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# GENERAL CONTRACTUAL TERMS AND CONDITIONS

OF RETAIL LOANS

**Effective date: March 21, 2016**

The modified provisions effective as of March 21, 2016 are highlighted in the text. The amendment of this GCTC was necessary in order to ensure compliance with Act CLXII of 2009 on consumer credit amended by Act CCXV of 2015 on the modification of legal regulations for the purpose of harmonisation of law concerning individual players of the financial intermediary system as well as Act CCXXXVII of 2013 on credit institutions and financial enterprises. The amendments concern the rules of APR calculation, repayment account, change of currency, prepayment, withdrawal, and client information.



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## I. GENERAL RULES

### 1. EFFECT OF THE GENERAL CONTRACTUAL TERMS AND CONDITIONS OF RETAIL LOANS

- 1.1. These General Contractual Terms and Conditions (hereinafter referred to as the GCTC) apply to any service classified as a Retail Loan Facility to be provided as a credit or a money loan by K&H Bank Zrt. (Bank) to natural persons pursuant to Act No CCXXXVII of 2013 on Credit Institutions and Financial Enterprises (Hpt.).
- 1.2. The provisions of the GCTC shall be classified as contractual conditions with regard to all the Retail Loans, which are accepted by the Client when signing the individual Client Agreement for using a given Retail Loan. The provisions of these GCTC shall apply also if provided so by an agreement by and between the Client and the Bank for a service outside the scope of these GCTC.

### 2. GENERAL DEFINITIONS

The expressions listed below shall have the following meaning when these GCTC and the Client Agreement are applied:

- 2.1. **Debtor:** the natural person entitled to use the Bank's service for which the Bank provides a defined cash amount based on the Loan Agreement.
- 2.2. **Co-debtor:** the person who together with the Debtor assumes joint and several liability for the repayment of the loan and the payment of the related fees and charges.
- 2.3. **Collateral:** any collateral indicated in the individual Client Agreement, defined – subject to the nature of the collateral – in the Loan Agreement or in a special collateral agreement or any other deed and covering the Debtor's and/or Co-debtor's obligations under the Loan Agreement (especially but not exclusively payment guarantees, security deposits and pledges).
- 2.4. **Collateral agreement:** an agreement for establishing collateral irrespective of whether the Bank concludes it with the Debtor, the Co-debtor or any other obligor.
- 2.5. **BUBOR:** the Budapest interbank offered rate expressed in an annual percent rate, which is determined according to the current provisions set out in the regulations of the Hungarian FOREX Club and is published on the Reuters 'BUBOR' page (or, in the lack of that, on the appropriate Telerate page) as the BUBOR rate. It is the Loan Agreement that specifies which of the various BUBORs of different terms is to be applied.
- 2.6. **Condition(s) precedent:** all the conditions under the Loan Agreement that shall be met or the Bank is not obliged to provide any service for the Client even after the Agreement has entered into force.
- 2.7. **Prepayment:** any repayment before the Due Date of the repayment instalment or above the amount of the due repayment instalment.
- 2.8. **Due Date:** a date defined as such in the Client Agreement, on which the Debtor shall fulfil any of its payment obligations due under the Loan Agreement.
- 2.9. **EURIBOR (Euro Interbank Offered Rate):** the offered interest rate determined according to the provisions of the European Central Bank's regulations and quoted on the Frankfurt interbank market.
- 2.10. **Consumer Loan:** a loan granted to a natural person for purchasing or repairing the general every-day articles of personal use and for using services or a multipurpose loan if the loan is used by a natural person outside the scope of its independent profession or normal business activity.



- 2.11. **Consumer:** a natural person acting in pursuit of objectives beyond their independent occupation or business activities
- 2.12. **Disbursement Date:** the day on which the Bank provides the loan to the Debtor by transferring it to the Client's retail bank account or in any other way. If the credit purpose under the Loan Agreement is achieved by disbursing the amount of the loan to a third party, the Disbursement Date is the day on which the Bank credits the amount of the loan to a special blocked account opened for the Debtor for this purpose.
- 2.13. **Tenor:** a period of time defined in the Client Agreement during which the Debtor shall repay the loan and the interest and charges. The starting date of the Tenor is the Disbursement Date of the loan, which is also the starting date of the first Interest Period and the first Transaction Year. The last day of the Tenor is the Maturity Date.
- 2.14. **Monthly Minimum Credited Amount:** applicable to overdraft facility Loan Agreements, this is the minimum amount credited to the overdraft registration bank account which is to be granted by the Debtor monthly
- 2.15. **Announcement:** a prospectus displayed in the bank branches (in the Bank's client areas), published in the way defined in the relevant law, including primarily the interests, the service fees, the other charges to be paid by the Debtor (Co-debtor), the default interests, the method of the interest calculation, the total credit fee ratio (APR) and the minimum conditions of application and forming part of the Agreement.
- 2.16. **Interest Rate Margin:** part of the transactional interest rate in excess of the reference rate of interest.
- 2.17. **Interest Rate Margin Period:** time period for the duration of which the interest rate margin is not changed.
- 2.18. **Interest Rate Change Ratio:** a ratio published on the Central Bank of Hungary's website, which is used in the modification of the interest rate, is related to refinancing costs and the provision of the loan, but is unrelated to the business risk run by the Bank, and objectively reflects lending risk factors that are beyond the Bank's sphere of influence.
- 2.19. **Interest Rate Margin Change Ratio:** a ratio used in the modification of the interest rate margin; it represents the change over the base of some reference rate or reference yield and shows by how much the part of the interest rate exceeding the reference rate of interest may be changed.
- 2.20. **Interest Period:** the period related to the transactional interest of the loan during which the rate of the transactional interest will remain unchanged.
- 2.21. **Accounting Date of Interest Period/Interest Margin Period:** the calendar day following the end of an Interest Period/Interest Margin Period.
- 2.22. **Payment Guarantor:** any natural person or legal entity which undertakes to pay as an unconditional payment guarantor pursuant to the provisions of the relevant Collateral Agreement in case the Debtor (or other Co-debtor) does not pay on the Due Date.
- 2.23. **Loan Agreement:** the total documentation of the agreement concluded by and between the Bank and the Debtor with respect to the given Service, the Retail Loan, also including state subsidies mediated by the Bank, which consists particularly of the Bank's General Terms and Conditions, these GCTC, the Client Agreement, the collateral agreements and the Announcement concerning the given loan type. Under the Loan Agreement, the Bank's main obligation is to disburse the agreed loan amount, whereas the Debtor's main obligation is to repay the loan principal and to pay the interest and miscellaneous charges stated in the Loan Agreement for the due dates defined in the Loan Agreement.



- 2.24. **Retail Loan:** the Consumer Loan and the Mortgage Loan.
- 2.25. **Housing Loan:** loan granted subject to registration of mortgage on real estate – including mortgage established as independent lien prior to March 15, 2014 – to purchase, construct, enlarge, modernise or renovate residential property as being the loan purpose stipulated by the Parties in the Client Agreement; or to replace a loan granted for a purpose as per the above (the amount of the latter may exceed the amount outstanding as of the replacement of the original debt solely as a result of the exchange rate variation between lenders/financing partners and with the fees and charges confirmed as required for closing the original outstanding credit facility or loan and for disbursing the new loan).
- 2.26. **Maturity Date:** the end-date under the Client Agreement by which the Debtor shall pay all its debts to the Bank under the Loan Agreement. The Maturity Date is the last day of the Tenor.
- 2.27. **LIBOR** (*London Interbank Offered Rate*): the reference offered interest rate quoted on the London interbank market.
- 2.28. **Mortgage Loan:** credit facility or loan granted to a consumer against a mortgage registered on real estate (also including mortgages registered as independent pledges)
- 2.29. **Reference Rate of Interest:** a generally published fixing used in determining a rate of interest, which is beyond the lender's sphere of influence.
- 2.30. **Annual percentage rate (APR):** an internal rate of return, based on which the present value of the Debtor's repayment obligation (repayment plus fees), expressed as an annual rate, equals the total loan amount disbursed by the creditor.
- 2.31. **APR Decree:** the prevailing regulation governing the definition, calculation and promulgation of the annual percentage rate
- 2.32. **Principal balance:** the amount of the disbursed loan decreased by the principal content of the paid Repayment Instalments.
- 2.33. **Repayment Instalment:** the amount payable by the Client during the tenor with a frequency and in an amount as defined in the Loan Agreement, which, unless otherwise provided for by contract or by law, includes the amount of the due repayment of principal, the interest and the handling fee.
- 2.34. **Repayment Account:** an account managed by the Bank and having a repayment function, through which the repayment of the loan is channelled.
- 2.35. **Loan Repayment Account:** a technical Repayment Account linked to a consumer mortgage loan, solely used for the purpose of loan repayment, and held for the account holder free of charge. Any amounts paid to the Loan Repayment Account in excess of the repayment instalment becoming due will be kept in safe custody by the Bank until the next repayment date and will be used for the settlement of the following instalment. Cash withdrawals from a Loan Repayment Account can only be performed at a cash counter of a bank branch, subject to the payment of fee.
- 2.36. **Transaction Year (client year):** the first transaction year (client year) starts with the Disbursement Date and lasts for 12 months following the Due Date of the first repayment instalment; the next transaction year is one year following the end of the preceding transaction year.
- 2.37. **Final Repayment:** the lump-sum prepayment of the Debtor's total debts under the Loan Agreement.

