

## REQUIREMENTS FOR THE CREDENDO BRIDGE GUARANTEE

The application must be submitted by the bank of the exporter ('borrower' or 'beneficiary') and comply with the following minimum requirements:

- with respect to the credit:
  - o the credit granted by a bank qualifies as a covered credit falling under the scope of the Royal Decree of 14 April 2020 granting a State guarantee for certain facilities in the fight against the consequences of the coronavirus (the 'Portfolio Guarantee') and such credit was not deselected from the Portfolio Guarantee;
  - o the credit cannot constitute a refinancing, renewal or extension of an existing credit;
  - o the credit is an investment and/or working capital credit;
  - o the total amount of the credit does not exceed:
    - double the annual wage bill of the borrower (including social charges as well as the cost of personnel working on the undertaking's site but formally in the payroll of subcontractors for 2019, or for the last year available); or
    - 25% of the borrower's total turnover in 2019;<sup>1</sup>
  - o the maximum tenor of the credit does not exceed 12 months (including credits with an undetermined duration that can be terminated by the lender or the borrower within 12 months of being granted);
  - o the credit must be granted between 1 April 2020 and 30 September 2020;
  - o the credit must be granted for the borrower's liquidity needs for the coming 12 months, which may include investment and working capital costs;
- with respect to the borrower:
  - o the borrower must be registered in the Belgian Crossroads Bank for Enterprises<sup>2</sup> and cannot be part of the financial sector or a government entity, as defined by the Royal Decree relating to the Portfolio Guarantee;
  - o the borrower must have activities internationally (in particular, the borrower will notably be considered to carry out activities internationally if its exports represented at least 30% of its turnover in 2019);
  - o the borrower must not be in difficulty on 31 December 2019 (as defined by Article 2(18) of the General Block Exemption Regulation):<sup>3</sup>
    - for a limited liability company (other than an SME<sup>4</sup> that has been in existence for less than three years), not more than half of its subscribed share capital has disappeared as a result of accumulated losses;

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<sup>1</sup> Exceptionally, in urgent cases and for undertakings whose turnover or wage bill for 2019 is not a good proxy to forecast their expenses in the next months (e.g. the beneficiary is a new enterprise or an early-stage enterprise, or the undertaking has incurred higher costs than under normal circumstances due to the covid-19 outbreak or needs higher liquidity to restart its business after the suspension of its industrial and commercial production activities), as assessed on a case-by-case basis by Credendo, the borrower shall provide Credendo with appropriate justification and a self-certification of its liquidity needs testifying that the amount of the loan covers the liquidity needs from the moment of granting for the coming 12 months (point 25(d)(iii) of the Temporary Framework), Credendo can waive this requirement. In any event, for loans with a maturity until 31 December 2020, the amount of the loan principal cannot exceed the amount of the loan resulting from this point 25(d).

<sup>2</sup> The CBG covers all companies incorporated under Belgian law, whether a primary establishment or a subsidiary or a branch registered in Belgium of a company established outside Belgium.

<sup>3</sup> Or, where appropriate, as defined by Article 2 (14) of Commission Regulation (EU) No 702/2014 of 25 June 2014 declaring certain categories of aid in the agricultural and forestry sectors and in rural areas compatible with the internal market in application of Articles 107 and 108 of the Treaty (OJ L 193 of 1.7.2014, p.1) or Article 3 (5) of Commission Regulation (EU) No 1388/2014 of 16 December 2014 declaring certain categories of aid to undertakings active in the production, processing and marketing of fishery and aquaculture products compatible with the internal market in application of Articles 107 and 108 of the Treaty (OJ L 369 of 24 December 2014, p. 37).

<sup>4</sup> Within the meaning of Annex I of Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (OJ L 187, 26.6.2014, pp. 1–78 (as amended)).

- not being subject to collective insolvency proceedings or not fulfilling the criteria for being placed in collective insolvency proceedings at the request of its creditors;
    - not having received rescue aid and not having yet reimbursed the loan or terminated the guarantee, or not having received restructuring aid and not being still subject to a restructuring plan;
    - for large enterprises, for the past two years: debt to equity ratio > 7,5 and EBITDA interest coverage ratio < 1,0.
  - the borrower must not have payment arrears on its outstanding credits, taxes or contributions to social security on 1<sup>st</sup> February 2020 or must not have more than 30 days of such payment arrears on 29 February 2020;
  - the borrower must not be the subject of a credit restructuring by its bank on 31 January 2020.
- with respect to the guarantee:
- the guarantee shall not, per borrower, exceed a principal amount equal to € 10 million nor, in principle, 30% of the borrower's equity (each time increased by guaranteed interests);
  - the percentage of the guarantee shall range between 20% minimum and 80% maximum of the credit amount (principal), the losses being sustained proportionally and under the same conditions by the bank and Credendo;
  - the maximum tenor of the guarantee shall not exceed 12 months;
  - the guarantee premium paid to Credendo by the bank shall be based on a pro rata fee sharing principle, being understood that the minimum guarantee premium paid for the prerequisite Portfolio Guarantee shall be equal to 25 bps (for SMEs<sup>4</sup>) or 50 bps (for large enterprises);
  - the advantages of the CBG are passed on to the largest extent possible by the bank to the borrower in the form of higher volumes of financing, riskier loans, lower collateral requirements, or lower interest rates; and
  - the guarantee shall become void should the bank be excluded from the Portfolio Guarantee pursuant to Article 23 of the Royal Decree relating to the Portfolio Guarantee.

On the basis of the above minimum requirements, Credendo will conduct a further financial analysis of the borrower (including solvency and liquidity ratio) to see whether the company qualifies for the CBG.

Each CBG will be governed by a Master Risk Participation Agreement entered into between Credendo and the bank.

<sup>4</sup> Within the meaning of Annex I of Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (OJ L 187, 26.6.2014, pp. 1–78 (as amended)).