

CREENDO OFFERS EXPORTERS **PROTECTION IN TRANSACTIONS PAYABLE BY SUPPLIER CREDIT AGAINST NON-PAYMENT AND TERMINATION RISKS** RESULTING FROM DEBTOR DEFAULT OR POLITICAL EVENTS.

What is supplier credit?

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

Supplier credit is generally used in exports of capital goods and services with a value below EUR 5 million and with a granted credit term of less than five years.

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) or that the export contract might be terminated (termination risk).

Credendo insurance protects the exporter from the risk of non-payment by the buyer, irrespective of whether that non-payment 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.). In such a case, Credendo will indemnify the exporter on the basis of the amount of the unpaid claim.

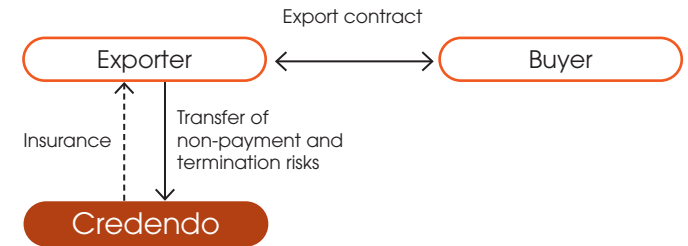
Credendo insurance also offers exporters protection against the risk of termination of an export contract. Here too, termination may result from debtor default or a political event. Credendo will indemnify the exporter for all costs incurred by that party in performing the export contract.

Credendo will use its expertise to help the exporter recover any amount payable by the buyer and will participate in the costs of recovery.

An exporter can also be insured by Credendo against the risk of calling of bank guarantees issued in favour of a buyer, where the

calling of those guarantees is the result of an act by the debtor that is not lawful under the contract or of a political event (see the product brochure on 'Bank guarantee insurance').

Structure of supplier credit insurance



What is the maximum percentage payable by Credendo?

Supplier credit insurance covers an exporter up to a maximum percentage, referred to as the 'percentage of cover', generally set at 95% or 98% of the loss sustained. The exporter is therefore still responsible for covering a portion of the risk (5% or 2%).

Who can obtain this insurance?

Any exporter signing an export contract with supplier credit with a link to Belgium may obtain the insurance offered by Credendo, subject to certain conditions laid down by the OECD.

What happens if the supplier credit is refinanced?

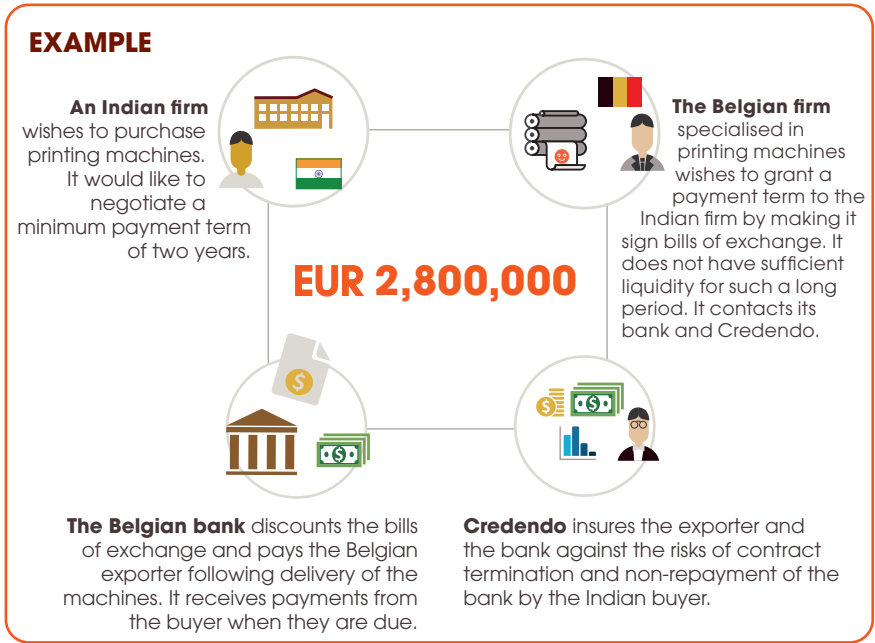
An exporter wishing to be paid earlier may transfer to its banker the financing of the credit term granted for its buyer. This credit often takes the form of bills of exchange. The banker will be able to pay the exporter by discounting these bills of exchange.

This refinancing can take the form of a discount with or without recourse against the exporter. Where this refinancing is granted by the bank without recourse, the bank can obtain insurance from Credendo against non-payment risks. Where this refinancing is granted by the bank with recourse, the benefit of the insurance policy issued in favour of the exporter can be transferred to the bank.

The exporter can also turn to Credendo for refinancing of the credit term granted through the forfaiting product (see the product brochure on 'Forfaiting').

How much does supplier credit insurance cost?

The premium depends on the creditworthiness of the buyer, the destination country and the term of the transaction. It is based on objective OECD standards. The premium is expressed as a percentage of the amount covered. This premium is payable when the policy is issued.



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

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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 **1. Before the contract**
 At any time during the preparation of its export project, an exporter may approach Credendo for information and details about premiums.
- 2 **2. Contact with the bank (if discounting is requested)**
 The bank analyses the exporter's project and the possibilities of discounting the foreign buyer's bills of exchange.
- 3 **3. Credendo insurance application**
 The exporter informs Credendo about its commercial contract currently being negotiated with the foreign buyer. The bank informs Credendo about the possibilities for discounting. The exporter and the bank (if applicable) complete an insurance application form.
- 4 **4. Promise of insurance**
 Following analysis, Credendo makes a decision and confirms its cover position for the exporter and the bank in a single promise of insurance valid for six months.
- 5 **5. Signing of contractual documents**
 The exporter signs its commercial contract with the buyer, signs the insurance policy with Credendo and pays the premium. The bank accepts the bills of exchange, signs the insurance policy with Credendo and pays the premium. Credendo insures the exporter against the risks of termination of the contract and non-payment and insures the bank against the risk of non-payment on contracted payment dates.
- 6 **6. Delivery of products and services**
 The exporter delivers the products and services as agreed in the commercial contract. The bank pays the discount to the exporter.
- 7 **7. Repayment of the credit**
 The buyer repays the bills of exchange to the exporter or the bank (in the case of discounting) on the agreed payment dates.
- 7-8 **8. Indemnification**
 If the contract is terminated and/or the credit is not repaid on the agreed dates, Credendo will indemnify the exporter and/or the bank.