### 3. LOAN APPLICATION, CREDIT DECISION, REFUSAL TO DISBURSE



- 3.1. The Bank grants Retail Loans upon the submission of a credit application to be assessed by individual credit decision procedure at the Bank's own well-judged discretion and subject to the Bank's own terms and conditions. In its credit approval process, the Bank acts in compliance with the relevant legislation.
- 3.2. A Retail Loan can be applied for by submitting form completed as appropriate to the given loan type, which shall be accompanied by the certificates, agreements, information and other documents required by the Bank.
- 3.3. The Bank shall be entitled to examine the Client's creditability and repayment potential as well as the collateral value and enforceability of the Collateral offered and other relevant conditions. The Client shall provide the Bank with the necessary certificates and information in the form requested by the Bank. Within the framework of the law, the Bank defines the principles of the Client's creditability test itself and can modify them if it finds any modification reasonable and necessary. During the credit decision the Bank shall also be entitled to use data from the Central Credit Information System managed by Bankközi Informatika Szolgáltató Rt. (BISZ Zrt.). In accordance with the relevant laws and the normal legal practice, the Bank shall be entitled to use every possible means and method during the total Tenor to verify the authenticity of the certificates, information as well as the other deeds and data provided by the Client, and – if necessary – the Bank may request that they should be provided repeatedly.
- 3.4. Based on the credit decision, the Bank may decide that the amount of the loan to be granted should be lower than requested and change the other terms and conditions, too. If the repayment of the loan and the related fees and charges do not seem to be ensured, the Bank can decide to reject the application.
- 3.5. It is the Bank's right to establish whether the Client is creditworthy and to decide to accept or refuse the loan application; the Bank exercises this right at its own discretion based on the principles based on the provisions of the effective laws.
- 3.6. A Loan Agreement is concluded in writing and, unless otherwise provided for in the Client Agreement, enters into force on the day when the individual Client Agreement is corporately signed by the Bank and the other parties (e.g. Debtor, Co-debtor, Payment Guarantor, mortgagor) as well as – if necessary – two witnesses, and all the contractual conditions precedent, including particularly but not exclusively the consent or approval by a third person or authority, are met. In case of an interest-subsidised loan secured by a mortgage bond and the other Retail Loans under the Announcement of the Bank, the Loan Agreement shall be notarised. Until the notarisation is effected, the Bank can refuse to disburse the loan. In addition to the above, the Bank can stipulate in the Loan Agreement that the notarisation of the Loan Agreement is a condition precedent of the disbursement.
- 3.7. When the Bank wishes to enter into a Loan Agreement with the Debtor, it will provide the Debtor, without imposing any fees, charges or other sums payable, with a personalised draft Client Agreement including the Debtor's personal data and the approved loan conditions. In case of a Mortgage Loan Agreement a draft agreement prepared as described above will be considered an offer binding on the Bank and should be delivered to the Debtor at the latest 3 days prior to concluding the agreement. The Loan Agreement may be concluded only after the three days following the delivery of the draft Client Agreement have passed. The offer will remain binding for the Bank for 15 days following the delivery of the draft agreement to the Debtor.
- 3.8. As a precondition for granting the Loan, the Bank may require the inclusion as Co-debtor especially of a spouse (partner) or the owners of the real estate offered as collateral or other persons holding certain rights to the same.
- 3.9. Even after the individual Client Agreement is signed, the Bank may refuse to disburse the loan in case of any major changes in the Client's circumstances or the value or enforceability of the Collateral, based



on which performance under the Loan Agreement can no longer be expected and the Client fails to supply satisfactory Collateral in spite of a request for the same.

#### 4. **AMENDMENT OF THE LOAN AGREEMENT IN TERMS OF INTEREST, FEES, CHARGES (CONSIDERATION) AND OTHER CONDITIONS**

##### 4.1. Conditions for modifications

1. Only rates of loan interest, margins, costs and fees may be changed unilaterally to the detriment of the Client; the conditions of such changes must be specifically stated in the GTC and/or the Client Agreement.
2. If some conditions justifying the unilateral amendment of the Client Agreement allow the reduction of a rate of loan interest, margin, cost or fee the Bank shall effect such reductions as part of delivering its contractual duties.
3. For reference-rate-plus-margin arrangements the Bank may adjust the reference rate on the Accounting Date of Interest Period to the reference rate applicable on the second day before the last working day of the month preceding the month of the Accounting Date of Interest Period.
4. The Bank may change the interest rate or margin of non-fixed rate loans on no more than five occasions on Interest Period/Interest Margin Period Accounting Days by no more than
  - a) the Interest Rate Change Ratio published on the Central Bank of Hungary's website, or
  - b) the Interest Rate Margin Change Ratio published on the Central Bank of Hungary's websiterespectively.
5. If the Bank applies an interest rate or margin change less than the Interest Rate Change Ratio or the Interest Rate Margin Change Ratio it will be entitled to offset such allowances against subsequent compulsory rate or margin reductions.
6. When changing its rate or margin the Bank shall apply the Interest Rate Change Ratio or Interest Rate Margin Change Ratio of the 120<sup>th</sup> day preceding the Account Date of Interest Period or Interest Margin Period.
7. The Interest Rate Change Ratio, Interest Rate Margin Change Ratio and Reference Rate applicable for each type of credit transaction shall be specified in the Client Agreement and neither they nor their components may be modified unilaterally even after the end of the Interest Period of Interest Margin Period. A plain text explanation of the Ratios shall be available on the Bank's website and put on display in its branches.
8. If an Interest Rate Change Ratio, Interest Rate Margin Change Ratio or Reference Rate becomes inappropriate to use for any change in the relevant underlying factors the Central Bank of Hungary will delete any such from its website and designate a supplementary Interest Rate Change Ratio, Interest Rate Margin Change Ratio or Reference Rate.

4.2. GTC section 4.1 points 2 and 4-8 do not apply to credit card and current account agreements.



#### 4.3. Changes to fees and cost

1. The Bank may increase any fees only by the last annual consumer price index published by the Hungarian Statistical Agency. The Bank may pass on the increases in the costs paid to third party suppliers to its Clients.
2. The Bank may modify the costs upon incurring them and its fees as off 1 April each year.

#### 4.4. The Bank expressly reserves the right to make additions to the GCTC, the Terms and Conditions of Business and the Announcement when introducing new credit products.

#### 4.5. Providing notification about the modification of the conditions of retail credit products

1. When amending the interest conditions of a credit product the Bank – with the exception below – will inform the Clients at least 90 days prior to the end of the Interest Period/Interest Margin Period about a) the interest rate or margin applying in the new Interest Period/Interest Margin Period and b) the amount of repayment instalments applying after the amendment, and the change in the number and/or frequency of the repayments if any.
2. When amending credit card and current account agreements the Bank will notify the Clients at least 60 days beforehand.
3. When amending fees and costs other than the transactional rate of interest – with the exception below – the Bank will notify the Clients at least 30 days beforehand about the new amount of the fees or costs, and the amount of repayment instalments applying after the amendment, and the change in the number and/or frequency of the repayments if any.
4. The Bank will give notification about the amendment of the fees and costs of government subsidies loans at least 15 days beforehand by means of an announcement.
5. The Bank shall continually publish the reference rates used in its reference-rate-plus-margin arrangements on its website and in its branches.
6. When a consideration is amended in a way that is not detrimental to the Client the Bank shall give notification about the amendment at least upon the amendment coming into force, and by postal letter about the new amount of the consideration, and about the change in the number and/or frequency of the repayments if any.

#### 4.6. Termination of the Client Agreement by the Client upon unilateral amendment

1. When the interest rate or the margin is changed to the detriment of the Client from one Interest Period/Interest Margin Period to another the Client shall be entitled to terminate the Client Agreement free of charge.

The Client shall notify the Bank about the termination at least 60 days prior to the end of the Interest Period and for the termination to become effective the Client shall repay the entire outstanding debt to the Bank on the last day of the Interest Period/Interest Margin Period the latest.

2. When the conditions of a credit card or payment account agreement are changed unilaterally the Client shall be entitled to terminate the agreement free of charge with 30 days' notice even if the agreement is for a definite term. For the termination to become effective the Client shall repay to the Bank the entire outstanding debt together with all interests accrued until the day of repayment by the end of the notice period.



