

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

The Short-Term Credit Standards (STCS) 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. Specific terms that are **in bold** are defined in Section X of this document.

Ex-Im Bank's credit standards:

- 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

Short-term transactions involve exports of consumer goods, raw materials, spare parts, certain commodities, and capital equipment with a repayment period of 180 days or, exceptionally, 360 days for capital equipment, consumer durables, bulk agricultural commodities and fertilizer. All transactions must meet Ex-Im Bank insurance eligibility guidelines (exporter, products, payment terms, country).

FLEXIBLE STANDARDS

Ex-Im Bank will consider approval of an application that does not entirely meet the standards if mitigating credit factors exist. Some standards, particularly performance criteria (i.e., financial ratios), include a degree of flexibility. Some transactions will require extra processing time because of unique risk characteristics, size, or country. ***Applicants are strongly encouraged to provide all of the required information at the time of application*** so that processing time can be minimized. Average processing times are specified for each transaction type in the enclosed STCS.

EXCEPTIONS

Certain transactions may require additional processing time because specialized information or analysis is required. Examples include:

- exports of nuclear industry related products
- sales of capital equipment on 360 day terms
- required credit enhancements or payment term restrictions dictated by Ex-Im Bank's Country Limitation Schedule
- transactions whose products may create potential environmental hazards
- transactions representing potential adverse economic impact to U.S. industries
- transactions potentially inconsistent with U.S. trade measures

Ex-Im Bank will also take into account any **material adverse issues** known to Ex-Im Bank during application processing.

II. EX-IM BANK SOURCES FOR MORE INFORMATION

Headquarters

U.S. Toll Free Number	(800) 565-EXIM
Worldwide Number	(202) 565-3946
Short-Term Trade Finance Division	(202) 565-3681
Trade Finance & Insurance Division	(202) 565-3400
TDD	(202) 565-3377
Business Development	(202) 565-3946
Business Development Fax	(202) 565-3931
E-Mail	info@exim.gov
Website	http://www.exim.gov
Ex-Im Online	https://eximonline.exim.gov

Ex-Im Bank Regional Offices

Northeast & Mid-Atlantic - New York	(212) 809-2650	Fax: (212) 809-2687
Southeast – Miami	(305) 526-7436	Fax: (305) 526-7435
Midwest – Chicago	(312) 353-8081	Fax: (312) 353-8098
Southwest – Houston	(281) 721-0465	Fax: (281) 679-0156
West – Orange County	(949) 660-1341	Fax: (949) 660-9553
<i>Satellite</i> - San Francisco, CA	(415) 705-2285	Fax: (415) 705-1156
<i>Satellite</i> – San Diego,CA	(619) 557-7091	Fax (619) 557-6176

City/State Partners

<http://www.exim.gov/about/partners/citystate/index.cfm>

Lenders

<http://www.exim.gov/about/partners/lenders/index.cfm>

Insurance Brokers

<http://www.exim.gov/pub/ins/pdf/eib00-01.pdf>

III. THINGS TO KNOW BEFORE YOU SUBMIT AN APPLICATION

1. Applications should be submitted online by visiting <https://eximonline.exim.gov>. To begin using Ex-Im Online, first select “Create a User Account.” If you are unable to apply online, applications may be submitted to the Credit Applications Processing Division by email to exim.applications@exim.gov or by fax to (202) 565-3675. Please allow for additional processing time for applications not submitted through Ex-Im Online.
2. Complete applications will facilitate the processing of your application. Make sure applications are **signed and fully completed** with all required credit information. For new online Multibuyer, Bank Letter of Credit, or Short-Term Single Buyer Policy applications, print and complete the Application Certification page and send it to Ex-Im Bank referencing the application tracking number. **Optional: Briefly explain any mitigants for Ex-Im Bank to consider for transactions not entirely meeting STCS.**
3. Submitting a complete application does not guarantee approval of the transaction. Ex-Im Bank reserves the right to request additional information if more specialized information and/or analysis is needed.
4. Make sure the requisite credit information (i.e., credit reports, supplier/bank references, financial statements) is attached to online applications.
5. For transactions involving capital goods financed on terms greater than 180 days, Ex-Im Bank may apply higher level financial statement, credit information and/or credit standards (debt service coverage, for example). Ex-Im Bank may also require a down payment or a debt instrument on the transaction.
6. Ex-Im Bank may require a guarantor on a transaction that does not meet credit standards. If so, 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 and enforceability.

IV. SHORT-TERM MULTIBUYER POLICIES FOR EXPORTERS

Description: Renewable insurance policy that insures an exporter's entire eligible export credit portfolio.

