

CHPARTER II

EXPORT-IMPORT BANK OF THE UNITED STATES

COUNTRY LIMITATION SCHEDULE

Special Conditions Pertaining to
EX-IM Bank Loan & Guarantee Programs
and Export Credit Insurance

EFFECTIVE March 21, 1997

It is agreed that pursuant to the provisions of Ex-Im Bank loans and guarantees and Ex-Im Bank export credit insurance policies, the country limitation schedule has been amended effective March 21, 1997. This revision supersedes the November 17, 1996 country limitation schedule and any amendments thereto.

Insureds, and brokers will be notified of any amendments to this country limitation schedule in writing. A full revision is generally completed every six months to on a year. All special conditions should be reviewed as many have been amended.

GENERAL CONDITIONS

Exceptions to any condition or limitation contained herein must be obtained in writing from Ex-Im Bank.

Ex-Im Bank reserves the right to set additional conditions for any particular buyer or issuing bank including the right to set a different percentage of coverage. Ex-Im Bank also reserves the right to reject any particular application.

The sector where the risk lies (public or private) and the country of the obligor, or guarantor if there is one, will generally be used for determining appropriate country limitations and exposure fee.

The following insurance policies are affected by this country limitation schedule. Please note that Short - Term Insurance Policies are governed by the columns titled "Up to one year":

Short - Term Insurance Policies: EBD, ELC, ENB, ENV, ESC, ESM (ST), ESS, ETM(S-T), FB, FB-E, FV, ESP, ESSP, FP, MCP(ST).

MEDIUM – TERM: All medium-term and lease-policy types, ESM, ETM, MCP, IVIRP, MSC, MSC-E, MTR, MTR-E.

Effective Date of

this Endorsement

March 21, 1996

No. C.LS-3/97

12:01 A.M. E.T.

EXPORT – IMPORT BANK OF THE U.S.
COUNTRY LIMITATION SCHEDULE
EFFECTIVE MARCH 21,1977

“X” INDICATES SUPPORT IS NOT AVAILABLE

TOTAL TERM	PUBLIC SECTOR RISK			PRIVATE SECTOR RISK			NOTES
	Up to 1 year	1 to 7 years	>7 years	Up to year	1 to 7 years	> 7 years	
Afghanistan	x	x	x	x	x	x	#7
Albania		x	x	x	x	x	#1, #3, #5
Algeria			x	x	x	x	#1, #10
Angola	x	x	x	x	x	x	
Anguilla							#1
Antigua & Barbuda	x	x	x				#1, #4
Argentina							#6b
Armenia	x	x	x	x	x	x	
Aruba							#1, #9
Australia							
Austria							
Azerbaijan	x	x	x	x	x	x	
Bahamas							
Bahrain							
Bangladesh				x	x	x	#1
Barbados							#1
Belarus	x	x	x	x	x	x	
Belgium							
Belize							#6a
Benin			x			X	#1, #2, #3
Bermuda							
Bhutan				x	x	x	#1
Bolivia	x	x	x				#1
Botswana							
Bosnia-Herzegovina	x	x	x	x	x	x	
Brazil	x	x	x				
British Virgin Is.							
Brunei							
Bulgaria			x	x	x	x	#1, #3, #5
Burkina Faso	x	x	x	x	x	x	
Burundi	x	x	x	x	x	x	
Cambodia	x	x	x	x	x	x	#7
Cameroon	x	x	x	x	x	x	
Canada							
Cape Verde Is.	x	x	x	x	x	x	

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	Up to 1 year	1 to 7 years	>7 years	Up to year	1 to 7 years	> 7 years	
Cayman Is.							
Central African Rep.	x	x	x	x	x	x	
Chad	x	x	x	x	x	x	
Chile							
China, People’s Rep				x	x	x	#2
Colombia	x	x	x	x	x		#7
Comoro	x	x	x	x	x	x	
Congo	x	x	x	x	x	x	
Cook Island						x	#1, #4
Costa Rica			x				#6b
Cote d’Ivoire	x	x	x			x	#1, #4
Croatia				x	x	x	#1, #3, #5
Cuba	x	x	x	x	x	x	#7
Cyprus							
Czech Republic							#1
Denmark							
Djibouti	x	x	x	x	x	x	
Dominica							#1
Dominican Rep.							#6a
Ecuador			X				#6a
Egypt							#1
El Salvador							
Equatorial Guinea	x	x	x	x	x	x	
Eritrea	x	x	x	x	x	x	#1#3 #4 #5
Ethiopia	x	x	x	x	x	x	
Fiji							#1
Finland							
France							
Gabon	x	x	x				#6a
Gambia	x	x	x	x	x	x	
Georgia	x	x	x	x	x	x	
Germany							
Ghana							#5, #6a
Greece							

