



EXIM
EXPORT-IMPORT BANK
OF THE UNITED STATES

The World Is Your Marketplace: Protecting Your Exports with EXIM



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OPENING REMARKS



Congressman
Michael F.Q. San Nicolas
Delegate to U.S. House
of Representatives



OPENING REMARKS



Catherine Castro
President



INTRODUCING OUR SPEAKER



Sandra Donzella
Deputy Managing Director,
Western Region





EXIM's Trade Finance Solutions

Increase Export Sales with
Minimal Risks!

EXIM BANK: WHO WE ARE

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

Mission: Maintain and create U.S. jobs by supporting the growth of U.S. exports

- › Established in 1934
- › Headquartered in Washington, D.C.
- › 12 Regional Offices nationwide
- › Support for all U.S.-based companies who export





WE ARE SMALL BUSINESS FOCUSED



- › About 90% of EXIM Bank transactions supported small business exporters
- › No company or transaction is too small for EXIM Bank
- › EXIM has supported sales of just a few thousand dollars

WHAT WE DO: THREE WAYS EXIM CAN HELP



- ✓ Insure your receivables generated by export sales
- ✓ Provide access to pre-export working capital
- ✓ Offer term loans to foreign buyers for capital equipment

Reducing **Risk.**



Unleashing **Opportunity.**



YOUR COMPETITION ABROAD HAS SIMILAR SUPPORT!



Over 100 ECAs globally supporting their exporters compete:

ECA	COUNTRY
EDC	Canada
Export-Import Bank of China	China
ECGD	UK
Coface	France
Hermes	Germany

ECA	COUNTRY
JBIC	Japan
Sace	Italy
KEIC, Keximbank	S. Korea
Efic	Australia

JUST A FEW RESTRICTIONS

- › Export items must be made in the U.S. with 50%+ U.S. content
(measured at cost, exclusive of mark-up)
- › Sell in one of over 180 countries where EXIM provides cover, per
EXIM's Country Limitation Schedule
- › No intra-company sales
- › Both exporter and importer must have a 3 year history
- › No Military or defense-related products or obligors
(exceptions apply)



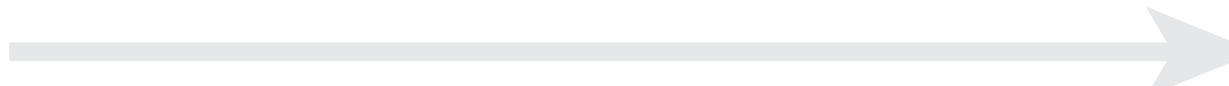
INSURANCE SOLUTIONS IN THE ABSENCE OF CASH

Export Credit Insurance (ECI)

› www.grow.exim.gov/hubfs/ebook/ECI_eBook.pdf



Read about it





SHORT-TERM EXPORT CREDIT INSURANCE



Insurance on receivables generated from export credit sales

Risk Protection	In the event of non-payment	
Sales Tool	Empowers U.S. exporters to offer competitive credit terms	Up to 180 days (up to one-year for machinery/ capital equipment)
Financing Aid	Helps to maximize cash-flow	Most banks will finance up to 90% of the invoiced amount, but generally only if insured

Export credit insurance policies can cover a single buyer, some of your foreign buyers, or your entire export portfolio

RISKS COVERED



Commercial Risk:

- › Insolvency
- › Bankruptcy
- › Protracted Default

Political Risk:

- › War, revolution, insurrection, civil unrests
- › Expropriation
- › Transfer risk
- › Cancellation of an import or export license

Note: Disputes are NOT covered



INSURANCE OPTIONS



Single-Buyer: **90%** coverage on one or multiple sales to ONE foreign buyer

Multi-Buyer: Three options available, all offering 95% coverage

- **Express Policy:** For small businesses newer to export
- **Small Business:** For more experienced small businesses
- **Standard Multi-Buyer:** For experienced exporters of any size

Letter of Credit Transactions (*exporter policies or Bank L/C Policy*): **95%**

Bulk Agricultural Commodities: **98%**

WHAT'S THE PROCESS?



1

Exporter chooses insurance policy and applies (2 to 10 days)



2

Exporter offer credit terms to buyer for products or services to be performed



3

Contract states payment schedule and terms, the buyer accepts



4

Exporter performs and bills buyer



5

Exporter reports export to EXIM and pays premium to insure the invoice(s)



6

Buyer pays. If they fail to do so, exporter claims payment with EXIM.