Applicable Policies: Multibuyer Deductible Policy (ESC)
Small Business Policy (ENB)
Environmental Policy (ENV)
Political-Only Policy (ESP)

Analytical Focus: Exporter's business acumen, credit management, financial viability, and commercial integrity.

Processing Time: New Policy Applications: Fifteen (15) days or less from the date of receipt of a complete application, provided STCS are met, no material adverse issues exist, and no extensive policy customization is required. See Table A(1).

Annual Policy Renewals: Sixty (60) days before the policy expiry date, Ex-Im Bank will determine whether the exporter meets renewal standards. See Table A(2). Exporters not meeting standards will promptly receive a written request for additional information required to complete the renewal on or before the expiry date. Exporters meeting standards will not be required to submit additional information. Ex-Im Bank will approve renewal and issue the policy renewal documents thirty (30) days before the expiry date.

Processing Division: Short-Term Trade Finance

V. MULTIBUYER POLICY: EXPORTER QUALIFICATION STANDARDS

New Policy Applicants - Table A(1)

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

See Table A(3) Standards for Discretionary Credit Authority

Annual Policy Renewal - Table A(2)

1. Policy liability limit is less than \$5,000,000.
2. Dun & Bradstreet **Paydex** of 50 or higher and **no derogatory information**.
3. Total claims (paid and pending) over the last five years are less than 100% of premiums paid during the same period.
4. No adverse risk issues such as policy non-compliance, abrupt changes in the risk portfolio or exporter's financial condition.
5. If a Small Business Enhanced Assignment exists, standards #2, 3, and 4 in Table D must also be met.

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

Enhanced Assignment of Small Business insurance policy proceeds protects the lender who is financing insured receivables from exporter performance risk (see Table D for the applicable standards).

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 return incomplete applications, decline applications based on adverse risk issues, or approve policy liability limits that are less than requested.

Exporters that meet the Small Business criteria for a Small Business (ENB) policy may only be quoted a Multibuyer deductible (ESC) policy depending on the risk factors associated with the application.

DISCRETIONARY CREDIT AUTHORITY UNDER MULTIBUYER POLICIES

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 (DCL) 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) or Issuing Bank Credit Limit Application (IBCL)**. Refer to Tables F (1-3) for applicable standards.

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

The amount of discretionary credit authority is determined by an exporter's credit practices, experience, industry, receivables quality and size of typical credit offered to most buyers.

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

EXPORTER QUALIFICATION STANDARDS FOR NEW MULTIBUYER POLICY APPLICATIONS: DISCRETIONARY CREDIT AUTHORITY - TABLE A(3) -

1. New applicants must meet STCS Table A(1).
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. Total export credit amounts overdue by more than 90 days are less than 25% of the total credit amounts outstanding. (Accounts Receivable aging must be dated within 30 days of the application.)
5. Any export credit losses will be evaluated in the context of the exporter's industry, portfolio and experience extending foreign credit.

Ex-Im Bank reserves the right to approve or decline any Discretionary Credit Limit (DCL) authority based on its evaluation of the exporter's credit management risk, or to request additional information to justify DCLs.

VI. SHORT-TERM SINGLE BUYER POLICIES

Description:	Export credit insurance for transactions with one buyer.
Policy Types:	Short-Term Exporter Single Buyer Policy: Exporter-held policy covering one or multiple credit sales to a single buyer. (<i>ESS policy for comprehensive cover; ESSP for political-only cover</i>) Financial Institution Buyer Credit Policy: Policy held by a financial institution that provides direct and/or reimbursement loans to a single buyer. (<i>FB policies for buyer credits; FV policies for supplier credits</i>)
Analytical Focus:	Creditworthiness of foreign buyer or bank issuing a letter of credit. Personal and/or corporate guarantees may be required for FIBC policies. See Table C. Exporter attributes are also evaluated for Exporter Single Buyer Policies. See Table B.
Processing Time:	Provided STCS are met, no material adverse issues exist, and no extensive policy customization is required: <ul style="list-style-type: none">• Transactions resulting in Ex-Im Bank's total potential buyer exposure of \$300,000 or less: Ten (10) days or less from the date of receipt of a complete application.• Transactions from \$300,001 to \$1 million in exposure: Within ten (10) to fifteen (15) days.• Transactions exceeding \$1 million in exposure: Within fifteen (15) to thirty (30) days.
Processing Division:	Short-Term Trade Finance (for Short-Term Exporter Single Buyer Policies) Trade Finance & Insurance (for Financial Institution Buyer Credit Policies)

EXPORTER QUALIFICATION STANDARDS

- TABLE B -

1. **Favorable credit report** dated within 6 months of the application.
2. In the same line of business for at least three years.
3. Dun & Bradstreet **Paidex** greater than or equal to 50.
4. Reasonable assurance that the proposed transaction is not disproportionate in scope and scale relative to the exporter's financial resources and business operations. The exporter's financial statements may be requested for any application, regardless of the requested amount.
5. Meets STCS Table D if Small Business Enhanced Assignment is required for financing.
6. No **material adverse issues**.

