

GENERAL TERMS & CONDITIONS OF REVERSE FACTORING
(hereinafter referred to as **General Terms & Conditions** or these **General Terms & Conditions**)

1. DEFINITIONS AND INTERPRETATION

- 1.1. These General Terms & Conditions are a constituent part of the Reverse Factoring Contract concluded between the Factor and the Buyer. In the event of any contradictions between provisions of these General Terms & Conditions and provisions of the Reverse Factoring Contract, provisions of the Reverse Factoring Contract shall apply first, then provisions of the General Terms & Conditions, and then enacting provisions of regulations governing contractual relationships. The Reverse Factoring Contract and the General Terms & Conditions, as well as all amendments to the Factoring Contract and/or these General Terms & Conditions shall be jointly referred to hereinafter as Contract.
- 1.2. The following definitions used in these General Terms & Conditions shall have the same meaning in the Reverse Factoring Contract, unless defined otherwise by provisions of the Reverse Factoring Contract:
- 1.3. **Factor** means OTP banka d.d., Split (City of Split), Domovinskog rata 61, Company Register Number (MBS) 060000531, Taxpayer ID No (OIB) 52508873833.
- 1.4. The **Supplier** is a business entity that happens to be the creditor of the factored receivable.
- 1.5. The **Buyer** is a business entity that happens to be the debtor of the factored receivable.
- 1.6. The **Factoring Service Provider** is any person entitled, according to provisions of valid regulations, to provide the factoring service.
- 1.7. The **Party** or **Parties** means a party or parties to the Contract.
- 1.8. **Business entity** is a legal person, a small business owner or another self-employed natural person, an entity without legal personality deemed equivalent to a legal entity, and other entities without legal personality autonomously entering into legal transactions and participating in economic transactions involving commodities and services giving rise to debtor-and-creditor relationships.
- 1.9. **Factoring** is reverse factoring in the form of a legal transaction agreed between the Factor and the Buyer in connection with the settlement of particular factored receivables (i.e. receivables of specific Suppliers from the Buyer) where, subject to fulfilment and occurrence of all necessary conditions, guarantees and circumstances, the Factor can provide the Buyer with the service of financing individual factored receivables before or at maturity (of the factored receivable), in which case the factored receivables paid for shall be transferred from the Suppliers to the Factor, and the Buyer shall be obligated to pay Fees and interest to the Factor. Depending on the arrangement, the Factor may effect payment based on the instruction of the Buyer and/ or the Supplier's request.
- 1.10. **Domestic factoring** is factoring where all entities are residents in terms of the law regulating foreign exchange operations.
- 1.11. **International factoring** is factoring where at least one of the entities is a non-resident in terms of the law regulating foreign exchange operations.
- 1.12. **Factored receivables** are existing undue, complete or partial monetary receivables that result from the delivery of goods and/or provision of services by business entities in the country or abroad, which must meet all the conditions stipulated in the Contract. Consequently, the maturity of a factored receivable shall correspond to the maturity of the invoices on which the monetary receivables, i.e. the factored receivable is based.
- 1.13. **Purchase price of factored receivable** represents the nominal amount of the factored receivable, while the maturity of the purchase price of the factored receivable consists, as the case may be, of one or two elements as stipulated in the Reverse Factoring Contract: the first element being the maturity of the factored receivable and the second element being the Prolonged Financing Period, where agreed.
- 1.14. **Nominal amount of the factored receivable** is the amount indicated in the invoice and/or the sum of amounts indicated in the invoices.
- 1.15. **Authorization of receivables** is all and any valid statement by the Buyer acknowledging the amount and due date of the Supplier's receivables.
- 1.16. **EoInvoice** is a unique integral set of electronically formatted bookkeeping data of the Supplier that relate to a single invoice issued by the Supplier in the name of the Buyer.
- 1.17. **OTPFaktOnline** is a software solution or an application of the Factor, which, based on the concluded Agreement on the use of the OTPFaktOnline application, enables the users to use agreed functionalities related to factoring, depending on which are contracted, such as: access to all factoring contracts that the Buyer has concluded with the Factor, access to the data related to the exercise of rights and obligations from one or more factoring contracts, entry of EoInvoices into the OTPFaktOnline application, overview of the status of all EoInvoices, overview of the maturity of individual EoInvoices, generating reports, download of statements, download of statistics, etc.
- 1.18. **Action** is each and every step taken in the OTPFaktOnline application by the User, based on the agreed authorizations and functionality from OTPFaktOnline;

