



1.7.2021

EGAP INSURANCE OF CZECH FOREIGN INVESTMENTS AND INVESTMENT LOANS INTO UKRAINE

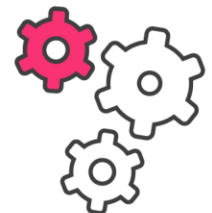
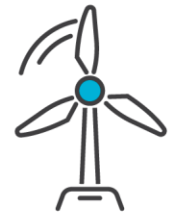
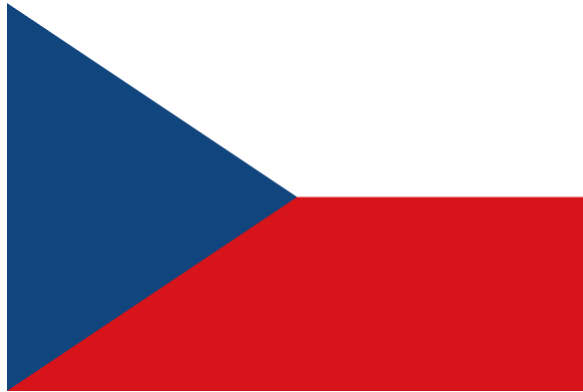
Michal Pravda

Deputy Director of Export Credit and Investment Insurance Department



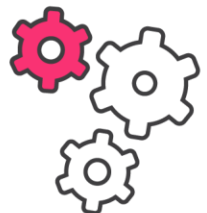
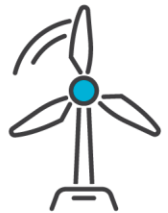
PRESENTATION WILL BE ABOUT

- › What is EGAP, what we offer
- › Basic conditions of insurance of Czech foreign investments and investment loans, covered risks
- › Possibilities of insurance of **Czech** investments into **Ukraine**



WE SUPPORT CZECH EXPORT AND CZECH INVESTMENTS ABROAD

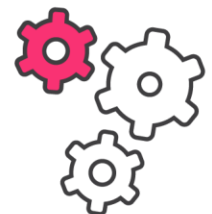
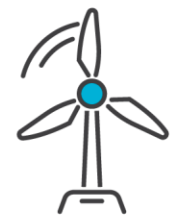
- › Export Credit Agency (ECA) Governed by international regulations (OECD Consensus)
- › Supports Czech export and investments since 1992
- › In 2017, EGAP celebrated the 25th Anniversary
- › Full state ownership and state guarantee covering all EGAP obligations
- › State support of export and foreign investments by means of insurance of **territorial** as well as **commercial** risks



INSURANCE OF FOREIGN INVESTMENTS OF CZECH COMPANIES

- › Eligible foreign investment is a share of a Czech investor on his foreign daughter company (fully owned, majority, minority share, J/V)
- › Long-term investment for at least **3 years**
- › Investor can be a Czech company
- › Insurance protects the investor from **territorial (political) risks** that could threaten his investment
- › An insurance loss is a full or partial loss of value of the investment, caused by following events in the host country:
 - ›› **impossibility of conversion and transfer of returns, expropriation, violent political acts incl. war and terrorism**
- › **Commercial risks** are **not covered** for the investor
- › Self retention **2,5 %**

