

CUSTOMER INFORMATION NOTICE FOR SMALL BUSINESSES

on the procedure and terms of application for refinancing loans disbursed under the **MNB's Funding for Growth Scheme Fix (FGS Fix)**

Below we draw your attention to the product **Funding for Growth Scheme Fix** (hereinafter: *FGS Fix*) which can be requested for **property purchase, property construction, extension, conversion, renovation purposes, with property collateral and institutional guarantee.**

KEY CHARACTERISTICS OF THE LOAN

Loan purpose:	The loan disbursed under the MNB <i>FGS Fix</i> scheme can be used for investments with property purchase purposes supporting the company's business activity, or for refinancing property construction, extension, conversion, renovation loans or loans granted previously by other credit institutions under the <i>FGS Fix</i> scheme.
Transactional interest:	maximum 2.5% Please ask our Corporate Banking Advisers about our preferential offers.
Loan currency:	HUF
Loan amount:	HUF 3,000,000 – 150,000,000 The amount of the loan that may be granted depends on the debtor rating, sales revenue, indebtedness of the borrowing company and the value of the collateral proposed.
Loan term:	3-10 years (depending on collateral)
Principal payment and interest payment:	on the 20th day of each month (or if this is a non-working day, then the following banking day)
Commitment period:	maximum 6 months investment loan in the case of staggered financing : maximum 18 months
Prepayment fee:	free of charge
Loan collateral:	<ul style="list-style-type: none"> - Property collateral - Absolute suretyship of natural persons who own directly or indirectly at least 50% of the votes in the company in the case of companies, at least 10% in the case of cooperatives; of the borrower in the case of sole traders and smallholders; of a natural person other than the company owner in the case of single-person companies; of the limited partner in the case of limited partnerships. - A collection order based on a letter of authorisation is required in respect of any accounts kept by the borrowing company and sureties at other banks; in the case of sole traders and smallholders, also in respect of their private accounts, with the account holding bank's statement of acceptance. <p><i>In the case of institutional guarantee:</i></p> <ul style="list-style-type: none"> - A max. 80% supplementary guarantee of Garantiqa Hitelgarancia Zrt. (20%-80% in increments of 10%) or - In the case of HG-COSME portfolio guarantee, a fixed 90% guarantee.

If you have any other questions, please contact our corporate banking advisers in the CIB Bank branches who will gladly help you.

ANNEX**The Loan may not be used for:**

- Acquiring the title of a property registered in the property register, in terms of its main purpose, as a residential¹ or holiday property;
- the purchase of an asset which does not serve the purposes of the business of the enterprise;
- investments conducted as a proprietary enterprise; that is, self-funded investments (i.e. that cannot be proven by invoices);
- the financing of increases in capital, share acquisitions, purchases and customer receivables from the owners, senior officers and senior employees of the enterprise applying for the loan, from the relatives of such persons, and from enterprises fully or partially owned (except the ownership of shares issued by a publicly-held joint-stock company) or controlled (except membership of a board consisting of at least 5 members) by such persons, or conducted within the company group or between the affiliated enterprises of the company group, or the financing of capital investments to be implemented with the participation, on a reciprocal basis, of any of these persons

Main conditions applicable to the borrower:

- Micro, small and medium-size companies (SMEs) defined in Act XXXIV of 2004, which have their registered seat in Hungary, and at the time of signing the financing agreement constitute an SME either based on the consolidated financial statements covering their foreign related and partner enterprises, or in absence of such, based on the company's records.
- The separate or combined direct or indirect ownership interest of the state or any municipality – based on its capital or voting rights – may not exceed 25%.
- Constitutes a SME either based on the consolidated financial statements covering its foreign related and partner enterprises, or in absence of such, based on the company's records.
- The applicant company cannot be a related party of CIB Bank Zrt. or CIB Lízing Zrt., or a financial institution, payments institution or enterprise issuing electronic money.
- The direct and indirect ownership interest of owners who do not fulfil the above personal requirements applicable to SMEs and who are not private individuals (including state and municipality owners) must not exceed 25% during the term of the financing agreement, either.²
- Not subject to bankruptcy, liquidation or final settlement proceedings, and no foreclosure proceeding has been launched against it, either in the past 3 years or at present; tax number is not suspended or cancelled;
- has no overdue public debt;
- no ongoing lawsuit filing is indicated in the company registration certificate of the applicant;
- In the past 12 months, there have been no official transfer orders against the customer's account kept at CIB that were not fulfilled or were only partially fulfilled for more than 35 days, and no such orders are currently outstanding;
- not listed in the CCIS with a disqualifying entry;
- The customer's loans at CIB Bank have not been restructured in the past 12 months;
- The applicant company has had at least one full closed year of business operation;
- The applicant company's equity must not be negative and must be at least equal to subscribed capital.
- The full list of grounds for exclusion from the absolute suretyship of Garantiqa Hitelgarancia Zrt. is contained in Section 4 of the Business regulations on absolute suretyship for loans, guarantees, and financial leasing provided on the basis of cooperation agreements is available here: <https://garantiqa.hu/penzugyi-intezmenyeknek/uzletszabalyzat/>