#### 4.7. Modifications requested by the Client

1. The Client shall be entitled to initiate in writing that the conditions of the service or the other provisions under the Loan Agreement should be amended. It is the exclusive right of the Bank to accept or decline the initiative. The Bank may require new creditability tests as a condition of the amendment. Any amendment of a Loan Agreement concluded for using an interest-subsidised loan secured by a mortgage bond will only be effective if it is included in a bilateral notarial deed; consent by the mortgage credit institution issuing the mortgage bond may also be required. Loan Agreements for the use of other retail loans can be amended subject to the form in which the Loan Agreement was concluded or the Bank's decision and the subject of the amendment.
2. In the case of a Housing Loan, if – based on the Loan Agreement – the Debtor is more than ninety days past due on the payment of its existing liabilities, the Debtor may request, on one occasion in writing, the extension of the loan tenor by up to five years; and the Bank may not decline such request without a well-founded reason.
3. To request a change in the Repayment Account as per the Client Agreement, the Client needs to submit a written request for modification in a private document of full probative force. Repayment Accounts shall be accounts managed and accepted by the Bank. Having updated the Repayment Account setting in its banking systems, the Bank shall notify this fact to the Debtor in writing.
4. A Due Date defined in the Client Agreement may be changed upon the Debtor submitting a written request in a private document of full probative force or upon a verbal agreement made in the form of a recorded telephone conversation between the Bank and the Debtor or Co-debtor. The Bank shall notify the Debtor and the Co-debtors, if any, in writing about carrying out the requested change in the Due Date. The modification of the Due Date shall result in the modification of the Maturity Date as well.
5. The Interest Period defined in the Client Agreement may be changed in accordance with the provisions contained in the Client Agreement. In the case of Interest Period modification, the interest applicable for the new Interest Period will be the same as the interest defined for the same interest period upon contracting and its rate will equal the rate as per the Announcement prevailing at the time of the modification.
6. The Debtor may, by submitting a unilateral statement, request a change of currency of the debt arising from its mortgage loan agreement signed on or after March 21, to a currency specified in the Client Agreement. Changing the currency of debt shall not be deemed an amendment of the contract. The Bank may require additional collateral if the Debtor requests a change of currency of the debt to a currency different from the one in which the properties serving as collateral could be sold. Payment in the modified debt currency will commence when the second instalment following the receipt by the Bank of the Debtor's request becomes due. When changing the debt currency, the Debtor shall cover the Bank's expenses incurred in relation to switching currencies. Home purchase subsidies and home purchase interest subsidies are only available for loans denominated in Hungarian forint, and all interests as well as fees must be paid and the principal be repaid in HUF.

#### 5. TRANSACTIONAL AND DEFAULT INTEREST; APR

- 5.1. The Debtor shall pay interest on the Current Principal Balance during the Tenor. The interest is to be calculated by applying the transactional interest rate defined as an annual percentage in the Loan Agreement. The volume of the transactional interest is defined by the relevant Announcement.
- 5.2. The interest rate can be either fixed or variable as defined in the Loan Agreement.



- a) The volume of the fixed, i.e. unchanged, interest rate shall be fixed in advance for the total Tenor of the given Retail Loan and will not change during the Tenor.
  - b) The volume of the variable interest rate may change in accordance with the provisions of the relevant law or the terms and conditions of the Loan Agreement or if it is unilaterally amended by the Bank.
- 5.3. The interest rate of loans with variable interest rates will change on the Accounting Date of the Interest Period, while the interest rate of bullet-repayment loans will change on the effective date of the change. If an interest discount is revoked and therefore the original margin exclusive of the discount is applied, this shall classify solely as a revocation of the discount and not as a modification of the margin.
- 5.4. In its Announcement the Bank defines and publishes the Interest Periods available for Clients to select from. Unless otherwise provided for in the Loan Agreement, the Interest Period shall be one calendar month, with the exception of the first Interest Period, which lasts from the Disbursement Date to the first Interest Due Date. No Interest Period is defined for loans repayable in a lump sum at the end of the Tenor, and the modified transactional interest shall apply to the Loan Agreement as from the effective date of the modification.
- 5.5. The interest payment shall fall due on the Due Date of the Repayment Instalment or on the prepayment or Final Repayment date of the loan. The interests of loans with bullet repayment shall be paid subject to the conditions under the Client Agreement. In case of monthly interest payment, the Due Date of the interest payment shall be the calendar day as defined in the Client Agreement and those days of each month to come that correspond to the first Due Date of the interest payment based on their number (and if there is no such day, then the last day of the month).
- 5.6. The interest on the loan is defined based on the Current Principal Balance. The interest is defined monthly based on the Current Principal Balance of the Due Date. The Bank defines the monthly Repayment Instalments of the loan by means of the annuity calculation method and based on the following formula:

$$t = H \times (1 + p)^n \frac{p}{(1 + p)^n - 1} + kk$$

Where: t = repayment instalment to be paid monthly

H = amount of the loan raised  
 p = annual interest rate/12  
 n = Tenor of the loan (months)  
 kk = monthly handling fee

In different cases, the interest is calculated daily based on the following formula:

$$\text{interest} = \text{principal} \times \text{interest rate as \%} \times \frac{\text{days}}{36000}$$

- 5.7. If any amount payable by the Client based on the Loan Agreement is not paid on the Due Date, the Client shall pay not only the transactional interest under the Loan Agreement but also a default interest on any unpaid amount for the period from the Due Date until the actual payment. The default interest rate is one third of the base rate of the central bank **effective on the first day of the calendar half-year**. The rate of the default interest shall not be higher than 1.5 times the transactional interest rate specified in the Client Agreement plus 3 percentage points, and shall not be higher than the maximum possible annual percentage rate applying to the credit agreement in question.



- 5.8. In the case of Housing Loans, the Bank shall not charge default interest, interest, charges, fees or commissions due to non-performance by the Client following the 90<sup>th</sup> day from the cancellation of the Agreement for amounts in excess of the transactional interest and handling fee valid on the day before the cancellation date.
- 5.9. If the disbursements as well as the repayments are made in HUF under an FX-denominated loan, the payments by the Bank and the Client shall be taken into account as HUF values to determine the APR. If the disbursement or the repayment is transacted in foreign currency under an FX-denominated loan, the payments made in foreign currency shall be taken into consideration in HUF. The fees payable in HUF under an FX-denominated loan shall be taken into consideration in the currency of the Loan to determine the APR.

The Bank considers the following conditions to calculate the APR:

- all the fees (interest, fees, commissions, charges, taxes) payable under the Loan Agreement
- the costs, known to the Bank, of the auxiliary services stipulated by the Bank as mandatory with the Loan, thus especially
  - a) the fee for the appraisal of the collateral offered to secure the Loan
  - b) the fee for the on-site inspection of a construction project
  - c) the costs of account management and the use of cash equivalent payment methods as well as the other costs of payment transactions (except for the costs of account management and the use of cash equivalent payment methods as well as other costs of payment transactions if the Bank does not stipulate the maintenance of the account for the given Loan Agreement and if its costs were clearly and separately stated in the agreement with the Client)
  - d) fees payable to loan intermediaries (if this amount is known to the Bank)
  - e) land registry administration fee
  - f) insurance premiums and guarantee fees

To be excluded from the calculation of APR shall be the charges for prolongation (the extension of the tenor), default interest, other payment obligations due to a failure to comply with obligations undertaken in the Agreement, the notary's fee, the fee, additional to the purchase price, paid by the Client for the purchase of products or services under a Loan or associated credit agreement, regardless whether cash or borrowing is used for payment, also the costs of account management and the use of cash equivalent payment methods and as well as other costs of payment transactions if the Bank does not stipulate the maintenance of the account for the given Loan Agreement and if its costs were clearly and separately stated in the agreement with the Client.

APR shall be determined with reference to the current conditions and the provisions of the prevailing legislation and its rate may change if the conditions change. APR does not reflect the currency risk on FX-denominated Retail Loans or the interest risk of variable-rate Retail Loans. Also, the APR does not reflect the fee of the property insurance required for mortgage loans if the Bank has no information about the applicable fee at the time of contracting. The detailed rules of calculating and publishing APR are contained in the relevant regulation (government decree).

## 6. OTHER FEES AND CHARGES RELATED TO THE LOAN

The Debtor shall pay not only the interest but also the following fees, charges and commissions as defined in the Loan Agreement:

- 6.1. **Real estate appraisal fee as a cost item:** The real estate appraisal fee is a fee of a volume defined by the Bank in the Announcement for the appraisal of the real estate(s) offered as (replacement) collateral needed to assess a credit application or a request for exchanging the collateral behind an



effective Loan Agreement or for involving further real estate collateral; for the due date and the payment manner of the cost, see the Announcement. After the appraisal of the real estate(s) offered as collateral, the Bank will not refund the paid appraisal fee to the Client even if the credit application or the request for exchanging the collateral or involving further real estate(s) is declined or withdrawn. If the appraisal fee has been paid by the Client, he may request a copy of the value appraisal document not containing any business secret of the Bank.

