Ex-Im Bank 101:

Products for Small Business Exporters

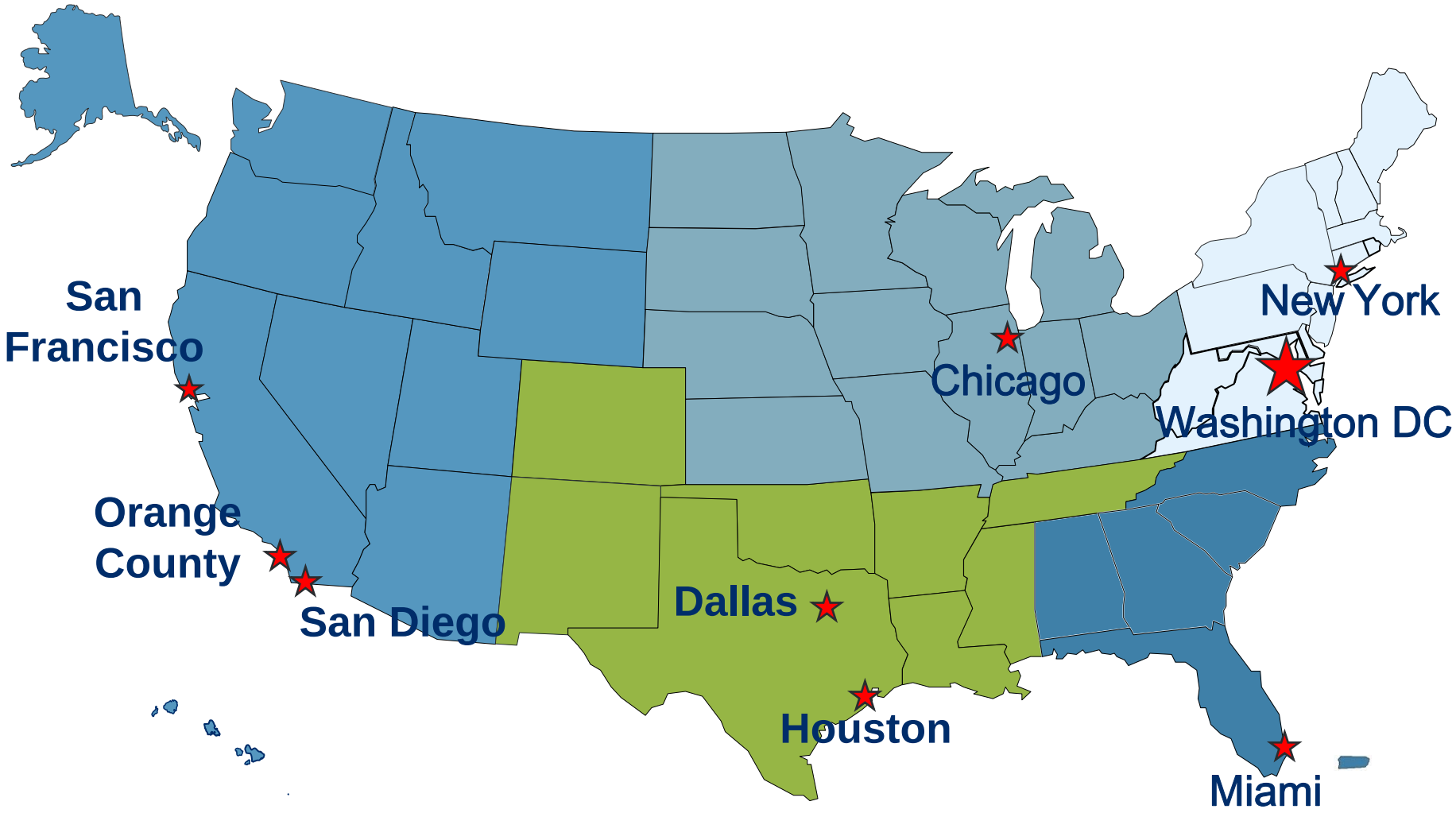
Who We Are — What We Do

Mission: Support US exports in order to create and sustain US jobs

Ex-Im Bank is a self-sustaining, independent agency of the United States government

- Established in 1934
- Headquartered in Washington, DC
- 5 regional business development offices, plus 4 satellite locations (Dallas, San Diego, San Francisco and Washington D.C.)

