



Pre-Export Financing

EXPORT-IMPORT BANK
of the UNITED STATES

**Working Capital
Guarantee
for Lenders**



Working Capital Guarantee— Basic Parameters

- 90% guarantee on principal and interest for export-related inventory and A/R
 - Guarantee also covers certain liquidation costs
- Generally one year or less
- Must be fully collateralized
- Covers exporter performance risk

Note: Provides no protection to exporter against foreign buyer non-payment



Lines of Credit

- Transaction Specific
- Transaction Specific Revolving
- Revolving
 - Multiple transactions or specifically identified ones
 - May be committed for up to 3 years with annual reviews





U.S. Content Policy

- Goods must have at least 50% U.S. content to guarantee the entire transaction
- Exports must be manufactured in and shipped from the U.S.



Lender Benefits

- Expand services to existing customers
- Attract new customers
- Increase profit
- Improve credit's risk rating
- Meet CRA requirements with limited risk



Exporter Benefits

- Increase sales/profits
- Expand collateral base
 - Export-related inventory, including WIP
 - Supports Standby L/Cs, Bid, and Performance Bonds
 - Export-related accounts receivable



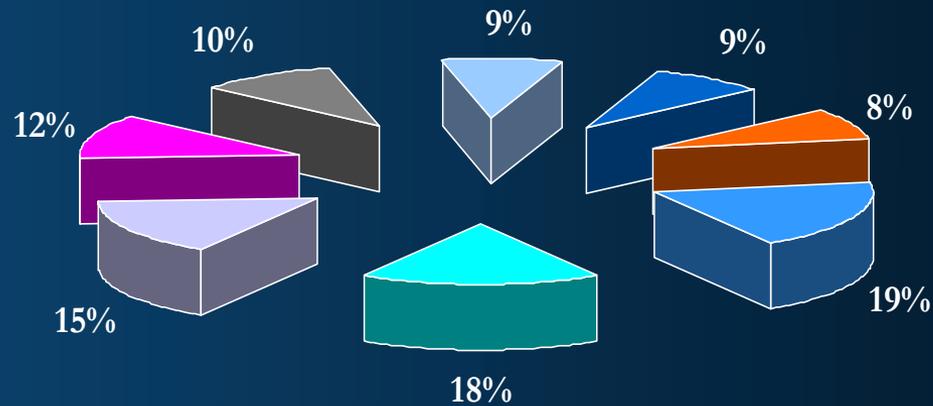
Expansion of your Client's Collateral Base

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



Sectors Supported

- Frozen Foods
- Medical Equipment/Devices
- Electrical Instruments
- Telecommunications
- Air Quality Equipment
- Testing Equipment
- Lumber and Millwork
- Transportation Equipment





Types of Exporters

- Manufacturers
- Trading companies
- Wholesalers/distributors
- Service companies





Transportation Freight Financing Program (TFF)

- Special program with MARAD which provides for Working Capital Guarantee for 95% of the loan when commercial cargo is shipped on a U.S. Flag Vessel.
- Who benefits U.S. Flag Ocean Carriers, Shippers, Exporters Freight Forwarders, Logistic providers,
- How Finance freight charges - advance rates 90% of amount invoiced for all transportation services.



Transportation Freight Financing Program (TFF) Continued.

- Cargo must be shipped on U.S. Flag vessel. Cargo must not have military or nuclear purposes.
- Advance rates up to 90 % of the amount invoiced for all eligible transportation services. At least 50% of invoiced services must be U.S. Content.
- Supports ...Ocean Freight, Trucking and Rail, Cargo Insurance/Marine Insurance, Crating and Packing, Port Drayage (Port Trucking) Terminal fees, Forwarder/ Broker fees.



Eligible U.S. Exporters

- Reasonable assurance of repayment
 - Minimum 1 year operating history
 - Debt service ability
 - Adequately capitalized relative to requested loan amount
- Business operations in U.S.
- Indirect exporters
 - 100% of line of credit





Borrower Profile

- Tight liquidity, negative cash flow
- Losses or erratic earnings
- Minimal net worth; short operating history
- Large contract in relation to balance sheet
- Collateral shortfall; WIP financing needed



Use of Financing

Labor/Materials
Overhead



LCs, Bid &
Performance Bond



Warranties &
Retainages



Payoff Existing
Lines





L/Cs, Bid and Performance Bonds

- An Ex-Im Bank guaranteed facility can support the following types of L/Cs:
 - Commercial or standby (domestic and foreign)
 - Collateralized at 10%
 - Term cannot exceed loan term
 - Warranty Letters of Credit
 - Lender extends other credit
 - 100% collateralized; 25% in cash
 - Maximum: 20% of loan up to \$1,500,000
 - Term cannot exceed loan term



Paying Off Existing Lines

Initial disbursement may take out existing loans, subject to:

- Borrower's financial condition
- Projections for next 12 months that support the request
- Sufficient collateral
- Additional guidelines
- Ex-Im Bank prior approval



Restrictions on Use of Funds

- No disbursements without export orders unless pre-approved; sampling required
- Inventory less than or equal to 60% of outstanding loan on revolving lines
- Purchase of fixed assets
- Military exports
- Off-cover countries



Eligible Collateral

- Export-related inventory
- Export-related A/R



Eligible Export -related inventory

- May include raw materials, work-in-progress and finished goods
- Must be Located in the U.S.
- Must be valued at lower of actual cost or market value
- Advance rate usually 75%



Eligible Accounts Receivable

- Export-Related Accounts Receivable
 - Up to 90% advance rate
 - Remove if > 60 days late, 90 days w/ insurance
 - Sales on terms not to exceed 180 days
- Retainage Accounts Receivables: 25% advance rate
- Accounts Receivables due and payable outside the U.S.: 70% advance rate.
- Receivables must be in U.S. Dollars or get a waiver.



