



DIRECT LENDING FACILITY

MECM is pleased to provide facilitation to our valued clientele to access UK Government's UK Export Finance: Direct Lending Facility.

We will ensure that your application is compliant with UK Export Finance requirements and will provide necessary assistance. Please go through the main features link below to familiarise yourself of what's involved and then fill and email back the Direct Lending Facility: DLF Enquiry Form.

1. Direct Lending Facility: DLF (Main Features)
2. Direct Lending Facility: DLF Enquiry Form

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Disclaimer:

MECM is not an affiliate of UK Export Finance or endorsed by it. MECM works in an independent capacity solely to provide facilitation to its clientele as a consulting firm.

DIRECT LENDING FACILITY (DLF): MAIN FEATURES

Size of facility

- 1 £3 billion ceiling.

Commitments

- 2 New commitments to direct loans will be provided on a first come, first served basis.

Eligible exports

- 3 Exports of capital/semi capital goods and services irrespective of the industrial sector (although civil aerospace transactions falling within the Sector Understanding on Export Credits for Civil Aircraft under the OECD Arrangement should not normally require direct lending given that other potential sources of funding exist).

Size of eligible export transactions

- 4 **No** fixed upper or lower limits (subject to DLF's headroom).
- 5 For loans **below £5m** (or foreign currency equivalent) UK Export Finance may offer alternative export finance options.
- 6 For loans **in excess of £50m** (or foreign currency equivalent) there is an expectation the funding will be a combination of DLF and pure cover commercial financing e.g. a [Buyer Credit /Export Refinancing Facility](#). Where the UK Export Finance loan exceeds £50m, the amount of UK content will be a consideration.

Access to DLF

- 7 Any exporter carrying on business in the UK.
- 8 The **exporter** will need to confirm (to **UKEF's satisfaction**) that its house bank:
 - (a) is not prepared to provide export finance for the transaction; or
 - (b) is prepared to provide export finance for the transaction, but only at an interest rate that would jeopardise their prospects of winning the export contract.

Partner banks and/or financial organisations

- 9 UK Export Finance has set up a panel of suitably qualified partner banks and/or financial organisations to help arrange and administer DLF's export credit loans. In the first instance, the exporter/overseas borrower should approach an organisation on UKEF's DLF Partnership Panel to arrange and administer their DLF loan.

10 The names and contact details of the financial organisations on UKEF's DLF Partnership Panel can be found at: gov.uk/direct-lending-scheme#panel-of-partners

Product type

- 11 Available on a buyer credit basis for new business only.

Loan terms

12 The terms e.g. the starting point of credit, length of repayment, repayment profiles must accord with all legal requirements, including the OECD Arrangement on Officially Supported Export Credits (the “**OECD Arrangement**”).

Currencies

13 Sterling, US Dollars, Euro and Japanese Yen. Other currencies may be considered on a case by case basis.

Interest rate

14 Interest will be at a fixed rate based on the Commercial Interest Reference Rates (“**CIRRs**”) arrived at in accordance with the [OECD Arrangement](#) for the relevant currency. The applicable rate for each currency of the loan fixed rate will be:

- (a) the appropriate CIRR, or
- (b) the cost of UK government funds if higher - http://www.dmo.gov.uk/index.aspx?page=PWL/NLF_Rates

CIRR setting date

15 UK Export Finance will follow the OECD Arrangement in terms of pre-contract CIRR setting. The exporter or the borrower can fix the CIRR rate:

- (a) pre-contract (a premium of 0.2 percent will be added to the CIRR, when fixing at bid. Interest rates may not be fixed for longer than 120 days);
- (b) at financial close (at no added cost); or
- (c) at the first drawdown.

Late payment interest:

16 A 1 percent late payment interest charge on the higher of

- (a) the loan fixed rate, or
- (b) 6 month LIBOR.

Capitalisation of interest

17 Capitalisation of pre-commissioning interest can be considered.

Documentation

18 UK Export Finance loan documentation will apply, which includes pre-payment breakage cost provisions consistent with the requirements of the OECD Arrangement when financing at CIRR.

OECD Recommendations and Guidelines

19 UK Export Finance will apply its published policies on matters such as combating corruption, sustainable development and protection of the environment and human rights. These policies entail the application of the relevant OECD Recommendations and Guidelines.

Country cover

20 UK Export Finance is willing to consider DLF loans for all countries where UK Export Finance is on [cover](#).

Foreign content

21 Standard buyer credit foreign content policy will apply for loans up to £50m. For loans above £50m, the amount of UK content will be a consideration. Funding for local content will be subject to the rules of the OECD Arrangement.

Risk premium

22 The borrower will pay a risk premium expressed as a percentage of the principal value of the loan. That percentage rate will be no less than the minimum rate required under the OECD Arrangement.

23 85 percent of premium will normally be payable as a first drawing from the loan, with the 15 percent balance being payable in advance.

