

UniCredit Bank offers loans under **the Funding for Growth Scheme FIX (hereinafter FGS FIX) Program** launched by the National Bank of Hungary (hereinafter NBH), which continues to aim at improving the financing of companies classified as micro, small and medium-sized enterprises pursuant to Act XXXIV of 2004 on small and medium-sized enterprises and support to their development (hereinafter: 'SME Act').

For which purposes can the FGS FIX Loan be used?

For financing of a new investment project¹ and for financial leasing in HUF. An asset can be only purchased from the loan that will serve exclusively the business activity of the enterprise.

Why is the FGS FIX Loan advantageous to your company?

- Access to new investment loans in HUF with an extremely favourable cost of maximum 2.5% p.a., fixed for the entire term of the loan (including interest, other bank charges except for the fee of the guarantee institution).
- You can cover your funds need for long term (for maximum 10 years) and the lower debt service could be helpful in case of investments and developments with a longer payback period.

For whom do we recommend FGS FIX Loans?

To all resident enterprises, whose loan demand satisfies the conditions of this product and which satisfy the criteria of SME Act and the conditions defined in product description of NBH on the FGS FIX Program at the time of the borrowing and submit a warranty declaration towards the bank stating

- that they qualify as an SME pursuant to the SME Act at the time of the borrowing and specify the parties that classify as partner undertakings or affiliated undertakings pursuant to the SME Act and
- the parties in relation to which/whom the affiliated undertaking, defined in Act C of 2000 on accounting prevails and
- that the SME and the obligor of a collateral falling within the scope of interest of the SME do not qualify as an affiliated undertaking of the financing credit institution as defined in Act C of 2000 on accounting, and
- to undertake to fulfil the obligations set for them in the loan contract.

Those companies may receive a loan under the Program that do not have any overdue public debt or debt from borrowing and whose credit rating and collateral structure are acceptable to the Bank for the borrowing and their credit assessment at the bank is concluded positively. The company cannot be regarded as an SME in frame of FGS Fix if the direct or indirect share of the state or a municipality in the Borrower exceeds 25% based on its capital or voting right separately or altogether.

Main features of the FGS FIX :

Loan amount:	The limit amount defined in advance is determined according to the credit assessment of the Bank, but at least HUF 3 million and no more than HUF 1 billion ²
Type of loan:	Not revolving investment loan.
Availability period:	2 years from the date of conclusion of the contract. The first drawdown must take place within 1 year from signature date of the contract.
Term:	Minimum 3 years, maximum 10 years.

¹For the purposes of the NBH, **an investment loan** means any loan extended for the purchase and establishment of intangible assets and tangible assets as defined in Art. 25 and Art 26 of the Act C of 2000 on Accounting (Accounting Act), for the **reconstruction, modernization and capacity extension** of existing assets.,

²This upper limit represents at the same time the maximum amount of loans that can be taken collectively by the SME and its partner enterprises and its linked companies according to Act XXXIV of 2004 on Small and Medium-sized Enterprises and the Promotion of their Development from all the credit institutions and financial institutions participating in the Growth Scheme FIX.

- Disbursement:** The credit institution cannot disburse the loan to the Client sooner than its actual utilisation or utilisation certified with invoices (pro forma invoices are acceptable for disbursement), while post-financing of assets purchased and paid earlier from own resources is possible under the scheme by the means of refinancing invoices paid from own resources at most 60 days prior to the individual disbursement.
- Repayment:** Monthly or 3-monthly in equal instalments, or instalments according to the payment schedule by taking into consideration that in case of loans with term up to 7 years at least 33% of the principle amount, in case of loans with term over 7 years at least 50% of the principal amount has to be repaid in the first two thirds of the term. Repayment is due on the last working day of the respective month.
- Interest payment:** On a monthly basis, on the last banking day of the first or third month from disbursement, when the principal and interest payment will be due on the same day.
- Own funds:** To be defined based on the bank's decision, depending on Client rating.
- Currency:** HUF
- Credit fee and interest:** The interest rate and fees associated with the loan cannot exceed 2.5% p.a., including all other charges, fees, commission with the exception of those listed below. The interest rate is fixed during the entire term of the loan and will be established by the bank depending on the Client rating.
- Other charges:** Costs payable to third parties in relation to the loan (e.g., fees of an attorney-at-law, valuation fee, fees payable to a notary public, or registration of the mortgage as well as the fee payable to the guarantee institution), penalties or default interest, and contract modification fee according to the list of conditions of the bank in connection with modifications acceptable in the program and initiated by the client during the term of the loan (including collateral modification but excluding prepayment) are allowed to be charged.

