

**Ex-Im Bank Short Term Credit Standards**  
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## I. INTRODUCTION TO SHORT-TERM CREDIT STANDARDS

Ex-Im Bank has adopted credit standards to simplify and expedite the processing of applications for insurance on short-term export credit transactions. The credit standards define the criteria Ex-Im Bank will apply in evaluating the creditworthiness of the primary source of repayment or, in the case of the multibuyer product, the ability of the exporter to manage and evaluate credit in a reasonable and prudent manner.

Short-term transactions involve exports of consumer goods, raw materials, spare parts, certain commodities, and small capital equipment with a repayment period of 180 days or, exceptionally, 360 days for small capital equipment, consumer durables, bulk agricultural commodities and fertilizer.

Part A: Why Short-term Credit Standards (STCS)?: A brief explanation why Ex-Im Bank has adopted the STCS and how we view the STCS in assisting the exporting community

Part B: How to Use the Short-term Credit Standards

Part C: Multibuyer Policy Standards: The Multibuyer standards were developed to increase and expand the use of discretionary credit decision making authority by exporters. Accordingly, the Multibuyer standards are based on exporter attributes (e.g., credit management expertise and experience, financial standing, industry and commercial credit history) and will be used to determine the exporter's policy discretionary authority, deductible, and aggregate liability limit.

- Table C (1) outlines the exporter qualification standards for new policy applicants
- Table C (2) outlines the exporter qualification standards for policy renewals.
- Table C (3) outlines the exporter qualification standards to determine the discretionary authority credit limits (DCL).

Part D: Single Buyer Policy Standards: Applicable to Multibuyer Policy Special Buyer Credit Limit Applications (SBCL) and Single Buyer Policy Applications. Single Buyer Standards were developed to provide clear criteria to expedite case processing. Single Buyer applications are evaluated based primarily on the credit of the foreign obligor. Single Buyer standards differ according to obligor type (financial institution, non-financial institution); payment terms (non-letter of credit, letter of credit); and transaction amount. Specifically:

- Table D(1) outlines the buyer qualification standards for transactions involving Non-Financial Institution Buyers/Obligors (Exporter Single Buyer Policy, Financial Institution Buyer Credit Policy, and Multibuyer Policy SBCLs) for \$300,000 and less.

- Table D(2) outlines the buyer qualification standards for transactions involving Non-Financial Institution Buyers/Obligors for dollar amounts with breakpoints of \$300,001 up to \$1,000,000 and \$1,000,001 up to \$10,000,000. For amounts greater than \$10,000,000, Ex-Im Bank will conduct a complete analysis and may require additional information in order to process the application.
- Table D(3) outlines the buyer qualification standards for transactions involving Letters of Credit under the Exporter Single Buyer Policy and Issuing Bank Letters of Credit under the Bank Letter of Credit and Multibuyer exporter policies. The information required and the credit standards (financial ratios) are differentiated by dollar amount (\$2.5 million is the break point amount) and pertain to the foreign financial institution issuing the Letter of Credit.
- Table D(4) outlines the buyer qualification standards for non-L/C based transactions involving Financial Institution Buyers, Obligors, and/or Guarantors (Exporter Single Buyer Policy or Multibuyer Policy SBCL, and Financial Institution Buyer Credit Policy). The information required and the credit standards (financial ratios) are differentiated by dollar amount with the breakpoints of \$1,000,000 or less, \$1,000,001 up to \$5,000,000, and greater than \$5,000,000.

Part E: Description of Small Business Enhanced Assignment of Insurance Policy Proceeds

This product encourages financial institutions to provide foreign account receivable financing to **qualified small businesses**. Ex-Im Bank's credit insurance protects the receivables used to collateralize the financing. Ex-Im Bank also assumes the risk of the exporter failing to comply with the insurance policy.

- Table E outlines the exporter qualification standards for Small Business Enhanced Assignment of Policy Proceeds (Multibuyer or Singlebuyer Exporter Policies)

Part F: Explanation of Terms

Please note that the standards, particularly the performance criteria (financial ratios), include a degree of flexibility. If mitigating credit factors exist and are provided Ex-Im Bank will consider approval of an application that does not entirely meet the standards. Applicants are strongly encouraged to ***provide all of the required information at the time of application*** so that processing time can be minimized.

While the credit standards are designed to help Ex-Im Bank process applications faster, certain transactions will continue to require additional time because specialized information and/or analysis is needed. Exports involving nuclear related products are examples. In addition, applications involving certain markets where Ex-Im Bank's Country Limitation Schedule dictates terms other than those requested could result in outcomes not necessarily consistent with these generic standards. Finally, Ex-Im Bank will take into account any material adverse credit information known to Ex-Im Bank at the time of application or during the processing of the application.