Main conditions applicable to the absolute surety:

- An adult Hungarian citizen or adult citizen of an EU member state, or a private individual with dual or multiple citizenship including citizenship of an EU members state, who has had a registered (permanent) address in Hungary for at least 3 years;
- In all cases the absolute suretyship of the two largest owners is required, but one surety is also acceptable if that person's ownership ratio in the enterprise is at least 50%. If the owners of the enterprise include another enterprise, then the absolute suretyship must in all cases be provided by the private individuals who are – either directly or

¹The loan application is acceptable if the utilisation of the residential property changes permanently to business use exclusively, and this fact is registered in the property register at least in the form of a margin note.

²An exception to this is the acquisition of ownership through inheritance. Furthermore, with respect to the restrictions relating to the owners of the SMEs, the rules stipulated for owners classed as SMEs also apply to the ownership share of those non-profit organisations (e.g. foundations, associations) in which the combined indirect and direct ownership shares of the state and/or municipalities do not exceed 25 percent.



indirectly – the largest owners. In the case of a single-owner limited liability company (Kft) one surety is required. In the case of sole traders or single-person companies and smallholders, the absolute suretyship of another natural person/in the case of single-person companies, of a natural person other than the owner, is required.

- The full list of grounds for exclusion from the absolute suretyship of Garantiqa Hitelgarancia Zrt. is contained in Section 4 of the Business regulations on absolute suretyship for loans, guarantees, and financial leasing provided on the basis of cooperation agreements is available here: <https://garantiqa.hu/penzugyi-intezmenyeknek/uzletszabalyzat/>

To apply, you need to submit the following documents, depending on collateral, to the bank branch that manages the account:

- Fully completed Application Form, as appropriate for the requested type of credit facility and Funding for Growth Scheme supplementary data form, signed by the company and the sureties.
- In the case of companies, the financial statements for 1 full closed year (uploaded to <https://e-beszamolo.im.gov.hu>), in other cases, the duly signed returns for personal income tax (SZJA)/simplified business tax (EVA)/itemised small-taxpayer tax (KATA) for 2 years (in the case of 1 year closed, for 1 year).
- The latest memorandum of association, deed of establishment consolidated with amendments (and any amendments thereto, unless consolidated with the base contract, and members' resolution on taking out the loan, if these documents require this for any borrowing.)
- If the private individual surety is one of the owners of the related company, the latest consolidated memorandum of association must be submitted also in the case of the related company.
- In the case of refinancing, the contract that underlies the loan to be refinanced.
- Tax clearance certificate issued by the National Tax and Customs Administration (hereinafter: NAV) not older than 30 days prior to its arrival at the bank (not required if the customer is on the NAV list of debt-free taxpayers)
- Authenticated copies of the **title deeds** for all the affected properties, issued no earlier than 30 days before (full deed and informative copy are acceptable); or the non-authenticated title deed queried by the Bank;
- where the property offered as collateral is a land with a building on it, a layout plan or **map copy** not older than 30 days;
- Property **valuation** (commissioned by the customer);
- In the case of undivided shared ownership, the agreement on the division of usage rights, and statement on waiver of pre-emptive rights; in the case of companies and public institutions, it is only acceptable with the counter-signature of a legal representative.
- In the case of a let property the rental agreement (presentation of the original in the branch)
- **Sales documents** (presentation of the originals in the branch):
 - No later than the signing of the contract, the sale and purchase agreement having affixed the stamp of the land registry office for the land to be purchased; *
 - In the case of condominiums, the deed of establishment of the condominium, where the apartments have not yet been subdivided into units (acceptable in the case of no more than 10 properties) or the title deed is not completed;
 - If a minor is also involved in the transaction: a legally effective declaration of consent of the Child Care Authority on consent to the sale and purchase;
 - Certification by a lawyer of the content of the margin note on the Title Deed for the property affected by the loan purpose – in the case of the purchase of a new-build property.
- Funding for Growth Scheme *fix* supplementary data form to the loan application
- Documentation related to the surety acceptance of Garantiqa Hitelgarancia Zrt.: <https://garantiqa.hu/penzugyi-intezmenyeknek/kerelmi-nyomtatvanyok/hitel-es-garancia/>
- Documentation related to the acceptance of suretyship provided as part of the HG-COSME Program (Cosme Porfoliogarancia): <https://garantiqa.hu/penzugyi-intezmenyeknek/kerelmi-nyomtatvanyok/cosme/>

