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"Rummaging in the government's attic"

Description of document: Export-Import Bank of the United States EXIM 101 Presentations, 2015-2018*

Requested date: 05-February-2018

Release date: 28-August-2018

Posted date: 08-July-2019

* Note: Most documents undated

Source of document: FOIA Request
Export-Import Bank of the United States
Freedom of Information and Privacy Office
811 Vermont Ave., NW
Washington, D.C. 20571
Fax: (202) 565-3294
E-Mail: foia@exim.gov
[Online Freedom of Information Act Request Form](#)

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August 27, 2018

Via Electronic Mail

Re: FOIA Request # 201800024F

This is the final response to your Freedom of Information Act (FOIA) request to the Export-Import Bank of the United States (Ex-Im Bank). We received your request in our FOIA Office via office via e-mail on February 5, 2018. You requested a digital copy of the "EXIM 101 Presentation."

We conducted a comprehensive search of the files within the Office of Small Business for records that would be responsive to your request. This is the component within Ex-Im Bank in which responsive records could reasonably be expected to be found. The search produced the attached records. After carefully reviewing the responsive documents, we have determined they are releasable in their entirety; no deletions or exemptions have been claimed. For your convenience, we are attaching the documents to this message as PDF files.

For your information, Congress excluded three discrete categories of law enforcement and national security records from the requirements of the FOIA. See 5 U.S.C. §552(c) (2006 & Supp. IV 2010). This response is limited to those records that are subject to the requirements of the FOIA. This is a standard notification that is given to all of our requesters and should not be taken as an indication that excluded records do, or do not, exist.

Ex-Im Bank's FOIA regulations at 12 C.F.R.404.9 (a) state that Ex-Im Bank shall charge fees to recover the full allowable direct cost it incurs in processing request. In this instance, because the first 100 pages are free, as are the first two hours of search time, there is no charge.

I trust that this information fully satisfies your request. If you need further assistance or would like to discuss any aspect of your request please do not hesitate to contact our FOIA Public Liaison, Ms. Lennell Jackson at (202) 565-3290 or by E-Mail at Lennell.Jackson@exim.gov.

Sincerely,

LISA
TERRY

Digitally signed by LISA TERRY
DN: cn=US, o=U.S. Government,
ou=Export-Import Bank, cn=LISA
TERRY,
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Date: 2018.08.27 11:01:57 -0400

Lisa V. Terry
Chief FOIA Officer

Attachment: Responsive Documents (10 PDF files)

EXECUTIVE OVERVIEW

LaTaunya Darden
Business Development Specialist
Office of Small Business



Reducing Risk. Unleashing Opportunity.

KEY OVERVIEW HIGHLIGHTS

- › Agency Independence
- › Mission
- › Taxpayer Cost
- › Small Business Transactions
- › Credit Insurance and Working Capital
- › U.S. Content
- › Regional Export Centers



WHO WE ARE - WHAT WE DO

- › EXIM is an independent agency of the U.S. Government
- › Established in 1934
- › Headquartered in Washington, DC
- › Twelve Regional offices
- › Regional Export Centers

Mission: To create and sustain jobs by increasing U.S. export sales



NO COST TO TAXPAYERS



In the last decade, EXIM has supported more than 1.7 million jobs in all 50 states--and generated more than \$4 billion for American taxpayers.



>\$4B returned

EXIM BANK SUPPORTS SMALL BUSINESS!



FY 2017

- › Authorized over \$2.2B of financing to support U.S. small businesses
 - Nearly 64% of the bank total authorizations came from small business
- › More than 2,240 small business transactions
 - Ninety percent (91%) of total (2460)

>\$2.2B



TAKING THE FEAR OUT OF EXPORTING



- › Should I enter that new market?
- › When and will I get paid?
- › How will I get cash to make the product?
- › I made the big sale, but will my buyer be able to obtain financing?



OUR FINANCING MAKES THE DIFFERENCE

- Minimize risk
- Level the playing field
- Supplement commercial financing



WE SUPPORT A VARIETY OF INDUSTRIES



- › Manufacturing
- › Construction Equipment
- › Medical Equipment
- › Mining
- › Power-generation
- › Aircraft and Avionics
- › Services
- › Renewable Energy
- › Agribusiness
- › Wholesale/Retail
- › Oil & Gas

EXIM BANK FINANCING COVERS THE SPECTRUM



Pre-Export
Financing

Post-Export
Financing



Working Capital Guarantees

**Insurance
Guarantees
Direct Loans**

HOW CAN EXIM PRODUCTS ASSIST YOU?



Funds to Fulfill Orders



Working Capital Guarantee

Risk Protection
Extension of Credit



Receivables Insurance

Buyer Financing



Medium- and Long-Term
Insurance and Loan
Guarantee

PUBLIC POLICY (CHARTER) RESTRICTIONS – Just a Few

- › No Military or Defense-related products or obligors (exceptions apply)
- › U.S. Content (Standard-Term: 50+%; Medium-Term: 85% U.S.)
- › Restricted Countries (Country Limitation Schedule)
- › Economic impact
- › Shipping
- › Additionality