- 6.2. **Fee for the technical inspection of the real property as a cost item:** For construction, extension, modernisation or any other construction-type loan, the Client must pay a fee for the technical inspection of the real property, at the rate specified in the Announcement, for the technical inspection of the real property specified as the loan objective, apart from the first appraisal, the payment method and due date of which are specified in the Announcement. The Real estate appraisal fee specified above is charged for the first appraisal of the real property. The Bank will not refund the fee for the technical inspection of the real property to the Client even if the fee was charged to examine whether a request of the Client can be fulfilled and the Bank decides to reject the request.
- 6.3. **Agreement conclusion fee:** If required by the Loan Agreement, the Client shall pay a disbursement fee called the agreement conclusion fee of a volume defined in the Announcement. The fee shall be paid when the Loan Agreement is concluded unless the Bank disburses a loan to pay it; in the latter case the agreement conclusion fee shall be paid the same way as the loan is repaid.
- 6.4. **Handling fee:** If required by the Loan Agreement, the Client shall pay a handling fee of a volume defined in the Loan Agreement. The current volume of the handling fee is included in the currently effective relevant Announcement. The handling fee is based on the loan disbursed or to be disbursed and the amount of the total current principal balance at the beginning of the Transaction Year. The handling fee shall be paid on the Due Dates of the repayment instalments monthly pursuant to the Loan Agreement or in lump sum in advance. The monthly amount of the Handling Fee is calculated by dividing (by 12) the annual percentage rate of the Handling Fee to receive the monthly rate and then rounding to 3 decimal places this fraction expressed as a percentage. The Bank does not charge such a fee with respect to Client Agreements made after 1 February, 2015.
- 6.5. **Agreement amendment fee:** If, during the Tenor, the Debtor requests any amendment affecting any of the terms and conditions under the Loan Agreement, an agreement amendment fee of a volume defined in the Announcement with regard to the loan type will be charged. The agreement amendment fee shall be paid when the Loan Agreement is amended. The Bank will not charge an agreement amendment fee in the cases as stipulated by law, when such is prohibited, or if the amendment of the Loan Agreement is initiated by the Debtor because the Bank has unilaterally amended the terms and conditions under the Loan Agreement in a way that is seriously detrimental to the Debtor.
- 6.6. **Collection costs:** The Debtor shall also pay any certified costs of the Bank related to the collection of the loan such as any legal costs, the costs of any court procedure or the enforcement of any claim by a third party.
- 6.7. **Commitment fee:** If required by the Loan Agreement, the Debtor shall pay a commitment fee of a rate defined in the Loan Agreement. The rate of the commitment fee is included in the relevant Announcement. The commitment fee shall be paid monthly from the date of the conclusion of the agreement based on the undisbursed amount.
- 6.8. **Disbursement fee:** When the loan is disbursed, the Debtor shall pay a disbursement fee of a volume defined in the Announcement.



6.9. **Disbursement commission:** If the credit line is linked to a bank account, the Debtor shall monthly pay a disbursement commission of a volume defined in the Announcement for the used part of the credit line when it pays the interest.

6.10. **Prepayment / Final repayment fee:** In case of Retail Loan – irrespective of the person performing the Prepayment/Final Repayment - the Debtor shall pay a fee specified in the Announcement to the Bank upon each voluntary Prepayment/Final Repayment in order to cover the Bank's costs incurred in relation to Prepayment/Final Repayment.

- a) In case of Consumer Loans the Debtor shall pay a fee specified in the Announcement to the Bank upon each voluntary Prepayment/Final Repayment in order to cover the Bank's potential, reasonable and objectively justified costs incurred in relation to Prepayment/Final Repayment, if the Prepayment/Final Repayment is made in a period when the interest rate of the loan is fixed. A fixed interest rate is defined as an interest rate that is set for the full Tenor at the time of concluding the Loan Agreement, either by applying a single percentage or several percentages for different sections of the Tenor. In addition, the interest rate may only be deemed as fixed in the period for which the Loan Agreement has stipulated a specific percentage.

The Prepayment Fee may not exceed 1% of the sum affected by the prepayment/final repayment, if the difference between the Prepayment/Final Repayment Date and the Maturity Date exceeds one year. If this period does not exceed one year, the Prepayment Fee may not exceed 0.5% of the sum affected by the prepayment/final repayment. In neither case may the Prepayment/Final Repayment Fee exceed the sum of the loan interest payable for the given period, calculated using the conditions in force at the time of the Prepayment/Final Repayment.

The Bank shall not charge a Prepayment/Final Repayment Fee in cases where the Prepayment/Final Repayment takes place in a mandatory manner, pursuant to the terms stipulated by the Bank, the Loan Agreement or any provision of law, or as a result of the Bank terminating the Loan Agreement, or if the Client uses its right to recede from/terminate the contract within 14 days of concluding the Loan Agreement, as stipulated below. The Bank shall not charge such fees either if the Debtor terminates the contract due to the Bank's material violation of the contract, or the Bank's unilateral modification of the Loan Agreement's conditions in a way that is materially detrimental to the Debtor.

No Prepayment Fee is payable if:

- The Prepayment/Final Repayment concerns an overdraft facility linked to a current account;
  - The Prepayment/Final Repayment took place pursuant to an insurance contract concluded as collateral for the repayment; or
  - The value of the prepayment made by the Client on a single occasion in a 12-month period does not exceed 200 thousand HUF.
- b) In case of the Prepayment/Final Repayment of a Mortgage Loan, the following special rules apply:

In case of the Prepayment/Final Repayment of a mortgage, the Bank is entitled to cover the costs directly incurred due to the Prepayment/Final Repayment.

For Loan Agreements secured by mortgage bonds, including Loan Agreements refinanced by the mortgage institution, the Bank is entitled to charge costs in excess of the extent set out in the above paragraph, as long as the Prepayment/Final Repayment falls in a period when the



mortgage's interest rate is fixed, or if it has variable interest, and the Prepayment/Final Repayment takes place within the Interest Period.

The Bank may not stipulate any additional payment obligations related to Prepayment/Final Repayment over and above the costs set out in the two paragraphs above.

The Bank shall not apply any Prepayment/Final Repayment Fee if the Prepayment/Final Repayment is performed as required by the Bank, the relevant law or the Loan Agreement or if the Loan Agreement is terminated by the Bank. Furthermore, the Bank shall not charge such fees if the Debtor terminates the Loan Agreement due to a serious breach of contract by the Bank or because the Bank unilaterally amends the terms and conditions under the Loan Agreement in a way that is seriously detrimental to the Debtor.

c) Calculation of the Prepayment/Final Repayment Fee for contracts concluded as of March 1, 2010

The Prepayment/Final Repayment Fee includes a specific sum that covers the administrative costs directly incurred by the Bank at the time of Prepayment (its extent is set out in the Announcement), as well as a percentage amount to be established monthly for the reinstatement of the required asset-liability structure. The monthly calculation of the asset-liability structure reinstatement fee shall take place as follows:

The average of the differences between EURIBOR or BUBOR under the original pricing<sup>1</sup> and EURIBID<sup>2</sup> or BUBID<sup>3</sup> pertaining to the period outstanding up until the next repricing, calculated, if necessary, using an interpolated<sup>4</sup> (i.e. achieved using a mathematical approximation method) approach.

6.11. **Administration fee:** In case of an interest-subsidised loan secured by a mortgage bond, the Debtor shall pay not only a transaction interest but also an administration fee based on the amount of the loan from the starting date of the Tenor until the terms and conditions of selling the pledge to the mortgage credit institution are met. The fee shall be paid as an interest in monthly repayment instalments on the Due Dates thereof. The rate of the fee is included in the Announcement. The Bank does not charge such a fee with respect to Client Agreements made after 1 February, 2015.

6.12. **Other fees and charges:** With regard to the other services defined in the Announcement and provided upon individual requests (including particularly but not exclusively the preparation of itemised account statements or copies of agreements, and the change of currency of the debt) the Bank will charge the fees and charges defined in the Announcement in compensation for its administration costs. The Client shall pay all the fees and charges (including particularly but not exclusively the fee of real estate registration procedure and notarisation), that are incurred in connection with the fulfilment of any of its obligations under the Loan Agreement.

## 7. DISBURSEMENT

7.1. After the Client Agreement and the Collateral Agreements are signed in compliance with the requirements of form, the Bank will disburse the amount of the loan, including any state budget subsidies, when all the stipulated conditions precedent with regard to the form and content required by the Bank under the Loan Agreement have been fully met. The loan will be disbursed to the technical

<sup>1</sup> Original repricing: At least 3 months in cases where interest payments follow the rhythm of the interest rate period but are not tied to the reference rate.

<sup>2</sup> EURIBID: as shown in the Announcement.

<sup>3</sup> BUBID: as shown in the Announcement.

<sup>4</sup> If there is no EURIBOR or BUBOR subscription available for the period which is the same length as the length of the period running up to the next repricing, the Bank shall apply linear interpolation to establish the missing values from the listed EURIBOR/BUBOR values available for periods that are either shorter or longer than the outstanding period.