GUARANTEE REQUIREMENTS FOR NON-FINANCIAL INSTITUTION RISK
FIBC POLICIES
-TABLE C-

Corporate Guarantees

1. If the buyer is a start-up company, a guarantor that meets applicable standards is required.
2. If the buyer's ability to service its debt is materially dependent on cash flow from a major expansion or a new line of business, a guarantor that meets applicable standards is required.
3. If more than 25% of the buyer's sales in the last fiscal year were to a related or commonly-owned company, a guarantee of the related or commonly-owned company is required.
4. If more than 25% of the buyer's purchases in the last fiscal year were from a related or commonly-owned company, a guarantee of the related or commonly-owned company is required.

Personal Guarantees

1. For buyers with sales revenue of at least \$50 million in last fiscal year, personal guarantees are not required.
2. For buyers with sales revenue of less than \$50 million in last fiscal year, personal guarantees are required of (a) individuals with ownership interest exceeding 50% and (b) if no individual owns more than 50%, any individual with ownership interest of at least 20%. Personal financial statements are not required.

VII. ENHANCED ASSIGNMENT OF INSURANCE POLICY PROCEEDS

Description: 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: Small Business Policy (ENB)
Multibuyer Deductible Policy (ESC)
Environmental Policy (ENV)
Multibuyer Political-Only Policy (ESP)
Exporter Single Buyer Policy (ESS/ESSP)

Eligible Exporters: Small Businesses as defined by the U.S. Small Business Administration, whose annual export credit sales (excludes letters of credit and cash in advance sales) for the last three years (including those of their affiliates) average less than \$5,000,000.

Eligible Lenders: Financial institutions that 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: Financial institution's expertise in asset-based lending and trade finance documentation.

Processing Time: Five (5) days or less from the date of receipt provided STCS are met and there are no **material adverse issues**.

Processing Division: Short-Term Trade Finance

**EXPORTER STANDARDS FOR SMALL BUSINESS ENHANCED ASSIGNMENT
- TABLE D -**

1. Small business exporters with Multibuyer Policies must meet the criteria in STCS Table A(1) or A(2). Small business exporters with Single Buyer Policies must meet the criteria in STCS Table B.
2. Evidence of satisfactory bank credit experience.
3. Exporter's **tangible 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 \$25,000 or more overdue in excess of 90 days attributable to product disputes.
5. Minimum financial statement requirements: (two most recent fiscal year-ends)

<u>Policy Liability Limit</u>	<u>Required Financial Statement Quality</u>
\$500,000 or less	Signed by authorized officer of the company
\$500,001-\$999,999	CPA-reviewed with notes or audited with notes
\$1,000,000 or more	Audited financial statements with notes

Note: Ex-Im Bank may require personal credit reports or financial statements 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 that meet 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.

VIII. BANK LETTER OF CREDIT POLICIES (ELC)

Description: Renewable policy held by a financial institution that insures confirmations or negotiations of irrevocable letters of credit issued by foreign financial institutions.

Analytical Focus: Financial institution's experience confirming and/or negotiating foreign letters of credit.

Processing Time: New policy applications: Ten (10) days or less from the date of receipt of the application, provided no material adverse issues exist and no extensive policy customization is required.

Annual policy renewals: Forty-five (45) days prior to the expiry date, Ex-Im Bank will request any additional information required to complete the renewal.

Processing Division: Trade Finance & Insurance

CREDIT STANDARDS FOR BANK LETTER OF CREDIT (ELC) POLICY - TABLE E -

New Policy Applications

1. Financial institution has been in the same line of business for at least three years.
2. Minimum three years processing letter of credit transactions.
3. Financial statements and market rating reports (if available) indicate that the financial institution is in satisfactory financial condition and will be able to perform under the policy.
4. No **material adverse issues**.

Annual Policy Renewals

If experience under the policy is satisfactory and there are no **material adverse issues**, the policy may be renewed without additional information from the insured.

IX. BUYER AND FINANCIAL INSTITUTION CREDIT STANDARDS

1. For non-financial institution risk transactions. See Tables F(1)a, F(1)b, and F(2).
2. For financial institution risk transactions: See Table F(3).

