



UK Export Finance support schemes

What are the schemes?

UK Export Finance (UKEF) is the UK Government's export credit agency which provides a range of products to support UK exporters. This includes certain schemes designed to strengthen a lender's credit appetite, increasing lending capacity for exporters and the export supply chain. These schemes can provide Santander with a partial guarantee of up to 80% of the exporter's bank facility for trade finance products for up to five years. We can access two such schemes:

General Export Facility

For exporters with a solid trading history of exporting. The scheme can be used to provide facilities covering the full range of trade finance products (trade loans, guarantees/standby letters of credit, documentary letters of credit and bill of exchange/promissory note discounts). These products may then be used for export and non-export purposes, provided these are not covering payments to any element of the UK Government (except HMRC duty deferment guarantees).

Bond and Export Working Capital support scheme

For exporters or direct suppliers to exporters, who are aiming to fulfil an export contract, irrespective of their export trading history. The scheme can be used to provide cover for the issuance of contract bonds, (in the form of bank guarantees and standby letters of credit) or to finance working capital (both pre and post shipment) against specific eligible export contracts. The products under this scheme must be used only in relation to the export contract.

What are the key eligibility criteria?

For us to be able to consider using one of these schemes, your business must satisfy certain scheme conditions including the following:

- You must be carrying on business in the UK and have a sound business proposal.
- You and any parent guarantor must meet the UKEF financial criteria for companies not being in financial difficulty.
- For the General Export Facility (GEF) scheme, you must be able to certify that:

- a) at least 20% of your turnover has been made up of UK export sales in any one of the last three financial years or 5% in each of those years
 - b) the goods/services you provide are of UK origin and/or are not solely produced/conducted outside of the UK.
- For the Bond and Export Working Capital scheme (BEWCS), you must:
 - a) as an exporter, have entered, or be intending to enter, into a contract for the supply of goods/services with a company outside the UK, or as a direct supplier to an exporter, you must have a supply contract that qualifies as export-related
 - b) you must be able to certify that no more than 80% of the value of your contract is made up of goods/services procured from outside the UK.

How it works

- As part of our discussions with you and assessment of the range of suitable trade finance products for your company, where appropriate our Trade and Supplier Director can review whether you're eligible for us to access one of the UKEF schemes.
- If it's agreed with you that a proposal will be made on that basis, we'll follow its standard credit approval basis and arrange the necessary facility documentation for you to sign.
- Once completed, we'll make a submission to include the GEF facility or each BEWCS transaction under the UKEF scheme guarantee. To enable us to apply for the UKEF guarantee, you'll be asked to provide a standard UKEF Exporter or Supplier Declaration form and if the request requires further UKEF approval, a UKEF questionnaire on your company and its activities.
- If all the eligibility criteria of the scheme are met, or once UKEF have provided any additional approval required, we can automatically receive cover of the UKEF guarantee.
- Once fully active, we'll be able to carry out transactions under the trade finance products.

Benefits to you

- Allowing us to use the schemes may enable us to provide a facility, or a greater size of facility, which might not otherwise be possible.
- In some cases, it may be possible to free up some security (such as cash collateral) which might otherwise have been required to be held against a facility.

What does it cost?

- There is no premium for the UKEF guarantee. You'll simply pay the bank facility and product charges as usual.
- We pay a guarantee fee to UKEF, which is a proportion of the bank's risk margin representing the risk coverage UKEF are guaranteeing.

Considerations

- You may still be required to provide security to cover the agreed facility.
- The presence of this guarantee does not relieve you of your obligations to repay the facilities provided.

- You'll be required to take the necessary steps to ensure that the UKEF guarantee remains in place.
- If there is a default under your facility and the UKEF guarantee is used, the debt may be assigned to UK Export Finance and they may continue to seek recoveries.

Next steps

If you'd like to know more about UK Export Finance (UKEF) support schemes, speak to your Relationship Director and/or our dedicated Trade and Supplier Finance Director to discuss your trade finance requirements and whether a facility covered by the UK Export Finance scheme is appropriate.

Further Information

Further information on the UK Export Finance and its support can be found at www.gov.uk/government/organisations/uk-export-finance