- 1.19. **Entry** is the Action of submitting one or several Invoices under the same entry reference number simultaneously in the OTPFaktOnline application;
- 1.20. **Specification** is a list of factored receivables that the Supplier assigns to the Factor, i.e. a list of factored receivables that the Buyer instructs the Factor to purchase and pay for them based on a previously concluded Contract.
- 1.21. **Interest** is the contracted interest charged by the Factor on the advanced part of the purchase price of the factored receivable, for the period between the advance payment and the contracted due date of payment of the purchase price of the factored receivable, or any other day/date agreed by the Parties.
- 1.22. **Default interest applicable to Fees and costs charged by the Factor to the Party** is the maximum rate of statutory default interest at the rate defined by Article 29 (twenty-nine) of the Civil Obligations Act by increase of the discount rate of the Croatian National Bank prevailing on the last day of the half-year preceding the current half-year by 5 (five) percentage points; such default interest shall be variable with regard to the maximum permitted rate applicable to each individual day of default, and shall accrue and be charged (unless explicitly agreed otherwise in writing) for all days of default in the performance of the payment obligation, from the due date of the factored receivable to the date of fulfilment of the promise, where the accrual of default interest shall be based on a year of 365 days.
- 1.23. **Default interest applicable to factored receivables** is the maximum rate of statutory default interest for late payment, consisting of the basic interest rate for late payments at the rate equalling the benchmark rate plus 8 percentage points. Such default interest shall be variable with regard to the maximum permitted rate applicable to each individual day of default, and shall accrue and be charged (unless explicitly agreed otherwise in writing) for all days of default in the performance of the payment obligation, from the due date of the factored receivable to the date of fulfilment of the promise, where the accrual of default interest shall be based on a year of 365 days, all pursuant to the Act on Financial Operations and Pre-Bankruptcy Settlement.
- 1.24. **Reference rate** in the calculation of default interest is the basic interest rate that applies to late payment, equalling the average interest rate on the balance of loans granted to non-financial companies for periods over one year, calculated for the reference period preceding the current half-year decreased by 3 percentage points, where such average interest rate for the reference period is determined by the Croatian National Bank according to established methodology and must be published by the Croatian National Bank on 1st January and 1st July in the Official Gazette, all pursuant to the Act on Financial Operations and Pre-Bankruptcy Settlement.
- 1.25. **Reference period** in the calculation of default interest includes the six months preceding the month before the last month of the half-year preceding the current half-year, including such month, all pursuant to the Act on Financial Operations and Pre-Bankruptcy Settlement.
- 1.26. **Factoring fee** is the fee charged for providing factoring services, calculated either as a percentage or an absolute amount of each invoice.
- 1.27. **Administration fee** is the fee charged for operations related to the administration and collection of purchased invoices. It is calculated as an absolute amount and charged per invoice and credit note.
- 1.28. **Discount interest calculation** implies that prior to advance payment, the Factor calculates and charges interest on the factored receivable up to the planned maturity of the factored receivable or, respectively, to the planned date of collection of the factored receivable, deducting the interest from the advance payment and paying the remaining amount to the Supplier.
- 1.29. **End-of-period interest calculation** implies that the Factor calculates interest monthly during the financing period and charges it at maturity of the factored receivable.
- 1.30. **Monthly interest calculation** implies that interest is calculated by the Factor monthly during the financing period and charged monthly.
- 1.31. **Application processing fee (i.e. Flat Fee)** is the fee charged for operational activities related to the processing of the application and granting the factoring service (arranging the service, data collection, analysis, approval etc.). It is charged on the Factoring Frame amount, one-off per annum and at each Reverse Factoring Contract extension.
- 1.32. **Fees** are any and all fees, the factoring fee, the administration fee, costs, expenses and other payments and financial obligations as defined by the Contract paid and/or payable to the Factor by the Buyer or Supplier.
- 1.33. **Member country** is an EU country and signatory to the Contract on the European Economic Area.
- 1.34. **Third country** is a non-member country.
- 1.35. **State** is considered to be any state authority (legislative, executive or judiciary), central, regional and local government bodies, autonomous agencies and bodies, and companies in which the state holds a majority interest.
- 1.36. **Other-member-country factoring company** is a legal person with registered office in a member country other than the Republic of Croatia, performing factoring operations in compliance with regulations of such a country.
- 1.37. **Foreign factoring company** is a legal person with registered office outside the territory of the Republic of Croatia and any member country, performing factoring operations in compliance with regulations of such a third country.

- 1.38. Factoring Frame** represents the maximum financing amount for a particular Supplier or group of Suppliers, agreed by the Buyer and the Factor in the Contract.
- 1.39. Buyer Factoring Limit** is the maximum amount of Factored Receivables for an individual Buyer as defined by the Contract and established by the Factor based on Buyer analysis and credit risk assessment.
- 1.40. Credit risk** is the threat of the Buyer's default, but only if the Buyer's default is caused by the Buyer's illiquidity and/or the Buyer's insolvency and/or the Buyer's bankruptcy. In the event that, besides any or all of these reasons, there is a third reason for the Buyer's default, or in the event that these reasons do not exist, but there is a third reason/s for the Buyer's default, it is not to be considered credit risk.
- 1.41. Competent body** is any central or local government and/or authority and/or body of Croatia or any ministry, unit or political subunit thereof, and any other person under direct or indirect control of such government performing executive, legislative, judicial, regulatory or administration functions or one that belongs to the government or to any other governmental body, instrument, agency, competent body or commission or to any independent regulatory competent body in Croatia.
- 1.42. Working day** is every day except Saturday, Sunday, public holiday in the Republic of Croatia and non-working day in the Republic of Croatia.
- 1.43. Prolonged Financing Period** represents an additional period of time starting on the first day after maturity of the factored receivable, during which the Buyer can settle its obligation regarding the factored receivable and during which the Factor shall calculate the regular contracted interest rather than the default interest, which ends on the date defined by the Factoring Contract; to be applicable, such period must be expressly agreed and defined in terms of length by the Factoring Contract;
- 1.44. Benchmark interest rate in the calculation of regular interest rate** (EURIBOR, SOFR, SARON etc.) represents the average rate at which first class banks borrow funds in EUR, USD or in CHF), depending on the abbreviation indicated, from each other on the Croatian interbank market or in the Eurozone or on the international market, where the abbreviations EURIBOR / LIBOR / SARON etc. also contain an indication of the period underlying the calculation of the benchmark interest rate (e.g. 1M stands for one-month rate, 3M stands for three-month rate, etc.). Benchmark interest rates which are applied in the calculation of interest rate under the Contract, are determined two days before the end of the period to which they refer and are applied in the interest accrual for the following period (ex. 1M EURIBOR is defined on the penultimate day of the previous month and is applied for the interest accrual for the following month; 3M EURIBOR is determined on the penultimate day of the preceding quarter and it is applied for the interest accrual for the following quarter, etc.). Benchmark interest rates are published by the information system Thomson Reuters, on a working day, approximately at 11 (in words: eleven) hours CET and are available to the Buyer on the website www.global-rates.com.
- 1.45. Benchmark interest rate floor in the calculation of the regular contracted interest rate (Zero Floor clause):** if the calculated benchmark interest rate in the calculation of the regular contracted interest rate amounts to less than 0.00 % (zero percent), then the benchmark interest rate of 0.00 % (zero percent) shall apply for the calculation of the regular contracted interest rate;
- 1.46. EURIBOR** (Euro Interbank Offered Rate) is the benchmark interest rate in the calculation of the regular contracted interest rate for the currency Euro (EUR) representing the average rate at which first-class banks borrow funds in EUR from each other in the Eurozone. Information on EURIBOR and trends is publicly available at www.global-rates.com and www.euribor-ebf.eu.
- 1.47. SOFR** (Secured Overnight Financing Rate) is the Benchmark interest rate applied in the calculation of regular contracted interest rate for USD currency, and it represents the weighted average interest rate on overnight REPO transactions with the US Federal Reserve.
- 1.48. SARON** (Swiss Average Rate Overnight) is the Benchmark interest rate applied in the calculation of the regular contracted interest rate for the currency Swiss Franc (CHF), representing the average rate for overnight REPO transactions with the Swiss National Bank (SNB).
- 1.49. Amendment to the General Terms & Conditions** means any and all modifications to the General Terms & Conditions made by the Factor and any and all supplements to the General Terms & Conditions made by the Factor.