**loan disbursement account** (which is a technical account) within five working days following the confirmation of compliance with the last Condition Precedent for the Bank.

- 7.2. The loan will be disbursed on condition that a Repayment Account is opened with the Bank, and that the Debtor pays to the Bank all the fees and charges falling due until the Disbursement Date under the Loan Agreement. If the liability portfolio related to the realisation of the credit purpose includes own funds, too, the Debtor shall use all of this before the disbursement of the loan and certify this fact to the Bank.
- 7.3. Disbursement will be performed in lump sum or by instalments on the date(s) or during the period as defined in the Client Agreement. In accordance with the provisions of the Loan Agreement, the Bank will disburse the loan in cash in the presence of the Debtor or to the Debtor's agent (authorised in a public instrument or a private document of full probative force as per the Bank's own unilateral decision) at the cash counter of the bank branch or by crediting it to the retail bank account of the Debtor or any person designated by the Debtor or – if the purpose of the loan is realised by disbursing the amount of the loan to a third party – by crediting the amount of the loan to a special blocked account opened for the Debtor.
- 7.4. If all the conditions precedent of the disbursement of the loan are not met by the date defined in the Loan Agreement at the latest or – by the previous workday if that date is a holiday or a banking holiday –, the Bank shall not be obliged to make the loan amount available after that date. If with regard to a loan disbursed in several tranches any prerequisite required for the disbursement of any further tranche of the loan and specified in the Loan Agreement is not fulfilled by the applicable deadline, then after this deadline the Bank shall not have any obligation to commit any of the tranches of the loan, in relation to which the prerequisites were not fulfilled.

## 8. PAYMENTS, REPAYMENT, PREPAYMENT

- 8.1. The Repayment Account held with the Bank indicated by the parties in the Client Agreement shall be used for the repayment.
- 8.2. The Debtor shall ensure that the funds covering the amounts falling due based on the Loan Agreement are available on the Repayment Account on the Due Date. Unless otherwise provided in the current GCTC, the Announcement or the individual Client Agreement, the Debtor shall perform payment for the Bank by concluding the Loan Agreement and thereby irrevocably authorizing the Bank to debit the amount of the payments under the Loan Agreement against its Repayment Account on the due date. If repayments are deposited in cash or by postal cash transfer order on the Repayment Account, payments shall be performed by crediting the amount to the Repayment Account under the individual Client Agreement on the Due Date at the latest. If the funds available for the repayment are not sufficient for paying all the due debt, the Bank will settle it first for the payment of the incurred costs, then the due interests and finally the Outstanding Principal Balance, in accordance with the relevant effective laws.
- 8.3. The Debtor shall pay the first repayment instalment on the date defined in the individual Client Agreement. The other repayment instalments shall fall due monthly on the calendar day corresponding to the Due Date of the first repayment instalment (if there is no such date, then the last day of the month) or the calendar day defined as the Maturity Date. If the calendar day corresponding to the Due Date is a holiday or a banking holiday in the given month, the first banking day following it shall be the Due Date.
- 8.4. The expected amount of the monthly repayment instalment of the loan will be defined in the Client Agreement. The amount of the first repayment instalment can differ from the expected amount of the repayment instalment if the Disbursement Date is not identical with the agreement conclusion date or



if the number of the days between the Due Date of the first repayment instalment and the Disbursement Date is not 30. In addition, if a Reference Rate is applied, the percentage of the Reference Rate stipulated in the Client Agreement shall differ from the percentage used at disbursement.

- 8.5. The Debtor shall be entitled to partly or fully repay the Principal Debt prior to maturity, subject to sending prior, written notification to the Bank about his/her intention to do so. Prepayment requests received and accepted by the Bank no later than by 3 p.m. on any banking day shall be effected by the Bank on the day they were submitted, as long as the required sum is available on the Repayment Account. Prepayment notices submitted after 3 p.m. shall only be accepted by the Bank for the following working day. The Bank shall send written notification to the Debtor concerning the sum of the Repayment Instalment revalued in line with the remaining outstanding Tenor, based on the value of the debt reduced by the Principal repaid prior to its due date. The Bank shall debit the Repayment Account with the interest payable until the date of the Prepayment/Final Repayment, as well as the value of the part of the loan intended to be prepaid. In case of FX-denominated loans, the Client shall be entitled to repay the sum of the Prepayment/Final Repayment in the currency of the Loan Agreement.
- 8.6. The Bank shall be entitled to accept financial performance offered by third parties (including the Guarantor and the Mortgage Obligor), as long as the Debtor consents to it.
- 8.7. If the Co-debtor wishes to perform Prepayment, the Co-debtor can dispose over the Debtor's repayment account only by using the deposited amount for repayment. The Debtor acknowledges that the Co-debtor, the Payment Guarantor, the mortgagor and any other party providing the security of the loan or undertaking any personal or real obligation for the repayment thereof are classified as persons who are legally interested in the repayment of the loan, thus the Bank is entitled to accept performance by them without the consent by the Debtor.
- 8.8. As the purchaser and refinancing entity of the Bank's claims secured by an independent pledge through the issuance of the mortgage bond, FHB Jelzálogbank Nyrt. imposes a limit on the time and amount of the prepayment. The Bank accepts prepayment requests only for the prepayment date provided that the Debtor submits the relevant declaration to the Bank by 1 p.m. on the 3rd banking day preceding the Due Date; following that date, the Bank will accept prepayment requests only for the next Due Date. The Bank will not accept Final Repayment requests for the two banking days preceding or following the Due Date. The Final Repayment will be performed on the 3rd banking day following the submission of the request. For the other terms and conditions of the prepayment of interest-subsidised loans secured by mortgage bonds, see the Announcement.

## 9. PROVISIONS RELATED TO FOREIGN EXCHANGE

- 9.1. With Retail loans defined in a foreign currency the Repayment Instalments are defined in FX and paid in HUF. The Bank will define the HUF equivalent of the repayment instalment by applying the official FX rate quoted by the National Bank of Hungary on the given day, valid on the Due Date, or in case of Mortgage Loans, by using the FX I mid-rate last published and quoted by the Bank on the given day, valid on the Due Date. The HUF equivalent of the prepayment and the conversion according to the point below is determined based on the official FX rate quoted by the National Bank of Hungary valid on the Prepayment Date or in case of conversion on the date of the modification of the amendment of the Loan Agreement, or in case of Mortgage Loans, the FX I mid-rate first published and quoted by the Bank on the given day, valid on the Prepayment Date.
- 9.2. The Parties are entitled to amend the Loan Agreement once at the request of the Debtor in a way that all the outstanding FX debts under the Loan Agreement – irrespective of whether it is the main debts or the related fees and charges – should be converted into the Outstanding Principal Balance of the HUF Retail Loan with business conditions pursuant to the reference conditions of the HUF Retail Loan



with business conditions as defined in the Bank' Announcement valid on the day of receiving the credit application and in the effective GCTC. If the Bank does not have an announced HUF-based Retail Loan with annuity repayment, offered under the same business conditions at the time when the original loan is taken, then the terms and conditions of the Announcement of HUF-based retail loans, announced with annuity repayment and under the same business terms and conditions, effective on the date of conversion (or, if they are not available, then on a date in the past, which is the closest to the date of conversion). The Debtor is entitled to amend the Loan Agreement this way if it has no overdue debt to the Bank. The amount of the Outstanding Principal Balance registered in HUF is defined based on the official FX rate quoted by the National Bank of Hungary valid on the undersigning date of the amendment of the Loan Agreement or in case of Mortgage Loans, the first quoted FX I. mid-rate of the undersigning date of the amendment of the Loan Agreement quoted by the Bank. The amendment of the currency of the Loan Agreement does not affect any of its other conditions, particularly the Tenor. The Bank will perform the Debtor's conversion request following the presentation of the request or in case of notary deed the presentation of the notary deed.

## 10. TERMINATION OF THE LOAN AGREEMENT

The Loan Agreement will terminate in the following cases and on the following dates:

### 10.1. Performance

If the Debtor's total debts under the Loan Agreement are paid to the Bank, the day on which the amount of the debts is made available to the Bank.

### 10.2. Withdrawal

1. Where there is no mortgage collateral stipulated, the Debtor may withdraw, by submitting a written statement at the bank branch, from the Loan Agreement without any reasoning, within fourteen days from its signature, if disbursement has not yet taken place. The Bank shall not reimburse the charges, already paid by the Debtor for services performed by the Bank or a third party, assigned by the Bank in relation to the Loan Agreement. After contracting, the Debtor shall pay to the Bank all fees, including specifically the contracting fee, which are to be borne by the Client according to the loan conditions specified in the Announcement.

