

## PRODUCT: INVESTMENT GUARANTEE

**An investment guarantee helps to provide protection against loss for Danish companies who set up business in countries with unstable political conditions.**

### WHAT IS AN INVESTMENT GUARANTEE?

If a Danish company invests in a company abroad, EKF can cover the risk of the company losing its equity or being unable to service its loan from a bank outside of the country of investment. The guarantee provides cover in circumstances such as the following:

- > The outbreak of war (external armed conflict and domestic political violence) which prevents business operations from continuing. Or the company's assets are destroyed.
- > The national authorities take control of the company by expropriation, nationalisation or other interventions.
- > It becomes impossible to transfer the company's money out of the country.

The investment guarantee does not cover loss due to terrorism, devaluation or new general taxes in the country. The guarantee does not cover any loss attributable to the company's normal operations.

### BENEFITS FOR YOUR COMPANY

An investment guarantee is a good safety net for your company if you start operating in a country where the political conditions may be unstable.

With an investment guarantee, EKF assumes the risk that your company's investment will depreciate as a result of political conditions. If that happens, compensation will be paid by EKF thus limiting the company's loss.

EKF can also provide a bank investment guarantee, which makes it easier for you to borrow money to set up business abroad. If the foreign company is prevented from servicing the loan due to political circumstances, EKF will pay compensation to the bank.



## STEPS IN THE PROCEDURE

### YOUR COMPANY IS LOOKING TO INVEST ABROAD

Your company might, for example, be proposing to invest in manufacturing facilities abroad, but you are uncertain about the political risks in the country. These would include the risk of domestic political violence, government expropriation of assets, or a ban on transferring money out of the country. Your company injects equity into the investment and may also have to take out a loan with a Danish or foreign bank.

### YOU ARE APPLYING FOR AN INVESTMENT GUARANTEE FROM EKF

Your company or your bank applies to EKF for an investment guarantee to protect your investment abroad against loss of equity and the risk that your subsidiary abroad will be unable to service the loan it takes out to cover the investment.

### EKF ASSESSES THE RISK OF INVESTING IN THE COUNTRY

EKF assesses the scale of the political risk in the country based on factors such as international experience and reports.

### EKF ASSUMES THE RISK

If the risk entailed by your investment abroad is acceptable, EKF will guarantee your company against loss of equity and inability to service the loan taken out for the investment. Your company pays a premium for the investment guarantee.

### YOUR COMPANY CAN PROCEED WITH THE INVESTMENT

The investment guarantee gives you the protection you need to go ahead with the investment. If anything happens in the country that damages the investment, EKF will pay compensation.

## TERMS AND CONDITIONS

### WHO IS ELIGIBLE FOR AN INVESTMENT GUARANTEE?

EKF offers an investment guarantee against loss of equity to Danish companies who propose to invest in companies abroad. EKF can also offer a bank or a Danish investor a guarantee for loans made to companies abroad.

### HOW MUCH DOES AN INVESTMENT GUARANTEE COVER?

No limit applies to the amount covered by an investment guarantee.

### THE REPAYMENT TERM OF THE GUARANTEE

An investment guarantee covers the company for at least 3 years and a maximum of 15 years. This applies to both equity and loans.

### 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 investment guarantee covers extraordinary risks which banks 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 political risks.

**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.

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

#### WHAT DOES IT COST?

Advice is available free of charge from EKF, and a conditional guarantee quotation is also free of charge. The offer is valid for up to six months

Your company pays a premium for an EKF guarantee. We calculate the premium on the basis of the overall risk of the specific investment, including sector, bank, repayment term and political conditions in the country.

#### HOW DO I APPLY?

Contact EKF to learn more about how we can assist your company. Write to [ekf@ekf.dk](mailto: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](http://www.ekf.dk)