2. FACTORED RECEIVABLES

- 2.1.** Receivables that can be subject to factoring are existing, non-due, full or partial monetary receivables resulting from the delivery of goods and/or provision of services by business entities in the country or abroad, which:
- 2.1.1** shall meet all conditions defined in the Contract,
- 2.1.2** shall be non-due at the time of signing the Contract and non-due within next 5 (five) working days following the date when the Factor receives a duly completed and signed Specification, that is from the Entry Day (if the application OTPFaktOnline is used),
- 2.1.3** shall result from regular (commercial) trading business related to the delivery of goods and services,
- 2.1.4** shall result from stable and continuous sale and delivery of goods or performance of services,
- 2.1.5** may not be based on incomplete deliveries or services partially provided,

- 2.1.6 may not be based on delivered/dispatched goods and/or provided services for which the Supplier does not hold a proper license, and/or generally on goods and/or services in connection with which a law or another regulation has been breached,
- 2.1.7 may not be based on fictitious and or pro-forma invoices,
- 2.1.8 may not be based on consignment business, commission business, advances or partial payments made.
- 2.2. The maturity of the factored receivable at the time of purchase by the Factor may not exceed one year, counting from the date of purchase.

3. ASSIGNMENT OF RECEIVABLES

- 3.1. A receivable shall be considered assigned when the Factor has partially or fully paid for the Supplier's receivable (subject to factoring) to the Buyer, by which the receivable has been transferred to the Factor.
- 3.2. Assignment shall encompass the entire receivable/receivables (principal receivables, contracted, non-due and unpaid interest, either contracted or default interest) along with all amounts owed, as well as all ancillary and dependent rights and rights to lay any related claims; after the assignment, neither the Supplier nor the Buyer may in any way reduce or restrict the amount and/or value and/or recoverability of the assigned receivables or pertaining collaterals or any and all ancillary and dependent rights without the Factor's explicit consent given in writing.
- 3.3. By the assignment of the receivable, all the collaterals securing the respective delivery of goods/services shall also transfer to the Factor, especially the rights arising from issued securities of the Buyer, as well as any other collaterals delivered and/ or made available by the Buyer to the Supplier, regardless of whether such collaterals were contracted or not.
- 3.4. If the Competent Body should adjust and/or modify the interest rate and/or interest accrual, which then becomes effective during the term of validity of these General Terms & Conditions, the relationships between the Parties shall be subject to applicable regulations of the Competent Body and the Factor shall inform the Parties thereof prior to the application of such regulations.

4. SERVICES OF THE FACTOR - FINANCING

- 4.1. Financing implies a service where the Factor, subject to fulfilment of all required conditions, pays to the Supplier an advance which corresponds to a specific percentage of the financed factored receivable as defined by the Contract. The receivable is financed as soon as the Factor has paid a part of the receivable to the Supplier.
- 4.2. The fact that the Factoring Frame is renewed according to the revolving principle implies that, after a particular receivable ceases to be part of the Factoring Frame when settled in the contracted manner and all of the Factor's claims related to such receivables have been settled, the Buyer may, subject to the satisfaction of all other required conditions, utilize free amount of the Factoring Frame to finance other Factored receivables, however only up to the maximum amount available under the Factoring Frame.

5. UTILISATION OF THE FACTORING FRAME, METHODS AND CONDITIONS OF DISBURSEMENT

- 5.1. The Factor may, at its own discretion, disburse agreed amounts to the Supplier for each individual or batch of receivables.
- 5.2. Where the Parties agree on financing of Factored receivables with discount interest calculation and collection of interests, the Factor may, subject to fulfilment of all agreed conditions, disburse the contracted advance less:
 - 5.2.1. Advance interest
 - 5.2.2. Factoring fees
 - 5.2.3. Administrative and other costs.
- 5.3. Where the Parties agree on financing of Factored receivables with end-of-period interest calculation, then the factoring interest shall accrue monthly during the financing period, and be charged monthly, either at maturity of the Factoring receivable or upon collection, depending on the arrangements; upon fulfilment of all conditions, the Factor may disburse, in full and without any deduction, the agreed advance to the Supplier, under the condition that, prior to the disbursement of the advance and on the same day, the Buyer pays the fee along with administrative and other costs to the Factor.
- 5.4. The Factor shall perform payments to the Supplier's business account specified in the Contract or in the Specification or as otherwise agreed in writing between the Parties, provided that no proceedings are being conducted against the Supplier (such as bankruptcy, pre-bankruptcy, liquidation...) which, in the Factor's judgement, would prevent payments to another account and/or compromise such payment in any way or, subject to the condition that no provision of any law or regulation prevents, in the Factor's judgement, payment to another account, i.e. that the Supplier's account is not frozen and/or subject to an interim and/or preliminary measure and/or any other compulsory measure issued by a competent body and/or court which prohibits and/or prevents payment to the account of another entity and/or determines the account to which the Factor is obligated to pay the above funds.
- 5.5. After cumulative fulfilment of the following conditions:
 - 5.5.1. The Contract is duly executed and effective between the Parties,
 - 5.5.2. The Factor has received a duly completed and signed Specification with required appendices or the Buyer has made an Entry (in case of OTPFaktOnline),

5.5.3. The Factor has accepted the Specification or Entry, and the receivables which are specified or entered therein (acceptance may be in writing or the payment may be effected for selected invoices),

5.5.4. Factoring frame enables financing if there are available (approved and not drawn) funds,

5.5.5. There are no circumstances that would render the Specification or Entry, at the Factor's sole discretion, inconsistent with the provisions of a contract made by and between the Supplier and the Buyer; a commercial business cooperation contract, a contract on the delivery of goods and/or services and/or another contract based on which the Supplier delivers to the Buyer goods or/services giving rise to the receivables that have been assigned to the Factor,

5.5.6. The Factor has no information regarding and/or reasonably doubts the validity, authenticity or transferability of receivables (e.g. cases of non-delivery or late delivery of goods/services),

5.5.7. As far as the Factor is aware, all conditions from the contract between the Buyer and Supplier have been met,

5.5.8. All other required conditions from the Contract have been met,

The Factor may then finance the receivable in accordance with the amount of the approved Factoring Frame.

