried out by computer equipment only, the Factor will provide an opportunity for the party concerned to present its position.
- 13.1.8* By signing the Contract the Partner expressly consents to the recording and storage by the Factor of the data of the Partner placing orders through the telecommunications network, as well as the communication itself, in full detail, including the discussions held with the Partner over the phone. Information recorded in this manner may only be used by the Factor for settlement and security purposes.
- 13.1.9* By signing the Contract the Partner expressly consents that if the Partner uses services offered by the Factor and provided by, or with the participation of, third parties, the Factor may legally forward to such third party, in compliance with applicable law, all the information required for the provision of such services for the Partner and for settlement between the Factor and the third party as well as between the Partner and the third party, and use the necessary data for the purpose of settlement with the third party.
- 13.1.10* By signing the Contract the Partner expressly consents to the regular use of the services of highly qualified third-party experts by the Factor in the fulfilment of the Factor's obligations and the exercise of its rights arising from the Contracts concluded with the Partner. Under the provisions of the Credit Institutions Act, the transfer of data classified as banking secrets to such third parties does not constitute a violation of banking secrecy.
- 13.1.11* The Factor may outsource activities that involve data handling, data processing or data storage to other organizations in compliance with data protection regulations. Under the applicable provisions of the Credit Institutions Act, the transfer of data classified as banking secrets to such organizations does not constitute a violation of banking secrecy. The Factor will ensure that these organizations handle the Partner's data in a safe and secure manner, in accordance with the terms laid down in data protection and banking secrecy laws. The range of the outsourced activities and the outsourcing providers are listed in these Terms and Conditions of Business of the Factor.
- 13.1.12* The Factor informs the Partner that in accordance with the provisions of Act CXI of 2011 on Informational Self-Determination and the Freedom of Information, in the cases and with the exceptions specified in applicable law the Partner may request information on the handling of its personal data, inspect the data protection register maintained by the data protection commissioner, take notes and request an extract of the contents thereof, request the correction or deletion of its personal data and object to their handling, go to court in the event of a legal injury and demand compensation. Furthermore, the Factor informs the Client that the handling of its data is based on an authorization contained in applicable law and on the Partner's personal consent in accordance with Act CXI of 2011, Act CCXXXVII of 2013 and Act V of 2013.

13.2 CENTRAL CREDIT INFORMATION SYSTEM

- 13.2.1* The central credit information system (hereinafter referred to as the "KHR") is a closed database the purpose of which is to facilitate a more differentiated assessment of creditworthiness and thus broaden the scope of lending, and to help reduce credit risks in order to ensure the safer and more secure operation of reference data providers

(particularly banks and financial enterprises).

- 13.2.2 The financial enterprise operating the KHR may transfer reference data pursuant to a data request submitted by the reference data provider.
- 13.2.3 The Factor, as reference data provider, must forward the reference data it manages (i.e., its partner's data prescribed by law if the applicable terms are met) to the financial enterprise operating the KHR immediately. The reference data provider maintains records of data transfers, the date and time thereof and the data transferred.
- 13.2.4 The reference data provider will transfer the reference data of Partners that conclude a contract with the reference data provider for the financial services defined in Article 3(1)(b)-(c) and (g) of the Credit Institutions Act (credit and loan operations, financial leasing, providing surety guarantees, bank guarantees and other forms of banker's commitments) (the data specified in Sections 1 and 2 of Annex 2 of the Credit Institutions Act).
- 13.2.5 The financial enterprise operating the KHR will handle reference data for five years, then delete them permanently and irretrievably. For the purposes of calculating this period the start date will be the day the contract is terminated.
- 13.2.6 The reference data registered in the KHR will also be deleted if the reference data provider has ceased to exist without a successor and has not transferred the receivable to another reference data provider, or if the data have been entered into the KHR illegally.
- 13.2.7 The registered person may object to the transfer or handling of their reference data and may request the correction or deletion of their data. Objections may be submitted to the reference data provider as well as to the financial enterprise operating the KHR system, which must investigate the objection within fifteen days and inform the registered person of the result of the investigation in writing immediately but within two Business Days at the latest. If the reference data provider sustains the objection, it must forward the reference data to be corrected or deleted to the financial enterprise operating the KHR immediately but within two Business Days at the latest. The financial enterprise operating the KHR will correct or delete the data immediately but within two Business Days at the latest. The registered person may file a lawsuit against the reference data provider or the financial enterprise operating the KHR for the transfer, handling, correction and deletion of their registered data or for the failure to comply with the obligation to provide information. The deadline for filing a lawsuit will be thirty days from the receipt of the information or from the expiration of the deadline for providing information. If the registered person is unable to meet the deadline for filing a lawsuit, this may be certified by the court.

