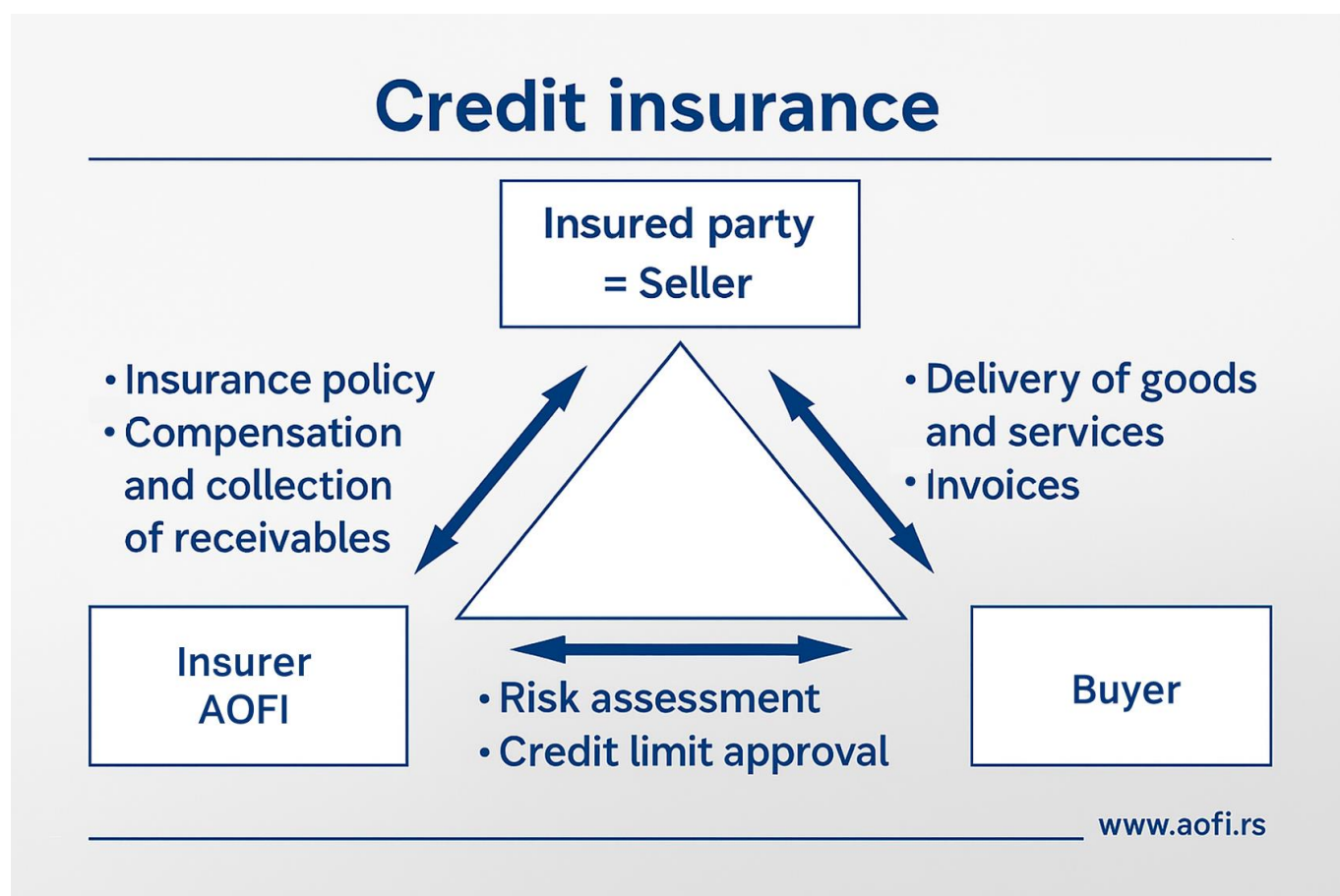


CREDIT INSURANCE

The subject matter of insurance comprises the Insured Party's receivables from the buyer arising from the sale of goods and services (or in connection with the delivery of goods or provision of services), provided that the agreed payment term does not exceed 180 days, unless otherwise stipulated in the Special Terms and Conditions ("the STC") or an Appendix to the Special Terms and Conditions and that the Insured Party has filed a credit insurance application.



Credit insurance shall cover total exports to all countries and buyers, reduced by the following:

- advance payments;
- receivables that are already insured;
- sales based on letters of credit and bank guarantees;
- receivables from related parties.