5.6. If, for any reason the Factor is unable to finance the Supplier's receivable due to unfulfilled conditions (the Factoring frame limit is exceeded etc.), it shall forthwith notify the Buyer or the Supplier thereof where disbursement at Supplier's request has been agreed.

As regards the above described circumstances, the Buyer and the Supplier expressly agree that the Factor charge the factoring fee immediately upon receipt of the Specification or upon making Entry, by any means allowed by the Contract, without any special approval to that end.

6. IMPORTANT WARRANTIES OF THE BUYER

6.1. The Buyer warrants to the Factor that all Factored receivables will be based on deliveries or services fully provided to the Buyer– precisely as regulated by a sales contract or another contract concluded between the Supplier and the Buyer, that each receivable, including all ancillary rights assumed by the Contract, shall exist as described in the data/documents delivered to the Factor and shall be assignable, not encumbered by protest, right of set-off and/or retention and/or other counterclaims by the Buyer and/or third parties.

6.2. With regard to receivables, assuming full liability, the Buyer warrants to the Factor that, from the time of assignment going forward, including the period of collection of all of the Factor's receivables, as well as the period post collection:

6.2.1. the Factored receivable and any created receivable shall exist as a valid, unconditional and undisputed obligation of the Buyer towards the Supplier, in the amount and with the maturity as indicated in documents referred to in the Contract, especially in the Specification;

6.2.2. the Factored receivable has not been set off, either in full or in part, and that such receivables have neither fully nor partly been assigned to a third party(s),

6.2.3. the Buyer is liable for the existence (authenticity) of entire Factored receivable/receivables,

6.2.4. the documents referred to in the Contract shall be supplied completely and in accordance with contracted terms and conditions between the Supplier and the Buyer, that they shall be drafted and signed by lawfully authorised representatives and that the Supplier shall manifest its intent towards the Factor via authorised representatives or persons granted with special power of attorney by such authorised representatives,

6.2.5. the documents referred to in the Contract, invoices in particular, shall be drafted and issued in accordance with accounting, tax and other compulsory regulations, as well as international accounting standards, and contain all necessary data in connection with a particular account receivable, its amount, base, currency and payment maturity,

6.2.6. the documents referred to in the Contract shall contain a clause/provision about the permissibility of transfer of accounts receivable, the wording of such clause being defined in the Contract; in other words, that they will not contain any clause prohibiting assignment, or stipulate that the assignment is in any way prohibited by any contract, law and/or otherwise; and that there are no decisions by a court, government and/or administration body prohibiting, preventing and/or complicating assignment and/or purchase of accounts receivable,

6.2.7. to the best of Buyer's knowledge, considering that the Buyer is obligated to pay special attention and comply with professional rules and customs (due care of a prudent businessman), the documents referred to in the Contract, i.e. the delivery of goods or services, will not be contested by any person,

6.2.8. the documents referred to in the Contract shall not contain any deficiencies that would prevent or significantly complicate and/or prolong the collection of receivables, i.e. the fulfilment of the purpose of factoring or collection of the Factor's receivables,

6.2.9. to the best of Buyer's knowledge, and considering that the Buyer is obligated to act with increased care and comply with professional rules and customs (due care of a prudent businessman), the Buyer or a third party will not lay claims, i.e. will have no grounds to object in any way or lay claims that could affect the existence, amount and/or due dates of individual receivables,

6.2.10. the data to be delivered by the Buyer to the Factor shall be true and complete,

- 6.2.11.** if any new information should appear and/or already existing facts and/or circumstances, which could affect the Factor's rights and/or obligations under the Contract and/or are in connection with any obligation, and especially the Factor's decision on assuming the purchase obligation, become known at a later point, the Buyer shall forthwith and without undue delay notify the Factor thereof in writing, as otherwise it shall be liable for any lost profit or pecuniary or non-pecuniary loss that has resulted and/or could result directly or indirectly therefrom for the Factor,
 - 6.2.12.** the Buyer shall bear full liability also for the collectability of any receivable and any payment by the Factor based on and/or related to the Contract,
 - 6.2.13.** it shall refrain from activities which may threaten the environment, natural sources, human health and safety, or which would represent non-compliance with statutory regulations from the domain of environment protection and similar domains. The Buyer also confirms that no procedure has been instigated against it for violation of environmental regulations.
 - 6.2.14.** it will take out adequate insurance for its tangible (fixed) assets and stock against usual perils;
 - 6.2.15.** it will permit, at the Factor's request, inspection of its business premises, plants, production and work processes and inform the Factor of its short-term and long-term plans.
- 6.3.** In the event that, notwithstanding the fulfilment of conditions from the Contract, it should later become obvious that there was no debt from the Buyer to the Supplier or that a warranty was or subsequently became incomplete in full or in part, the Factor may desist from providing the contracted service for such receivable/receivables and the Buyer shall, at the Factor's first written call and without delay, return any financed amount paid by the Factor to the Supplier for the corresponding receivable/receivables, including default interest charged on such amount from the day of disbursement to the day of repayment of the paid amount to the Factor.
- 6.4.** The Factor shall always reserve the right – without prejudicing the above mentioned right of settlement or desistance from providing the contracted service for a particular receivable/receivables – to define adequate deadline for the Buyer to eliminate established deficiencies, after the expiry of which it shall again decide on the acceptance, continuation or desistance from provision of the contracted service for such receivable/receivables.
- 6.5.** Under full liability, the Buyer gives the following warranties to the Factor with regard to the Buyer itself:
- 6.5.1.** that the Buyer – as a company, i.e. legal entity, has been properly entered into the court register or another register and authorised to perform a registered business activity, including import and export of goods or services,
 - 6.5.2.** that the performance of the Contract is not subject to any restrictions by its competent (corporate) bodies and that the performance of assumed obligations is not in conflict with applicable regulations or any other obligations of the Buyer,
 - 6.5.3.** that there are no circumstances in its business environment known to or foreseeable by the Buyer, that could have a materially adverse effect on the business and adversely affect its ability to perform its obligations under the Contract, especially that the Buyer's account is not frozen and that there are no circumstances based on which an account freeze could be expected to occur shortly and that no bankruptcy or pre-bankruptcy or liquidation proceedings are conducted or are about to be instigated against the Buyer,
 - 6.5.4.** that there are no disputes, executions, administrative or any other proceedings that could have a significant material or other adverse effect on its business operations and/or its ability to perform its obligations under the Contract,
 - 6.5.5.** that none of its present assets or income is encumbered and/or seized and/or frozen, and/or subject to interim and/or preliminary measures – except for the ones delivered to the Factor in writing.
- 6.6.** Where the Supplier is one of the parties to the Reverse Factoring Contract, all the warranties of the Buyer shall also apply to the Supplier.