2. The Debtor shall repay any principal amount potentially taken from the Bank, as well as the interests that may be charged pursuant to the Loan Agreement for the period between the drawdown date and the repayment date simultaneously with the sending of the declaration of cancellation (withdrawal). In addition to this amount, the Bank is entitled only to the amount that it paid to the state or the municipality in relation to the loan, if it cannot be reclaimed. The cancellation, at the same time, also terminates ancillary contracts concluded with the Client in relation to the Loan Agreement (including, in particular, but not limited to the insurance and Collateral Agreements).

### 10.3. Termination by notice

#### 1. Termination by notice initiated by the Client

- a) Where there is no mortgage coverage stipulated, the Debtor may withdraw from the Loan Agreement without any reasoning, within fourteen days from its signature, if disbursement has already taken place. All other provisions stipulated in Section 1, Paragraph 10.2 above are suitably relevant. Concurrently with the sending of the termination notice, but no later than within 30 days, the Debtor shall repay to the Bank the full Principal taken plus all interest chargeable under the Loan Agreement from the date of drawing the loan till the date of repayment.



- b) The Debtor may terminate the Loan Agreement concluded for an indefinite period of time by ordinary termination at any time, by giving one month's notice.
- c) The Client is entitled to terminate the Loan Agreement with immediate effect if the Bank violates any of its material obligations stipulated in the Loan Agreement, or if the Loan Agreement stipulates so, including if the Loan Agreement is terminated by way of Final Repayment.

## 2. Termination by notice initiated by the Bank

- a) The Bank is entitled to terminate the Loan Agreement concluded for an indefinite period of time by way of ordinary termination, subject to a notice period of 2 months.
- b) The Bank is entitled to terminate the Loan Agreement with immediate effect, should any of the Material Breach of Contract Events described below occur.

In addition to the events defined in the applicable legislation (including, in particular, but not limited to the Civil Code) or the Loan Agreement as such, or as major or material breaches of the contract, or breaches that result in a right to terminate the contract with immediate effect, the following also qualify as Material Breach of Contract Events:

- If the Client falls into default with any of the payment obligations outstanding pursuant to the Loan Agreement and fails to remedy such failure when called upon to do so;
- The Debtor uses the amount of the loan (including state subsidies), too, for any purpose other than that defined in the Loan Agreement, or it is impossible to use the loan for the defined purpose, the Debtor fails to meet the purpose of the loan, or – in the case of disbursement in instalments – the second or further part of the loan is not disbursed for any reason related to one of the Debtor's subsidiaries or due to the Debtor.
- The value or redeemability of any collateral provided by the Client significantly falls, or its validity or scope cease for any reason or get limited by any circumstance, and the Debtor does not provide additional collateral upon the request of the Bank.
- The Debtor's significantly declining financial position, or the Client's behaviour indicating its intention to withdraw collateral jeopardizes the repayment of the loan, including a scenario, for example where the Debtor's retail bank account with the Bank, indicated as the repayment account in the Client Agreement is terminated for any reason.
- The Client deceived the Bank in any way, and this affected the conclusion (including the amendment) of the Loan Agreement or its contents.
- Any declaration or statement made by the Client in, or in connection with, the Loan Agreement has proved to be basically inaccurate in any respect.
- In spite of being warned, the Client hinders investigation related to his/her solvency, the Collateral or the realisation of the purpose of the loan; including when he/she materially breaches his/her data supply obligation under the Loan Agreement or pursuant to the relevant law.



- The existence of any circumstance or the occurrence of any event which may give rise to the well-founded assumption that it may threaten the Debtor's financial position/wealth and/or his/her capability to meet his/her obligations, assuming that the Debtor fails to provide Collateral or supplementary Collateral, despite being called upon to do so, by the deadline stipulated in such notice.
- The obligor does not pay – or pays only part of – the property insurance premium required by the Bank based on the Loan Agreement, or the contracting party changes any major provision of this insurance contract (including particularly but not exclusively the risks or the beneficiaries, the insurance amount) negatively for the Bank.
- The mortgagor uses the insurance benefit paid by the Bank due to loss events occurring in respect of the real estate collateral, and with the stipulation of the mortgagor's restoration obligation, for a purpose other than this.
- Without the previous written consent of the Bank, a right or fact is registered on any of the real estate securing the loan (or the registration of such rights or facts is in progress based on the side note in the register of title deeds), which can affect the potential degree of the Bank's right to satisfaction or the possible date of enforcing the claim negatively for the Bank (including particularly but not exclusively the pledge, the right to execution, the initiation of lawsuits).
- If the Client fails to take the measures or provide the statements required to ensure that the Bank can appropriately meet its obligations arising from the Contract.
- A material or repeated breach by the Client of any provision of law governing the Loan Agreement or the relationship between the Bank and the Client, or of any obligations resulting therefrom.

The stipulations of the Civil Code that also list the individual conditions for denying the loan amount and the individual circumstances that may give rise to the termination of the Loan Agreement with immediate effect must be considered to form an integral part of the Loan Agreement. If the Loan Agreement stipulates a similar provision, it must be construed as being a supplementation of the Civil Code's relevant provisions.

If several mortgagor Clients are affected by the debt, and if a Material Breach of Contract Event occurs in respect of any of them, it shall give rise to the enforcement of legal consequences in respect of all of the others and vice versa.

3. With the termination of the Loan Agreement, all debt outstanding pursuant to the Loan Agreement, including any potentially disbursed state subsidies, shall become immediately due, in a lump sum, on the termination's effective date. Upon receiving the termination document, the Debtor and the Guarantor shall, without delay, fully pay off all of the debt resulting from the Debtor's Loan Agreement. In case of any termination, the Client shall remain responsible for meeting all payment and other obligations towards the Bank up until the end of the contractual relationship, and for settling with the Bank. This rule also applies to terminations of the Loan Agreement in other ways.
4. The requirements of form set out in the General Terms and Conditions under the title 'Ways of keeping in contact' pertain to both withdrawal (cancellation) and termination.



#### 10.4. When the Client deceases

Should all private individual Debtors (including any Co-Debtor(s)) who are parties to the transaction decease, the Loan Agreement shall terminate on the date when the Bank receives formal notification about the death of the Debtor/Co-Debtor to decease last (at this time all sums claimed by the Bank from the Debtors/Co-Debtors under the Loan Agreement will become payable), unless the Bank agrees otherwise with the heirs of the deceased. In case of termination the Bank shall be entitled to report its receivables as a creditor's claim under the inheritance procedure, and in the process of realising claims in the wake of the Loan Agreement's cessation, financial settlement will take place between the Bank and the heirs of the deceased Debtor and/or Co-Debtors, to be verified by a legally effective Certificate of Inheritance.

10.5. If the Loan Agreement terminates for any reason, it will not in itself cause the cessation of any claims payable by the Client to the Bank under the Loan Agreement or the option to realise such claims.

10.6. Prior to the termination by notice of the Loan Agreement, the Bank shall remind the Debtor, the Guarantor and the mortgagor of the value of the full outstanding and overdue debt, the sum of the interest payable and any late interest, the increasing interest payment obligation in case of non-payment, as well as any expected legal consequences in case of a failure to settle the debt, by sending a written payment reminder to the Debtor, the person acting as the Guarantor in the Loan Agreement, as well as to the mortgagor in cases where the pledge is not granted by the Debtor. The termination of the Loan Agreement shall be sent by the Bank to the Debtor (and any Co-Debtor(s)) and the Guarantor. It is the Bank's obligation to verify the sending of the termination notice. In case of loans secured by a mortgage, prior to the termination of the Loan Agreement and concurrently with the provision of the above information the Bank shall supply details of the evolution of the Repayment Instalments and the principal paid, the interest settled, any late interest and other charges, as well as the capitalised interest and the outstanding debt, from the date of the Loan Agreement's conclusion, summarised by individual years, or, if requested by the Client, in a monthly breakdown.

### 11. OTHER PROVISIONS

#### 11.1. State subsidy

If the Debtor uses a Retail Loan of the Bank with a related state subsidy, the Client shall fulfil his obligations under the relevant laws on the state subsidy. In case the Debtor used a state subsidy in the form of an interest subsidy, which was later proven to be unlawful, the Bank shall be entitled to enforce the annual volume of the interest rate of the loan – from the date of establishing the unlawfulness – in a volume equivalent to the debit interests of HUF-based retail loans with business conditions as per its current Announcement without the state subsidy, and the Debtor shall pay the corresponding Repayment Instalments from the date defined in the Bank's notice of this.

11.2. If the Loan Agreement includes a relevant provision, the Debtor shall be entitled to insurance protection up to the age of 63 under the insurance contract concluded by and between the Bank and K&H Insurer. The insurance protection covers the Debtor's death as a case of insurance. By signing the Loan Agreement, the Debtor as the insured party consents to the Bank concluding a collective credit collateral risk life insurance contract for the Debtor with K&H Insurer and hands over his/her personal data for this purpose. The insurance covers only the Debtor, and it does not cover the Co-debtor. The Debtor consents to the Bank being the beneficiary of the insurance service. With regard to the insurance contract, the Debtor exempts the health care institutions and doctors that treat him from medical secrecy obligation for the purpose of risk assessment and claim adjustment and authorizes them to supply information to the insurer. With the termination of the Loan Agreement, the insurance protection of the Debtor will terminate, too. If the diseases serving as the basis of the case of insurance existed before



the risk was undertaken by the insurer, the insurer shall pay 33% of the insurance amount in the first 6 months of the risk bearing time, 66% in the next 6 months and 100% after 12 months. For the terms and conditions of the insurance, see the insurance regulations on the business premises of the Bank and the General Terms and Conditions of K&H Biztosító Zrt., which also include the risks not undertaken or covered by the service obligation of the insurer.

