2K

Letter of Credit Guar.

EIFO's letter of credit guarantee is a state-backed coverage of the risk your bank assumes when taking on exposure to a foreign bank.

The Process

1 *Payment is secured by having the customer's bank issue a letter of credit*

2 *The letter of credit ensures payment upon delivery of compliant documentation*

3 *The exporter's bank must confirm the letter of credit, thereby assuming financial risk*

4 *EIFO then provides coverage for the bank's risk through a letter of credit guarantee*

EIFO

Examples of Coverage Purposes

Ensures payment from the customer's bank when you deliver according to the terms of the letter of credit	Reduces the risk of **trading in markets characterized** by political or economic **uncertainty**	Protects against **loss if the customer refuses to pay** despite correct delivery
Guarantees payment – even **in cases of force majeure**	Ensures payment even if **currency restrictions or capital controls** arise	**Enables the bank** to confirm the letter of credit **in high-risk markets** with EIFO as security

Terms and conditions

Guarantee amount
Unlimited for ad hoc applications. In portfolio agreements: up to 25m DKK..

Risk period
Follows the validity of the letter of credit.

Premium
Determined individually or according to portfolio agreement. Paid at maturity.

Early repayment
Follows the validity of the letter of credit and therefore cannot be repaid early unless the bank requests cancellation of it. In that case, the premium is paid until the guarantee is closed.

Term
Max. 2 years. Possibility of extension.

Guarantee percentage (bank's loss)
Up to 90% depending on assessment and transaction size.

Coverage
Covers the risk of non-payment from a foreign bank under a confirmed letter of credit – including commercial and political risk.