7. IMPORTANT COMMITMENTS OF THE BUYER

- 7.1.** For the term of duration of the Contract, the Buyer undertakes to:
- 7.1.1.** regularly create/prepare and, promptly upon the Factor's request, deliver to the Factor the basic financial statements: balance sheet, profit & loss account, cash flow report, report on changes in equity and notes to financial statements – all within the deadlines defined by valid accounting regulations and in compliance with prescribed reporting standards, as well as other accounting/bookkeeping data and documents that the Factor may from time to time request autonomously or in line with regulations of the central bank;
 - 7.1.2.** notify the Factor in writing (by registered mail) of any intended change of the corporate name, registered office or delivery address and change of any personal data of the Buyer, data of guarantors and co-borrowers and data required for creditworthiness assessment of the Buyer and the guarantors and the co-borrowers, and of any other data the Factor may request, where such notice shall take effect from the date on which the Factor receives such notice;
 - 7.1.3.** inform the Factor about intended status changes of the company (merger, acquisition, demerger or transformation), changes in the ownership structure, as well as about the existence of reasons for prebankruptcy, possible cessation of business, and any intended or initiated liquidation of the company;

- 7.1.4. inform the Factor in advance about the occurrence of circumstances which could cause default on the obligations undertaken and inform the Factor about all actions contemplated or taken to eliminate the consequences of such circumstances;
- 7.1.5. inform the Factor about any significant alienation, encumbrance of tangible (fixed) assets or income or any execution or any other proceeding instigated over such assets;
- 7.1.6. take out adequate insurance of its tangible (fixed) assets and stock against usual perils;
- 7.1.7. take and continue to take all required actions to ensure that the assignment of the contracted receivables to the Factor is legally valid and verifiable,
- 7.1.8. with regard to individual receivables, submit to the Factor a valid and completely filled-in Specification (execute Entry) using the Factor's template form (which the Factor is authorised to change at any point), which happens to be an integral part of the Reverse Factoring Contract,
- 7.1.9. forthwith and without delay, simultaneously with the transfer of documents on the existence of the receivable or exceptionally at a later date, but no later than 8 (eight) days following the delivery of the Specification or the Entry date, and always significantly before the due date of the assigned receivable, inform the Factor about the existence of all payment instruments/collaterals for the Factored receivable that the Supplier holds, receives subsequently or takes possession of in another lawful manner, and transfer such payment instruments/collaterals to the Factor forthwith and without delay as provided for in the applicable regulation governing the collateral/payment instruments, and as stipulated in the contract (if any) concluded between the Supplier and a third party or take measures that such collaterals are transferred by the Supplier to the Factor,
- 7.1.10. forthwith and without delay settle any due receivable from the Factor towards the Buyer and settle every interest, as well as default interest running for all days of default of any monetary receivable, from the due date of any and all of the Factor's receivables to the date when such promise is duly and completely settled, including all associated receivables and expenses,
- 7.1.11. on a continuous basis, deliver to the Factor the originals or certified copies of the following documents, according to agreed dynamics:
 - 7.1.11.1. Specification i.e. Entry containing the exact and precise list of individual receivables, signed, certified, and authorised by the Buyer, by which the Buyer unconditionally confirms that the listed accounts receivable:
 - 7.1.11.1.1. have not been settled in full or in part,
 - 7.1.11.1.2. have not been already transferred to third parties,
 - 7.1.11.1.3. have not fallen due,
 - 7.1.11.1.4. have not been subject to set-off and shall not be set off either fully or partly
 - 7.1.11.1.5. are not subject to any contractual and/or statutory obstacles that would prevent them being assigned,
 - 7.1.11.1.6. at the time of signing the Specification and at the time of delivery of the Specification to the Factor, i.e. upon making Entry (in case of OTPFaktOnline) no objections were raised in connection with material and legal flaws of the delivered goods/services, and no other claims (complaints) were laid;
 - 7.1.11.2. invoices and other adequate documents (dispatch notes, delivery notes, etc.), issued by the Supplier or delivered to the Buyer, showing the existence of the account receivable, its amount and due date;
 - 7.1.11.3. international bill of lading or CMR or another document acceptable to the Factor to confirm beyond doubt that the Supplier has delivered and the Buyer has received the goods, on which the Supplier's receivable from the Buyer is based;
 - 7.1.11.4. a valid commercial contract on business cooperation or a contract on the delivery of goods and/or services and/or another contract concluded between the Supplier and the Buyer (including contracts concluded by issuance and acceptance of an order or by offer and acceptance of offer), based on which the Supplier delivers goods and/or services to the Buyer which give rise to the receivables covered by the Contract, where such contract may not be in conflict with provisions of the Contract;
 - 7.1.11.5. where necessary, other documents, data and evidence that the Factor may demand by reference to provisions of the Contract, as well as the documents and data which, at sole discretion, the Factor may consider necessary for the performance of an individual contract.
- 7.2. the documents referred to in the preceding article can be delivered to the Factor by the Buyer or the Supplier also in soft copy (scanned documents) to the Factor's e-mail address specified in the Contract, whereas the originals / original copies or certified copies of the documents shall be produced at the Factor's request and the first call, for the purpose of a sample control;
- 7.3. In the event that OTPFaktOnline service is contracted, where the Buyer makes Entry of EoInvoices instead of submitting a Specification for each financing and assignment of receivables (Factored receivables) to the Factor, the Buyer undertakes to submit the Specifications of the Factored receivables for the past period upon request of the Factor, i.e. as frequently as stipulated in the Reverse Factoring Contract.
- 7.4. In the event of acquisition, merger, demerger, restructuring of the Buyer or any other procedure based on primary or secondary legislation, the Buyer shall ensure that all of its general legal successors established after any of the above procedures:
 - 7.4.1. be liable, both as co-debtors and personally to the Factor, for all of the Buyer's obligations resulting from the Contract and any annexes thereto,

