

10 December 2001

**GENERAL CONDITIONS FOR
BOND GUARANTEES
BOND ISSUER**

These General Conditions for Bond Guarantees shall apply unless otherwise agreed in writing in the Guarantee Policy or otherwise.

1. DEFINITIONS

The following definitions shall apply to these General Conditions:

Beneficiary: The foreign buyer or other foreign beneficiary for whom the Bond is issued.

Contract: The Contract pertaining to export trade specified in the Guarantee Policy.

Exchange Rate Published by the European Central Bank

The Exchange Rate Published by the European Central Bank means the Euro Foreign Exchange Reference Rate published by the European Central Bank on the date in question. If the date is not a banking day for the European Central Bank, the Euro Foreign Exchange Reference Rate published on the preceding banking day shall be used as the exchange rate.

”Finnvera” Finnvera plc

Guarantee: The Export Guarantee granted by the Finnvera to the Bond Issuer and to which the General Conditions listed below and the Special Conditions specified in the Guarantee Policy apply.

Guarantee Policy: The Guarantee Offer given by Finnvera to the Bond Issuer with any additional documents pertaining to it.

Premium: The Premium specified in the Guarantee Policy.

Offer: The Offer pertaining to export trade specified in the Guarantee Policy.

Bond Issuer: The bank or other bond issuer which issues the Bond on behalf of the Exporter.

Bond: The Bond, which is to be limited as to both the amount and period of validity, issued in favour of a foreign Beneficiary.

Exporter: The Exporter specified in the Guarantee Policy.

2. GUARANTEE EVENT

The Bond Issuer shall, in cases other than those falling under Section 8, be entitled to indemnity under the Guarantee when the Beneficiary has called the Bond.

3. INDEMNIFIABLE LOSS

3.1 Indemnifiable Loss

The indemnifiable loss shall be calculated by deducting from the loss any counterreceivables eligible for set-off relating to the Offer or the Contract, and any payments received by the Bond Issuer, which need not be returned.

3.2 Loss

The loss shall consist of

- the amount of the Bond called,
- interest at 12% per annum on the amount of the Bond called, calculated from the date of payment of the Bond to the date of payment of the indemnity, and
- direct expenses incurred by the Bond Issuer in effecting payment of the Bond.

3.3 Percentage of Cover

The Guarantee shall cover the entire indemnifiable loss.

4. OBLIGATIONS OF THE BOND ISSUER

4.1 Payment of the Premium

In the event, that the Exporter shall not pay the Premium, the Bond Issuer is under obligation to pay it.

4.2 Amendment to the Bond Conditions

The Bond Issuer shall obtain written consent from Finnvera for any amendments to the Bond Conditions.

4.3 Obligation of Due Diligence

In order to avoid and limit losses, the Bond Issuer shall exercise care and caution as required by good banking practice, and when necessary, negotiate on appropriate measures with Finnvera.

4.4 Obligation to Give Notification

The Bond Issuer shall promptly notify Finnvera in writing both of any matter that has come to its knowledge that may lead to a call of the Bond and of the actual call of the Bond.

The Bond Issuer shall promptly notify Finnvera in writing of any material changes in the ownership, business and Trade Register information relating to the Bond Issuer and the Exporter.

4.5 Recovery Obligation

On demand, whether before or after payment of the indemnity, the Bond Issuer shall take measures to recover the Bond called. The method of recovery shall be discussed with Finnvera, which shall determine the matter, unless agreement can be reached.

In the event that Finnvera is in charge of the recovery, the Bond Issuer shall, on demand, by all reasonably available means render Finnvera any assistance and support needed in the recovery of the claim.

5. CLAIM FOR AND PAYMENT OF INDEMNITY

5.1 Claim for Indemnity

In order to retain its right to indemnity, the Bond Issuer shall submit any claim for indemnity in writing within (1) one month from the date on which the Bond Issuer has effected the payment under the Bond.