EXPRESS INSURANCE POLICY



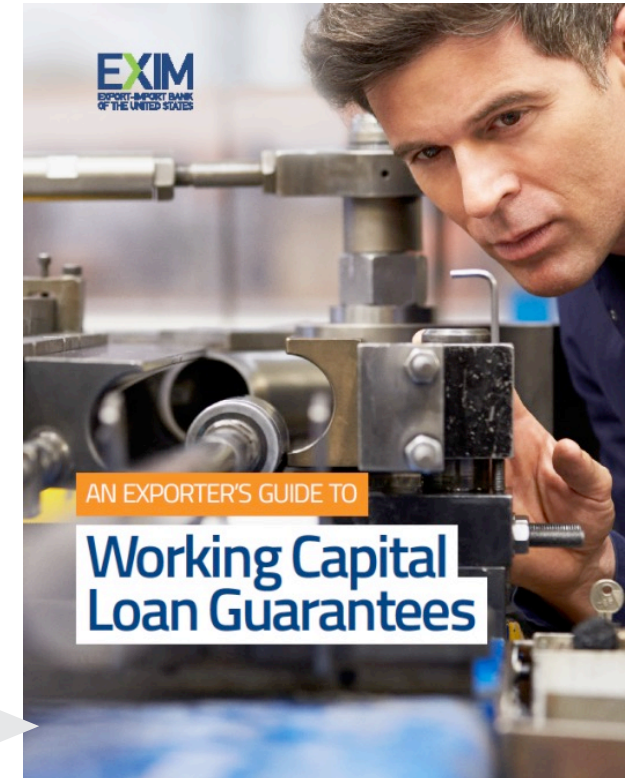
- › Coverage: **95%** commercial and political risk
- › For small businesses with **up to 10** international buyers to insure
- › Must have less than 5 years experience exporting on open account credit terms
- › No deductible, no application fee, “pay-as-you-go,” no minimum premium
- › **0.65%** premium rate for up to 60-day credit terms
 - On a \$30,000 sale, premium due would be just \$195 to insure \$28,500 of exposure (95% if \$30K)
- › Simple, 3-page application
- › Minimal information needed to approve buyers (amounts up to \$100K)

PRE-EXPORT FINANCING SOLUTION

Working Capital Guarantee Program (WCG)

› www.exim.gov/learning-resources/publications

Read about it





WORKING CAPITAL GUARANTEE (WCG)



A guarantee to a commercial lender that makes a loan to an exporter to purchase or manufacture U.S. goods for export

- Guarantees **90%** of loan amount (both principal & interest)
 - **Temporary COVID-19 relief: Optional 95%**
- Most loans done by a network of participating lenders
- No minimum or maximum amounts (check with your lender)
- Supports advances against export-related and **potentially exportable** inventory and foreign receivables