## II. EX-IM BANK SOURCES FOR MORE INFORMATION

### Headquarters

U.S. Toll Free Number (800) 565-EXIM  
Worldwide Number (202) 565-3946  
TDD (202) 565-3377  
Business Development (202) 565-3900  
Business Development Fax (202) 565-3931  
Fax Retrieval (202) 565-EXIM, press 1, then 2 at prompts  
E-Mail [bdd@exim.gov](mailto:bdd@exim.gov)  
Internet <http://www.exim.gov>

### Regional Offices

Mid-Atlantic - Washington	(202) 565-3902	Fax: (202) 565-3380
Northeast - New York	(212) 466-2950	Fax: (212) 466-2959
Southeast - Miami	(305) 526-7188	Fax: (305) 526-7435
Midwest - Chicago	(312) 353-8081	Fax: (312) 353-8098
Southwest - Houston	(281) 721-0466	Fax: (281) 679-0156
West - Long Beach	(562) 980-4580	Fax: (562) 980-4590
<i>Satellite</i> - San Francisco	(415) 705-2285	Fax: (415) 705-1156
<i>Satellite</i> - Orange County, CA	(949) 660-1688 ext. 150	Fax (949) 660-8039

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### III. SHORT-TERM CREDIT STANDARDS

#### A. WHY SHORT-TERM CREDIT STANDARDS?

Ex-Im Bank is adopting Short-term Credit Standards (STCS) in order to:

- Improve customer service
- Convey a transparent short-term credit policy
- Promote more consistency in transaction processing
- Prudently take more risk
- Efficiently process a larger volume of business

#### FLEXIBLE STANDARDS

Ex-Im Bank will consider approval of an application that does not entirely meet the standards if mitigating credit factors exist and are provided. Some transactions will require extra processing time because of unique risk characteristics, size, or country. Ex-Im Bank will also take into account any material adverse issues that become apparent during the application process. Average processing times are specified for each transaction type in the enclosed STCS.

#### B. HOW TO USE STCS

1. All transactions must meet Ex-Im Bank insurance eligibility guidelines (exporter, products, payment terms, country).
2. Refer to the STCS for the specific transaction type ("Multibuyer" or "Single buyer" policy) to determine whether the request meets the applicable standards.
3. **Submit signed, fully completed applications with all required credit information.**

**Optional:** Briefly explain any mitigants for Ex-Im Bank to consider approval on transactions not entirely meeting STCS.

4. Ex-Im Bank will promptly acknowledge receipt of the application by either issuing a written "Fast-Track" approval (or declination), or indicating whether additional information or credit enhancement would be required to reach a final decision.
5. Contact the appropriate Ex-Im Bank credit officer, your export credit insurance broker, your Umbrella policy administrator or your City/State Program Participant for processing status updates.

## C. SHORT-TERM MULTIBUYER POLICIES FOR EXPORTERS

### Description of Products and Processes

Product	Insures an exporter's entire eligible export credit portfolio.	
Applicable Policies	Short-Term Multibuyer Comprehensive Policy	(ESC)
	Small Business Policy	(ENB)
	Environmental Policy	(ENV)
	Umbrella Policy (no DCL)	(EUS)
	Political-Only Policy	(ESP)
Analytical Focus	Exporter's business acumen, credit management, financial viability, and commercial integrity.	
Ex-Im Bank Objective	Maximize transfer of most buyer credit decisions to the exporter under Discretionary Credit Authority (“DCL”), based on their credit practices, prior experience and the quality of their foreign receivables.	
Processing Time	<p><b>New Policy Applications:</b> Five (5) workdays or less from the date of receipt of a complete application, provided STCS met, no material adverse issues, and no extensive policy customization required. Table C(1)</p> <p><b>Annual Policy Renewals:</b> Table C(2)</p> <p>60 days before the policy expiry date, Ex-Im Bank will determine whether the exporter meets renewal standards.</p> <ul style="list-style-type: none"> <li>- Exporters not meeting standards will promptly receive Ex-Im Bank’s written request for additional information required to complete the renewal on or before the expiry date.</li> <li>- Exporters meeting standards will not be required to submit additional information. Ex-Im Bank will approve renewal and mail the policy renewal documents 30 days before the expiry date.</li> </ul>	
Processing Department	Ex-Im Bank Insurance Division Exporter Underwriting & Small Business Department	



## MULTIBUYER POLICY: EXPORTER QUALIFICATION STANDARDS

### New Policy Applicants- Table C (1)

1. In same line of business for at least three years. No material adverse issues\*.
2. Have at least one year of direct exporting experience.
3. Had an operating profit in their most recent fiscal year.
4. Dun & Bradstreet credit report dated within 6 months of application: "Paydex" of 50 or higher and no derogatory information.\*
5. Signed financial statements for the last two fiscal years show positive net worth. Net Worth at the most recent fiscal year-end is at least 10% of the requested policy limit.
6. Meet STCS Table E if Small Business Enhanced Assignment required for financing.

### Annual Policy Renewal- Table C (2)

1. Ex-Im Bank policyholder for at least 2 years. Policy liability limit is less than \$5,000,000.
2. Dun & Bradstreet credit report: "Paydex" of 50 or higher; no derogatory information.\*
3. Total claims (paid and pending) over the last two to five years are less than 100% of premiums paid over the same period.
4. No adverse risk issues, such as policy non-compliance, abrupt change in the risk portfolio or exporter's financial condition.
5. If "Small Business Enhanced Assignment" exists, standards #3, 4, and 5 in Table E must also be met.