Ex-Im Bank Regional Offices



Eligibility Criteria

No Defense Articles or Services, or Military Buyers

- Exceptions may be made for humanitarian purposes, drug interdiction, dual-use items

US Content

- Each item must have more than 50% for short-term transaction eligibility
- 85% of the value of eligible goods and services in the US supply contract; or 100% of the US content in all eligible goods and services in the US supply contract
- Services must be performed by US-based personnel, either in the US or in the “host” country

Eligibility Criteria

Country Eligibility

- Support available in over 155 countries
- Restrictions may apply for political or economic reasons
- Refer to the Country Limitation Schedule (CLS) at www.exim.gov, on the homepage under “Shortcuts”

How We Help Increase Your Export Sales

- Minimize risks
- Provide a Marketing Advantage
- Supplement commercial financing

Foreign Export Credit Agencies

Your foreign competitors have similar support

EDC	**Canada**
ECGD	**UK**
Coface	**France**
EulerHermes	**Germany**
JBIC	**Japan**
Sace	**Italy**
KEIC, Keximbank	**S. Korea**
OeKB	**Austria**
Efic	**Australia**

Small Business *IS* Our Business

In Fiscal Year 2009 , 88% of all Ex-Im Bank transactions supported small business exports! ($4.4 billion authorized)

- There were 515 small business first-time users of Ex-Im Bank's programs
- 81% of total working capital guarantees loan facilities authorized ($1.2 billion)
- 91% of total issued export-credit insurance policies ($2.7 billion authorized)
- $563 million authorized to support exports by small business known to be minority or woman-owned small businesses
- Ex-Im Bank added 11 lenders and 21 brokers servicing small business to the roster of providers of the Bank's products

Fiscal Year 2009 at a Glance

Total Authorizations: $21 billion

Major Sectors:

- **Transportation Finance:** $8.6 billion
- **Environment:** $363 million
- **Energy:** $5.461 billion
- **Agriculture:** $633 million in export value
- **Services:** supported 312 million in export value
- **Sub-Saharan Africa:** $575.5 million

Ex-Im Bank Support Covers the Spectrum

Pre-Export Financing

Post-Export Financing

Working Capital Guarantees

Insurance Guarantees Direct Loans

Pre-Export Financing: Working Capital Guarantee Program

Working Capital Guarantee

This is a guarantee to a commercial lender which makes a loan to an exporter to purchase or manufacture US goods and services for export

Working Capital Guarantee

- Assists small and mid-size companies in obtaining working capital to produce or purchase US goods and services for export
- Provides a **90%** guarantee of repayment (principal and interest) on loans to exporters
- May be set up as “Transaction-Specific” or a “Revolving” Line of Credit
- No minimum or maximum amounts
- Loan supports advances made against export-related inventory (including WIP) and foreign receivables:
  - Up to **75%** advance rate on inventory, and up to **90%** on foreign receivables

Working Capital Guarantee

- **Asset-Based:** fully collateralized
- Personal guarantees are required of owner(s)
- **Cost:**
- $100 application fee
- Up to 1.5% facility fee – Reduced fee if:
  - Exports sales structured under L/Cs and/or secured by export credit insurance; exporter's financial ratios are within its industry median
  - A lower fee may be negotiated with a "Delegated Authority" Lender (see list on www.exim.gov)
- Interest rate is determined by the lender

WCG Increases Borrowing Power

Collateral (Inventory)	Amount	Your Working Capital Facility without Ex-Im Bank: Advance Rate	Borrowing Base	Your Working Capital with Ex-Im Bank: Advance Rate	Borrowing Base
Export Inventory					
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
Export/Foreign Accounts Receivable					
Open Account/Foreign Account Receivable	$400,000	0%	0	90%	$ 360,000
L/C Backed A/R	600,000	70%	420,000	90%	540,000
Total Borrowing Base			$760,000	vs.	$ 1,650,000

Success Story: The Robbins Company

Challenge:

Small business, manufacturer of hard-rock tunnel-boring machines, needed more financing than its bank could provided to fulfill the largest order in the company's history.

