

CREENDO OFFERS EXPORTERS **REFINANCING FOR SUPPLIER CREDIT** COVERING THE EXPORT OF CAPITAL GOODS.

What is forfaiting?

A buyer does not always have the means to pay cash on delivery and might ask an exporter to grant credit so it can spread payments over time. This payment term granted by an exporter to its buyer is a claim classified as 'supplier credit'.

By forfaiting or discount without recourse, an exporter granting such credit to its buyer sells its claim and the associated bills of exchange (or promissory notes) to Credendo.

Forfaiting is a supplier credit refinancing product intended to enable the development of export opportunities for Belgian companies, and especially SMEs. It therefore provides a competitive advantage for exporters in terms of access to and conditions for financing.

What does Credendo offer exporters?

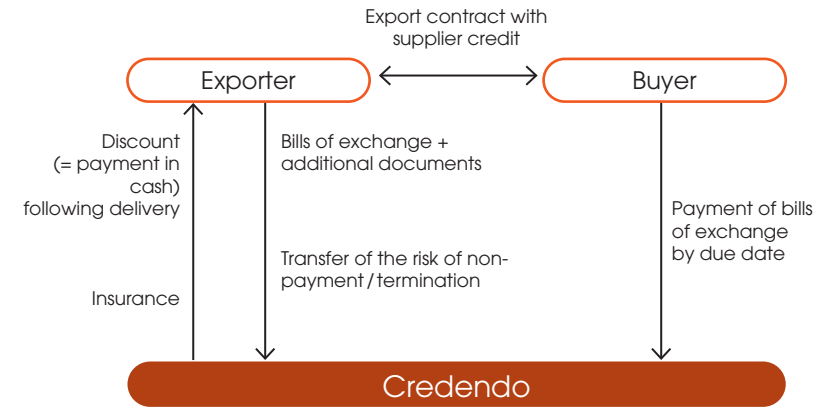
The longer the payment terms granted to the buyer, the more an exporter is exposed to the risk that the buyer might not meet its payment obligation (non-payment risk).

An exporter can limit its exposure to that risk by having Credendo discount the bills of exchange associated with the supplier credit granted.

Indeed, in addition to protection from the risks of non-payment by the buyer under an export contract (see the product brochure on 'Supplier credit insurance'), forfaiting enables Credendo to buy the exporter's claim and discount the associated bills of exchange at a discount rate determined by Credendo. The exporter is then paid in cash by Credendo, after having completed performance of all of its contractual obligations, and avoids all risk of non-payment.

The exporter can also be insured against termination risk (see the product brochure on 'Supplier credit insurance').

Structure of forfaiting



Who can obtain this forfaiting?

Any exporter signing an export contract covering capital goods with a link to Belgium may obtain the insurance and refinancing offered by Credendo, subject to certain conditions laid down by the OECD.

What are the conditions for discounting bills of exchange by Credendo?

Bills of exchange may be discounted by Credendo under export contracts covering capital goods that only require a limited number of services, where the payment terms envisage supplier credit covering a maximum of 85% of the amount of the commercial contract. The value of that supplier credit may be up to EUR 8 million and its tenor must be between two and five years.

Payment of the discounted amount is made by Credendo on presentation, in particular, of the bills of exchange, a copy of the contracts, proof of authority to sign and confirmation of delivery or any other obligations.

What does forfaiting cost?

The cost of forfaiting is reflected in the discount rate applied to the amount of the credit granted. This rate depends on the creditworthiness of the buyer, the destination country and the term of the transaction and covers all financing costs for the exporter.

EXAMPLE



A Turkish buyer wishes to buy a machine from a Belgian firm.

EUR 300,000

The Belgian machine manufacturer wishes to grant a payment term to its buyer but does not want to finance that term itself. It turns to Credendo.

Credendo insures the exporter against termination and non-payment by the buyer. Credendo also finances the payment term granted by the exporter by buying the commercial claim.

Please contact Credendo if you would like a rate estimate for a specific transaction. No fee is payable for estimates.

Further information

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Credendo refers to Credendo – Export Credit Agency, the official Belgian export credit agency, created in 1939. It is covered by the Belgian State guarantee and has an AA rating from S&P Global.

TIMELINE

1-2



1. Before the contract

At any time during the preparation of its export project, an exporter may approach Credendo for information and details about rates for credit to be granted.

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2. Application for insurance and forfaiting from Credendo

The exporter informs Credendo about its commercial/financial contract currently being negotiated with the buyer. The exporter completes a forfaiting application form.

3. Promise of insurance

Following analysis, Credendo makes a decision and confirms that it is possible to grant the insurance and the forfaiting in a promise of insurance valid for six months.

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4. Signing of contractual documents

The exporter and the buyer sign their commercial contract, which also stipulates the financing conditions. The exporter signs the insurance policy with Credendo and pays the premium. It also concludes a forfaiting agreement, through which it sells the bills of exchange to Credendo for cash. Credendo insures the risks of termination of the contract and non-payment on contracted payment dates.

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5. Delivery of equipment and financing

The exporter delivers the equipment as agreed in the commercial contract and provides the necessary documents to Credendo. Following verification, Credendo buys the commercial claim and the bills of exchange from the exporter and pays their value to that party following deduction of the discount cost.

6-7



6. Repayment of the credit

The buyer repays the bills of exchange on the agreed payment dates. Credendo cashes them by presenting them to the buyer's bank through its own bank.

7. Indemnification

If the contract is terminated, Credendo will indemnify the exporter. If payment is not made on the agreed dates, Credendo will assume the associated risk.