



When the global economy opens up new business opportunities, the Export-Import Bank makes them real.

How to Become an Ex-Im Bank Lender

To become an Ex-Im Bank lender, a certain level of diligence and training is necessary for some products to ensure that Ex-Im Bank's credit standards and policy guidelines are followed.

To maximize your benefits from Ex-Im Bank products, attend one of Ex-Im Bank's financing seminars. You may register online at www.exim.gov.

For more information, please call 202.565.3946 or e-mail info@exim.gov.

With Ex-Im Bank's trade financing support, lenders can offer more products and services to their customers, increase profits, and transfer the risk to Ex-Im Bank.



BENEFITS TO THE LENDER

Maximizing Opportunities to Increase Profits With Minimal Risk

From working capital and term financing to leasing and large project financing, Ex-Im Bank can enable a domestic or foreign lender to expand its trade-related lending services and greatly reduce its international risk exposure. Ex-Im Bank's support can also help lenders meet capital adequacy requirements because Ex-Im Bank's guarantees and insurance are backed by the full faith and credit of the United States government. These U.S.-government-backed loans are easily sold, transferred or assigned to third parties (see www.pefco.com).

Every lender involved in the export financing of U.S. manufactured goods and services should consider using the Ex-Im Bank products to better satisfy their needs as well as the needs of their customers and prospects. Ex-Im Bank's products include:

- ***Working Capital Guarantee***
(covered by the *Master Guarantee Agreement*)
- ***Medium- and Long-Term Loan Guarantee*** and ***Finance Lease Guarantee***
(covered by the *Master Guarantee Agreement*)
- ***Bank Letter of Credit Insurance Policy***
- ***Financial Institution Buyer Credit Insurance Policy***
- ***Medium-Term Single-Buyer Credit Insurance Policy*** (for Lenders)



PRE-EXPORT FINANCING

Master Guarantee Agreement Covering Ex-Im Bank's Working Capital Guarantee (MGA-WCGP)

Product: The MGA-WCGP is the underlying agreement between Ex-Im Bank and an individual lender that permits the lender to make Ex-Im Bank guaranteed, short-term, export-related working capital loans to U.S.-based exporters. To speed up the credit approval process, Ex-Im Bank may give pre-approved delegated authority of up to \$25 million per borrower to experienced asset-based lenders. Collateral for a loan can be export-related inventory and/or accounts receivable. Typical advance rates may be up to 75% for inventory and up to 90% for accounts receivable.

Coverage: The MGA-WCGP provides a 90% guarantee of the principal and accrued interest up to the claim payment date.

Cost: There is no charge to the lender for the issuance of the MGA-WCGP.

Reserve Requirements: Ex-Im Bank is a U.S. government agency and its guarantees may reduce the lender's capital adequacy requirements.



LOAN GUARANTEE

Master Guarantee Agreement Covering Ex-Im Bank's Loan Guarantee (MGA)

Product: The MGA is a general agreement between Ex-Im Bank and an individual guaranteed lender that contains the general terms and conditions of Ex-Im Bank's comprehensive or political risk guarantee.

Ex-Im Bank will generally approve a guarantee for any proposed transactions only if the lender has entered into the appropriate MGA. After the lender has entered into the MGA, Ex-Im Bank may approve multiple transactions between the lender and Ex-Im Bank without the need for separate guarantee agreements.

Coverage: Transactions approved under an MGA provide 100% coverage loss of principal and interest paid until the claim payment date.

Cost: There is no charge to the lender for entering into an MGA.



LEASE GUARANTEE

Master Guarantee Agreement Covering Ex-Im Bank's Finance Lease Guarantee (MGA-MFL)

Products: The MGA-MFL is the underlying document that Ex-Im Bank and a domestic or internationally-based lessor execute, permitting the lessor to enter into Ex-Im Bank guaranteed financial leases with international lessees. Ex-Im Bank support of financial leases is necessary because many international companies prefer a financial leasing of eligible U.S. manufactured capital goods and services to traditional installment finance. The guarantee is only available for medium-term transactions.