Proceed to Table C (3) "Standards for Discretionary Credit Authority"

*Exporters meeting the applicable standards will be "fast-tracked" for approval consideration. Normal processing, including review of mitigating factors or additional information requested by Ex-Im Bank in writing, applies to all other exporters. Ex-Im Bank reserves the right to withdraw incomplete applications, decline applications based on adverse risk issues, or approve policy liability limits that are less than requested.*

**Services exports, adding affiliates as "Additional Named Insureds," sales out of consignment or overseas warehouses, or pre-shipment cover will require additional supporting information.**

Dun & Bradstreet "**Paydex**" is the numerical value assigned to the weighted average payment experience reported recently by the exporter's suppliers. A Paydex of "50" corresponds to an average payment of 30 days slow. Higher values reflect payments made more promptly.

"**Enhanced Assignment**" of Small Business insurance policy proceeds protects the lender, financing insured receivables, from exporter performance risk (see Section E).

\* Term defined in Section F

## "DISCRETIONARY CREDIT AUTHORITY"

**Definition:** The per buyer maximum credit limit(s) issued to qualified exporters authorizing them to commit insurance coverage without prior Ex-Im Bank approval. This authority is endorsed to the exporter's policy with the "Discretionary Credit Limit Endorsement."

Credit limits exceeding the exporter's Discretionary Credit Limit Authority or restricted by Ex-Im Bank's Country Limitation Schedule must be approved by Ex-Im Bank upon submission of a **Special Buyer Credit Limit Application "SBCL."** The "Single buyer" STCS, Tables D (1-4), apply to SBCL applications.

**NOTE:** The terms and conditions of an Ex-Im Bank issued SBCL or IBCL (for letter of credit transactions) supercede the exporter's DCL for the specific buyer.

**Use:** Exporters qualify buyers for credit using either favorable current credit information or prior payment experience with their buyers.

### EXPORTER QUALIFICATION STANDARDS: DISCRETIONARY AUTHORITY

- TABLE C (3) -

1. New applicants must meet STCS Table C(1); existing policyholders must meet STCS Table C(2).
2. Prior experience exporting on payment terms other than cash in advance.
3. Person responsible for export credit decisions has at least one full year of export credit experience.
4. Applicant uses at least one external source of credit information<sup>1</sup> to qualify buyers for sales on credit terms.
5. Total export credit amounts overdue by more than 90 days are less than 25% of total credit amounts outstanding. (Accounts Receivable aging must be within 60 days of application date.)
6. Total export credit losses over the last three years are less than \$50,000 for multibuyer deductible policies; less than \$20,000 for small business multibuyer policies.

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<sup>1</sup>Sources of external credit information: written trade or bank reference\*, credit agency report\* or the buyer/guarantor's financial statements.

\* Term defined in Section F.

## AMOUNT OF DISCRETIONARY CREDIT AUTHORITY

Determined by exporter's credit practices, experience, industry, receivables quality and size of typical credit offered to most buyers. Ex-Im Bank uses an exporter "credit management risk rating scale" to derive a Discretionary Authority ("DCL") for each policy (see "benchmark" DCL amounts, below).

Ex-Im Bank must have a signed, completed **Credit and Collection Procedures Questionnaire** from the exporter to consider issuance of a DCL.

	Exporter's Credit Management		
	Low Risk	Average Risk	Higher Risk
<b>"Small Business Multibuyer Policy"</b>			
(maximum DCL amount)			
New Buyers	\$ 50,000	\$25,000	\$10,000
Repeat Buyers	\$ 75,000	\$50,000	\$25,000
<b>"Multibuyer Deductible Policy"</b>			
(minimum DCL amount)			
New Buyers	\$ 75,000	\$40,000	\$25,000
Repeat Buyers	\$100,000	\$75,000	\$50,000

Note: Ex-Im Bank reserves the right to increase, reduce, or decline any DCLs based on its sole evaluation of the exporter's credit management risk, or request additional information to justify DCLs.

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## D. SHORT-TERM SINGLE BUYER POLICIES

