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EXPORT BANK INSURANCE

# Investor Presentation

Eximbank Zrt.

June 2017

# Disclaimer

## Important disclosure

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# Company snapshot

Eximbank is an instrument of economic policy in support of Hungarian exports

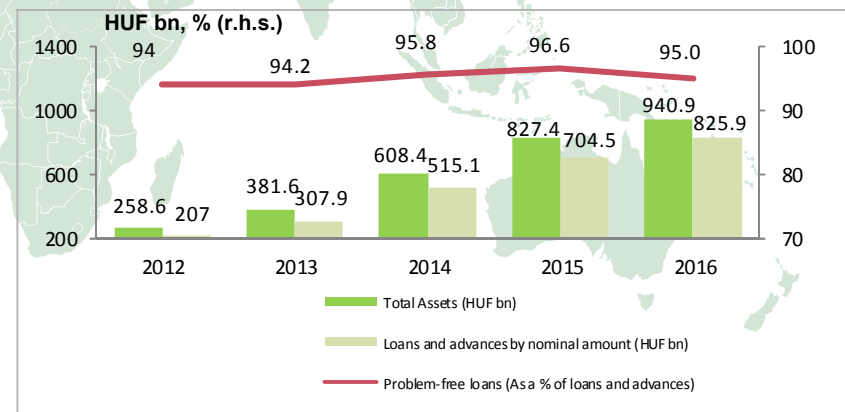
## Overview

- Specialised credit institution supervised by the National Bank of Hungary
- Important instrument of economic policy in support of Hungarian exports
- Eximbank's primary aim is efficient and effective use of state budgetary resources as opposed to profitability
- Set up by an act of parliament in 1994 (Act XLII of 1994) and commenced operations the same year
- Wholly owned by the Hungarian state with ownership rights exercised through the Ministry of Foreign Affairs and Trade
- The mission of Eximbank is to enable Hungarian companies – whether small or large – to take their export opportunities by assisting in financing the export of Hungarian goods and services
- The budget of the Hungarian state stands surety for its borrowings (which are taken with the aim of raising funds and up to a limit specified in the annual budget act)

## Board of directors

Róbert Ésik	Chairman of the Board
Zoltán Urbán	CEO / Member of the Board
András Puskás	Deputy CEO / Member of the Board
Csilla Horváth	Member of the Board
Lajos Róth	Member of the Board
Géza Lenk	Member of the Board
István Lepsényi	Member of the Board

## Key figures



# Eximbank's strategy

Financing of a wider range of borrowers and export-related transactions to enhance Hungarian economic policy effectiveness

## Strategic goals

- Maximizing risk-adjusted economic benefits for the Hungarian economy
- Maximizing economic effects of budgetary resources provided by the Hungarian State
- Enhancing international competitiveness of Hungarian exporting companies with a distinctive focus on SMEs
- Covering a wider range of borrowers by boosting credit supply
- Utilising the distribution channels of commercial banks by providing refinancing facilities
- Elaborating a product portfolio covering the whole export production chain
- Supporting foreign trade policy
- Market based funding activity

## Eximbank's tools

- Macroeconomic scoring system introduced to measure macroeconomic impacts
- Intensive product development
- Financing of investments for export capacity developments
- Refinancing facilities for various purposes, in different currencies and for various tenors
- Supply chain financing
- Equity financing through investing in equity funds
- Close cooperation with other Hungarian foreign trade institutions (Ministry of Foreign Affairs and Trade, Hungarian Investment Promotion Agency, Hungarian National Trading House)
- Meeting medium- and long-term funding requirements by issuing notes to the international and domestic money and capital markets and concluding loan facility agreements with international financial institutions and commercial banks



# Relationship with the government – Guarantees

Eximbank benefits from various forms of support from the Hungarian state

## 1) Statutory guarantee – Funding activities

- Under the Eximbank Act, the Hungarian state is liable, as absolute direct surety, for the fulfilment of Eximbank's obligations to pay principal and interest arising from Eximbank's borrowings (which are taken with the aim of raising funds and up to a limit specified in the annual budget act)
  - Amount subject to upper limit set by the annual budget each year
- HUF 1,200bn upper limit under the 2017 Budget Act
- As at 31 December 2016, utilization was 74.9% or HUF 899.3bn (EUR 2.9bn)
  - Includes full EUR2bn GMTN Programme size
  - Any future issuances under the Programme will not increase overall utilisation of the Funding Guarantee unless the programme size is increased
- The Hungarian state does not charge any fee in respect of the Funding Guarantee