Special documents to be submitted with the application by the Client:

- The FGS FIX SME warranty declaration in 2 original copies (mandatory annex of the loan agreement),
- Tax declaration of the company, in which the Client declares its SME status,

Other conditions:

- Purchases from the direct or indirect owners, executive officers, senior employees of the applicant enterprise or from the close relatives of such persons and from undertakings even partially owned or controlled by all these persons and from within the group of companies or between the affiliated companies³ of the group, furthermore investments to be realized through the cooperation of all these persons subject to certain liabilities may not be financed under the scheme.
- (Partial) investment activities performed within the own undertaking or generated by the Borrower (with own overhead, not certifiable with invoices) may not be financed under the scheme either.
- Under the scheme a loan may only be granted for the acquisition of the ownership, construction, extension, refurbishment or reconstruction of a real-estate property registered as residential property (flat according to Sect. 73 Art. 3 of the Act CXVII of 1995) or holiday resort based on its main character of destination, if from among the activities regulated by the Government Decree No. 239/2009. (X. 20.) on the detailed conditions of engagement in accommodation service activities and the procedure for the issuance of accommodation licenses, the SME pursues or will pursue the operation of hotel, pension, camping, holiday house, community accommodation as defined in subsections § 2 c)-g) of the Government Decree in this building. The SME shall certify to the bank the acquisition of the regulatory

³ If a company exercises at least 20% of the voting rights or ownership rights in another company, directly or through its owner, such companies must be considered as a group of companies; by fractional ownership the ownership of a participation of at least 20 per cent must be meant; by control the ownership of at least 20 per cent of voting rights must be meant, furthermore the senior employees within the meaning of Act I of 2012 on the Labor Code and the members of the general management according to the Civil Code (Act V of 2013).

licence for providing hotel services within one year from the disbursement of the last drawn portion of the loan and shall also present the licence to the bank. If that condition is not met, the legal consequences of the use of the loan for purposes other than its objective shall be applied.

- The purchase of passenger cars (passenger car within the meaning of section 3 (45) of the Act CXVII of 1995, except those under customs tariff heading 8704) may only be financed if the main activity of the SME has been passenger transportation continuously since 30. June, 2018 (NACE 4930, 4931, 4932, 4939).
- Under the scheme only assets (real estate) serving the business activity can be purchased, thus those cannot be let out and in the case of purchase encumbered with rental right the legal relation cannot be maintained. In the case of real estate investment the reclassification of real estate to residential or resort property during the term shall be considered as the breach of this condition.
- The ban on letting does not apply to:
 - SMEs with activities of which already included an activity belonging to the NACE 77 category (“Rental, operational leasing”) on 30. June 2018 and therefore rented out the asset purchased from the investment loan within the framework of that regular business activity.
 - The letting out or transferring the operation (irrespective of the activity of the SME) of the asset being the subject matter of the investment (including also the real-estate property with the exception of residential properties and holiday resorts) within the group of companies with the condition that the lessee or operator within the group may not pass on the right to use of the purchased real-estate property to a third party (outside the group). Letting out within the group of companies is not permitted if the lessee itself were not allowed to implement the same investment within the framework of the program by taking into consideration of the conditions thereof. . In such cases, a group means that at least 50% of the owners of the lessee and the SME (lessor) are (whether directly or indirectly) identical.

However, the above permissive conditions may not be fraudulently used for purposes whereby the purchased assets are made available for long-term use to undertakings that exceed the limits defined in section 3 (1) of the SME Act or having owners defined in section 3 (4) of the SME Act, or when the purchased assets are not used for business purposes.

Long-term use by an entity not eligible to take up loans within the framework of the Program is not considered fraudulent if the purchase of the assets and their financing had been realised by the Client without the Program as well and the Client were ready to rent the asset to any entities, which means the purchase of the assets through the Client does not take place in order to evade the personal conditions of the Program.