INSURANCE OF FOREIGN INVESTMENTS OF CZECH COMPANIES



Insurance benefit



Insurance policy

INVESTOR



Investment to foreign company



FOREIGN COMPANY

Credit for the financing of investment



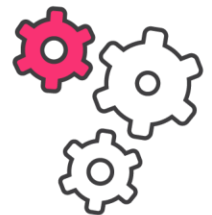
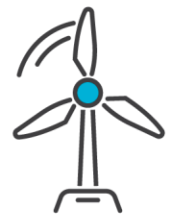
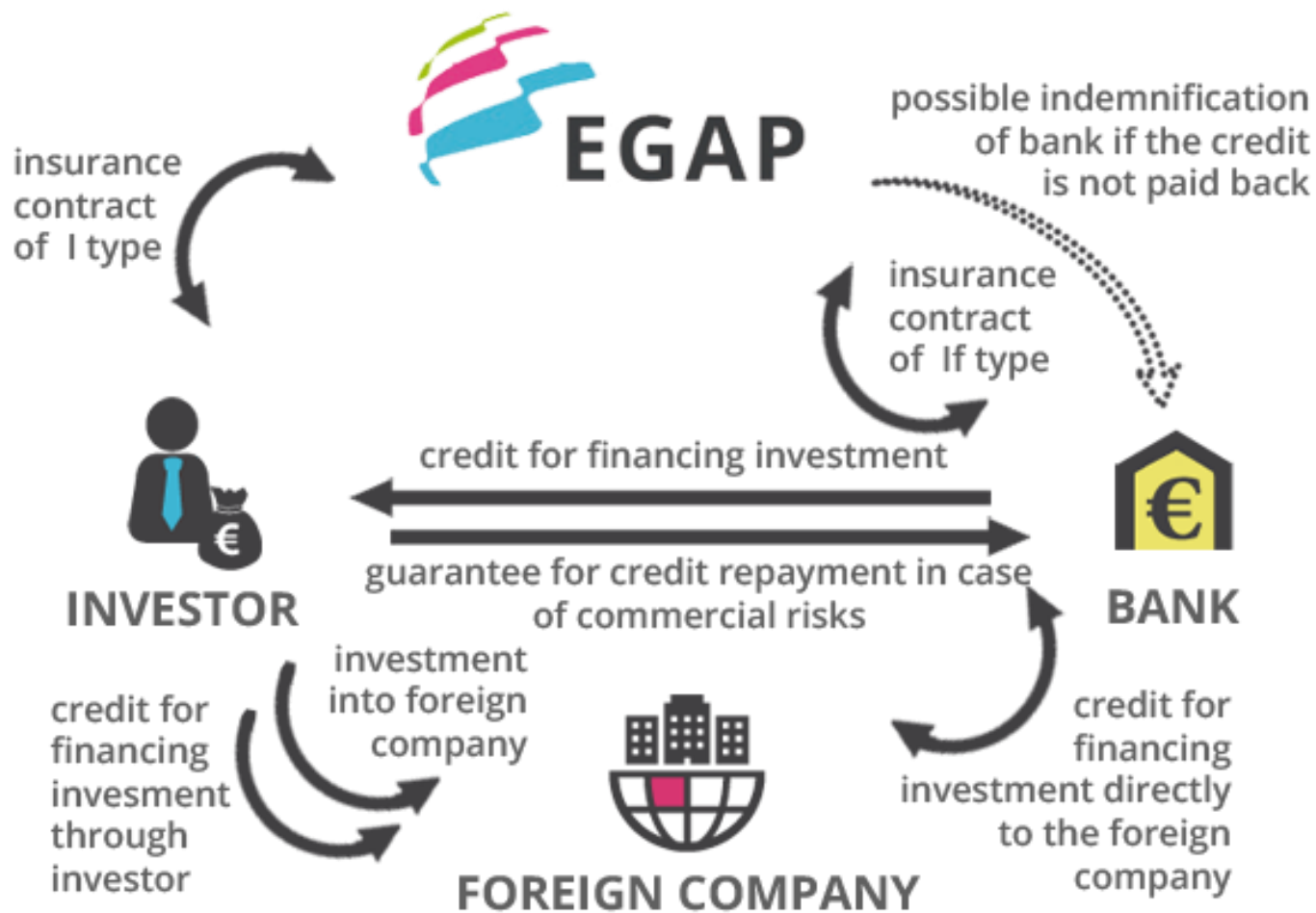
BANK



INSURANCE OF INVESTMENT LOANS

- › Czech investor, which has already some experience in the sector he is investing in
- › To the insured **bank** we cover both **territorial** and **commercial** risk **of non-repayment of the loan** due to debtors' financial insolvency or unwillingness to pay
- › Investment loan is provided for acquisition of long-term property to a foreign company of the Czech investor or for acquisition of a foreign company by the Czech investor
- › Foreign investment has to be **majority owned** by the Czech investor
- › There should be **equity contribution** of at least **25%**
- › Business plan, financial model, feasibility study, due diligence
- › Self-Retention **5 %**

