

General Conditions for Letter of Credit Guarantees

25 April 2017

The Letter of Credit Guarantee entitles the Guarantee Holder to indemnification from Finnvera, in accordance with these General Conditions, for Loss incurred as a result of the materialisation of Political Risk or Commercial Risk.

The Letter of Credit Guarantee may include conditions that complement or deviate from these General Conditions. In such case the special conditions are stated in the Guarantee Agreement.

1 Definitions

Capitalised terms used in these General Conditions shall have the following meanings:

Banking Day	a day on which banks are generally open for business in Helsinki.
Berne Union	the International Union of Credit and Investment Insurers.
Claim	the written claim for indemnification made by the Guarantee Holder to Finnvera.
Commercial Risk	the risk specified in Clause 2.2.
Deferred Payment Letter of Credit	a deferred payment letter of credit or usance letter of credit payable at a determined future date.
Default Interest	the default interest to be paid by the Issuing Bank to the Guarantee Holder on an amount overdue under the Letter of Credit, the payment of such Default Interest to be based on a valid and binding agreement or required by law or regulation.
DOCDEX	the documentary credit dispute resolution expertise administered by ICC.
Due Date	in respect of a Deferred Payment Letter of Credit the due date of the payments to be made by the Guarantee Holder to the Exporter in accordance with the terms of the Deferred Payment Letter of Credit and with regard to a Sight Letter of Credit the date on which the Guarantee Holder has made the payment to the Exporter in accordance with the terms of the Sight Letter of Credit.
ECB Exchange Rate	the euro foreign exchange reference rate published by the European Central Bank. Should no such rate be available, the exchange rate will be the average exchange rate quoted by three major international banks for the purchase of such currency.
Euro	the single currency of any Member State that has adopted euro as its lawful currency.
Exporter	the exporter specified in the Guarantee Agreement.

Export Transaction	the export transaction specified in the Guarantee Agreement.
Finnvera	Finnvera plc, a Finnish limited liability company established by law and operating as the official export credit agency in Finland.
General Conditions	these General Conditions for Letter of Credit Guarantees.
Guarantee Agreement	the guarantee agreement entered into between the Guarantee Holder and Finnvera, together with any amendments agreed thereto.
Guarantee Holder	the party, other than Finnvera, to the Guarantee Agreement.
Guarantee Premium	the guarantee premium specified in the Guarantee Agreement.
Guaranteed Receivables	the guaranteed receivables specified in the Guarantee Agreement.
Handling Fee	any handling fee charged by Finnvera for decisions made or documents issued in respect of the Letter of Credit Guarantee.
ICC	International Chamber of Commerce, an organisation set up to facilitate and improve trade and business relations between countries.
ICC International Standby Practices	the international standby practices developed by the Institute of International Banking Law and Practice published by ICC and valid at any single time.
ICC Uniform Customs and Practice for Documentary Credits	the uniform customs and practice for documentary credits issued by ICC and valid at any single time.
Issuing Bank	the bank issuing the Letter of Credit, specified in the Guarantee Agreement.
Issuing Bank's Country	the Issuing Bank's country of location, specified in the Guarantee Agreement.
Letter of Credit	a documentary credit or standby letter of credit to which the ICC Uniform Customs and Practice for Documentary Credits and/or the ICC International Standby Practices apply, specified in the Guarantee Agreement.
Letter of Credit Currency	the currency of the Guaranteed Receivables specified in the Guarantee Agreement.
Letter of Credit Guarantee	the letter of credit guarantee determined by the Guarantee Agreement to which both the terms of the Guarantee Agreement and these General Conditions apply.
Loss	the loss incurred by the Guarantee Holder and calculated in accordance with Clause 9.
Member State	a country that is a member of the European Union.
OECD	the Organisation for Economic Co-operation and Development.

