

# LENDER CONSIDERATIONS FOR YOUR EXPORTING BORROWERS

EXIM can help lending institutions protect the lines of credit they offer their exporting borrowers with the addition of an EXIM loan guarantee and/or Foreign Accounts Receivable insurance. With EXIM support, lenders can expand client relationships, mitigate credit risk, and help America compete globally..

## If the Exporter Needs:

To include export-related inventory (including Work in Process/WIP) at a higher advance rate offered under a traditional borrowing base

To carry export-related accounts receivable at a higher advance rate offered under a traditional borrowing base

To issue export-related bid, performance, advance payment standby letters of credit at a lower collateralization offered under a traditional borrowing base and/or stand-alone basis

To win a sale by extending open account terms to a foreign buyer

Protection against nonpayment by the foreign buyer

To include foreign accounts receivable in borrowing capacity

### OFFER WORKING CAPITAL GUARANTEE PROGRAM

Eligible exporters may have a domestic line of credit and satisfactory performance, yet the lender may have issues meeting the borrowing needs of their customer when exports take on a larger % of overall sales. In this situation, the lender may apply for a 90% loan guarantee from EXIM.

#### **The Result:**

The lender increases its lending capacity to the borrower while transferring all but 10% of the lending risk to EXIM. Export-related accounts receivable and inventory can then be utilized at higher advance rates in the exporter's borrowing base.

### SUGGEST TRADE CREDIT INSURANCE

[Export Credit Insurance](#) (ECI) insures an exporter's invoice to a foreign customer. By assigning the policy proceeds to a lender, the typical advance rate is 85–90% on insured accounts receivable. ECI can be used separately or combined with a Working Capital Loan.

#### **The Result:**

The exporter's line of credit can be increased with little additional change or risk to the bank by assigning the [Export Credit Insurance](#) policy's proceeds to the lender.