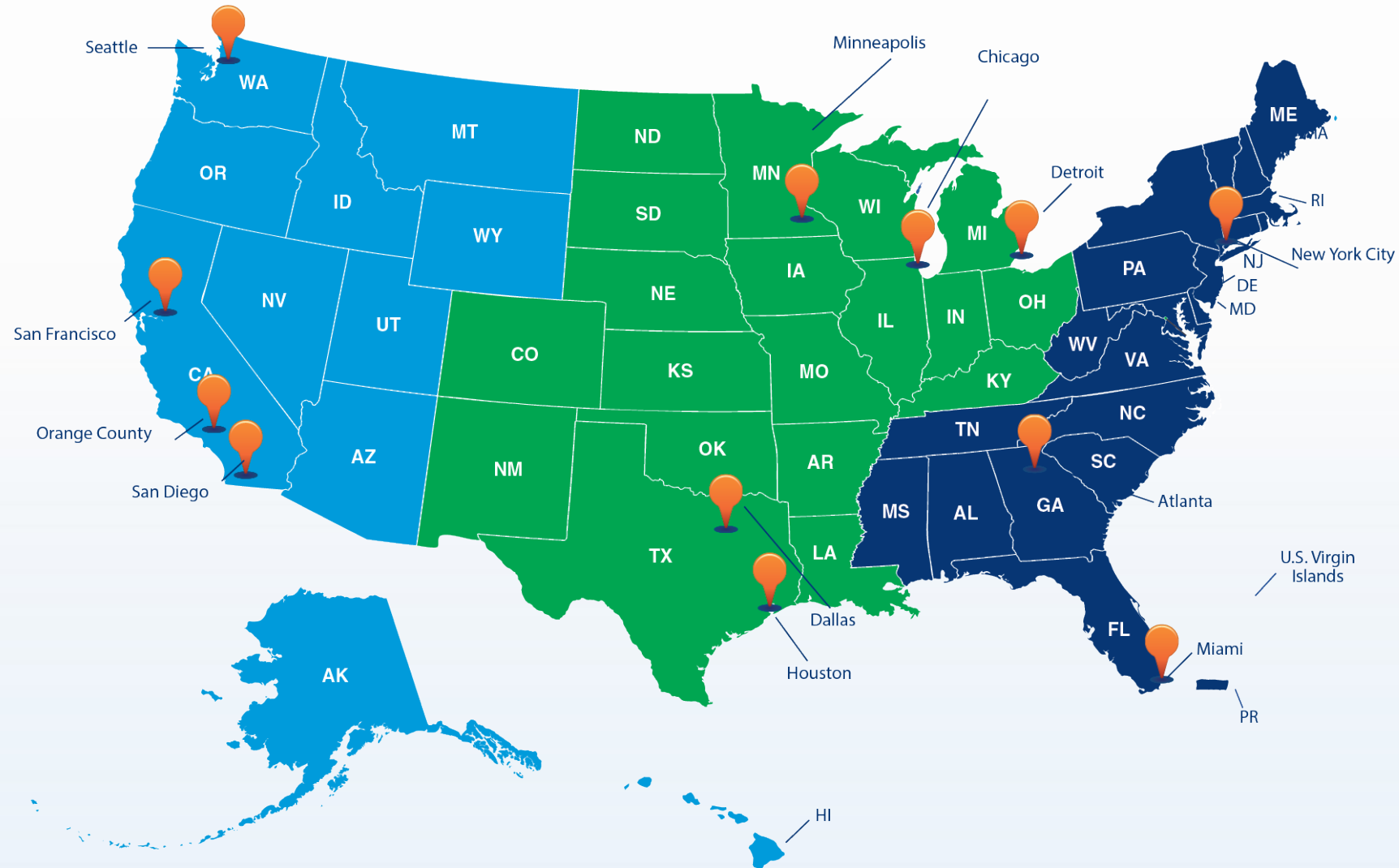


CALL EXIM, IF YOU...



- › Have a foreign buyer that wants credit terms
- › Export routinely but your growth in foreign sales is limited because of risks of non-payment
- › Are losing export opportunities because you will only accept a Letter of Credit (L/C) or cash pre-pay
- › Are encountering cash flow problems due to increased foreign sales
- › Have a buyer that needs several years to pay for capital equipment

EXIM REGIONAL EXPORT CENTERS



CONSULT WITH AN EXIM REGIONAL DIRECTOR



Customer Contact Center: 800.565.3946 (EXIM)

(Operating Hours: 8 a.m. to 5 p.m., Eastern Time
Monday through Friday, excluding Federal holidays.)

www.exim.gov/contact

www.exim.gov/contact/regional-export-finance-centers



ADDITIONAL RESOURCES



➤ Additional resources and assistance in applying for EXIM products are available from:

- Insurance Brokers -- see list on www.exim.gov
- Regional Export Promotion Program (REPP) -- see list on www.exim.gov
- Delegated Lenders -- see list on www.exim.gov
- U.S. Export Assistance Centers (USDOC and SBA)



LaTaunya Darden

Business Development Specialist

202 565 3900

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1-800-565-3946 (EXIM)



Know Your Customer

Nigussie Haile

Credit Review and Compliance Officer
Credit Review and Compliance Division

Reducing Risk. Unleashing Opportunity.



KNOW YOUR CUSTOMER (KYC)



TABLE OF CONTENTS

- › Legal Obligations
- › EXIM Transactions
- › Why Know Your Customer (KYC)
- › On whom is KYC conducted
- › KYC Minimum Threshold
- › Additional KYC steps
- › Know Your Transaction

KNOW YOUR CUSTOMER (KYC)



What does KYC mean:

1. **Lenders:** Patriot Act and Various Banking Regulations
2. **Exporters:** Foreign Corrupt Practice Act
3. **Sanctions:** OFAC- <http://www.treasury.gov/resource-center/sanction/SDN-List/Pages/Consolidated.aspx>
4. **Federal Government-Debarment** List-SAM.gov - <https://www.sam.gov/portal/SAM/#1>
5. **Export Administration Regulation**

KNOW YOUR CUSTOMER (KYC)



EXIM Transactions

- › All exporters and Lenders are expected to be “commercially responsible”
- › Would you do this transaction without EXIM cover?
(EXIM is here to take credit risk-not KYC/due diligence risk)
- › See EXIM’s “KYC and due diligence Standards”
<https://www.exim.gov/policies/due-diligence-standards>

KNOW YOUR CUSTOMER (KYC)



Why KYC:

- › Legal obligations
- › EXIM Requirement
- › Smart Credit move

KYC helps detect and deter:

- › Fraud
- › Bribery
- › Money-laundering
- › Graft
- › Sanctions violation

KNOW YOUR CUSTOMER (KYC)



Who do you conduct KYC due diligence on:

- › Buyers
- › Exporters
- › Agents (yours and the buyers)
- › Your suppliers

KNOW YOUR CUSTOMER (KYC)



KYC Minimum Threshold:

- › Must know who you are doing business with
- › Must check SAM.gov(Federal Govt. Debarment data base)
- › Must check OFAC Sanction List



KNOW YOUR CUSTOMER



KYC Additional Steps

- › Internet media search
- › Ask for scanned copy of:
 - Passport
 - Local ID (cedula in Latin America)
- › Contact the person/party through an independent channel
- › Visit-the person and/or site

KNOW YOUR CUSTOMER



Know Your Transaction (“Professional Skepticism”)

- › Does the transaction makes sense on its face?
- › Are the prices reasonable?
- › Is money flowing in a direction that seems odd
- › Is payment coming from odd places
- › Did anybody asked for/or suggest a bribe/kickbacks
- › Do all the parties involved have experience in the goods/services
- › If paying an agent - what is the payment based on? How do you know your agent is not using the money to pay bribe?

Questions?

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Public Policy Overview

Clio Grillakis

Policy Analyst, Office of Policy Analysis
and International Relations



EXIM: A Federal Agency Chartered by the U.S. Congress

- › EXIM is a “sunset” institution
 - Congress must act positively every few years (usually 3-5) to extend life (current Charter expires in Sept. 2019)
- › EXIM’s policies and programed are grounded in the Bank’s Charter
- › The Organization of Economic Development and Cooperation (OECD) governs many of the terms and conditions for medium- and long-term (MLT) activity of export credit agencies (ECAs)
- › EXIM is not a private sector bank or insurance company

Key Program Highlights



Most frequently occurring and relevant public policies:

- › “Role of EXIM” (Additionality)
- › U.S. content, foreign content, and local costs
- › Shipping requirements under the U.S. Maritime Administration (MARAD)
- › Economic Impact
- › Military Exports
- › Used Equipment

Role of EXIM (Additionality)



- › **Definition:** A qualitative conclusion regarding whether or not a U.S. export sale would go forward without EXIM support

- › Two main considerations:
 1. **ECA Competition:** The existence of foreign officially supported export credit competition
 - typically a MLT consideration

 2. **Financing Gaps:** Limitations in commercial sources of financings, such as:
 - Regulatory Concerns (e.g., Basel III requirements)
 - Small business
 - Terms
 - Risks (e.g., country limits, political, etc.)