OECD Consensus	an arrangement, approved by the OECD member countries, which regulates the terms of officially supported export credits having a repayment period of two years or more and tied to deliveries of goods and/or services.
Percentage of Cover	the share of the Guaranteed Receivables that is covered by the Letter of Credit Guarantee, expressed as a percentage in the Guarantee Agreement.
Political Risk	any risk specified in Clause 2.1.
Residual Risk	the share of the Guaranteed Receivables that is not covered by the Letter of Credit Guarantee, expressed as a percentage in the Guarantee Agreement.
Sight Letter of Credit	a letter of credit available by sight payment upon complying presentation.

Unless otherwise stated, all references to Clauses made herein are to Clauses of these General Conditions.

Headings are inserted for convenience of reference only, and shall not be taken into account in the application or interpretation of these General Conditions.

In these General Conditions, the words expressed in singular shall include the plural and vice versa.

2 Risks Covered

- 2.1 The Letter of Credit Guarantee may cover Political Risk. The Political Risk covered is the risk that the Guarantee Holder does not receive payment on or before the Due Date of an amount due to be paid under the Letter of Credit, provided such non-receipt is caused directly and exclusively by the occurrence of one or more of the following events or measures:
- a) Any measure or decision of the government of a country other than Finland, or other than the country of the Guarantee Holder, including measures and decisions of public authorities which are deemed to constitute government interventions, which prevents performance of the Letter of Credit.
 - b) A general moratorium decreed either by the government of the country of the Issuing Bank, or by that of a third country through which payment in respect of the Letter of Credit is to be effected.
 - c) Political events or economic difficulties which occur or legislative or administrative measures which are taken outside Finland, and which prevent or delay the transfer of funds paid in respect of the Letter of Credit.
 - d) Legal provisions adopted in the country of the Issuing Bank declaring payment made by the Issuing Bank in local currency to be a valid discharge of the Letter of Credit, notwithstanding that, as a result of fluctuations in exchange rates, such payments, when converted into the Letter of Credit Currency do not cover the amount of the Letter of Credit at the date of transfer of funds.
 - e) Any measure or decision of the government of Finland or of the country of the Guarantee Holder, including measures and decisions of the European Union, relating to trade between a Member State and third countries, such as a ban on exports, in so far as its effects are not covered otherwise by the government concerned.

- f) Cases of force majeure occurring outside Finland, including, without limitation, war, civil war, revolution, riot, civil disturbance, cyclone, flood, earthquake, volcanic eruption, tidal wave, and nuclear accident, in so far as its effects are not insured otherwise.
- 2.2 The Letter of Credit Guarantee may cover Commercial Risk. The Commercial Risk covered is the risk that the Guarantee Holder does not receive payment on or before the Due Date of an amount due to be paid under the Letter of Credit, provided such non-receipt is not caused by any event or measure specified in Clause 2.1.
- 2.3 The decision on indemnification under the Letter of Credit Guarantee shall be based on the risk that materialises first.

3 Entry into Force of Letter of Credit Guarantee

The Letter of Credit Guarantee enters into force when the Guarantee Holder has confirmed the Letter of Credit and the Guarantee Agreement has been duly signed by Finnvera and the Guarantee Holder, unless otherwise agreed in the Guarantee Agreement.

4 Guarantee Holder's General Obligations

- 4.1 The Guarantee Holder shall pay the Handling Fee and the Guarantee Premium to Finnvera in accordance with the terms of the Guarantee Agreement.
- 4.2 The Guarantee Holder shall ensure that the ICC Uniform Customs and Practice for Documentary Credits and/or the ICC International Standby Practices apply to the Letter of Credit.
- 4.3 The Guarantee Holder shall ensure that the Letter of Credit is irrevocable and that the payment obligations of the Issuing Bank under the Letter of Credit constitute legal, valid and binding obligations thereof and are enforceable, in accordance with relevant laws, against the Issuing Bank.
- 4.4 The Guarantee Holder shall ensure that the Letter of Credit is confirmed by the Guarantee Holder, unless otherwise stated in the Guarantee Agreement.
- 4.5 The Guarantee Holder shall ensure that the minimum cash payment has been made to the Exporter or its order in accordance with the OECD Consensus should the OECD Consensus apply.
- 4.6 The Guarantee Holder shall take all necessary and reasonable actions to safeguard its rights towards the Issuing Bank, and to avoid and limit the Loss in accordance with Clauses 6.1 and 13.
- 4.7 The Guarantee Holder shall not after the issuance of the Letter of Credit Guarantee without Finnvera's prior written consent accept any amendments to, or waive any material rights under, the Letter of Credit.
- 4.8 The Guarantee Holder shall not cover the Residual Risk by insurance or security, or otherwise transfer it to a third party, without Finnvera's prior written consent. Finnvera shall have a material reason for denying such consent.
- 4.9 The Guarantee Holder shall not transfer the Letter of Credit Guarantee or any rights thereunder to a third party without Finnvera's prior written consent. To prevent uncertainty, in the event that Finnvera has agreed to a transfer, the assignee shall not obtain any better rights towards Finnvera than the Guarantee Holder would have had.