## 2) Statutory guarantee – other activities

- Under the Eximbank Act, the Hungarian state also provides a back-to-back statutory guarantee in respect of certain guarantees issued by Eximbank
- Upper limit of HUF 350bn for Eximbank's export-credit and other export-related guarantees under the 2017 Budget Act
- Guarantee subject to certain conditions, including compliance with OECD guidelines
- As at end-2016, Eximbank utilized 6.3% of the HUF 350bn upper limit (HUF 22.1bn)
- In total, 75.4% of Eximbank's HUF 29.3bn overall guarantee portfolio was backed by the statutory guarantee

# Relationship with the government – Other forms of support

Eximbank benefits from various forms of support from the Hungarian state

## 3) Interest equalisation and support

- Periodic interest equalisation payments on medium- and long-term loans based on OECD criteria
- Interest equalisation payments for loans with maturity under two years based on EU rules for setting the reference and discount rates
- Eximbank also receives interest support for tied aid loans (3.0% of Eximbank's total loans and advances)
- HUF 25bn allocated under the 2017 Budget Act but actual amounts paid could be higher
- Interest compensation determined by the difference between (i) interest rate paid by the borrower and (ii) sum of Eximbank's funding costs, operating expenses and the applicable risk premium

	2013	2014	2015	2016
% of Loans and advances that received interest compensation*	95.3%	97.0%	96.6%	97.8%
Loans and advances that received interest compensation* (HUF, bn)	284.4bn	494.1bn	680.5bn	807.4bn
Interest compensation* (HUF, bn)	9.6bn	16.7bn	23.6bn	28.1bn

\*receiving interest equalisation payments and interest compensation in relation to tied aid loans

## 4) MEHIB credit insurance

- Credit export agency functions in Hungary are divided between Eximbank and the Hungarian Export Credit Insurance Pte Ltd. ("MEHIB")
- MEHIB provides export credit insurance to exporters or their banks, including certain of Eximbank's borrowers
- As at 31 December 2016, HUF 97bn or 11.4% of Eximbank's portfolio consisted of loans for which on average 99.1% of principal and interest amounts are covered by MEHIB insurance
- Under the 2017 Budget Act, MEHIB can underwrite credit insurance up to HUF 600bn with a direct state guarantee. As at 31 December 2016, MEHIB had HUF 318bn of insurance policies outstanding

## 5) Funding support and liquidity support

- Capital contributions, including HUF 44.7bn in 2016
- The Hungarian state may support Eximbank by lending government bonds to Eximbank or taking other measures

# Overview of products and services

Eximbank offers a comprehensive range of products in pre-export and post-shipment financing

## Products and services

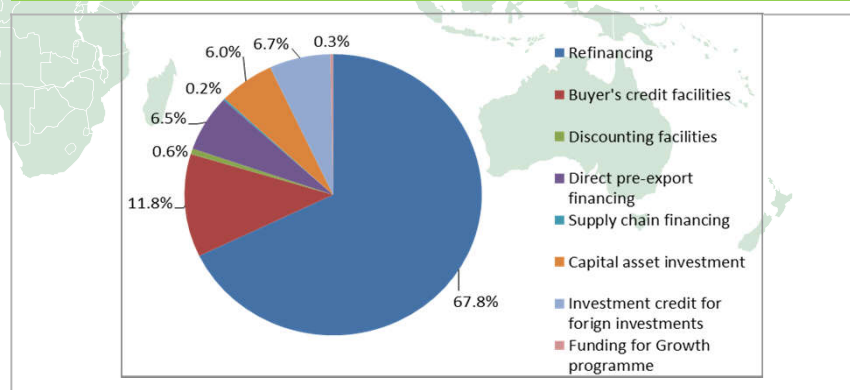
1. **Refinancing facilities** to domestic and foreign commercial banks providing financing for Hungarian export transactions. Since the second quarter of 2014, Eximbank also provides leasing and factoring refinancing credit facilities to credit institutions
  2. **Buyer's credit facilities** (including "tied aid" loans) to foreign purchasers or partners of domestic exporters
  3. **Discounting facilities** to domestic exporters
  4. **Direct pre-export financing** credit to domestic exporters
  5. **Supply chain financing**
  6. **Capital and working capital asset investment financing**
  7. **Investment credit for foreign investments**
  8. **Funding for Growth programme**
  9. **Export-credit and export-related guarantees** (HUF 29bn as at end-2016)
- Total loans and advances from Eximbank grew from HUF 207bn at end-2012 to HUF 826bn as at end-2016
  - Undrawn loan commitments under Eximbank's existing loan facilities grew from HUF 60bn to HUF 521bn in the same period and primarily relate to pre-export refinancing products

