



## Refinancing of the Exim Spin Up Investment Loan for SMEs

<b>Purpose of the loan program</b>	A unique credit facility for domestic Financial Institutions where the final beneficiary Customer can apply for the investment loan in order to finance its domestic developments necessary for a restart, to mitigate the adverse impact of the Covid-19 epidemic on its economic activities.
<b>Legal designation of the aid</b>	<p>The interest-subsidized loan granted to the final beneficiary Customer under the loan program constitutes state aid in the form of a limited amount of aid provided under Communication C(2020) 1863 from the Commission (the 'Covid Communication').</p> <p>The certificate on the State aid provided under the loan program, which specifies the aid content of the loan and the aid category, is issued by Eximbank to the Customer, as the beneficiary of the State aid, through the Financial Institution. The financial institution is obliged to provide the 1 original copy of the certificate to the customer in a documented manner.</p>
<b>Amount of the state aid</b>	<p>The aid provided under Section 3.1 of the Covid Communication shall not exceed, per undertaking (at group level):</p> <ul style="list-style-type: none"> <li>- <b>EUR 345,000</b> for undertakings active in the fishery and aquaculture industry,</li> <li>- <b>EUR 290,000</b> for undertakings active in the primary production of agricultural products,</li> <li>- <b>EUR 2.3 million</b> for undertakings active in any other industry.</li> </ul> <p>If an undertaking operates in several sectors, and the differing maximum amounts specified above apply to these, compliance with the upper limits for each activity must be ensured through the separation of the various activities by appropriate means, such as accounting separation and that the aggregate maximum amount per undertaking (at group level<sup>3</sup>) does not exceed <b>EUR 2.3 million</b>. If an undertaking is active in the fishery and aquaculture industry and in the primary production of agricultural products, the aggregate maximum amount (at group level) shall not exceed <b>EUR 345,000</b> per undertaking.</p> <p>With respect to the interest subsidy granted to an undertaking under this loan program, compliance with the aid limits above will be verified by Eximbank on the basis of the customer's statement on state subsidies awarded to it previously.</p>
<b>Currency</b>	EUR/HUF
<b>Credit amount</b>	The maximum individual credit line permitted under the Spin Up program for a final beneficiary Customer (including direct financing by Exim) is <b>EUR 10 million / HUF 3.5 billion</b> .
<b>Term</b>	Maximum 120 months.
<b>Customers eligible for financing</b>	<p>Under the Loan Program, an undertaking facing temporary liquidity difficulties as a result of the COVID-19 epidemic may be financed that at the time of the submission of the loan application and the conclusion of the loan contract</p> <ul style="list-style-type: none"> <li>• is a Hungarian resident business entity as defined in the Exim Act and</li> <li>• meets the SME criteria,</li> </ul> <p><i>and that:</i></p> <ul style="list-style-type: none"> <li>• is an exporter, a supplier to an exporter (a declaration to this effect is required from the Customer), or</li> <li>• operates in a sector with export potential (see TEÁOR list; in the case of a sector other than this, it is necessary to justify the request).</li> </ul>
<b>Covid impact</b>	The existence of a temporary severe liquidity shortage is demonstrated if:

	<p>(1) the customer is in difficulty after 1 February 2020 within the meaning of the General Block Exemption Regulation, <b>or</b></p> <p>(2) at least one of the following criteria is met, which must be supported by a declaration from the Customer and a recent general ledger statement, as well as by other relevant documents:</p> <ul style="list-style-type: none"> <li>• decrease in net sales revenue</li> <li>• decrease in operating profit</li> <li>• decrease in profit after tax</li> <li>• an investment project has been postponed by at least 3 months after 1 February 2020 compared to the initial (documented) plans and its cost has increased</li> </ul> <p><i>For customers without a credit history, or without a rating based on a balance sheet approach (such as project companies), the above criteria are considered by examining the decrease(s) relative to the figures in the business plan approved when the loan was assessed.</i></p> <p>The above criteria (excluding the schedule for the investment project) must be applied to the full data for 2020 with the data for 2019. or must be examined over an at least 6 months period between 1 February 2020 and 31 May 2022 through a comparison with the same period of 2019, 2020, or 2021 (and for the cases specified in the above paragraph, with the pro rata fulfilment of the business plan for 2020, 2021 or 2022), and the reduction/change needs to be demonstrated.</p>
<p><b>Customers excluded from financing</b></p>	<p>Customers excluded under Eximbank's latest Business Regulations (hereinafter: BR) and undertakings that were in difficulty on 31 December 2019 (within the meaning of the General Block Exemption Regulation) cannot be financed under the loan program.</p> <p>Notwithstanding the above, aid may be granted to microenterprises and small enterprises that qualified as Undertakings in Difficulty as at 31 December 2019, provided that they are not subject to collective insolvency proceedings under the national law, and have not received rescue aid or restructuring aid.</p>
<p><b>Possible uses of the loan</b></p>	<p>The loan may be used for investments necessitated by COVID-19 as follows:</p> <ul style="list-style-type: none"> <li>• investments to be implemented in connection with new production and service activities;</li> <li>• investments to be implemented in connection with existing production and service activities;</li> <li>• completion of investments to be implemented primarily for the undertaking's own purposes related to already commenced new/existing production and service activities (financing of a proprietary investment not yet put into operation)</li> <li>• machines, plant and equipment</li> </ul> <p>The Customer must prove the use of the loan to the financing Financial Institution with an invoice or with an accounting document as defined by Act C of 2000.</p>
<p><b>Transactions excluded from financing</b></p>	<p>Transactions excluded based on Eximbank's latest BR cannot be financed under the loan program, and</p> <ul style="list-style-type: none"> <li>• financing of a completed Investment (i.e. capitalised before the credit application was submitted to the Financial Institution);</li> <li>• loan refinancing;</li> <li>• purchase and development of residential property or speculative property purchases;</li> <li>• financing of developments implemented on foreign-owned land;</li> <li>• financing of investments related to retail sales activities;</li> <li>• financing of investments implemented on leased property (other than land);</li> <li>• financing of development of office space intended for sale/letting;</li> <li>• financing of tangible and intangible assets intended for letting;</li> <li>• financing intra-group purchases of tangible and intangible assets;</li> <li>• financing of personal motor vehicles;</li> </ul>

