

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

I. DEFINITION OF TERMS

- 1.1. These General Terms & Conditions are a constituent part of the Factoring Contract concluded between the Factor and the Supplier. In the event of any contradictions between provisions of these General Terms & Conditions and provisions of the Factoring Contract, provisions of the Factoring Contract shall apply first, then provisions of the General Terms & Conditions, and then enacting provisions of regulations governing contractual relationships. The Factoring Contract and the General Terms & Conditions, as well as any 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 Factoring Contract, unless defined otherwise by provisions of the Factoring Contract:
- 1.3. **Factor** means **OTP banka d.d.**, Split (City of Split), Domovinskog rata 61, Company Registration 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 a legal transaction where the Supplier assigns the factored receivables to the Factor based on and according to the Contract regulating the provision of one or several services indicated herein by the Factor to the Supplier: finance, collection of receivables, credit risk insurance, administration and reporting, all subject to the Supplier's obligation to pay Fees and Interest.
- 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. **Silent (non-notification) factoring** is factoring where the Buyer is not notified of assignment or factoring by the Factor or the Supplier or is not notified thereof until certain circumstances occur.
- 1.13. **Recourse factoring** is factoring where the Supplier is liable to the Factor for the performance of the Buyer's obligation and collection of the factored receivable, where such liability represents the Supplier's personal obligation towards the Factor.
- 1.14. **Non-recourse factoring** is factoring where the Factor assumes the risk of collection of the factored receivable, but solely in the event that the Buyer's default comes as the result of the Buyer's insolvency and/or illiquidity and/or bankruptcy. However, if there is any third reason besides any or all of these reasons for the Buyer's default, or if these reasons do not exist, but there is any third reason/reasons for the Buyer's default, the risk of the Buyer's default is not assumed by the Factor, it is borne by the Supplier, and the Supplier's responsibility for the recoverability of the factored receivable represents the Supplier's personal obligation towards the Factor.
- 1.15. **Direct factoring** is factoring where there is no initial assignment of the factored receivable from the Factor to another factoring company.
- 1.16. **Indirect factoring** is factoring where, immediately after having been assigned the factored receivable by the Supplier, the Factor assigns the factored receivable to another factoring company.
- 1.17. **Factored receivables** are the existing and/or future, non-due, complete or partial monetary receivables which 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 defined in the Contract, where the maturity of the factored receivable corresponds to the maturity of the invoices underlying the amounts payable constituting the factored receivables.
- 1.18. **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 of one or several components as agreed in the Factoring Contract, the first component being the maturity of the factored receivable and the second component being the Prolonged Financing Period, if such Prolonged Financing Period has been agreed.
- 1.19. **Nominal amount of the factored receivable** is the invoiced amount and/or the sum of invoiced amounts.
- 1.20. **Authorization of receivables** is any and every valid statement by the Buyer acknowledging the amount and due date of the Supplier's receivables.
- 1.21. **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.
- 1.22. **Action** is each and every step taken in the OTPFaktOnline application by the User, based on the agreed authorisations and functionalities from OTPFaktOnline;
- 1.23. **Eoinvoice** is a unique integral set of electronically formatted bookkeeping data of the Supplier that are related to a single invoice issued by the Supplier in the name of the Buyer.
- 1.24. **Entry** is the Action of submitting one or several Invoices under the same entry reference number simultaneously in the OTPFaktOnline application;
- 1.25. **Specification** is a list of factored receivables that the Supplier assigns to the Factor, based on the previously concluded Agreement.

- 1.26. **Interest** is the contracted interest charged by the Factor on the advanced part of the purchase price of the factored receivable for the period from advance payment to the contracted due date of payment of the purchase price of the factored receivable or any other date/dates if so agreed by the Parties.
- 1.27. **Default interest applicable to fees and costs charged by the Factor to the Party** is the maximum rate of statutory default interest prescribed by Article 29 of the Civil Obligations Act determined by increasing the discount rate of the Croatian National Bank prevailing on the last day of a six-month period prior to the current six-month period by 5 (five) percentage points. Default interest shall be variable with regard to the maximum permitted rate prevailing on a particular day of default, accruing and being charged (unless explicitly agreed otherwise) for all days of default in the performance of the payment obligation, from the due date of the factored receivable to the date of performance of the promise, where the accrual of default interest shall be based on a year of 365 days.
- 1.28. **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 equalling the benchmark rate increased by 8 percentage points. Default interest shall be variable with regard to the maximum permitted rate prevailing on a particular day of default, accruing and being charged (unless explicitly agreed otherwise) for all days of default in the performance of the payment obligation, from the due date of the factored receivable to the date of performance of the promise, where the accrual of default interest shall be based on a year of 365 days, all pursuant to the Financial Operations and Pre-Bankruptcy Settlement Act.
- 1.29. **Benchmark rate** in the calculation of default interest is the basic interest rate that applies to late payments, 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 Financial Operations and Pre-Bankruptcy Settlement Act.
- 1.30. **Benchmark 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 Financial Operations and Pre-Bankruptcy Settlement Act.
- 1.31. **Factoring fee** is the fee charged for providing factoring services, calculated either as a percentage or an absolute amount of each invoice.
- 1.32. **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.
- 1.33. **Beginning-of-period interest calculation** implies that the Factor, prior to advance payment, calculates and charges interest on the factored receivable to the planned maturity of the factored receivable or, respectively, to the planned date of collection of the factored receivable, deducts the interest from the advance payment and then pays the remaining amount to the Supplier.
- 1.34. **End-of-period charge of interests** implies that the Factor calculates interest monthly during the financing period and charges it at maturity of the factored receivable or collection of the factored receivable, depending on what has been contracted.
- 1.35. **Monthly interest collection** implies that interest is calculated monthly during the financing period and charged monthly by the Factor.
- 1.36. **Application processing fee** is the fee for operational activities related to the processing of the application and granting of the factoring service (arranging the service, data collection, analysis, service approval etc.). It is charged one-off on the amount of the Factoring Frame and upon each prolongation.
- 1.37. **Debtor risk assessment fee** is the fee charged for collecting creditworthiness information on the debtor of the factored receivable and for monitoring debtor risk throughout the life of the contract. The fee is calculated in the absolute amount, per debtor, one-off upon conclusion of the Factoring Contract and once a year per debtor.
- 1.38. **Fees** are any and all fees, the factoring fee, the administration fee, costs, charges, and other payments and financial obligations as defined by the Contract paid and/or payable to the Factor by the Supplier.
- 1.39. **Member country** is an EU country and signatory to the European Economic Area Agreement.
- 1.40. **Third country** is a non-member country.
- 1.41. **State** is considered to be any state authority (legislative, executive or judiciary), central, regional and local bodies of state administration, autonomous agencies and bodies and companies in which the state has a majority interest.
- 1.42. **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.
- 1.43. **Foreign factoring company** is a legal person with registered office outside the territory of the Republic of Croatia and a member country, performing factoring operations in compliance with regulations of such a third country.
- 1.44. **Foreign import factor** is a legal person with registered office outside the territory of the Republic of Croatia, performing factoring operations in compliance with regulations of such domicile country, selected by the Factor for cooperation in a particular export factoring contract.
- 1.45. **Factoring frame** is the maximum amount of finance granted to the Supplier by the Factor, approved by the Factor and contracted based on Supplier risk assessment, which takes other risks in factoring unrelated to credit risk into account, including but not limited to: quality of delivered products/services, keeping deadlines, ownership relations, fraud, etc., which entitle the Buyer to a grievance and/or to deny payments (notwithstanding the Buyer's liquidity and solvency). The Factoring frame can be granted and contracted either in the absolute amount or with regard to the advance payment made for the financing of the factored receivable in such way that the Factoring frame may not exceed the (amount of) percentage of the advance payment made for the financing of the Factored receivables multiplied by the amount of Buyer Factoring Limits granted (for all Buyers) – depending on which of the above options was contracted by the Factoring Contract;
- 1.46. **Buyer Factoring Limit** is the maximum amount of Factored receivables for an individual Buyer, as defined by the Factoring Contract and established by the Factor and/or the insurer and/or the International Import Factor, based on Buyer analysis and credit risk assessment;
- 1.47. **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.
- 1.48. **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 person under direct or indirect control of such government performing executive, legislative, judicial, regulatory or

administrative 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.

- 1.49. Business day** is every day except Saturday and Sunday and public holidays and non-working days in the Republic of Croatia.
- 1.50. 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, and ending on the date defined in the Factoring Contract; to be applicable, such period must be expressly contracted and defined in terms of length by the Factoring Contract.
- 1.51. 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 / SOFR / 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
- If a benchmark interest rate quotation by the information system Thomson Reuters is not available for the accounting period of the interest referred to in the Factoring Contract, or if such service ceases to exist, the Factor shall apply the benchmark market interest rate for the same accounting period (of the regular contracted interest), available on the information system Thomson Reuters. If even such interest rate is not available, the Bank shall enter into negotiations with the Supplier and they will agree on a new interest rate.
- 1.52. 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 equals 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;
- 1.53. 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.
- 1.54. 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.
- 1.55. 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).
- 1.56. Amendment to the General Terms & Conditions** means any and all modifications of the General Terms & Conditions made by the Factor and any and all supplements to the General Terms & Conditions made by the Factor.