## Breakdown of Eximbank's loan products (HUF, mn)

	2012	2013	2014	2015	2016
Refinancing	140,645	198,620	366,904	521,050	560,271
Buyer's credit facilities (including tied aid loans)	19,589	28,144	31,179	32,947	73,201
Discounting facilities	22,276	11,335	9,137	6,772	5,341
Direct pre-export financing	23,849	67,695	83,495	69,144	53,523
Supply chain financing	0	472	1,737	1,602	1,526
Capital and working capital asset investment financing	0	1,046	16,590	72,148	105,064
Investment credit for foreign investments	644	558	485	370	0
Funding for Growth programme	0	0	0	465	2,416
Total*	207,003	307,870	509,527	704,497	825,878

\*Loans and advances by nominal amount (HUF mn)

## Breakdown of Eximbank's loan products



Loans and advances by nominal amount as at 31 December 2016

# Loan portfolio overview

Eximbank aids diversification of Hungary's export markets via local commercial banks

## Loan concentration

- As at 31 December 2016, Eximbank's two largest borrowers accounted for 17.9% and 15.6% (by nominal amount) of outstanding loans, respectively
- As at 31 December 2016, Eximbank's ten largest borrowers accounted for 71.3% of its total loans and advances and consisted of domestic banks, a purchaser of Hungarian exports and a domestic corporation
- Under pre-export refinancing facilities, Eximbank has umbrella credit lines in place with seventeen local commercial banks under which these banks can refinance loans for exporters up to a certain level of turnover without individual approval by Eximbank

## Credit portfolio quality

- Credit portfolio is divided into five categories: "problem free", "to be monitored", "below average", "doubtful" and "bad", based on Hungarian rules
- Eximbank's credit risk under refinancing facilities is that of partner banks rather than end borrowers. As at the date of this presentation, the refinancing facilities provided to banks are substantially all classified as problem-free
- Loans classified as "below average" or lower primarily relate to direct pre-export financing and the uninsured portion of buyer's credit and standard discounting portfolios
- As at 31 December 2016, provisions and impairments represented of the three lower categories
- Restructured loans make up 1.0% of Eximbank's total loan portfolio as of 31 December 2016 and may include loans in any of the five categories

## Loans by industry end markets

(HUF mn)	2012	2013	2014	2015	2016	2016 (%)
Domestic Banking <sup>1</sup>	140,644	198,619	366,904	536,014	560,271	67.8%
Foreign <sup>2</sup>	41,254	38,856	40,316	39,718	103,077	12.5%
Manufacturing	21,280	61,988	90,706	88,769	99,177	12.0%
Construction	679	1,953	1,482	7,171	18,432	2.2%
Trade / Vehicle Repair	2,563	2,862	6,152	5,426	5,064	0.6%
Other	583	3,592	3,967	27,399	39,857	4.8%
<b>Total*</b>	<b>207,003</b>	<b>307,870</b>	<b>509,527</b>	<b>704,497</b>	<b>825,878</b>	<b>100 %</b>

<sup>1</sup> "Domestic banking" represents loans to customers via other commercial banks and leasing companies (i.e., Eximbank's "refinancing facilities to banks" product)

<sup>2</sup> In accordance with the categorisation system of the Hungarian Central Statistical Office, for all foreign entities the industry sector is recorded as "Unclassified"

\*Loans and advances by nominal amount (HUF mn)