Coverage: Leases approved under the MGA-MFL provide the lessor with 100% loss coverage.

Cost: There is no charge to the lessor for the issuance of the MGA-MFL.



EXPORT CREDIT INSURANCE (FOR LENDERS)

Providing Cover to Limit Exposure

Ex-Im Bank's export credit insurance policies allow lenders to increase their trade-related lending services, while limiting exposure on country and borrower risks. These policies are available for short-term credits (generally up to 180 days, maximum 360 days) and medium-term credits (generally up to five years and under \$10 million).

Exporters can assign their Ex-Im Bank policies to lenders to mitigate repayment risks. Lenders can receive an enhanced assignment of policies held by qualified small business exporters, which protects lenders against most exporter performance risks.

- ***Letter of Credit Policy (ELC)***: Lenders can reduce the risk on confirmations and negotiations of irrevocable letters of credit opened by international lenders to finance U.S. exports.
- ***Financial Institution Buyer Credit Policy (FIBC)***: Lenders can reduce the risk on financing extended to international buyers of U.S. goods and services.



EXPORT CREDIT INSURANCE (FOR LENDERS)

Bank Letter of Credit Insurance Policy (ELC Policy)

Purpose: The ELC Policy insures a lender against payment default when it confirms or negotiates an international bank's irrevocable letter of credit, thereby transferring the international exposure to Ex-Im Bank.

Coverage: The ELC Policy provides 95% coverage against loss of principal and interest caused by political or commercial risks. Coverage increases to 98% on shipments of bulk agricultural products and to 100% when the international obligor is sovereign.

Cost: Premiums are based on the risk elements of the individual transaction, such as country and borrower risk and repayment terms. This information can be found on www.exim.gov.



EXPORT CREDIT INSURANCE (FOR LENDERS)

Financial Institution Buyer Credit Insurance Policy (FIBC Policy)

Purpose: The FIBC Policy is used by a lender to insure payment of short-term revolving credit lines to a buyer of eligible U.S. goods and services. Ex-Im Bank makes all buyer credit decisions based on financial information supplied by the lender. These lending opportunities may arise from exporter referrals or from leads developed by a lender's calling efforts in a particular country or region.

Coverage: The FIBC Policy provides 90% coverage against loss of principal and interest caused by political or commercial risks. Coverage increases to 98% on shipments of bulk agricultural products and to 100% when the international risk is sovereign. Pre- and post-maturity interest is typically covered to a maximum rate of prime minus 50 basis points.

Cost: Premiums reflect the individual risk elements of each transaction, such as country and repayment term.



EXPORT CREDIT INSURANCE (FOR LENDERS)

Medium-Term Single-Buyer Credit Insurance Policy for Lenders (MT Policy for Lenders)

Purpose: The MT Policy for Lenders ensures a lender against payment risks on a medium-term loan it extends to international buyers to purchase eligible U.S.-manufactured equipment and services. Ex-Im Bank makes all buyer credit decisions based on financial information supplied by the lender. For the U.S. exporter, the result is a cash sale. Of note, a separate policy is required for each buyer.

Coverage: This policy provides 100% coverage against loss of principal and interest.

For loans up to \$10 million and repayment terms up to five years, a lender can use either Ex-Im Bank's MT Policy for Lenders or its MGA. Ex-Im Bank will pay a commission to registered credit insurance brokers.



SUCCESS STORIES

SUCCESS STORY

**SILICON VALLEY BANK
SANTA CLARA, CALIFORNIA**

“The Ex-Im Bank program is central to the services we provide to our small-to-medium-sized clients as they expand globally. We’re proud to be part of a program that directly impacts our ability to help them enter new markets around the world and ultimately create jobs in the U.S. Our core client base of technology and life science companies expand overseas early in their life cycles. By working closely with Ex-Im Bank, we are able to offer much needed and hard-to-find financing at a critical stage in their business development.”

