



Medium-Term Application Guidelines

This guide is intended to take the guesswork out of Ex-Im Bank's underwriting process and provide applicants with all the tools they need to successfully navigate the medium-term application process. It describes how the authorization process works and addresses the most common areas, primarily with respect to corporate risk, where Ex-Im Bank staff routinely request additional information of applicants. Providing the requested information will lead to an expeditious application process.

Transaction Application and Authorization Process

Step One: The Application

The process begins with a straightforward, easy to fill out application with standard information requirements. The application form is located on Ex-Im Bank's web site at <http://www.exim.gov/pub/pdf/eib03-02.pdf>.

The applicant will be supported every step of the way. When the application arrives at Ex-Im Bank, it is delivered to the Credit Applications and Processing Division.

Applications that contain the above information have the best opportunity for timely processing. After the application file is set up, the file is delivered to the Trade Finance and Insurance Division, where it is assigned to a Relationship Manager. The Relationship Manager will make sure that the application is complete or determine what additional information is required. The Relationship Manager will work with the applicant through the credit decision.

Step Two: Credit Analysis

The Relationship Manager provides the information on the borrower and guarantor (s) to a Credit Officer. Transactions are analyzed using a simplified process based on Ex-Im Bank's Medium-Term Credit Standards.

- The Medium-Term Credit Standards codify Ex-Im Bank's medium-term underwriting process so customers can have a more predictable and faster outcome and the scope of analysis is defined for credit underwriting. These are available on-line at <http://www.exim.gov/pub/pdf/ebd-m-39.pdf>
- The standards set minimum financial criteria for banks and non-banks, including profitability and leverage benchmarks as well as a maximum Ex-Im Bank exposure guideline.

Once the Credit Officer has completed his or her analysis, the credit analysis and recommendation is returned to the Relationship Manager, who presents the memo for authorization.

Step Three: Authorization

The Vice President of Trade Finance and Insurance can authorize approximately half of all medium-term transactions. This level of authority – called Individual Delegated Authority – can expedite the transaction approval process in most cases.

Common Information Requests

Ex-Im Bank is in the process of clarifying and harmonizing the medium-term guarantee and insurance applications. We believe that the revised applications will help make the medium-term process more successful. In the interim, we are pointing out important information that we urge applicants to provide with their applications.

To follow are the most common information requests that Relationship Managers make of an applicant. We encourage applicants to use the following checklist as a guide in collecting the necessary information.

Non-Credit Information Requests

- A signed application
- Purpose of the transaction (e.g., Are goods and services destined for an identifiable project? If so, is there information on the estimated total project cost in US dollars and financing sources, including working capital?)
- Shipment information in order to calculate the appropriate exposure fee and repayment dates (e.g., Is shipment planned for 30 days after an authorization? Have shipment dates already been established? For transactions with multiple shipments, will there be one promissory note per shipment, or will disbursements be consolidated into one promissory note?).
- Credit agency reports on exporter(s).
- Credit agency reports on supplier (s)
- Contract amounts and products to be provided by each exporters and/or supplier.
- . Nine-digit zip codes on all exporters and suppliers.

Credit Information Requests

Information on borrower or guarantor that WILL be the Primary Source of Repayment (PSOR) is a government agency or bank.

- Credit agency report dated within six months of the application date, unless the PSOR is a government agency or bank.
- Bank reference dated within six months of the application date from one of the PSOR's major creditor banks. Reference should include the bank's name, address, length of the relationship, and amount, currency, and terms of secured and unsecured credit and repayment experience.
- Two supplier references, if the PSOR does not have any creditor bank relationships. Supplier references should be dated within six months of the application date and include years of credit experience, annual sales, the terms of sale, amount of the last sale, recent high credit, amount currently outstanding, details on any past due amounts, and repayment experience.
- Market indications, if available, including the name of the rating agency and date the rating was issued. If available, any prospectus for a debt or equity offering during the two years prior to the application date.
- Concise description of the company - history, legal status, facilities, business activities, and primary markets.
- Name of each owner of at least 10% of company shares and their ownership percent.

Names and description of related parties - parent company, subsidiaries and/or commonly owned companies and the percentages of ownership.

- Names of related parties, if any that accounted for more than 25% of the PSOR's sales or purchases during the last fiscal year.
- Names of related parties, if any that extend loans to the PSOR or to whom the PSOR extends loans, if they constitute 10% or more of the primary source of repayment's total assets.
- Details on any guarantees given on behalf of related parties by the PSOR, if they constitute 10% or more of the PSOR's total assets.

Financial Statements for the PSOR

All financial statements, regardless of whether they are audited, must be accompanied by a statement of significant accounting principles. These should outline, at a minimum, the depreciation method, inventory, fixed asset and investment valuation, and inflation accounting method used, if any. For construction companies, a description of the revenue recognition method also should be included. Additionally, financial statements should break out into:

- Depreciation expense.
- Gross interest expense.
- Tax expense
- Current maturities of long-term debt, if any.

Financed Amounts

Amounts up to and including \$1 million

- 3 fiscal years plus interim statements, including notes, if the latest fiscal year statements are dated more than 9 months from the date of the application. Audited financial statements are preferred but not required for non-financial institutions. Audited statements are required for financial institutions. While English language statements are preferred, Ex-Im Bank will accept Spanish language financial statements.

Amounts greater than \$5 million

- 3 fiscal years plus interim statements, including notes, if the latest fiscal year statements are dated more than 9 months from the date of the application in English
- Auditor's opinion letter
- Answers to the Supplemental Credit Questions for transactions greater than U.S. \$5 million. These questions do not apply to banks, and can be located as Attachment C of the Medium-Term Credit Standards at <http://www.exim.gov/pub/pdf/ebd-m-39.pdf>

Combined or consolidated financial statements

For the main companies in the group, including each entity that is participating in the transaction as the borrower or guarantor, indicate the percentage of:

- Total assets

- Total liabilities
- Tangible net worth
- Sales
- Net income.

Note: A consolidating/combining worksheet would have this information and is preferred.

Information on borrower or guarantor that will **NOT** be the PSOR

Establishment date for the company

- Legal status
- Business activities
- Sales
- Relationship to PSOR

Other information that will expedite case processing

Although the following information is not required, it will enable Ex-Im Bank to process applications in a more timely manner.

- Financial spreads on the primary source of repayment
- Translations of Spanish language financial statements, if applicable.
- Calculations of the financial performance criteria of Ex-Im Bank's Medium-Term Credit Standards of the borrower or guarantor designated as the Primary source of repayment.
- Mitigating factors for any of the performance criteria described in the Medium-Term Credit Standards that are not met.
- Explanations of any adverse information contained in the credit report, references, and/or financial statements, including interims.

NOTE: Beginning March 1, 2003, Ex-Im Bank will accept e-mailed PDF and faxed applications for Medium-Term Insurance and Long-Term Loans and Guarantees. Ex-Im Bank will not require that the originals of these applications be mailed. Please note that these applications must be PDF scans of signed applications and all require application attachments. Ex-Im Bank will neither accept nor process faxes or e-mails of straight Word documents, or applications without the required attachments, unless the applicant certifies that all required attachments have already been sent to Ex-Im bank.

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