- 7.4.2.** for the purpose of securing all of the Factor's receivables under the Contract and any annexes thereto, deliver to the Factor new collaterals (of the Factor's choice) where delivery of collaterals has been agreed earlier (before the implementation of such procedures).
- 7.5.** If one or several new companies are established and such companies take over only a part of the Buyer's assets and/or liabilities and/or equity and/or business activities, the Buyer, which shall continue to be an active legal entity in such case, shall ensure that the newly established company or companies:
- 7.5.1.** settle unlimitedly, as co-debtors and personal debtors to the Factor - every due liability of the Buyer arising from the Contract and any annexes thereto;
- 7.5.2.** deliver to the Factor collaterals of the Factor's choice to secure all of the Factor's receivables under the Contract and any annexes thereto, in the event that delivery of collaterals has been agreed earlier (before the implementation of such procedures).

8. COLLATERALS

- 8.1.** In order to secure the repayment of all of the Factor's receivables under and in relation to the Contract, increased by any appurtenances thereto, as well as any collateralisation expenses, collection and/or collateralisation procedure costs concerning the Factor's receivables and costs of any other court procedure, as well as for the purpose of collateralisation of receivables and/or costs that may arise from future contracts, annexes and agreements, the Buyer shall forthwith and without delay deliver/assign to the Factor the collaterals defined in the Reverse Factoring Contract, as well as any collaterals that the Supplier has received or has the right and/or possibility to obtain from the Buyer, the guarantor, the co-debtor and a third party directly or indirectly liable either to the Supplier or to the Buyer on any other basis for a particular receivable(s), and any collaterals which are customary for a particular transaction.
- 8.2.** If any collateral should, for any reason, completely or partly cease to be legally valid or binding for the Buyer and/or guarantor and/or co-debtor and/or third party and/or the assets of any or all of the aforesaid persons, or should in the Factor's opinion cease to provide sufficient security for the obligations under the Contract, or is completely or partly disposed of, then the Buyer and the guarantor and the co-debtor and the mentioned third party are obligated, at any time – until full settlement of the Factor's receivables, to obtain and deliver to the Factor forthwith and without delay any additional collateral as requested by the Factor, and execute any additional contracts and/or other documents requested by the Factor, especially the ones required for the legal validity of each and any collateral.
- 8.3.** In the event that a guarantor and/or co-debtor relationship and/or third-party obligation on another basis has been agreed, then the Buyer's obligations from the first and second paragraph of this article shall equally refer to the guarantor, the co-debtor and the third party.
- 8.4.** The guarantors are jointly and unlimitedly (as guarantor payers) liable to the Factor for the performance of all of the Buyer's obligations arising from and in relation to the Contract.
- 8.5.** The co-debtor and/or the otherwise obligated third party shall be liable to the Factor jointly and unlimitedly with the Buyer for the fulfilment of all of the Buyer's obligations under and in relation to the Contract.
- 8.6.** The Buyer, guarantor, co-debtor and the otherwise obligated third party irrevocably authorise the Factor to specify the amounts of due receivables, as well as any other required elements, including also the "waiver of protest" clause in the bill of exchange, debenture bond and any other received collaterals, to domicile them at will and take any other required actions and submit the collaterals for collection in any order, as well as to take any other collection and/or collateralisation actions with regard to the receivables.
- 8.7.** The Factor shall be authorised to use the Buyer's collaterals as security for due and timely performance of all obligations based on this Contract or any other contractual and/or non-contractual relationship between the Factor and the Buyer, notwithstanding the date of forming of the contractual or non-contractual relationship.
- 8.8.** The Factor shall be authorised to use the co-borrower's collaterals as security for due and timely performance of all obligations based on this Contract or any other contractual and/or non-contractual relationship between the Factor and the co-borrower, notwithstanding the date of forming of the contractual or non-contractual relationship.
- 8.9.** The Factor shall be authorised to use the guarantor's collaterals as security for due and timely performance of all obligations based on this Contract or any other contractual and/or non-contractual relationship between the Factor and the guarantor, notwithstanding the date of forming of the contractual or non-contractual relationship.
- 8.10.** The Factor shall be authorised to use the collaterals of the otherwise obligated third party as security for due and timely performance of all obligations based on this Contract or any other contractual and/or non-contractual relationship between the Factor and the third party, notwithstanding the date of forming of the contractual or non-contractual relationship.
- 8.11.** The Factor shall be entitled to keep and use all collaterals also in the event that the Contract ceases to be effective on any grounds (expiry, termination, cancellation or other reasons), for the purpose of collection of and/or security for all of the Factor's receivables.
- 8.12.** After the Factor's receivables from the Party cease to exist, the Factor shall return the collaterals within 60 (sixty) days of the date of receipt of a written request to that end, except if there is any statutory obligation and/or

any obligation based on other regulation and/or contract and/or decision of a competent court and/or body related to the collateral.