II. FACTORED RECEIVABLES

- 2.1.** Receivables that can be subject to factoring are existing and/or future, 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 Contact,
 - 2.1.2.** shall be non-due on the date of signing of the Contract and 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 standard (commercial) 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 or pro-forma invoices,
 - 2.1.8.** may not include receivables from Buyers where the Buyer can put forward set-off claims or other counterclaims or refund rights,
 - 2.1.9.** may not be related to an object subject to retention of title and/or extended retention of title,
 - 2.1.10.** may not include receivables from Buyers related to the Supplier in terms of ownership or membership in the same group, or from Buyers directly or indirectly managed by the Supplier, and/or from Buyer(s) directly or indirectly managed by the same company that directly or indirectly manages the Supplier,
 - 2.1.11.** may not be based on consignment business, commission business, advances or partial payments made,
 - 2.1.12.** may not be based on invoices if, on the date of delivery of a duly completed and signed Specification or on the Entry day, more than 30 days have passed since the invoice was issued.
- 2.2.** At the time of purchase by the Factor, the maturity period of the factored receivable may not exceed one year of the date of purchase.
- 2.3.** Notwithstanding the above restrictions, the maturity of the factored receivable at the time of purchase by the Factor may exceed one year in the event of renewal of export finance based on purchase with discount and without recourse of long-term non-due receivables collateralised by financial instruments (forfeiting) and in events when the State appears as creditor of the factored receivable.

III. ASSIGNMENT OF RECEIVABLES

- 3.1.** All receivables shall be considered assigned (global assignment) upon conclusion of the Factoring Contract, by which all of the Supplier's receivables from the Buyer for which factoring is contracted are transferred onto the Factor, while the transfer of future receivables shall produce legal effects when such receivables are created.
- 3.2.** Assignment shall encompass the entire receivable/receivables (principal receivable, contracted, non-due and unpaid interest, either contracted or default interest) and all amounts owed, as well as all ancillary and dependent rights and rights to 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. Without prejudice to global assignment, the assignment of receivables based on the Contract shall represent ordinary/regular assignment by its nature.

IV. TYPES OF OPERATIONS

- 4.1. Types of operations that the Factor and the Buyer or Supplier may arrange, which are subject to these General Terms & Conditions:
 - 4.1.1. Domestic factoring with and without recourse (including car stock and spare parts stock financing)
 - 4.1.2. Export direct and indirect factoring without recourse
 - 4.1.3. Import direct and indirect factoring without recourse (including car stock and spare parts stock financing)
 - 4.1.4. Forfeiting.
- 4.2. Factoring is a legal transaction where the Supplier assigns the factored receivables to the Factor based on and according to the Contract regulating the provision of one or several services indicated herein, by the Factor to the Supplier: finance, collection of receivables, credit risk insurance, administration and reporting, all subject to the Supplier's obligation to pay Fees and Interest.
- 4.3. The Parties can agree, by concluding the Factoring Contract or a separate written agreement, that all or any fees shall be borne by a third party.

V. SERVICES OF THE FACTOR

- 5.1. Depending on how it is defined and agreed in the Factoring Contract, the Factor may provide any or all of the services indicated below:
 - 5.1.1. financing,
 - 5.1.2. collection of receivables,
 - 5.1.3. credit risk insurance,
 - 5.1.4. administration and reporting.
- 5.2. Financing implies a service that can be part of the Factoring Contract, where the Factor, subject to satisfaction of all required conditions, pays to the Supplier an advance in the amount of a percentage of the financed factored receivable as defined by the Factoring Contract. The receivable is financed as soon as the Factor has paid a part of the receivable amount to the Supplier.
- 5.3. Collection of receivables implies a service provided by the Factor where the Factor takes over from the Supplier the obligation to collect receivables from the Buyer by taking care of the maturity of invoices and applying standard procedures related to the process of debt collection (written correspondence and telephone calls and buyer notification, sending dun letters, etc.).
- 5.4. Credit risk insurance is a service provided by the Factor in non-recourse factoring, where the Factor takes over, in its own right or by way of a third party, the Buyer default risk up to the contracted coverage percentage, but only if the Buyer's default is the result of the Buyer's insolvency and/or illiquidity and/or bankruptcy. However, if there is any third reason for the Buyer's default besides any or all of these reasons or if these reasons do not exist, but there is a third reason/reasons for the Buyer's default, then the Buyer default risk shall be borne by the Supplier.
- 5.5. Administration and reporting imply a service provided by the Factor, performing supervision and reconciliation of the balance sheet of the Buyer and the Supplier, and informing the Supplier and the Buyer thereof.

VI. FINANCING

- 6.1. As one of the possible services in the Contract, financing can be arranged for:
 - 6.1.1. domestic factoring with or without recourse (including car stock and spare parts stock financing)
 - 6.1.2. export direct and indirect factoring without recourse,
 - 6.1.3. import direct and indirect factoring (including car stock and spare parts stock financing).
- 6.2. The Factor can, at its own discretion, pay to the Supplier contracted amounts for each individual amount receivable or for the sum of receivables.
- 6.3. Where a financing service is agreed, the fact that the Factoring frame is renewed according to the revolving principle implies that, when individual receivables are no longer part of the Factoring frame (once they have been paid as agreed and all of the Factor's claims in connection with such receivables have been settled), the Supplier may, subject to satisfaction of all other required conditions, use the non-committed amount of the Factoring frame to finance further factored receivables, however again up to the Factoring frame amount.
- 6.4. Where the Parties have agreed the financing of the factored receivable with collection of interest in advance, the Factor may, subject to the satisfaction of all required conditions, pay to the Supplier the contracted advance reduced by the:
 - 6.4.1. interests charged in advance
 - 6.4.2. factoring fee
 - 6.4.3. administration fee and all other costs.
- 6.5. Where the Parties have agreed the financing of the factored receivable with end-of-period interest calculation, then the factoring interest is calculated monthly during the financing term and charged monthly or upon maturity or collection of the factored receivable, depending on what is agreed, and the Factor may, subject to the satisfaction of all required conditions, pay to the Supplier the contracted advance reduced by the:
 - 6.5.1. factoring fee
 - 6.5.2. administration fee and all other costs.
- 6.6. The collected amount of the factored receivable, which may be reduced by the Buyer or third parties in the amount of the discount or another cost, shall be first used by the Factor to settle its own receivables (advance, interest, fee etc.), whereas the remaining amount shall be paid to the Supplier's account.
- 6.7. If the Supplier has issued to the Buyer a "credit note" (the Supplier's statement to the Buyer confirming that the Buyer does not owe the full invoiced amount but a certain portion thereof) for an invoice or any other underlying document, the Supplier shall deliver/assign

to the Factor the issued "credit note" and the Factor shall reduce its advance payment to the Supplier by the „credit note" amount. If the „credit note" is issued after the payment of an advance or a security reserve, and the „credit note" amount exceeds the amount of the advance and/or security reserve, upon the Factor's first call, the Supplier shall promptly and without delay reimburse the Factor for the resulting difference.