### Description of Products and Processes

Product	Export credit insurance for single buyer transactions.	
Policy Types	<p><b>Short-Term Single Sale Policy</b>            - Exporter-held policy for export credit sales to a single buyer.</p> <p><b>Financial Institution Buyer Credit Policy</b>            - Policy held by financial institution which provides direct or reimbursement loans to a single buyer.</p>	<p>(ESS comprehensive cover)            (ESSP political only cover)</p> <p>(FB public sector buyer)            (FB-E sovereign buyer)            (FP political only cover)            (FV private buyer)</p>
Credit Limits	<p><b>Special Buyer Credit Limits</b>            (For multibuyer policy buyers not approved under exporter Discretionary Credit Limit)</p> <p><b>Issuing Bank Credit Limit</b>            (For issuing bank credit limits not approved under the Bank Letter of Credit policyholder's Discretionary Credit Limit)</p>	<p>(SBCL)</p> <p>(IBCL)</p>
Analytical Focus	Creditworthiness of foreign buyer or bank issuing a letter of credit.	
Ex-Im Bank Objective	Accept single sale transactions for coverage where "Reasonable Assurance of Repayment" is supported.	
Processing Time	<p><b>New Policy/Credit Limit Applications:</b>            Transactions (resulting in Ex-Im Bank's total potential buyer exposure) of \$300,000 or less: Five (5) workdays or less from the date of receipt of the application, provided STCS met, no material adverse issues, and no extensive policy customization required.</p> <p>Transactions from \$300,001 to \$2.5 million (exposure): Ten (10) workdays or less, provided STCS met, no material adverse issues, and no extensive policy customization required.</p> <p>Transactions exceeding \$2.5 million (exposure): Fifteen (15) workdays or less, provided STCS met, no material adverse issues, and no extensive policy customization required.</p>	
Processing Department	Ex-Im Bank Insurance Division Buyer Underwriting Department	

## SHORT-TERM SINGLE BUYER CREDIT STANDARDS

### FOR ALL SINGLE BUYER TRANSACTIONS:

#### Exporter Credit Standards

- Favorable credit report dated within 6 months of the application.
- Dun & Bradstreet Paydex<sup>2</sup> greater than or equal to 50.
- For supplier credits, basic financial information that provides reasonable assurance that the proposed transaction is not disproportionate in scope and scale relative to the exporter's financial wherewithal and nature of business operations.
- For qualified small business exporters requesting the Enhanced Assignment of policy proceeds, the standards listed in Table E.

#### Buyer Credit Standards

##### ALL RISK TYPES

1. Domicile acceptable according to Ex-Im Bank's Country Limitation Schedule.
2. Not suspended or barred from doing business with the United States Government.
3. No unresolved payment issues concerning debts to, or guaranteed or insured by, Ex-Im Bank.

##### SOVEREIGN RISK

No additional criteria.

##### POLITICAL RISK

Credit report contains no material adverse information.

##### PRE-APPROVED

Market indications and other available information disclose no material adverse change in financial condition.

##### NON-FINANCIAL INSTITUTIONS

See Credit Standards in Table D(1) and D(2).

##### FINANCIAL INSTITUTIONS—LETTER OF CREDIT-BASED TRANSACTIONS

See Credit Standards in Table D(3).

##### FINANCIAL INSTITUTIONS—NON-LETTER OF CREDIT-BASED TRANSACTIONS

See Credit Standards in Table D(4).

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<sup>2</sup>Dun & Bradstreet Paydex is the numerical value assigned to a company's weighted average payment experience reported recently by the exporter's suppliers. A Paydex of "50" corresponds to an average payment of 30 days slow. Higher values reflect payments made more promptly.

1. **Consider approval without additional information**, if overall financial strengths adequately mitigate indicated weaknesses and/or uncertainties. For example, if the buyer reported a small net loss in the next-to-last fiscal year, but meets or exceeds all other standards, the company will be considered for approval.
2. **Consider approval with additional information**, if mitigating information regarding indicated risk(s) is readily available and will not materially expand the scope of analysis. For example, if the buyer reported negative cash flow from operations in last fiscal year, but applicant can provide confirmable information on availability of adequate credit lines and the buyer meets or exceeds all other standards, the buyer will be considered for approval. Ex-Im Bank will not request extensive supplemental information.
3. **Require a guarantor**<sup>3</sup> that meets the applicable standards.
4. If 1, 2 or 3 are not feasible, Ex-Im Bank will **deny the credit**. Applicant will be given an opportunity to withdraw application if denial appears likely .

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<sup>3</sup>Ex-Im Bank's insurance policies require guarantees to be valid and enforceable in the guarantor's country at the time of shipment. Ex-Im Bank offers no opinion on the validity or enforceability of a guarantee in conjunction with processing the application. The applicant is encouraged to independently seek legal opinion from counsel in the guarantor's country regarding a guarantee's validity/enforceability.