## Loans by credit quality

(HUF mn)	2012	2013	2014	2015	2016	2016 (%)
Problem Free <sup>1</sup>	194,488	289,731	488,207	679,840	784,960	95.0%
To be monitored <sup>2</sup>	7,631	11,576	10,720	12,329	21,941	2.7%
Below average <sup>3</sup>	49	1,705	3,549	3,522	0	0%
Doubtful <sup>4</sup>	2,328	2,324	4,560	3,875	14,222	1.7%
Bad <sup>5</sup>	2,507	2,534	2,491	4,931	4,753	0.6%
<b>Total*</b>	<b>207,003</b>	<b>307,870</b>	<b>509,527</b>	<b>704,497</b>	<b>825,878</b>	<b>100%</b>

<sup>1</sup> "Problem free" loans are loans requiring no provision

<sup>2</sup> "To be monitored" loans are loans requiring provision of from 1%-10% of the exposure

<sup>3</sup> "Below average" loans are loans requiring provision of from 11%-30% of the exposure

<sup>4</sup> "Doubtful" loans are loans requiring provision of from 31%-70% of the exposure

<sup>5</sup> "Bad" loans are loans requiring provision of from 71%-100% of the exposure

\*Loans and advances by nominal amount (HUF mn)

# Credit policies and risk management

## Centralized credit approval

- Corporate and bank customers are classified by the Risk Department on the basis of internal rating system and classifications are reviewed at least once a year
- Country risk limits are approved by Credit Committee and reviewed at least annually
- Credit exposures are reviewed at least quarterly

Amount of exposure	Approval by
Up to HUF 5 billion	Credit Committee
From HUF 5 billion to HUF 20 billion	Board of Directors
Over HUF 20 billion	Minister of Foreign Affairs and Trade

## Capital adequacy

(HUF mn, except percentages)	2012	2013	2014	2015	2016
Core capital <sup>1</sup>	18,033	18,089	54,540	75,708	143,626
Supplementary capital <sup>2</sup>	29,129	29,691	17,003	10,649	4,343
<b>Solvency Margin</b>	<b>47,162</b>	<b>47,780</b>	<b>71,543</b>	<b>86,356</b>	<b>147,970</b>
<b>Total risk-weighted exposure to credit risk<sup>3</sup></b>	<b>201,707</b>	<b>324,556</b>	<b>644,238</b>	<b>779,172</b>	<b>864,308</b>
<b>Solvency Ratio<sup>4</sup></b>	<b>22.4%</b>	<b>14.3%</b>	<b>10.9%</b>	<b>10.9%</b>	<b>16.7%</b>

Notes:

<sup>1</sup> Shareholder's equity, as adjusted (e.g. to subtract retained earnings)

<sup>2</sup> Supplementary capital is calculated in accordance with the Eximbank Act as presently enacted. In accordance with the Eximbank Act, supplementary capital has been capped at the level of Eximbank's core capital since 1 January 2011. Supplementary capital presently consists of a portion of the long-term loan from the MFB which matures on 12 September 2017, as capped in accordance with the Eximbank Act. According to EU Regulation No. 575/2013, supplementary capital instruments must be amortized in the last 5 years of their maturity

<sup>3</sup> As at 31 December 2013, 2012 and 2011, total risk-weighted exposure to credit risk was calculated in accordance with Act CXII of 1996 on Credit Institutions and Financial Enterprises, Government Decree 196/2007, and the standard approach to risk-weighting Eximbank's assets under Basel II subject to certain exemptions disapplying various provisions of Basel II to Eximbank given its business. As at 31 December 2014, 2015, 2016 total risk-weighted exposure to credit risk was calculated in accordance with EU Regulation No. 575/2013

<sup>4</sup> Ratio of Solvency Margin to total risk (including credit, exchange rate and operational risk)

## Risk management

- **Currency risk management** through matching currency breakdown of liabilities close to that of assets via FX swaps. Open FX position limited to HUF 1,100mn, of which EUR and USD open positions may not exceed HUF 400mn each
- **Interest rate risk** is limited through the Hungarian state's interest equalisation and support programmes, which allocates quarterly payments (effectively based on floating rates) to compensate Eximbank for the difference between its funding costs and interest income. As at end-2016, Eximbank received compensation from the Hungarian state in respect of 97.8% of its total loans and advances (by nominal amount)
- **Liquidity Risk and Management:** The Assets and Liabilities Committee ("ALCO") supervises strategic aspects. Eximbank is also subject to an internal target liquidity ratio such that 5% of total assets plus 50% of contingent liabilities (based on monthly averages) must be covered by liquidity reserves