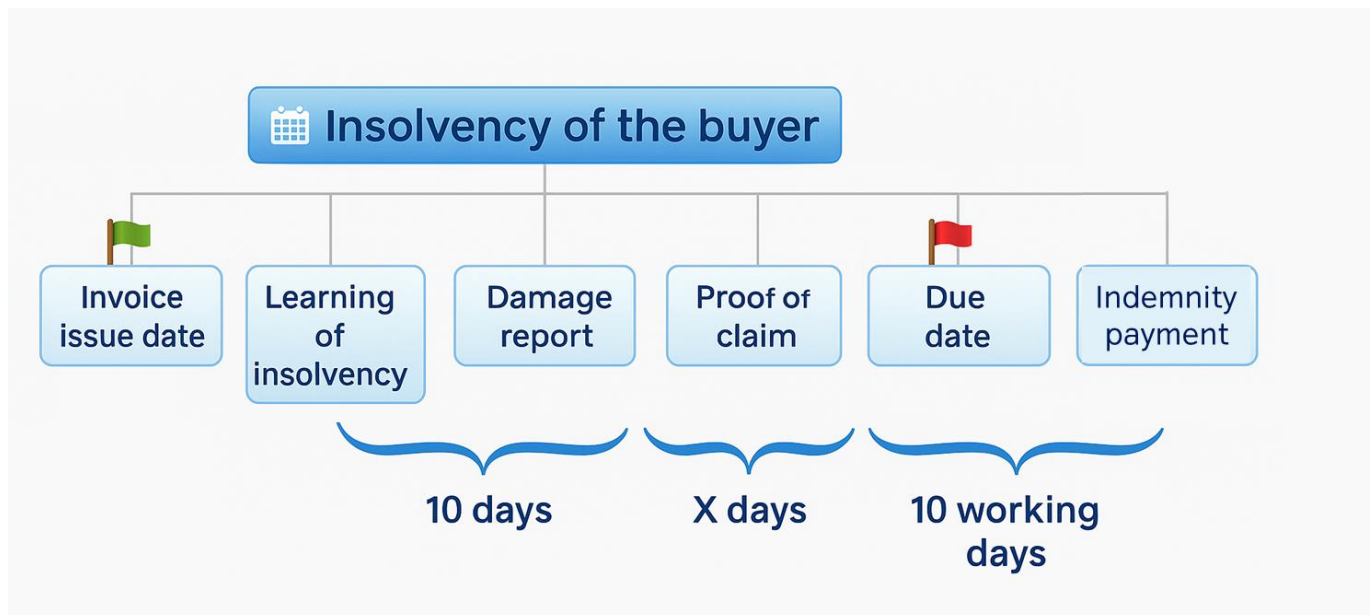
Risks covered by the insurance:

I) Commercial (mandatory):

1. Insolvency of the buyer (bankruptcy of the buyer). In case of the buyer's bankruptcy, the Insured Party shall be entitled to indemnification within the period of 10 working days from:

- providing a proof of claim that its receivables have been registered against the bankruptcy estate
- the date of court or out-of-court settlement between all creditors and the buyer.

Upon learning of the buyer's insolvency, the Insured Party shall have 10 days to report damage. In addition to the Insurance Indemnity Claim, the Insured Party shall provide all necessary documents and relevant information, as well as a proof of claim obtained from the buyer's insolvency administrator, bankruptcy trustee or other authorised agent. The Insurer shall pay the insurance indemnity within 10 working days from the submission of the entire documentation. The maximum amount of the insurance indemnity payable by the Insurer shall be the amount of outstanding accumulated receivables up to the amount of the agreed credit limit that the insured percentage has been applied to. Upon submitting an insurance indemnity claim, and before the payment of the insurance indemnity, the Insured Party shall assign all rights under the credit insurance to the Insurer.