**TABLE D (1)**  
**STCS for Non-Financial Institution Buyers/Obligors**  
**\$300,000 and Under**  
**(SBCL, ESS)**

UP TO \$50,000	\$50,001 - \$100,000	\$100,001 - \$300,000
<p>1. Favorable: Credit Agency Report*</p> <p style="text-align: center;"><b>OR</b></p> <p>One (1) of either:</p> <ul style="list-style-type: none"> <li>- Trade Reference* <i>(Similar amount/terms)</i></li> <li>- Applicant's Ledger Experience* <i>(Similar amount/terms)</i></li> </ul>	<p>1. Favorable: Credit Agency Report*</p> <p style="text-align: center;"><b>AND</b></p> <p>One (1) of either:</p> <ul style="list-style-type: none"> <li>- Trade Reference* <i>(Similar amount/terms)</i></li> <li>- Applicant's Ledger Experience* <i>(Similar amount/terms)</i></li> </ul>	<p>1. Favorable: Credit Agency Report*</p> <p style="text-align: center;"><b>AND</b></p> <p>either a, b, or c:</p> <ul style="list-style-type: none"> <li>a) Two (2) Trade References* <i>(Similar amount/terms)</i></li> <li>b) One (1) Trade Reference*, <b>and</b> the Applicant's Ledger Experience* <i>(Similar amount/terms)</i></li> <li>c) Buyer's signed financials for two most recent fiscal year-ends. <i>(Ex-Im Bank's total potential obligor exposure not greater than 50% of obligor's tangible net worth* at the end of the last fiscal year.)</i></li> </ul>
<p><i>For SBCL renewals up to \$100,000, the applicant only needs to provide their favorable ledger experience.</i></p>		
<p>2. Buyer is in same general line of business for at least 3 years.</p>		
<p>3. No "Material Adverse Issues"* present.</p>		

Note: The buyer's financial statements may be required if Ex-Im Bank's total potential exposure on the buyer exceeds \$300,000. (Verification by Ex-Im Bank Insurance Credit Officer).

Credit Agency Reports, containing "current" trade references from verifiable sources,\* will satisfy one (1) trade reference requirement.

*Transactions meeting the applicable standards will be "fast-tracked" for approval consideration. Normal processing, including review of mitigating factors, applies to transactions not entirely meeting standards. Ex-Im Bank reserves the right to withdraw incomplete applications, decline applications based on material adverse issues, approve amounts that are less than requested, or request any additional information.*

\* Term defined in Section F.

**TABLE D (2)**



**NON-FINANCIAL INSTITUTIONS--NON-LETTER OF CREDIT TRANSACTIONS  
SBCL, ESS OVER \$300,000  
All FB or FV**

	<b>Credit Limit \$300,001 - \$1 million**</b> (ESS & SBCL) <b>Credit Limit \$1 million or less**</b> (FB, FV)	<b>Credit Limit \$1,000,001 to \$10,000,000**</b> (ESS, FB, FV & SBCL)
<b>1</b>	Obligor in the same general line of business for at least 3 years.	Obligor in the same general line of business for at least 3 years.
<b>2</b>	Favorable credit report* dated within 6 months of the application.	Favorable credit report* dated within 6 months of the application.
<b>3</b>	Two (2) current favorable trade references* of "similar" amounts and payment terms dated within 6 months of the application .***	Two (2) current favorable trade references* of "similar" amounts and payment terms dated within 6 months of the application.***
<b>4</b>		Favorable bank report dated within six (6) months of the application.
<b>5</b>	Audited or signed unaudited financial statements with notes for the last two (2) fiscal years, which adequately disclose financial condition and afford a reasonable basis for reliance on the information provided.	Audited financial statements for the last three (3) fiscal years complete with notes and auditor's opinion. Interim financial statements are also required if the most recent fiscal year statements predate the application date by nine (9) or more months.
<b>6</b>	Ex-Im Bank's total potential obligor exposure not greater than 50% of obligor's tangible net worth* at the end of the last fiscal year.	Ex-Im Bank's total potential obligor exposure not greater than 50% of obligor's tangible net worth* at the end of the last fiscal year.
<b>7</b>	Operating* and net profit* in the most recent fiscal year.	Operating* and net profit* in the most recent fiscal year.
<b>8</b>	Current ratio* in the last fiscal year is equal to or greater than 1.25.	Positive net cash from operations* and EBITDA/Debt Service * of at least 1.5 for the latest fiscal year end.
<b>9</b>	Total Liabilities/Net Worth ratio* in the last fiscal year is equal to or less than 2.5.	Total Liabilities/Net Worth* ratio in the last fiscal year is equal to or less than 2.5.
<b>10</b>	FB & FV only: Applicant's credit memorandum on obligor.	FB & FV only: Applicant's credit memorandum on obligor.
<b>11</b>	No material adverse issues present.*	No material adverse issues present.*

\* Term defined in Section F.

\*\* May substitute market indications (current market ratings equivalent to the minimum acceptable for its country as indicated in the Medium Term Exposure Fee Advice Tables on Ex-Im Bank's Web Page).

\*\*\* For ESS Policies and SBCLs, one trade reference may be based on exporter experience.

Credit Agency Reports containing "current" trade references from verifiable sources\* will also satisfy one trade reference requirement.