U.S. Content



- Short-term: 1 year (or less) repayment
 - Small business exporter, as defined by the Small Business Administration (typically 500 employees or fewer) at this site: <http://www.sba.gov/size-standards-tool?ms=nid4060>
 - Non-small business exporter

- Medium-term: 2-7 years repayment and/or \$10 million or less

- Long-term: 7 years+ and/or \$10 million or more

U.S. Content: Short-Term Content Policies



	Non-Small Business	Small Business
Eligible Costs	Direct costs (labor, materials, etc.)	All costs (direct and indirect costs)
Criteria	Must be U.S. manufactured/originated	May be foreign-originated
EXIM Coverage	>50% U.S. content = eligible for full coverage ≤50% U.S. content = <u>ineligible</u>	>50% U.S. content = eligible for full coverage ≤50% U.S. content = <u>cover only U.S. content</u>
Calculation of Support	Item-by-item basis	Item-by-item basis Option: Aggregate items on an invoice with the submission of a Content Report
Shipment	All goods must be shipped from U.S.	All good must be shipped from U.S.

U.S. Content: Medium- and Long-Term



- To be considered eligible, all goods must be shipped from the U.S. to the foreign buyer
- EXIM will support the lesser of:
 - 85% of the Net Contract Price*; or
 - 100% of the U.S. content
- *Net Contract Price = U.S. content + eligible foreign content
- Local costs (costs originated in the buyer's country) may be eligible for support up to 30% of the Net Contract Price

Military Exports



- › EXIM is prohibited by law from financing defense articles and defense services
- › If the items are sold to a military organization or designed primarily for military use, they are presumed to be defense articles unless proven otherwise
- › **Exception:** If the product is deemed to have “dual use” (both military and commercial or civilian applications), it is eligible for support if there exists convincing evidence that the item is non-lethal in nature and will be used primarily for civilian activities

Shipping Requirements



- Certain transactions require that the exports be shipped under U.S.-flagged vessels:
 - Direct loans to foreign buyers, regardless of term or amount
 - Guaranteed loans of a financed amount of \$20 million or a repayment period of longer than 7 years

- Requests for waivers of this Public Resolution 17 may be addressed to the U.S. Maritime Administration (MARAD), Department of Transportation

Economic Impact



- EXIM Charter mandates all applications received by the Bank to be subject to economic impact review (screens to identify transactions that need detailed analysis):
 1. Result in production of exportable good?
 2. Is exportable good subject to trade measures?
 3. Will foreign buyer establish/expand production capacity?
 4. Is EXIM support greater than \$10 million?
 5. Will new foreign production capacity be equal to or greater than 1% of U.S. production?
- Aircraft transactions have slightly different screens:
 1. Is there a structural oversupply in the airline industry (study performed annually)?
 2. 3 Questions (Must be yes to all three)
 1. Transaction > \$200 million?
 2. Is new seating >1% of U.S. Narrow or Wide-body fleet (as appropriate)?
 3. Will the planes fly on routes in direct competition with U.S. Carriers?
 3. Does ECA financing provide price advantage (compare ASU financing to recent EETC)?

Used Equipment



- › Is eligible if it was originally manufactured in the U.S., and if it was previously exported, has been back in the U.S. in sure for at least one year prior to re-export
- › Refurbishment costs of any previously exported equipment performed in the U.S. by U.S. personnel are U.S. costs and eligible for EXIM support
- › Remaining useful life determines repayment term

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Pre-Export Working Capital Guarantee

Mr. Mario Ramirez
Ms. Smaro Karakatsanis

Directors
Business Credit Division



Reducing Risk. Unleashing Opportunity.



Key Program Highlights



- Basic Parameters
- U.S. Content Policy
- Eligible U.S. Exporters
- L/Cs, Bid and Performance Bonds
- EXIM Bank Fees
- Delegated Authority Activity

Working Capital Guarantee Program – Basic Parameters

- 90 % Guarantee on principal and interest for export-related Inventory and Accounts Receivable (A/R) of U.S. Exporter
 - Guarantee also covers certain liquidation costs
- Lines of credit-Generally one year or less
- Must be fully collateralized with export related collateral
- Covers exporter performance risk

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



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.



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 the U.S.
- Indirect exporters
 - 100% of line of credit

Use of Financing





L/Cs, Bid and Performance Bonds



- Commercial or Standby (Domestic and Foreign)
 - Collateralized at 25% (10% prior approval)
 - Term cannot exceed loan term
- Warranty Letters of Credit
 - Lender must extend other credit
 - 100% collateralized; 25% must be in cash
 - Maximum Amount: 20% of loan up to \$1,500,000
 - Term cannot exceed loan term

EXIM Bank Fees



- Application Fee - \$100
- Facility Fee - Annual
 - 1.75%
- Reduced Facility Fee – Annual
 - 1.25%
 - At least 4 of 7 RMA Median Standard Met
 - 100% of export receivables are backed by L/Cs or insurance

Delegated Authority Activity



- Over 98% of our transactions are done by Delegated Authority Lenders
- Lenders are not required to have to EXIM Bank approval before closing

Your Local EXIM Contacts:

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Director
202-565-3943
smaro.karakatsanis@exim.gov

Mr. Mario Ramirez
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www.exim.gov
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Short-Term Insurance for Exporters

Ms. Pauline Bell

Loan Officer

Trade Credit Insurance Division

Reducing Risk. Unleashing Opportunity.





