



UK Export
Finance

PRODUCTS AND SERVICES

DIRECT LENDING FACILITY

What is the Direct Lending Facility?

The provision of loans from UKEF directly to overseas customers to enable them to purchase UK exports.

We are the UK's export credit agency.
gov.uk/direct-lending-scheme



When might I need it?

A foreign buyer of your goods and services may need a loan in order to pay you for your exports.

However, your customer may be unable to get this from a commercial bank because of the country they are in or because the relatively small size of the loan means private sector lending is not economically viable.

How can UKEF help?

UK Export Finance's enhanced Direct Lending Facility (DLF), launched in June 2014, is the first time UKEF has provided direct loans to foreign borrowers.

The exporter benefits because they are paid as though they have a cash contract, while the overseas customer gains time to pay for the export over a number of years at a very competitive fixed interest rate.

UKEF has also set up a dedicated panel of financial institutions to arrange and administer DLF loans. A list of panel members is available at gov.uk/direct-lending-scheme

Eligibility

- UK-based exporter with at least 20 per cent of contract value being UK content.
- Customer based overseas.
- The exporter to confirm that its house/relationship bank was unable to provide a competitive offering for the export contract.

What else do I need to know?

Who is it for:

All UK-based exporting companies, including SMEs.

What are the limits:

There are no minimum or maximum loan values. However for loans below £5m (or foreign currency equivalent) UKEF may offer alternative export finance options.

Provision of these facilities is governed by OECD agreements. The maximum amount that can be made available under the loan is 85 per cent of the contract value. A minimum of 15 per cent of the contract value must be paid directly to the exporter by the customer before the loan starts to be repaid. Of the 15 per cent, normally a down payment of at least 5 per cent should be received upon contract signature.

Cost:

Foreign borrowers pay a premium based on a percentage of the value of the loan. The rate of this premium is governed by OECD agreements. The borrower also pays interest on the loan at the lowest fixed rate permitted by the OECD. The panel members will also charge their fees.

How do I apply:

Contact UKEF directly or download and submit a DLF enquiry form at gov.uk/direct-lending-scheme

To find out more speak to your regional Export Finance Adviser or contact our national customer service centre on:

+44 (0)20 7271 8010

customer.service@ukef.gsi.gov.uk

gov.uk/direct-lending-scheme



Disclaimer The information available in this product guide is not intended to be a comprehensive description of our products and many details relevant to particular circumstances may have been omitted. Applicants for products must read the full policy or guarantee to see whether it meets their needs. When considering applications, underwriters will look at each case on its merits.