*** Requirements for the content of sale and purchase contracts:**

- The real estate to be purchased must be free from litigation, encumbrances and claims (the real estate is disencumbered simultaneously with the sale and purchase).
- The contract must stipulate that the sale is with suspension of title, and the manner of the final transfer of ownership.
- The seller must consent to the **registration of the buyer's title**, but the parties must request that this procedure be suspended until further conditions are met (until the payment of the last purchase price instalment using the loan or the submission of the specific permission to register, deposited in escrow with a lawyer). **No contrary provisions may be included** in the sale and purchase agreement (retention of title).



- The loan amount should always be the last purchase price instalment. The seller must declare that he or she has received the amount of the purchase price paid until that time.
- The sale and purchase contract must specify that the buyers wish to repay the last purchase price part from the loan to be provided by CIB Bank, by bank transfer into the bank account indicated by the seller.
- In the case of more than one seller – or where there is a usufructuary, who waives the usufruct in exchange for consideration – or usufructuary, the ratio in which the sellers and the usufructuary share the right to the purchase price part that payable from the loan and the specific amount must also be indicated.
- In the case of countersigning by a lawyer, placing of the statement on transfer of title in escrow with a lawyer, and acceptance to file the statement on transfer of title at the Land Office within 5 working days following receipt of the full amount of the purchase price. In the case of representation by legal counsel (public institutions), acceptance to file the statement on transfer of title at the Land Office within 5 working days following receipt of the full amount of the purchase price.
- The final deadline for payment of the last purchase price part that is intended to be financed from the loan has not yet expired by the date of the expected disbursement.
- The Buyer(s)' commitment to the effect that if CIB Bank, for any reason, accepts to provide a loan amount smaller than the loan requested by the Buyer(s), the Buyer(s) will pay the part of the purchase price in excess of the loan amount to Seller(s) using their own funds, prior to the disbursement of the loan provided by CIB Bank.
- If the sale falls within the scope of reverse taxation under the VAT Act, the contract must stipulate a post-disbursement condition (to be fulfilled within 90 days) to the effect that the buyer has an obligation to declare and pay the VAT and provide proof of such payment to the Bank.
- In the case of several buyers, stating the ownership ratios of the buyers.
- Countersigning by a lawyer or legal counsel, or notarial deed.
- The parties' and the lawyer's/legal counsel's signed initials on every page.

CIB Bank may recharge the loan-related costs typically payable to third parties (especially: notary public's fee, valuation fee, land office fees, guarantee assumption fee payable to a guarantee institutions, collateral amendment fee, insurance fee, etc.) to the customer.

Please be advised that the information is not comprehensive; the material is preliminary information for the customers. For detailed and accurate comprehensive information, please contact your contact person or broker. The Bank reserves the right to change the terms of credit appraisal and the conditions. The product can be applied for if your business meets the Bank's credit appraisal requirements. Application is excluded, among others, if your business is registered with any negative information in the Central Credit Information System. This informative material does not constitute an offer of the Bank for providing financing.

The detailed terms and conditions of the MNB Funding for Growth Scheme *Fix* (FGS *Fix*) is contained in the product information brochure of Magyar Nemzeti Bank called "Procedure and terms of application for refinancing loans disbursed under the MNB's Funding for Growth Scheme *Fix*". The product information brochure currently in force is available on the <https://www.mnb.hu> website under the menu Monetary Policy/Funding for Growth Scheme (FGS).