

SMALL-BUSINESS REPORT

Ex-Im Bank is providing export-finance solutions to U.S. small businesses, particularly those companies that have fewer than 100 employees or traditionally have been underserved, including minority-owned and woman-owned companies.

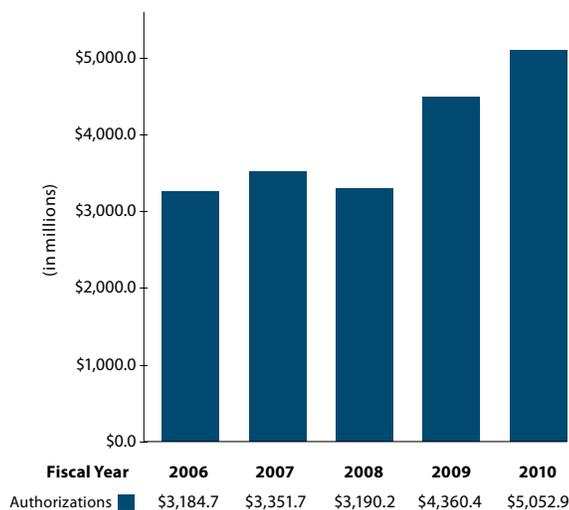
Small-Business Support

In FY 2010, Ex-Im Bank authorized an all-time high of \$5 billion – 20 percent of total authorizations – directly supporting U.S. small businesses as primary exporters. The Bank approved 3,091 transactions that were made available to small-business exporters. These small-business transactions represented nearly 88 percent of the total number of Bank authorizations.

The two Ex-Im Bank products most used by U.S. small businesses are export-credit insurance and working capital loan guarantees. Export-credit insurance protects exporters and lenders from the risk of buyer nonpayment for commercial or political reasons and enables exporters to extend credit to international customers. Working capital guarantees cover 90 percent of the outstanding balance of working capital loans to exporters supported by export-related inventory and accounts receivable.

In FY 2010, the Bank authorized a record \$7.1 billion in export-credit insurance, of which small-business authorizations totaled \$2.6 billion – 37 percent of these authorizations.

Small-Business Authorizations



However, the small-business use of this product is even more pronounced when measured by the number of policies. The Bank issued 2,524 insurance policies in FY 2010 to small-business exporters, which represents 90 percent of the total number of insurance policies for the year.

In FY 2010, the Bank authorized a record \$2.2 billion in working capital guarantees, 70 percent of which supported small businesses.

Indirect Small-Business Support

Small businesses that serve as suppliers to U.S. exporters benefit indirectly through Ex-Im Bank's long-term loan and guarantee transactions.

At the close of each fiscal year, the Bank estimates the value of U.S. exports it supported that is attributable to small-business suppliers. The estimate is based on analysis of the small-business portion of long-term transactions that is known at the time of authorization. Long-term transactions typically are for \$10 million or more and/or have a repayment term in excess of seven years.

For FY 2010, Ex-Im Bank estimates that the total value of this indirect small-business support was \$1.7 billion out of a total estimated export value of \$14.1 billion. This represents 12 percent of the total estimated export value associated with the Bank's long-term transactions.

Minority-Owned and Woman-Owned Small-Business Support

In FY 2010, Ex-Im Bank authorized \$481 million to support exports by U.S. small businesses known to be minority-owned and woman-owned. Included in this total is \$148 million in working capital guarantees authorized for these companies – 7 percent of total working capital authorizations.

Increased Lender/Broker Participation

Ex-Im Bank leverages its resources on behalf of small businesses by working with private-sector lenders, insurance brokers and other financial and trade institutions. In FY 2010, 18 lenders received delegated authority to provide Ex-Im Bank-guaranteed working capital loans. An additional 14 brokers serving small businesses were added to the roster. At

the fiscal year's end, Ex-Im Bank had a total of 100 delegated authority lenders and 194 registered brokers working with the Bank's small-business products.

Focused Outreach

Ex-Im Bank increased its efforts to help U.S. small businesses learn about the export-finance solutions that the Bank offers. In FY 2010, Chairman Fred Hochberg, board members and staff conducted an unprecedented number of public events nationwide to increase awareness of the Bank's financing and insurance among small businesses.

