



Financial Support Enabling U.S. Exporters to Increase Their Sales

Ex-Im Bank – *Exports Through Jobs*

The official Export Credit Agency (ECA) of the U.S. Government

Self-sustaining and independent

- Established in 1934
- Headquarters in D.C.
- Eight regional offices

We support sales of U.S.-made goods and services to create and maintain American jobs.

Our Products Make the Difference

- Minimize risk
- Level the playing field
- Supplement commercial bank financing



Small Business *IS* Our Business

- About 85% of all transactions support small business
- No transaction is too small



A world map with a dark blue background. Several countries are highlighted in a bright yellow color. These include Brazil in South America, Mexico in North America, Nigeria in West Africa, South Africa in Southern Africa, Turkey in the Middle East, and Vietnam in Southeast Asia. The rest of the world's landmasses are shown in a dark grey color.

Support a Variety of Industries and in Over 150 Countries

1. Brazil
2. Colombia
3. India
4. Indonesia
5. Mexico
6. Nigeria
7. South Africa
8. Turkey
9. Vietnam

Growing Your Sales and Minimizing Risks

Your Need

Ex-Im Bank Solution

Funds to Fulfill Orders	Working Capital Guarantee
Extension of Credit	Receivables Insurance
Buyer Financing	Medium- and Long-Term Insurance & Loan Guarantee

Working Capital Guarantee

- Funds to pay for raw materials, labor, supplies, etc.
- 90% guarantee to lenders for export-related working capital
- Transaction specific or revolving loans
- No minimum or maximum amount

Working Capital Guarantee (cont.)

- **Advances rates**

- Inventory up to 75%
- Receivables up to 90%

- **Tenor**

- Generally one year (renewable) and may be up to three years.

Our Guarantee Increases Your Borrowing Power!

		Your Working Capital Facility without Ex-Im Bank		Your Working Capital with Ex-Im Bank	
		<u>Advance Rate</u>	<u>Borrowing Base</u>	<u>Advance Rate</u>	<u>Borrowing Base</u>
Collateral (Inventory)	<u>Amount</u>				
<i>Export Inventory</i>					
Raw Materials	\$200,000	20%	\$ 40,000	75%	\$ 150,000
WIP	200,000	0%	0	75%	150,000
Finished Goods	600,000	50%	300,000	75%	450,000
<i>Export/Foreign Accounts Receivable</i>					
Open Account/Foreign Account Receivable	\$400,000	0%	0	90%	\$ 360,000
L/C Backed A/R	600,000	70%	<u>420,000</u>	90%	<u>540,000</u>
Total Borrowing Base			<u>\$760,000</u>	vs.	<u>\$ 1,650,000</u>

Working Capital Success Story

ABRO Industries, Inc.

South Bend, IN

30 Jobs

Can't we find local examples?



“Cleary we would not be being doing what we’re doing today without Ex-Im Bank.”

– Peter F. Baranay, President

Export Credit Insurance Exporter Benefits

Risk Mitigation

- Allows exporters to safely extend credit terms to foreign buyers

Competitiveness/Marketing

- Extend terms to existing customers
- Attract new customers and enter new markets

Financing Tool:

Add foreign receivables to borrowing base

- Ability to assign foreign receivables
- Accelerate cash flow

Covered Risks

Commercial Risks

- Insolvency
- Bankruptcy
- Protracted default

Political Risks

- War, revolution, insurrection
- Cancellation of import and export license
- Currency transfer risk

Risks Not Covered

- Disputes (unless and until they are resolved)
- Cancellation of sales contract
- Currency devaluation

Eligible Payment Terms

Up to 180 days

For most products

Up to 360 days

For bulk agricultural products and capital and quasi capital goods

Short-Term Export Credit Insurance

Express Insurance Policy

- New policy (introduced 3/30/2011) for small businesses with up to 10 debtors and export credit sales less than 7.5Million.
- Streamlined application
- Ex-Im Bank will secure information on the first couple of debtors and provide quote and debtor approval rapidly for amounts up to \$300,000
- ❖ Must Meet SBA Small Business Guidelines

Short-Term Export Credit Insurance

Small Business Multi-Buyer Policy

- For exporters with annual export credit sales of less than \$7.5 million, and which meet the SBA definition of “small business.”
- Special rates with no country risk factor
- \$500 deposit and NO deductible Pay as you go
 - ❖ Must Meet SBA Small Business Guidelines

Small Business Policy Premium Rates

Term	Sovereign	Financial Institutions	Private
Sight L/Cs	\$0.03	\$0.03	N/A
S/D D/P; CAD	\$0.06	\$0.08	\$0.20
1-60 days	\$0.16	\$0.20	\$0.55
61-120	\$0.27	\$0.33	\$0.90
121-180	\$0.35	\$0.43	\$1.15
181-270	\$0.43	\$0.54	\$1.45
271-360	\$0.53	\$0.65	\$1.77

Short-Term Export Credit Insurance

Standard Multi-Buyer Policy

- For exporters not defined as a small business, or have annual export credit sales exceeding \$7.5 million
- Premiums based on tenor, country, and buyer type
- Varied deposits and deductibles apply

Short-Term Export Credit Insurance

Single-Buyer Policy/

Non Cancellable Coverage

- For exporters wishing to insure single or multiple shipments to one buyer
- Premiums based on term, country and buyer type
- NO deductible, but minimum advanced premium and deductibles apply

Short-Term Credit Standards

Minimum requirements (based on total outstanding):

- Up to \$100,000: Credit Report or Trade Reference
- \$100,000 to \$300,000: Credit Report or Trade Reference with some financial information
- \$300,000+ require additional trade references and full financials

Managing Your Policy

- Consult your broker or Regional Office
- Documentation is critical
- Consult the Country Limitation Schedule
- Follow policy requirements for extending credit
- File claims promptly

Buyer Financing (Medium-Term)

Used to finance foreign buyers purchasing U.S. capital equipment:

- 85% financed, 15% cash down payment
- Repayment up to 5 years, exceptionally 7 years
- Amounts of \$10 million or less

Buyer Financing (Medium-Term)

Financing can be accomplished through the following Ex-Im products:

- Lender Loan Guarantees
- Export Credit Insurance
- Direct Loans (few)

Just A Few Bank Restrictions

- Military Exports (exceptions apply)
- Foreign Content
- Restricted Countries (CLS)
- Economic Impact
- Shipping
- Additionality

U.S. Content Policies

▪ **Short-term:**

- Must exceed 50% U.S. content to support the entire transaction
- Products must be manufactured in and shipped from the U.S. (for pre-export, companies must be located in the U.S.)
- Services must be performed by U.S.- based personnel

▪ **Medium-term:**

- If contract has no more than 15% foreign content, Bank supports 85% of the contract price
- Otherwise, the Bank will limit support to the U.S. content

Military Policy

No Defense Articles or Services, or Military buyers

Three Exceptions:

- Humanitarian purposes
- Drug interdiction
- Dual use items



Restricted Countries

- Ex-Im Bank is open in all continents, with the exception of some countries
- Country restrictions for political or economic conditions and default Issues
- Refer to the Country Limitation Schedule (CLS) www.exim.gov, and under Country/Fee info.



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