- 6.8. If, at a later date (after the Factor has accepted the Specification or Entry and/or after advance has already been paid), the Buyer and/or any third party should for any reason lay any payment claims or other claims related to the delivery of goods/services in connection with material or legal faults of the delivered goods/service and/or existence of third party claims and/or for any other reason that threatens or may threaten and/or complicate the collection of the assigned receivables, the Factor shall be authorised to collect and/or insure the contested amount pursuant to provisions of the Contract.
- 6.9. If persons referred to in the above paragraph should settle the contested claim related to the faults indicated or if such claim has already been settled, but the persons referred to in the above paragraph waive the rights/reasons described in the above paragraph validly and to the Factor's satisfaction, the Factor may decide not to exercise, permanently or temporarily, its right to collect and/or insure the contested amount pursuant to provisions of the Contract.
- 6.10. The Factor shall perform payments to the Supplier's business account specified in the Factoring Contract and held with the Factor or as otherwise instructed by the Supplier, provided that the Supplier is not subject to a particular proceeding (bankruptcy, pre-bankruptcy, liquidation...) obstructing payments to another account and/or rendering such payment risky in any way, in the Factor's judgement, or as the case may be, subject to the condition that no provision of any law or regulation obstructs payment to another account or, as the case may be, that the Supplier is not blocked and/or subject to an interim and/or preliminary measure and/or any other compulsory measure issued by a competent body and/or court and prohibiting and/or preventing payment to the account of another entity and/or defining to which account the Factor is obligated to pay the above funds.
- 6.11. After cumulative fulfilment of the following conditions:
 - 6.11.1. the Contract has been duly executed and is effective between the Parties,
 - 6.11.2. the Factor has received a duly completed and executed Specification with required attachments or Entry has been made
 - 6.11.3. the Factor has accepted the Specification or Entry; the acceptance may be in writing or payments based on specific invoices may be made
 - 6.11.4. financing from the Factoring frame is possible if there are non-committed (approved and not drawn) funds,
 - 6.11.5. at the Factor's sole discretion, there are no circumstances that would render the Specification or Entry inconsistent with the provisions of a contract made by and between the Supplier and the Buyer; the commercial business cooperation contract, the 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 and, as far as the Factor is aware, all conditions from the contract between the Buyer and the Supplier have been fulfilled,
 - 6.11.6. the Factor has no information and/or reasonable doubt as to the validity, authenticity or transferability of receivables (e.g. cases of non-delivery or late delivery of goods/services),
 - 6.11.7. all other required conditions from the Contract have been satisfied,the Factor may finance the receivable, in line with the approved Factoring frame.
- 6.12. In the event that, for any reason (the Factoring frame has been exceeded etc.) the Factor is unable to finance the Supplier's receivable because the prerequisites for this do not exist, the Factor shall forthwith notify the Supplier thereof. The Supplier expressly agrees, and will require no specific approval that, in the event described above, the Factor charges the factoring fee forthwith upon receipt of the Specification or Entry.
- 6.13. If the Factor does not finance or insure individual receivables at a particular time, such receivables shall also be assigned to the Factor and shall become Factored receivables when funds become available within the Factoring frame, subject to fulfilment of all other prescribed conditions. The Factor may also choose to finance only a part of the receivables offered.

VII. LATE PAYMENT, INTEREST/DEFAULT INTEREST, RECOURSE

- 7.1. The Factor calculates and charges default interest (unless explicitly agreed otherwise in writing) for all days of default on any payment obligation, from the due date of any and all of the Factor's receivables to the date of proper and complete performance of the obligation with all related amounts receivable and costs.
- 7.2. Where the Buyer initiates a court or another proceeding and/or refuses payment and/or pleads set-off and/or there are any third-party claims for the retention of title and/or the Buyer complains about the goods or services and/or any of the warranties under the Contract has been breached and/or reduced and/or the Buyer has not or has only partially paid the due receivables amount, upon occurrence of any of such circumstances, the Supplier shall forthwith and without delay deliver written notice thereon to the Factor.
- 7.3. In the event that the Supplier fails to inform the Factor or fails to do so in due time as stipulated in the above paragraph, the Factor shall be entitled, as soon as it gains knowledge of any of the circumstances referred to in the above paragraph of this article, to demand from the Supplier to repay directly to the Factor any amount received from the Factor (both the advance and any other amounts) in relation to the contested receivable or the receivable for which warranties were reduced, which shall include unconditional repayment of the paid advance increased by regular contracted interest (unless already charged earlier at the payment of advance) from the advance payment date to the due date of the factored receivable, increased by the default interest accruing from the due date of the factored receivable to the date of full collection by the Supplier, and other associated expenses increased by default interest from the date of occurrence of the expenses to the date of full collection, whereas the Factor shall not be required to reimburse the collected factoring fee or factoring interest or other expenses, and the Supplier shall forthwith and without delay comply with such a demand.
- 7.4. The Supplier shall take all actions necessary to reach an agreement with the Buyer and any third party within 30 days of the due date of the factored receivable at the latest, in such way that the contested amount receivable within the factored receivable is fully paid to the Factor within such term.
- 7.5. If the receivable is not fully paid to the Factor even after 30 days, provided that the Supplier has in due time delivered written notice to the Factor regarding the circumstances referred to in paragraph 2 of this article, the Factor shall be entitled to demand from the Supplier to repay directly to the Factor any amount received from the Factor (both the advance and any other amounts) in relation to the contested receivable or the receivable for which warranties were reduced, which shall include unconditional repayment of the paid advance increased by regular contracted interest (unless already charged earlier at the payment of advance) from the advance

payment date to the due date of the factored receivable, increased by default interest from the due date of the factored receivable to the date of full collection by the Supplier, and other associated expenses increased by default interest from the date of occurrence of the expenses to the date of full collection, whereas the Factor shall not be required to repay the received factoring fee or factoring interest or other expenses, and the Supplier shall forthwith and without delay comply with the demand above.

- 7.6. The Factor shall, upon receipt of the amount referred to in paragraph 3 or 4, respectively, of this article, regardless on what basis it was received, reassign such assigned receivable to the Supplier.
- 7.7. Where a credit risk insurance service has been contracted and the Factor is, due to contestation or any other circumstance referred to in paragraph 2 of this article and/or due to an instigated dispute and/or initiated arbitration, required to pay a certain amount to the Import Factor and/or the insurance company (including any other expenses), as well as where there is any amount, i.e. part of receivable not settled by the Buyer due to contestation, initiated dispute (arbitration) and regardless of whether the Factor has already been indemnified for the respective receivable by the Import Factor and/or the insurance company, and regardless of any deadline, the Supplier shall be required to remunerate to the Factor the amount due by the Factor to the Import Factor and/or the insurance company forthwith, at first call, regardless of the status of any dispute and legal actions taken in connection therewith, and the Factor shall return (re-assign) the contested receivables to the Supplier observing customary terms for such assignments.
- 7.8. If a competent body should adjust the interest and/or change the interest rate amount and/or changes the interest rate calculation, and this comes into force while these General Terms & Conditions are in force, the relations of the Parties shall be subject to applicable provisions of the competent body and the Factor shall notify the Parties before such provisions are applied.

VIII. SPECIAL CHARACTERISTICS OF INTEREST COLLECTION IN EXPORT FACTORING WITH PARTICIPATION OF A FOREIGN IMPORT FACTOR

- 8.1. If all of the following conditions are cumulatively fulfilled:
 - 8.1.1. export factoring with participation of a Foreign Import Factor and financing service have been contracted by the Parties,
 - 8.1.2. Buyer has not initiated a court proceeding or any other proceeding, and neither refuses payment nor pleads set-off,
 - 8.1.3. no third party has claimed retention of title,
 - 8.1.4. Buyer has not lodged a complaint about the product or service,
 - 8.1.5. there has been no breach and/or reduction of warranties under the Contract,
 - 8.1.6. Buyer is late with the payment, but then pays the full amount to the contracted account within 30 (thirty) calendar days of the due date of the assigned receivable,
then no default interest shall be charged to the Buyer by the Factor upon receipt of the incoming payment, only the regular contracted interest.

IX. RECEIVABLES COLLECTION

- 9.1. Receivables collection is one of possible services that can be arranged in the Contract.
- 9.2. In the event that the Parties have agreed on recourse factoring, this service also includes the attempt of court and/or out-of-court debt enforcement, where all expenses of collection of the factored receivable shall be borne by the Supplier.
- 9.3. In the event that the Parties have agreed on non-recourse factoring and the Buyer default risk has transferred to the Factor pursuant to provisions of the Contract, then this service shall also include court and/or out-of-court debt enforcement, in which case the expenses of factored receivable enforcement shall be borne by the Factor.
- 9.4. In the event that the insurance service is only partially contracted for the factored receivable, the Factor and the Supplier shall bear the expenses of collection of the factored receivable in the aliquot part with regard to the ratio between the insured and uninsured portion of the factored receivable, in such way that the Factor shall bear the part relative to the insured portion and the Supplier the part relative to the uninsured portion.
- 9.5. Where a credit risk insurance service or a non-recourse factoring service has been agreed, the Factor shall assume credit risk up to the contracted credit risk insurance rate or up to the arranged rate of the advance payment made. Credit risk for the uninsured portion of the receivable (the-so-called self-insured retention) shall remain the concern of the Supplier; the Factor may, though the Factor is not obligated, take legal actions to collect the uninsured portion of the assigned receivable.
- 9.6. Where Buyer credit risk manifests, the Supplier shall forward any payment that may be made by the Buyer, either towards assigned or non-assigned receivables, insured or uninsured receivables, to the Factor. In the event that due receivables (assigned or non-assigned, insured or uninsured) are settled with non-monetary means, the Supplier is required to inform the Factor thereof as well, and supply relevant documentation.
- 9.7. If the Supplier continues the business relationship with the Buyer even after an adverse event or manifestation of credit risk insured by the Factor or indirectly insured by the Foreign Import Factor or an insurance company, the Supplier shall be required to forward all receipts from the Buyer to the Factor's account, for as long as the claim of the Factor and/or claim of the Foreign Import Factor and/or insurance company from the Buyer remains outstanding. Where the receipts are non-monetary (e.g. return of goods, approval of the-so-called credit note, etc.), which reduce the amount of the Supplier's claim from the Buyer, and by extension the obligation of the Factor or the Foreign Import Factor or the insurance company towards the Supplier for credit risk insurance, and where such receipt exceeds the self-insured retention amount (i.e. the uninsured portion of the receivable), the Supplier shall make a refund of the excess funds that the Factor may have paid, and shall do so upon first call.
- 9.8. Should the Supplier act contrary to paragraphs 6 and 7 hereof, the Factor is entitled to take all actions to collect from the Supplier the payments made by the Buyer, i.e. the excess funds paid.
- 9.9. Where the Parties have agreed on foreign export factoring (indirect), the Factor shall on the same day on which it receives a valid Specification pursuant to General Rules of International Factoring of Factors Chain International (hereinafter referred to as FCI) assign the receivables under the Specification further to the Foreign Import Factor as security for the Supplier's receivables and the Supplier is aware of and agrees that the same Rules of FCI shall apply to relationships between the Factor and the Foreign Import Factor.