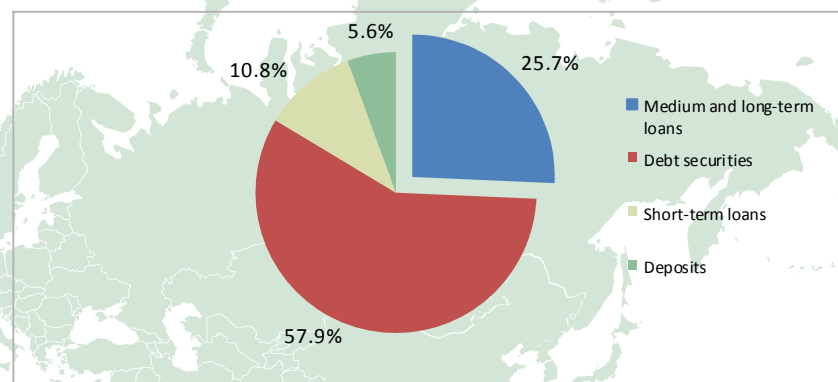
# Funding profile

Funding to be primarily met through international money and capital markets

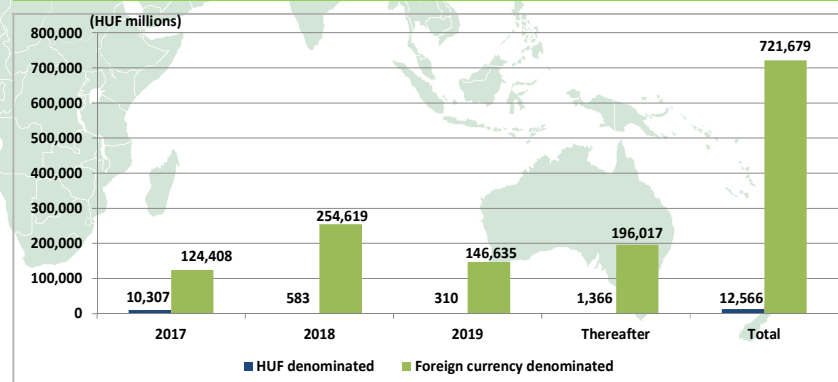
## Funding strategies

- Meeting medium- and long-term funding requirements by issuing notes to the international and domestic money and capital markets and concluding loan facility agreements with international financial institutions and commercial banks
- As at end-2016, Eximbank's borrowings and deposits from other banks and insurance companies were HUF 321.4bn
- Eximbank is active in the short-term interbank markets for loans and deposits and foreign exchange swaps
- In December 2012 and in October 2014 Eximbank issued USD 500 million 5.5% (due February 2018 ) and USD 500 million 4% (due January 2020) Notes under the EUR 2bn GMTN Programme
- In October 2013, Eximbank issued EUR 400 million 2.125% Notes (Collateral Securities) due February 2019 to an Irish SPV under the GMTN Programme with a Non-Honoring of a Sovereign Financial Obligation guarantee from MIGA covering 95% of the principal and interest payment obligations of the Collateral Securities purchased by the SPV
- All of Eximbank's debt securities issued and borrowings taken with the aim of raising funds are unsecured but guaranteed by the Hungarian State pursuant to the Funding Guarantee
- At end-2016 78% of the debt portfolio consisted fixed rate financial instruments

## Eximbank's funding profile as at 31 Dec 2016



## Repayment schedule as at 31 Dec 2016 (HUF, mn)\*



\*Eximbank's total borrowings (excluding interbank loans)