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	Up to 1 year	1 to 7 years	>7 years	Up to year	1 to 7 years	> 7 years	
Grenada							#1
Guatemala							#6b
Guinea	x	x	x	x	x	x	
Guinea-Bissau	x	x	x	x	x	x	
Guyana	x	x	x			x	#1
Haiti	x	x	x	x	x	x	
Honduras	x	x	x			x	#1 #4
Hon Kong							
Hungary							#1 #4
Iceland							
India							
Indonesia							
Iran	x	x	x	x	x	x	#7
Iraq	x	x	x	x	x	x	#7
Ireland							
Israel							
Italy							
Jamaica							#6a
Japan							
Jordan							#1 #4
Kazaksatan				x	x	x	#1 #3 #5
Kenya			x			x	#1 #5
Kiribati							#1
Korea, North	x	x	x	x	x	x	#7
Korea, South							
Kuwait							
Kyrgyzstan	x	x	x	x	x	x	
Laos	x	x	x	x	x	x	#7
Latvia							#1 #3 #4 #5
Lebanon			x				#1 #4 #5
Lesotho							#6b
Liberia	x	x	x	x	x	x	
Libya	x	x	x	x	x	x	#7
Liechtenstein							
Lithuania							#1 #3 #4 #5

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	Up to 1 year	1 to 7 years	>7 years	Up to year	1 to 7 years	> 7 years	
Luxembourg							
Macao							#1
Macedonian	x	x	x	x	x	x	
Madagascar	x	x	x	x	x	x	
Malawi	x	x	x	x	x	x	
Malaysia							
Maldives Islands							#1
Mali	x	x	x	x	x	x	
Malta							
Marshall Islands	x	x	x	x	x	x	
Mauritania	x	x	x	x	x	x	
Mauritius							
Mexico							
Micronesia							#1
Moldova			x	x	x	x	#1 #3 #5
Monaco							
Mongolia	x	x	x	x	x	x	
Montserrat							31
Morocco							#6b
Mozambique	x	x	x	x	x	x	
Myanmar	x	x	x	x	x	x	#7
Namibia							#1
Naura	x	x	x	x	x	x	
Nepal			x	x	x	x	#1
Netherlands							
Neth Antilles							
New Zealand							
Nicaragua	x	x	x			x	#1
Niger	x	x	x	x	x	x	
Nigeria	x	x	x	x	x	x	#7
Norway							
Oman							
Pakistan	x	x	x	x	x	x	
Palau			x	x	x	x	#1 #5
Panama							#6b

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	Up to 1 year	1 to 7 years	>7 years	Up to year	1 to 7 years	> 7 years	
Papua New Guinea						x	#1
Paraguay							#6a
Peru							31
Philippines							
Poland							#1
Portugal							
Qatar							
Romania						x	#1 #3 #4 #5
Russia						x	#1 #3 #4 #5
Rwanda	x	x	x	x	x	x	
St. Kitts-Nevis							#1
St. Lucia							#1
St. Vincent-Gren							#1
Sao Tome & Principe	x	x	x	x	x	x	
Saudi Arabia							
Senegal	x	x	x	x	x	x	
Serbia/Montenegro	x	x	x	x	x	x	#11
Seychelles							#6b
Sierra Leone	x	x	x	x	x	x	
Singapore							
Slovak Republic							#1 #3 #4 #5
Slovenian							#1
Solomon Islands							#1
Somalia	x	x	x	x	x	x	
South Africa							
Spain							
Sri Lanka							#1
Sudan	x	x	x	x	x	x	37
Suriname	x	x	x	x	x	x	
Swaziland							
Sweden							
Switzerland							
Syria	x	x	x	x	x	x	#7
Taiwan							
Tajikistan	x	x	x	x	x	x	