X. CREDIT RISK INSURANCE

- 10.1. Credit risk insurance is one of the services that may be contracted, in which case the Factor normally reinsures the factored receivable with an insurance company, which shall be explicitly defined in the Factoring Contract. In case of international factoring, reinsurance and reassignment can be also agreed with the Foreign Import Factor.
- 10.2. Where the Factor has taken out reinsurance for the factored receivables, besides other conditions in the Factoring Contract, receivables must cumulatively also fulfil the following conditions in order to be eligible for factoring:
- 10.2.1. May not be based on commercial contracts by which payment is contracted before delivery or shipment of goods or provision of service,
 - 10.2.2. May not be based on invoices issued upon lapse of more than 30 days of the date of provision of service or date of delivery of goods,
 - 10.2.3. May not be based on invoices issued before the date of signing the Contract, unless specifically approved by the Factor or the insurer,
 - 10.2.4. May not be disputable to any extent and in any way, or subject to any court or another proceeding and/or set-off and/or retention of title and/or complaint,
 - 10.2.5. May not be contracted in recourse factoring regime,
 - 10.2.6. May not be contracted with payment by letter of credit confirmed by a bank registered in the Republic of Croatia,
 - 10.2.7. May not be relative to deliveries of goods/services to a Buyer after cancellation of credit limit for such Buyer by the Factor,
 - 10.2.8. May not be relative to deliveries to goods/services to a Buyer with regard to which the Supplier should have notified the Factor on the occurrence of certain facts and/or circumstances, which the Supplier failed to do or failed to do in due time and/or in the described manner,
 - 10.2.9. May not be relative to receivables which were created in relation to non-compliance of provisions from a commercial contract (on the sale of goods/provision of services) by any Party,
 - 10.2.10. May not be based on interest and/or default interest and/or penalties and/or compensation of loss and/or lost profit,
 - 10.2.11. May not be owed by central or local government agency and/or body, administrative body or any branch of power,
 - 10.2.12. May not be the consequence of any decision of the Government of the Republic of Croatia preventing the performance of a commercial contract and/or preventing debt payment or settlement,
 - 10.2.13. receivables must be within a contracted general assignment regime,
 - 10.2.14. for the entire term of validity of receivables, representations and undertakings of the Supplier must be completely fulfilled and true.
- 10.3. If the Factor takes out credit risk insurance for a particular receivable and the Factor subsequently establishes that conditions for the provision of such a service were not fulfilled, the Factor shall be entitled to charge forthwith and without delay to the Supplier any amount, interest and expense incurred by the Factor in connection with the above receivable, and the Factor shall be entitled to reassign the above receivable to the Supplier.
- 10.4. In the event that the insurance company or the Foreign Import Factor cancels the credit limit or credit line for a particular Buyer, the Factor shall be entitled to forthwith cancel every credit limit and credit line and provision of each service in connection with such a Buyer with immediate effect.
- 10.5. The Supplier shall be held to a higher standard of care, and act in accordance with professional rules and customs (due care of a prudent businessman) and take all measures for collection/settlement of receivables even though a credit risk insurance service is contracted, and the Factor may initiate and implement in its own right the procedure of collection of all due receivables or amounts claimed.
- 10.6. The credit limit represents the maximum amount insured by the Factor for an individual Buyer. Out of the amount insured for an individual Buyer, the percentage defined by the Factoring Contract shall be paid in the event that all conditions for payment are fulfilled, while the remaining portion shall be borne by the Supplier. The base for the calculation of the above percentage is determined as the amount of due undisputed receivables which satisfy all required conditions and are outstanding (less any amounts collected or otherwise settled by such date – e.g. through return of goods or delivery of alternative goods and/or services). The Factor shall determine the date of calculation and the date of out-payment of respective percentage to the Supplier according to deadlines relative to outstanding receivables reporting periods and attempted collection periods as agreed between the Factor and the insurance company or, Foreign Import Factor.
- 10.7. A prerequisite for each and any receivable to be insured, besides the conditions indicated above, is the Supplier's full compliance with Article 3 of these General Terms & Conditions.
- 10.8. Insured or uninsured receivable/invoice, an assigned or non-assigned receivable /invoice alike, where the Supplier's invoice, issued to the Buyer (for which insurance has been arranged), remains outstanding beyond 60 days of its original due date (i.e. maturity date of the Factored receivable), whereby the original maturity period plus 60 days may not exceed 150 days overall, the Buyer's credit limit shall be **automatically cancelled**, and the Factor need not inform the Supplier thereof.
- 10.9. After the automatic cancellation of a Buyer's factoring limit, Supplier's receivables arising from deliveries of goods/ provision of services are not be insured against credit risk, and there is no need to inform the Supplier thereof. After the mentioned event, the receivables arising from deliveries of goods/ provision of services are not insured against Buyer's credit risk.

XI. ADMINISTRATION AND REPORTING

- 11.1. The administration and reporting service is the Factor's service of reporting on assigned invoices or, respectively, the time and manner of collection of such invoices, to the Supplier.
- 11.2. The Factor shall take the required actions according to the Supplier's requests and requirements and the Factor's possibilities, notify the Supplier about the collection of assigned invoices and the balance or outstanding invoices.