## Regulation And State Surety

### **APPENDIX A.**

# Regulation and state guarantee

## Regulatory framework

- Operations of Eximbank are governed by Act XLII of 1994 and several decrees
- In addition, Eximbank is subject to the Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises (the Banking Act), Act CXXXVIII of 2007 on Investment Firms and Commodity Exchange Service Providers and the Rules of their Activities (the Investment Firms Act) and Act V of 2013 on the Civil Code with the derogations provided for in the Eximbank Act and regulated by the National Bank of Hungary (NBH)
- As an institution engaged in officially supported export financing, Eximbank has to comply with the prevailing guidelines and directives of:
  - World Trade Organisation (WTO) especially the Agreement on Subsidies and Countervailing Measures
  - Organisation for Economic Co-operation and Development (“OECD”) especially the Arrangement on Guidelines for Officially Supported Export Credits and
  - The European Union



# Eximbank Regulation and State Guarantee

## Eximbank Act – Absolute Suretyship

- Section 6(1) of the Eximbank Act provides that the Hungarian State is irrevocably liable, as absolute and direct surety, for the fulfilment from the central budget of Eximbank's payment obligations arising from (i) deposits accepted in accordance with Section 2(1)(g)(ga) of the Eximbank Act<sup>1</sup>, credits and loans taken out by Eximbank all with the aim of raising funds and the issuance of notes by Eximbank with the aim of raising funds in accordance with Section 2(1)(g)(gb) of the Eximbank Act<sup>2</sup> (Section 6(1)(a) of the Eximbank Act); (ii) the potential enforcement of guarantees undertaken by Eximbank in accordance with conditions set out in a government decree<sup>3</sup> (Section 6(1)(b) of the Eximbank Act); and (iii) the replacement cost of foreign currency swap and interest rate swap transactions (Section 6(1)(c) of the Eximbank Act)
- Section 6(3) of the Eximbank Act provides that the funds necessary for the fulfilment of the payment obligations of Eximbank under Sections 6(1)(b) and (c) of the Eximbank Act (see paragraph above) are directly provided from the central budget
- Section 6(5) of the Eximbank Act provides that in the case of the absolute suretyship referred to in Section 6(1) of the Eximbank Act, the creditor is not obliged to request further collateral in addition to the absolute suretyship provided by the State<sup>4</sup>
- Section 6(8) of the Eximbank Act provides if the underlying legal relationship covered by the state suretyship under Section 6(1) (see above) is amended, then the state suretyship continues to exist in accordance with such amendments
- According to Section 8 of the Eximbank Act no suretyship fee is payable to the State on the statutory suretyship provided under the Eximbank Act

1. Section 2(1)(g)(ga) of the Eximbank Act provides that Eximbank may, amongst other activities, collect deposits on the interbank market from foreign and Hungarian professional counterparties as defined in Section 48(1) of Act CXXXVIII of 2007 on Investment Firms and Commodity Exchange Service Providers and the Rules of their Activities (the Investment Firms Act) and from Hungarian Export Credit Insurance Company Ltd. exclusively for the purposes of raising funds necessary for Eximbank's activities
2. Section 2(1)(g)(gb) of the Eximbank Act provides that Eximbank may, amongst other activities, issue notes exclusively for the purposes of raising funds necessary for its activities
3. Government Decree 85/1998 (V.6.) on the Interest Equalisation Scheme of Hungarian Export-Import Bank (the Guarantee Decree)
4. This is an exemption from the general rule of Act CXCV of 2011 on Public Finances, under which it is a condition precedent to the statutory state suretyship that the creditor requires collateral of at least half of the principal amount of the underlying transaction in addition to the statutory state suretyship