The Client acknowledges that the lessee/operator of the asset being the subject matter of the investment implemented cannot be a financial institution, a payment institution, an electronic money institution or a linked enterprise of the lending credit institution according to Act C of 2000.

The above conditions must prevail during the entire term of the loan, otherwise the loan shall be repaid immediately upon the breach or failure to maintain the condition.

- If the ownership or the right to use of the asset involved in the investment is transferred or assigned, the loan shall be repaid immediately, e.g. it becomes due. If a part of the investment financed with the loan is transferred or encumbered, in this case the only proportion of the outstanding loan amount linked to the asset(s) concerned must be repaid.
- It is a further requirement for the SME taking part in the scheme that the direct or indirect participation of owners not meeting the personal conditions applicable to SMEs and non-private individual (including state owners and municipality owners) may not be more than 25% during the term of the Loan Agreement. An exception from this is acquisition of ownership through inheritance. Furthermore, regarding the restrictions on the SME's owners, the regulations prescribed for owners qualified as SME shall be applicable to the property ratio of those not profit oriented organisations (e. g. foundations, associations), in which neither the direct nor the indirect aggregated property ratio of state owners and municipality owners exceeds 25 %. As a further exception, in case of SMEs whose shares are introduced in the Budapest Stock Exchange, loan can be maintained within the Program until the influence of a non-SME or non-private individual shareholder reaches 33% (when the shareholder has to make a public takeover bid according to Act CXX of 2001 on the capital market) or in two consecutive years – according to the information provided by the shareholders – the influence of actors considered to be non-SMEs or non-private individuals collectively

exceeds 33%, or the influence of actors with state owners and municipality owners exceeds 25%. If these requirements are not fulfilled the FGS FIX loan has to be repaid by the Client without delay.

- The Client shall use the disbursed loan immediately only for the specified loan objective.
- Any generally acceptable banking security is acceptable for the borrowing. In addition, joint and several guarantees of Garantiqa Hitelgarancia Zrt. or the Agrár - Vállalkozási Hitelgarancia Alapítvány (Rural Credit Guarantee Foundation - AVHGA) may also be used.
- In case any requirement of the credit scheme or the loan agreement with the Client is not fulfilled, the bank shall terminate the loan agreement upon the NBH's instruction and the Client shall repay the loan to the bank with immediate effect together with penalty interest, calculated at the rate of twice the currently effective base rate of the central bank, charged from the date of disbursement to the date of repayment.
- Loans, outstanding for more than 90 days and extended⁴ or restructured loans⁵ and loans terminated by the bank shall be repaid to the NBH immediately. This means that unless the bank exercises its right to terminate the loan with immediate effect against the Client, the loan will be converted into a loan under market rates and conditions.

More information:

Other details of the credit scheme are available on the NBH website: www.mnb.hu/monetaris-politika/novekedesi-hitelprogram-nhp

If you are interested in this product information, please do not hesitate to contact your relationship manager or any member of our branch staff with your enquiry. For further information on our Bank and products, visit our website www.unicreditbank.hu.

UniCredit Bank Hungary Zrt.

This information should not be considered an offer. The Bank reserves the right to change the conditions. UniCredit Bank reserves the right to decide individually on loan disbursement and on the amount and conditions thereof, based on the account overdraft application and documents submitted.

⁴ **Renewal** means the assumption of debts and assignment of rights arising from the loan agreement, and the re-conclusion of the loan agreement by and between the original contracting parties.

⁵ **Restructuring** means the concept defined in NBH Decree No. 39/2016 (X. 11.) on the Prudential Requirements Related to Non-performing Exposures and Restructured Receivables. With respect to credits extended under the Scheme the modification of the repayment schedule of more than 25 per cent of the outstanding principal debt towards the end of term as compared to the status of the given agreement at the time of first data supply shall be considered as restructuring even if it did not take place due to the analyses of the financial situation of the SME – according to subparagraph 5 (1) (a) of the above referred NBH Decree, except if it affects only the date of principal repayment within the month. The SME's agreement may be amended during the term of the loan under this pretext two times at most, and the total number of amendments may also not be more than this. Changes due to pre-payment shall not be considered as restructuring.