9. COLLECTION/ SETTLEMENT OF THE FACTOR'S RECEIVABLES

- 9.1.** In order to collect its own due receivables and/or secure its own due and/or non-due receivables under the Contract and/or other legal transactions between the Parties and/or receivables arising from non-contractual relationship, always and at any time, without announcement or any further approval by the Parties, regardless of whether the Contract is still in force, the Factor shall be authorised:
- 9.1.1.** to seize, without initiating a court or other procedure, all required funds in all accounts of the Parties, guarantors, co-borrowers and third parties – be it domestic or foreign means of payment – and transfer them to the Factor's business account, i.e. directly debit the Party's account and credit the Factor's account,
- 9.1.2.** to withhold or deny to the other Party the amount required by the Factor, in the event that the Factor is obligated to pay to the other Party any amount on any basis, and settle and/or secure the Factor's receivable in the same amount, of which the Factor shall inform the other Party in writing, no later than 3 business days of the day the Factor settles or secures its own receivable.
- 9.1.3.** to take all actions it considers necessary, initiate all court and out-of-court proceedings and dispose of all collaterals.
- 9.2.** The Factor shall be authorised and may at any time assign/transfer/sell all or any of its receivables from the Contract or contracts connected therewith, as well as (all or any) associated collaterals to third parties, regardless of any court proceeding or other forced collection proceeding being instigated or pending. The Party may partly or completely assign its rights and/or receivables from the Factor to a third party only with the Factor's written consent given beforehand.
- 9.3.** In the event of partial collection/settlement or partial payment of due receivables to the Factor, the Factor shall be entitled to determine autonomously the order of settlement of its receivables.
- 9.4.** With regard to the Supplier's and Buyer's liability for the recoverability of the assigned receivables, the restrictions defined by provisions of the law regulating contractual relationships will not apply to any of the Factor's rights and receivables.

The Party may set off its receivables from the Factor with the Factor's receivables from the Party only with the Factor's written consent given beforehand.

10. NOTIFICATIONS AND DELIVERY OF LETTERS

- 10.1.** All and any communication between the Parties shall be valid only if made in writing, sent and received by the other Party, and can be addressed to the other Party in the following way: a) directly to the other Party provided that the other Party confirms (by signature) that it received the letter and indicates the date of receipt, b) by registered mail to the address of the other Party, c) by way of a public notary and d) in the event of delivery to the Supplier and/or Buyer – delivered to the fax number indicated in the Reverse Factoring Contract or to the Supplier's and/or Buyer's e-mail address indicated in the Reverse Factoring Contract, or to the Supplier's and/or Buyer's fax number or e-mail address not indicated in the Reverse Factoring Contract but subsequently delivered/made available to the Factor by the Supplier and/or Buyer.
- 10.2.** The Supplier and the Buyer expressly agree that every letter sent to them by registered mail, to the address indicated in the Reverse Factoring Contract or to another address visible in the court register on the date of dispatch of the mail, but returned undelivered for any reason, shall be considered validly delivered on the date of dispatch of the registered mail, which shall also apply to the co-borrower, the guarantor and the otherwise obligated third party.

11. SEVERABILITY AND DATA DISCLOSURE

- 11.1** If any provision of the Contract or contracts related thereto should become null and void or invalid under the law, the Parties agree that such nullity shall not affect the validity of the remaining provisions of the Contract or contracts related thereto. The invalid provision shall be replaced by a valid one, taking into account the expectations of the Parties and the purpose of this legal transaction.
- 11.2.** The Parties agree that they shall strive to settle all disputes arising from the Contract or from legal transactions in connection with the Contract, including disputes regarding the issues of its valid origination, breach or termination, as well as the legal effects resulting therefrom, amicably (which however does not obligate the Parties to instigate any institutional arbitration and/or mediation). At any time, the Parties shall be authorised to initiate a dispute before the court of subject-matter jurisdiction in Zagreb, with the law of the Republic of Croatia as the applicable law.
- 11.3.** The data on this legally binding relationship, as well as personal data of the Parties and their authorised representatives, may be disclosed or made available or given to third parties only by agreement between the Parties. By way of exception, the Parties agree that the data regarding this contractual relationship, as well as the personal data of the Parties and their authorised representatives, may be used by the Factor or within the

Factor's group or financial or mixed holding (of banks and other legal persons) to which the Factor belongs. The above data shall be also delivered to competent courts or government bodies authorised to demand such data according to valid regulations.

- 11.4.** All Parties except the Factor waive the right to initiate any court or out-of-court proceeding and/or to lay any claims for compensation of any damage resulting from the use of the above data or delivery thereof to the entities indicated in the above paragraph of this article.

12. CONTRACT TERMINATION

12.1. The Parties agree that, in the event of occurrence of extraordinary circumstances, including but not limited to:

- 12.1.1.** significant disruptions on the banking services market or interbank market (e.g. unavailability of sources of funds) and/or;
- 12.1.2.** measure(s) of the Croatian National Bank and/or the European Central Bank restricting the ability to provide banking services or imposing additional obligations to banks in the sense of increased own funds, reserves, etc., or freezing the non-committed funds, and/or;
- 12.1.3.** circumstances indicative of increased banking risk, and/or;
- 12.1.4.** circumstances indicative of disruptions of general economic terms and conditions of business operations,
- 12.1.5.** the Factor shall be permanently authorised, without defining any term of performance, term of notice or any other term, with immediate effect on the date of dispatch of the written notice in any of the ways defined in Article 10 of these General Terms & Conditions, to take either one or several or all of the following actions:
- 12.1.6.** to deny to the Buyer the use of available amount under the Factoring Frame / Factoring Limit, partly or completely and/or;
- 12.1.7.** to alter the amount and utilization period of the remaining non-utilized amount of the Factoring Frame / Factoring Limit and/or;
- 12.1.8.** to determine that the remaining amount of the Factoring Frame / Factoring Limit is to be used in a precisely defined period and/or;

to unilaterally terminate and/or cancel the Contract.

