

Sell more with an SME Guarantee

An SME Guarantee allows you to offer your foreign customer long-term credit for a specific order.

You provide your customer with credit but sell the entire credit agreement to your bank. We provide a guarantee to your bank which means that we will cover the bank's loss if the customer does not pay as agreed.

In this way the bank can finance the transaction without taking any risk.

What are the advantages of an SME Guarantee?

Financing for your customer

You can help your customer obtain credit for placing orders with you. With an SME Guarantee, your bank will be happy to give your customer credit.

Get paid immediately

Even though your customer obtains a credit and payment is spread over a longer period, your company will be paid once the goods are delivered.

The financing solution will not affect existing banking arrangements.

Use credit as a competitive parameter

You can use a financing solution actively to promote sales. You are one step ahead of your competitors if you are able to offer an attractive financing solution.

Closing sales immediately

We can offer a preliminary assessment of your customer which will allow you to offer a good product as well as a financing solution during your sales presentation. Thus, your customer will be able to accept the order without consulting their bank.

What does an SME Guarantee cover?

Application

Credit for your customer

Cover

Your bank's loss if your customer does not pay as agreed

Percentage of cover (of the bank's loss) up to

100 %

Amount up to

25m

Credit period between

181 days and 5 years

Exporter's deductible

10%

What are the steps in the process?

Clarification

Offer

Guarantee

Need

Your customer wishes to place an export order with your company and needs credit. You wish to offer your customer credit but you do not wish to provide it yourself.

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Documentation

Once we have approved the transaction on the basis of the credit assessment, the bank will have to fill in a form online. The bank submits three documents completed and signed by you.

Offer

We forward an offer to the bank who negotiates the final credit package with your customer. The credit is normally documented by bills of exchange.

Yes!

We issue an SME Guarantee to the bank and your company will be paid immediately. The customer repays the credit to the bank without you being involved.

Contact

Your bank is willing to provide credit but wants security for the payments. Either you or your bank contacts EIFO

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Yes!

Credit assessment

EIFO or the bank assesses your customer.

3

Three practical questions

How much?

As the exporter, there is no cost involved for you. However, your customer pays a premium to us for issuing an SME guarantee.

The premium is calculated on the basis of

- › your buyer's creditworthiness
- › the political situation in the buyer's country
- › the credit period.

The premium ranges from 0.5 % to 4.25 % p.a. In addition to the premium to EIFO, the buyer pays loan interests and costs to the bank for the credit. All the charges will be added to the credit. Your bank will give you the total price.

What does it require?

You have to be a Danish exporter.

You have to be a small or medium-sized company (SME).

Your customer must be creditworthy.

Your customer's country must be covered by the SME Guarantee.

Minimum 25 % of the order must be produced in Denmark.

You have to sign a declaration stating that the process of filling the order is conducted in an environmentally and socially responsible manner.

What can you do?

Contact your bank for an immediate application.

Contact one of the advisors from our SME department.

Obtain a credit report on your customer.

If the order exceeds DKK five million you can obtain your customer's annual accounts for the last three years.

You can obtain an approval of your customer from us and use financing as an extra selling point.

Visit www.eifo.dk for information on success stories, requirements and terms.