AGENDA

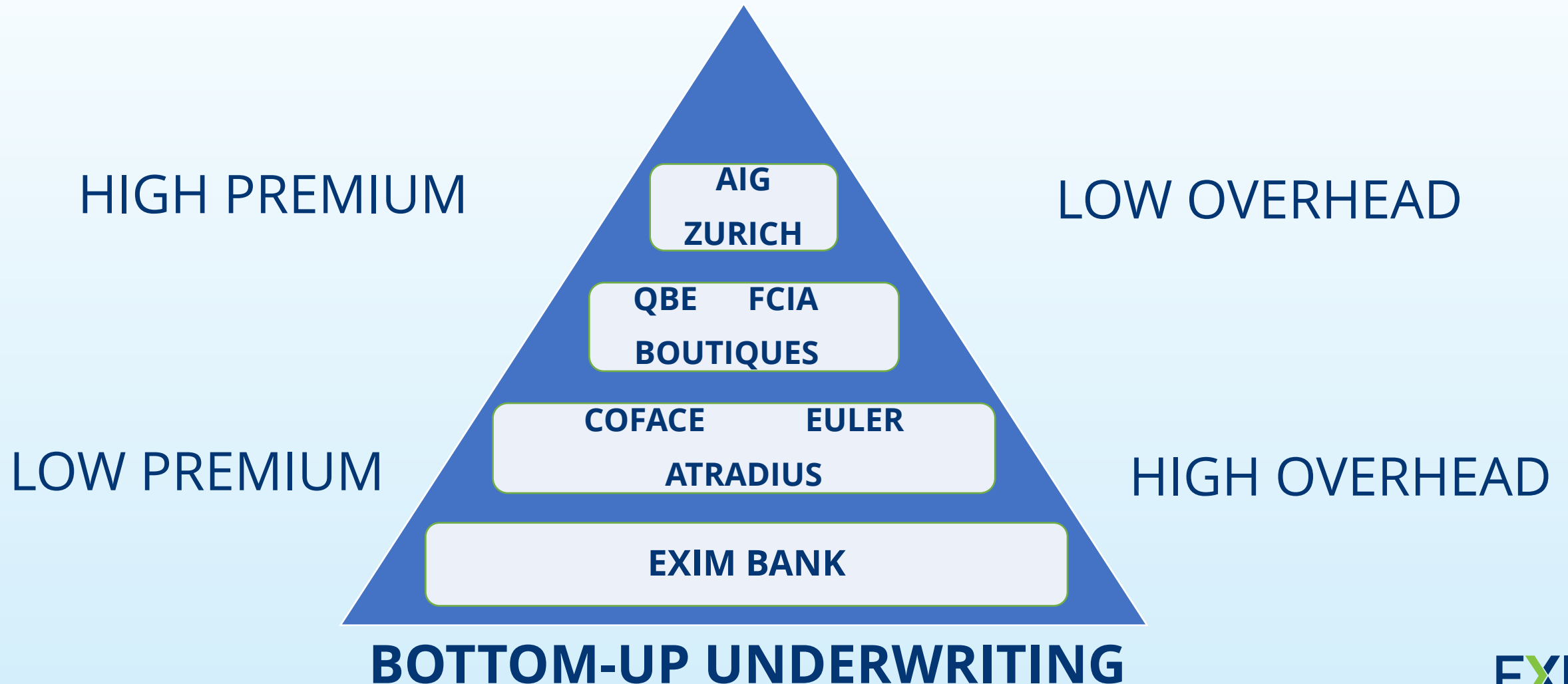


- › Industry and Market Conditions
- › Export Credit Insurance – What and Why
- › EXIM's Export Credit Insurance Policies
- › Underwriting Criteria
- › Policy Management

EXPORT CREDIT INSURANCE – U.S. MARKET



TOP-DOWN UNDERWRITING



EXIM BANK AUTHORIZATIONS (\$M)



	FY2017	FY2016	FY2015	FY2014	FY2013	FY2012
Long Term Loans & Guarantees	\$3	\$0	\$7,975	\$12,625	\$18,958	\$26,622
Medium Term Loans & Guarantees	120	123	150	227	335	209
Medium Term Insurance	50	10	46	99	102	165
Short Term Insurance – Bank-Held	1,127	2,254	1,749	2,943	3,227	3,291
Short Term Insurance – Single-Buyer	101	63	79	122	171	174
Short Term Insurance – Multi-Buyer	1,185	1,480	1,368	2,042	2,043	2,069
Working Capital	845	1,107	1,016	2,410	2,615	3,254
TOTAL	\$3,431	\$5,037	\$12,383	\$20,468	\$27,348	\$35,784

WHAT IS EXPORT CREDIT INSURANCE?



Insurance
against non-
payment of
foreign accounts
receivable

NOT a means to
make bad credit
good

NOT primary
source of
repayment

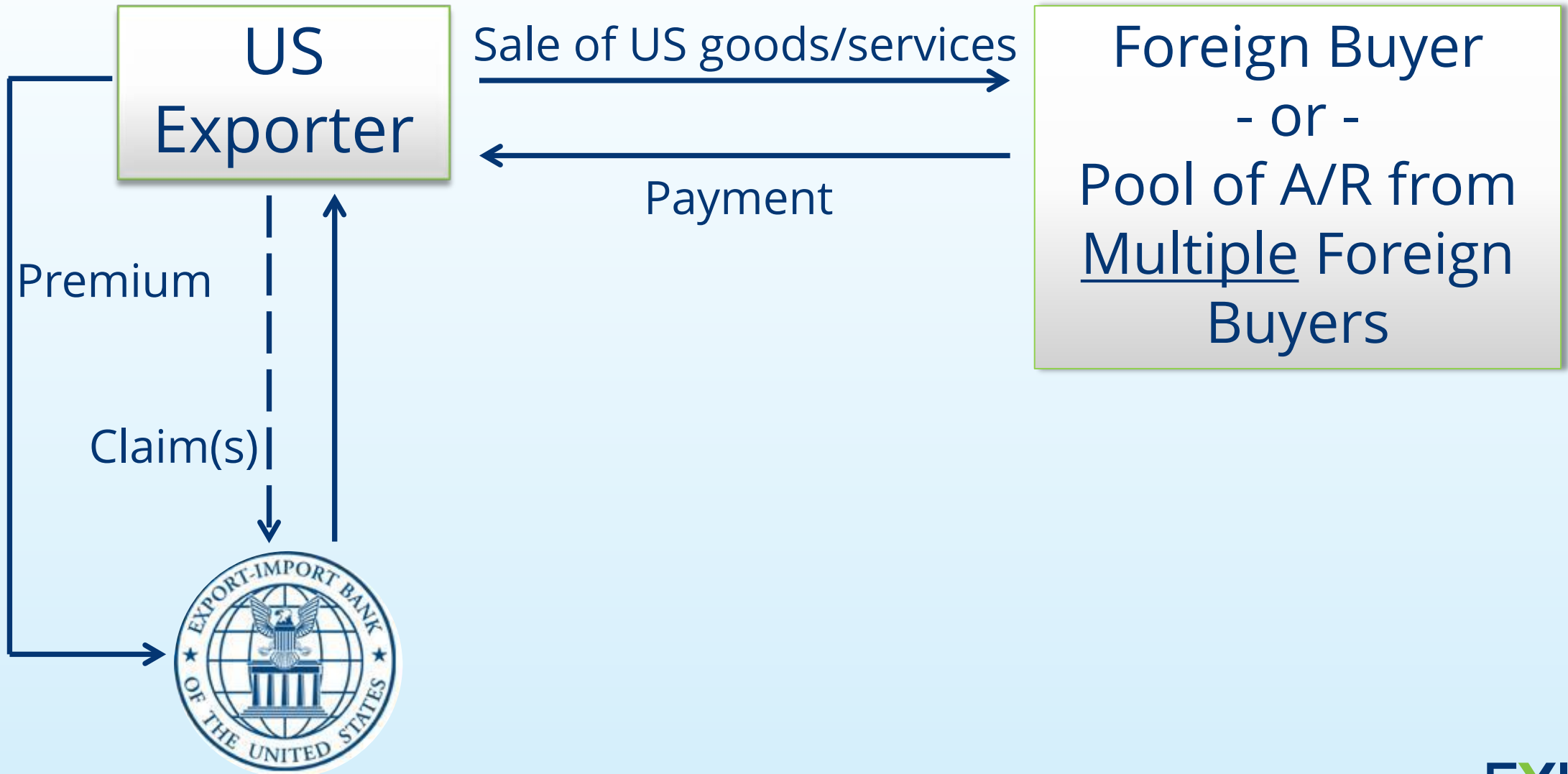


SHORT-TERM EXPORT CREDIT INSURANCE



- › Protects against non-payment by foreign buyers
 - Commercial Risks: insolvency and protracted default
 - Political Risks: currency inconvertibility; war, revolution, insurgency, expropriation; cancellation of import or export license
 - Coverage ranges from 90% to 100% of the invoiced amount
- › Covers competitive credit terms
 - Up to 180 days for consumable products, as well as sales to distributors
 - Up to 360 days for some bulk agricultural products, as well as sales to end-users of capital equipment

