International Trade Show and Finance Programs for Exporters
FDU, Teaneck, NJ
June 12, 2012

Financial Support Enabling U.S. Small and Medium-Sized Exporters to Increase Their Sales
Ex-Im Bank – *Exports Through Jobs*

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

Self-sustaining and independent

- Established in 1934
- Headquarters in D.C.
- Eight regional offices

We support sales of U.S.-made goods and services to create and maintain American jobs.
Our Products Make the Difference

- Minimize risk
- Level the playing field
- Supplement commercial bank financing
Ex-Im Bank Support Covers the Spectrum

Pre-Export Financing

Working Capital Guarantees

Post-Export Financing

Insurance Guarantees

Direct Loans
Small Business *IS* Our Business

- About 85% of all transactions support small business
- No transaction is too small
### Ex-Im Bank FY 2011 Authorizations

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans</td>
<td>$6,323</td>
</tr>
<tr>
<td>Guarantees</td>
<td>19,400</td>
</tr>
<tr>
<td>Short Term Insurance (Bank-held): 250 policies</td>
<td>4,648</td>
</tr>
<tr>
<td><strong>Short Term Insurance (Exporter-held)</strong></td>
<td><strong>2,116</strong></td>
</tr>
<tr>
<td>2,600 policies</td>
<td></td>
</tr>
<tr>
<td>Medium Term Insurance 100 policies</td>
<td>239</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$32,727</strong></td>
</tr>
</tbody>
</table>

*In Millions of USD*
**Ex-Im Bank FY 2012 to Date**

**United States At a Glance - 2007-2012**

**Exporter Information**

<table>
<thead>
<tr>
<th>Category</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Exporters: 5732</td>
<td></td>
</tr>
<tr>
<td>Note: Exporters can belong to more than one category</td>
<td></td>
</tr>
<tr>
<td>Small Business</td>
<td>3696</td>
</tr>
<tr>
<td>Minority Owned</td>
<td>490</td>
</tr>
<tr>
<td>Women Owned</td>
<td>329</td>
</tr>
<tr>
<td>Environmentally Beneficial</td>
<td>166</td>
</tr>
<tr>
<td>Renewable Energy</td>
<td>33</td>
</tr>
</tbody>
</table>

**Top 3 Export Destinations**

- Mexico
- India
- Ireland

*Data current as of May 16, 2012*
New Jersey at a Glance 2007-2012

### New Jersey At a Glance - 2007-2012

<table>
<thead>
<tr>
<th>Exporter Information</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Exporters:</strong> 173</td>
</tr>
<tr>
<td>Note: Exporters can belong to more than one category</td>
</tr>
<tr>
<td>Small Business: 131</td>
</tr>
<tr>
<td>Minority Owned: 9</td>
</tr>
<tr>
<td>Women Owned: 11</td>
</tr>
<tr>
<td>Environmentally Beneficial: 2</td>
</tr>
<tr>
<td>Renewable Energy: 0</td>
</tr>
</tbody>
</table>

#### Top 0 Export Destinations

- Kuwait: $2,475,686,089 in disbursements
- Switzerland: $3,129,743,204 in export sales supported
- India: $1,408,194,356 in total authorizations amount

Data current as of May 16, 2012
# Growing Your Sales and Minimizing Risks

<table>
<thead>
<tr>
<th>Your Need</th>
<th>Ex-Im Bank Solution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funds to Fulfill Orders</td>
<td>Working Capital Guarantee</td>
</tr>
<tr>
<td>Extension of Credit</td>
<td>Receivables Insurance</td>
</tr>
<tr>
<td>Buyer Financing</td>
<td>Medium- and Long-Term Insurance &amp; Loan Guarantee</td>
</tr>
</tbody>
</table>
Working Capital Guarantee

- Funds to pay for raw materials, labor, supplies, etc.

- 90% guarantee to lenders for export-related working capital

- Transaction specific or revolving loans

- No minimum or maximum amount
Working Capital Guarantee (cont.)

- **Advances rates**
  - Inventory up to 75%
  - Receivables up to 90%

- **Tenor**
  -- Generally one year (renewable) and may be up to three years.
Our G’tee Increases Your Borrowing Power!

<table>
<thead>
<tr>
<th>Collateral (Inventory)</th>
<th>Amount</th>
<th>Your Working Capital Facility without Ex-Im Bank</th>
<th>Your Working Capital with Ex-Im Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Advance Rate</td>
<td>Borrowing Base</td>
</tr>
<tr>
<td><strong>Export Inventory</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Raw Materials</td>
<td>$200,000</td>
<td>20%</td>
<td>$ 40,000</td>
</tr>
<tr>
<td>WIP</td>
<td>200,000</td>
<td>0%</td>
<td>0</td>
</tr>
<tr>
<td>Finished Goods</td>
<td>600,000</td>
<td>50%</td>
<td>300,000</td>
</tr>
<tr>
<td><strong>Export/Foreign Accounts Receivable</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Open Account/Foreign Account Receivable</td>
<td>$400,000</td>
<td>0%</td>
<td>0</td>
</tr>
<tr>
<td>L/C Backed A/R</td>
<td>600,000</td>
<td>70%</td>
<td>420,000</td>
</tr>
</tbody>
</table>

**Total Borrowing Base**

$760,000 vs. $1,650,000
Trade Terms on the Risk Spectrum

- **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
What is Export Credit Insurance?

