



# Webinar Series

Accessing Capital to  
Fulfill Your Export  
Orders



# Agenda

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- Who is Export - Import Bank ?
- How can we help exporters during these difficult economic times.
- What is this Working Capital Guarantee
- What role can PNC Bank play ?
- Questions and Answers



# Who We Are — What We Do

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Ex-Im Bank is an independent agency of the United States government

Established in 1934

**Mission:** Support US exports in order to create and sustain US jobs

Headquartered in Washington, DC

5 regional business development offices, plus 4 satellite locations (Dallas, San Diego, San Francisco and Washington D.C.)



# How will this benefit Exporters

- Provides needed cash to finance exports
- Increases lenders appetite for financing exports by providing a 90% government guarantee
- Provides financing for foreign account receivables
- Allows exporters to fill large or seasonal orders
- Allows exporters to expand collateral base
  - Export-related inventory, including WIP
    - Supports Standby L/Cs, Bid, and Performance Bonds



# Basic Parameters

- Ex-Im Bank Guarantees 90% of principal and interest on a Loan Facility made to an exporter.
- Loan is fully collateralized by export-related inventory and A/R.
- Generally one year but up to 3-years.
- 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

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- 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.



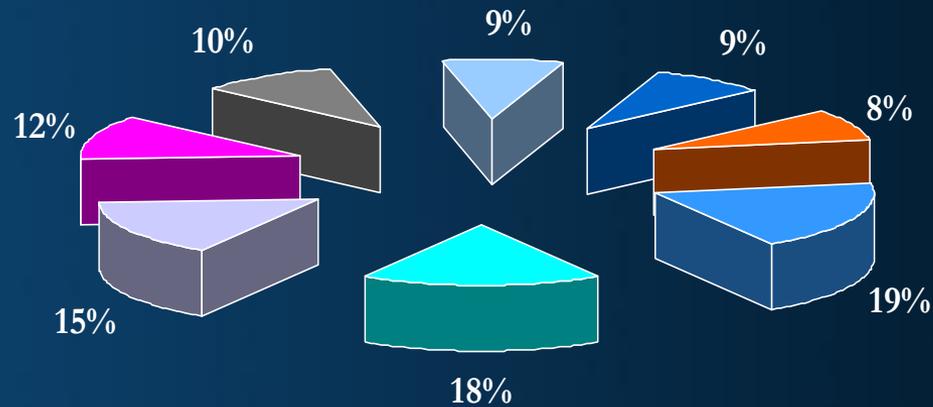
# Expansion of your Client's Collateral Base

		Your Working Capital Facility <b>without</b> Ex-Im Bank		Your Working Capital Facility <b>with</b> Ex-Im Bank	
		<u>Advance Rate</u>	<u>Borrowing Base</u>	<u>Advance Rate</u>	<u>Borrowing Base</u>
<u>Collateral (Inventory)</u>	<u>Amount</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>
<b>Total Borrowing Base</b>			<b><u>\$760,000</u></b>	<b>vs.</b>	<b><u>\$ 1,650,000</u></b>



# 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





# 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





# Borrower Profile

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- 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 25%
    - Term cannot exceed loan term
  - Warranty Letters of Credit
    - Lender extends other credit
    - 100% collateralized; 25% in cash
    - Maximum: 20% of loan or \$500,000
    - Term cannot exceed loan term



# 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

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- 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

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- 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



# New Initiatives

- Working Capital Program initiatives aimed at increasing liquidity and flexibility for our Lenders and Borrowers in the in this time of economic crisis:
  - Indirect Exports: Up to 100% of the Items in any Working Capital Loan Facility may now be used to for Indirect Exports.
  - Warranty Letters of Credit: Ex-Im Bank expanded the availability of Warranty Letters of Credit up to \$1,500,000, with Ex-Im Bank prior approval, an increase from the existing \$500,000 maximum.
  - Letters of Credit (other than Warranty Letters of Credit): On a case by case basis Ex-Im Bank will consider approving such Letters of Credit with a reserve level as low as ten percent (10%).



# 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

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- Over 90% of our transactions are done by Delegated Authority Lenders



For more information . . .

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Kevin Taylor  
Director  
Business Credit

202 565- 3781

[kevin.taylor@exim.gov](mailto:kevin.taylor@exim.gov)



# CONTACTS

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Augustine Grace

Vice President

Export-Import Bank

202-565-3910

[gus.grace@exim.gov](mailto:gus.grace@exim.gov)

Tom Parides

Senior Business Officer

PNC Trade Finance

202-835-4507

[anastasios.parides@pnc.com](mailto:anastasios.parides@pnc.com)

Kevin Taylor

Director

Business Credit

202 565- 3781

[kevin.taylor@exim.gov](mailto:kevin.taylor@exim.gov)