Solution:

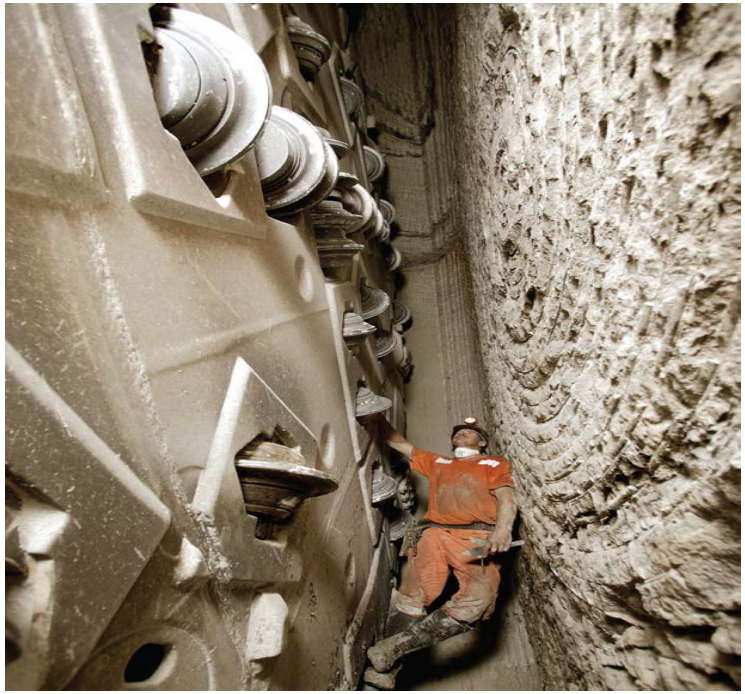
Company received a $25 million loan facility backed by an Ex-Im Bank working capital guarantee to support stand-by L/Cs to secure the advance payments made by the Indian customer.

Result:

The firm was able to accept the $131 million contract, and added 50 new employees.

Success Story: The Robbins Company

An inspector examines the cutterhead of a tunnel-boring machine built by The Robbins Co.



Robbins will provide tunnel-boring machines to build a 33-foot wide water tunnel under the Nagarjunasagar Tiger Reserve in India. For this project, Robbins won Ex-Im Bank's 2007 Small Business Environmental Exporter of the Year Award.

Working Capital Guarantee: Program Initiatives

In November 2008, the board of Directors in response to the financial crisis approved three modifications to the program aimed at providing additional liquidity for US exporters

- Provide support for up to 100% of indirect exporters
- Increase support for warranty letters of credit from $500,000 to $1,500,000
- Reduce collateral requirement for performance letters of credit from 25% to 10%

Working Capital Guarantee

Transportation Freight Financing (TFF) Program

- Assists US-based transportation logistics providers in obtaining working capital to facilitate the export of commercial cargo on US-flag ships
- Uses accounts receivable as collateral for the loan
- Funds may be used to provide services directly related to the logistics involved in the export of commercial cargo such as:
  - Ocean, air, rail and truck freight
  - Cargo and marine insurance
  - Crating and packing
  - Port drayage; warehousing
  - Terminal, forwarder and broker fees

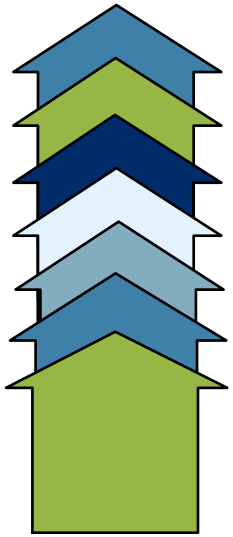
Post-Export Financing:

Short-Term Export Credit Insurance

Trade Terms as a Spectrum of Risk

Seller Risk

High



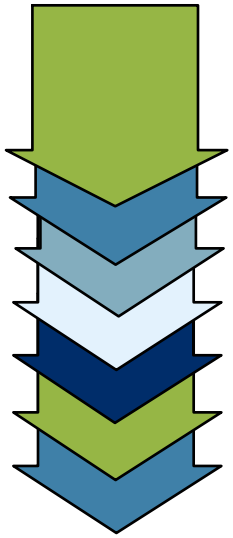
Low

Trade Terms

Open Account
Cash Against Document
Usance / Deferred Letters of Credit
Sight Letters of Credit
Payment in Advance

Buyer Risk

Low



High

Short-Term Export Credit Insurance

Protects US exporters against non-payment by foreign buyers due to

- Commercial Risks
- Political Risks

Allows exporters to offer competitive credit terms to foreign buyers

- Generally up to 180 days, some products may qualify for 360 day terms

Obtain additional financing

- Insured foreign receivables may be added to your borrowing base by assignment of policy proceeds (claim payments) to lender

Risks Covered

Commercial Risks

- Insolvency
- Bankruptcy
- Protracted default

Political Risks

- Transfer risk
- War, revolution, insurrection, expropriation
- Cancellation of an import or export license

Short-Term Export Credit Insurance

Coverage:

- 90%, 95%, or 100%, depending on policy selected and buyer classification
- Applies on credit terms of up to 180 days, exceptionally 360 days (for capital equipment and bulk, unprocessed agricultural products)

Lender Policies:

- Bank Letter of Credit
- Financial Institution Buyer Credit

Exporter Policies:

- Multi-Buyer or Single-Buyer

Small Business Multi-Buyer Policy

- Coverage: 95% commercial and 95% political
- Exporter must qualify as "small business" by SBA definition, **and**
- No more than $7.5 million in export **credit** sales over the past 2 years
- In same line of business for at least 3 years (No material adverse issues)
- Must insure ALL export credit sales (L/C, CIA, CAD, SDDP, and Canadian sales may excluded)
- Refundable advance premium: $500
- No deductible, no application fee, "pay-as-you-ship," no minimum premium requirement
- Buyer credit limits endorsed to policy (requires minimal pre-approvals by Ex-Im Bank)

Small Business Multi-Buyer Premium Rates

(on March 11, 2010)

Term	Sovereign	Financial Institutions	Private
Sight L/Cs	$0.03	$0.03	N/A
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

Per $100 of the gross invoice amount

25% rate reduction if used with Ex-Im Bank / SBA Working Capital Guarantee product!

Standard Multi-Buyer Policy

For experienced exporters with over 500 employees and /or $7.5mm in annual export credit sales

Must insure **ALL** export credit sales (L/C, CIA, CAD, SDDP and Canadian sales may be excluded)

- On a case-by-case basis, exporter may request to exclude certain countries and/or buyers ("Reasonable Spread of Risk")

Coverage:

- 95% for both commercial and political risks
- No minimum premium, "pay-as-you-ship"
- Buyer credit limits endorsed to policy (requires minimal pre-approvals by Ex-Im Bank)

Buyer Credit Limits

For both Small Business and Standard Multi-Buyer policies, a Discretionary Credit Limit (DCL) may be granted to the exporter based upon their export credit management experience

Once approved, the exporter may extend credit terms to buyer without prior approval from Ex-Im Bank

The exporter must obtain credit information on the buyer or report satisfactory ledger experience to show creditworthiness

Credit limits needed in excess of the DCLs must be pre-approved by Ex-Im Bank

- The DCL may be restricted due to changes in country ratings; so check the CLS carefully –
- Go to the CLS at www.exim.gov in the "Shortcuts" box under "Tools"

***Success Story*: McDavid Knee Guard Inc.**

Challenge:
Small business, manufacturer of sports medical and protective apparel products, needed to minimize the risk of buyer nonpayment and enable them to offer financing terms to their foreign customers.