*Transactions meeting the applicable standards will be "fast-tracked" for approval consideration. Normal processing, including review of mitigating factors, applies to transactions not entirely meeting standards. Ex-Im Bank reserves the right to withdraw incomplete applications, decline applications based on material adverse issues, approve amounts that are less than requested, or request any additional information.*

**TABLE D (3)**  
**FINANCIAL INSTITUTIONS--LETTER OF CREDIT TRANSACTIONS**  
**(IBCL, ESS)**

Credit Limit \$2,500,000 or less (ESS & IBCL)	Credit Limit greater than \$2,500,000 (ESS & IBCL)
<p>One Short-Term debt rating of obligor from:</p> <p>Standard and Poor's "B" or better, or Moody's "P-3" or better or IBCA "F3" or better or Capital Intelligence "B" or better, or Thompson Bankwatch "TBW-3"/"LC-3", "IC-C/D", "B" or better</p> <p><b>OR</b></p> <p>Most recently published fiscal year end or interim statements or statement spread from IBCA, Capital Intelligence, Bankstat, or Eurostar that indicates:</p> <p>a. Equity of at least US \$25,000,000 <b>and</b></p> <p>b. Net profit* for period covered by statement <b>and</b></p> <p>c. Ex-Im Bank total potential obligor exposure is not greater than 50% of obligor's tangible net worth* at the end of the last fiscal year.</p>	<b>With Acceptable Current Market Ratings**</b>
	Obligor in the same general line of business for at least 3 years.
	Favorable reference from a creditor bank.*
	Ex-Im Bank's total potential obligor exposure is not greater than 50% of obligor's tangible net worth* at the end of the last fiscal year.
	<b>Without Acceptable Current Market Ratings:**</b>
	In addition to the three (3) standards described above, the following standards apply:
	Audited statements adequately disclose financial condition and were prepared according to accounting principles that afford a reasonable basis for reliance on the information provided.
	Auditor's opinion is either (a) unqualified or (b) qualified with respect to amounts and circumstances not considered material to creditworthiness.
	Net income in* last fiscal year is at least 1% of average total assets.
	Liquid assets* at least 10% of last fiscal year's total assets*.
Loan loss reserves* at least 80% of last fiscal year's non-performing loans*.	
No material adverse issues present*.	Borrowed funds* less than 100% of last fiscal year's net loans*.
	Equity at least 8% of last fiscal year's total assets*.
	No material adverse issues present*.

\* Term defined in Section F.

\*\* May substitute market indications (current market ratings equivalent to the minimum acceptable for its country as indicated in the Medium Term Exposure Fee Advice Tables on Ex-Im Bank's Web Page).

*Transactions meeting the applicable standards will be "fast-tracked" for approval consideration. Normal processing, including review of mitigating factors, applies to transactions not entirely meeting standards. Ex-Im Bank reserves the right to withdraw incomplete applications, decline applications based on material adverse issues, approve amounts that are less than requested, or request any additional information.*

**TABLE D (4)**  
**FINANCIAL INSTITUTIONS--NON-LETTER OF CREDIT TRANSACTIONS**  
**(ESS, FB, FV, SBCL)**

Credit Limit \$1,000,000 or less (ESS, FB & FV)	Credit Limit \$1,000,001 - \$5,000,000 (ESS, FB & FV)	Credit Limit greater than \$5,000,000 (ESS, FB & FV)
One Short-Term debt rating of obligor from:  S+P "B" or better, or Moody's "P-3" or better or IBCA "F3" or better or Cap. Int. "B" or better, or Thompson Bankwatch "TBW-3"/"LC-3" "IC-C/D", "B" or better  <b>OR</b>  Most recently published fiscal year end or interim statements or statement spread from IBCA, Capital Intelligence, Bankstat, or Eurostar that indicates: a. Equity of at least US \$25,000,000, and b. Net profit* for period covered by statement. c. Ex-Im Bank total potential exposure is no greater than 50% of tangible net worth* at the end of the last fiscal year.	<b>With Acceptable Current Market Ratings**</b>	
	Obligor in the same general line of business for at least 3 years.	Obligor in the same general line of business for at least 3 years
	Favorable reference from a creditor bank.*	Favorable reference from a creditor bank.*
	Ex-Im Bank's total potential obligor exposure is not greater than 50% of obligor's tangible net worth* at the end of the last fiscal year.	Ex-Im Bank's total potential obligor exposure is not greater than 50% of obligor's tangible net worth* at the end of the last fiscal year.
	<b>Without Acceptable Current Market Ratings**</b> In addition to the three (3) standards described above, the following standards apply:	
	Audited statements adequately disclose financial condition and were prepared according to accounting principles that afford a reasonable basis for reliance on the information provided.	Audited statements adequately disclose financial condition and were prepared according to accounting principles that afford a reasonable basis for reliance on the information provided.
	Auditor's opinion is either (a) unqualified or (b) qualified with respect to amounts and circumstances not considered material to creditworthiness.	Auditor's opinion is either (a) unqualified or (b) qualified with respect to amounts and circumstances not considered material to creditworthiness.
	Net income* in last fiscal year is at least 1% of average total assets*.	Ex-Im Bank analysis of financial statements, supplemental financial information and the operating environment concludes institution is creditworthy.
	Liquid assets* at least 10% of last fiscal year's total assets*.	No material adverse issues present*.
	Loan loss reserves* at least 80% of last fiscal year's non-performing loans.*	
No material adverse issues present*.	Borrowed funds* less than 100% of last fiscal year's net loans*.	
	Equity at least 8% of last fiscal year's total assets*.	
	No material adverse issues present*.	

\* Term defined in Section F.

\*\* May substitute market indications (current market ratings equivalent to the minimum acceptable for its country as indicated in the Medium Term Exposure Fee Advice Tables on Ex-Im Bank's Web Page).

