

CREDENDO ISSUES AN **ABSTRACT 100% GUARANTEE IN FAVOUR OF INVESTORS** PROVIDING LIQUIDITY TO EXPORT FINANCING BANKS.

What is the Export Funding Guarantee?

The Export Funding Guarantee (EFG) enables an export financing bank to obtain funding on competitive terms by leveraging Credendo's involvement, and hence to increase the sources of financing for Belgian export transactions. In essence, the EFG facilitates the refinancing of buyer credit agreements covered by a credit insurance policy issued by Credendo ("Buyer Credit Insurance").

The payment obligations covered by the EFG are either the payment obligations of the export financing bank towards the refinancing institution under the refinancing agreement (in the case of "back-to-back refinancing") or the repayment obligations of the borrower under the buyer credit agreement as assigned by the bank to the refinancing institution (in the case of "true sale refinancing").

The EFG is an irrevocable and unconditional guarantee fully covering an investor against the non-payment of the refinancing provided by him, which is issued in the same currency and for the same duration as the buyer credit.

What does Credendo offer banks?

On the one hand, the EFG scheme improves the export financing banks' cost of funding as it makes it easier for banks to externally refinance export credits covered by a Buyer Credit Insurance, in particular since Credendo benefits from the guarantee of the Belgian State and has a AA rating from S&P Global.

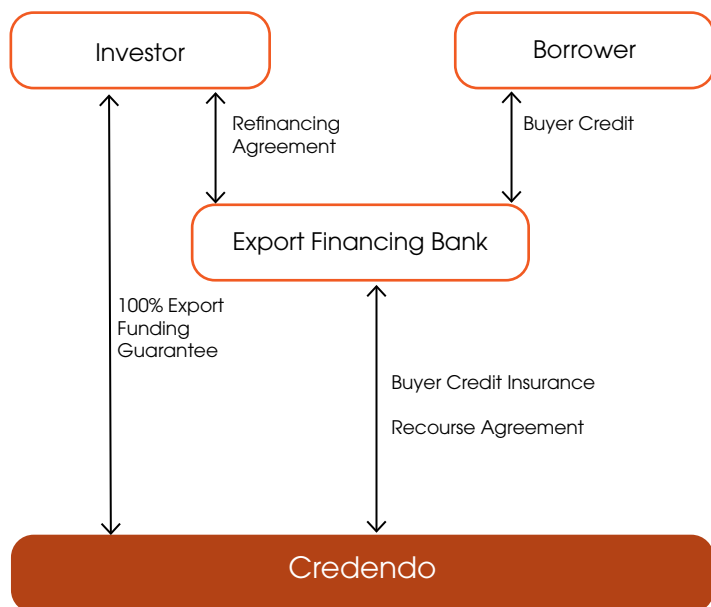
On the other hand, the EFG offers a 100% payment guarantee covering refinancing investors who provide necessary liquidity to banks financing export credits.

Credendo protects the refinancing investor from the risk of non-payment, irrespective of whether the non-payment is due to a default of the underlying borrower. Credendo is committed to pay 100% of a defaulted instalment to the investor and shall be entitled to exercise a right of recourse against the export financing bank.

This means that the EFG is directly issued to the investor, who holds a claim against Credendo, with such claim being due and payable on first demand, without any waiting period and for 100% of the due and unpaid instalments of principal and interest (including default interest).

In the case of default by the borrower, the Buyer Credit Insurance shall be activated as per the traditional policy conditions, being understood that Credendo will not be able to raise any defence from these Buyer Credit Insurance conditions vis-à-vis the refinancing investor.

Structure of the Export Funding Guarantee



Who can obtain this guarantee?

Banks acceptable to Credendo as insured under the Buyer Credit Insurance can apply for an EFG as a Credendo insurance policy should be in place. Credendo will assess the creditworthiness of the bank involved and whether the risk on the bank is acceptable.

Who can benefit from this guarantee?

Banks, insurance companies, pension funds, asset managers and other parties on a case-by-case basis (determined by Credendo) can benefit from the EFG.

How much does Export Funding Guarantee cost?

The premium is payable by the export financing bank when the EFG is issued. The premium rate shall be a flat fee, charged upfront and based on the duration of the refinancing credit. Therefore, the amount of the premium does not depend on the risk profile of the underlying Buyer Credit Insurance.

Please contact Credendo if you would like a premium estimate for a specific transaction. Premium estimates are free of charge.

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.