

THE ROLE OF CZECH EXPORT SUPPORT DURING THE TIME OF CORONAVIRUS

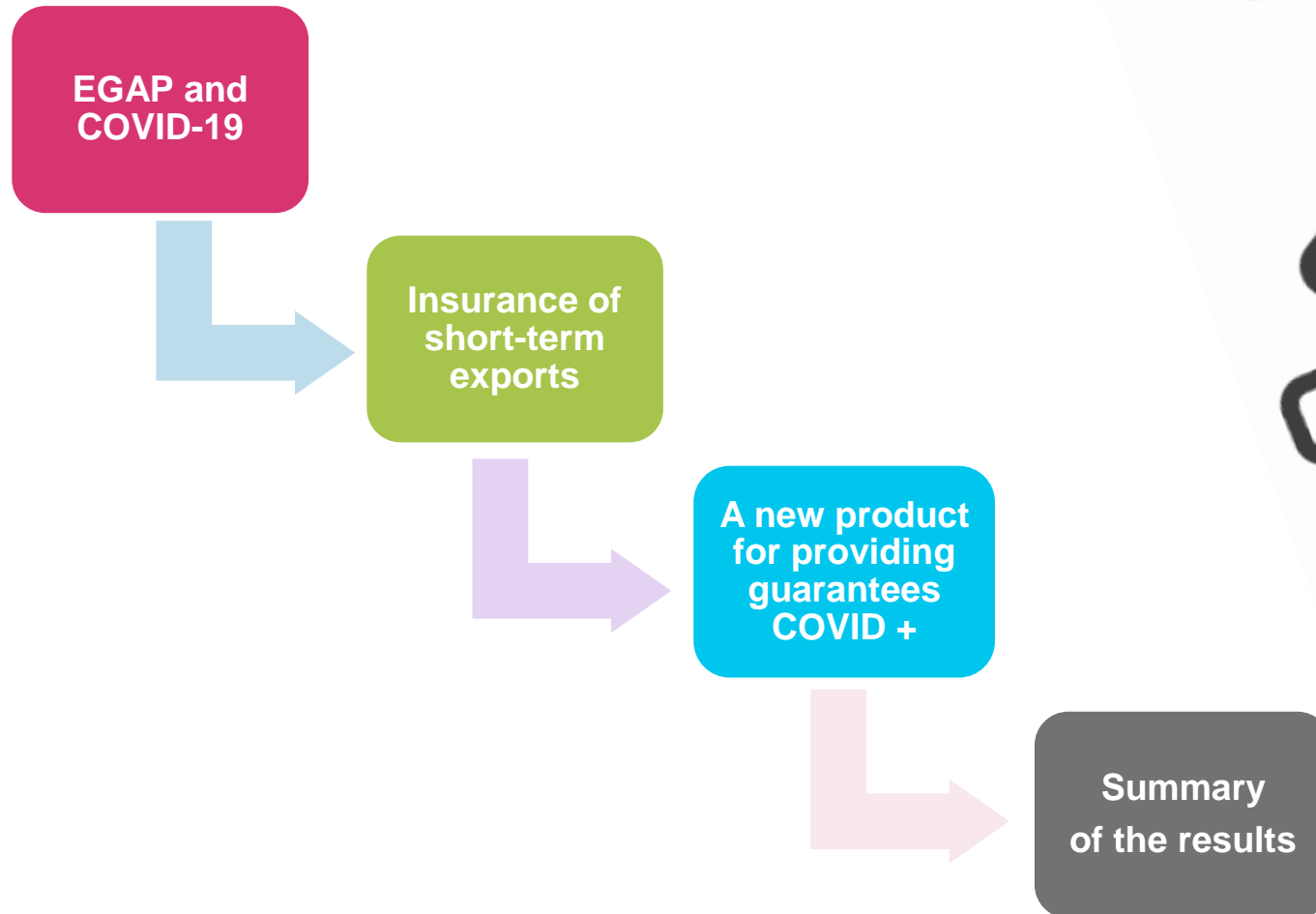
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26TH OCTOBER 2020

PRAGUE, CZECH REPUBLIC



STRUCTURE



EGAP

Export Guarantee and Insurance Company (EGAP) is the official export credit agency (ECA) of the Czech Republic, whose mission is to support pro-export orientation of Czech economy.

Founded in February 1992 and helped to realize exports in excess of 900 billion CZK.