5 Guarantee Holder's Reporting Obligations

- 5.1 The Guarantee Holder shall inform Finnvera in writing without delay of the date and amount of use of the Letter of Credit and the Due Date. The Guarantee Holder shall, on Finnvera's request, inform Finnvera in writing of any payments received under the Letter of Credit.
- 5.2 The Guarantee Holder shall inform Finnvera in writing without delay of any extension of the validity period of the Letter of Credit accepted by the Guarantee Holder in accordance with Clause 4.7.
- 5.3 The Guarantee Holder shall inform Finnvera if the Issuing Bank is in breach of any payment obligation under the Letter of Credit and the reason therefore. Such information shall be provided to Finnvera in writing without delay, however not later than within thirty (30) days after the Guarantee Holder has become aware of this.
- 5.4 The Guarantee Holder, to the extent permitted by law, shall inform Finnvera in writing without delay at any time when the Guarantee Holder becomes aware of any circumstances which may (according to what the Guarantee Holder can reasonably be expected to understand at the time) materially increase the risk of Loss.

6 Measures at Material Increase of Risk

- 6.1 If the risk of Loss, in the reasonable opinion of Finnvera, has materially increased as compared to the circumstances prevailing at the time of issuing the Guarantee Agreement, Finnvera and the Guarantee Holder shall consult as to the measures to be taken in order to avoid or limit the Loss. If Finnvera and the Guarantee Holder cannot agree, Finnvera may decide on such measures. To prevent uncertainty, the Guarantee Holder's right to indemnification shall not be affected in case the Guarantee Holder is obliged to pay under the Letter of Credit.
- 6.2 If any event occurs that, in the reasonable opinion of Finnvera, is likely to lead to Loss, Finnvera is entitled to pay indemnification including also the Guaranteed Receivables that have not fallen due. In such case, the Guarantee Holder shall provide Finnvera, on request, with the Claim as instructed in the request. The provisions of the Letter of Credit Guarantee shall apply *mutatis mutandis*.

7 Claim for Indemnification

- 7.1 The Claim shall be made by the Guarantee Holder in writing, and it shall have been received by Finnvera within the following time limits unless otherwise agreed in the Guarantee Agreement:
 - a) The Claim shall have been received not later than 60 days from and excluding the Due Date of the claimed amount.
 - b) The Claim in respect of expenses to be indemnified in accordance with Clause 11.1 shall have been received by Finnvera not later than 60 days after such expenses have been paid.
- 7.2 If the last day of the time limit defined in Clause 7.1 is not a Banking Day, the time limit shall be extended to the next Banking Day.

8 Indemnification Procedure

- 8.1 The Guarantee Holder shall provide Finnvera with the Claim together with all reasonably available documents and information necessary in order for Finnvera to make a decision on indemnification.
- 8.2 In the event that the Claim does not contain sufficient information, Finnvera will instruct the Guarantee Holder to provide the necessary additional information within a time limit determined by Finnvera.
- 8.3 In the event that the Issuing Bank, has commenced a dispute in respect of the Letter of Credit, the obligations of the Issuing Bank shall be confirmed before a decision on indemnification is made, unless, in the reasonable opinion of Finnvera, the dispute is evidently groundless or otherwise invalid or refers to an issue which is irrelevant with respect to the indemnification. Such obligations shall be confirmed through proceedings stipulated in the Letter of Credit, or, if there is no such provisions, through a DOCDEX decision.