Ineligible Export Accounts Receivable

- No intra-company receivables
- No receivables from military organizations
- No receivables from prohibited countries
- No L/Cs until goods are shipped



Collateral for Service Companies

- Disbursements allowed against contract-related costs (engineering, design and overhead)
- Contract and proceeds assigned to lender
- Requirements:
 - 3 years audited or reviewed financial statements
 - Demonstrates ability to perform under contract



Terms of Sale

- Cash payment prior to shipping
- Irrevocable L/C, sometimes confirmed
- Receivables insured with export credit insurance (Ex-Im Bank or other comparable insurance)
- Uninsured, open account
- Documentary collections



Ex-Im Bank Fees

➤ Application Fees

➤ Preliminary
Commitment: \$500

➤ Final Commitment:
(No PC): \$100

➤ Facility Fee (one year)

1.5% or

1.0% if

- RMA median standard met
or
- 100 % of export receivables
are L/C's or insured

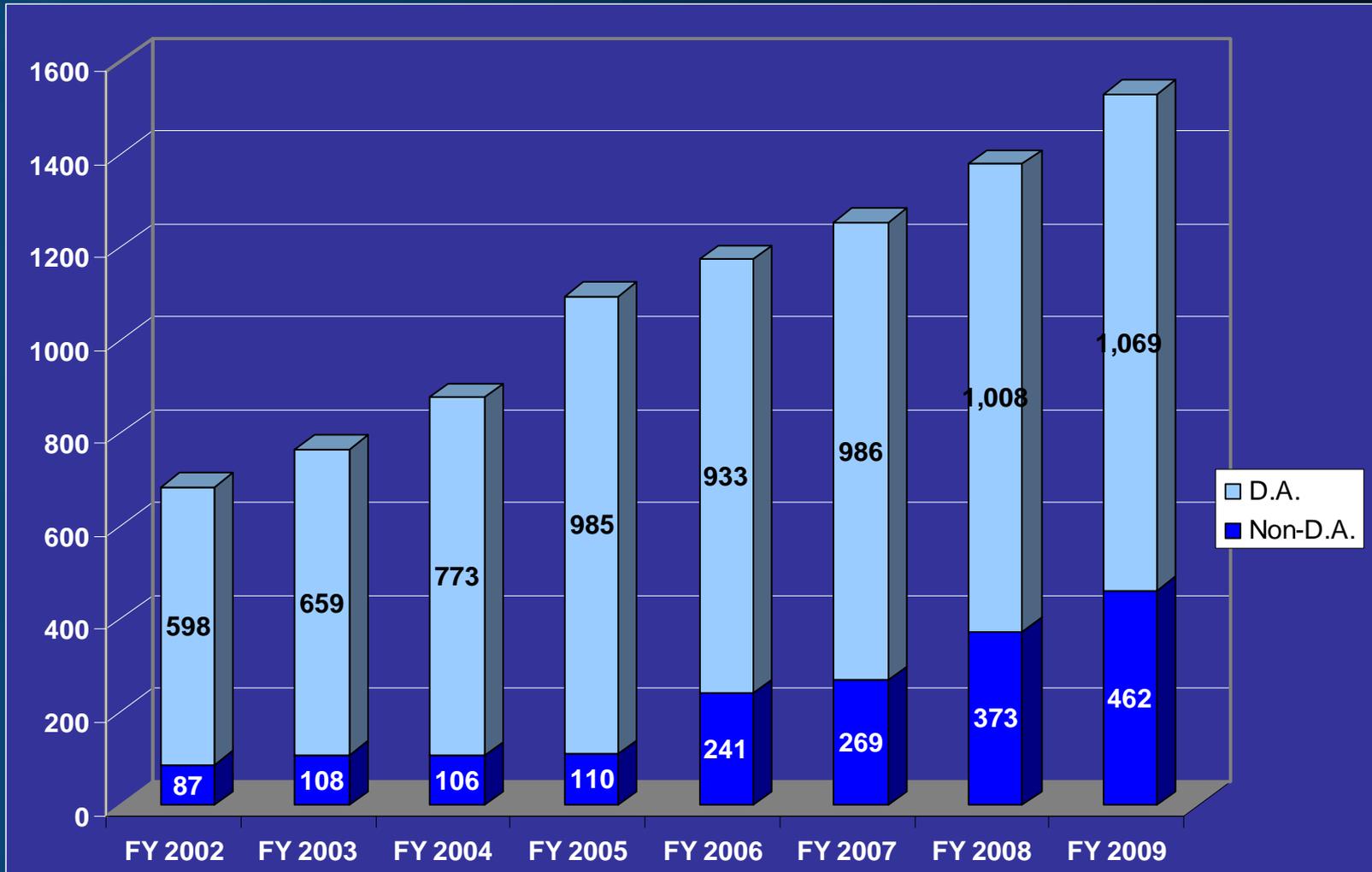


Delegated Authority Activity

- Over 90% of our transactions are done by Delegated Authority Lenders
- To be done in-house, the loan must be over \$1.67 million or be under a special initiative.



Amount of Authorizations (in \$ millions)





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