Beginning in the fall of 2009, Ex-Im Bank initiated and launched a series of interagency trade seminars known as "Exports Live!" in 16 cities across the country, including Boston, New York City, Miami, Houston, Los Angeles, Seattle, Chicago and Detroit. More than 3,500 participants attended these seminars, which were co-sponsored by the U.S. Department of Commerce, the Small Business Administration (SBA) and Google.

The seminars were designed to provide small businesses with the tools they need to begin exporting. Representatives of local

businesses, banks, brokers, state and local officials, and trade groups learned how to access and use federal export-promotion and finance programs, particularly those of Ex-Im Bank and the SBA.

In FY 2010, members of Congress cosponsored similar export-development events with Ex-Im Bank. Chairman Hochberg and staff conducted programs and direct outreach to small businesses in cities across the United States: Danvers, Mass.; Long Island and Syracuse, N.Y.; Richmond, Va.; Cincinnati, Ohio; Ft. Wayne, Ind.; Madison, Wis.; O'Fallon, Ill.; Denver, Colo.; Billings, Mont.; and San Jose and Long Beach, Calif.

Additionally, the Bank's staff participated in 220 events nationwide sponsored by women-business centers, small-business associations, minority-focused chambers of commerce and other organizations.

Ex-Im Bank has regional offices in New York, Miami, Houston, Dallas, Chicago, Newport Beach, San Diego and San Francisco. The 25 regional office staff members are exclusively dedicated to following up on small-business leads and helping small companies begin or expand exporting.



Providing Liquidity to Small Businesses

Ex-Im Bank's working capital guarantees provide U.S. exporters and suppliers with increased liquidity by offering a 90 percent guarantee to approved lenders for working capital loans for export-related purposes. This product particularly helps small businesses that often face tight credit to obtain larger loans.

Aquatech International Corp., in Canonsburg, Pa., is a leader in water purification technology for industrial and infrastructure markets with a focus on solving water scarcity challenges around the world. The company needed funds to fulfill its growing export orders and first turned to Ex-Im Bank 16 years ago. The company's use of the Bank's working capital guarantees grew from \$1 million in 1994 to \$37 million in 2010.

Aquatech has expanded foreign sales to markets in India, China, Latin America and the Middle East. Exports were 70 percent of Aquatech's revenues in 2010.

Photo: Aquatech International Corp.

Ex-Im Bank offers seminars for small businesses that traditionally have been underserved in trade finance. These half-day programs provide training in use of U.S. government resources to find foreign buyers and trade-finance tools.

The Bank also worked closely in FY 2010 with the U.S. Department of Commerce (DOC) and the Office of International Trade of the Small Business Administration (SBA) on small-business outreach. Bank and DOC staff jointly visited prospective exporters and worked together at international-buyer trade shows.

Product Improvements

In FY 2010, Ex-Im Bank developed new products and product improvements to provide small businesses with increased liquidity, simplify application processes and shorten turnaround time.

The **supply-chain finance guarantee** provides competitively priced working capital finance to U.S. suppliers of U.S. exporters. The product is designed to inject liquidity into the marketplace by providing ready access to capital to small businesses that supply products or services to larger U.S. exporters. These small businesses are considered “hidden exporters.”

The product works through approved lenders with an existing supply-chain finance program. It enables the lender to purchase accounts receivable from suppliers that are due from manufacturers that purchased their goods or services to

produce exports. The suppliers are paid in approximately five days, which improves their cash flow. Ex-Im Bank provides the lenders with a 90 percent guarantee of repayment by the manufacturers. The Bank requires that at least 50 percent of the credit be extended to small-business suppliers.

Ex-Im Bank approved its first transaction in September 2010 to support up to \$100 million of liquidity from Citibank to suppliers of CNH America, a large manufacturer of agricultural equipment. The transaction will provide funding to CNH’s suppliers.

The **reinsurance** product assists private-sector insurers that provide short-term export-credit insurance covering foreign receivables to U.S. exporters. This new product will increase the capacity of insurance companies to offer insurance to small-business exporters that have had difficulty obtaining short-term export credit since the financial crisis.

The Bank’s reinsurance mitigates risks for private insurers and enables them to expand their underwriting capacity for short-term credits. It also helps Ex-Im Bank to achieve economies of scale in originating, underwriting and servicing these credits – accomplishing substantially more for small businesses with fewer resources by utilizing the reach of private-sector insurers.