*Transactions meeting the applicable standards will be "fast-tracked" for approval consideration. Normal processing, including review of mitigating factors, applies to transactions not entirely meeting standards. Ex-Im Bank reserves the right to withdraw incomplete applications, decline applications based on material adverse issues, approve amounts that are less than requested or request any additional information..*

**E. ENHANCED ASSIGNMENT OF INSURANCE POLICY PROCEEDS**

## Description of Product and Processes

Product	Protects lenders financing insured receivables from exporter performance risks (non-compliance with the insurance policy). The exporter, lender and Ex-Im Bank execute an Assignment Agreement which states the responsibilities of each party.
Applicable Policies	Short-Term Multibuyer Small Business Policy (ENB) Environmental Policy (ENV) Umbrella Policy (EUS) Single Sale (Single buyer) Policy (ESS/ESSP)
<b>Eligible Exporters</b>	"Small Businesses," as defined by the U.S. Small Business Administration, whose annual export credit sales (excludes letters of credit and cash in advance) for the last two years (including those of their affiliates) average less than \$5,000,000.
Eligible Lenders	Financial institutions which conduct receivables financing, understand trade finance documentation, evidence financial viability and commercial integrity.
Maximum Payable	Amount equal to or less than exporter's policy or claim payment limit of liability, plus interest calculated at the lender's rate.
Analytical Focus	Exporter: Company (also possibly owners') commercial integrity, financial viability, business acumen, and credit practices. Lender: Nominal analysis.
Ex-Im Bank Objective	Expand financing sources and opportunities for small businesses using Ex-Im Bank "Small Business" insurance programs. Exporter must demonstrate "Reasonable Assurance of Repayment."
Processing Time	Five (5) workdays or less from the date of receipt provided STCS met and there are no material adverse issues.
Ex-Im Bank Credit Officer	Risk Manager - Exporter Underwriting & Small Business Department (202-565-3646)

# EXPORTER STANDARDS FOR SMALL BUSINESS ENHANCED ASSIGNMENT

- Table E -

## Instructions:

"Small business" exporters with Multibuyer policies must also meet STCS Table C(1) or C(2). Small Business exporters with Singlebuyer policies must meet the following standards in addition to the basic Exporter Credit Standards in Section III. D.

1. Favorable written bank reference dated within six months of the request. Evidence of satisfactory bank credit experience is preferred.
2. Two favorable written supplier references dated within six months of the request. At least one reference must indicate a high credit of at least \$25,000 used within the past 12 months.
3. Exporter's net worth is at least 20% of the requested or current policy liability limit. Net worth can include subordinated shareholder debt.
4. Exporter currently has no export credit accounts of \$10,000 or more overdue in excess of 90 days attributable to product disputes.
5. Minimum financial statement ("F/S") requirements:  
(two most recent fiscal year-ends)

<u>Policy Liability Limit</u>	<u>Required F/S Quality</u>
\$500,000 or less	F/S signed by authorized officer of the company.
\$500,001-\$999,999	CPA Reviewed w/ notes; or Audited F/S w/ notes.
\$1,000,000 or more	Audited F/S w/ notes

Note: Ex-Im Bank may require personal credit or financial reports on the exporter's major shareholders to consider approval of an Enhanced Assignment.

Enhanced Assignment benefits are not available if the exporter is approved for a working capital loan guaranteed by Ex-Im Bank or the U.S. Small Business Administration, or if the exporter's exports are entirely services.

*Enhanced Assignment requests meeting the applicable standards will be "fast-tracked" for approval consideration. Ex-Im Bank reserves the right to withdraw incomplete Enhanced Assignment requests, decline requests based on adverse risk issues, approve prospective amounts payable under the assignment that are less than requested, or request additional information to justify an approval.*

## F. EXPLANATION OF TERMS

### 1. "Favorable" Credit Agency Report:

- Current: dated within six (6) months of the application date .
- **No derogatory information**, e.g., buyer & owners have clean histories, no protested bills, multiple suits, liens, or outstanding judgements.
- Satisfactory credit history. "Current" sources do not indicate any payments received in excess of 60 days slow during the last 12 months.
- Contains the following minimum information:

Date of Report	Name/Address of buyer
Date buyer established	Description of business activities
Present ownership	Management antecedent information
Legal status	Number of employees
Bank relationship(s)	Description of business facilities

### 2. "Favorable" (Written) Trade Reference: (Absent derogatory opinions and no payments over 60 days slow over the last 12 months)

- Current: dated within six (6) months of the application date .
- **"Verifiable source"** (contact name/title/company/phone number), reference date, and full buyer name & address are clearly identifiable.
- **"Similar amount"**: reference's highest credit over the last 12 months must be at least 50% of the application's requested credit amount.
- **"Similar terms"**: secured terms (Irrevocable Letters of Credit, Cash Against Documents, Sight Draft Documents Against Payment) only justify use of the same secured terms. Unsecured terms (open account, drafts, notes) justify secured or unsecured terms, but the applicant's requested terms cannot exceed the reference's unsecured terms by more than 60 days.
- Contains the following credit history items:

Years credit experience w/ buyer	Terms of sale
Annual sales to buyer	Date of last sale
Recent high credit	Current outstanding amount
Past due amount (if any)	Days past due
Buyer payment history is characterized as follows:	
___ Prompt; ___ 30 days slow; ___ 60 days slow; ___ 90+ days slow	

Note: Credit Agency Reports, containing "current" supplier references from verifiable sources and including the above items, will also satisfy one (1) trade reference requirement.