Larry Fountain
*Head of Global Risk Management
Silicon Valley Bank, Santa Clara, Calif.*

SUCCESS STORY

**COMERICA BANK
CHICAGO, ILLINOIS**

“We have long viewed Ex-Im Bank as our partner in servicing the needs of small-to-medium-sized enterprises (SMEs) that are the success of Comerica Bank. As our business customers continue to expand their marketplace with a global reach, the ability to use Ex-Im Bank programs to help support their growth becomes even more vitally important.”

Warren D. Shifferd
*Senior Vice President and Director
International Trade Services
Comerica Bank, Chicago, Ill.*



EXPORT CREDIT INSURANCE (FOR EXPORTERS)

Four Policies for Exporters

Lenders should become familiar with Ex-Im Bank export credit insurance policies for exporters because they can benefit from the assignment of these policies (typically from export receivables financing).

- *Medium-Term Single-Buyer Export Credit Insurance Policy*
- *Short-Term Single-Buyer Export Credit Insurance Policy*
- *Short-Term Multi-Buyer Export Credit Insurance Policy*
- *Short-Term Multi-Buyer Credit Export Insurance Policy for Small Businesses*



EXPORT CREDIT INSURANCE (FOR EXPORTERS)

Medium-Term Single-Buyer Export Credit Insurance Policy (MT Policy for Exporters)

Purpose: The MT Policy for Exporters is issued to U.S. exporters. The buyer's underlying one-to-seven-year promissory note is payable to the order of the exporter. The exporter endorses the note to the lender without recourse and assigns the MT Policy for Exporters to the lender, which is acknowledged by Ex-Im Bank.

Coverage: Principal and interest are 100% covered, including past due interest for up to eight months after the date of default or until the date of claim payment, whichever is earlier. The MT Policy for Exporters can also carry lender endorsement to remove exposure to certain uninsured, non-credit insurance risks, such as fraud or product dispute. A 15% cash down payment is required from the buyer.



EXPORT CREDIT INSURANCE (FOR EXPORTERS)

Short-Term Single-Buyer Export Credit Insurance Policy (STSB Policy)

Purpose: The STSB Policy is issued to exporters to cover their export sales to a specific international buyer. The exporter's typical selling terms can range from a sight letter of credit, up to a 180-day open account (up to 360 days for capital equipment or certain bulk agricultural commodities). By taking assignment of the policy proceeds, the lender can finance the insured receivables. On exports made by a small business, Ex-Im Bank may provide the lender with an enhanced assignment that mitigates the lender's exposure to most exporter performance risks.

Coverage: The STSB Policy usually provides the exporter with 90% coverage against the loss of both principal and documented interest.



EXPORT CREDIT INSURANCE (FOR EXPORTERS)

Short-Term Multi-Buyer Export Credit Insurance Policy (ESC Policy)

Purpose: This policy insures the exporter's credit sales to international buyers for open account terms up to 180 days. A lender may establish a line of credit for the exporter that is collateralized by the foreign accounts receivable that are insured by the ESC Policy.

Coverage: This policy provides the exporter with 95% coverage for nonpayment due to commercial and political risks. This policy is renewable annually and typically carries a first-loss, annual deductible.



EXPORT CREDIT INSURANCE (FOR EXPORTERS)

Short-Term Multi-Buyer Export Credit Insurance Policy for Small Businesses (ENB Policy)

Purpose: The ENB is issued to an exporter that qualifies as a small business under the Small Business Administration's definition and has export credit sales that average no more than \$5 million over the past three years. Typically, this policy insures international credit sales on open account terms up to 180 days. A lender can establish a line of credit for the exporter that is collateralized by the accounts receivable insured by the Small Business Policy.

Coverage: This policy provides the exporter with 95% coverage for nonpayment due to commercial and political risks. This policy is renewable annually and carries no first-loss deductible provision. In some cases, Ex-Im Bank will provide the lender with the enhanced policy assignment of proceeds, which protects the lender against noninsured risks and gives the lender the right to file a claim if the exporter cannot or will not file a claim.



