

# Green credit guarantee

## Guarantee holder: **bank**

The green credit guarantee facilitates access to capital for Swedish exporters and their subcontractors when investing in green transition or for working capital needs in green business operations. EKN guarantees up to 80 percent of the credit amount.

### ***CREDITS THAT CAN BE GUARANTEED***

EKN can issue green credit guarantees for loans, overdrafts and revolving credit facilities intended to finance export operations that contribute to climate transition. The need for capital can pertain to investments in the green transition of business operations (manufacturing, sales, distribution, etc.) or parts thereof. It can also pertain to a need for working capital finance in existing green business operations.

If the credit pertains to working capital finance, the exporter's business operations must be exclusively classified as green and contribute to reducing the climate impact. The need for capital must be separate from the borrower's need for more long-term venture capital or equity. In relation to credits for investments, as well as for working capital financing, the borrower's operations must include Swedish exports. These must typically comprise at least 25 percent of the borrower's turnover, and the operations must be of significant Swedish interest.

EKN can also issue a green credit guarantee when the borrower is a subcontractor to an exporting company. If the application concerns a credit that does not constitute financing of a specific export transaction, a substantial share of the export company's sales must comprise of exports of Swedish goods or services.

### ***PREREQUISITES***

EKN can issue a green credit guarantee when a Swedish or international bank or credit institution grants a credit of less than SEK 500 million to a business operation or investment in Sweden that contributes positively to climate transition and is linked to exports. Credits of SEK 500 million and above are managed by the Swedish National Debt Office.

EKN's assessment is based on the activities included in the EU Taxonomy which have a "substantial contribution" to climate transition in accordance with the Taxonomy. The borrower specifies to EKN the criteria of the EU Taxonomy that the investment or operation meets and whether there is any risk of harm to other environmental objectives. EKN evaluates the information provided and assesses if the green criteria have been met. If deemed necessary, EKN may request a third-party assessment.

The tenor of a loan should typically not exceed ten years and have an amortisation repayment structure. The tenor of an overdraft facility must not exceed 12 months, with possible extensions. Revolving credit facilities may have a maximum tenor of five years.

Regarding revolving credit facilities, a green credit guarantee may only be issued for underlying revolving credits and ancillary facilities to the extent that they comprise of overdraft facilities and working capital loans with an amortisation structure

### ***RISKS COVERED BY THE GUARANTEE***

The green credit guarantee protects the bank against loss if the borrower does not repay the guaranteed credit. EKN reimburses the bank for loss up to 80 percent of the outstanding credit amount that the guarantee covers. The loss is calculated as the outstanding capital amount which can be claimed and accrued interest at the due date (excluding interest rate margin), minus any amount received by the bank through the enforcement of liens on any security for which the proceeds have been used to reduce the loss of the guaranteed credit.

### ***EKN DETERMINES THE PREMIUM BASED ON A RISK ASSESSMENT OF THE BORROWER***

EKN determines the premium based on the borrower's risk assessment. The minimum premium is SEK 1,500 per guarantee. The premium is paid to EKN when the interest and fees falls due in accordance with the guaranteed credit agreement.

### ***WHEN DOES EKN PAY COMPENSATION?***

Compensation is paid following a waiting period of one month, calculated from the due date of payment of capital and interest according to the credit agreement. A waiting period does not apply if the borrower has deferred their payments, entered into bankruptcy proceedings or if EKN has instructed the bank to cancel the credit. EKN pays interest on the compensation amount from the date when the borrower should have paid until the payment is disbursed by EKN.

### ***CURRENCY***

EKN can issue guarantees in Swedish kronor, euros or US dollars. This means that if the credit currency is issued in any of these currencies, compensation and premiums are paid in that same currency.

### ***SECURITY***

EKN and the guarantee holder share the credit risk and thereby any loss after realisation of financial security that has either been separately provided for the credit or used to reduce loss during the credit period. For the purpose of reducing risk, EKN may request that a specific security is registered as joint and, in such case, to always be deductible against the guaranteed credit. If so, this will be stipulated in the guarantee.

### ***CORPORATE RESPONSIBILITY IN THE ISSUING OF GUARANTEES***

EKN promotes responsible business. In its guarantee operation, EKN's considerations include the environment, human rights and labour rights as well as anti-corruption and the promotion of sustainable lending to poor countries.

### ***EKN'S GENERAL TERMS AND CONDITIONS***

The green credit guarantee is regulated by EKN's General Terms and Conditions for Green Credit Guarantees (October 2021).

### ***HOW TO OBTAIN A GUARANTEE***

Application forms and supplementary forms can be found at <https://www.ekn.se/en/apply/bank/>.

#### ***Apply***

Send your application for a green credit guarantee together with a supplementary form filled out by the borrower to EKN no later than on the day the credit is disbursed if it pertains to a loan and no later than the day on which the credit agreement is signed if it pertains to an overdraft facility. Attach your own risk assessment of the borrower together with the borrower's annual financial statements and a credit report. EKN then carries out a risk assessment. If the credit risk is deemed acceptable, an offer is issued.

#### ***Notify us***

Notify EKN that you would like a guarantee to be issued if you would like to accept the offer. Your notification must be received by EKN no later than ten days after the credit has been disbursed. For overdrafts and revolving credit facilities, the deadline is ten days following the signing of the credit agreement.

### ***PAY THE PREMIUM***

EKN will send you the guarantee with information on how and when to pay the premium. The premium is normally paid when the interest and fees in accordance with the guaranteed credit agreement falls due.