### 3. "Favorable" Applicant's Ledger Experience: (No buyer payments in excess of 60 days slow over the last 12 months)

- Applicant's ledger (trade) experience must be completely provided as requested in the Ex-Im Bank credit application.
- Applicant has received payment from buyer over the last 12 months on at least one invoice of "similar amount" and "similar terms".
- No current amounts due from buyer exceed 60 days slow.

#### 4. "Favorable" Bank Reference:

- Current: dated within six (6) months of the application date.
- **Verifiable source:** the bank reference must contain the following:
  - Appear on the bank's letterhead
  - Date reference made
  - Name of the foreign buyer or bank with which the bank referenced has a relationship
  - Clearly indicate the professional title of the "duly authorized representative" of the bank which is providing the reference
  - Provide the duly authorized representative's signature.
- An explicit "favorable" opinion must be stated--the bank being referenced must state that its relationship with the foreign buyer or bank has been satisfactory, or use other similar terminology (e.g., the buyer has paid "as agreed," or within "all required terms.") A bank reference that is silent on the character of its relationship with the buyer or bank and does not give an explicit "favorable" opinion is not acceptable to Ex-Im Bank.
- The type of credit relationship must be indicated--the bank being referenced must state what type of credit relationship it has with the foreign buyer or bank; specifically, does the relationship only entail depository relationship, or, are actual credit facilities extended to the foreign obligor? If credit facilities are extended, the amount of such facilities in "figure terms" (e.g., local currency seven "figures") should be provided in the bank reference.

#### 5. "Material Adverse Issues" include, but are not limited to the following:

Buyer:

##### **Credit History**

- Negative (unresolved) prior credit experience by Ex-Im Bank
- Past dues/slow payments (60 days or more)
- Highly derogatory credit history, credit information

##### **Financial Information**

- Poor financial condition (extreme illiquidity, high debt, insolvency) of buyer or parent
- Unexplained financial statement accounts and significant discrepancies (unreliable) in the financial information
- Published news reports indicate significant financial difficulties facing the obligor or its industry

##### **Country Conditions**

- Significant deterioration in the political or economic conditions of the country which may impact on the buyer's operations<sup>4</sup>

##### **Other**

- Ineligible transaction structure or products

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<sup>4</sup> Information contained in a Country Fact Sheet (produced by Ex-Im Bank) supersedes the Short-Term Credit Standards.

Exporter:

- Unreliable financial statements.
- Highly derogatory credit history, credit information.
- Poor financial condition (extreme illiquidity, high debt, insolvency) of exporter/parent/affiliates.
- Request appears beyond scope of exporter.
- Applicant's credit procedures are too liberal.
- Doubt whether applicant can remain a going concern.
- Nuclear, defense industry products.
- Adverse economic impact.
- Loss history.
- Heavy concentration of receivables in high risk countries.

## 6. NON-FINANCIAL INSTITUTIONS

- **Net Profit** and **Operating Profit** are as reported in the financial statements.
- **Tangible Net Worth** is shareholder's equity (as reported) minus intangible assets such as goodwill, patents and licenses.
- The **Current Ratio** is current assets divided by current liabilities.
- **Total Liabilities** are as reported in the financial statements.
- The **Total Liabilities/Net Worth Ratio** is as stated in the financial statements.
- **Net Cash from Operations** is as defined using the FASB 95 Indirect Method under U.S. GAAP.
- **EBITDA** is earnings before interest, taxes, depreciation and amortization as reported in the financial statements.
- **Debt Service** is interest paid during the most recent fiscal year plus Current Maturities of Long Term Debt (CMLTD) at the end of the prior fiscal year.

## 7. FINANCIAL INSTITUTIONS

- **Net Profit/Net Income** is as reported in the financial statements, after income tax expense.
- **Tangible Net Worth** is shareholder's equity (as reported) minus intangible assets such as goodwill, patents and licenses.
- **Shareholder's Equity, Total Assets** and **Net Income** are as reported in the financial statements.
- **Liquid Assets** are cash plus short-term marketable and trading securities plus government securities plus due from banks.
- **Non-Performing Loans** are loans which are not producing current income plus loans with a high probability of restructuring or loss of principal.
- **Net Loans** are loans and advances minus general and specific loan loss reserves.
- **Total Assets** are as reported in the balance sheet.
- **Borrowed Funds** are interbank borrowings plus notes, bills and bonds payable.
- **Loan Loss Reserves** are general and specific reserves available to absorb loan and other credit losses.