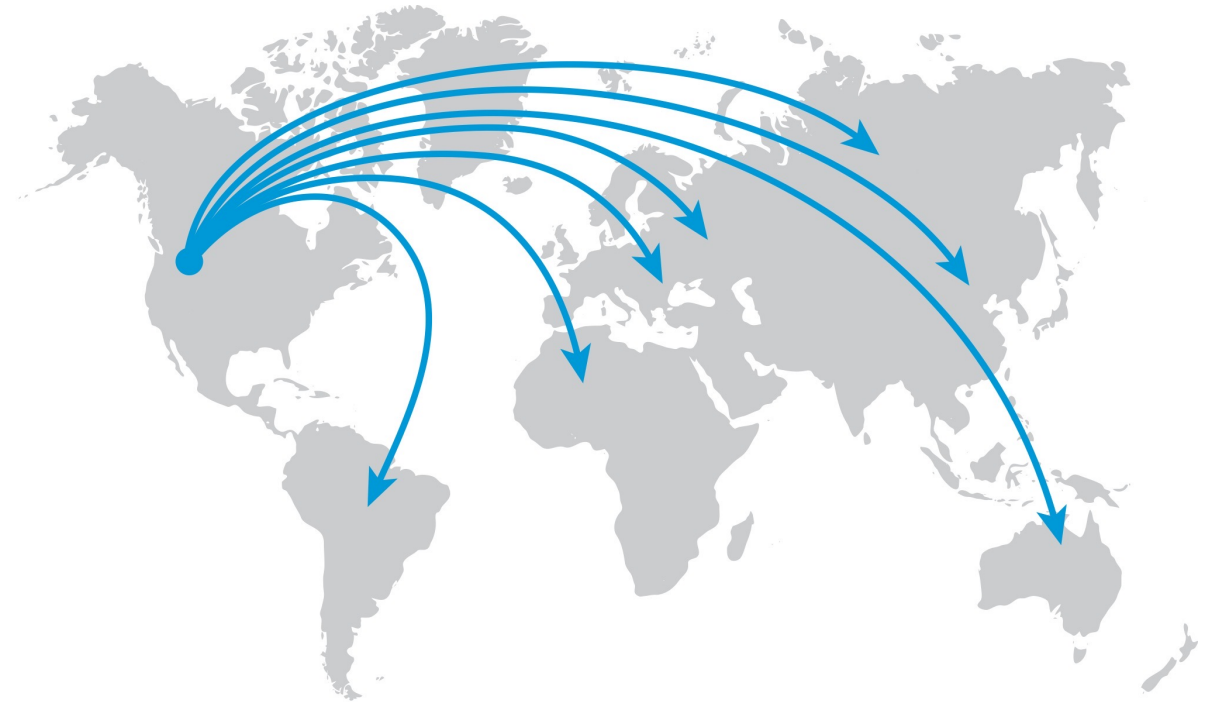
WCGP: EXAMPLE BORROWING BASE



		Your Working Capital Facility <i>without</i> EXIM		Your Working Capital Facility <i>with</i> EXIM	
Collateral (Inventory)	Amount	Advance Rate	Borrowing Base	Advance Rate	Borrowing Base
<u>Export Inventory</u>					
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
<u>Export Inventory</u>					
Open Account/ Foreign Receivable	\$200,000	0%	0	90%	\$360,000
L/C Backed A/R	600,000	70%	\$420,000	90%	\$540,000
Total Borrowing Base			\$760,000		\$1,650,000

LOAN STRUCTURE

- › Transaction Specific
- › Transaction Specific Revolving
- › Revolving Line of Credit
 - May be committed for up to five years with annual reviews



USE OF FINANCING



**Labor/Overhead
Materials**



**LCs, Bid &
Performance Bond**



**Warranties &
Retainages**



**Payoff Existing
Lines**



RESTRICTIONS ON USE OF FUNDS



- Purchase of fixed assets
- Acquisitions
- No disbursements without export orders (unless pre-approved)
 - **Short-term relief measures for COVID-19: All inventory that could potentially be exported**
- Inventory less than or equal to 75% of outstanding loan on revolving lines
- Foreign A/R over 90 days past-due

WHO QUALIFIES?

- › Manufacturers, wholesalers, distributors, services companies
- › May be exporting directly or indirectly
- › Minimum 1 year business history
- › Demonstrate reasonable assurance of repayment
- › Adequate capitalization and reporting capabilities





FOREIGN BUYER FINANCING SOLUTIONS



Available to finance buyers located in emerging markets purchasing US-made capital equipment and related services.

- Medium Term Insurance/Guarantee: 2-7 years (*typically 5 years*)
- Long-Term Guarantee or Direct Loan: 7-12 years
- Minimum 15% cash down-payment required; 85% max. financed
- Most transactions done through a network of participating lenders
- EXIM provides a **100%** guarantee of repayment on buyer's loan
- Buyer must meet Ex-Im's **Medium-Term Credit Standards**

EXIM'S SOLUTIONS



	Exporter Policies (Single & Multi-Buyer)	Export Letter of Credit (ELC)	Financial Institutions (FIBC)	Medium-Term Loan Guarantee (MT)	Long-Term Loan Guarantee (LT)	Working Capital Guarantee (WCG)
Purpose	Insures Foreign A/R	Confirm L/Cs	Buyer Finance	Buyer Finance	Buyer Finance	Exporter Finance
Coverage	90% & 95%	95%	95%	90%	100% after 15% down	90%
U.S. Content	>50%	>50%	>50%	>50% - 85%	>50% - 85%	>50%
Special Requirements	Exporter applies; lender takes assignment	Pre- and post-shipment	Lend within 45 days of B/L	Capital Equipment	Capital Equipment	Pre-export; WIP, Inventory, A/R, Standby L/Cs
Maximum Terms	180 Days	360 Days	360 Days	5-7 Years	7-12 Years	5 Years



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Questions?



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