Insured volume

900

CZK billion

Subsidised exports to

117

countries worldwide

Premium written

23

CZK billion

Collected debts

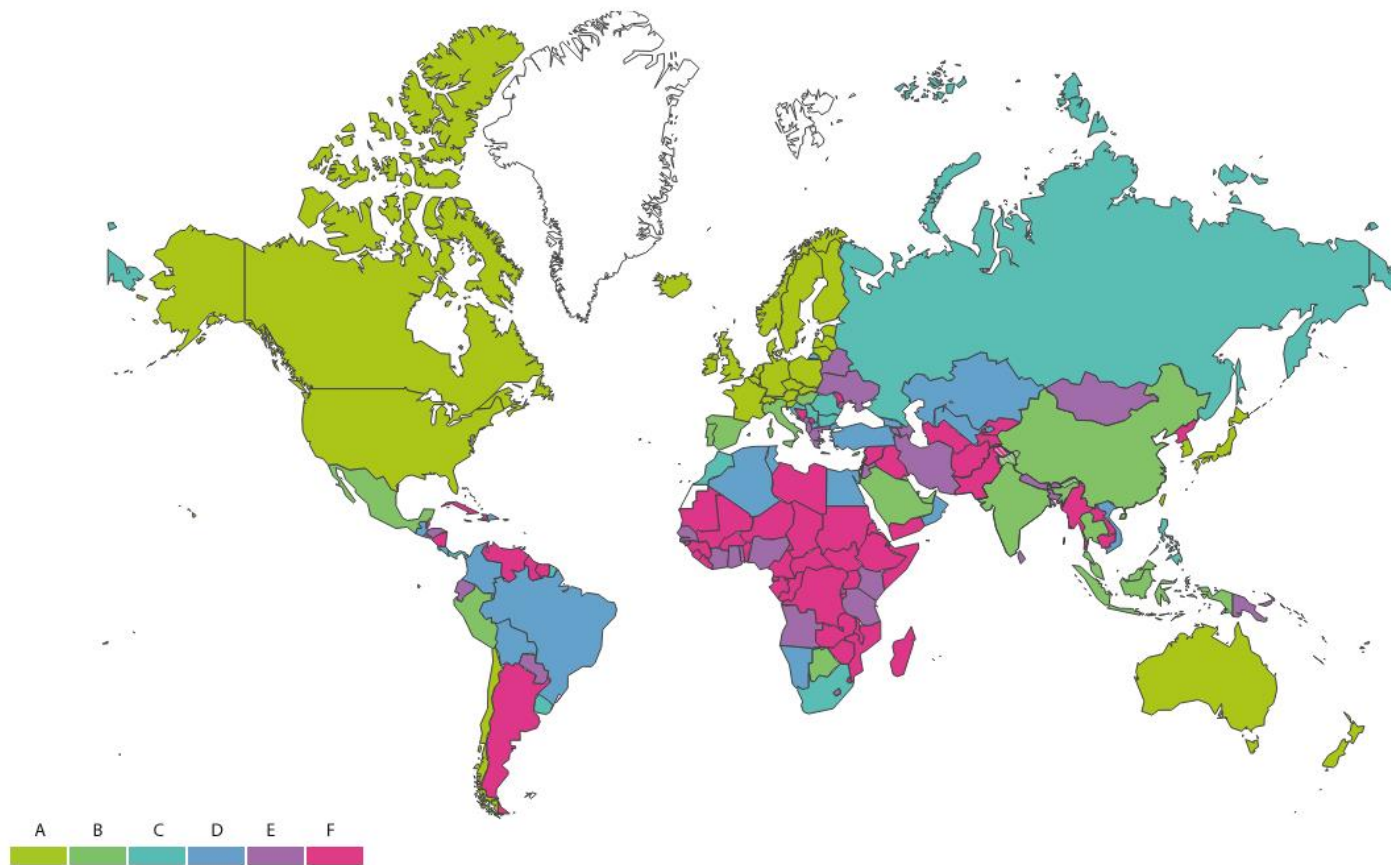
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CZK billion

We have supported large projects, such as large project in field of energy, infrastructure (railways), transportation, hospitals, etc. Supported Export mainly to: Russia, Azerbaijan, Turkey, India and China, etc.

