

## Government-backed commercial guarantees

**TYPE OF PRODUCT** Commercial guarantee

**PRODUCT** Commercial guarantee secured with a payment guarantee provided by the state, in accordance with the Guarantee Decree, for the purpose of facilitating the financing of exports of Hungarian goods and services or boosting international competitiveness.

**CURRENCY** HUF/EUR/USD

**DEFINITIONS** Main terms and abbreviations related to the facility

- Bid (tender) guarantee: a Commercial guarantee serving as payment security in respect of the amount of bid security requested, by the issuer of a call for bids, as a prerequisite for bidding. Such guarantees are issued to the benefit of the issuer of the call for bids, as Beneficiary.
- Advance-repayment guarantee: a commercial guarantee that secures repayment of an advance payment made on the basis of a trade transaction, in the event that the Client, as obligor, fails to deliver or to do so in accordance with the terms of contract.
- Contract: a commercial contract concluded between the Client and the Beneficiary for an export transaction or for a domestic transaction that improves international competitiveness.
- Export: in accordance with the current Guarantee Decree.
- Value of export contract: in accordance with the current Guarantee Decree.
- Local cost: in accordance with the current Guarantee Decree.
- Performance guarantee: a Commercial Guarantee that guarantees the Client's contractual performance until the time of fulfilment and acceptance of the supply and/or service provision obligation outstanding on the basis of the Contract.
- Warranty guarantee: a Commercial Guarantee that guarantees the fulfilment of the Client's payment obligations

resulting from warranty and guarantee obligations following the delivery, in compliance with the applicable rules, of the goods supplied under the Contract, or acceptance of the provided service.

- Commercial Guarantee according to the current Guarantee regulation.
- Transaction: domestic or export transaction on sales of goods or provision of services, or tender related to such transaction.

**CLIENT**

A validly operating Hungarian-domiciled business entity established under Hungarian law.

**BENEFICIARY**

The party giving an order under the Contract or requesting a quote, or the foreign credit institution directly providing a Commercial Guarantee in relation to the Export Contract or quote.

**EXTENT, AMOUNT OF THE GUARANTEE/ GUARANTEE LINE**

Extent of the guarantee: determined in keeping with the given Transaction, ensuring that the combined extent of commercial guarantees undertaken by Eximbank in relation to the transaction does not exceed 80% of the value of the Contract.

Minimum amount of the guarantee: HUF 50,000,000 / EUR 150,000 / USD 150,000

Minimum amount of a guarantee line: HUF 300 million / EUR 1 million / USD 1 million.

The guarantee line can be a revolving facility, used in line with the Transaction. The minimum guarantee amount under the guarantee line is not regulated.

**EXPIRY**

Individually determined in line with the Transaction.

**PRICING**

In exchange for issuing the guarantee we charge a guarantee fee (guarantee assumption fee) proportionate to the guaranteed amount, and other fees (one-off fee, amendment fee, monitoring fee) are also payable in accordance with Eximbank's list of conditions.

**Determination of the Guarantee Fee**

An **annual safe harbour premium (annual minimum fee)** is applicable in accordance with the EU's Guarantee Notice, because a market-based guarantee cannot be determined.

Based on additional requirements of the EU Guarantee Notice, the payable guarantee fee must cover the cost of capital and administrative costs associated with the guarantee, and the risk of the guarantee (**minimum guarantee fee**).

**Determination of the final extent of the guarantee fee:**

The final extent of the guarantee fee is (i) the annual safe harbour premium (annual minimum fee) or (ii) the minimum guarantee fee, whichever is the greater.

**Other fees and in case of a withdraw guarantee, default interest payable on the claim:**

**Other fees (One-off fee, contract modification fee, monitoring fee):** as specified in the list of conditions.

#### FEE PAYMENT

**For guarantees with a term of one year or less:**

The guarantee fee and the one-off fee are payable in a single amount in advance; the amendment fee is payable in a single amount prior to the amendment.

**For guarantees with a term of over one year:**

Payment of the first instalment of the guarantee fee, and of the one-off fee, are due prior to the issue of the guarantee, then during the term the guarantee fee is payable as defined in the individual decision; the amendment fee is payable in a single amount prior to the amendment.

**For a guarantee line:**

- The one-off fee is payable in a single amount in advance; the amendment fee is payable in a single amount prior to the amendment.
- A separate guarantee fee is payable for each guarantee to be issued. The frequency of payment matches the above both for guarantees with a term of one year or less and for those with a term of over one year.
- Monitoring fee: this annual fee has to be paid during the monitoring period, for fulfilling the contractual conditions and inspection the solvency of the Client. The Client has to pay the Monitoring fee in a single amount annually, the first annual fee is due prior to the issue of the guarantee, and then annually during the term.
- The amendment fee is payable in a single amount prior to the concluding of the amendment. In the case of increasing the guarantee line, the amendment fee has to be paid for the total increased amount.