XII. REPRESENTATIONS OF THE SUPPLIER

- 12.1. The Supplier warrants to the Factor that deliveries and services to the Buyer shall be completely performed or provided – precisely as regulated by a sales contract and/or another contract between the Supplier and the Buyer and 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 and not encumbered by complaints, right of set-off or retention and/or other counterclaims by the Buyer and/or third parties.
- 12.2.** Assuming full liability, the Supplier gives to the Factor the following representations for the entire time from the performed assignment including the time of collection of all of the Factor's receivables and the time after collection:
- 12.2.1.** that the factored receivable and each created receivable shall exist as a valid, unconditional and undisputed obligation of the Buyer to the Supplier, in the amount and with maturity as indicated in documents referred to in the Contract, especially in the Specification as well as in the OTPFaktOnline application,
 - 12.2.2.** that no set-off has been performed for the above receivables, either fully or partly, and that such receivables have not been fully or partly assigned to a third party (parties),
 - 12.2.3.** that the Supplier bears full liability for the existence (authenticity) of factored receivable/receivables in their entirety,
 - 12.2.4.** that the Supplier also bears full liability for the recoverability of the receivable, interest, costs of assignment and costs of proceeding except where non-recourse factoring has been agreed, in which case the Supplier shall not be liable for recoverability, but exclusively in the event that the Buyer's default is the result of the Buyer's insolvency and/or illiquidity and/or bankruptcy. However, if there is any third reason besides any or all of these reasons for the Buyer's default or if these reasons do not exist, but there is a third reason/reasons for the Buyer's default, the risk of the Buyer's default does not pass onto the Factor, but remains with the Supplier and the Supplier's responsibility for the recoverability of the factored receivable represents the Supplier's personal obligation towards the Factor,
 - 12.2.5.** that the Supplier shall issue a valid invoice to the Buyer no later than within 30 days since delivery of goods or within 30 days since the performance of service,
 - 12.2.6.** that the factored receivable shall be without any legal and/or other obstacles to the realisation thereof, as otherwise the Factor shall have the right of recourse for any kind of factoring (including non-recourse factoring),
 - 12.2.7.** that documents referred to in the Contract shall be issued completely and in accordance with contracted terms and conditions between the Supplier and the Buyer and that they shall be drafted and signed by persons (lawfully) authorised for representation and that each intent of the Supplier towards the Factor shall be manifested by authorised representatives or persons granted special power of attorney by such authorised representatives for the actions they take towards the Factor,
 - 12.2.8.** that documents referred to in the Contract, in particular invoices, 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, originating payment order, currency and payment maturity,
 - 12.2.9.** that 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 Factoring Contract or, that they shall contain no clause prohibiting assignment, that the assignment is in no case prohibited by any contract, law and/or otherwise, and that there are no decisions of a court, government and/or administration body prohibiting, preventing or complicating the performance of assignment and/or purchase of accounts receivable,
 - 12.2.10.** that, to the Supplier's best knowledge, whilst considering that the Supplier is held to a higher standard of care, and in compliance with professional rules and customs (due care of a prudent businessman), documents referred to in the Contract, i.e. the delivery of goods or services, shall not be subject to contestation by any person,
 - 12.2.11.** that 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 and/or collection of the Factor's receivables,
 - 12.2.12.** that, to the Supplier's best knowledge, whilst considering that the Supplier is held to a higher standard of care, and in compliance with professional rules and customs (due care of a prudent businessman), the Supplier or a third party shall not put forward, i.e. shall have no grounds for putting forward any objections or claims that could affect the existence, amount and/or due date of individual receivables,
 - 12.2.13.** that the data to be delivered by the Seller to the Factor, shall be true and complete,
 - 12.2.14.** that, if any new information should appear and/or already existing facts and/or circumstances become known later, which could have an effect on the Factor's rights and/or obligations from the Contract and/or in connection with any obligation, and in particular on the Factor's decision to assume the purchase obligation, the Supplier shall forthwith and without undue delay notify the Factor thereof, as otherwise the Supplier shall bear full responsibility for any lost profit or pecuniary or non-pecuniary loss that would and/or may arise therefrom for the Factor, which shall in particular refer to each and any of the following facts and/or circumstances either individually or collectively: a receivable has not been collected from the Buyer via a debenture bond and/or bill of exchange; the Buyer does not pay due liabilities; the Buyer has requested prolongation of payment terms after goods were delivered or services provided to the Buyer; the Buyer has become inconsistent with payments; the Supplier ceased to do business with the Buyer due to its low creditworthiness; an enforcement proceeding and/or any other relevant proceeding has been initiated against the Buyer and/or a proposal/request for such and/or another type of proceeding of relevance has been filed; with regard to the Buyer, the Supplier received a notification from a court and/or an attorney and/or a third party in connection with the collection of a receivable, stating that the Buyer had either failed to settle the due receivable in full, or had failed to do so in the manner and/or at the time stipulated in the commercial contract; a bankruptcy and/or pre-bankruptcy and/or liquidation proceeding has been applied for and/or initiated against the Buyer and generally each and any circumstance and/or fact which leads or may lead to deterioration of the Buyer's ability to pay.
- 12.3.** In the event that, notwithstanding the fulfilment of all conditions from the Contract, it should subsequently become apparent that the Buyer has not owed any amount to the Supplier or that any of the representations from this article has been or has subsequently become incomplete in its entirety or any part thereof, the Factor may desist from providing the contracted service for such a receivable/receivables and the Supplier shall, at the Factor's first written call and without delay, return any amount paid to it for the same receivable/receivables, including default interest calculated on such amount from the day of any payment performed to the day of repayment of the paid amount to the Factor.
- 12.4.** The Factor shall always reserve the right – without prejudicing the above described right of settlement or desistance from providing the contracted service for a particular receivable/receivables – to define an adequate deadline for the Supplier to correct the established deficiencies, after the expiry of which it may again decide on the acceptance, continuation or desistance from providing the contracted service for such a receivable/receivables.
- 12.5.** Assuming full liability, the Supplier provides the following continuing representations to the Factor:

- 12.5.1. that the Supplier – as a company, i.e. legal entity is validly registered in a court register or another register and authorised to perform the registered business activity, including the import and export of goods or services,
- 12.5.2. that the performance of obligations from the Contract is not subject to any restrictions by its competent (corporate) bodies and that the performance of assumed obligations is not contrary to valid regulations or other obligations of the Supplier originated in any way,
- 12.5.3. that there are no circumstances in its business environment the Supplier is aware of or could foresee, which could have or cause materially adverse effect on the business and adversely affect its ability to perform its obligations from the Contract, in particular that the Supplier'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 proceeding has been instigated or is pending against the Supplier,
- 12.5.4. that there are no disputes, executions, administrative or any other proceedings that could have a significant adverse material or other adverse effect on its business operations and/or adversely affect its ability to perform its obligations from the Contract,
- 12.5.5. that there are no encumbrances and/or attachments and/or levies and/or interim and/or preliminary measures – except the ones delivered to the Factor in writing – on any of its present assets or income.

XIII. IMPORTANT COMMITMENTS OF THE SUPPLIER

- 13.1. For the term of duration of the Contract, the Supplier undertakes to:
 - 13.1.1. regularly create/prepare and deliver to the Factor forthwith at the Factor's request basic financial statements: the balance sheet, the profit & loss statement, the cash flow statement, the statement on changes in equity and the notes to financial statements – all within 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 request from time to time in its own right or further to central bank regulations;
 - 13.1.2. notify the Factor in written form by registered mail of any intended change of ownership structure, corporate name, headquarters or delivery address and change of any personal data of the Supplier, the guarantors and the co-debtor and data required for creditworthiness assessment of the Supplier and the guarantors and the co-debtor and any other data according to the Factor's request, such notice being effective from the date when the Factor receives such notice;
 - 13.1.3. inform the Factor about intended status changes of the company (merger, acquisition, de-merger or transformation), changes in the ownership structure of the company, as well as about the existence of reasons for bankruptcy or pre-bankruptcy and any intended or initiated ending of business activity or liquidation of the company;
 - 13.1.4. inform the Factor in advance about the occurrence of all circumstances specified in this Article, and about the occurrences 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;
 - 13.1.5. inform the Factor about any significant sale or encumbrance of tangible (fixed) assets or income or any execution instigated over such assets;
 - 13.1.6. take out adequate insurance of its tangible (fixed) assets and stock from usual perils;
 - 13.1.7. take and continue to take all required actions to ensure that the assignment of the factored receivables to the Factor is legally valid and easily verifiable,
 - 13.1.8. submit to the Factor for individual factored receivables a valid and completely filled-in Specification, i.e. make an Entry using the Factor's template form (which the Factor is authorised to change always and at any time) which is a constituent part of the Factoring Contract,
 - 13.1.9. forthwith and without delay, simultaneously with the transfer of documents on the existence of the receivable or exceptionally subsequently, but not later than 8 (eight) days following the delivery of the Specification or from the Entry date and always significantly before the due date of the assigned receivable, inform the Factor about the existence of all means of payment/collaterals for the factored receivable held or subsequently received by the Supplier or of which the Supplier otherwise lawfully acquires possession, and transfer such means of payment/collaterals to the Factor as required by valid regulation for the respective collateral/means of payment and as stipulated in any contract between the Supplier and a third party,
 - 13.1.10. forthwith and without delay notify the Factor if the Buyer and/or a third party has performed/performs payment and/or otherwise settles the factored receivable other than agreed upon (to another account of the Supplier, to a third-party account, etc...), and where the Parties have also contracted the financing service, the Supplier shall forward the above payment/settlement without delay and together with all original documents/confirmations to the Factor; otherwise, the Factor may consider such factored receivable to be outstanding and charge interest and default interest on such a receivable at the rates defined by provisions of the Contract, and may exercise all of its other rights regarding the Factor's outstanding receivables,
 - 13.1.11. on a continuous basis, deliver to the Factor the originals or certified copies of the following documents, at the pace stipulated in the contract:
 - 13.1.11.1. Specification including the exact and precise list of individual receivables, by which the Supplier warrants to the Factor that the listed accounts receivable:
 - a. have not been settled either fully or partially,
 - b. have not been already transferred to third parties,
 - c. have not fallen due,
 - d. have not been subject to set-off and no partial or complete set-off shall be performed
 - e. have no contractual and/or statutory obstacles to being assigned,
 - f. at the time of signing the Specification, i.e. Entry of account receivables from the Specification into the OTPFaktOnline, and at the time of presentation of the Specification to the Factor i.e. at the time of Entry execution, are not subject to any objections put forward in connection with material and legal faults of the delivered goods/services, or, any other demands (complaints);

