

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 discounting 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 refinancing.

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).

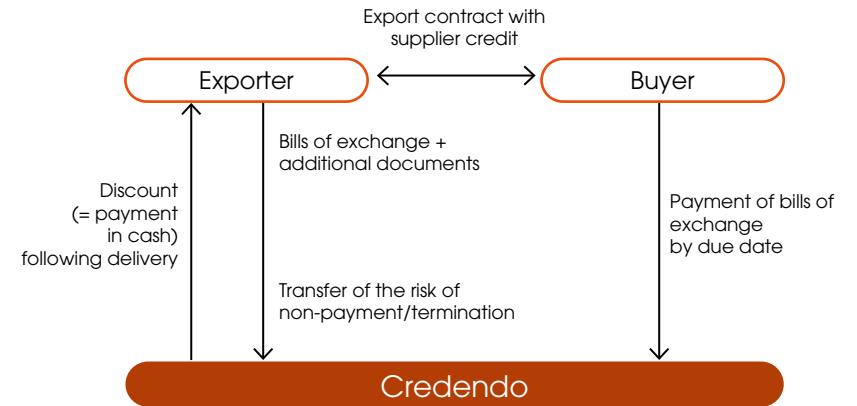
An exporter can limit its exposure to that risk by having Credendo discount the bills of exchange associated with the supplier credit granted.

In fact, Credendo buys the commercial paper from the exporter at a predetermined discount rate.

The exporter is then paid in cash by Credendo, after having completed performance of all of its contractual obligations, and Credendo assumes the risk of non-payment associated with the supplier credit.

In addition to this discounting, the exporter can also take out insurance against the risk that the commercial contract will be broken during the execution phase (termination risk).

Structure of forfaiting



Who can obtain 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?

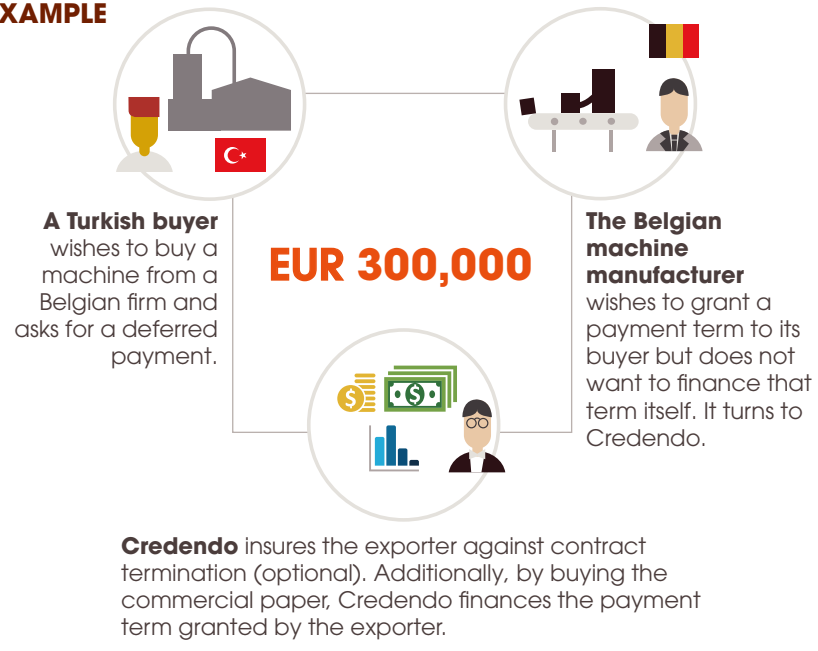
Bills of exchange may be discounted by Credendo under export contracts covering capital goods that only require a limited number of services, where the payment terms envisage supplier credit covering a maximum of 85% of the amount of the commercial contract. The value of that supplier credit may be up to EUR 8 million and its duration 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 signing authority and confirmation of delivery or any other obligations.

What does forfaiting cost?

The cost of forfaiting is calculated by applying the discount rate in line with the market, to the amount of the credit granted. This rate depends on various factors, including the creditworthiness of the buyer, the destination country and the term and currency of the transaction. It covers all financing costs for the exporter.

EXAMPLE



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 prices for credit to be granted.

2. Application for forfaiting from Credendo

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

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3. Credendo's commitment

After analysis and a positive decision, Credendo confirms, by sending a signed forfaiting agreement, that it is possible to grant forfaiting.

4. Signing of contractual documents

The exporter and the buyer sign their commercial contract, which also stipulates the financing conditions. In exchange for the credit granted, the buyer must provide the exporter with the signed commercial paper (bills of exchange or promissory notes). If desired, Credendo insures the termination risk.

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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 bills of exchange from the exporter and pays their value to that party following deduction of the discount cost.

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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. Credendo bears the full risk of non-payment under the credit facility.

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7. Indemnification

If insurance against the termination risk has been taken out and the contract is terminated during the execution phase, Credendo shall indemnify the exporter.