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PRODUCT INFORMATION

Hermes cover click&cover BANK

EXPORT CREDIT GUARANTEES OF THE FEDERAL REPUBLIC OF GERMANY

Hermes Cover

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Hermes cover click&cover BANK

With a hermes cover click&cover BANK, the bank receives cover for repayment of the loan amount paid to the exporter agreed upon in the loan contract with the foreign borrower. This is a form of standardised digital buyer credit cover for small-ticket foreign transactions with a value of up to EUR 7 million.

WHAT IS COVERED?

The digital buyer credit cover allows transactions to be insured quickly and simply. To this end, numerous product elements have been standardised and thus substantially simplified. Conventional buyer credit cover is still available for transactions of a heightened complexity which require closer examination.

Hermes cover click&cover BANK offers protection from payment defaults caused by protracted default arising within one month (0 months in the case of follow-up instalments) of payment falling due.

The loan can be disbursed in euros or in selected foreign currencies. It is not necessary for the currency of the loan to match that of the export contract. The interest specified in the loan agreement will be included in the cover up to the scheduled maturity of each instalment without any additional premium being charged.

WHO CAN APPLY FOR HERMES COVER CLICK&COVER BANK?

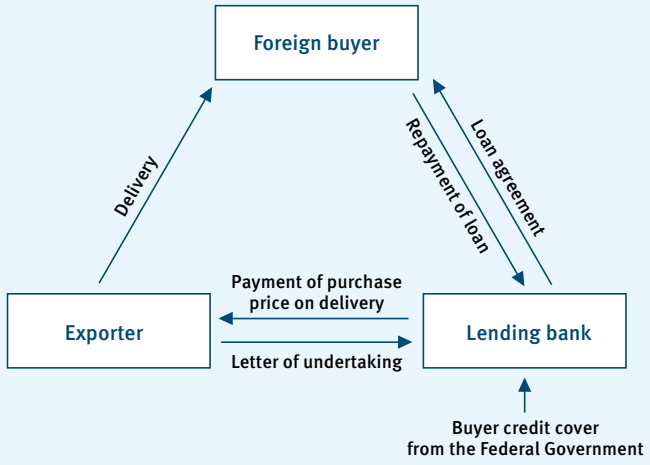
Hermes cover click&cover BANK is available to all German banks, the German branch offices of foreign banks and (subject to certain conditions being met) foreign banks. The technical prerequisite is to register with the "myAGA" online portal.

WHAT IS BUYER CREDIT COVER?

Export transactions are frequently financed by means of a **buyer credit** that is normally arranged by the German exporter. In this case, the bank grants the foreign buyer or a foreign bank a loan which is used to settle the amount owing to the exporter upon delivery of the goods. The Federal Government provides cover for this common form of finance. The policyholder of the buyer credit cover is the lending bank that grants the buyer credit.

This offers a number of different **advantages** over a supplier credit, in which the exporter grants its customer a certain period for payment for which it may need to seek refinancing. The exporter does not have to engage in any loan negotiations and, more particularly, the pressure is eased on its balance sheet, while it also benefits from heightened liquidity.

CONTRACTUAL RELATIONSHIP IN CASE OF A „SIMPLE" BUYER CREDIT



WHAT IS THE LINK BETWEEN BUYER CREDIT COVER AND THE EXPORT TRANSACTION?

The buyer credit to be covered must be based on an export transaction (tied buyer credit). Hermes cover click&cover BANK can be used on a stand-alone basis or in combination with supplier credit cover in favour of the exporter (hermes cover click&cover EXPORT).

In the latter case, the exporter is protected from the risk of the bank that grants the buyer credit failing to make any disbursements after the goods have been dispatched (non-payment risk). Accordingly, the bank undertakes to terminate a loan commitment only with the Federal Government's approval.

WHAT HORIZON OF RISK IS COVERED?

Cover begins as soon as and to the extent that the loan is disbursed from the first delivery and ends with the full payment of the covered amount owing. There is no liability for amounts that have been allocated but not yet disbured.

HOW DO I SUBMIT AN ONLINE APPLICATION?

