

CREENDO OFFERS IMPORTERS AND BANKS **PROTECTION ON IMPORT TRANSACTIONS REQUIRING PAYMENT OF AN ADVANCE** AGAINST THE RISK THAT THE ADVANCE MIGHT NOT BE REPAID BECAUSE OF DEBTOR DEFAULT OR A POLITICAL EVENT.

**What is import prefinancing?**

A company may be required to use suppliers abroad, especially to procure raw materials or (spare) parts. In such cases, foreign suppliers often require payment of an advance.

This can be paid directly by the importer or by a bank financing the import transaction. This advance constitutes ‘import prefinancing’.

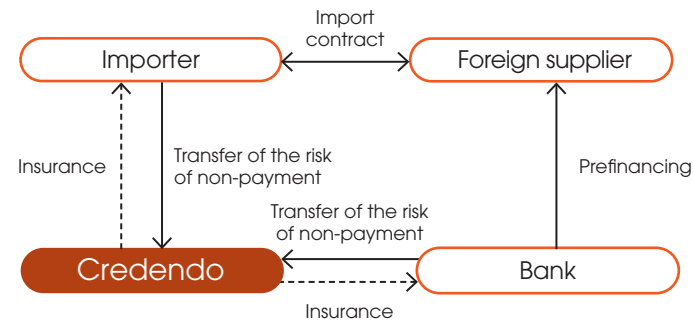
**What does Credendo offer importers and banks?**

An importer or bank is exposed to the risk that a foreign supplier might not repay an advance in the event of non-delivery.

Credendo insurance protects the importer or the bank from this risk of non-repayment of the advance, irrespective of whether that non-repayment is due to debtor default (bankruptcy, financial difficulties experienced by the buyer, etc.) or a political event (war, government fiat, shortage of currency, natural disaster, etc.).

Credendo will also use its expertise to help the importer or bank recover the prefinancing amount payable by the foreign supplier and will participate in the costs of recovery.

**Structure of import prefinancing insurance**



**What is the maximum percentage payable by Credendo?**

Import prefinancing insurance covers an importer or a bank up to a maximum percentage, referred to as the ‘percentage of cover’, generally set at 95% or 98% of the loss sustained. The importer or bank is therefore still responsible for covering a portion of the risk (5% or 2%).

**Who can obtain this insurance?**

Any firm that has signed a prefinanced import contract with a link to Belgium and any Belgian or foreign bank financing that import transaction may obtain the insurance offered by Credendo.

**How much does import prefinancing insurance cost?**

The premium depends on the prefinancing amount, the creditworthiness of the foreign supplier, that supplier’s country and the repayment term of the prefinancing. The premium is expressed as a percentage of the amount covered. This premium is payable when the policy is issued.

## EXAMPLE



Please contact Credendo if you would like a premium 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. Before the contract**  
The Belgian importer approaches Credendo for information and details of premiums during negotiation of its contract. It may also request a credit facility from its bank to pay its supplier.
- 2. Insurance application**  
During negotiations with its foreign supplier, the Belgian importer informs Credendo and its bank about its commercial contract and completes an application form.
- 3. Promise of insurance**  
Following analysis, Credendo makes a decision and confirms its cover position in a promise of insurance valid for six months.
- 4. Signing of contractual documents**  
The Belgian importer signs its commercial contract with the foreign supplier, its credit agreement with the bank (if necessary), its insurance policy with Credendo, and pays the premium. Credendo covers the importer or bank (if applicable) against the risks of non-payment in the case of non-delivery.
- 5. Payment of the advance**  
The Belgian importer pays the advance as agreed in the commercial contract.
- 6. Delivery of products or services**  
The foreign supplier delivers the products or services as agreed in the commercial contract.
- 7. Indemnification**  
If the products or services are not delivered by the supplier, Credendo will indemnify the Belgian importer and/or the bank.