EGAP

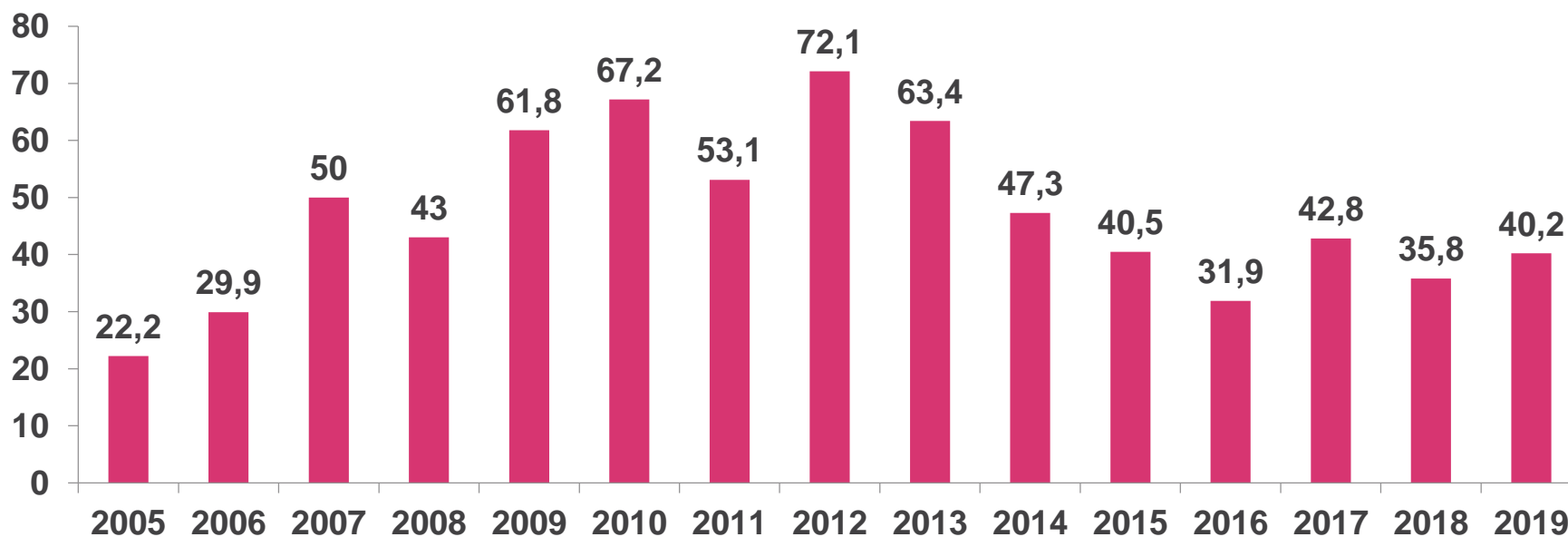
EGAP RISK BAROMETER



EGAP

ECAs (Export Credit Agencies) are anti cyclical institutions from its nature. When economy growing, their export support decreases and vice versa.

Development of the insured volume of exports since 2005 (in billions of CZK)



EGAP AND COVID-19

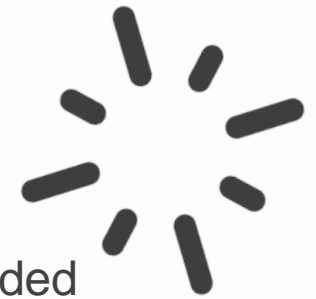
The year 2020 was affected by the coronavirus pandemic associated with the economic downturn. In the spring, EGAP approved a package of support for entrepreneurs:

- priority processing of insurance applications (fast-track)
- reduction of fees for exporters
- reduction of waiting time for insurance benefits

After that start preparing proposals how more helpful could it be now for Czech economy.



EGAP AND COVID-19



Following the approval of the European Commission, EGAP expanded its activities to other areas:

- **insurance of short-term exports in the EU and other low-risk countries;**
- **introduction of a new product providing guarantees to large companies within the COVID + program.**

The purpose of this product is to help selected companies provide the liquidity needed to maintain operations, prevent redundancies and develop exports and thus overcome the harsh consequences of the Czech government's measures, the primary purpose of which was to prevent the spread of SARS-CoV-2 virus.

INSURANCE OF SHORT-TERM EXPORTS

For ECAs (Export Credit Agencies) in the EU, which also includes EGAP, there was a restriction on the possibility of providing insurance, which goes to EU countries and to countries that are based on the OECD rating of 0.

Following the current situation, when there was a sharp decline in the economy, on 28th March, the European Commission decided to grant an exemption to EGAP and other ECAs by the end of 2020 for the provision of insurance for claims with a maturity of up to 2 years. (now prolonged till end of June 21)

This means that in the period from 1st April 2020 to 30th June 2021, EGAP may exceptionally provide short-term insurance to EU countries and other so-called "high income" territories (Japan, USA, Germany, etc.).