The online application, including a preliminary check and indication of the premium payable, can be accessed at **www.exportkreditgarantien.de/en**. To use hermes cover click&cover BANK, you must first register on our online portal "myAGA".

HOW DO I GAIN ACCESS TO MYAGA?

You only have to register once for "myAGA" in a few easy steps. This will give you access to all "myAGA" functions including the digital application form, meaning that you do not have to sign any forms again. You simply submit your applications online.

WHAT PHASES IS DIGITAL BUYER CREDIT COVER MADE UP OF?

1. PRELIMINARY CHECK

After you answer a few questions, you will be able to see if your transaction is eligible for the express click&cover process.

2. INDICATIVE PREMIUM

You will receive an indication of the total costs. To this end, all the costs are shown as a single amount or in the form of a premium range. The more precise the information you give is the more accurate the expected premium will be.

3. SUBMISSION OF APPLICATION

You are guided through the application process by means of specific questions. If you require any additional assistance, you can contact our advisors by telephone on +49 40 8834-9000. Alternatively, you can write to us at info@exportkreditgarantien.de.

4. OFFER OF COVER

If you are still in negotiations with your foreign customer, it is a good idea to request an offer of cover. This will provide an important basis for your plans as you will already know whether the Federal Government is able to offer cover for the transaction.

5. FIRM COMMITMENT

Once the contract has been signed, you can apply for a firm commitment. It is not absolutely necessary for this to be preceded by an offer of cover.

WHAT ASPECTS OF THE COVER ARE SIMPLIFIED COMPARED WITH CONVENTIONAL BUYER CREDIT COVER?

To make the cover more attractive for banks in the small-ticket segment and, hence, to give German exporters access to broader scope for finance, the following simplifications have been introduced compared with conventional buyer credit cover:

- Fixed premium as a reliable basis for calculations
- No need for recalculations and premium refunds, the premium is only recalculated in the event of an increase of risk
- Repayment schedule fixed at an early date free of any changeover scenarios
- The starting point equals the date of the first delivery, thus eliminating the lead time
- The actual commencement of the delivery/provision of services or eligible date for disbursement, starting point, the commencement of the Federal Government's liability and the due date for payment of the premium are always all a single date.
- Elimination of the clause postponing the commencement of liability for the premium tranche as payment does not become due until the goods are actually delivered or the services actually performed (and the buyer credit becomes due for disbursement).
- Elimination of clauses postponing the commencement of liability for invisibly included services and/or disbursements at the latest date prior to performance provided that this does not exceed a threshold for services of 10% of the order value.
- Elimination of joint and several liability in the case of combined cover: the bank is the sole party liable for payment of the premium meaning that the monitoring/coordination process with the exporter is no longer necessary.

As a whole, this results in greater efficiency as there is a uniform credit-decision and approval process as well as matching capital backing on the part of the banks.

CAN THE COVER ALSO BE USED FOR REFINANCING OPERATIONS?

The claims under hermes cover click&cover BANK – together with the loan receivable – can be assigned to other banks or forfaiting companies. It is also possible to improve the conditions of hermes cover click&cover BANK (only in favour of the refinancing institution) by means of a securitisation guarantee or a covered bond guarantee allowing the bank to refinance itself on favourable terms (see Product Information **securitisation guarantee** or **covered bond guarantee**).

WHAT DOES HERMES COVER CLICK&COVER BANK COST?

The costs consist of the application fee and an all-in premium. The application fee varies according to the value of the order or – in the case of stand-alone cover in favour of the bank – the value of the loan. The fee is an all-in premium based on the loan to be covered (without interest). This premium includes all other fees and the cover premium for the acceptance of risk, taking into account such factors as the country risk, the buyer's creditworthiness, the horizon of risk and, if applicable, the foreign currency surcharge.

No insurance tax is payable. No additional fee is charged if the cover is combined with supplier credit cover (hermes cover click&cover EXPORT).

An interactive tool is available for calculating the fee during the application phase. Further information can be found in the brochure **"Fees and premium rates"**.

WHEN AND HOW IS CLAIMS PAYMENT MADE?

Claims payment is made in the event of protracted default of the legally valid receivable one month (0 months in the case of follow-up instalments) after it falls for due for payment. Once all necessary documents have been submitted to the Federal Government, the claim statement of indemnification is issued within one month. Claims payment will be effected within five bank working days.

