



SMALL & MEDIUM TRANSACTIONS

The Small and Medium Transactions program is tailored to cater for transactions in two categories: anything up to USD 10 million as small transactions; and, those above USD 10 million and up to USD 20 million as medium transactions.

The main driver of the program is that the ECIC has pre-approved criteria.

Should the buyer/borrower meet the underwriting criteria as set out below, the South African exporter would have comfort that ECIC could support the transactions. In instances where the application does not meet the requirements herein, the normal ECIC approval process for suppliers'/buyers' credit cover will be followed.

PROGRAM CRITERIA

- The foreign buyer/borrower can be a private/public company or any entity with capacity to borrow;
- The South African exporter must be acceptable to the ECIC;
- The credit provider can be a South African exporter or a financial institution registered and operating in South Africa;
- The insured facility size should not exceed 85% of the South African contract price;
- A minimum down payment of 15%;
- The credit term of the insured facility should not exceed five years;
- Repayment profile can be monthly, quarterly or semi-annually;
- Transaction currency can either be ZAR or US Dollars;
- Applicable interest rates: LIBOR (for USD contract), JIBAR (for ZAR contract) plus a margin or commercial rate (as per the contract);
- Premium to be determined by the ECIC;
- The insured percentages of 100% for commercial risks and 100% for political risks.

UNDERWRITING CRITERIA

EXPOSURE LEVEL: LESS THAN USD 1 MILLION

Criteria:

- Two favourable trade references of similar amounts for the past two years from the date of application;
- A favourable credit report;
- Buyer/borrower in same line of business for at least two years;
- No material adverse issues; and
- Management Accounts with positive operating and net profit in the past fiscal year.

EXPOSURE LEVEL: USD 1 MILLION - USD 5 MILLION

Criteria:

- Two favourable trade references of similar amounts for the past three years from the date of application;
- A favourable bank report not older than twelve months;
- A favourable credit report;
- Buyer's/borrower's audited financial statements with notes to the financial statements for the last two fiscal years or unaudited financials with notes to the financial statements signed by the directors of the buyer/borrower;

- No material adverse issues;
- Buyer/borrower in same line of business for at least two years; and
- Positive operating and net profit in the past fiscal year.

EXPOSURE LEVEL: USD 5 MILLION TO USD 10 MILLION

Criteria:

- Two favourable trade references of similar amounts for the past two years from the date of application;
- A favourable bank report not older than twelve months;
- Buyer's/borrower's audited financial statements for the last three fiscal years complete with notes to the financial statements and an audit opinion;
- No material adverse issues;
- A favourable credit report;
- Positive operating and net profit in the most recent fiscal year;
- Current ratio in the last fiscal year equal to or greater than 1.25;
- Free cash flow/debt service ratio of at least 1.3 in the most recent fiscal year;
- ECIC exposure not exceed 40% of tangible net worth at the end of the preceding fiscal year; and,
- Buyer/borrower in the same line of business for at least three years.

EXPOSURE LEVEL: GREATER THAN USD 10 MILLION - USD 20 MILLION

Criteria:

- Two favourable trade references of similar amounts for the past two years from the date of application;
- A favourable bank report not older than twelve months;
- Buyer's/borrower's audited financial statements for the last three fiscal years complete with notes to the financial statements and an audit opinion;
- No material adverse issues;
- A favourable credit report;
- Positive operating and net profit in the most recent fiscal year;
- Positive net cash from operations in the last two fiscal years;
- Total liabilities/tangible net worth ratio in the last two fiscal years less than or equal to 2.5;
- Free cash flow/debt service ratio of at least 1.5 in the last two fiscal years;
- ECIC exposure does not exceed 50% of tangible net worth at the end of the preceding fiscal year; and
- Buyer/borrower in same line of business for at least three years.

SOUTH AFRICAN CONTENT REQUIREMENTS

The requirement is that at least 70% SA content on the ECIC supported loan amount be achieved. However, for projects in the African continent, the content may consist of at least 50% South African content and the balance required to achieve 70% may consist of content from the host country or any other country in Africa.

South African Content consists of:

- The cost of materials and manufactured goods purchased from South African suppliers minus the value of any materials, goods or major components of manufactured goods, which have been imported from sources outside South Africa;
- Wages, salaries and other remuneration paid by the exporter in South Africa to its employees and such portions of wages, salaries and other remuneration payable to the exporter's employees who are performing work outside South Africa, and which is paid by the exporter in South Africa;
- Freight charges paid in South Africa;
- Insurance premiums paid in respect of a policy issued in South Africa;
- Finance charges and fees, excluding any interest for post-delivery finance, paid to any financial institution normally operating in South Africa;
- Fees and charges paid for any other services performed in South Africa on the exporter's behalf by a South African resident organisation; and
- Fees and profits accruing to the exporter

African Content consists of:

- Content from the host country; and/or
- Content from any other African country.

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