5.2 Obligation to Provide Information

When submitting a claim for indemnity, the Bond Issuer shall provide Finnvera or its authorised representative with all reasonably available information, documents and other necessary clarification related to the guarantee event.

In the event that the claim submitted by the Bond Issuer to Finnvera shall not include sufficient information to clarify the matter, Finnvera shall request the Bond Issuer to provide any necessary and justly obtainable additional information.

5.3 Decision on Indemnity

Finnvera shall give its decision on indemnity within (2) two months after Finnvera has received the claim for indemnity submitted by the Bond Issuer.

In the event that the Bond Issuer has not provided Finnvera or its authorised representative with the information requested, Finnvera shall give its decision on indemnity on the basis of the information at hand.

5.4 Advance Indemnity

Finnvera may, in spite of the fact that the amount of loss has not yet been finally determined, give a decision on advance indemnity and pay advance indemnity against a repayment commitment. When making its decision on indemnity, Finnvera may amend any part of its decision on advance indemnity, if the additional information so warrants. In the event that the advance indemnity exceeds the final indemnity confirmed later, the Bond Issuer must, within the period of time specified in the decision on indemnity, return the exceeding amount received together with any interest and costs agreed upon in the repayment commitment as well as the penalty interest and recovery costs specified in Section 10. Finnvera may demand a security for repayment of the advance indemnity.

5.5 Right of Set-Off

Finnvera shall be entitled to set off any indemnity to be paid against sums due from the Bond Issuer.

5.6 Payment of Indemnity

The indemnity shall be paid in the same currency in which the Bond Issuer has effected the payment under the Bond.

5.7 Currency of Deductible Items

If the currency of the counter-receivables eligible for set-off or the currency of the payments received by the Bond Issuer is not the same as the payment currency of the Bond, the Exchange Rate Published by the European Central Bank for this currency on the date of issue of the decision on indemnity shall be applied to the calculation of the indemnity.

5.8 Assignment of Rights

On or after the payment of indemnity, the Bond Issuer shall, on demand, assign the Bond, with all related rights and documents, to Finnvera or its authorised representative.

6. REIMBURSEMENT OF RECOVERY COSTS AND RENDERING ACCOUNT

6.1 Recovery Costs

Finnvera shall reimburse the expenses paid to a third party originating from recovery. A receipt of payment of the recovery costs to be reimbursed, together with any other information required, must be submitted.

Finnvera shall only reimburse the recovery costs on that amount of the loss which is indisputable.

Finnvera shall reimburse the recovery costs in the currency in which they were paid.

6.2 Obligation to Render Account of Recovered Funds

The Bond Issuer undertakes without any delay to transfer any recovered funds related to the Guarantee, less recovery costs, to Finnvera.

7. APPLICATION OF PAYMENTS

Any payment in respect of the Bond received from the Beneficiary or other party liable for payment shall be applied in the following order:

1. Costs incurred in recovering the receivables paid to a third party.
2. Receivables of penalty interest.
3. Receivables of interest.
4. Receivables of principal.
5. Other monies due.

An exception may be made to this order of application of payment if appropriate and effective recovery is thereby rendered more likely.

8. DISCHARGE OF FINNVERA FROM LIABILITY

8.1 Forfeit of the Right to Indemnity

Finnvera shall be discharged from all obligations and all liability to make indemnity payments in respect of the Guarantee, and the Bond Issuer shall be obliged to repay any indemnity paid under the conditions of the Guarantee at an annual interest rate of 16% as from the date of the payment of the indemnity, and to pay compensation to Finnvera for all loss or damage caused by reason of Finnvera's release from liability, in the event that

- 8.1.1 the Exporter has not paid the Premium and neither has the Bond Issuer, after having received a written payment order, paid the Premium within the time specified in the payment order;
- 8.1.2 Finnvera has not received the claim for indemnity within the period of time specified in Subsection 5.1 above;
- 8.1.3 the Bond Issuer has failed to comply with the General Conditions for Bond Guarantees or with the conditions of the Guarantee Policy;
- 8.1.4 the Bond Issuer has falsely reported or concealed a matter that the Bond Issuer knew or should have known to be significant for the handling of the Guarantee application, or for the occurrence or amount of any loss or damage;
- 8.1.5 the Bond Issuer or its authorised representative has, in some respect that is significant to Finnvera, acted with wilful intent to cause damage, or acted fraudulently or acted with gross negligence.