#### SECURITY

The forms of security accepted by Eximbank

DOCUMENTS TO  
BE SUBMITTED

**Guarantee request documentation**

- Request from the Client for the issue of the guarantee, which must include the following:
  - description of the Transaction
  - Documents and information necessary for analysis of the economic, financial and legal situation of the Client, including financial statements, general ledger statements, business plan
  - declaration to the effect that no conditions for exclusion apply on the basis of the Eximbank Business Regulations and Guarantee GCT
  - declaration on the outstanding commitments of the Client,
  - declaration on the securities serving as collateral for the transaction
  - copy of the Contract/Order if available
  - call for bids in the case of a Tender guarantee
  - prescribed text of guarantee
  - for a counter-guarantee – if available – the guarantee of the foreign credit institution
- Company documents of the Client
- Documents of the security
- Official permits.

When applying for a guarantee line, it is not absolutely necessary to submit the following documents, these are sufficient before the issuing the guarantee: copy of the contract / order; in case of a Tender guarantee: the text of the required guarantee in the tender notice; in the case of a counter-guarantee the guarantee text agreed by

Eximbank and the foreign credit institution; in the case of a counter-guarantee the guarantee of the foreign credit institution.

Post-approval documentation (for contract signing, guarantee issuance)

- If this is not yet available, is needed the Client
  - original specimen signatures, or sample signatures countersigned by a lawyer, of the persons entitled to make a statement in relation to the guarantee contract,
  - original copy of the Client's authenticated certificate of incorporation, issued within the past 30 days, or a copy thereof, subject to presentation of the original,
  - declaration by the Client to the effect that no conditions for exclusion specified in the Business Regulations are applicable.
  - Copy of the Contract/Commission Agreement (if this is not yet available)
  - For a Tender guarantee, a copy of the notification on winning the tender; in the case of an advance repayment or performance guarantee, a copy of the tender winning notice.
- For a counter-guarantee, guarantee text agreed by Eximbank and the foreign credit institution (if such consultation has taken place)
- If necessary based on the founding deed of the Client, a statement granting the authority to conclude contracts
  - Certificate (joint tax clearance certificate) issued by NAV, not more than 60, that is sixty days prior to conclusion of the Guarantee Contract, proving that the Client has no overdue tax or customs debt, OR a proof of the same fact obtained from other authentic records of NAV
- Certificate issued by municipality of the registered seat and places of businesses, not more than 60, that is sixty days prior to conclusion of the Guarantee Contract, proving that the Client has no overdue tax debt
- Original copies of the documents stipulated in the latest effective directive on the prevention and combating of money laundering and terrorist financing:

- declaration on the beneficial owner of the Client,
- beneficial owner's declaration on politically exposed person status,
- identification data form,
- declaration on establishment of controlled foreign corporation status,
- anti-corruption statement,
- declaration on relationship with persons affected by sanctions, and
- KYC (Know Your Customer) questionnaire.

When the Client applying for a guarantee line, is not absolutely necessary to submit the following documents, these are sufficient by the issuing of the guarantee: Copy of contract / order; copy of won tender in case of Tender guarantee; Advance-repayment or Performance guarantee: the copy of the tender winning notice; in the case of a counter-guarantee the guarantee text agreed by Eximbank and the foreign credit institution.

Documentation to open a guarantee line or to issuing a guarantee:

- Notarised Guarantee Contract and security contracts
- Documentation relating to the registration of the security contracts
- Declaration by the Client to the effect that
  - the declarations made when signing the contract are also true at the time of issuing the guarantee,
  - there has been no breach of contract or any circumstance that gives Eximbank the right to refuse issuance of the guarantee.

Additional documentation in case of guarantee line contract, if is not yet available:

- Affiliation request;
- copy of the Contract/Order;
- call for bids in the case of a tender guarantee;
- in case of Advance-repayment or Performance guarantee: a copy of the tender winning notice;
- For a counter-guarantee, guarantee text agreed by Eximbank and the foreign credit institution.

In case of requesting a guarantee, signing the guarantee contract, or opening a guarantee line, or issuance of a guarantee, could be required an additional documentation in accordance to the bank's decision.

**TRANSACTIONS  
EXCLUDED FROM  
FINANCING**

As specified in Business Regulations.

**CLIENTS  
EXCLUDED FROM  
FINANCING**

As specified in the Eximbank Business Regulations.

Furthermore, in accordance with the Guarantee Decree:

- Clients that have outstanding debts towards the state or Eximbank, resulting from the exercising of a previous state suretyship, state guarantee or counter-guarantee, at the time of concluding the guarantee contract.

**SPECIAL  
CONDITIONS  
RELATING TO THE  
PROVISION OF  
GUARANTEES**

The special conditions for provision of the guarantee on the basis of the EU Guarantee Directive and the Guarantee Decree:

- the Exporter/Client is not in financial difficulty as defined in Section 6 of Govt. Decree 37/2011 (III. 22.),
- the guarantee is associated with a specified transaction, relates to a specified maximum amount, and is subject to a time limit,
- the combined extent of commercial guarantees undertaken by Eximbank in relation to the transaction does not exceed 80% of the value of the Export Contract,
- a market-based fee is being paid for the guarantee.

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