### 11.3. Tax allowance

If the Debtor is entitled to a tax allowance based on any currently effective law, the Bank will – at the end of the calendar year – issue a certificate of the amounts of the retail loan substantiating tax allowance repaid in the tax year, in compliance with the effective laws by January 31 of the year following the current year at the latest and send it to the beneficiary Debtor. If more than one Client is entitled to the allowance with regard to the same Loan Agreement, a combined certificate will be issued with regard to the parties entitled to the allowance and an original copy of it will be sent to the Debtor.

### 11.4. Process agent

In order to facilitate regular contact with the Bank and the delivery of the Bank's notices, non-resident Debtors must appoint a process agent in a way that allows them to have a process agent continually, during the full tenor of the Loan Agreement. In line with the rules of delivery stipulated in the General Terms and Conditions, any mail delivered to the process agent shall be deemed as communicated and delivered to the Debtor.

The Debtor shall, without delay, inform the Bank about any changes in the person of the process agent or its notification address in writing. The Bank shall bear no liability whatsoever from the Debtor's failure to meet this obligation.

In case of a failure to comply with the payment obligations incurred in relation to the Loan under the Client Agreement, the Bank shall send a reminder to the process agent by recorded mail with return delivery notification after the missed due date.

### 11.5. The provision of information

#### 11.5.1. Information prior to contracting

The Bank shall provide information to the Debtor before contracting, in compliance with prevailing legal regulations concerning content, form and sequence of information. Such provision of information shall not be considered a personalised offer by the Bank based on the knowledge of the Debtor's circumstances. The purpose for providing information before contracting is to allow the Debtor to make an informed decision on concluding a loan agreement with due consideration of his own assets and income, and the risks associated with the loan in question.

#### 11.5.2. Repayment Schedule

In the case of mortgage loans, the Bank shall provide information free of charge to the Client on his/her outstanding debt once a year, or on the Accounting Date of the Interest Period, in the form of a repayment schedule, including all content elements required by law.

In the case of definite-term principal repayment, Clients are entitled to statements of outstanding debt in the form of a repayment schedule free of charge during the life of the credit agreements.

#### 11.5.3. Regular information

Within 15 days of the end of the Transaction Year, the Bank will notify the Client of the current amount of the debt under the Loan Agreement, the amount of the commissions paid, the amount of the Repayment Instalment defined for the new transaction year, the volume of the handling fee and the



interest as well as the amount of the state budget subsidy settled in the given Transaction Year. The notification includes the amounts deposited by the Debtor broken down by titles, the amount of the next due repayment instalment and any reference to debts in arrears or default interests charged and the related notice to pay.

The Bank shall send unambiguous, easy-to-understand and comprehensive written information (statement) within thirty days following the contractual expiration of the Loan Agreement.

#### 11.6. Code of Conduct

The Bank has subjected itself, in a mandatory manner, to the provisions of the Code of Conduct that governs the fair behaviour of financial institutions towards clients. The Code of Conduct can be accessed via the Bank's website in both Hungarian and English.

#### 11.7. Complaints handling

The process aimed at the handling of the Debtor's complaints is governed by the provisions of the Bank's General Terms and Conditions concerning complaints handling, as well as the Bank's public Complaints Handling Regulations, also accessible by clients via the Bank's website.



## II. SPECIAL CONDITIONS RELATED TO THE VARIOUS LOAN TYPES

### A.) RETAIL LOANS SECURED BY REAL ESTATE

#### 1. COMMON RULES

- 1.1. The loan can be disbursed on the additional condition that
- The real estate collateral's ownership conditions are sound,
  - The Collateral Agreements indicated in the Client Agreement have been signed in a valid manner,
  - The mortgage on the real estate collateral established to the benefit of the Bank has been indicated on the title deeds of the real estate at least as a side note, and the Debtor certifies this fact to the Bank by submitting an authentic copy of the title deeds, as well as copies of the date-stamped registration application and the related appendices,
  - The real estate is not encumbered with any right or fact registered to the advantage of a third party or any other right or fact that can limit or hinder establishment of Collateral to the advantage of the Bank or satisfaction from the Collateral,
  - The collateral agreement concerning the real estate has been concluded in accordance with the provisions of the Loan Agreement, and the mortgagor certifies this by presenting the insurance policy.
- 1.2. If the registration of any right related to the real estate, the registration of facts or the indication of side notes need to be certified with regard to the use of the Retail Loan, the Debtor shall fulfil this obligation by submitting an authentic copy of the full title deed issued not more than 30 days before. If requested by the Debtor, the Bank will retrieve a necessary copy of the title deed from the computerized register of title deeds (Takarnet) if the Debtor pays the related fee as per the Announcement in advance. In the latter case, the Bank will not hand over a retrieved non-authentic copy of the title deed to the Debtor and will not make a copy of it.
- 1.3. To repay his/her the loan, the Debtor shall have a Repayment Account at the Bank. This Repayment Account may be the Debtor's payment account held by the Bank or a specific Loan Repayment Account solely used for loan repayment. Such Loan Repayment Account will be held for the Client, without imposing any fees, charges or other sums payable, and may not be used for any transactions other than crediting instalments.

#### 2. PERSONAL LOAN SECURED BY REAL ESTATE

- 2.1. A personal loan is a multipurpose facility, thus it is not classified as a housing loan even if the Debtor indicates a housing purpose in the application form, so the Bank will not issue a tax certificate in this case.
- 2.2. The loan may be disbursed as follows: the Bank deducts the agreement conclusion fee under the Loan Agreement from the total amount of the loan and credits the remaining amount to the Debtor's Repayment Account indicated in the Client Agreement.

#### 3. RETAIL LOANS FOR PURCHASING A HOME

- 3.1. The purpose of the loan is to purchase the real estate indicated in the individual Client Agreement.



The Bank will disburse the loan subject to compliance with the other Conditions Precedent after the fact of the sale with maintenance of the ownership, or the suspension of the registration of ownership is indicated before the banks' rights on the title deed of the real estate affected by this credit purpose. The disbursed loan will be disbursed to the seller if it issues a declaration in compliance with the formal legal requirements to waive its ownership and consent to the registration of the Debtor's ownership.

- 3.2. Based on the transfer order signed by the Debtor, the Bank will transfer the amount of the disbursed loan to the seller's bank account or – in case of the relevant instruction by the Debtor – disburses it to the seller at the cash desk of the Bank.

#### **4. RETAIL LOANS FOR THE CONSTRUCTION, RESTORATION, EXTENSION AND MODERNISATION OF HOMES**

- 4.1. Unless otherwise stipulated by the Loan Agreement, the loan shall be disbursed as follows: the Bank credits the amount of the loan to the Debtor's Repayment Account defined in the Client Agreement. The Disbursement Date is the date of crediting the sum.

- 4.2. If – based on the Client Agreement – the Bank provides the amount of the loan for the Debtor in a lump sum; the Debtor shall be entitled to dispose over the amount of the loan after the disbursement in accordance with the purpose of the loan irrespective of further conditions precedent. The Debtor shall certify the realization of the credit purpose within three months of the disbursement date.

- 4.3. If the loan is provided in instalments, the Bank will credit the total amount of the disbursed loan to the Debtor's Repayment Account set out in the Client Agreement for a period of 12 months (disbursement period) following the conclusion of the Loan Agreement. The Bank will manage the amount of the loan as a savings facility (blocked deposit) defined by the Debtor in the individual Client Agreement, and pay an interest on its current balance as per the relevant Announcement on the given savings facility. In the Client Agreement the Debtor shall irrevocably commission the Bank to conduct the above book transfers. The amount of the loan can be disbursed to the entrepreneur that co-operates in realising the credit purpose if the technical controller acting on behalf of the Bank certifies in its minutes that the degree of completion required for the amount of the given disbursement has been reached, and the Debtor submits a signed certificate of performance with the content of the invoice issued by the entrepreneur, and consents in writing to the transfer of the amount of the invoice to the entrepreneur's account. If no entrepreneur is involved in realising the credit purpose, the Bank will provide the blocked amount of the loan to the Debtor based on the certificate by the technical controller acting on behalf of the Bank. In addition to the above, a condition precedent of providing the last instalment is that the Debtor shall submit the legally valid occupancy authorisation related to the real estate that is the purpose of the loan and a copy of the date-stamped request to the land authority for indicating the building and certify the conclusion of an overall property insurance concerning the superstructure. The purpose of the loan must be realised during the disbursement period. In case of a loan for the construction or enlargement of real property, the realisation date is the date on which the Debtor submits to the Bank the legally valid occupancy authorisation related to the real estate that is the purpose of the loan. If the purpose of the loan is not expected to be realised during the disbursement period, the Bank shall be entitled to prolong it unilaterally under the obligation to notify the Debtor.