9 Calculation of Loss and Amount of Indemnification

- 9.1 The Loss shall be calculated by deducting from the Guaranteed Receivables, or if the Claim only refers to part of the Guaranteed Receivables, from such part, the following amounts:
 - a) any payments that can be allocated to the Guaranteed Receivables in accordance with Clause 14; and
 - b) any counterclaim eligible for set-off, that the Issuing Bank could make against the Guarantee Holder, provided that such set-off does not jeopardise the recovery of any other receivables due to the Guarantee Holder.
- 9.2 The amount of indemnification shall be calculated by multiplying the Loss by the applicable Percentage of Cover. To prevent uncertainty, the release of Finnvera from liability in accordance with Clause 16 shall be taken into account when calculating the amount of indemnification.
- 9.3 If the amounts to be deducted in accordance with Clause 9.1 are denominated in a currency other than the Letter of Credit Currency, the amounts to be deducted shall be converted into the Letter of Credit Currency at the ECB Exchange Rate published on the date on which the amounts are received or set-off in respect of the counterclaim is made.

10 Indemnification of Interest

- 10.1 If the Guaranteed Receivables include interest, Finnvera shall indemnify the interest on the amount outstanding up to the Due Date. However, if Finnvera pays indemnification before the Due Date, interest shall be indemnified only up to the date on which indemnification is paid.
- 10.2 If the Guaranteed Receivables include Default Interest, Finnvera shall indemnify the Default Interest on the amount outstanding for the period from the Due Date up to the date of the actual payment of the Guaranteed Receivables by the Issuing Bank or the payment of indemnification by Finnvera. However, Finnvera does not pay indemnification for Default Interest for a period longer than 6 months. Default Interest may be indemnified up to a maximum of 2% per annum above the refinancing cost of the Guarantee Holder.
- 10.3 Unless otherwise agreed in the Credit Documents, interest shall be calculated on the basis of the actual number of days elapsed in a year of 360 days.

11 Indemnification of Collection and Enforcement Expenses

- 11.1 Finnvera shall pay indemnification for reasonable expenses incurred by the Guarantee Holder regarding actions taken in order to safeguard the rights under the Letter of Credit, to avoid and limit the Loss and/or to collect the Guaranteed Receivables and enforce the rights under the Letter of Credit. If there are any other receivables to which the expenses relate, the expenses shall be divided between such receivables and the Guaranteed Receivables proportionally. Finnvera shall indemnify such expenses in the same proportion as it has paid, or is liable to pay, indemnification for the Guaranteed Receivables.
- 11.2 The expenses specified in Clause 11.1 shall be indemnified in the currency in which such expenses were paid. Should this not be possible, such expenses shall be converted to the Letter of Credit Currency at the ECB Exchange Rate published on the day such costs were paid.
- 11.3 The Guarantee Holder is not entitled to indemnification for any default interest on the expenses specified in Clause 11.1.

12 Decision On and Payment of Indemnification

- 12.1 Finnvera shall make the decision on indemnification within 30 days of and excluding the date when Finnvera has received the Claim and all necessary information. Should the Guarantee Holder not have provided Finnvera with the information as instructed in accordance with Clause 8.2 within the time limit set by Finnvera, Finnvera has the right to make the decision on the basis of the information available.
- 12.2 Finnvera shall pay the indemnification promptly after the decision to pay has been made. However, if the indemnification refers to the whole amount of any outstanding Guaranteed Receivables, Finnvera shall have the right to pay the indemnification either in a lump sum promptly after the decision on indemnification has been made or in arrears following Due Dates. The lump sum indemnification shall include the accrued interest to the date of payment by Finnvera and shall not include any interest not yet accrued.
- 12.3 Upon the Guarantee Holder's written request, Finnvera may decide to pay an advance indemnification although the exact amount of the Loss has not been finally established. Should the amount of the advance indemnification exceed the final amount of indemnification, the Guarantee Holder shall repay the excess together with interest thereon, set out in the decision on the advance indemnification. Finnvera may require security from the Guarantee Holder to secure the repayment liability of the Guarantee Holder.
- 12.4 Finnvera shall pay the indemnification in the Letter of Credit Currency.