The policyholder participates in every loss with an **uninsured portion** of 5% (for all risks) of the default.

HOW CAN YOU APPLY FOR COVER?

Contact with the Federal Government is established via **Euler Hermes Aktiengesellschaft. The application can only be submitted online**.

Further information can be obtained from the head office in Hamburg as well as the numerous regional offices. Detailed information material, the online application form and the General Terms and Conditions of cover can be found at **www.exportkreditgarantien.de/en**.

MAIN FEATURES OF HERMES COVER CLICK&COVER BANK AT A GLANCE

Policyholder:	German banks, certain foreign banks and all German branches of foreign banks
Object of cover:	Amounts owing (loan principal and interest) under tied buyer credits. On request, it can also be combined with hermes cover click&cover EXPORT without any additional premium.
Order value:	maximum of EUR 7 million (except for country categories 6 and 7: maximum of EUR 3.5 million)
Terms of payment:	Only selected regular repayment profiles. In the medium-term segment in particular, cover is only available for monthly, twomonthly, quarterly and semi-annual instalments.
Credit period:	maximum of 5 years from the commencement of the delivery/provision of service (where compatible with the type of goods)
Countries:	Countries in categories 1 to 7; no cover is available for countries in category 0 as well as countries which require closer examination for other reasons (e.g. sustainable-lending countries, countries subject to cover ceilings). The preliminary check performed by the online application indicates the eligibility of a country.
Premium:	After you enter all the data, the online tool will calculate the premium or range of premiums. This includes all premium components (particularly issuing fee, premium for country risk, premium for buyer risk, foreign currency surcharge). The fixed premium for the acceptance of risk is stated in the offer of cover. Only a separate application fee is charged when the application is submitted.
Permissible foreign content:	maximum of 49% (permissible without any further explanation)
This includes local costs:	11.5% of total order value (instead of 28.6% in the case of OECD highincome countries and 33.3% in all other countries in the case of conventional buyer credit cover)
Risks covered:	only protracted default within 1 month (0 months in the case of follow-up instalments) of payment falling due
Uninsured portion:	5%
Permissible foreign currencies:	In addition to EUR, policies denominated in AUD, CAD, CHF, DKK, GBP, ISK, JPY, SEK and USD are also available. Claims payments are made in the same currency as the loan agreement.
Exclusions:	The following contractual structures for the underlying export transactions in particular are excluded for simplification reasons: • Contract entered into by foreign third-party or group companies (or assignment model) • Non-standard contract constructions (e.g. fine trading, supply chains) • Drop shipments • Goods subject to export permits • Transactions with sensitive (e.g. military) buyers • Transactions involving serious environmental impacts (e.g. critical sectors (e.g. dams, nuclear), sensitive areas) • Transactions requiring international notification
Settlement procedure:	The settlement and documentation procedures used for other types of cover are essentially applied here as well. This means that offers of cover (valid for 6 months, automatically extended to 1 year if necessary, after which no extension is possible) and final cover are available. Your obligations as an exporter remain the same as with other types of export credit guarantees.

www.exportkreditgarantien.de/en

Export Credit Guarantees and Untied Loan Guarantees: instruments to promote foreign trade and investment provided by the

Commissioned to implement the federal funding instruments Export Credit Guarantees and Untied Loan Guarantees:

Cover from the Federal Republic of Germany for foreign business

Export Credit Guarantees and Untied Loan Guarantees have been established and effective foreign trade promotion instruments of the Federal Government for decades. Export Credit Guarantees (so-called Hermes Cover) protect German exporters and banks financing exports against political and commercial risks. Untied Loan Guarantees are to support raw material projects abroad regarded as eligible for promotion by the Federal Government. Both promotion instruments play an important role in fostering economic growth as well as in protecting and creating jobs. Federal Government commissioned Euler Hermes Aktiengesellschaft to manage the federal funding instruments Export Credit Guarantees and Untied Loan Guarantees.

Information on other foreign trade promotion instruments of the Federal Government can be found at **www.bundeswirtschaftsministerium.de/en** under the heading Promotion of Foreign Trade and Investment.

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