Credit Limits:

Special Buyer Credit Limits (SBCLs) - For Multibuyer policies, buyer credit limits not approved under exporter's Discretionary Credit Limit authority.

Issuing Bank Credit Limit (IBCLs) – For Bank Letter of Credit policies or Multibuyer policies, issuing bank credit limits not approved under Discretionary Credit Limit authority.

Processing Times:

Transactions (resulting in Ex-Im Bank's total potential buyer exposure) of \$300,000 or less: Five (5) days or less from the date of receipt of a complete application, provided STCS are met, no material adverse issues exist, and no extensive policy customization is required.

Transactions from \$300,001 to \$1 million in exposure:
Ten (10) days or less, provided STCS are met, no material adverse issues exist, and no extensive policy customization is required.

Transactions exceeding \$1 million in exposure:
Within fifteen (15) to thirty (30) days, provided STCS are met, no material adverse issues exist, and no extensive policy customization is required.

TABLE F(1)a
STCS for Non-Financial Institution Buyers/Obligors
\$300,000 or Less – SBCLs

Up to \$ 100,000	\$ 100,001 - \$ 300,000
<p>1. Favorable:</p> <p style="text-align: center;">Credit Agency Report</p> <p style="text-align: center;">OR</p> <p>Trade Reference <i>(similar amount/terms)</i></p> <p style="text-align: center;">OR</p> <p>Applicant’s Ledger Experience <i>(similar amount/terms)</i></p>	<p>1. Favorable:</p> <p style="text-align: center;">Credit Agency Report</p> <p style="text-align: center;">AND</p> <p>Either a, b, or c, below:</p> <p>a) One (1) Trade Reference <i>(similar amount/terms)</i></p> <p>b) Applicant’s Ledger Experience <i>(similar amount/terms)</i></p> <p>c) Buyer’s signed financials for two most recent fiscal years. <i>(Ex-Im Bank’s total potential exposure is not greater than 50% of obligor’s tangible net worth at the end of the last fiscal year)</i></p>
<p><i>For SBCL renewals up to \$200,000 the applicant may only need to provide their favorable ledger experience.</i></p>	
<p>2. Buyer is in the same general line of business for at least three (3) years.</p>	
<p>3. No Material Adverse Issues.</p>	

Note: The buyer’s financial statements may be required if Ex-Im Bank’s total potential exposure on the buyer exceeds \$300,000. Credit Agency Reports, containing at least one current trade reference from a **verifiable source**, may 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.

TABLE F (1)b
STCS for Non-Financial Institution Buyers/Obligors
\$300,000 or less – Short-Term Single Buyer Policy (ESS)

Up to \$50,000	\$50,001 - \$100,000	\$100,001 - \$300,000
<p>1. Favorable:</p> <p>Credit Agency Report</p> <p align="center">OR</p> <p>One (1) of either:</p> <ul style="list-style-type: none"> - Trade Reference <i>(similar amount/terms)</i> - Applicant's Ledger Experience <i>(similar amount/terms)</i> 	<p>1. Favorable:</p> <p>Credit Agency Report</p> <p align="center">AND</p> <p>One (1) of either:</p> <ul style="list-style-type: none"> - Trade Reference <i>(similar amount/terms)</i> - Applicant's Ledger Experience <i>(similar amount/terms)</i> 	<p>1. Favorable:</p> <p>Credit Agency Report</p> <p align="center">AND</p> <p>either a, b, or c:</p> <ul style="list-style-type: none"> a) One (1) Trade References <i>(similar amount/terms)</i> b) Applicant's Ledger Experience <i>(similar amount/terms)</i> c) Buyer's signed financials for two most recent fiscal years. <i>(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.)</i>
<p><i>For ESS renewals up to \$200,000, the applicant may only need to provide their favorable ledger experience.</i></p>		
<p>2. Buyer is in the same general line of business for at least three (3) years.</p>		
<p>3. No Material Adverse Issues.</p>		

Note: The buyer's financial statements may be required if Ex-Im Bank's total potential exposure on the buyer exceeds \$300,000. Credit Agency Reports, containing at least one current trade reference from a **verifiable source**, may 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.