	<ul style="list-style-type: none"> <li>financing provided within the agricultural products processing and marketing sector, in the following cases: <ul style="list-style-type: none"> <li>if the amount of financing is fixed on the basis of the price or quantity of products purchased from primary producers or put on the market by the undertakings concerned, unless, in the latter case, the undertaking concerned has not placed the products on the market – or has placed them on the market for use outside the food industry – but used them for distillation, methanisation or composting, for example; or</li> <li>if the financing is conditional on its being partly or entirely passed on to primary producers;</li> </ul> </li> <li>aid to undertakings in the fisheries and aquaculture sector if it falls into the category of aid referred to in<sup>1</sup> Article 1(1) (a) to (k) of Commission Regulation (EU) No 717/2014.<sup>2</sup></li> </ul>								
<b>Pricing and fee payment</b>	<p><b>Interest rate of the derivative loan charged by the Financial Institution to the Customer:</b></p> <ul style="list-style-type: none"> <li>fixed throughout the term</li> <li>interest rate payable by the Customer to the Financial Institution: <b>maximum 0.6% p.a. for EUR loans and maximum 5,5% p.a. for HUF loans</b></li> </ul> <p>In all cases the interest on a given derivative loan must contain at least 1 basis point (0.01% p.a.) of subsidy, otherwise the transaction is not eligible for financing through this product.</p> <table border="1"> <thead> <tr> <th>Fees that may be charged</th> <th>Fees payable by the Customer to the Financial Institution</th> </tr> </thead> <tbody> <tr> <td><b>One-off fee</b></td> <td>maximum 0.5%</td> </tr> <tr> <td><b>Commitment fee</b></td> <td>maximum 0.2%/year</td> </tr> <tr> <td><b>Other fees:</b></td> <td>To the extent reasonable, any costs that usually arise and that are evidenced, though no early repayment fee or break cost can be charged to the customer.</td> </tr> </tbody> </table>	Fees that may be charged	Fees payable by the Customer to the Financial Institution	<b>One-off fee</b>	maximum 0.5%	<b>Commitment fee</b>	maximum 0.2%/year	<b>Other fees:</b>	To the extent reasonable, any costs that usually arise and that are evidenced, though no early repayment fee or break cost can be charged to the customer.
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<b>Equity contribution</b>	The amount of the equity contribution is at least 10% of the net cost of the investment in the case of purchases of machinery and equipment, and in other cases, at least 15%.								
<b>Use/Commitment of the credit line</b>	<ul style="list-style-type: none"> <li>commitment period max. 24 months</li> <li>grace period max. 36 months</li> </ul>								
<b>Repayment</b>	1, 3 or 6 months								
<b>Interest period</b>	every 1, 3 or 6 months								
<b>Securities</b>	The securities required from the Customer are specified by the Financial Institution.								

<sup>1</sup> Commission Regulation (EU) No 717/2014 of 27 June 2014 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid in the fishery and aquaculture sector (OJ L 90, 28/6/2014, p. 45)

<sup>2</sup> a) aid the amount of which is fixed on the basis of price or quantity of products purchased or put on the market;

b) aid to export-related activities towards third countries or Member States, namely aid directly linked to the quantities exported, to the establishment and operation of a distribution network or to other current expenditure linked to the export activity;

c) aid contingent upon the use of domestic over imported goods;

d) aid for the purchase of fishing vessels;

e) aid for the modernisation or replacement of main or ancillary engines of fishing vessels;

f) aid to operations increasing the fishing capacity of a vessel or equipment increasing the ability of a vessel to find fish;

g) aid for the construction of new fishing vessels or importation of fishing vessels;

h) aid to the temporary or permanent cessation of fishing activities unless specifically provided for in the Regulation (EU) No 508/2014;

i) aid to exploratory fishing;

j) aid to the transfer of ownership of a business;

k) aid to direct restocking, unless explicitly provided for as a conservation measure by a Union legal act or in the case of experimental restocking.

<p><b>Unlawfully used state aid</b></p>	<p>The following cases in particular constitute misuse of aid:</p> <ul style="list-style-type: none"> <li>a) the beneficiary has provided false or falsified information in the loan documentation, any of its statements are found to be false, or it withdraws any of its statements;</li> <li>b) the beneficiary does not use the soft loan for the purpose for which it was intended;</li> <li>c) a case of unlawful cumulation of aid, where the accumulated amount exceeds the limit amount set out in the relevant legislation or in the decision approving the aid;</li> <li>d) the special data-provision and data-recording obligation of the beneficiary is not fulfilled;</li> <li>e) the beneficiary does not allow Eximbank or the Court of Auditors of the European Union or authorised officials and authorised independent experts of the European Commission, or agents of Eximbank, to verify the use of the soft loan and the fulfilment of its State aid conditions, in particular: <ul style="list-style-type: none"> <li>1) to enter the premises or territory of the undertaking concerned;</li> <li>2) to request an oral explanation on the spot.</li> </ul> </li> </ul>
<p><b>Deadline for concluding a contract</b></p>	<p><b>Under the loan program, it is possible to conclude a contract by 30 June 2022 at the latest.</b></p>