# BUYER CREDIT FACILITIES

## CLASSIC BUYER CREDIT

The classic buyer credit facility is Eximbank's traditional form of lending, which is a fixed- or variable-interest financing solution provided directly to the buyer following delivery / provision of service. The buyer credit facility is created in order to finance, through lending, the purchase of goods and/or services under a commercial contract concluded between a Hungarian exporter and a foreign buyer, which is typically covered by a buyer credit insurance policy provided by MEHIB (Hungarian Export Credit Insurance Plc.).

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| BORROWER | **State or privately-owned foreign companies, municipalities, sovereign or sub-sovereign entities, which purchase from the exporter.** |
| EXPORTER | Business entities registered in Hungary |
| CREDIT AMOUNT | At least EUR 1 million or USD 1 million;<br>Maximum extent of financing in the case of fixed-interest loans with a term of at least 2 years, and with interest equalisation, in accordance with the provisions of the OECD Arrangement:<br>• maximum 85% of the export contract value,<br>• local costs, to the extent of maximum 40% (Category I. countries[1]) and 50% (Category II. countries[2]) of the export contract value, and<br>• as much as 100% of the insurance premium. |
| VALUE OF EXPORT CONTRACT | The amount payable by or on behalf of the foreign buyer for the exported goods and/or services, excluding local costs. |
| LOCAL COSTS | Expenditures incurred in the foreign buyer's country in relation to goods and services, that are necessary for the performance of the exporter's contract. |
| CURRENCY | EUR or USD |
| DISBURSEMENT PERIOD | To be determined individually depending on the transaction. |
| MATURITY | • **At least 2 years**, but the repayment period cannot exceed the useful life of the exported goods and services or, where appropriate, the useful life of the project to which the goods and services are exported.<br>• **Up to 15 years**<br>• For certain sectors (climate change, nuclear power plants, civil aircraft, railways, ships) in accordance with the relevant provisions of the OECD Arrangement. |

[1] Category I. countries: High Income OECD countries, see more: OECD Arrangement, Chapter II., point 10
[2] Category II. countries: All countries other than Category I. countries

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| **REPAYMENT** | • In the case of loans with a term of at least 2 years, the principal is to be paid with a frequency of at least one year, basically in equal instalments, in such manner that the first principal and interest instalment must be paid by not later than the expiry of 1 year following the starting point of the credit.<br>• In the case of transactions subject to sector agreements, with a schedule in accordance with the provisions of the sector agreements[3]. |
| **STARTING POINT OF CREDIT** | Not later than (a) the date on which the buyer physically takes possession of the goods or the complete equipment / service delivered under the contract, or (b) the date of commissioning. |
| **INTEREST BASE** | In the case of fixed-interest loans provided with a term of at least 2 years, in accordance with the provisions of the OECD Arrangement:<br>• Minimum CIRR[4] or in the case of sector agreements, the specific CIRR for the sectors, which is fixed by EXIM on the day of the conclusion of the agreement.<br>In the case of variable-interest EUR loans:<br>• EURIBOR<br>In case of variable-interest USD loans:<br>• CME Term SOFR |
| **FEES AND COMMISSIONS** | On the basis of list of conditions / individually, for each transaction:<br>• up-front fee based on the amount of the loan,<br>• commitment fee calculated for the amount not yet drawn down,<br>• monitoring fee: depending on the transaction,<br>• contract amendment fee based on the amount of the loan,<br>• insurance premium, if a buyer's credit insurance is also linked to the transaction. |
| **OTHER COSTS** | Occasionally, it may be necessary to involve technical inspectors and/or financial experts and/or law offices and/or other experts, the costs of which are borne by the borrower |
| **COLLATERAL** | "V" type insurance or a guarantee or letter of credit issued by a bank of appropriate rating and limit (typically international, class I-II)<br>Other collaterals may also be stipulated, if necessary |
| **CERTIFICATION OF HUNGARIAN ORIGIN** | **In case of fixed-interest rate loans:**<br>According to the provisions of the Government Decree 85/1998 (V.6.) on the interest equalization system of Eximbank being in force at the time of the conclusion of the contract.<br>**In case of variable-interest rate loans covered by MEHIB insurance:**<br>According to the provisions of the Government decree 312/2001 (XII.28.) on the Hungarian Export Credit Insurance Company being in force at the time of the conclusion of the contract. |

3 See: OECD Arrangement Chapter I. point 7

4Commercial 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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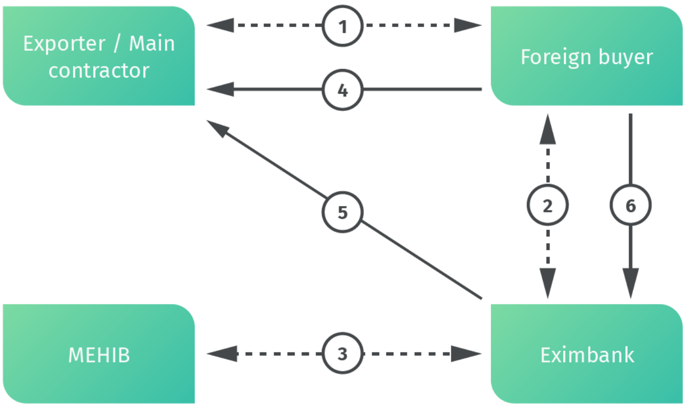


1. Commercial Contract
2. Loan agreement
3. Facility V insurance covering the risk non-payment by loan debtor
4. At least 15% of the Commercial Contract is paid in advance
5. Disbursement of a loan granted for maximum 85% of the Commercial Contract
6. Loan repayment