14. MISCELLANEOUS AND CLOSING PROVISIONS

14.1 MISCELLANEOUS PROVISIONS

- 14.1.1* The Partner must not transfer or assign its rights and obligations under the Contract without the Factor's prior written consent. The Factor may transfer and assign its rights and obligations under the Contract, either in whole or in part, at any time, with simultaneous notice to the Partner.
- 14.1.2* A failure by the Factor to exercise a right or to exercise it immediately or a partial exercise of any right will not be construed as a waiver by the Factor of such right. The Factor's rights under the Contract will be in addition to the Factor's rights under applicable law.
- 14.1.3* If the Factor determines at any time that the Contract, or a part thereof, or the execution of the Partner's order is illegal, the Factor will refuse to execute the order and take immediate action to stop the illegality in the manner deemed the most appropriate by the Factor at its own discretion within the possibilities available under the Contract and applicable laws. If any provision of the Contract is or becomes illegal, invalid or unenforceable, it will not affect or hinder the legality, validity or enforceability of the remaining provisions.
- 14.1.4* The Factor may terminate the Contract, suspend the provision of the Service or unilaterally reduce the Facility Amount(s) if due to a change in the Partner's ownership structure the Factor and/or its owners could not comply with the prevailing (large) exposure rules applicable to the Factor and/or to the bank group defined according to consolidation requirements. In the latter case the Factor will have the right to reduce the Facility Amount(s) to such an extent that allows it to comply with applicable law.
- 14.1.5* For the purposes of the registration and settlement of all movements of funds related to Services provided or Orders executed by the Factor, the books of the Factor or its contributors and the documents issued by the Factor or its contributors will prevail, except if they are proven to be incorrect.

14.2 LANGUAGES

- 14.2.1* If the Contract is also executed in a language other than Hungarian and there is any discrepancy between the Hungarian version and the foreign language version, the Hungarian version will prevail.

14.3 DISPUTES

- 14.3.1* The Factor and the Partner will try to settle any dispute in an amicable manner, bearing in mind the provisions of the Terms and Conditions Business, and as part of that will have the right to propose a settlement with assistance from a jointly selected expert or other reconciliation forum.

Annex 1:

Outsourced activities and outsourcing providers:

1. **K&H Csoportszolgáltató Központ Kft.** (1095 Budapest, Lechner Ödön fasor 9.) - performs the Factor's taxation tasks and the Factor's dispatch activities (receiving and processing mail items, forwarding them to their destination, handling the internal document flow, etc.).
2. **K&H Bank Zrt.** (1095 Budapest, Lechner Ödön fasor 9.) – provides full-scale IT services required for the Factor's activities, with the exception of IT service activities possibly outsource to other providers. Full-scale IT services mean the following activities in particular: (i) operation of IT systems, including the operation of servers and workstations and support for the IT infrastructure, (ii) IT developments, including the creation of new IT functions and the development of new business applications and the development of the IT infrastructure, (iii) conclusion of IT agreements with external partners and the handling of these agreements, (iv) provides support for cloud based correspondence system. In addition, it also performs accounting and reporting on behalf of the Factor.
3. **Iron Mountain Magyarország Kft.** (1093 Budapest, Czuczor utca 10.) – provides document storage and document management services for the Factor.
4. **INTERFACE Számítástechnikai Korlátolt Felelősségű Társaság (1039 Budapest, Árpád u. 64.)** – provides IT stand-by service for the Factor.
5. **REISSWOLF BUDAPEST Adat- és Dokumentumkezelő Korlátolt Felelősségű Társaság (1097 Budapest, Illatos út 6.)** – collects in safe containers, temporarily stores, removes and destroys paper-based sensitive documents and incorrectly filled-in forms as well as provides waste management for the Factor.
- 4-6. **e-Jogsegéd Kft. (1135 Budapest, Kisgömb utca 6/1.)** - provides for the Factor an Internet-based interface for contacting with administrative agencies, called “e-Cégkapu”.