- 4.4. If there is any undisbursed loan amount at the end of the disbursement period or the loan is made available in lump sum, the Loan Agreement needs to be amended with regard to the loan amount that has not been used for three months based on a certificate provided that otherwise the purpose of the loan has been realised and the Bank does not terminate the Loan Agreement. The Debtor cannot request that the undisbursed loan amount should be used for any other purpose. The Debtor shall promptly refund to the Bank, in a lump sum, the loan provided, if its utilisation for the purpose stipulated under the Loan Agreement is not certified by the Debtor, and such refunding shall not qualify as



Prepayment.

## **5. RETAIL LOANS EXTENDED FOR THE PURPOSE OF DISENCUMBERING**

- 5.1. The Bank will disburse the loan subject to compliance with the other conditions precedent if the registered obligee of the real estate affected by the credit purpose issues a declaration to indicate the exact amount that must be paid by the Bank as a condition for the obligee to consent to its registered rights unconditionally and irrevocably without further conditions. If the value of the loan set out in the Client Agreement is lower than the value of the debt mentioned before, the Debtor shall put forth the difference between the sum required for realising the purpose of the loan and the value of the loan set out in the Client Agreement from other sources. If the amount of the loan defined in the individual Client Agreement is higher than the amount of the above-indicated debt, another condition precedent of disbursing the remaining loan after the settlement of the debt is that the cancellation of the encumbrances registered to the advantage of the third party creditor must be indicated on the title deed of the real estate at least as a side note and the Debtor must certify this by submitting to the Bank an authentic copy of the title deed as well as copies of the date-stamped request for the registration and the related appendices.
- 5.2. The payment of the disbursed loan will take place as follows: the Bank shall transfer the loan amount needed for disencumbering the real estate, equivalent to the debt previously certified by the obligee, to the bank account indicated by the obligee, and shall credit the remaining amount of the loan to the Debtor's Repayment Account indicated in the Client Agreement after the condition precedent stipulated above is met. By signing the Client Agreement, the Debtor shall irrevocably authorise the Bank to perform the transfer.

## **RETAIL LOANS SECURED BY INCOME ONLY**

## **6. PERSONAL LOANS**

The loan is disbursed as follows: The Bank deducts the Contracting Fee stipulated in the Loan Agreement from the total amount of the loan, and credits the remaining amount to the Account stipulated in the Client Agreement.

## **7. OVERDRAFT FACILITY**

- 7.1. The Bank shall provide the overdraft facility to the Debtor for a period of 12 months (availability period). The Loan Agreement is concluded for a period of 12 month, but if the Bank or the Debtor does not terminate the Loan Agreement during the availability period and unless stipulated otherwise by the parties, the Loan Agreement shall be prolonged by an additional period of 12 months.
- 7.2. The overdraft shall be used automatically without any special declaration by the Debtor, if the balance of the bank account does not cover the performance of the payment orders issued in relation to the bank account (including, in particular, but not limited to cash disbursements, the performance of transfer and collection orders and the settlement of due debts with the Bank).
- 7.3. The repayment of the used part of the overdraft facility shall take place automatically in the amounts credited to the bank account on the date of crediting such items. The maturity date of the used part of the overdraft facility is the termination date of the Loan Agreement.
- 7.4. Interest payable in relation to the overdraft facility shall be paid monthly, at the end-of-moth closing of the retail bank account, or on the Loan Agreement's termination date.
- 7.5. During the availability period and within the value of the credit line, the overdraft can be used and repaid



in optional amounts, as often as preferred. The Bank will use all amounts credited to the overdraft registration bank account – irrespective of their titles – to reduce the Debtor's debts under the Loan Agreement. In case of Loan Agreements concluded after July 1, 2013, the Debtor shall each month make sure that at least the Minimum Credit amount defined in the Loan Agreement to be credited on the overdraft registration bank account is credited to the account each month.

- 7.6. The Bank calculates the total credit fee ratio (APR) using the following assumptions: the total credit line is used from the first date of the availability period; the Tenor of the loan is one year; and the total amount of the Outstanding Principal Balance will be repaid in a lump sum at maturity. When calculating the APR, the Bank did not take into account the commitment fee. The volume of the commitment fee is not included in the APR.
- 7.7. After the repayment of the Outstanding Principal Balance, the overdraft facility can be used again during the availability period.
- 7.8. In case of Loan Agreements concluded after July 1, 2013, the Bank has the right to review the Debtor's (Co-debtor's) creditability and solvency, and check the regular amounts credited on the overdraft registration bank account during the time of the overdraft agreement. If the results of the above checks make it possible, the Bank has the right to automatically modify the overdraft facility's value in view of the maximum value defined by the Debtor in the Client Agreement.
- 7.9. If the Debtor's solvency permanently or significantly declines, or if he/she fulfils his/her payment obligations with delay, the Bank shall be entitled not only to exercising its other rights, but, prior to that, also to the unilateral modification of the overdraft facility's value, based on its current risk policy, and at its discretion.
- 7.10. In case of Loan Agreements concluded after July 1, 2013, if the monthly Minimum Credit amount defined in the Client Agreement is not credited in two consecutive months, the Bank shall have the right to terminate the Loan Agreement with immediate effect.
- 7.11. The Bank shall be entitled to terminate the Loan Agreement covering the overdraft facility at any time, subject to a 30-day notice period, without the need to provide any justification.
- 7.12. In cases where the overdraft facility is linked to a joint account, the cessation of the (co)account holder status of any of the (co)account holders shall not affect the Debtor's (Co-debtor's) obligations as stipulated under the Overdraft Facility Agreement. In the event the (co)account holder's (co)account holder status ceases to exist, the Bank shall be entitled to unilaterally modifying the value of the overdraft facility, or terminating the Loan Agreement pertaining to the overdraft facility with immediate effect, by way of extraordinary termination.



### **III. SPECIAL CONDITIONS FOR THE SETTLEMENT OF EMPLOYERS' CONTRIBUTIONS FOR THE REPAYMENT OF EMPLOYEES' HOUSING LOANS**

1. If a Retail Loan is repaid or prepaid partly or fully from the employer's support granted for the repayment of the employee's housing loan, through a support settlement account, then the special provisions of this Chapter also apply to the repayment of that Loan.
2. Following the Debtor's declaration to that effect, the Bank opens a technical account called a support settlement account linked to the Housing Loan to be repaid from employer's support granted for the repayment of an employee's housing loan. The Employer's support disbursed and credited to the account – in accordance with the Debtor's declaration to the Bank – may only be used for the repayment or prepayment of the related Loan (including the payment of other charges related to that Loan, particularly interest, penalty interest, collection fees, collection costs, the fee payable for releasing mortgage, or the prepayment fee). If the Bank has no more claims from Debtor related to the given Loan, the support credited on the support settlement account (or its remaining amount) shall be paid back to the employer perfecting the last transfer.
3. Only one support settlement account may be opened for each Debtor (Co-debtor) of a Retail Loan.
4. The employer's support credited on a support settlement account can be used for honouring payment obligations related to the related Loan from the work day following the day when it is credited.
5. The repayment of the related Retail Loan on the Due Date following the date identified above shall first be effected from the balance of the support settlement account. If that balance fails to provide sufficient cover for the claim falling due that month, then the Bank shall use the balance of the Repayment Account to collect the remaining due claim, for which the Debtor must provide a sufficient balance.
6. The Employers' contribution for the repayment of an employee's housing loan disbursed on the support settlement account may also be used for the prepayment of the related Retail Loan in accordance with the general prepayment conditions.
7. To ensure that the support is used before the end of the tax year, any balance available on a support settlement account will be automatically used to repay or prepay the related Retail Loan following the settlement of the last Instalment falling due in the given year but not later than on December 31. In case of prepayment, the amount remaining after charging the prepayment fee in accordance with the relevant Announcement shall be used for prepayment.
8. The support settlement account will be automatically closed if its balance is remains 0 (zero) for a period of 13 months, or once the related Retail Loan has been fully repaid.
9. The Bank may check whether nothing but the employer's support for the repayment of an employee's housing loan is credited to the support settlement account. If any amount is not transferred by the Debtor's employer or if it is not disbursed as the employer's support for the repayment of the employee's housing loan, the Bank may reject the settlement of the related Retail Loan.
10. Due payments via a support settlement account are free of charge. The Bank prepares and sends to the Debtor records of the credits and debits on the support settlement account every month electronically, in accordance with the rules relevant to account statements for Repayment Accounts. If that method cannot be employed, then the records are sent to the Debtor's mailing address.