# Eximbank Regulation and State Guarantee

## Eximbank Act – Annual Budget

- Under Section 7(1) of the Eximbank Act, the annual budget act must provide for:
  - i. the upper limit of the sum of:
    - A. deposits accepted in accordance with Section 2(1)(g)(ga) of the Eximbank Act, credits and loans taken out by Eximbank all with the aim of raising funds;
    - B. the issuance of notes by Eximbank with the aim of raising funds in accordance with Section 2(1)(g)(gb) of the Eximbank Act (if funds under (A) and (B) above are raised in foreign currency, then for the purposes of calculating the upper limit, the HUF equivalent of such sums should be converted at the official exchange rate published by the National Bank of Hungary on the date of the conclusion of the agreement or the issue of the notes which were issued on a standalone basis (or in case of notes issued under a programme, the date of first issue of notes under that programme)); and
    - C. the replacement cost of foreign currency swap and interest rate swap transactions (Section 7(1)(a) of the Eximbank Act); and
  - ii. the upper limit of the sum of guarantees which may be undertaken by Eximbank with the benefit of absolute suretyship of the state (Section 7(1)(b) of the Eximbank Act)
- Act XC of 2016 on the Annual Budget of Hungary for the Year 2017 (the 2017 Budget Act) provides that: (i) the upper limit pursuant to Section 7(1)(a) of the Eximbank Act is HUF 1 200 000 million; and (ii) the upper limit pursuant to Section 7(1)(b) of the Eximbank Act is HUF 350 000 million
- Section 7(2) of the Eximbank Act provides that the budgetary coverage for the payment obligations referred to in Sections 7(1)(a) and (b) of the Eximbank Act must be approved as separate appropriations in the annual budget act
- Sections 7(3) and 7(5) of the Eximbank Act provide that the amount calculated in accordance with Section 7(1)(a) and (b) of the Eximbank Act may not, on any day of the year, exceed the upper limit set out in the annual budget act of Hungary

# Eximbank Regulation and State Guarantee

## Eximbank Act – Annual Budget *(Cont'd)*

- Section 7(4) provides that in the case of a rating agency rated foreign currency denominated note programme, the total programme amount converted into HUF at the official exchange rate published by the National Bank of Hungary on the date of the first issue of notes under the programme must be taken into account for the purposes of calculating the limit set by the annual budget act
- Section 8/A of the Eximbank Act provides that, under a mandate from the state, Eximbank must collect for the benefit of the central budget the claims (together with interest and late payment interest on such claims) arising from the enforcement of those guarantees which can be undertaken on the account of the central budget
- Pursuant to Section 8/A(2) of the Eximbank Act, Eximbank is entitled to a commission (the amount of which is to be set by a decree of the minister responsible for public finances) on the principal amount of the so collected claims
- Section 26/E of the Eximbank Act provides that the sum of foreign currency denominated funds already taken out by Eximbank on the date of the entry into effect of the Eximbank Act Amendment Act (the “Amendment Act”) must, for the purposes of applying Section 7(1)(a) of the Eximbank Act, be converted into HUF at the official exchange rate published by the National Bank of Hungary on the date of entry into effect of the Amendment Act

# Eximbank Regulation and State Guarantee

## Rules of Payment Under The Absolute Suretyship

- Absolute suretyship regarding the bank deposits, loans and notes:
  - Government Decree No. 110/2006 (V.5.) on the Operational Rules of the Planning and Enforcement of Suretyships Undertaken by the State (the Decree) sets out in detail how the absolute suretyship of the State constituted by Section 6(1)(a) of the Eximbank Act must be satisfied
  - Under Section 8/E of the Decree provide for the following: the creditor must initiate in writing the enforcement of the absolute suretyship with the minister responsible for public finances
  - The petition must contain (i) the name of the obligor; (ii) the requested amount (detailed as to principal and interest); (iii) the details of the documentation of the loan or the securities; (iv) the reasons for the request for enforcement of the absolute suretyship; and (v) the bank account number of the creditor
  - The following must be attached to the petition: (a) the documents consisting of the loan agreement and its annexes or the documents evidencing title to the debt securities; (b) any amendments to the loan agreement and their annexes; (c) documents evidencing the acceleration of the loan and/or evidencing that the deadline for payment of installments, interests or lump sum amount under the loan agreement passed without payment; and (d) the documents relating to the fulfillment of drawdown conditions precedent
  - Within 30 days from receipt of the documents set out in the previous paragraph, the minister responsible for public finances arranges for payment if the transaction underlying the absolute suretyship is in accordance with Section 6(1)(a) of the Eximbank Act

# Eximbank Regulation and State Guarantee

## Non-Applicability of Certain EU Directives and Hungarian Laws to Eximbank

- Article 2 of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (the Banking Directive) provides that the scope of the Banking Directive does not extend to Eximbank.
- It must be noted, however, both the Banking Act and the Investment Firms Act are harmonised with, amongst other rules the Banking Directive and the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (CRR).
- The Banking Act and the Investment Firms Act are applicable to Eximbank and its activities with the derogations provided for in the Eximbank Act. Such derogations include, among other things, that Eximbank may only carry out a limited scope of activities set out in the Eximbank Act, is not obliged to join the National Deposit Insurance Fund and, to a certain extent, different own fund and capital adequacy rules are applicable to Eximbank. Eximbank is also exempt from the liquidity adequacy and leverage ratio regulations.



