

- Finnvera's Finance Guarantee provides security for credits received by exporters to finance exports. It protects lenders against repayment risks. The guarantee helps exporters to arrange security for the financing needed for exports. The guarantee is granted to a bank or to a financial institution.

Finance Guarantee – security for export financing

The guarantee is suitable to pre-delivery or post-delivery financing of exports and it is intended for both short-term and long-term financing of export transactions. The Finance Guarantee does not cover credit risks associated with a foreign buyer or with the buyer's country.

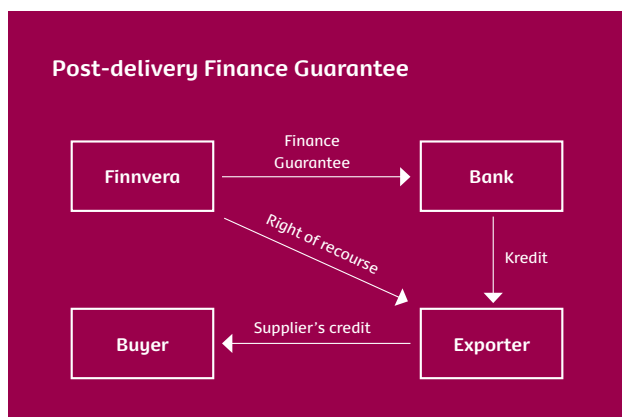
Types of guarantee

Post-delivery financing

A post-delivery Finance Guarantee is issued for a security for a credit granted by the bank to the exporter to refinance a supplier's credit granted by the exporter to the buyer. The guarantee may pertain to a single export transaction or it may be granted as a limit for continuous exports. In a single transaction, the maximum credit guaranteed equals the supplier's credit. In continuous exports, the maximum credit guaranteed equals the sum of the outstanding export receivables. The credit covered by the guarantee is repaid primarily by payments received from the buyer. Ultimately, the exporter is responsible for repaying the credit.

Pre-delivery financing

A pre-delivery Finance Guarantee is granted as security for a credit received by the exporter for financing manufacturing costs. The maximum amount of the credit guaranteed is the export finance deficit arising during the time of manufacture. In general the credit is repaid in proportion to the decrease of deficit. A pre-delivery Finance Guarantee is usually granted



only to large enterprises. SMEs may be granted a loan or a Finnvera Guarantee for the financing of exports during manufacture.

Conditions for issuing the guarantee

The Finance Guarantee is issued to a lender approved by Finnvera. The lender grants an export credit to the exporter. Before the pre-delivery credit is withdrawn, Finnvera usually requires that the exporter has received an order from the foreign buyer.

A prerequisite for granting the guarantee is that the exporter is eligible for a guarantee. The principal factors affecting eligibility for a guarantee are the results of the exporter's operations and the exporter's financial status, the exporter's ability to carry out the export transaction, and the risks involved in the transaction. In general, Finnvera determines these factors by means of a corporate analysis.

The exporter is required to provide counter security. In the case of post-delivery Finance Guarantees, assignment of receivables from the foreign buyer to the lender or to Finnvera is usually required.

Guarantee coverage

The guarantee coverage to the lender varies with company and project and the maximum is 80%. The guarantee covers the principal and interest of the credit, as well as other fees that the borrower has agreed to pay as per the credit terms.

A Finance Guarantee is suitable for pre-delivery and post-delivery financing.

Right of recourse

Finnvera has full right of recourse towards the exporter for indemnity paid to the lender.

Guarantee costs

The guarantee premium is calculated on the principal of the credit; it is collected from the exporter in advance, usually as a single payment. The amount of the premium depends on the risks to be covered, the exporter's credit-worthiness, and the counter-security provided. In addition, a handling fee is charged.

Application for a guarantee

For further information, please contact the Export Credit Guarantees Unit or one of Finnvera's regional offices.

Application forms can be downloaded from Finnvera's website. You can also apply for Finance Guarantee by filling in an online application on Finnvera's website www.finnvera.fi – Online Services. Telephone service 020 690 784 – advice on financing and on how to fill in applications.

Finnvera plc, Telephone intl. +358 20 460 11, www.finnvera.fi

Regional offices: Helsinki, Joensuu, Jyväskylä, Kajaani, Kuopio, Lahti, Lappeenranta, Mikkelä, Oulu, Pori, Rovaniemi, Seinäjoki, Tampere, Turku, Vaasa

www.enterprisefinland.fi