In FY 2010, Ex-Im Bank designed an express insurance product that streamlines the application process for the Bank’s short-term export-credit insurance. The product features a maximum five-day turnaround and bundles a policy quotation and two foreign-buyer credit indications up to \$300,000 for



Ensuring That Small-Business Exporters Get Paid

Ex-Im Bank’s export-credit insurance protects exporters and lenders against the risk of buyer nonpayment for political or commercial reasons, ensuring that their foreign receivables will be paid. It also enables exporters to extend “open account” repayment terms to their international customers and helps to increase borrowing capacity because lenders accept Ex-Im Bank-insured foreign receivables as collateral for loans.

DemeTech Corp., a small-business manufacturer of medical and surgical supplies specializing in surgical sutures, has a \$500,000 Ex-Im Bank multibuyer policy that is helping the company expand into higher-risk markets in Latin America, the Middle East and Asia.

The increased export sales – now to more than 90 countries – have enabled DemeTech to expand its workforce from 15 to more than 75 employees in two years. The company won Ex-Im Bank’s 2010 Small-Business Exporter of the Year award.

Photo: DemeTech Corp.

qualified small businesses. The product will be introduced in the spring of 2011.

Technology Improvements

Technology is critical in reaching small businesses and providing them with timely financing products and service. In FY 2010, Ex-Im Bank revised its Web site, www.exim.gov, to streamline the home page and improve access to information, particularly for small-business users.

The Bank revised and reintroduced its small-business portal, Ex-Im Small Business EDGE (<http://www.exim.gov/smallbiz/index.html>). The portal provides step-by-step assistance to small businesses, including an interactive guide to submitting applications, examples of success stories and contact information for Ex-Im Bank regional offices.

Information technology tools were made available to enable customers to provide feedback on the Web site, participate in meetings and training (Webinar) sessions, register for the annual conference, interact with regional offices and perform other functions. Ex-Im Bank continues to expand its Web-based subscription service to provide customers with up-to-date Bank news.

Ex-Im Bank participates in the government-wide “Business Gateway” initiative that integrates the content and functions of the Web sites of business-focused federal agencies (www.business.gov) and the U.S. government export Web site (www.export.gov). Additionally, the Bank participates in the “One Stop, One Form” Web-based registration system for all federal export programs that is coordinated by the Trade Promotion Coordinating Committee (TPCC).

Ex-Im Online, the Bank’s online business system, provides exporters, particularly small businesses, with the benefits of electronic application submission, processing and insurance-policy management. In FY 2010, 82 percent of Ex-Im Bank’s small-business transactions were submitted through Ex-Im Online, which represents an increase of 10 percent over FY 2009.

The Bank strengthened the insurance interface between Ex-Im Online and the Bank’s financial and administrative systems to improve data integrity and reduce entry duplication. A comprehensive default-notice reporting system was integrated into Ex-Im Online to provide early warning of potential defaults.

Ex-Im Bank developed a number of computer-based tools to evaluate performance metrics in FY 2010 to foster high performance and innovation. These key tools were used by management to monitor authorizations, transaction-cycle times, resource allocations, exposures, claims and other measures of small-business activity.

Top 10 Destinations for Small-Business Exports Supported by Ex-Im Bank:

1. Mexico
2. Canada
3. United Kingdom
4. Australia
5. Germany
6. Brazil
7. China
8. Japan
9. France
10. Singapore

An information “dashboard” was developed to provide a more precise and comprehensive view of the risks in prospective as well as the Bank’s existing small-business portfolios. The Bank also developed new ways to monitor transactions under \$15 million.

The Bank is working through the Open Government Initiative to become more transparent by providing information on authorizations (e.g., small-business transactions) that had not previously been available in an open format with a mechanism for the public to submit feedback. Transaction data is updated monthly and is also available through the Federal Funding Accountability and Transparency Act (FFATA). FFATA provides a single database accessible through a searchable Web site that permits users to determine the total amount of federal funding awarded to an entity by fiscal year, beginning with FY 2007. Information on most of the Bank’s loan and guarantee transactions is available through this search capacity.

Ex-Im Bank’s regional offices use a customer-relationship management (CRM) tool to track interactions with customers and business partners. The tool enables staff to follow-up on requests and cross-sell products. In 2010, the CRM was enhanced with new marketing capabilities and reports.