2. A protracted default period shall mean a situation when the buyer is late on payment, most often 60 days from the due date of the oldest unpaid invoice. **The Insured Party shall immediately, and no later than 10 days upon the expiry of the maximum permitted delay period, report an insured event by submitting an Insurance Indemnity Claim using the Insurer's form accompanied by the required supporting documentation evidencing the occurrence of the insured event.** The Insurer shall revoke the credit limit upon reporting the damage. The waiting period, during which we jointly attempt to collect the payment from the original buyer, shall commence on the due date of the oldest outstanding debt and last for 180 days. The costs of taking action for the purpose of collecting the receivables shall be borne by both the Insurer and Insured Party in proportion to the insured percentage applied by the Insurer when paying the insurance indemnity. If the buyer fails to settle its debt by the 180th day from the due date of the oldest unpaid invoice, the Insurer shall indemnify the Insured Party within 10 working days from the assignment of receivables. The maximum amount of insurance indemnity payable by the Insurer is the amount of outstanding accumulated receivables up to the amount of the agreed credit limit that the insured percentage has been applied to. Upon submitting the insurance indemnity claim, and before the payment of the insurance indemnity, the Insured Party shall assign all rights under the credit insurance to the Insurer. The Insurer shall further attempt to collect payment from the original buyer during a recourse procedure. In the event that the recourse is received by the Insured Party, it shall effect payment to the Insurer with reference to said recourse within five working days, in the amount corresponding to the insured percentage applied to the amount of the paid recourse. In the event that the recourse is received by the Insurer, it shall effect payment to the Insured Party with reference to said recourse within five working days, in the amount corresponding to the uninsured percentage applied to the amount of the paid recourse.



An insured event is an event whose occurrence generates the Insurer's primary obligation, i.e. the payment of insurance indemnity.

II) Non-commercial (optional):

Non-commercial risks are all events occurred abroad that constitute force majeure for both the Insurer and the buyer. They occur in the following circumstances:

- A failure to pay the debt after it falls due if the buyer is a state, a state authority or an entity guaranteed by the state and/or state authority;
- A general debt moratorium, a ban on the conversion of the buyer's country currency into convertible currencies and/or on transfers after the buyer has deposited the funds with a bank in the local currency – until such bans expire;
- Political turmoil or a state of war, etc. (revolutions, major riots) in the buyer's country;

The occurrence date of the non-commercial risk is the expiry date of the waiting period, specified under the STC, which commences on the receivable due date.

INSURANCE PROCEDURE:



- An exporter shall submit a credit insurance application accompanied by necessary documentation;
- An indicative offer to the exporter is sent by the AOFI's department in charge;
- Should the client accept the indicative offer, it is required to fill out the document relating to the environmental protection and corporate social responsibility clause. AOFI orders creditworthiness reports for all buyers that are approved deferred payment terms by the client; The cost of obtaining the creditworthiness reports is borne by the client. Upon receiving the reports, AOFI shall issue a pro-forma invoice covering these costs;
- Once the exporter has paid for the procurement of creditworthiness reports, the AOFI's department in charge shall evaluate the creditworthiness of customers and establish the credit limits.
- The final offer shall be submitted to the client. If the offer is accepted, an Insurance Policy shall be signed for a period of one year.

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- During the Insurance Policy validity period, the Insured Party may send Credit Limit Requests for new buyers and may amend the terms for the existing buyers (change the payment terms and/or requested limit).
 - Using the form provided by the Insurer, the Insured Party shall report by the 10th day of the subsequent month all receivables from insured buyers, created in the previous month for delivered goods and/or provided services with deferred payment terms.
 - If the client does not accept the final offer, it shall cover the processing fee of RSD 2,000 for each limit as well as the cost of procuring the creditworthiness reports.

A credit limit shall be determined for each buyer and shall constitute a maximum amount of receivables at a given time. AOFI shall evaluate buyers' creditworthiness and make a decision on the credit limit which may be:

- approved in the requested amount;
- partially approved;
- rejected.

An example of the method used by the client to set the requested credit limit

Sales performance and value: 100,000 EUR per month, in equal intervals throughout the year.

Contract payment term: 90 days

100,000	100,000	100,000
30 days	30 days	30 days

CREDIT LIMIT 300,000 EUR

The premium rate shall depend on the following:

- Country risk;
- Contract payment term;
- The buyer's creditworthiness;
- Industry sector;
- Export volume.

Advantages of credit insurance:

- Prevention, in terms of buyers' evaluation, covering buyers from all continents;
- Significant increase in competitiveness based on the sale under deferred payment terms, lower costs in comparison to other collaterals;
- Regular monitoring of buyers;
- The Insured Party can expand sales to new markets and buyers;
- Increase in revenue and profitability;
- Security through the transfer of default risk to the Insurer, indemnity payment and recourse, indicating that the Insured Party manages risks in a responsible manner;
- Liquidity improvement;
- The Insured Party may secure better financing opportunities and endorse the Insurance Policy.