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TOTAL TERM	PUBLIC SECTOR RISK			PRIVATE SECTOR RISK			NOTES
	Up to 1 year	1 to 7 years	>7 years	Up to year	1 to 7 years	> 7 years	
Tanzania	x	x	x	x	x	x	
Thailand							
Togo	x	x	x	x	x	x	
Tonga							#1
Trinidad & Tobago							#6a
Tunisia							
Turkey							
Turkmenistan			x	x	x	x	#1 #3 #5
Turks & Caicos. Is.							#1
Uganda			x			x	#1 #4 #5
Ukraine			x	x	x	x	#1 #3 #5
United Arab Emirates							#8
United Kingdom							
Uruguay							#6b
Uzbekistan				x	x	x	#1 #3 #5
Vanuatu							#1
Vatican City							
Venezuela						x	#6a
Vietnam	x	x	x	x	x	x	#7
Western Samoa							#1
Yemen	x	x	x	x	x	x	
Zaire	x	x	x	x	x	x	
Zambia	x	x	x	x	x	x	
Zimbabwe							#6b

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Notes:

#1 Discretionary Credit Limits under Short -Term Insurance Policies are withdrawn. Cover not available unless specified in a Special Buyer Credit Limit, Issuing Bank Credit Limit endorsement, or Country Limits of Liability endorsement.

#2 For public sector transactions: Currently, arrangements are in place with the Bank- of China and the State Development Bank to serve as obligor or guarantor for medium and long-term transactions under the Loan and Guarantee Programs. Use of Discretionary Credit Limits and Country Limits of Liability under Insurance policies requires the obligation of one of the following: the Bank of China, the State Development Bank, the China Construction Bank, the Industrial and Commercial Bank of China, or the Bank of Communications. For the Medium -term Insurance Policies, Loan or Guarantee Programs, Ex-Im Bank will consider transactions with other financial institutions or other entities that are able to provide detailed financial information sufficient to enable Ex-Im Bank to reach a credit conclusion.

#3 Prior to accepting an application for a preliminary or final commitment for a public sector transaction, or for any insurance for a public sector transaction, Ex-Im Bank will require an indication of host government support for the application. Contact Ex-Im Bank for more detailed information on specific markets.

#4 Ex-Im Bank cover/support for short and medium-term private sector transactions is limited to transactions with a commercial bank as obligor or guarantor unless otherwise specified by Ex-Im Bank.

#5 Ex-Im Bank cover/ support for public sector transactions is limited to transactions which commit the full faith and credit of the government unless otherwise specified by Ex-Im Bank.

#6 Under Short-Term Insurance Policies, coverage under Discretionary Credit Limits and Country Limits of Liability shall be the lesser of the limits authorized in the policy or:

- a. \$50,000
- b. \$100,000

Higher limits will be considered upon application for a Special Buyer Credit Limit, Issuing Bank Credit Limit, or Country, Limits of Liability.

#7 Support is legally prohibited.

#8 Public sector transactions in Shajah, Fujairah, Ras Al-Khaimah, Umm Al-Qaywayn, and Ajman require the guarantee of the federal government of the United Arab Emirates.

#9 Public sector transactions with total term in excess of one (1) year require the government of Aruba as the borrower.

#10 Support extends only to transactions with Sonatrach with the full faith and credit guarantee of the government.

#11 Support on behalf of the government of Serbia or the government of Montenegro is legally prohibited.

INFORMATION SUPPLEMENT ON MMDILTM- AND LONG-TERM PROGRAMS

'Open for Cover' versus 'Off-Cover' ' The attached Country Limitation Schedule indicates where Ex-Im Bank is "open for cover" and where Ex-Im Bank is "off-cover". The Schedule is organized along three dimensions: the country where the risk lies, sector (public sector or private sector), and term of total exposure (including both disbursement period and repayment term). Ex-Im Bank defines "public sector" as including those obligors or guarantors which are at least 50% owned, directly or indirectly, by the government. Where the CLS presents an X mark, Ex-Im Bank is 'off-cover", and is therefore not willing to consider approval of routine transactions. These "off-cover" determinations are due to economic and/or political risks associated with the country.