12.2. The Factor may, without initiating a legal or any other proceeding, unilaterally **cancel** the Contract and related contracts in writing, and/or suspend the provision of one, several or all contracted services, on any day of the month, with immediate effect so that the Contract and/or contracts related thereto shall be cancelled at the time of dispatch of the written notice of cancellation in any of the ways defined in Article 10 of these General Terms & Conditions, without defining any term of notice, term of performance or similar, unless explicitly regulated otherwise in the written cancellation, in the event that:

- 12.2.1.** the Buyer failed / should fail to duly meet any obligation from the Contract, and in particular if the Buyer should fail to pay any due receivable of the Factor in the manner defined by the Contract and/or
- 12.2.2.** it is established that – upon approval the Contract and/or later – the Buyer has withheld, provided or presented false or unreliable (business) information relevant for the execution and maintenance of the Contract and/or has provided contracted collaterals with deficiencies preventing or restricting the use of such collaterals, and/or
- 12.2.3.** the Buyer fails to provide and/or confirm and/or ensure and/or recalls, either by forbearance or tacitly, the contracted guarantees and/or collaterals and/or is late in performing such obligation, and/or
- 12.2.4.** the Buyer fails to provide basic, additional or alternative collaterals for the Factor's receivables as defined in the Contract,
- 12.2.5.** the Factor deems that the relationship between the Buyer and the Factor has significantly changed, i.e. become disrupted even if, at such time, all of the Buyer's obligations to the Factor are fulfilled as required by the Contract,
- 12.2.6.** the Buyer raises an objection or objections to amendments to the General Terms & Conditions which, for any reason, the Factor considers unfounded and/or cannot and/or refuses to accept,
- 12.2.7.** the Buyer fails to notify the Factor of any change of its (personal) data,
- 12.2.8.** the Buyer ceases to have its registered office in the territory of the Republic of Croatia or terminates operations in the territory of the Republic of Croatia,
- 12.2.9.** other circumstances occur for the Buyer which could, in the Factor's judgement, significantly affect the Buyer's ability to properly fulfil its obligations and/or the utilisation and/or value of contracted collaterals for receivables, including but not limited to circumstances such as:
 - 12.2.9.1.** occurrence/threat of protracted inability to pay and/or account freeze and/or the occurrence of any other situation indicative of the impossibility to maintain the Contract or a commercial contract concluded between the Buyer and the Supplier,
 - 12.2.9.2.** third-party claims asserted regarding the assigned receivables,
 - 12.2.9.3.** pending or active pre-bankruptcy, bankruptcy, liquidation, over-indebtedness,
 - 12.2.9.4.** temporary or partial cessation of business activity,
 - 12.2.9.5.** cancellation or restriction of a right, asset, authorisation, approval, privilege, license, etc.

- 12.2.9.6.** large-scale forced collection to the detriment of the Buyer, through a court proceeding or an out-of-court proceeding – if this could, according to the Factor's free and discretionary judgement, have or cause adverse effects on the ability to duly fulfil obligations and maintain the Contract.
- 12.3.** If the contract provides for a guarantor and/or co-borrower and/or otherwise obligated third party, then the reasons and circumstances from the above paragraph of this article relating to the Buyer shall equally apply to the guarantor and the co-borrower and the third party.
- 12.4.** Both the Factor and the Buyer have the right to cancel the Contract without the need for any explanation, on any day of the month, by written notice of cancellation with a term of notice set autonomously, which shall however not be less than eight days of the date of receipt of written notice of cancellation by the other Party or, as the case may be, of the date on which the notice of cancellation is considered received.
- 12.5.** In the event of the Buyer's default on contractual obligations, as well as in any case that is regulated by the law or other applicable regulations, the Factor may, without instigating a court proceeding or any other proceeding, unilaterally **cancel** the Contract and contracts related thereto in writing, on any day of the month, with immediate effect so that the Contract and/or contracts related thereto shall be cancelled at the time of dispatch of the written notice of cancellation in any of the ways defined in Article 10 of these General Terms & Conditions, without defining any subsequent term of performance or similar, unless the effect is not explicitly regulated otherwise in the written cancellation.
- 12.6.** In the event of Contract termination, the Buyer shall also settle all expenses in connection with the Contract termination, as well as the expenses related to the collection of the Factor's receivables, including court and out-of-court costs and expenses, dun letters, taxes, insurance costs, costs of financing incurred by the Factor because of conclusion and/or termination of the Contract, as well as any other costs incurred in the course of the contractual relationship in connection with the Contract, including indemnification for the loss suffered by the Factor. In the event of Contract termination, the Buyer shall, due to the fact that reasons for Contract termination occurred on its side, lose all and any rights it would have if the Contract had remained in force until the expiry of its original life.
- 12.7.** In the event that the Contract ceases to be effective on any basis (expiry, cancellation, termination or any other cause), it shall continue to be effective in the segment regulating and securing any and all of the Factor's receivables based on the Contract, including the loss incurred, until full settlement of all of the Factor's receivables and all associated and ancillary receivables, costs and interest.

XIII. PERSONAL DATA PROCESSING INFORMATION

- 13.1.** The principles and the rules of personal data processing are contained in and regulated by the Data Protection Policy of the Factor, which is available at www.otpbanka.hr, and in all the branches of the Factor, upon request of data subjects.
- 13.2.** In addition, details on data collection, as well as the information about the data collected indirectly from data subjects, are available on the website of the Factor, and in all of its branches.

14. EFFECTIVE DATE, SCOPE OF APPLICATION, AMENDMENTS TO THE GENERAL TERMS & CONDITIONS

- 14.1.** These General Terms & Conditions shall enter into force and shall apply as from 01/01/2023.
- 14.2.** Once adopted, these General Terms & Conditions shall be available in the Factor's offices and on the Factor's website.
- 14.3.** In case of any change to legislation during the term of validity of these General Terms & Conditions, the relevant regulations shall apply until these General Terms & Conditions have been duly amended to reflect the changes.
- 14.4.** The Party shall be considered to acknowledge and agree with the amendments to these General Terms & Conditions if the Party raises no objections (in writing) to such amendments with the Factor within 15 (fifteen) days of the day of publication of the amendments to the General Terms & Conditions on the Factor's website. Where objections are raised to the amendments to the General Terms & Conditions, the Factor reserves the right to terminate the Contract in accordance with the article of these General Terms & Conditions regulating cessation of the Contract. Amendments that are exclusively in favour of Parties other than the Factor can be applied without delay.
- 14.5.** The General Terms & Conditions dated 14/09/2019 shall be repealed as at the date of entry into force of these General Terms & Conditions.