INSURANCE OF SHORT-TERM EXPORTS



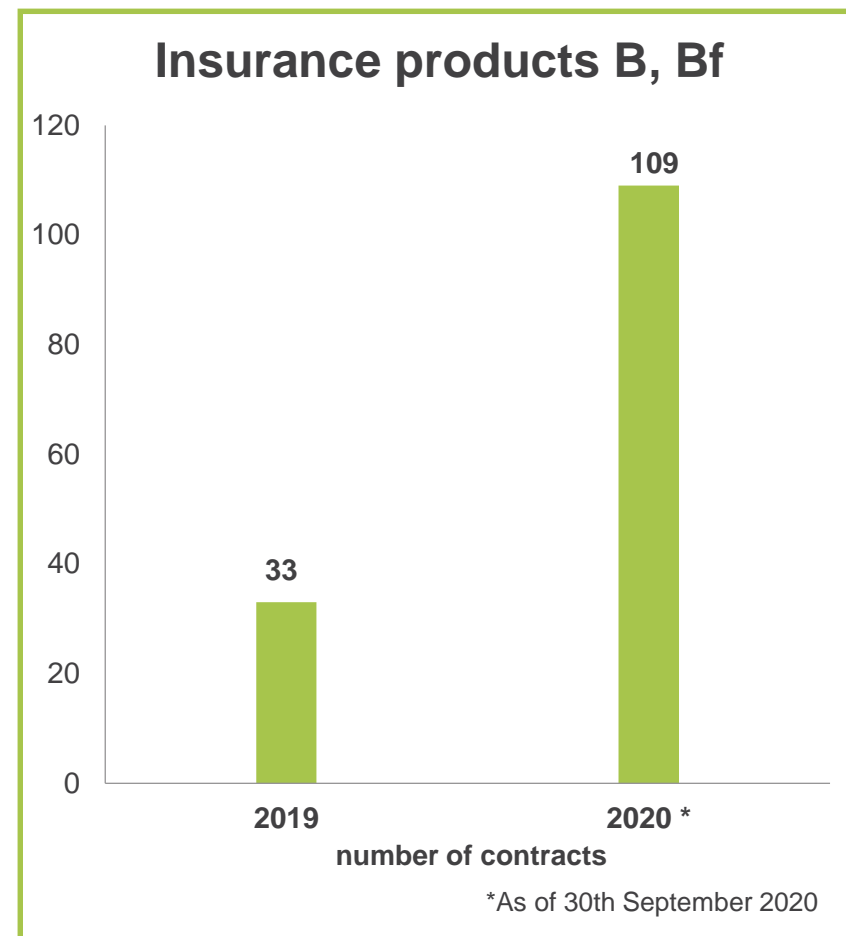
The export supplier's credit is a credit provided by the exporter to the importer (foreign entity) in the form of deferral of payment for the delivered goods or services (export claim).

The insured entity is directly the exporter against the risk that the importer does not pay in the due date properly the whole owing sum, i.e. the price for the delivered goods and services.