8.2 Minor Breach

Finnvera may, however, in the case that the Bond Issuer's breach can be regarded as minor in view of the degree of culpability or the significance of the negligence, decide to pay indemnity or not to recover any indemnity already paid, either wholly or in part.

9. FINNVERA'S RIGHT OF RECOURSE TO THE EXPORTER (Not applicable to the Bond Issuer)

9.1 Right of Recourse

Finnvera shall have full right of recourse to the Exporter regarding all amounts Finnvera has been obliged to pay under of the Guarantee in principal, interest, penalty interest and any other possible payments, including recovery costs and costs incurred by the limiting of loss. An annual interest of 16% is calculated on the above specified recourse claim under a right of recourse as of the date Finnvera has paid the indemnity. Should the currency of the indemnity be other than the euro, the Exchange Rate Published by the European Central Bank on the date of the payment of the indemnity shall be applied to the calculation of the recourse claim.

9.2 Deductions from the Recourse Claim

Those items which have been recovered and transferred to Finnvera's account after the payment of the indemnity shall be the Exporter's due,

provided that the Exporter has paid the recourse claim specified in Subsection 9.1; otherwise the items in question shall be deducted from the recourse claim to be recovered from the Exporter. With regard to the items in question, an equivalent value in euros to the amount transferred to Finnvera's account shall be reckoned as a deduction.

9.3 Right of Set-Off

In the event that Finnvera has become or shall become liable to pay indemnity to the Exporter on the basis of any other guarantee, Finnvera shall have the right to use the indemnity payable to set off its recourse claim recourse as specified in Subsection 9.1

10. LATE PAYMENTS

Finnvera shall charge penalty interest at 16% per annum on the amounts overdue to Finnvera, as well as any recovery costs arising therefrom.

11. INTEREST AND PENALTY INTEREST

The interest and the penalty interest shall be determined on the basis of a 30-day, month and a 360 day year.

12. ASSIGNMENT OF RIGHTS UNDER THE GUARANTEE

The Guarantee shall be valid exclusively in favour of the insured specified in the Guarantee Policy, unless Finnvera has agreed in writing to the assignment of the Guarantee.

The assignment of rights under the Guarantee shall not relieve the assignor from its obligations under the conditions of the Guarantee and the assignee shall receive no better right against Finnvera than the assignor would have had.

13. THE BOND ISSUER'S RIGHT TO APPEAL

Should the Bond Issuer not be satisfied with Finnvera's decision on the indemnity, the Bond Issuer must institute legal proceedings regarding the decision on the indemnity in a court of competent jurisdiction within (6) six months of having verifiably been informed of the decision on the indemnity. In the event that the Bond Issuer shall not institute proceedings within the above mentioned time or should the thus initiated proceedings not be brought to a final decision, the case shall rest on Finnvera's decision on the indemnity.

No appeal lies from Finnvera's decision on advance indemnity.

14. APPLICABLE LAW AND SETTLEMENT OF DISPUTES

14.1 Applicable Law

The Guarantee shall be governed by Finnish law, unless otherwise agreed in the Guarantee Policy.

14.2 Settlement of Disputes

Disputes arising from the Guarantee shall be settled by the Helsinki District Court, unless otherwise agreed in the Guarantee Policy.

14.3 Disputes Arising from the Right of Recourse

Disputes arising from the right of recourse specified in Section 9 of these General Conditions for Bond Guarantees shall always be settled by the Helsinki District Court and governed by Finnish law.