

UniCredit Bank offers loans under **the Funding for Growth Scheme Go (hereinafter FGS Go) 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 Go Loan be used?

For financing of a new investment project¹ and for financial leasing in HUF, for refinancing of an existing investment loan, for financing of working capital for the company's liquidity purposes and for subsidy pre-financing. An asset can be only purchased from the loan that will serve exclusively the business activity of the enterprise.

Why is the FGS Go Loan advantageous to your company?

- Access to 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).
- In case of an investment you can cover your funds need for long term (for maximum 20 years) and the lower debt service could be helpful in case of investments and developments with a longer payback period.
- An investment loan may also be used to refinance investment loans and financial leasing transactions under the FGS Go scheme or HUF or foreign currency investment loans or financial leasing transactions disbursed according to market pricing under agreements concluded under the non-FGS scheme prior to 31. March 2020.
- You can receive revolving working capital financing at a favourable interest rate for up to 3 years and be able to use your working capital loan without restriction, and even for repayment or early repayment of existing working capital loans.
- You can receive subsidy pre-financing loan at a favourable interest rate for up to 3 years.

For whom do we recommend FGS Go 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 Go 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 guarantor 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 Go if the direct or indirect share of the state or a municipality in the Borrower reaches or exceeds 25% based on its capital or voting right separately or altogether.

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, furthermore, in relation to long-term participations defined in Art. 27 of the Accounting Act, for the acquisition of participation in an undertaking, founded before 01. January 2020 with the proviso that in case of acquisition of participation in a Public Limited Company (plc) it should result in at least 10 per cent ownership share.

Main features of the FGS Go:

Loan amount:	The limit amount defined in advance is determined according to the credit assessment of the Bank, but no more than HUF 20 billion ² and in the case of working capital loans, according to the limits specified in the FGS Go product information.
Type of loan:	Investment loan, working capital loan and subsidy pre-financing loan.
Availability period:	3 years from the date of conclusion of the contract. The first drawdown must take place within 1,5 years (548 calendar days) from signature date of the contract.
Term:	In case of investment loans maximum 10 years, in case of working capital and subsidy pre-financing loans maximum 3 years.
Disbursement:	In the case of investment loans 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 120 days prior to the individual disbursement. In the case of a working capital loan and a subsidy pre-financing loan, no invoice needs to be submitted for disbursement.
Repayment:	Monthly or 3-monthly in equal instalments, or instalments according to the payment schedule. 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:

- FGS Go Loan application and accompanying documents required for credit approval.
- The FGS Go 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

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 Go.

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, as well as acquisitions of participation and capital increases in these companies, 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 FGS Go 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 holiday resort or residential property (flat according to Sect. 73 Art. 3 of the Act CXVII of 1995) 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 section § 2 of the Government Decree in this building. The SME shall certify to the bank the acquisition of the regulatory 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.
- An investment loan can be disbursed for the acquisition of the ownership and construction of a property registered as a residential property within the framework of the scheme – further to those above – in the following two cases:
 - 1) Where the utilisation of a residential property changes to exclusively commercial purpose, and this fact is registered in the land registry at least as a marginal note. In the case specified in this Subsection 1), the financing of the expansion, renovation or transformation of the property is also permitted. However, if the reclassification is not registered by the competent land registry for any reason, or if the property is used again for a residential purpose during the term of the loan, the FGS resource will become repayable with immediate effect due to unauthorized use. If the residential property to be purchased becomes suitable for the classification of its use for business purposes in the property register only after the completion of the investment financed by the FGS (conversion, renovation), the deadline for reclassification is six months after the last drawdown.
 - 2) For the construction of residential property of at least 10 apartments or for the purchase of at least 10 flats⁴ in a newly built⁵ property, if the borrowing SME uses it on a commercial basis from the implementation of the investment until the end of the term of the SME contract exclusively in the form of long-term (at least 30 days) leasing to private individuals⁶ (in such a way that the lessee may not pass on

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). In the case of inheritance, as an exception, the purchase of intra-group participation from the heir is permitted, irrespective of the extent of fractional ownership.

⁴ With the proviso that the properties to be purchased are located under one topographical lot number or they are registered in one condominium (or within one housing cooperative) but under different topographical lot numbers in the land registry.