13 Collection and Enforcement

- 13.1 In the event that the Issuing Bank fails to pay any amount payable by it under the Letter of Credit, the Guarantee Holder shall, on its own initiative and without delay, initiate measures to collect the Guaranteed Receivables from the Issuing Bank. Finnvera shall give the Guarantee Holder all necessary assistance and support, by all reasonable means available, to collect the Guaranteed Receivables.
- 13.2 The Guarantee Holder shall consult with Finnvera regarding measures of collecting the Guaranteed Receivables. However, the Guarantee Holder, without prior consulting with Finnvera, may initiate such collection and enforcement measures that need to be initiated urgently. Should the Guarantee Holder and Finnvera not be in agreement as to the collection

and enforcement measures, Finnvera will make the decision, with reasonable consideration of the Guarantee Holder's interests.

- 13.3 At the time of payment of indemnification, or thereafter, the Guarantee Holder shall transfer, or arrange the transfer, of the rights under the Letter of Credit to Finnvera upon Finnvera's request. In such case Finnvera shall collect the Guaranteed Receivables, and the Guarantee Holder shall give all necessary assistance and support, by all reasonable means available, to collect the Guaranteed Receivables and pay its proportional share of the expenses incurred. To prevent uncertainty, if there are any other receivables to which the expenses relate, the expenses shall be divided proportionally between such receivables, the Guaranteed Receivables covered by Finnvera and the Residual Risk.
- 13.4 In the event that the rights under the Letter of Credit have been transferred to Finnvera in accordance with Clause 13.3, the Guarantee Holder may instruct Finnvera to discontinue the collection and enforcement measures in respect of the Residual Risk. In such case, Finnvera may continue collection and enforcement measures on its own account only, and Finnvera is responsible for the collection and enforcement expenses incurred thereafter and Clauses 15.3 and 15.4 shall not apply.

14 Order of Allocation

Any payments or proceeds received relating to the Guaranteed Receivables shall be allocated to the Guaranteed Receivables which are overdue in the following order, unless otherwise agreed or required by law or regulation or unless Finnvera decides otherwise:

- 1) Reasonable expenses incurred regarding actions taken in order to safeguard the rights under the Letter of Credit, or in order to avoid or limit the Loss or to collect the Guaranteed Receivables or in order to enforce the rights under the Letter of Credit.
- 2) Default Interest in the order of maturity of the receivables to which such Default Interest relates.
- 3) Interest in the order of maturity.
- 4) Principal in the order of maturity.
- 5) Other outstanding amounts.

15 Distribution of Proceeds after Payment of Indemnification

- 15.1 After the payment of indemnification, any payment or proceeds received relating to the Guaranteed Receivables shall be divided between the Guarantee Holder and Finnvera *pro rata*, taking into account the amount of indemnification Finnvera has paid.
- 15.2 After the payment of indemnification the Guarantee Holder shall, within 10 days of the date the Guarantee Holder or its representative has received any amounts from the Issuing Bank or any other party liable for payment, pay to Finnvera the respective share of the amounts received.
- 15.3 After the payment of indemnification, Finnvera shall, within 10 days of the date it has received any amounts from the Issuing Bank or any other party liable for payment, pay to the Guarantee Holder the respective share of the amounts received.
- 15.4 Finnvera will pay the amount corresponding to the Residual Risk to the Guarantee Holder even if the Guarantee Holder has transferred the Residual Risk to a third party in accordance with Clause 4.8.