Where Ex-Im Bank is Open for Cover. The "open for cover" designation refers to the possibility, rather than the certainty, of Ex-Im Bank support in particular cases. Proposed obligors, guarantors, and transaction structures under medium- and long-term programs are all subject to case-by-case

Bank approval. Approval depends on the case-by-case application of Bank policies, particularly the Bank's determination of reasonable assurance of repayment. The following paragraphs provide very general guidance to the application of policies in markets where Ex-Im Bank is on-cover.

- **Identification of Obligor or Guarantor** Ex-Im Bank will approve a final commitment, a preliminary commitment (PC), or a medium-term insurance policy or commitment (MTIP or MTIC), only if a specific obligor or guarantor has been identified. Ex-Im Bank may approve an indicative letter of interest (LI) for a proposed transaction, subject to the condition that an obligor or guarantor is identified at the time the LI is converted to a final commitment, PC, MTIP, or MTIC; and Ex-Im Bank can accept the credit risk of the proposed obligor or guarantor.
- **Information Requirements regarding Obligors or Guarantor** Ex-Im Bank requires that obligors or guarantors offer "reasonable assurance of repayment." To process applications for final commitments, PCs, MTIPS, and MTICS, Ex-Im Bank will first require Information on proposed obligors and guarantors. Such information includes financial statements and credit references. Engineering data is required for long-term transactions. Generally, Ex-Im Bank will require more detailed information regarding obligors or guarantors when processing relatively large transactions or transactions with obligors or guarantors with which Ex-Im Bank has had no favorable direct credit experience. Ex-Im Bank's application form and program literature specify the Bank's standard information requirements.
- **Sovereign Guarantees for Public Sector Buyers or Obligors** For cases involving proposed public sector buyers or obligors which do not have significant independent sources of revenue outside the central government budget and which do not have independently audited financial statements, Ex-Im Bank will routinely require a sovereign guarantee.
- **Prior Evidence of Host Government Willingness to Provide Sovereign Guarantee in Some Countries** In some countries, Ex-Im Bank requires applications for a final commitment for a medium

or long-term loan or guarantee, or for medium-term insurance, to be accompanied by prior evidence of the host government's willingness to provide a sovereign guarantee.

- **Temporary Suspension of Cover** In countries where the CLS indicates that Ex-Im Bank is "open for cover", Ex-Im Bank may, under certain circumstances, temporarily suspend cover. This is most likely to be the case for public sector obligors and guarantors only, but may involve all obligors and guarantors. In such an event, Ex-Im Bank will advise applicants as quickly as possible.

- **Large Transactions in Smaller Markets** Relatively large transactions in smaller economies, even when sovereign guaranteed, will be subject to special Ex-Im Bank review. Ex-Im Bank will review the potential macro economic impacts of the transaction, in terms of higher debt burden and debt repayment capacity.

- **Private Companies** Ex-Im Bank will accept the direct credit risks of private buyers, If available information suggests that these buyers offer a "reasonable assurance of repayment." For closely - held companies, Ex-Im Bank may require financial information from owners. For holding companies, Ex-Im Bank may require financial information on operating components, and may require their counter-guarantee.

- **Commercial Bank Guarantees** Ex-Im Bank may require the guarantees of acceptable commercial banks in the event that information available to Ex-Im Bank on proposed private buyers suggests that these buyers by themselves do not offer a "reasonable assurance of repayment.'

- **Limited Recourse Projects** Ex-Im Bank will consider limited-recourse project finance structures (those without full recourse to an acceptable, established obligor or guarantor), but only after a comprehensive review of project features. These features shall 'include the financial commitment of the project's equity shareholders over the life of the proposed Ex-Im Bank commitment; the experience and capacity of project participants, including suppliers and offtakers; project cash flow

coverage of foreign currency debt service; and security structures, including hard currency external payments arrangements. Ex-Im Bank will review only well- developed proposals, and will require project sponsors to fund review of project proposals by consultants retained by the Bank. Significant changes to proposed structures may be required.