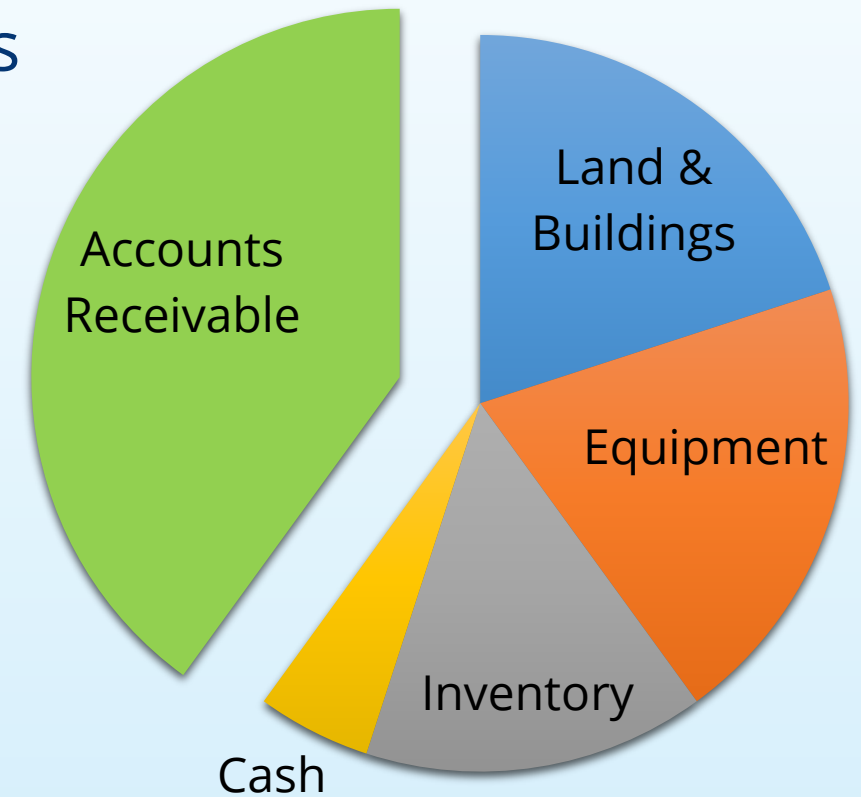
EXPORTER-HELD INSURANCE POLICY



EXPORTER BENEFITS

- Risk Mitigation
 - Prevention of catastrophic losses to one of the company's largest, unprotected assets
 - Credit management tool
- Competitiveness/Marketing
 - Growth of existing accounts
 - New market penetration
- Utilization of A/R as an Asset
 - Borrowing against foreign receivables
 - Lower borrowing costs
 - Frees up working capital and accelerates cash flow

Typical Balance Sheet



LENDER BENEFITS



**Assignment
of policy
proceeds**



- › Expand relationship with exporting customers
- › Compete effectively for new customers
- › Improve effectiveness of working capital loans
- › Improve credit quality of loan portfolio
- › Can be utilized to conform to risk-weighted standards under Basel II and Basel III

EXPORTER-HELD POLICY TYPES



Multi Buyer*
(Discretionary Credit Authority)

Portfolio Coverage
(1) Standard; (2) Small Business

Express*
(No Discretionary Credit Authority)

Self Insure,
Letter(s) of Credit

Buyer 1

Buyer 2

Buyer ...

Single Buyer
(One policy per buyer)

Buyer 1

Buyer 2

Buyer 3

Buyer 4

➤ * Premium discount of 25% available when combined with SBA or EXIM Working Capital Guarantee

EXPORTER-HELD POLICY TYPES (CONT.)



Standard

ESC policy: first-loss deductible and market-driven rates; Reasonable Spread of Risk (RSOR) option

ESP policy: political-risk only coverage option; no first-loss deductible

Small Business

ENB/ENV policy: whole turnover with no first-loss deductible and fixed premium rates

Express policy: named buyer(s) only with no first-loss deductible and fixed premium rates

Single Buyer

ESS policy: sales to a single foreign buyer; no first-loss deductible

ST MULTI-BUYER POLICY: KEY PARAMETERS

POLICY PAYMENT LIMIT

- Aggregate maximum liability
- Set to cover the average total receivables outstanding at any point of time

% OF COVERAGE

- Based on the exporter's profile

DEDUCTIBLE

- First loss absorbed by the insured
- Charged on a per policy period basis

DISCRETIONARY CREDIT LIMIT

CREDIT: max amount of credit that can be extended to **NEW** buyers
LEDGER: max amount of credit that can be extended to **EXISTING** buyers

Policy Parameters

Policy Period:	04/01/2015 - 04/01/2016
Policy Payment Limit:	\$5,000,000.00
Insured % of Coverage:	95%
Deductible:	\$60,000.00
Credit DCL:	\$100,000.00
Ledger DCL:	\$200,000.00
Premium Rate:	Split Rate
Transaction Type : Terms : Rate	
Open Account : 61-120 : \$0.95	
Open Account : 1-60 : \$0.62	

PREMIUM RATE

SMALL BUSINESS: simplified Premium Rate Schedule
NON-SMALL BUSINESS: either a single rate for all eligible transactions, or a set of split rates associated to a credit term

PRICING: SMALL BUSINESS POLICY



Term/ Type of Foreign Buyer	Class I: Sovereign	Class II: Bank	Class III: Private
Sight Letters of Credit	\$0.03	\$0.03	N/A
S/DD/P; CAD	\$0.06	\$0.08	\$0.20
1-60 Days	\$0.16	\$0.20	\$0.55
61-120 Days	\$0.27	\$0.33	\$0.90
121-180 Days	\$0.35	\$0.43	\$1.15
181-270 Days	\$0.43	\$0.54	\$1.45
271-360 Days	\$0.53	\$0.65	\$1.77

› Pricing per \$100 of insured shipments

PRICING: EXPRESS POLICY



Term/ Type of Foreign Buyer	Class I: Sovereign	Class II: Bank	Class III: Private
Sight Letters of Credit	\$0.04	\$0.04	N/A
S/DD/P; CAD	\$0.07	\$0.09	\$0.24
1-60 Days	\$0.19	\$0.24	\$0.65
61-120 Days	\$0.32	\$0.39	\$1.06
121-180 Days	\$0.41	\$0.50	\$1.35
181-270 Days	\$0.51	\$0.63	\$1.70
271-360 Days	\$0.62	\$0.77	\$2.08

› Pricing per \$100 of insured shipments

UNDERWRITING STANDARDS: EXPORTER



**U.S.
EXPORTER**

- › Operating history: 3 years with 1 year of exporting experience
- › Industry
- › Projected markets and terms of sale
- › Product(s)
- › Prior export credit experience
- › Aging, losses and prior credit insurance, if any
- › Financial condition

PRODUCT ELIGIBILITY



U.S. Content

- Short Term: Each item must have more than 50% U.S. content
- Small business exporters may aggregate items in a single invoice or receive partial coverage for the U.S. content only
- All goods must be shipped from the U.S.
- Services must be performed by U.S.-based personnel, either in the U.S. or in the “host” country

Military

- No defense articles and services or military buyers
- Exceptions possible for humanitarian purposes, drug interdiction, and dual-use items on a case-by-case basis