TABLE F (2)
STCS for Non-Financial Institution Buyers/Obligors
All FB/FV, SBCLs and ESS over \$300,000

	Credit Limit of \$300,001 - \$1 million ¹ (SBCL, ESS) Credit Limit of \$1 million or less ¹ (FB, FV)	Credit Limit of \$1,000,001 to \$10,000,000 ¹ (SBCL, ESS, FB, FV)
1	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.
2	Favorable credit report dated within 6 months of the application.	Favorable credit report dated within 6 months of the application.
3	Two (2) current favorable trade references of “similar” amounts and payment terms dated within 6 months of the application. ²	Two (2) current favorable trade references of “similar” amounts and payment terms dated within 6 months of the application. ²
4		Favorable bank reference dated within six (6) months of the application.
5	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.
6	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.
7	Operating and net profit in the most recent fiscal year.	Operating and net profit in the most recent fiscal year.
8	Current ratio in the last fiscal year is equal to or greater than 1.25.	Positive net cash from operations in the most recent fiscal year.
9		EBITDA/Debt Service of at least 1.5 in the most recent fiscal year.
10	Total Liabilities/Tangible Net Worth ratio in the last fiscal year is equal to or less than 2.5.	Total Liabilities/Tangible Net Worth ratio in the last fiscal year is equal to or less than 2.5.
11	FB & FV only: Applicant’s credit memorandum on obligor.	FB & FV only: Applicant’s credit memorandum on obligor.
12	No Material Adverse Issues .	No Material Adverse Issues .

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.

¹ The applicant may substitute an **Acceptable Market Rating** for standards 7 through 11.

² For ESS Policies and SBCLs, one trade reference may be based on exporter experience. Credit Agency Reports containing “current” trade references from verifiable sources may also satisfy one trade reference requirement.

TABLE F (3)
STCS for Financial Institution Risk
(IBCL, ESS)

<p>Credit Limit \$2,500,000 or less</p> <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 Fitch “F3” or better or Capital Intelligence “B” or better, or</p> <p>OR</p> <p>Most recently published fiscal year end or interim statements, a ratings agency report, or statement spread from a reliable source such as BankScope indicates:</p> <p>a. Equity of at least US \$25,000,000 and</p> <p>b. Net income for the period covered by the statement and</p> <p>c. 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.</p>	<p>Credit Limit greater than \$2,500,000</p> <p style="text-align: center;">With Acceptable Market Ratings</p>
	Obligor in the same general line of business for at least 3 years.
	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.
	Without Acceptable Market Ratings
	In addition to the two (2) standards described above, the following standards apply:
	Favorable Bank Reference from a creditor bank.
	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 are at least 10% of last fiscal year’s total assets .
Loan loss reserves are at least 80% of last fiscal year’s non-performing loans .	
<p>No Material Adverse Issues.</p>	Borrowed funds are less than 100% of last fiscal year’s net loans .
	Equity is at least 8% of last fiscal year’s total assets .
	No Material Adverse Issues.

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.

X. 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 judgments.
- 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
Financial size indicators	

2. 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.

3. "Favorable" Written Trade Reference

- 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 no derogatory opinions and no payments over 60 days slow over the last 12 months.
- 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 (i.e., prompt, 30 days slow, 60 days slow or 90+ days slow.)	

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

4. "Favorable" Applicant's Ledger Experience

- 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 buyer payments in excess of 90 days slow over the last 12 months.
- No amounts now past due from buyer in excess of 90 days.

5. "Favorable" Bank Reference

- Current: dated within six (6) months of the application date.
- Verifiable source: the bank reference must contain the following:
 - a. Appear on the bank's letterhead.
 - b. Date reference made.
 - c. Name of the foreign buyer or bank with which the bank referenced has a relationship.
 - d. Clearly indicate the professional title of the "duly authorized representative" of the bank which is providing the reference.
 - e. 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 (i.e., 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" (i.e., local currency seven "figures") should be provided in the bank reference.

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

Buyer:

Credit History

- Negative (unresolved) prior credit experience with Ex-Im Bank
- Past dues/slow payments (60 days or more)
- Highly derogatory credit history or 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 the buyer's operations.

Other

- Ineligible transaction structure or products.

Exporter:

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

7. "Acceptable" Market Rating

- Current: dated within six (6) months of the application date.
- Long-term hard currency debt rating equivalent to or better than Standard & Poor's "B" or Moody's "B2".

8. Financial Terms

Non-financial institutions:

- **Net Profit** and **Operating Profit** are as reported in the financial statements.
- **Tangible Net Worth** is shareholders' 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/Tangible Net Worth Ratio** is calculated based on 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 most recent fiscal year.

Financial institutions:

- **Net Income** is as reported in the financial statements, after income tax expense.
- **Tangible Net Worth** is shareholders' equity (as reported) minus intangible assets such as goodwill, patents and licenses.
- **Shareholders' 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.