- **Political-Only Cover** Ex-Im Bank's standard guarantee and insurance cover is "comprehensive", under which Ex-Im Bank will pay claims resulting from both commercial and political perils. For private borrowers, Ex-Im Bank also offers a narrower form of coverage, under "political-only" cover. Ex-Im Bank's guarantee agreements and insurance policies describe in detail and or define the specific risks, which are subject to this form of coverage.

The following is intended as a summary: For long-term transactions, Ex-Im Bank covers default arising from four "core" perils: transfer risk, expropriation, U.S. export license risk and political violence.

Transfer risk involves borrowers inability to acquire foreign exchange through legal foreign exchange markets. Expropriation involves the government's confiscation of assets or ownership, or arbitrary or discriminatory intervention in business operations. U.S. export license risk involves the cancellation or non-renewal of a U.S. export license or imposition of certain restrictions on such license after shipment. Political violence involves war, revolution, insurrection, and other such acts. Under medium-term insurance policies, Ex-Im Bank also covers defaults arising from other defined risks.

Suppliers and/or lenders choosing political-only cover must be prepared to assume broad commercial risks associated with the borrower's capacity. Ex-Im Bank's political-only cover does not cover defaults arising from the borrower's capacity to withstand domestic or international commercial market disruptions, or currency devaluation or depreciation. If suppliers and/or lenders are unable to assume these and other commercial risks, then Ex-Im Bank comprehensive cover would be a more appropriate form of coverage.

Political-only cover is offered only for private buyers or borrowers, those which are not subject to the administration of government authorities, and for which it is possible to distinguish between commercial perils and political-risk perils. Political-only cover is not available for guaranteed lenders that are

majority-owned or controlled by the host country government. Political-only cover is the only form of coverage available from Ex-Im Bank for borrowers, which are effectively controlled by suppliers and/or lenders participating in transactions. Political-only cover is available only for countries where EX-IM Bank is "open for cover" for private sector risk.

Where EX-IM Bank is Off Cover for Country Credit Reasons Ex-Im Bank will not consider routine transactions in countries and sectors (public or private) where the country limitation schedule shows that the Bank is off-cover (where there is an X). However, four special categories of transactions may be eligible for Ex-Im Bank support, under restrictive conditions, subject to additional special review:

- **Borrowers on International Capital Markets** Individual borrowers (either public sector or private sector) with a strong, record of independent access or those borrowers which in Ex-Im Bank's opinion could have access to private international capital markets or other international sources of funds, absent external (including, sovereign) guarantees. The fee grade assigned, and the extent of Ex -Im Bank support, will take into account information related to the borrower's financing and ratings. For Ex-Im Bank to consider such borrowers, information on the borrower's international borrowings for at least the last six months must accompany the application. For each traded debt security, the required information includes the maturity and coupon, credit ratings (if any), and recent yield data. For syndicated loans, the required information includes interest rates, arranging fees, maturity profile, amounts borrowed, and names of arranging and key participating banks.
- **Insulated Project Finance Structures** Ex-Im Bank's approval in "off-cover" markets/sectors of limited-recourse structures depends on the establishment of structures which do not require the financial or operating commitments of host government agencies and which are effectively insulated from government involvement. Furthermore, these structures must involve the channeling of project foreign exchange earnings through offshore payments and escrow mechanisms. In some country environments, the only acceptable limited-recourse structures may be "enclave" projects which are almost completely insulated from the broader country

environment. The fee grade assigned, and the extent of Ex-Im Bank support, will take into account project structure and other conditions.

- **Secured Long- Range Aircraft Leases.** Ex-Im Bank approval of asset-secured long-range aircraft lease transactions requires that the airline's country of registry become a signatory to international conventions protecting aircraft property rights. Ex-Im Bank approval for aircraft transactions is more likely for privately- owned airlines with established operating records. Depending on the nature of transaction participants and structures, Ex-Im Bank may also require offshore payments and escrow mechanisms, or may provide a reduced percentage of cover. Aircraft transactions are subject to special fees and covenants.
- **Acceptable Borrower Outside the Country** Support may be available if an acceptable financial institution (e.g., commercial or multinational bank) outside of the country acts as the obligor.

Because these transactions are subject to individual special review, Ex-Im Bank will not approve letters of interest (LIs) for them. It should be noted that these exceptions do not apply in countries where Ex-Im Bank is legally prohibited from operating.