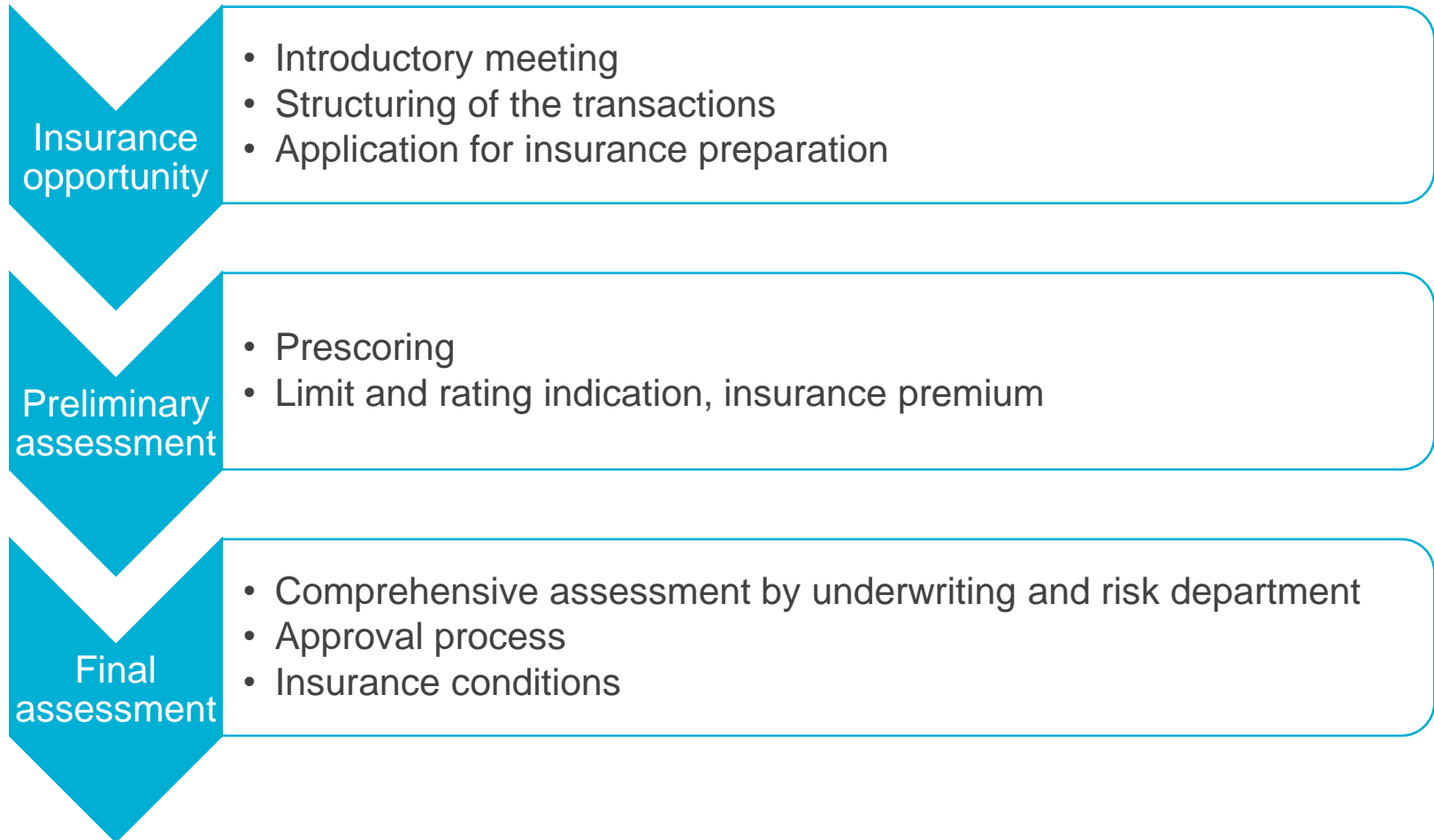
INSURANCE OF INVESTMENT LOANS



POSSIBILITIES OF INVESTMENT INSURANCE INTO UKRAINE

- › In 2020, OECD category improved from 7 to 6 – still higher risk
- › Country limit more than 2 500 mil. CZK, currently utilization of 28 %
- › Current exposure – export credits (both ST and LT) on 16 different UKR debtors (machinery, food and beverages, nuclear technology)
- › Historically insured 1 investment, good experience
- › In the past EGAP paid out very high indemnifications, last 5 years the payment experience is good
- › BIT between Czech Republic and Ukraine is valid
- › Insurance premium rates:
 - I: **0,92 %** p.a.
 - If: loan with 8 years tenor (1+7, 2+6 etc.)
 - 4,80 % – 6,72 %** flat (according to rating)

INSURANCE PROCESS





THANK YOU FOR YOUR ATTENTION

Michal Pravda
EGAP

Vodičkova 34/701, 111 21 Prague 1
Mob.: +420 607 610 477 | Phone.: +420 222 842 348
pravda@egap.cz, www.egap.cz

