



Spin Up Direct Investment Loan for SMEs

<p>Purpose of the product</p>	<p>A credit facility designed to finance domestic investment projects of Hungarian businesses, offered to customers in order to promote restart after the deterioration of the business environment due to the Covid-19 pandemic. It may be requested in order to finance their development projects necessary for this purpose.</p>
<p>Legal designation of the aid</p>	<p>The interest subsidy granted to the final beneficiary customer under the loan program constitutes state aid in the form of a limited amount of aid as per Section 3.1 of Communication C(2020) 1863 from the Commission (the 'Covid Communication').</p>
<p>Amount of the state aid</p>	<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"> - EUR 345,000 for undertakings active in the fishery and aquaculture industry, - EUR 290,000 for undertakings active in the primary production of agricultural products, - EUR 2.3 million for undertakings active in any other industry. <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) does not exceed EUR 2.3 million. 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 EUR 345,000 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>
<p>Currency</p>	<p>EUR/HUF</p>
<p>Credit amount</p>	<p>The final beneficiary customer may use a maximum of EUR 10 million / HUF 3.5 billion under the program.</p>
<p>Minimum amount of credit</p>	<p>Loan applications may be submitted directly to Eximbank for loans in excess of HUF 200 million.</p>
<p>Customers eligible for financing</p>	<p><i>Under the Loan Program, an undertaking facing temporary liquidity difficulties as a result of the COVID-19 epidemic may be financed that</i></p> <ul style="list-style-type: none"> • <i>at the time of the submission of the loan application and the conclusion of the loan contract is a Hungarian resident business entity as defined in the Exim Act and</i> • <i>and meets the SME criteria, or is classed as a large company.</i> <p><i>and that:</i></p> <ul style="list-style-type: none"> • <i>is an exporter, a supplier to an exporter (a declaration to this effect is required from the Customer), or</i> • <i>is active in an industry that has export potential (the list of industries is available on Exim's website).</i>
<p>Covid impact</p>	<p>The existence of a temporary severe liquidity shortage is demonstrated if:</p>

	<p>(1) the customer is in difficulty after 1 February 2020 within the meaning of the General Block Exemption Regulation, or</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"> • decrease in net sales revenue • decrease in operating profit • decrease profit after tax • 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 <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>Customers excluded from financing</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 (as per Annex I of the General Block Exemption Regulation) 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>Possible uses of the loan</p>	<p>The loan may be used for investments necessitated by COVID-19 as follows:</p> <ul style="list-style-type: none"> • investments to be implemented in connection with new production and service activities; • investments to be implemented in connection with existing production and service activities; • 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); • machines, plant and equipment
<p>Transactions excluded from financing</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"> • financing of a completed Investment (i.e. capitalised before the credit application was submitted to Eximbank); • loan refinancing; • purchase and development of residential property or speculative property purchases; • financing of developments implemented on foreign-owned land; • financing of investments related to retail sales activities; • financing of tangible and intangible assets intended for letting; • financing of investments implemented on leased property (other than land); • financing of development of office space intended for sale/letting; • financing intra-group purchases of tangible and intangible assets; • financing of personal motor vehicles; • financing provided within the agricultural products processing and marketing sector, in the following cases: <ul style="list-style-type: none"> - 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

	<p>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</p> <ul style="list-style-type: none"> - if the financing is conditional on its being partly or entirely passed on to primary producers; • aid to undertakings in the fisheries and aquaculture sector if it falls into the category of aid referred to in ¹Article 1(1) (a) to (k) of Commission Regulation (EU) No 717/2014.²
Pricing	<p>Interest type: fixed interest throughout the term Credit interest: 0.6%/p.a. for EUR loans and 5,5%/p.a. for HUF loans Fees: based on the current List of Terms and Conditions.</p>
Equity contribution	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%.
Commitment Period	Maximum 24 months.
Term	Maximum 120 months.
Grace period	Maximum 36 months.
Principal repayment	1, 3 or 6 months
Interest period	every 1, 3 or 6 months
Deadline for concluding a contract	Under the loan program, it is possible to conclude a loan contract until 30 June 2022.

¹ 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)

² 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.