



EXPORT BANK INSURANCE

Hungarian Export-Import Bank Plc.
Hungarian Export Credit Insurance Plc.

BUYER CREDIT FACILITIES

PROJECT-RISK BUYER CREDIT

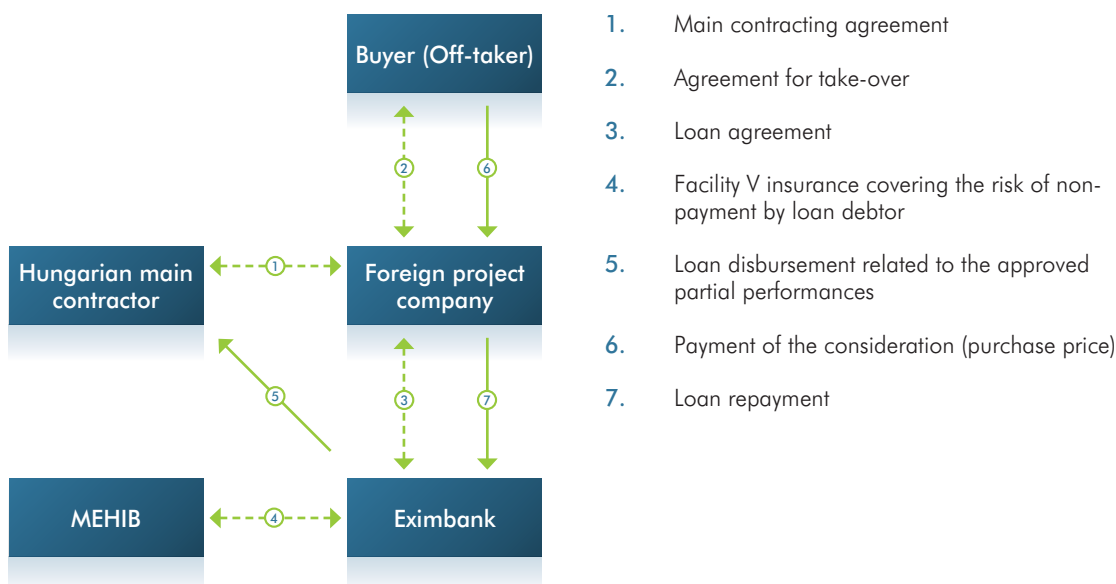
Eximbank undertakes the provision of buyer credit with project risk on the basis of an individual appraisal. The purpose of the facility is for Eximbank, with the financing package offered in relation to main contractor's agreements concluded between Hungarian main contractors and foreign procurers, to improve the competitiveness of Hungarian main contractors and help them to win orders for the implementation of complex projects in foreign markets.

As a part of the facility, which is covered by MEHIB insurance (Facility V), Eximbank provides funds – if certain conditions are met – to the project company established by the foreign partner to implement the investment, for the fulfilment of the payment obligation arising in relation to a project implemented abroad by a Hungarian main contractor. The credit is repaid out of the income from the completed investment.

Preferred transactions – Eximbank typically participates in the financing of transactions where both the Hungarian main contractor and the foreign partner (the owner of the foreign project company) have the financial background and industry experience necessary for the successful implementation of the project. An important prerequisite is that the project should have a stable cash-flow generation capacity that can be forecasted for the tenor of the loan. Eximbank makes its financing decision – with the involvement of MEHIB and independent consultants – based on an assessment of the risks of the project's implementation and operation, and the extent to which the projected cash flow (financial model) serving as the source of repayment of the credit is substantiated.

Borrower	Foreign project company with adequate capitalisation established specifically for the implementation of the project, as well as owners – who are, if possible, at least partly Hungarian – and sponsors with sectoral expertise.
Loan amount	Minimum EUR 4 M, maximum EUR 25 M or equivalent in USD. No more than 75% of the foreign trade agreement/general contract may be financed. A minimum 25% advance must be paid by the buyer at the start of performance. Local costs may – subject to individual appraisal – also be financed in part.
Currency	EUR or USD.
Tenor	5–14 years.
Repayment terms	In equal size installments every 3 or 6 months.
Standby	To be determined individually depending on the transaction.

Interest	<p>CIRR¹ + premium.</p> <p>Interest becomes payable on the facility with a frequency of 3 or 6 months after the first disbursement, at the same time as the principal repayments are made.</p>
Fees and commissions	<p>One time fee: 0.75% of the loan amount.</p> <p>Standby fee: 0.75% p.a. (calculated on the part of the loan that is available but has not been drawn down yet).</p> <p>Monitoring fee: to be determined depending on the transaction.</p> <p>MEHIB insurance premium: in the event that the transaction is insured. To be paid in advance of the first disbursement, or paid pro-rata during the disbursement period. The insurance premium may be added to the loan amount.</p> <p>The ultimate rate of the fees and commissions applicable will be determined individually for every transaction.</p>
Other costs	Occasionally, it may be necessary to involve technical inspectors, financial experts, and/or legal counsel, the costs of which are to be borne by the client.
Certification of Hungarian origin	<p>For goods: with the certificate of origin issued by the territorially competent Hungarian Chamber of Commerce and Industry available for at least 50% of the goods exported under the financed transaction.</p> <p>For services: at least one half of the persons employed by the financed client must be persons who are in a contractual relationship with the client that creates a social security insurance obligation for the client pursuant to the provisions of the Act on Eligibility for social security insurance benefits, private pension and on the coverage of these services, as well as the Act on the itemised tax-payment obligation of small tax-payer enterprises and on the small business tax.</p> <p>For general construction, assembly contracts: at least one quarter of the value of the general contract less the costs of financing should be of Hungarian origin, certified by a certificate of origin issued by the territorially competent Hungarian Chamber of Commerce and Industry.</p>



¹ Commercial Interest Reference Rate (CIRR) applicable to fixed interest loans determined in accordance with the OECD Arrangement and published by the Secretariat of the OECD.

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