Remuneration to banks and financial entities

24 Banks will negotiate fees from the borrower in the normal way.

25 0.15 percent retention from the loan interest (on outstanding principal loan amounts below £20m) will be retained by the partnering bank out of interest paid by the borrower for their role in partnering with UK Export Finance.

Commitment fees

26 None

Administration charge

27 As specified in the Term Sheet for each transaction.

Application process

28 Applications should be submitted by the exporter for the export transaction to which the proposed loan will relate using UKEF's direct lending application form, which is available on the website: <https://www.gov.uk/government/organisations/uk-export-finance>.

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Disclaimer

This webpage has been prepared for information purposes only and does not constitute legal, financial or investment advice. Any party entering into a legal agreement should obtain comprehensive legal and financial advice. This document does not constitute an offer or commitment of any kind on the part of Her Britannic Majesty's Secretary of State acting by the Export Credits Guarantee Department ("UK Export Finance") to provide a guarantee, to enter into any form of financing or other transaction or to otherwise act, and is not intended to create any legally binding obligations. Any decision to provide such a guarantee or enter into any such transaction will be subject to, among other things, all necessary internal approvals and consents (including credit approval), satisfactory due diligence and definitive final documentation. The terms set out in this document are indicative only. The final terms of any guarantee or commitment provided by UK Export Finance will be modified to reflect the individual circumstances of the transaction of which it forms part and of the parties thereto and will be subject to the final determination and approval of UK Export

Finance. This document does not constitute nor does it form part of an offer to sell or purchase, or the solicitation of an offer to sell or purchase, any securities or an offer or recommendation to enter into any transaction.

UK Export Finance Direct Lending Facility (DLF): Enquiry Form

The purpose of this form is to enable you to:

- register interest in applying for a loan under UK Export Finance's Direct Lending Facility ("DLF") made to enable a buyer outside the UK to purchase goods or services from you under an export contract;
- request an indication of the likely availability of finance;
- authorise your bank to provide information to UK Export Finance in connection with your enquiry and any subsequent application; and
- provisionally nominate a partner financial institution (subject to the nominee obtaining a mandate from your buyer). A more detailed application will be required before preparing and finalising any lending documents.

Before completing this form you should read the [DIRECT LENDING FACILITY \(MAIN FEATURES\)](#) guide to make sure that this facility is suitable.

Your company's name and address

Company name:
Registration no:
Contact name: Telephone number:
Company address:
Email address:

Your main relationship bank

Bank's name:
Bank's address:
Contact name: Contact telephone number:
Contact email:

Authorisation

To process this enquiry form, and any subsequent application, UK Export Finance may, from time to time, need to obtain information about you and your financial condition from your main relationship bank. Do you authorise your main relationship bank (as named above) to provide such information to UK Export Finance?

Yes No

Nomination of arranger and administrator of a UK Export Finance loan

Can your main relationship bank offer a competitive buyer credit loan (with a buyer credit loan guarantee from UK Export Finance)?

If NO, or if your bank's offer was uncompetitive:

- Why was your main relationship bank's offer uncompetitive?

- Is your main relationship bank on the panel established by UK Export Finance to arrange/administer DLF loans (the "DLF Panel")?

- If so, is your main relationship bank willing to arrange and administer a loan funded by UK Export Finance?

Yes No

If your main relationship bank is not on the DLF Panel or is not willing to act as agent to administer the proposed loan, is there another bank or institution which is prepared to do so and is on the DLF Panel?

Yes No

If Yes, please provide:

Name of bank/financial institution:
Address:

Contact name: Contact telephone:
Contact email:

Export transaction for which a DLF loan is required

If not a sole supplier, are you: (i) a sub-contractor Yes (ii) a consortium member Yes

Export contract value (in the currency of the contract):

Cost to you of buying goods or services from contractors outside the UK for supply under the export contract:

Means of awarding contract: Competitive tender Negotiated

Stage reached: Choose from options

Goods and services to be supplied:
(Please identify those sourced from the UK)

Are there contractual responsibilities in the buyer's country? Yes No

Details of any significant goods/services sourced from countries other than UK:

Estimated contractual timetable: Shipment(s) Installation/Commissioning

Contractual payment terms and the required loan

The OECD Arrangement on Officially Supported Export Credits regulates the credit terms (see the [Quick Guide to Credit Terms](#) for more details).

The OECD Arrangement requires at least 15 per cent of the export contract's value to be paid directly by the buyer from other financial sources. Any loan provided by UK Export Finance will therefore not exceed 85 per cent of the contract's value.

Proposed payment terms:

Down payments

Payment milestones (e.g. shipment dates)

Amount of required loan:

Length of requested loan repayment period:

Are any [other UK Export Finance products](#) likely to be required?

Details of buyer, borrower and guarantor

Country of Buyer:

Buyer's name and business address:

Buyer's company registration no (if known):

Name of borrower (if not Buyer):

Name of guarantor (if any):

Are you attaching details of the Buyer's or Borrower's ownership and its audited accounts? Yes No

Signed and Submitted on behalf of:

Signature:

Name:

Position: Date: