

# › GUIDELINES FOR APPLICATION FOR EXPORT CREDIT GUARANTEE-EXPORTER

## GENERAL INFORMATION

### RE ITEM 1 & 2: APPLICATION DEADLINE

The application must be received by EKF before the risk incurs, i.e. usually before shipment. However, it is possible to apply to EKF after the risk has been established. This type of application must be accompanied by a description of the reason for applying at this stage.

The description must specify: the reason why the application was sent after incurrence of the risk; whether the debtor has fulfilled his obligations so far; any information the applicant has received about or from the debtor since incurrence of the risk. EKF will then decide whether the risk can be accepted.

### RE ITEM 3: APPLICATION FOR:

#### Conditional offer:

A conditional offer is an indication that the Danish Export Credit Agency (EKF) will cover a risk. It includes a description of the conditions attached to the cover. We recommend that you forward your application to EKF as early as possible to make sure that EKF's conditions (including premiums etc.) can be included in the draft of the supplier contract.

The conditional offer is exempted from payment of premium and is valid for 6 months, however, not longer than the expected incurrence of the risk. The conditional offer will be changed in case of substantial changes in the risk.

#### Guarantee:

A guarantee can be applied for as soon as the commercial contract has been signed, even if the loan contract has not yet been settled. EKF's premium must be paid at the latest by the date of the first shipment. However, EKF can offer to commit during the early stages of the negotiations by issuing a final guarantee *before* the actual risk period commences. This option can be used if you wish to underwrite the credit risk as early as possible, e.g. if you are involved in larger or more complex business transactions.

### RE ITEM 4: THE TRANSACTION

#### Value of order and currency:

State the value of the order and currency.

#### Terms of payment:

State the contract's payment terms (or expected payment terms), e.g. monthly bills, concurrently with delivery, etc.

#### Description of major delivery/project:

Describe the entire project including sector, size and purpose. In case of delivery of goods

only, please specify volume and amount. In case the delivery is part of a major project, all the involved parties and their functions have to be described.

Description of major sub-supplies

In case the applicant is the main supplier, the sub-supplies and sub-suppliers must be described.

Local costs in the contract:

All products which have been manufactured in buyer's country and all the services delivered by a company registered in the buyer country and/or are paid to the buyer country.

**RE ITEM 5: DANISH ECONOMIC INTEREST**

The following list contains the elements which form part of the evaluation of Danish economic interest.

The list is not exhaustive.

- > Goods and equipment produced in Denmark
- > Dividends, interests, licenses and royalties from the transaction
- > Reduced costs
- > Good and equipment produced by Danish owned associated companies in third countries
- > The significance of the transaction to ensuring internationally competitive terms for the company in question
- > That a long-term positive effect can be obtained for other Danish companies
- > Participation from Danish sponsors, financial institutes and similar.
- > Other positive effect on the Danish society including securing jobs/job opportunities in Denmark.

**RE ITEM 6: THE BUYER**

Experience with the buyer:

If there has been no previous trade with the buyer, it is only necessary to state the commencement date for the business connection. Turnover to date should be stated in DKK.

If the buyer has not paid on time the reason should be stated as well as details of the buyer's method of payment over the past 12 months (state amount, due date and payment date). In this context, payments received up to 30 days after the due date are regarded by EKF as on time.

Buyer's legal status and ownership:

State the buyer's legal status (private buyer, public buyer, or similar) and ownership.

**RE ITEM 7: THE ENVIRONMENTAL AND SOCIAL IMPACTS OF THE DELIVERY/THE PROJECT**

According to international regulations EKF is committed to evaluate the potential negative environmental and social impacts of all transactions. Environmental and social impacts include pollution of air, water, ground, waste, noise pollution as well as consumption of resources (such as water, ground, energy and raw materials). The evaluation also includes negative impact on cultural and historical values and similar as well as the possible impact on the population, the society and vulnerable groups.

In many cases the evaluation of the negative impacts can be based on the information in the application form. In larger and more complex business transactions, further information will often be required and/or further investigations will have to be conducted. In such cases, the applicant will be contacted by EKF.

#### RE ITEM 8: TIME SCHEDULE

Please state time frames in numbers of months, preferably calculated in relation to the expected contract date.

Processing:

Defined as the time from the date of the supplier contract to the first shipment.

Date of shipment(s):

Defined as the period of shipment. The number of shipments must be specified.

Installation/Assembly:

Defined as the period where installation/assembly is carried out.