- 13.1.11.2. invoices and other adequate documents (dispatch notes, delivery notes, etc.), issued by the Supplier or delivered to the Buyer, to prove the existence of the account receivable, its amount and due date;
- 13.1.11.3. 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;
- 13.1.11.4. valid commercial contract on business cooperation or contract on the delivery of goods and/or services and/or other 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 to the Buyer goods and/or services resulting in receivables subject to the Contract, such contract not being in conflict with provisions of the Contract;
- 13.1.11.5. as necessary, other documents, data and evidence that the Factor is by reference to provisions of the Contract entitled to demand, as well as documents and data the Factor considers in its sole discretion necessary for the performance of an individual contract.
- 13.1.12. The documents referred to in the preceding article may be provided to the Factor by the Supplier also in soft copy (scanned documents) to the e-mail address of the Factor indicated in the Factoring Contract, whereas, upon Factor's request and first call, the original copies or certified copies of those documents are to be provided for sample control purposes;
- 13.1.13. Where OTPFaktOnline service has been arranged, where the Supplier makes Entry of EoInvoice, instead of delivering the Specification to the Factor for each finance and assignment of receivable (factoring receivable), the Supplier undertakes to provide the Specifications of the factored receivables for the preceding period upon request of the Factor and as frequently as required under the Factoring Contract.
- 13.1.14. refrain from performing activities that may threaten the environment, natural sources, human health and safety, and from those that would represent non-compliance with legal provisions from the domain of environment protection and similar domains, and the Supplier also confirms that there is no procedure pending against the Supplier for violation of environmental regulations;
- 13.1.15. have the Supplier's long-term assets and stocks insured against usual perils;
- 13.1.16. allow the Factor, at the Factor's demand, to visit business premises, factories, production and work processes and familiarise the Factor with the Supplier's long-term and short-term plans.
- 13.2. In the event of implemented procedures of acquisition, merger, demerger, restructuring or any other procedure based on a primary or a secondary regulation being implemented over the Supplier, the Supplier shall ensure that all of its general legal successors following any of the above procedures:
 - 13.2.1. shall be, as co-debtors and personal debtors, liable to the Factor for all of the Supplier's obligations arising from the Contract and any annexes thereto,
 - 13.2.2. shall deliver to the Factor new collaterals of the Factor's choice, in the event that delivery of collaterals has been agreed earlier (before the implementation of the above procedures), to secure all of the Factor's receivables under the Contract and any annexes thereto.
- 13.3. If one or several new companies are established and such companies take over only a part of the Supplier's assets and/or liabilities and/or equity and/or business activities, the Supplier, which shall continue to be an active legal entity in this case, shall ensure that the newly established company or companies:
 - 13.3.1. shall settle unlimitedly, as co-debtors and personal debtors to the Factor, and validly, every due liability of the Supplier arising from the Contract and any annexes thereto;
 - 13.3.2. shall 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 the above procedures).
- 13.4. Where it has been agreed with an individual Party that an Assignment Contract shall be signed instead of a Specification, then such Assignment Contract is executed on the Factor's template and all provisions of the Contract referring to Specification shall correspondingly apply to the Assignment Contract.

XIV. ASSIGNMENT CLAUSE, NOTIFICATION

- 14.1. Forthwith upon execution of the Contract and in any case before the first delivery of goods or services to an individual Buyer, the Supplier shall prepare invoices for the delivered goods and/or provided services and other documents of the same significance so that they contain:
 - 14.1.1. a special clause permitting further assignment of the receivables (assignment clause), where the text of the assignment clause shall be defined by the Parties to the Factoring Contract (the template of which the Factor is authorised to modify always and at any time),
 - 14.1.2. information that such assignment to the Factor has been performed,
 - 14.1.3. warning to the Buyer that solely direct payment to the Factor shall constitute performance of the obligation.
- 14.2. Forthwith upon execution of the Contract, the Supplier shall inform the Buyer(s) in writing, by way of the Notification delivered by registered mail, about the assignment performed in favour of the Factor, and deliver proof thereof forthwith and without delay to the Factor, where the text of the Notification shall be defined by the Parties to the Factoring Contract (the template of which the Factor is authorised to modify always and at any time).
- 14.3. By execution of the Factoring Contract, the Supplier has provided to the Factor durable power of attorney authorising the Factor to inform the Buyer(s), on behalf of the Supplier, about the assignment performed in favour of the Factor, by which the Supplier's obligation indicated in the above paragraphs of this article shall be in no way terminated or reduced.
- 14.4. Notification about the assignment of the factored receivable delivered to the Buyer shall be valid regardless of whether it covers one or several receivables from an individual Buyer and whether such receivables are existing or future.

XV. SPECIAL CHARACTERISTICS OF FOREIGN EXPORT INDIRECT FACTORING

- 15.1. The Supplier explicitly and irrevocably concedes to the Factor the selection of the Foreign Import Factor(s).
- 15.2. Receivables assigned by the Supplier to the Factor shall be assigned by the Factor as export factor to the Foreign Import Factor and third parties of the Factor's choice for the purpose of collecting such receivables abroad.
- 15.3. Upon Factor's request, the Foreign Import Factor shall carry out Buyer creditworthiness analysis and assessment and approve limits for individual accepted Buyers based on which Factoring Contracts are concluded.

XVI. SPECIAL CHARACTERISTICS OF SILENT FACTORING

- 16.1. The main characteristic of silent factoring is that the Buyer is not notified of assignment of factoring either by the Factor or by the Supplier or until such time certain circumstances occur, which shall be regulated by the Factoring Contract, which also means that the Supplier is not obligated to inform the Buyer(s) about the assignment and that invoices for delivered goods or services and other documents of the same relevance do not have to contain the assignment clause, but must contain the correct number of the Supplier's bank account held with the Factor.
- 16.2. Due to this specific circumstance, in silent factoring, the Supplier performs invoice collection in its own right, until the Buyer is notified, whereas the Factor's potential obligation to provide the collection service shall arise only in the event of and after due notification to the Buyer, subject to cumulative fulfilment of all other conditions as well.
- 16.3. If the invoice is due and outstanding by the Buyer, the Factor, i.e. the Foreign Import Factor is entitled to send to the Buyer Notification on the conclusion of the Factoring Contract and assignment of the Supplier's receivables to the Factor, i.e. the Foreign Import Factor.

XVI.A. SPECIAL CHARACTERISTICS OF FLOOR PLAN FINANCING

- 16.A.1. The following definitions are valid in relation to floor plan financing:
 - 16.A.1.1. **EU Certificate of Conformity** (hereinafter also as: CoC document) is a document issued by vehicle manufacturer including the concerned vehicle data to confirm that the concerned vehicle belongs to vehicle series which have EU vehicle type homologation (VVTA) and that the concerned vehicle is in compliance with the prescribed requirements at the time of its manufacture.
 - 16.A.1.2. **EU homologation** is a procedure by which a body for homologation of the particular EU member state confirms that the type of vehicle, its parts and equipment satisfy applicable technical requirements and other provisions prescribed for EU countries.
 - 16.A.1.3. **Declaration of conformity** is a document issued by the supplier of the vehicle to certify that the vehicle from the series of the homologation type fulfils the requirements in force at the time of its manufacture;
 - 16.A.1.4. **Motor vehicle** is any motor vehicle, completely finished with its own ignition and maximum construction speed exceeding 25km/h.
 - 16.A.1.5. **New vehicle** is a motor vehicle that fulfils any of the following conditions:
 - a) motor vehicle delivered within six months from the date of first usage,
 - b) motor vehicle that has not travelled 6,000km.
 - 16.A.1.6. **Date of first usage of the new vehicle** is considered the date of first registration of the vehicle, which is also considered to be the date of first usage if any of the following conditions is fulfilled:
 - a) vehicle was put at the buyer's disposal and transported from the manufacturer's country without being registered in Croatia, or
 - b) the manufacturer or the manufacturer's representative have used the vehicle for demonstration and the vehicle was transported from the manufacturer's country without being registered in Croatia, or
 - c) an invoice was issued related to first usage and neither of the above mentioned conditions could be ascertained by the tax authority.
 - 16.A.1.7. **Used vehicle** is a motor vehicle that fulfils any of the following conditions:
 - a) motor vehicle delivered after six months from the date of first usage,
 - b) motor vehicle that has travelled more than 6.000km.
 - 16.A.1.8. **Ex-VS/Marque used vehicle** is a company motor vehicle previously used by the Supplier's employees.
 - 16.A.1.9. **Buy-back used vehicle** is a used motor vehicle purchased by the end buyer from the Buyer and returned, after a certain time, to the Buyer in accordance with the provisions of the end buyer's contract with the Buyer.
 - 16.A.1.10. **Trade-in used vehicle** is a used motor vehicle of any brand sold to the Buyer by the end buyer who simultaneously buys another vehicle from the Buyer, where the price of such second vehicle is reduced by the value of the traded-in vehicle.
 - 16.A.1.11. **Demo vehicle (or demonstration vehicle)** is a motor vehicle intended for the purposes of demonstration, exhibition, test drive etc.
 - 16.A.1.12. **Spare parts** are any spare parts sold by the Supplier to the Buyer.
 - 16.A.1.13. **End buyer** is a legal or natural person that acquires goods or services from the Buyer.
 - 16.A.1.14. **CVH** is The Vehicle Centre of Croatia / Centar za vozila Hrvatske d.d. taxpayer ID No 73294314024.
- 16.A.2. The following commitments are undertaken hereby:
 - 16.A.2.1. Where vehicles are not used for exhibitions or test drives or drives with end buyers, the Buyer and the Supplier shall keep all vehicles and spare parts on the Buyer's premises in Croatia or at any other place previously approved by the Factor in writing,
 - 16.A.2.2. Prior to any relocation of vehicles/spare parts, the Buyer and the Supplier shall notify the Factor in writing about the location of all vehicles/spare parts,
 - 16.A.2.3. The Buyer and the Supplier shall enable the Factor to access the premises where any vehicle/spare part is located at any time to examine such vehicle/spare part,
 - 16.A.2.4. The Buyer shall enable the Factor to access the Buyer's premises or any other location used by the Buyer at any and all times, in order to examine and copy any relevant accounting records and insurance documents,
 - 16.A.2.5. The Buyer shall have every vehicle/spare part related to the factored receivables insured with an insurance company approved by the Factor for the entire time before delivery to the end buyer, at least up to the price of the vehicle/spare part, against the risks of loss or damage in case of accident, fire and theft or any other such risks and unforeseeable circumstances. Such insured amounts may be claimed by the Factor and the Buyer shall pay all premiums and other amounts required for such purpose in due time and present to the Factor confirmations of payment or other evidence of such premiums and other insurance amounts promptly at the Factor's request,
 - 16.A.2.6. The Supplier shall not, without the Factor's prior written consent, modify and/or reissue certificates/declarations of conformity and/or homologation or the EU Certificate of Conformity for any vehicle related to the factored receivables until the Factor has fully collected