Solution:
The company used a short-term multi-buyer insurance policy to help increase its global sales more than three-fold from $1.8MM to $7.7MM (2004-2007).

Result:
The company estimates that without Ex-Im Bank's insurance policy, their export volume would only be a quarter of the current level. Additionally, MKG obtained a line of credit on its foreign receivables from a local bank.
2008 Small Business Exporter Award!

***Success Story*:** McDavid Knee Guard Inc.

McDavid Knee Guard is using Ex-Im Bank's multi-buyer insurance to export its sports protective products such as its 422 Dual Disk Hinged Knee Brace.

Short-Term Single-Buyer Insurance Policy

- Buyer-specific policy
- Insures a single sale or multiple sales to **one** buyer
- **90%** coverage, both commercial and political;
  98% for bulk agricultural transactions
  95% for letter of credit transaction
- Maximum policy period: 1 year
- No deductible, No application fee
- Premium based on country, type of buyer, and length of credit term extended (see rates on **www.exim.gov**)
- Charged on sales volume (not credit limit)
- "Pay-After-You-Ship" Premiums
- Reduced $500 minimum premium for "small business" exporters ($2500. minimum premium for non-small business)

Short-Term Single-Buyer Rates (private sector)

(on March 11, 2010)

Country	Sight L/C	Up to 60 days	61-120 days	121-180 days
Mexico	$0.04	$0.65	$1.06	$1.35
Brazil	$0.04	$0.65	$1.06	$1.35
U.A.E.	$0.03	$0.48	$0.79	$1.00
Turkey	$0.07	$0.84	$1.38	$1.76
Thailand	$0.04	$0.65	$1.06	$1.35
Per $100 of the gross invoice amount				

Post-Export Financing Solutions:

… When a Foreign Buyer Needs Medium-Term or Long-Term Financing

Medium-Term Insurance and Guarantees

Capital equipment sales and related services

Lease transactions

- Finance Lease: Guarantee

Used equipment – can be considered

Buyer criteria per Medium-term Credit Standards

- Minimum 3 year history
- Reliable financial statements (audited if credit exceeds $1 million)
- Buyer must meet certain financial ratios

Medium-Term Insurance and Guarantees

- Minimum 15% down payment required (may be financed by the lender)
- **100%** coverage on the remaining 85% financed portion (both principal and interest)
- 1 to 5 year repayment, exceptionally 7 years and < $10 million (up to 15 years for certain environmental exports)
- Generally limited to buyers in developing markets
- **Ex-Im Bank can now support up to 30% of Local Cost**

Medium-Term Insurance and Guarantees: Pricing Indications (on March 11, 2010)

Private-sector, corporate borrowers, 5 year tenor, single shipment, for transactions under $10 million

Country	Insurance Premium	Guarantee Exposure Fee
Mexico	3.62%	3.68 %
Brazil	2.82%	2.87 %
Russia	5.82%	5.92%

- Refer to ***"Fee Calculator"*** on **www.exim.gov**
- One-time (flat) fee (may be financed)
- Under Guarantee program, a 0.125% p.a. commitment fee applies (accrues 60-days from approval date)

Standard Finance Model

Single shipment ~ 5 year ~ private-sector Mexico

Net Contract Price:	US $1,000,000	
***Less*:** 15% Down payment:	150,000	
Financed Portion:	850,000	
***Plus*:** Ex-Im Exposure Fee:	31,280	(3.68%)
Total Financed Amount:	$881,280	

- Payable in 10 equal semi-annual principal payments of $88,128 plus accrued interest.
- **Pricing Indication:**
  - Lender's interest rate: 6-mo. Libor + 2.5%
  - Lender's facility fee: 1-2%
  - Ex-Im Commitment Fee: 0.125% (if "Guarantee")

Medium-Term: Program Initiatives

Medium-Term Delegated Authority (MTDA) – is designed to increase Ex-Im Bank support for exports of U.S. capital goods by enabling approved lenders to underwrite and approve Ex-Im Bank guarantees for commercial medium-term export credit.