STRUCTURED AND PROJECT FINANCING

Supporting Lender Financing for Larger Transactions

Ex-Im Bank provides financial support for U.S. exports for the construction and operation of international projects through limited-recourse project finance and structured finance.

Ex-Im Bank can consider limited-recourse project financing in most countries and has no project dollar limit.

Limited-Recourse Project Finance

Ex-Im Bank's limited-recourse project finance is an arrangement in which Ex-Im Bank lends to newly created project companies and looks to the project's cash flows as the source of repayment instead of relying directly on foreign governments, financial institutions or established corporations for repayment of the debt.

Structured Finance

Through structured finance, Ex-Im Bank can consider existing companies overseas as potential borrowers based on their creditworthiness as reflected by their balance sheet and other sources of collateral or security enhancements. Ex-Im Bank has financed structured transactions such as multiple-country fiber-optic cable, oil and gas, air traffic control, telecommunications and manufacturing projects.

Transportation

Ex-Im Bank's medium- and long-term financing products can assist U.S. manufacturers in selling transportation equipment to international buyers. Ex-Im will support the export of both new and used U.S.-manufactured transportation equipment such as commercial jet aircraft and engines, general aviation equipment, locomotives and other rolling stock, ships and trucks. Special financing structures, such as asset-based finance leases, are often used in these types of transactions.



FINANCING OPPORTUNITIES

Supporting Foreign Lenders

Ex-Im Bank is seeking relationships with financial institutions around the globe to promote sales of U.S.-manufactured capital goods and services. These institutions can increase their profits while also supporting their local marketplaces. There are several ways a qualified financial institution can support their clients with Ex-Im Bank-supported financing.

A qualified financial institution can:

- Extend a loan or lease covered by an Ex-Im Bank guarantee;
- Offer guarantees on behalf of its business clients seeking to borrow funds;
- Become the obligor of a loan from a U.S. lender and then on-lend funds to its clients.

Guaranteed Loans and Leases: A financial institution can obtain an Ex-Im Bank Master Guarantee Agreement – a financial agreement under which it can apply for an Ex-Im Bank guarantee that permits it to loan its own funds to buyers or provide lease finance to lessees approved by Ex-Im Bank.

Financial Institution Guarantees: A foreign borrower may not meet Ex-Im Bank's credit standards. For example, the buyer may be a start-up company, the company's ability to repay the debt might depend on cash flow from a new line of business, or the company may not have audited financial statements. In these situations, the borrower needs a local financial institution to guarantee their loan. The financial institution guarantor typically knows the buyer and therefore can obtain the necessary collateral to secure itself. The financial institution guarantor assumes all borrower credit risks. The borrower/buyer is the obligor with funding provided by a partner lender.

Credit Guarantee Facility: A local financial institution can obtain a line of credit from Ex-Im Bank that allows it to borrow from a U.S. or international lender and on-lend the proceeds to buyers of U.S.-manufactured capital goods and services. The local financial institution retains the buyer's credit risk. The minimum facility size is \$10 million.

The Export-Import Bank of the United States (Ex-Im Bank) – the official export credit agency of the United States – has more than 70 years of export finance experience. Ex-Im Bank works with commercial lenders to provide financing for U.S. exports to dynamic developing markets around the globe.

Ex-Im Bank helps lenders profit by providing them with the financing tools to service U.S. export transactions that typically involve higher risks. Ex-Im Bank can assume the higher country or credit risks that commercial lenders may be unable or unwilling to accept without support.

U.S. export financing, backed by Ex-Im Bank's loan guarantees and export credit insurance, enables U.S. exporters to capitalize on sales opportunities abroad and helps international buyers to purchase high-quality, "made in the U.S.A." goods and services. With Ex-Im Bank's products, lenders profit from expanded trade finance portfolios with minimized risk.

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