

PRODUCT:

EXPORT LOANS

An export loan helps companies to realise sound export transactions, which banks are unable to extend loans to due to the financial crisis.

WHAT IS AN EXPORT LOAN?

The export lending scheme is designed to help out Danish export companies when foreign buyers are unable to secure credit facilities from banks for purchasing products and services in Denmark. EKF facilitates the export loan through a bank, and the loan is based on the bank's lending terms. The mandatory credit period is a minimum of two years. In order to minimise the risk, EKF requires an export guarantee to be established with the loan.

Originally, applications for export loans could be made until the end of 2011, but a recent political agreement has extended the export lending scheme for four years until the end of 2015. The Danish government has earmarked a total of DKK 20 billion for the scheme..

BENEFITS FOR YOUR COMPANY

An export loan enables your company to undertake export transactions which would otherwise not be feasible under the financial crisis.

The loan makes it possible for the bank to extend to the foreign buyer the credit required in order to purchase products or services from your company. An export loan therefore boosts your company's competitiveness and allows you to keep your order books filled.



STEPS IN THE PROCEDURE

THE FOREIGN BUYER NEEDS A CREDIT FACILITY

During negotiations for export of goods, a project or other supplies, it becomes clear that your foreign buyer will require a credit facility. Because of the financial crisis, neither your buyer's bank nor your own company bank is in a position to grant a loan to the buyer.

YOUR BANK APPLIES TO EKF FOR AN EXPORT LOAN

You ask your bank to apply to EKF for an export loan. The bank deals with the practical arrangements of making the application and submitting the documentation to EKF.

EKF ASSESSES THE APPLICATION

EKF performs a credit assessment of the foreign borrower. EKF has to protect itself against unnecessary risk entailed by the loan and the export guarantee to be set up in support of the loan. EKF will also check that the conditions for the export loan are met.

EKF AND THE BANK JOINTLY SET THE TERMS APPLICABLE TO THE EXPORT LOAN

Based on an assessment, EKF and the bank jointly determine the interest rate and terms and conditions applicable to the export loan. The export loan is granted on commercial terms, which are based on market conditions. EKF offers an export loan with a variable or fixed interest rate applied throughout the term of the loan.

YOU CAN PROCEED WITH YOUR EXPORT TRANSACTION

If EKF assesses the risk as acceptable, EKF will grant the loan via a bank. Once the buyer has signed the loan agreement with the bank, you and your customer can proceed with your export transaction.

TERMS AND CONDITIONS

WHO IS ELIGIBLE FOR AN EXPORT LOAN?

Your company must be registered in Denmark or the Faroe Islands in order to be able to apply for an export loan. Companies within all sectors and of all sizes are eligible and make the application via their bank.

WHAT SIZE OF LOAN IS AVAILABLE?

There is no ceiling on the loan. However, some banks may decline to grant a loan if the principal is very small, as the administrative burden of dealing with the loan may be disproportionately large.

WHAT IS THE REPAYMENT TERM OF THE LOAN?

An export loan is subject to a credit period of between 2 and 15 years. The loan may, however, be extended for a period of up to 18 years in the case of renewable energy and water supply projects.

WHAT CONDITIONS APPLY TO THE EXPORT LOAN?

EKF is willing to take extraordinary risks, but still has to minimise any loss to the public purse. EKF therefore requires an export guarantee to be set up with the export loan, which covers the risk of the export loan in full.



CONDITIONS

Your company is required to meet a number of conditions in order to qualify for EKF assistance. The export order must promote economic growth in Denmark, and the buyer must be rated as creditworthy based on a thorough assessment designed to hold the Danish government free from losses.

Any business dealings involving the order must comply with EKF's requirement for good environmental conduct and corporate social responsibility. Bribery or other corrupt practices must not be used in any export transaction, and your company must be willing to allow EKF to publish certain standard details of the export transaction.

WHAT DOES EKF COVER?

EKF's guarantees cover extraordinary risks which private banks and insurance companies are either unable or unwilling to cover. EKF pays out compensation if your company or your bank makes a loss on an export transaction or investment abroad as a result of commercial or political risks.

A commercial risk means that your company's buyer is unable to pay due to liquidation, insolvency, cancellation of the contract or because the buyer is unwilling to pay. EKF has to rate the foreign buyer as creditworthy before we issue any guarantee.

A political risk means that your company does not receive payment for products due to impediments in the country you are exporting to. Such impediments include war (external armed conflict and domestic political violence), currency shortage, restrictions on use of currency, import or export bans, and interventions by local authorities that make it impossible to receive payment for the products.

As a rule, EKF will pay out a maximum of 90 per cent of the loss in compensation to your company. As an exporter, your company therefore has to cover a deductible of at least 10 per cent of the commercial and political risks.

In the case of banks, EKF covers up to 95 per cent of the commercial and political risks, so the bank's deductible is a minimum of 5 per cent of the commercial and political risks.

WHAT DO AN EXPORT LOAN AND AN EXPORT GUARANTEE COST?

The cost to you depends on EKF's credit and risk assessment of the transaction and the country in which your buyer is located. Generally speaking, a higher risk tends to mean a higher price for both the loan and guarantee. EKF offers export loans at a variable or fixed interest rate, and the rate and terms are set on commercial terms.

HOW DO I APPLY?

Contact EKF to learn more about how we can assist your company in financing your exports. Write to ekf@ekf.dk or call +45 35 46 61 00. Our switchboard is open 8:30 am to 4:30 pm Monday to Thursday and Friday 8:30 am to 3:30 pm.

You can also write to or call our customer advisers directly. Find our contact details on our website www.ekf.dk