Commissioning:

Defined as completion of, for example, installation in such a way that the delivery/project is ready for use by the buyer. Commissioning can only be approved as the credit period's start date if the exporter is responsible for commissioning. EKF is not able to approve a date for the commencement of the credit period which is later than the date of commissioning.

#### RE ITEM 9: RISK COVERAGE AFTER SHIPMENT/SUPPLIER CREDIT GUARANTEE

Credit value:

Specify the amount in the relevant currency.

Credit period:

The length of credit granted (number of years or months). The period begins at the end of the disbursement period and terminates when the final instalment is due.

No. of instalments pr. year

Due dates (half-yearly, quarterly, other).

Interest rate

State the fixed interest for the credit/loan (CIBOR, LIBOR, etc.).

Credit period starts from:

State the events, i.e. delivery or commissioning which initiate the commencement of the credit period.

Start date/expected start date for the credit period:

State the date/expected start date of the event.

Guarantor, if applicable:

State the name and address of any other parties that, unconditionally and irrevocably, guarantee that the loan will be repaid (e.g. bank or buyer's parent company).

## RE ITEM 10: DECLARATION OF RISK BEFORE SHIPMENT

### Maximum expected risk of loss before shipment:

The declaration of the maximum expected risk of loss is calculated as:

The invoiced sum

- + production costs for non-invoiced services (raw materials, work in progress, payroll etc.), for project guarantee as well as materials that are to be delivered to the site and extraordinary demobilisation costs
- + materials and deliveries that have been ordered from other companies and through binding orders
- + the relevant production cost share of the company's usual fixed costs
- an estimated market value
- advance payment (every amount received)

N.B.: The maximum expected risk of loss must be declared at least once a month.

### To what extent has the equipment been tailor-made for this project?

This information is to be used to assess whether the equipment could be sold in case of breach of contract.

### Settlement of disputes:

Indicate where disputes will be settled, according to which regulations and according to the law of which country.

### Responsibility for completion/certification:

Indicate whether the exporter or another party is responsible for the completion of the project/hand-over. If the exporter is not liable, state the name and nationality of the party responsible as well as the relationship to the buyer, if applicable. Information about the contractor/implementing body will be obtained either from the Danish representation in the relevant country or from a recognised credit rating agency.

## RE ITEM 11: UNFAIR CALLING OF BONDS

Mark the required bond types with a cross. EKF can also cover justified calling of bonds caused by political risks.

## RE ITEM 12: DECLARATION OF NON-BRIBERY

Like other export credit agencies within the OECD, EKF is subject to an obligation to obtain a declaration that illegal bribery has not and will not be engaged in as a contravention of the OECD Convention on Combating Bribery and § 122 of the Danish Criminal Code.

It is a condition for EKF's guarantee that the lender as well as the exporter (supplier) duly sign, and submit to EKF, an Exporter's Declaration of Non-Bribery.

The declaration of non-bribery is an integrated part of the application form submitted to EKF and the Danish export lending scheme which is hereby signed by the applicant. Before the guarantee is

issued, the exporter will have to sign a separate declaration which is to be forwarded to EKF before the guarantee is finally issued.

#### **AGENTS**

Please state whether the exporter will make use of agents in connection with transaction. In the affirmative, state the possible commission/fees to agents and describe the assignment.

By signing the application, the signer hereby declares that all payments of commission/fees to agents concern relevant supplies or services and are in reasonable proportion to the value of the supply or service.

**Re item 13: Openness Policy**

As EKF is a state-owned institution, it is important that the way EKF fulfils our mission and administers the money provided by the Danish state for this purpose is transparent to the Danish society. Therefore, EKF wishes to offer all interested parties the possibility of acquainting themselves with EKF´s business and economy in a manner which is clear and easy to understand. We do so by disclosing a series of information regarding the business transactions that we participate in.

The Openness Policy entails that it is a condition for issuing a guarantee that the Lender as well as the Exporter (Seller) submits a duly signed declaration to EKF regarding disclosure. EKF´s Openness Policy becomes effective from 1 July 2010. Applications concerning projects and business transactions submitted prior to this date will not be covered by the Openness Policy.

EKF´s Openness Policy is an integrated part of the application form to be submitted to EKF which is thus signed by the applicant. The Exporter will have to sign a separate declaration upon the issue of the guarantee at the latest, a declaration which will be forwarded by EKF before a guarantee is finally issued.

**Re: Signature**

The application must be duly signed by the applicant. The applicant is responsible for the accuracy of all information in the application, including information about the underlying transaction.

EKF acknowledges that in some cases, the information received may be of a preliminary nature.