COUNTRY ELIGIBILITY



Support available in over 150 countries



Restrictions may apply for political or economic reasons



Country Limitation Schedule (CLS)

<http://www.exim.gov/tools/countrylimitationschedule/>

UNDERWRITING STANDARDS: OBLIGOR



› CREDIT INFORMATION

**FOREIGN
BUYER**



Buyer's Credit Limit	Credit Report	Trade Reference	Bank Reference	Financial Statements
Up to \$100,000	✓ -or- ✓			
\$100,001 - \$300,000	✓	✓		
\$300,001 - \$1,000,000	✓	✓		✓
\$1,000,001 - \$10,000,000	✓	✓	✓	✓

- › EXIM Bank's Short-Term Credit Standards are available at:
<http://www.exim.gov/tools-for-exporters/credit-standards>



POLICY ASSIGNMENT



› Standard Assignment

- Lender is named loss payee
- Allows exporter to borrow from lender against insured A/R
- Only the exporter can file a claim
- In event of buyer default and claim approval, EXIM pays claim proceeds to lender

› Enhanced Assignment

- Exclusively for qualified small business exporters, any policy type
- EA coverage is capped at \$1.5 million
- Adds exporter performance risk protection
- Lender must obtain specific documents
- Lender can file a claim

ON-LINE POLICY MANAGEMENT



- › Web-based application and policy management system
 - All exporter insurance policies, accessible by brokers and lenders
 - Access all policy documents
 - Report export shipments and pay premium

<https://eximonline.exim.gov/>

CLAIMS



- › Report shipments on the correct buyer and pay premium
- › Follow policy requirements for extending credit
- › Documentation
 - Purchase order, invoice, and bill of lading
 - Evidence of collection efforts
 - Other as specified in policy
- › File claim within the Claims Filing Window
 - 3 to 8 months after due date

PROSPECTIVE APPLICANTS



› Please consult

- **EXIM Bank Broker** at:

<http://www.exim.gov/tools-for-exporters/broker-and-lender-locator>

- **Local Export Finance Center** at:

800.565.EXIM

-or-

<http://www.exim.gov/contact/regional-export-finance-centers>

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Short-Term Bank-Held Insurance Policies

Mr. Charles Barnett

Loan Officer
Trade Finance & Insurance Division



Reducing Risk. Unleashing Opportunity.

Key Program Highlights



Short-Term Insurance Products for Banks:

- Financial Institution Buyer Credits (FIBCs)
- Issuing Bank Credit Limits (IBCLs)

FINANCIAL INSTITUTION BUYER CREDIT POLICY



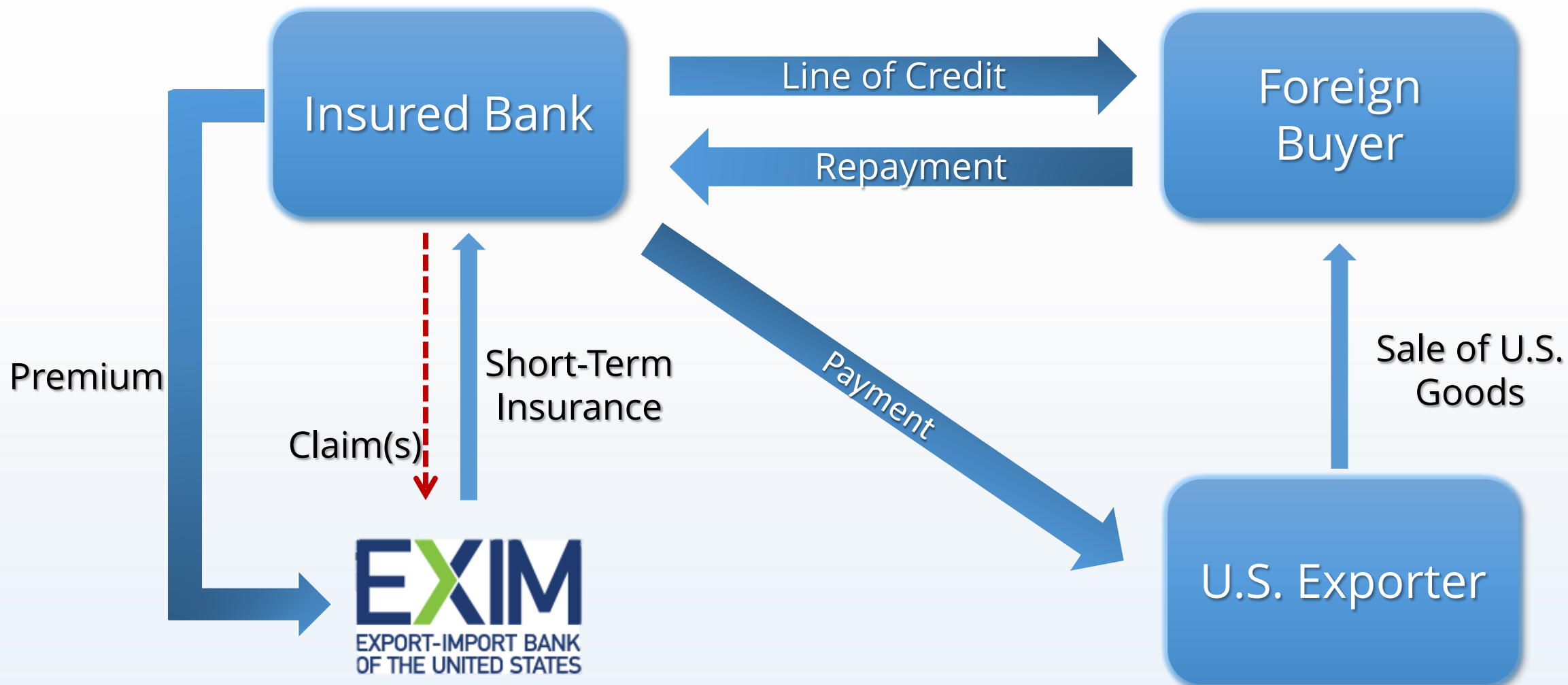
Financial Institution Buyer Credit (FBIC) Insurance Policy provides coverage on a short-term direct buyer credit loan or reimbursement loan made to a foreign buyer for the financing of U.S. exports.

This policy affords coverage against commercial defaults (90%) and political events (100%) that result in non-payment under a buyer obligation; also, 98% coverage is available for bulk agricultural sales.