its receivable based on such factored receivable. If the certificate/declaration of conformity and/or homologation or the EU Certificate of Conformity must be modified, reissued or replaced, then such document must be promptly and without delay delivered to the Factor.

16.A.2.7. The Buyer shall at its own expense take out third party liability insurance for every vehicle related to the factored receivables with insurance companies approved by the Factor,

16.A.2.8. The Buyer shall ensure that the Factor is indicated as the beneficiary and/or recipient under each and any assigned insurance policy concerning the spare parts/vehicles related to factored receivables and shall deliver corresponding notice to every relevant insurance company and the Buyer shall make sure that the insurance company confirms the receipt of such notice directly to the Factor stating in such confirmation that the Factor shall be unconditionally the first to receive indemnification by the insurance company in case of occurrence of the insured event as well as all any indemnification by the insurance company in connection with the vehicle or spare parts related to factored receivables,

16.A.2.9. The Buyer shall not pledge the spare parts/vehicles related to factored receivables, neither separately nor as a whole and neither as floating pledge nor another collective pledge, and shall not encumber such spare parts/vehicle with any interest or contractual obligation before full settlement of all of the Factor's receivables related to such vehicles/spare parts.

16.A.3. The Supplier and the Buyer agree that the EU Certificate of Conformity (CoC document) and the declaration of conformity for each new vehicle shall remain in the Factor's possession until full collection of all receivables of the Factor related to the concerned vehicle, after which the Buyer shall be authorized to collect such documents from the Factor.

16.A.4. When the Supplier or the Buyer is required to deliver a bank guarantee to the Factor, the bank guarantee shall:

16.A.4.1. be issued by a solvent bank previously approved by the Factor,

16.A.4.2. be issued to the amount determined by the Factor,

16.A.4.3. guarantee irrevocable and unconditional payment of the amount to the Factor,

16.A.4.4. be payable to the Factor at first demand,

16.A.4.5. contain bank guarantee provisions previously approved by the Factor,

16.A.4.6. be valid and in force throughout the life of the Factoring Contract.

XVII. COLLATERALS

- 17.1.** To secure the settlement of all of the Factor's receivables under and related to the Contract, increased by any appurtenances thereto, as well as any collateralisation procedure expenses, collection procedure expenses and/or expenses of collateralisation of the Factor's receivables and expenses of any other court procedure and for the purpose of collateralisation of receivables and/or expenses that may arise from future contracts, annexes and agreements, the Buyer, i.e. Supplier shall forthwith and without delay deliver/assign to the Factor the collaterals defined by the Factoring Contract, as well as any other collaterals that the Buyer, i.e. Supplier has received or is entitled and/or is able to obtain from the Buyer and the Supplier's guarantor and co-debtor and the third party directly or otherwise indirectly liable to the Supplier for a particular receivable(s), and any collaterals which are customary for a particular transaction.
- 17.2.** If any collateral should for any reason completely or partly cease to be legally valid or binding for the Supplier, guarantor and/or co-debtor and/or the Buyer and/or third party and/or assets of any, some or all of the persons indicated, 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 Supplier and the guarantor and the co-debtor and the Buyer and such third party shall be 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, in particular the ones required for the legal validity of each and any collateral.
- 17.3.** In the event that a guarantor and/or co-debtor relationship and/or third-party obligation on a different basis has been agreed, then the Supplier's obligations from the first and second paragraph of this article shall equally relate both to the guarantor, the co-debtor and the third party.
- 17.4.** As guarantor-payers, the guarantors provide guarantee jointly, severally and unlimitedly to the Factor for the performance of all of the Supplier's obligations arising from and in connection with the Contract.
- 17.5.** The Supplier, the guarantor, the co-debtor and the otherwise obligated third party irrevocably authorise the Factor to specify in the bill of exchange, debenture bond and any other received collaterals the amounts of due receivables, as well as any other required elements, including with regard to the bill of exchange also the "non-protest" clause, 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 actions to collect and/or collateralise the receivables.
- 17.6.** The Factor shall be authorised to use the collaterals of the Supplier 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 Supplier, regardless of the date of establishment of the contractual or non-contractual relationship.
- 17.7.** The Factor shall be authorised to use the collaterals of the co-debtor 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-debtor, regardless of the date of establishment of the contractual or non-contractual relationship.
- 17.8.** The Factor shall be authorised to use the collaterals of the guarantor 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, regardless of the date of establishment of the contractual or non-contractual relationship.
- 17.9.** The Factor shall be authorised to use the collaterals of the Buyer 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, regardless of the date of establishment of the contractual or non-contractual relationship.
- 17.10.** 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, regardless of the date of establishment of the contractual or non-contractual relationship.
- 17.11.** The Factor shall be entitled to retain and use all collaterals also in the event that the Factoring Contract and/or Contract ceases (cease) to be effective on any basis (expiry, termination, cancellation or other reasons), for the purpose of collection of and/or security for all of the Factor's receivables.

- 17.12. After the Factor's receivables have ceased to exist, the Factor shall return the collaterals within 60 (sixty) days of the date of receipt of a written request for return, 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 in connection with the collateral.
- 17.13. Apart from the Supplier, the co-debtor and the otherwise obligated third party shall also be jointly and unlimitedly liable to the Factor for the fulfilment of all of the Supplier's obligations under and in connection with the Contract.

XVIII. COLLECTION/SETTLEMENT OF THE FACTOR'S RECEIVABLES

- 18.1. In order to settle its own due receivables and/or secure its own due and/or non-due receivables based on the Contract and/or other legal transactions between the Parties and/or receivables arising from a non-contractual relationship, at any and all times, without announcement or any further approval by the Parties and regardless of whether the Contract is still in force, the Factor shall be authorised:
 - 18.1.1. even without initiating a court or another procedure, to seize all required funds in all accounts of the Parties, guarantors, co-debtors and otherwise obligated third parties – be it domestic or foreign means of payment – and transfer them to the Factor's business account,
 - 18.1.2. to withhold or deny to the other Party the amount required by the Factor, in the event that the Factor is required 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.
 - 18.1.3. to take all actions it considers necessary, initiate all court and out-of-court proceedings and dispose of all collaterals.
- 18.2. If non-recourse factoring has been agreed between the Parties and conditions required for the Buyer's default risk to be borne by the Factor are cumulatively fulfilled, then the Factor shall not be entitled to a collection from the Buyer for the receivables for which the Buyer's default risk has passed onto the Factor as defined by the above paragraph of this article. If it is established that the default risk should not have passed onto the Factor or it is later established that an individual guarantee or obligation of the Supplier ceased to exist, then the Factor shall be entitled to collect any amounts paid based on such a receivable.
- 18.3. The Factor shall be authorised and may at any time assign/transfer/sell all or any of its receivables under the Contract or contracts connected therewith, as well as (all or any) associated their-party collaterals, regardless of any court proceeding or other forced collection proceeding instigated or pending.
- 18.4. The Party may partially or completely assign its rights and/or receivables from the Factor to a third party only with the Factor's written consent given beforehand.
- 18.5. In the event of partial collection/settlement or partial payment of due receivables to the Factor, the Factor shall be entitled to autonomously determine the order of settlement of its receivables.
- 18.6. None of the Factor's receivables and rights shall be subject to restrictions as defined by provisions of the law regulating contractual relationships with regard to the Supplier's liability for the recoverability of the assigned receivables.
- 18.7. The Party may set off its receivables from the Factor with the Factor's receivables from the Party only with the Factor's prior written consent.