- Ex-Im Bank support for medium-term export-credit transactions
- Reduced transaction turnaround time
- Adherence to Ex-Im Bank policies and credit standards
- Lender required to share the credit risk by retaining 10 percent commercial risk
- Enhanced small-business support (retaining 8 percent commercial risk)
- Lender retains 10 percent of the Ex-Im Bank exposure fee
- Ex-Im Bank will determine the level of delegated authority for each approved lender

Success Story: Air Tractor Inc.

Challenge:

Small business, manufacturer of agricultural and forest fire-bombing airplanes, needed to provide longer-term financing for prospects in developing countries.

Solution:

Over the past 12 years, Air Tractor has used 40 Ex-Im Bank medium-term insurance policies to export an estimated $20 million of its aircrafts.

Result:

Air Tractor has been able to enter new markets and expand their sales. Exports now account for approximately 39 percent of the company's total sales. Ex-Im Bank-supported exports have help the company smooth out the effects of fluctuations in demand. The company has been able to maintain employment and even add 25 new jobs.

Success Story: Air Tractor Inc.

Air Tractor uses Ex-Im Bank's medium-term insurance to export its agricultural aircraft such as this AT402 to developing markets in Latin America.

Ex-Im Bank *OnLine*

Our web-based application and transaction management system makes it easier for exporters and lenders to use Ex-Im Bank products.

Provides automation of our primary business processes, particularly for those most used by small businesses:

- **All exporter insurance policies (ST and MT)**
- **Lender policies for ST and MT buyer credits and letter of credit policy**
- **MT guarantees under $10 million**

Long-Term Financing Support

- Generally used for buyer financing in amounts over $10 million and 7 - 12 year repayment terms

- Generally, large-ticket items (aircraft) and project finance receive long-term support

- 15% minimum down payment / Ex-Im can support the lesser of:
  (a) 85% of the US contract amount; or
  (b) 100% of the US portion

- Local costs: up to 30% of the US export contract
- Loan Guarantees & Direct Loans

Success Story: American Tank & Vessel Inc.

Challenge:
Small business, engineering/construction firm, was bidding on nearly a $100 million contract from the Republic of Ghana and facing strong competition from China.

Solution:
A $109.5 million loan was provided to the buyer, backed by a long-term guarantee from Ex-Im Bank. The transaction financed the construction of oil-storage tanks and two 70-kilometer pipelines to transport petroleum into the interior of Ghana, as well as into Mali and Burkina Faso.

Result:
Ex-Im Bank's support was instrumental in helping AT&V to win the contract. The project will create and sustain work for AT&V employees and suppliers over the next 3–5 years.

Success Story: American Tank & Vessel Inc.

AT&V workers fit and weld a vessel at the company's Lucedale, MS facility.

Officials from Ghana's Bulk Oil Storage & Transportation Co. Ltd. (BOST) meet with AT&V Director & VP of Construction at AT&V's 80-acre fabrication complex in Lucedale.

“How Can We Help YOU?”

- Expand international sales
- Boost borrowing power
- Speed cash flow
- Enter new markets
- Mitigate risks and losses

For More Information

Call the Ex-Im Bank Regional Office near you:

- **New York**: 212.809.2650 (Northeast / Mid-Atlantic)
  - Washington D.C.: 202.565.3475
- **Chicago**: 312.353.8081 (Midwest)
- **Miami**: 305.526.7436 (Southeast)
- **Houston**: 281.721.0465 (Southwest)
  - Dallas: 214.551.4959
- **Orange County, CA**: 949.660.1341 (West)
  - San Francisco: 415.705.2285
  - San Diego: 619.557.7091

Web Site: www.exim.gov

Ex-Im Bank Partners

Additional resources and assistance in applying for Ex-Im Bank products are available from:

- **Insurance Brokers** (see list on www.exim.gov)
- **City/State Partners** (see list on www.exim.gov)
- **Delegated Lenders** (see list on www.exim.gov)
- **US Export Assistance Centers** (USDOC and SBA)

Thank You!

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