⁵ A **newly built residential building** is a building in which the proportion of the net area of above-ground residential premises is at least 80% of the total above-ground area (excluding common areas). In the case of construction financing, the SME completes the entire project (i.e. the construction of the superstructure) within six months of the last disbursement of the FGS loan and presents the occupancy permit to the credit institution disbursing the FGS loan.

⁶ This also includes the case where (i) the SME uses the apartments for a period of at least 10 years under an operating agreement to provide housing (i.e., not as accommodation or an office) in such a way that the operator lets them exclusively to private individuals, (ii) or the employer leases it to provide housing for their own employees.

the leased apartment to a third party for either use or utilisation)⁷, the activity of leasing and operating own or leased property is included in the activities of the borrowing company.

- 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 01. January 2020 (NACE 4930, 4931, 4932, 4939).
- Under the scheme only assets (real estate) serving the business activity of the enterprise can be purchased⁸, thus, with the exception of those permitting conditions as below they cannot be let out and in the case of purchase encumbered with rental right the legal relation can be maintained up to a maximum 3 months from the transfer of ownership. 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 financed asset can be let out in the following cases:
 - An activity with NACE code corresponding to the renting (6820 or one starting with 77) is among the SME's activities on the day of signing the loan agreement and therefore the asset purchased (built, reconstructed, etc.) from the investment loan is rented out within the framework of that regular business activity (including the letting of a newly built residential property of at least 10 apartments, provided that the conditions described above are met).
 - 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) within the group with the condition that the lessee or operator within the group may pass on the right to use of the purchased real-estate property to a third party (outside the group) only in the framework of an activity with the NACE code corresponding to renting (6820 or starting with 77). 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. In the case of residential properties and holiday resorts intragroup letting are allowed only if they are used in line with the loan purposes that can be financed according to the product description of NBH on the FGS Go Program.
 - Leasing of agricultural and forestry lands according to Act CXXII of 2013 concerning agricultural and forestry land trade and cases specified in its Article 13. (2) and (4)

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.

Residential property built by the SME cannot be let out to the owners and employees of the SME or to their close relatives or to enterprises under their ownership or management.

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.

⁷ There is a grace period of 6 months regarding the fulfilment of the criterion on long-term (at least 30 days) leasing that is the refinancing loan (part) related to the given property (apartment) becomes due if the long-term leasing is still not fulfilled after half year.

⁸ In the case of condominiums and housing associations, in addition to credit related to their own economic activities, the loan granted under the Loan Program can also be used to implement modernization and energy-saving investments (e.g. insulation, mechanical engineering).

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.
- The total amount of FGS Go working capital loans granted to a company under the scheme may not exceed the total amount of the company's inventories determined in accordance with Section 28 (2)-(4), its trade receivables that have not expired or that have expired not later than 30 days determined in accordance with Section 29 (2) and its personnel type expenses determined in accordance with Section 79 (1) of the Accounting Act.
- Loans for subsidy pre-financing shall mean the loans for the pre-financing of non-repayable subsidy from domestic national budget source and European Union funds, received under the European Union Subsidy Schemes.
- 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. This restriction does not apply to owners already having business share in the Client at the time of contracting, which owners qualified as SMEs according to the above requirements at the time of contracting but lose their SME status by exceeding the figures defined in Article 3 (1), paragraph (b) of the SME Act after contracting. In case of a resident SME owned by a foreign enterprise, the business share of the foreign owner qualifying as an SME may exceed 25%, while the direct participation of state owners and municipality owner collectively must be less than 25%. 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) and real-estate funds, in which neither the direct nor the indirect aggregated property ratio of state owners and municipality owners reaches 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% 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 (as persons acting in concert according to Act CXX of 2001 on the capital market) exceeds 33%, or the influence of actors with state owners and municipality owners exceeds 25%. If these requirements are not fulfilled the FGS Go loan has to be repaid by the Client without delay. The FGS Go loan must be immediately repaid as well when due to merging with other company(ies) the Client does not qualify as an SME any more unless the company(ies) involved in the merger also meet(s) the personal requirements regarding SMEs at the time of the merger.
- The Client shall use the disbursed loan immediately only for the specified loan objective.
- Any generally acceptable banking security is acceptable for the borrowing, however in case of working capital loans deposit of cash or securities provided by an individual person or a company may not be involved as collateral. As an exception, for working capital loans financing the construction of residential property for sale, cash deposit on buyer's payment connected to apartment purchase is allowed as a collateral of the loan agreement. 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 extended⁹ or 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 is not full and 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.

⁹ **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.