IX. NOTICES AND DELIVERY OF LETTERS

- 19.1. Each and any communication between the Parties shall be valid only if made in writing, sent and received by the other Party, and can be sent to the other Party as follows: a) directly to the other Party provided that the other Party confirms by signature to have received the letter with indicated date of receipt, b) delivered by registered mail to the address of the other Party, c) delivered by way of a notary public, and d) in the event of delivery to the Supplier – delivered to the Supplier's fax number indicated in the Factoring Contract or by e-mail to the Supplier's e-mail address indicated in the Factoring Contract or to the Supplier's fax number or e-mail address not indicated in the Factoring Contract but delivered/made available to the Factor at a later time, e) in case of Floor Plan financing of certified car dealers and repairer services providers of the Supplier, delivered to the Buyer by fax or e-mail stipulated in the contract, or delivered to the Buyer by fax or e-mail that are not stipulated in the Contract but the Buyer has subsequently delivered/made available those contacts to the Factor.
- 19.2. The Supplier or Buyer expressly agrees that every letter sent to it by registered mail, to the address indicated in the Factoring Contract or to another address visible in the court register on the date of dispatch of the mail and 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-debtor, the guarantor and the otherwise obligated third party.

XX. SEVERABILITY AND DATA DISCLOSURE

- 20.1. If any provision of the Contract or any 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 void provision shall be replaced by a valid one, taking into account the expectations of the Parties and the purpose of this legal transaction.
- 20.2. The Parties agree that they shall attempt 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 seek out any institutionalised arbitration and/or mediation). At any and all times the Parties shall be authorised to initiate a dispute before the subject matter jurisdiction court in Zagreb, with the law of the Republic of Croatia as the applicable law.
- 20.3. Data in this contractual relationship, as well as personal data of the Parties and their authorised representatives, may be disclosed or made available or delivered to third parties only by agreement of the Parties. By way of exception, the Parties agree that data regarding this contractual relationship, as well as personal data of the Parties and their authorised representatives, can 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 and/or government bodies authorised to demand such data according to valid regulations.

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

XXI. AGREEMENT TERMINATION

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

- 21.1.1.** significant disruptions on the banking services market or interbank market (e.g. unavailability of sources of funds) and/or;
- 21.1.2.** measure(s) of the Croatian National Bank and/or European Central Bank restricting the ability to provide banking services or imposing additional obligations to banks in the sense of an increase in own funds, reserves, etc., or freezing the non-committed funds, and/or;
- 21.1.3.** circumstances indicative of increased banking risk, and/or;
- 21.1.4.** circumstances indicative of disruptions of general economic terms and conditions of business operations,
- 21.1.5.** 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 19 of these General Terms & Conditions, to take any or several or all of the following actions:
 - 21.1.6.** to deny to the Supplier or the Buyer the use non-drawn parts of the Factoring frame partly or completely and/or;
 - 21.1.7.** to alter the amount and term of use of the remaining non-drawn part of the Factoring frame and/or;
 - 21.1.8.** to determine that the remaining non-drawn part of the Factoring frame is to be used in exactly defined periods and/or;
 - 21.1.9.** to unilaterally terminate and/or cancel the Contract.

21.2. The Factor may, without initiating a court or any other proceeding, unilaterally cancel the Contract and contracts related therewith 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 19 of these General Terms & Conditions, without defining any term of notice, term of performance or similar, unless the effect is not explicitly regulated otherwise in the written cancellation, in the event that:

- 21.2.1.** the Supplier or the Buyer has failed/fails to duly meet any obligation under the Contract, and in particular if the Supplier or the Buyer fails to pay any due receivable of the Factor in the manner defined by the Contract and/or
- 21.2.2.** it is established that – upon approval of the Contract and/or at a later date – the Supplier or the Buyer has withheld, provided or presented false or unreliable (business) information relevant for the execution and maintenance of the Contract and/or has assigned contracted collaterals with deficiencies preventing and/or restricting the use of such collaterals, and/or
- 21.2.3.** the Supplier communicates to the Buyer(s) to make payments contrary to provisions of the Contract or related contracts, and/or
- 21.2.4.** the Supplier should in any way cancel the authorisation for notification of the Buyer(s) on performed assignment and/or otherwise suspend such authorisation, and/or
- 21.2.5.** the Supplier or the buyer fails to provide and/or confirm and/or ensure and/or recall, either by forbearance or tacitly, the contracted guarantees and/or collaterals and/or is late in performing such obligation, and/or
- 21.2.6.** the Supplier or the Buyer fails to provide basic, additional or alternative collaterals for the Factor's receivables as defined in the Contract,
- 21.2.7.** the relationship between the Supplier or the Buyer and the Factor has, in the Factor's judgement, significantly changed, i.e. disrupted even if all of the Supplier's or Buyer's obligations towards the Factor are fulfilled at such time, as required by the Contract,
- 21.2.8.** the Supplier, i.e. Buyer expresses an objection or objections to amendments to the General Terms & Conditions and such objection or objections are deemed unjustified for any reason and/or cannot and/or are refused to be accepted by the Factor,
- 21.2.9.** the Supplier or the Buyer fails to notify the Factor of any change of its (personal) data,
- 21.2.10.** the Supplier ceases to have its registered seat in the territory of the Republic of Croatia or terminates operations in the territory of the Republic of Croatia, except if the Contract was executed with regard to a Supplier abroad,
- 21.2.11.** in the event that foreign export factoring (direct or indirect) has been contracted and that the Foreign Import Factor or insurance company cancels or terminates or otherwise suspends the approved facility and/or credit limit for a particular Buyer(s),
- 21.2.12.** other circumstances occur on the side of the Supplier or the buyer which could, in the Factor's judgement, significantly affect the Supplier's or 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:
 - 21.2.1.** 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 Factoring Contract or the Floor Plan Contract or the commercial contract signed with the Buyer,
 - 21.2.2.** third-party claims asserted regarding the assigned receivables,
 - 21.2.3.** pending or actual pre-bankruptcy, bankruptcy, liquidation, over-indebtedness,
 - 21.2.4.** temporary or partial cessation of business activity,
 - 21.2.5.** withdrawal or restriction of a right, asset, authorisation, approval, privilege, license, etc.
 - 21.2.6.** large-scale forced collection to the detriment of the Supplier, 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.

21.3. If the agreement provides for a guarantor and/or co-debtor and/or the liability of a third party on another basis, then the reasons and circumstances from the above paragraph of this article relative to the Supplier or the Buyer shall equally apply to the guarantor and the co-debtor and the third party.

21.4. The Factor and the Supplier or the Buyer are entitled 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 defined in their own right, which shall however not be less than eight days of the date of receipt of the notice of cancellation by the other Party or, as the case may be, of the date when the notice of cancellation is considered received.

- 21.5. 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 19 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, in any case of the Supplier's default on contractual regulations as well as in any case regulated by the law or other valid regulations.
- 21.6. In the event of Contract termination, the Supplier or the Buyer shall also settle all expenses in connection with the Contract termination as well as expenses related to the collection of the Factor's receivables, including in-court and out-of-court costs and expenses, reminders, taxes, insurance costs, costs of financing incurred by the Factor due to the 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 of the loss suffered by the Factor. In the event of Contract termination, the Supplier shall, due to the fact that reasons for Contract termination have occurred on its side, lose any and all rights it would have if the Contract had remained in force until the expiry of its contracted duration.
- 21.7. 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 with all associated and ancillary receivables, expenses and interest.

XXII. PERSONAL DATA PROCESSING INFORMATION

- 22.1. 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.
- 22.2. 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.

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

- 23.1. These General Terms & Conditions shall enter into force and shall apply as from 01/01/2023.
- 23.2. After having been adopted, these General Terms & Conditions shall be available in the Factor's offices and on the Factor's website.
- 23.3. In case of any change in legal regulations during the term of validity of these General Terms & Conditions, the valid regulations shall directly apply until harmonisation of these General Terms & Conditions with such legal changes.
- 23.4. The Party shall be considered to acknowledge and agree with the amendments to these General Terms & Conditions if the Party delivers no written objections to such amendments to the Factor within 15 (fifteen) days of the day of publication of the amendments to the General Terms & Conditions on the Factor's website. In the event of objections to the amendments to the General Terms & Conditions, the Factor reserves the right to terminate the Contract according to the article of these General Terms & Conditions regulating the cessation of the Contract. Amendments that are exclusively in favour of Parties other than the Factor may be applied without delay.
- 23.5. The General Terms & Conditions dated 14/09/2019 shall be repealed as at the date of entry into force of these General Terms & Conditions.