16 Release of Finnvera from Liability

- 16.1 Finnvera shall be released from liability to pay indemnification if Finnvera has not received the Claim within the time limits set out in Clause 7.
- 16.2 Finnvera shall be released from liability to pay indemnification in the following circumstances:
- a) The Guarantee Holder has failed to comply with any of the obligations under Clause 4.
 - b) The Guarantee Holder has failed to comply with any other conditions than those included in Clause 4 and/or has failed to comply with the terms and conditions of the Guarantee Agreement and such non-compliance cannot be considered to have only insignificant consequences in relation to the cause or amount of the Loss.
 - c) The Guarantee Holder has given Finnvera false or misleading information or has not disclosed information that the Guarantee Holder knew or should have known to be significant when processing the application for the Letter of Credit Guarantee.
- 16.3 However, notwithstanding the provisions of Clause 16.2 Finnvera may decide to pay indemnification or not to reclaim any indemnification already paid, partly or in full, if the Guarantee Holder's negligence is to be regarded as irrelevant or if releasing Finnvera from liability would be unreasonable.
- 16.4 In the event that Finnvera is released from liability to pay indemnification partly or in full, the Guarantee Holder shall on demand of Finnvera repay any indemnification paid, to the extent Finnvera is released from liability. The Guarantee Holder shall pay all costs and expenses incurred by Finnvera together with annual interest, determined in accordance with the Act on Interest (633/1982) from the date of payment of indemnification (or the date Finnvera incurred costs and expenses, as the case may be) up to the actual repayment date. The Guarantee Holder shall indemnify Finnvera for expenses and damages that may have been caused by the Guarantee Holder's fraudulent or negligent behaviour.

17 Rescheduling of Debts Between States

The Guarantee Holder shall, in respect of the Guaranteed Receivables, authorise the government of Finland and/or Finnvera to enter into agreements between states concerning payment arrangements, writing off and rescheduling of debts. The Guarantee Holder shall co-operate in measures required to carry out such agreements. The conclusion of such agreement does not diminish Finnvera's liability to pay indemnification.

18 Default Interest

In the event that any amount which the Guarantee Holder or Finnvera is obliged to pay under the Guarantee Agreement is delayed, the relevant party shall pay annual default interest determined in accordance with the Act on Interest (633/1982). The default interest shall be calculated on the basis of the actual number of days elapsed in a year of 360 days.

19 Recovery of Payments to Finnvera

Pursuant to the Act on the State-Owned Specialist Financing Company (443/1998) payments owing to Finnvera in connection with credits, guarantees or other contingent liabilities provided by Finnvera and any default interest on such payments may be recovered by way of distraint without judgement or decision, as provided in the Act on Recovery of Taxes and Fees by Distraint (367/1961).

20 Finnvera's Right to Set Off

In the event that Finnvera has a payment obligation towards the Guarantee Holder, Finnvera is entitled to set off such payment obligation against any amounts due and owing to Finnvera or the State of Finland from the Guarantee Holder, if such amounts owing from the Guarantee Holder arise in connection with any credit, guarantee or other commitment granted either by Finnvera or its predecessors, the Finnish Guarantee Board, the Export Guarantee Board or the State Guarantee Board.

21 Confidentiality

21.1 Finnvera shall keep confidential all information disclosed by the Guarantee Holder to Finnvera, unless otherwise required by law or regulation, or by the rules, regulations and recommendations of the OECD, or as otherwise required to enable Finnvera to cooperate with any member of the Berne Union. However, Finnvera has right to disclose information to its external advisers to the extent necessary to carry out the respective assignment.

21.2 In the event that Finnvera reinsures any risk covered by the Letter of Credit Guarantee or enters into any other security arrangement to cover such risk, Finnvera may disclose information to the extent necessary for the conclusion and management of such arrangements. Finnvera shall require a confidentiality undertaking from the recipient of such information other than export credit agencies.

22 Applicable Law and Dispute Settlement

22.1 The laws of Finland shall govern the Letter of Credit Guarantee. The Act on Guarantees and Third-Party Pledges (361/1999) shall not apply to the Letter of Credit Guarantee.

22.2 Disputes arising out of or in connection with the Letter of Credit Guarantee shall be decided by the District Court of Helsinki.

22.3 In the event that the Guarantee Holder is not satisfied with Finnvera's decision on indemnification, it shall institute legal proceedings regarding the decision on indemnification in a court referred to in Clause 22.2 within 180 days after having received the decision. If the Guarantee Holder fails to do so, it shall forfeit its right to contest the decision.