

THROUGH POLITICAL RISK INSURANCE FOR INVESTMENTS (PRI), CREENDO PROVIDES **PROTECTION AGAINST VARIOUS POLITICAL RISKS** TO BELGIAN COMPANIES INVESTING ABROAD.

### What is Credendo proposing to investors?

Any company may consider investing abroad to expand its business. Such investment may take the form of an equity investment, a quasi-equity investment or a structured loan. In many markets, and in particular in emerging markets, such investment is exposed to political risks.

PRI will protect such investment against the following risks:

- > **expropriation:** a foreign government may, without justification, seize the assets of the investor's foreign subsidiary or otherwise deprive it from its investment without adequate compensation;
- > **political violence:** terrorism, war or other violent acts undertaken with a political objective can have a significant impact on an investment and/or damage the assets of an investor's foreign subsidiary;
- > **business interruption:** the investor's foreign subsidiary may be unable to operate its business due to damage to material assets caused by political violence;
- > **currency inconvertibility and transfer restriction:** due to restrictions imposed by a foreign government, an investor may be unable to convert or transfer funds related to the investment out of the country where its foreign subsidiary is located;
- > **award default:** a foreign government may refuse to honour a judgment pursuant to which it must pay an amount for having breached an agreement entered into by the foreign government and the investor or its foreign subsidiary; and/or
- > **embargo:** a foreign government may enforce measures that prevent the investor's foreign subsidiary from exporting or importing business-critical goods or services.

Credendo can thus offer investors adequate protection against the above political risks. Such protection can be tailored to the needs of investors, who can choose which political risks they would like to be covered against.

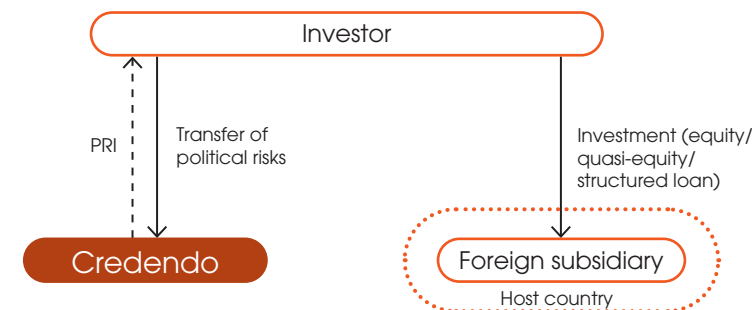
Investors will also benefit from Credendo's expertise to recover any amount due by the host government, and Credendo will participate in the recovery costs.

### How does the compensation mechanism work?

Different compensation mechanisms are provided for under PRI. They have been designed to fit the scope of the loss, which varies according to the type of investment at stake (equity, quasi-equity or structured loan) and the nature of the political risk that occurs. For example, in the case of expropriation or political violence, the compensation payable for an equity investment will be based on the difference between the book value of the foreign subsidiary before and after the occurrence of the political risk, whereas the compensation payable for a structured loan will be based on the unpaid amount under the loan.

PRI covers the investor up to a percentage (the "insured percentage"), usually set at 90% of the relevant loss. Any compensation payable to the investor will also be adjusted to its participation in the capital of the foreign subsidiary (the "insured share").

### PRI structure



### Who can benefit from PRI cover?

Any Belgian company investing abroad can benefit from the PRI cover offered by Credendo.

### What does PRI cost?

The premium depends on the nature of the political risks covered, the type of investment and the host country. The premium is expressed as a percentage of the covered amount. It is payable on an annual basis as from inception of the insurance policy.

**EXAMPLE**

**A Belgian company** wants to establish a subsidiary in Bangladesh. It would like to invest capital in this new company and cover this capital against local political risks. It submits an application to Credendo.

**EUR 500,000**




**Credendo** insures the capital invested in the subsidiary in Bangladesh against all potential political risks (expropriation, political violence, embargo, etc.).

Please contact Credendo if you would like a premium estimate for a specific investment. No fee is charged for such estimates.

**Further information**  
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www.credendo.com

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 investor who wants to invest abroad can contact Credendo at any time for information and details about premiums.
- **2. Insurance application**  
While working out the details of its investment project, the investor informs Credendo and completes an insurance application form.
- **3. Insurance promise**  
After examining the application, Credendo makes a decision and confirms its cover position in an insurance promise, which is valid for six months.
- **4. Signing of contractual documents**  
At the time of the investment, the investor signs the annual insurance policy with Credendo and pays the premium. Credendo insures the investment against political risks.
- **5. Indemnification**  
In the event of losses on the investment as a consequence of political events, Credendo will pay compensation to the investor.