



TRADE FINANCE

Structured Trade Finance (STF)

AIG's Structured Trade Finance comprehensive credit insurance provides Corporates with an effective credit enhancement tool for their funding programmes with Financial Institutions (FIs), and/or facilitates capital management and limit relief solutions for Trade Finance Banks.

Banks can optimise Risk Weighted Assets via a Capital Requirements Regulation (CRR) compliant Insurance Policy covering the risk of non-payment on trade transactions which can qualify for preferential Basel III treatment.

Non-bank lenders funding securitisation style programs can efficiently gain exposure to trade assets, enhanced by a customised comprehensive credit insurance, which aids capacity and balance sheet management.



Benefits

- AIG's capacity secures Corporates uninterrupted trade flows, diversified funding options and cost-efficient liquidity. For FIs, it allows a more efficient origination and portfolio management
- Flexible and customised solution to match the client risk appetite and return requirements
- Meets the criteria for unfunded credit protection under the CRR, confirmed by external legal opinion
- Corporate clients maintain relationships with their customers and FIs whilst benefiting from a credit enhanced finance solution
- AIG can provide scalable programmes and locally admitted insurance in over 200 jurisdictions globally



Key features

- Securitisation style solution with an underlying tenor typically below 12 months
- Whole or selected portfolios of trade finance assets
- Cancellable and non-cancellable options
- Flexibility to align with multi-year funding propositions, typically 3-5 years
- Discretionary credit and group limits available
- First loss (deductible, cash reserve or junior funding) can be dynamically calculated
- Performance triggers to protect funder and insurer against portfolio credit deterioration
- Integrated technology solutions in place from inception are available
- Trade Finance policy structuring support and back up servicing available

Working With AIG



Dedicated team of underwriters, structurers, and lawyers with over 350 years of total experience

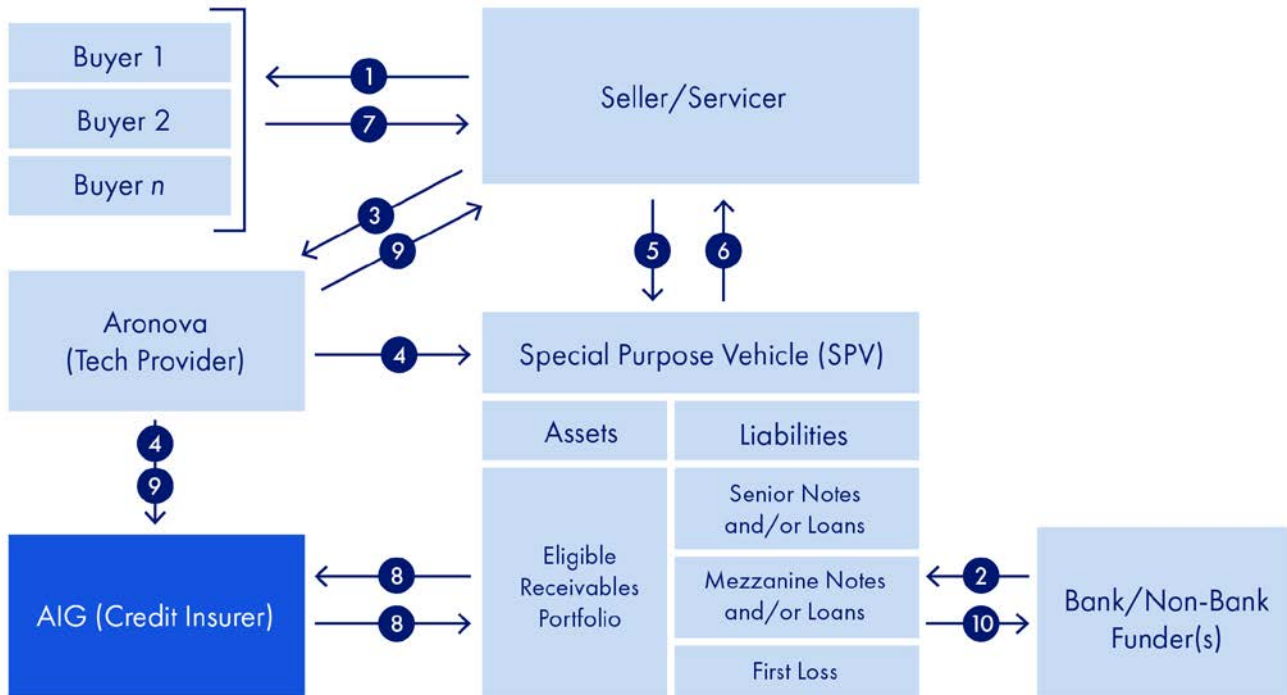


Large capacity and wide risk appetite for various financing structures, industries, and jurisdictions



Technology solutions can ensure cover continuity protecting against fraud and operational risks

Securitisation Example



- 1 Company (Seller) sells goods or services to clients (Buyers) on credit (e.g. 180 days) and Seller raises invoice for the receivable and sends a copy to the Buyer
- 2 The Special Purpose Vehicle (SPV) raises funds by issuing notes to, or borrowing loans from, a bank or non-bank funder
- 3 Seller automatically transfers its receivables ledger to Aronova (tech provider) on a daily basis
- 4 Aronova performs a rules-based selection of the receivables portfolio
- 5 Seller sells receivables owed by the Buyers to the SPV
- 6 SPV pays initial purchase price to the Seller on purchase date and deferred purchase price on satisfaction of transaction conditions (e.g. at collection)
- 7 Buyer pays invoice on the due date
- 8 AIG insures the SPV and/or the funders against the insolvency and protracted default risk of the buyers owing the receivables and is paid a premium. AIG pays a claim to the insured if a loss occurs on the eligible receivables portfolio, in excess of the first loss
- 9 Ongoing real time performance reporting to AIG Trade Finance and other key parties (e.g. Seller or Programme Manager)
- 10 Principal and interest is paid back to bank or non-bank funder at maturity

Key Contacts – Trade.Finance-Portfolio@aig.com

Benjamin Toledano
 Head of Structured Trade Finance
 M +44 (0)7938 521486
Benjamin.Toledano@aig.com

Oliver Lambert
 Global Head of Portfolio Credit & Senior Advisor
 Structured Trade Finance
 M +44 (0)7834 773009
Oliver.Lambert@aig.com

Liliana Slavova
 Senior Underwriter,
 Structured Trade Finance
 M +44 (0)7526 918027
Liliana.Slavova@aig.com

Catherine Hohl
 Senior Underwriter
 Diamond Portfolio Manager,
 Structured Trade Finance
 M +44 (0)7854 530362
Catherine.Hohl@aig.com



www.aig.co.uk