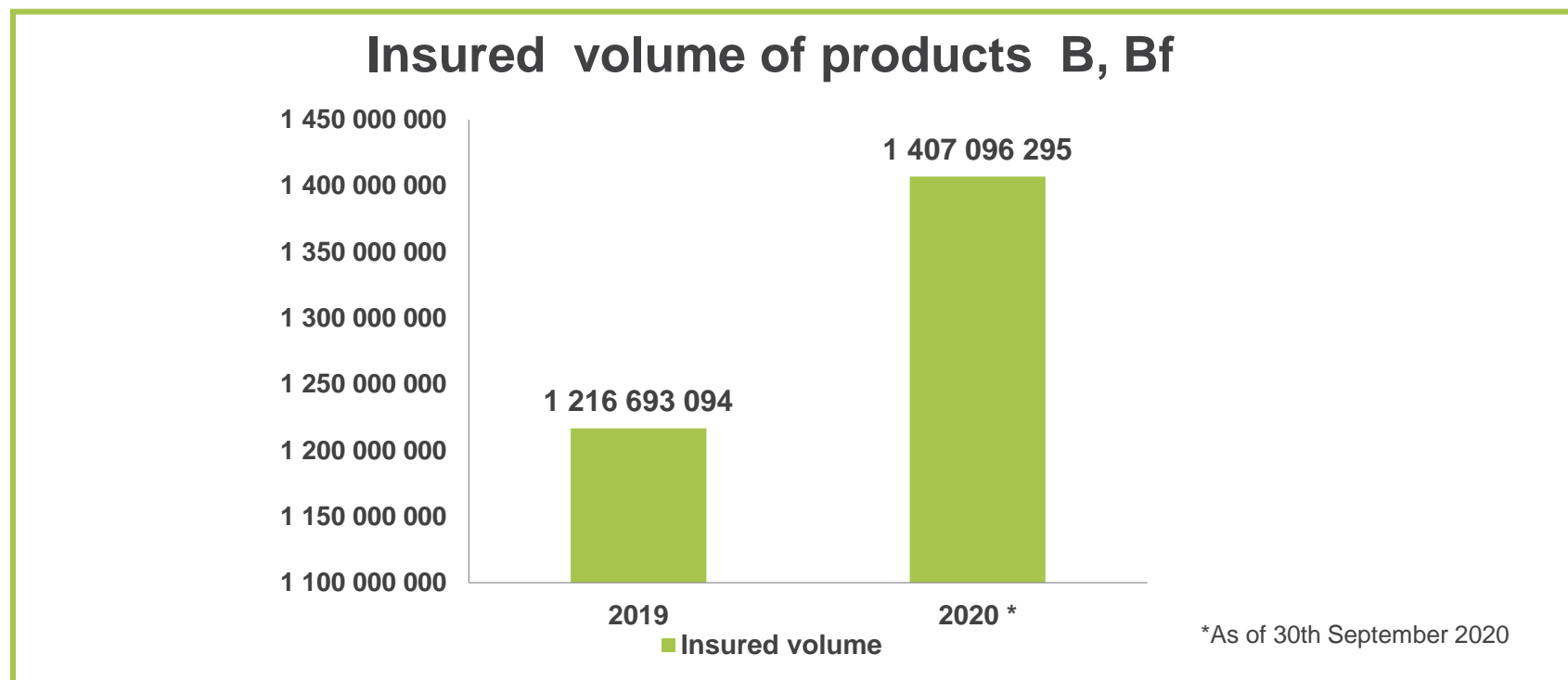
INSURANCE OF SHORT-TERM EXPORTS

Thanks to this temporary exception, the demand for our insurance company's services has increased dramatically. Specifically, the number of Insurance of a Short-Term Export Supplier Credit grew up more than three times compared to last year.

While contracts of products B and Bf were 33 provided for the whole of 2019, 109 contracts of this type were provided from 1st April 2020 to 30th September 2020.



INSURANCE OF SHORT-TERM EXPORTS



Insured volume of products B and Bf were 1 216 693 094 CZK for the whole of 2019. 1 407 096 295 CZK is insured volume from date 1st April 2020 to 30th September 2020.

NEW PRODUCT FOR PROVIDING GUARANTEES COVID +

Covid + guarantees aim to provide exporters with the necessary liquidity to finance operations or investments in turbulent times.

They are intended for large companies with at least 250 employees, whose exports account for at least one-fifth.

The loan amount ranges from CZK 5 million to CZK 2 billion, with the maximum loan amount corresponding to 25% of the company's annual turnover.

The European Commission has approved arrangements where EGAP will be able to provide Covid Plus guarantees until 30th June 2021.



NEW PRODUCT FOR PROVIDING GUARANTEES COVID +

Egap has a capacity for guarantees COVID + guarantees in the amount of **142 billion CZK**. The state contributed **4 billion CZK** in advance to the implementation of this program.

The amount of guarantees is **80% of the loan** principal, it depends on the EGAP rating. In the case of **EGAP's internal rating "B-"**, it is **70%**, while the scale used by EGAP corresponds to the rating of S&P and Fitch. Residue is therefore a co-participation of the bank. The bank is further limited by the maximum margin it will give to the loan (maximum 3.5% p.a.).

The program is not intended for companies that had existential problems before the declaration of a state of emergency.



NEW PRODUCT FOR PROVIDING GUARANTEES COVID +

Amount and number of provided guarantees for loans
as of 30th September 2020

	Amount of guarantees in millions of CZK	Number of guarantees
Accepted	12 821	62
Approved	11 070	51
of which provided	8 145	34

In total, EGAP has supported 102 exporters since the beginning of 2020, of which more than 26% are exporters applying for a guarantee the COVID + program.

SUMMARY OF THE RESULTS

Number of supported exporters as of 30th September 2020

	Number of supported exporters
Insurance operation	75
COVID + program	27
Total	102

Amount of supported exports as of 30th September 2020

(in millions of CZK)	Insurance part	COVID+ program	Total
Amount of supported exports	31 619	6 504	38 123