# Eximbank Financial Statement

## APPENDIX B.

# Overview of Eximbank

## Historical statement of comprehensive income (IFRS)

	For the year ended 31 December 2016	For the year ended 31 December 2015	For the year ended 31 December 2014	For the year ended 31 December 2013	For the year ended 31 December 2012
	<i>(HUF in mm)</i>				
Interest income	36,231	31,660	23,478	16,078	10,399
Interest expense	(22,994)	(23,153)	(18,313)	(11,747)	(6,148)
<b>Net interest income</b>	<b>13,237</b>	<b>8,507</b>	<b>5,165</b>	<b>4,331</b>	<b>4,251</b>
Net income from fees and commissions	368	151	221	193	206
Provisions and impairment (losses)/reversal	(6,451)	(4,271)	(2,405)	(901)	15
Gains and losses from trading and investment activities, net	1,262	6,268	2,811	(656)	840
Operating expenses, net	(8,254)	(6,864)	(5,446)	(3,532)	(3,991)
Share of profit/(loss) of a joint venture	(560)	(398)	(278)	—	—
<b>Profit/(loss) before income tax</b>	<b>(398)</b>	<b>3,393</b>	<b>68</b>	<b>(565)</b>	<b>1,321</b>
Income taxes	(709)	(1,061)	(335)	(194)	(522)
<b>Profit/(loss) for the period</b>	<b>(1,107)</b>	<b>2,332</b>	<b>(267)</b>	<b>(759)</b>	<b>799</b>
<b>Other comprehensive income for the period, net of income tax</b>	<b>1,513</b>	<b>776</b>	<b>(24)</b>	<b>9</b>	<b>49</b>
<b>Total comprehensive income /(loss) for the period</b>	<b>406</b>	<b>3,108</b>	<b>(291)</b>	<b>(750)</b>	<b>848</b>



# Overview of Eximbank

## Historical statement of financial position (IFRS)

	As at 31 December 2016	As at 31 December 2015	As at 31 December 2014	As at 31 December 2013	As at 31 December 2012
(HUF in mm)					
Cash, due from banks and balances with the National Bank of Hungary	707	25,320	3,313	898	2,505
Available-for-sale financial assets, net of impairment loss	53,470	33,758	1,776	2,105	25,840
Loans and advances to customers, net of impairment losses	243,190	193,683	207,365	99,265	63,282
Loans and advances to other banks, net of impairment losses	573,974	537,810	381,494	275,753	165,380
Financial assets at fair value through profit or loss	36,416	32,557	10,091	43	130
Investments accounted for using the equity method	15,479	1,419	1,277	-	-
Intangibles, property and equipment, net	1,796	1,122	670	355	214
Current tax assets	835	234	123	79	-
Other assets, net	2,779	1,536	2,321	3,093	1,218
<b>Total Assets</b>	<b>928,646</b>	<b>827,439</b>	<b>608,430</b>	<b>381,591</b>	<b>258,569</b>
Loans and deposits from other banks and insurance companies	312,252	304,149	164,817	144,156	128,855
Deposits from customers	28,619	15,510	-	-	-
Financial liabilities at fair value through profit or loss	-	144	830	4,274	856
Debt securities issued	437,886	404,350	372,699	211,967	109,148
Provision for guarantees and contingencies	728	258	865	321	246
Deferred tax liabilities	160	104	-	-	76
Other liabilities	4,414	3,443	3,746	3,109	875
<b>Total Liabilities</b>	<b>784,059</b>	<b>727,958</b>	<b>542,957</b>	<b>363,827</b>	<b>240,056</b>
Share capital	133,700	89,000	58,100	10,100	10,100
Reserves	10,887	10,481	7,373	7,664	8,413
<b>Total Shareholder's Equity</b>	<b>144,587</b>	<b>99,481</b>	<b>65,473</b>	<b>17,764</b>	<b>18,513</b>
<b>Total Liabilities and Equity</b>	<b>928,646</b>	<b>827,439</b>	<b>608,430</b>	<b>381,591</b>	<b>258,569</b>