U.S. Exporter

Supply Contract

Goods and/or Services

Payment(s) on Credit Terms

Foreign Buyer

Foreign Policy

A/R Assignment

Financing

Export Credit Insurance Policy

Premium

Collection(s)

Claims Payment(s)
Export Credit Insurance

Exporter Benefits

Risk Mitigation
- Allows exporters to safely extend credit terms to foreign buyers

Competitiveness/Marketing
- Extend terms to existing customers
- Attract new customers and enter new markets

Financing Tool
Add foreign receivables to borrowing base
- Ability to assign foreign receivables
- Accelerate cash flow
Covered Risks

Commercial Risks
- Insolvency
- Bankruptcy
- Protracted default

Political Risks
- War, revolution, insurrection
- Cancellation of import and export license
- Currency transfer risk
Risks Not Covered

- Disputes (unless and until they are resolved)
- Cancellation of sales contract
- Currency devaluation
Eligible Payment Terms

- Up to 180 days
  - For most products

- Up to 360 days
  - For bulk agricultural products and capital and quasi capital goods
Express Insurance Policy

▪ New policy (introduced 3/30/2011) for small businesses with up to 10 debtors and export credit sales less than $7.5 million.

▪ Streamlined application

▪ Ex-Im Bank will secure information on the first couple of debtors and provide quote and debtor approval rapidly for amounts up to $300,000

  ❖ Must Meet SBA Small Business Guidelines
Short-Term Export Credit Insurance

Small Business Multi-Buyer Policy

▪ For exporters with annual export credit sales of less than $7.5 million, and which meet the SBA definition of “small business.”

▪ Special rates with no country risk factor

▪ $500 deposit and NO deductible - Pay as you go

❖ Must Meet SBA Small Business Guidelines
<table>
<thead>
<tr>
<th>Term</th>
<th>Sovereign</th>
<th>Financial Institutions</th>
<th>Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sight L/Cs</td>
<td>$0.03</td>
<td>$0.03</td>
<td>N/A</td>
</tr>
<tr>
<td>S/D D/P; CAD</td>
<td>$0.06</td>
<td>$0.08</td>
<td>$0.20</td>
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<tr>
<td>1-60 days</td>
<td>$0.16</td>
<td>$0.20</td>
<td>$0.55</td>
</tr>
<tr>
<td>61-120</td>
<td>$0.27</td>
<td>$0.33</td>
<td>$0.90</td>
</tr>
<tr>
<td>121-180</td>
<td>$0.35</td>
<td>$0.43</td>
<td>$1.15</td>
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<tr>
<td>181-270</td>
<td>$0.43</td>
<td>$0.54</td>
<td>$1.45</td>
</tr>
<tr>
<td>271-360</td>
<td>$0.53</td>
<td>$0.65</td>
<td>$1.77</td>
</tr>
</tbody>
</table>
Short-Term Export Credit Insurance

Standard Multi-Buyer Policy

▪ For exporters not defined as a small business, or have annual export credit sales exceeding $7.5 million

▪ Premiums based on tenor, country, and buyer type

▪ Varied deposits and deductibles apply
Short-Term Export Credit Insurance

Single-Buyer Policy/Non-Cancellable Coverage

- For exporters wishing to insure single or multiple shipments to one buyer
- Premiums based on term, country and buyer type
- NO deductible, but minimum advanced premium and deductibles apply
Short-Term Credit Standards

Minimum requirements (based on total outstanding):

- Up to $100,000: Credit Report or Trade Reference
- $100,000 to $300,000: Credit Report or Trade Reference with some financial information
- $300,000+ require additional trade references and full financials
Managing Your Policy

- Consult your Broker or Regional Office
- Documentation is critical
- Consult the Country Limitation Schedule
- Follow policy requirements for extending credit
- File claims promptly
Buyer Financing (Medium-Term)

Used to finance foreign buyers purchasing U.S. capital equipment:

- 85% financed, 15% cash down payment
- Repayment up to 5 years, exceptionally 7 years
- Amounts of $10 million or less
Financing can be accomplished through the following Ex-Im products:

- Lender Loan Guarantees
- Export Credit Insurance
- Direct Loans (few)
Just A Few Bank Restrictions

- Military Exports (exceptions apply)
- Foreign Content
- Restricted Countries (CLS)
- Economic Impact
- Shipping
- Additionality
U.S. Content Policies

- **Short-term:**
  - Must exceed 50% U.S. content to support the entire transaction
  - Products must be manufactured in and shipped from the U.S. (for pre-export, companies must be located in the U.S.)
  - Services must be performed by U.S.-based personnel

- **Medium-term:**
  - If contract has no more than 15% foreign content, Bank supports 85% of the contract price
  - Otherwise, the Bank will limit support to the U.S. content
Military Policy

No Defense Articles or Services, or Military buyers

Three Exceptions:

▪ Humanitarian purposes
▪ Drug interdiction
▪ Dual use items
### Restricted Countries

#### 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](http://www.exim.gov), on the homepage under “Apply” or “Tools”

"X" Indicates Support is NOT Available

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>PUBLIC SECTOR</th>
<th></th>
<th>PRIVATE SECTOR</th>
<th></th>
<th>NOTE(S)</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Up to 1 Year</td>
<td>1 to 7 Years</td>
<td>Over 7 Years</td>
<td>Up to 1 Year</td>
<td>1 to 7 Years</td>
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<td>X</td>
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<td>Austria</td>
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<tr>
<td>Azerbaijan</td>
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</tbody>
</table>

Back to Quick Select
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