COMMERCIAL BANKING

UK EXPORT FINANCE EXPORT WORKING CAPITAL SCHEME

Increased access to capital for the growth of your export business

The Export Working Capital Scheme is one of four UK Export Finance (UKEF) products.

It has been introduced to assist UK exporters to gain access to working capital finance (both pre and post-shipment) in respect of specific export contracts.

The scheme exists to help UK exporters grow and is intended to help businesses that win new overseas contracts, in particular those of a higher value than usual to that business. The types of transaction supported under the scheme are likely to be structured working capital facilities, not as part of a general overdraft facility.

Benefits for exporters

The scheme is intended for high growth SME exporters who require additional funding to that normally required from their bank. By providing this scheme, UKEF is helping UK exporters with their cashflow to allow them to win and fulfil export contracts.

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Key features

- The scheme is intended to facilitate exporting firms' access to pre and post-shipment working capital for specific export contracts (no nominal minimum contract value required).
- Typically, UKEF is able to guarantee 50%, and up to 80% subject to detailed evaluation, of pre-shipment loans made in connection with qualifying export contracts.
- The scheme is underwritten by both the Bank and UKEF, whereby UKEF will make its own credit assessment.
- A 'qualifying export contract' is defined as one with minimum 20% UK content.

A 'qualifying facility as defined by UKEF' is defined as:

- Denominated in Sterling or any other currency approved by UKEF.
- Available for a term of less than two years.
- Under which the aggregate amounts advanced shall not, without UKEF's prior approval, exceed an amount equal to 75% of the contract value of the Eligible Export Contract to which the facility relates.
- Under which advances may be made for the sole purpose of financing the working capital requirements of the Eligible Exporter for the relevant Eligible Export Contract.
- Which, unless otherwise agreed by UKEF, is not used to replace or refinance any existing trade finance facilities provided by the Participating Bank to the relevant Eligible Exporter.
- In respect of which the Participating Bank has not taken, and does not intend to take, any security over an individual's principal private residence (other than a security which secures the Eligible Exporter's debts to the Participating Bank generally).

Eligibility

The following criteria must be met:

- The guaranteed bank should normally be incorporated in an EU or OECD country and be regulated by a regulator acceptable to UKEF.
- The exporter must be carrying on business in the UK.
- The facility must relate to a contract between the exporter (which includes those from the Channel Islands and the Isle of Man) and a buyer outside the United Kingdom, under which the exporter supplies goods and/or services to that buyer.
- Advances under the facility must be used to pay or reimburse the exporter for payment of, expenses incurred in tendering for or performing that export contract.
- The export contract must have a minimum of 20% UK content.
- The maximum value of the working capital facility cannot be greater than 75% of the export contract's value as defined by UKEF.

How does it work?

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- Lloyds Bank makes advances under the export working capital facility.

UK exporter

- The UK exporter pays interest on the facility and repays principal as agreed with Lloyds Bank.
- Supply of goods and services.

Overseas buyer

- Payment for goods and services.

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