Covers competitive credit terms

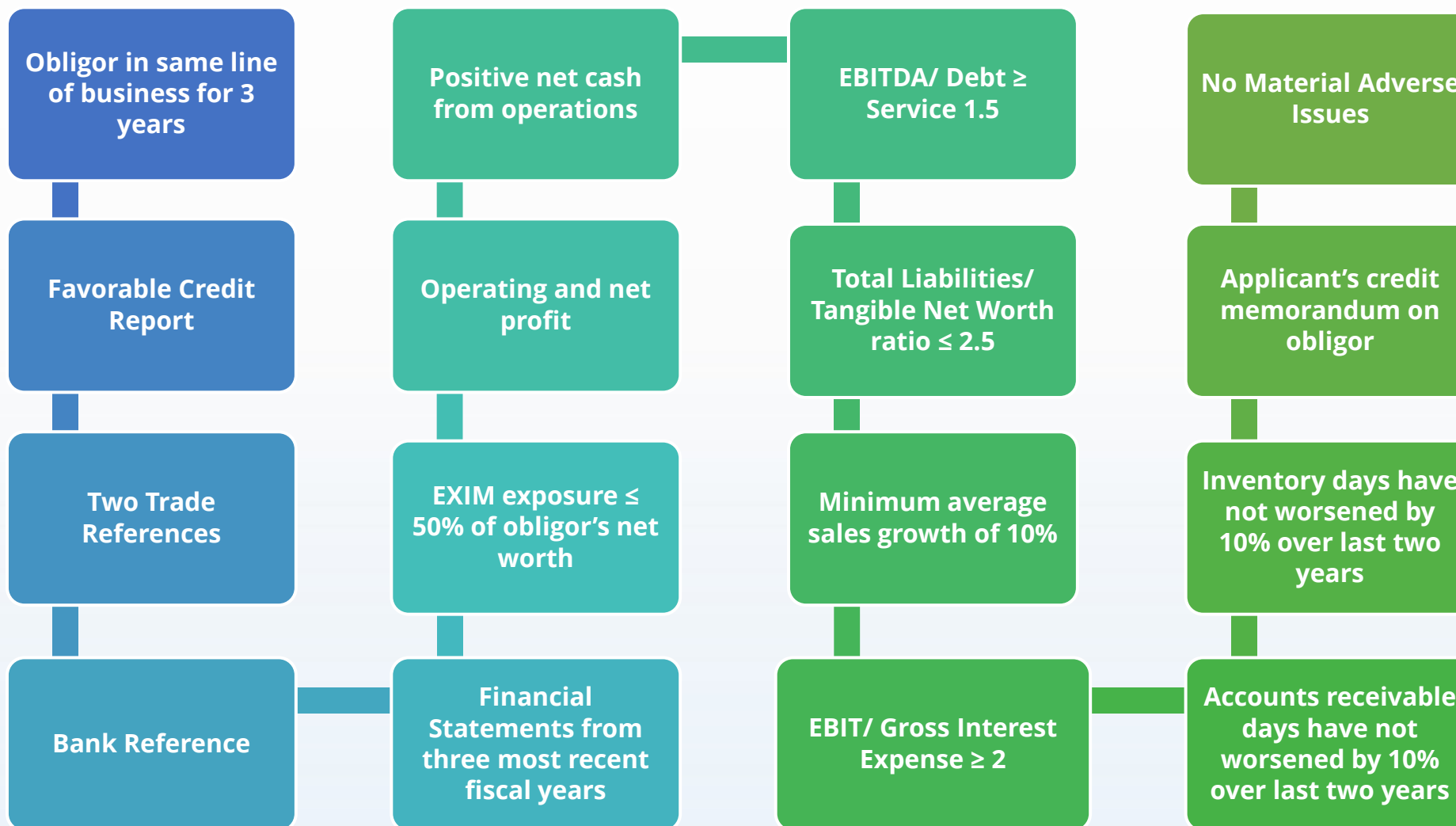
- Up to 180 days for agricultural commodities, consumer items, spare parts and raw materials
- Up to 360 days for capital and quasi-capital equipment

FIBC POLICY



Short Term Credit Standards (STCS) for Non-Financial Institution Buyers (FIBC)

**Credit
Limit of up
to
\$10,000,000**





BANK LETTER OF CREDIT POLICY



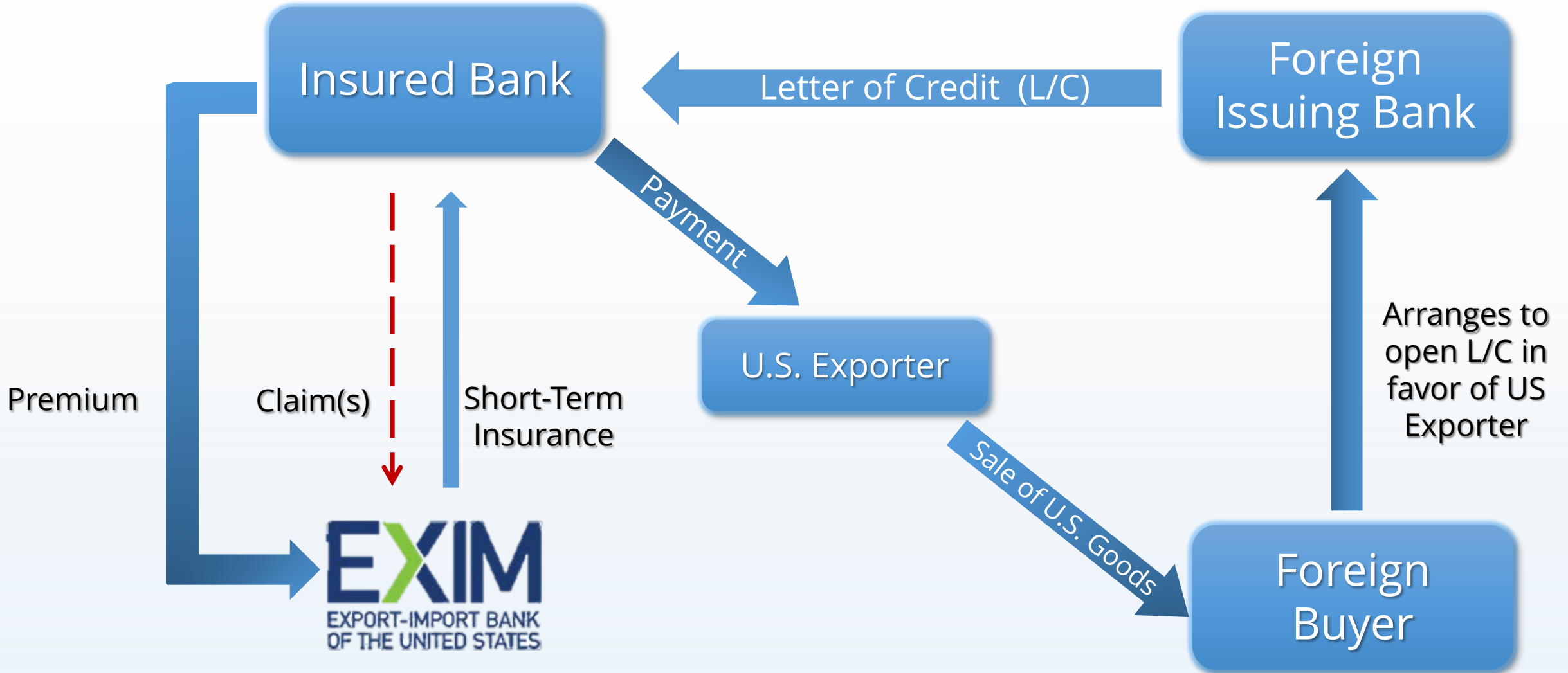
Bank Letter of Credit (ELC) Policy affords commercial and political coverage against the failure of an overseas financial institution (issuing bank) to make payment or reimbursement to the insured bank on an irrevocable letter of credit.

