

Finnvera / Finland

Expected outstanding volume of BEUR 2.2 at year-end 2020 (37% covid share)

25,913 SMEs under the auspices of **Finnvera** (H1 2020)

New Production in H1 2020 is **2.9x** the one in the previous semester

Finnvera has taken extensive measures to support the Finnish economy through the pandemic. They significantly increased SME corporate financing and are taking a flexible approach towards any reorganisation needs of companies that have the potential to operate profitably in the long run.

Financing support is mainly granted in form of **guarantees on working capital loans** from a commercial bank. However, if bank financing is not possible, a company can also under certain conditions apply for a **working capital loan** for financing needs caused by the corona situation directly from **Finnvera** (with possible instalment-free period of 12 months and favourable service fee).

The range of guarantee products include the following:

- The **Start Guarantee** is directed at companies which have been operating for a maximum of three years. This product allows for the support of both investment and working capital needs and **Finnvera's** guarantee coverage can be up to 80%. The guarantee amount needs to be between KEUR 10 and 80. At least 25% of the guarantee need to be covered by collateral provided by the shareholders of the beneficiary.
- The **SME Guarantee** is directed at companies which have been in operation for more than three years. It can be used to cover a loan for investment, working capital or product development needs of maximum KEUR 120. This product does not require any collateral.
- The **Finnvera Guarantee** can also be used for the increased working capital needs due to the coronavirus in cases where **Finnvera's** Start Guarantee or SME Guarantee is not suitable in the company's situation for example due to the amount of loan needed. **Finnvera** has taken into operation a fast and simplified procedure to deal with applications and to validate guarantees for a KEUR 150 to MEUR 1 corporate debt bond granted by a bank and in which **Finnvera's** guarantee coverage has been raised to 80% and no collateral is required. The application for a **Finnvera Guarantee** can be done by the financier on behalf of the beneficiary company since September 2020.

- **Finnvera** can grant new short-term **export guarantees** for the marketable risk countries as a part of the measures due to the corona virus crisis until 27.12.2021. Private credit insurance companies are still the primary source of credit insurance for these countries, and **Finnvera**'s role is to complement the market. The coverage rate can be up to 90%.
- Financing for large corporates in the corona situation with a maximum guarantee rate of 80% and a maximum guarantee amount of MEUR 100. However, **Finnvera** cannot become the main financier.

A fee is charged for **Finnvera**'s guarantee which shall cover its share of future credit losses caused by guarantees. Guarantees up to MEUR 1 are mainly issued without collateral. The price is affected, for example, by the risk category based on the customer company's financial statements and credit period. **Finnvera** reduced and simplified the pricing of the guarantees used in financing working capital for the corona situation retroactively from the beginning of March 2020. The annual guarantee commission for the **Start Guarantee**, the **SME Guarantee** and the **Finnvera Guarantee** is a maximum of 1.75%. The service fee for the **Start and the SME Guarantee** is 0.1% of the amount of guarantee. For the fast track, the service fee remains unchanged at approximately EUR 400.

Finnvera grants the bank the permission to automatically grant a six months instalment-free period to the loans **Finnvera** has guaranteed. In other changes to the payment programme, the bank seeks consent from **Finnvera**. **Finnvera** does not increase the guarantee commission of the guarantee granted to a loan when the amount of guarantee is KEUR 300 or less.

More information on **Finnvera** measures can be found under the following link: <https://www.finnvera.fi/eng/growth/current-news-for-smes>

Latest update: 30th November 2020