Maximum percentage of cover for sovereign and non-sovereign financial institutions is 100% and 95%, respectively.

Covers competitive credit terms

- Up to 180 days for consumer goods, spare parts and raw materials
- Up to 360 days for agricultural commodities, fertilizer and capital equipment

ISSUING BANK CREDIT LIMIT (IBCL) UNDER ELC POLICY



STCS for Financial Institution Risk (IBCLs, ESS – (Exporter Single Sale Insurance Policy – Short Term))

Credit Limit \leq \$2,500,000

Acceptable Market Rating
or

Equity \geq \$25 million

Net income

EXIM total exposure \leq 50%
of obligor's net worth

No Material Adverse
Issues

**Credit Limit $>$ \$2,500,000
w/Acceptable Market
Ratings**

Obligor in business \geq 3
years

EXIM total exposure \leq
50% of obligor's net
worth

**Credit Limit $>$ \$2,500,000
w/o Acceptable Market
Ratings**

Favorable Bank Reference

Audited statements disclose
financial condition

Net income \geq 1% avg. total
assets

Liquid assets \geq 10% total
assets

NPLs \leq 7% gross loans

Loan loss reserves \geq 80% NPLs

Net loans \leq 100% customer
deposits

Tier 1 ratio \geq 8.5%

No Material Adverse Issues

LENDER BENEFITS



- Expand relationship with exporting customers
- Compete effectively for new customers
- Improve effectiveness of working capital loans
- Improve credit quality of loan portfolio
- Can be utilized to conform to risk-weighted standards under Basel II and Basel III

Your Local EXIM Contact:

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Medium- and Long-Term Financing

Kyle Jackson

Loan Officer, Trade Finance Division



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FINANCING PRODUCTS



Export Credit Insurance

- Medium-Term

Loan Guarantee

- Medium-Term
- Long-Term

Direct Loan

- Few and mostly Long-Term



TYPES OF COVERAGE AVAILABLE



Political Only

Comprehensive
(Commercial &
Political)



OECD Arrangement:

- Amount of cash payment
- Maximum repayment terms
- Level principal payments
- Starting point and pattern of repayment
- Exposure fees
- Minimum interest rates (CIRR)



STANDARD FINANCE MODEL



Net contract price	\$ 1,000,000
Cash payment	<u>(150,000)</u>
Financed portion	\$ 850,000
Exposure fee @ 3%	<u>+25,500</u>
Total financed	\$ <u>875,500</u>

EXPOSURE FEE (FOR MEDIUM- AND LONG-TERM PRODUCTS)

Determined by:

- Country Risk
- Percent of cover
- Drawdown period
- Repayment period
- Fee financed
- Timing of fee payment
- General credit risk of the borrower

EXIM BANK POLICIES



Shipping



Foreign Content



Tied Aid



Local Costs

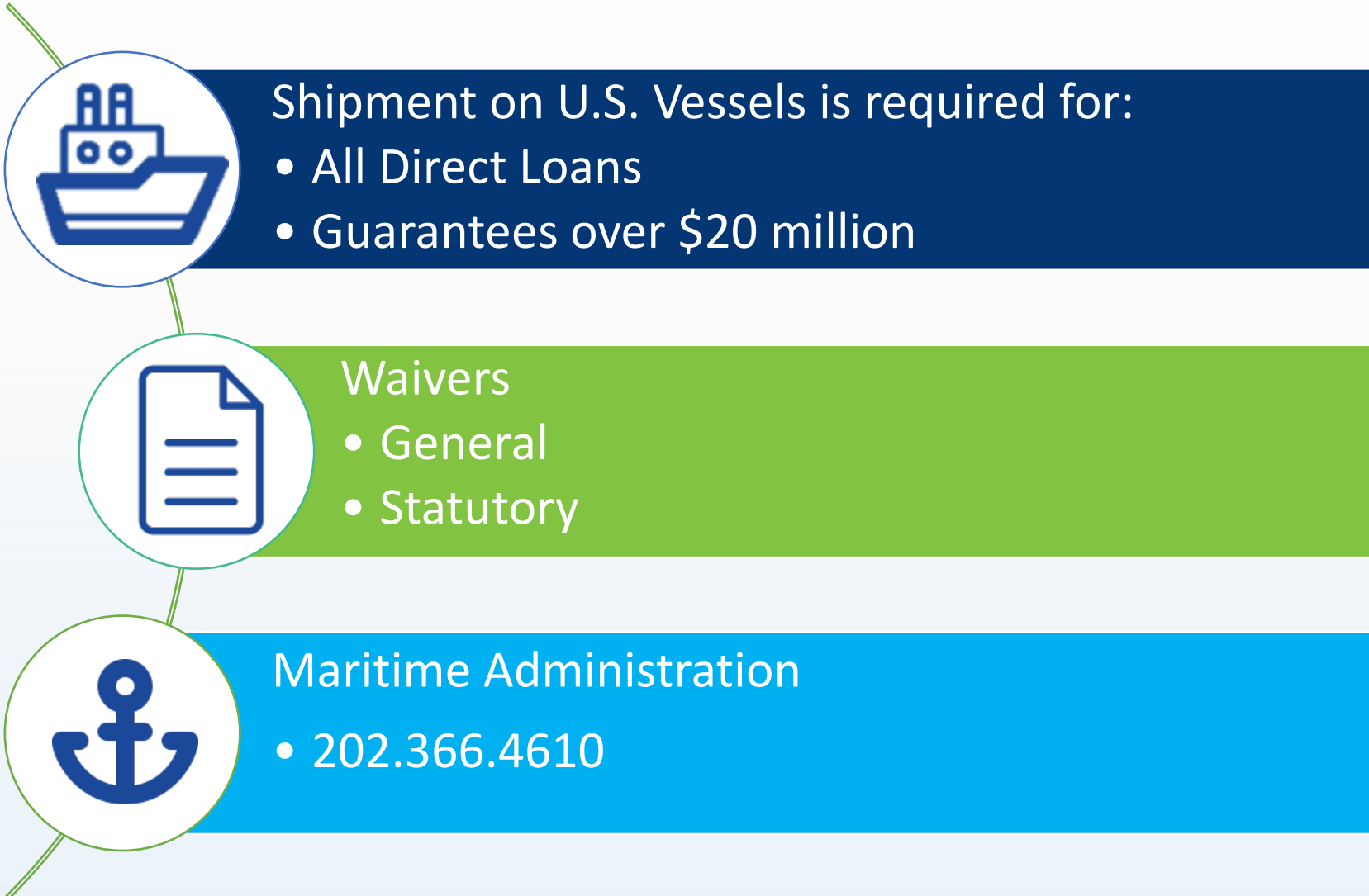


Military



Used & Refurbished
Equipment

SHIPPING



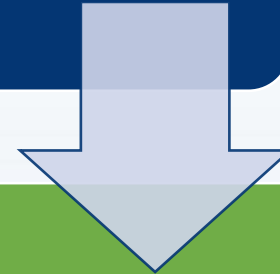
FOREIGN CONTENT



For medium- and long-term financing, EXIM will support the following amounts:

Up to 15%

- For eligible foreign content up to 15%, EXIM will support 85% of the contract price



Greater than 15%

- Greater than 15% foreign content, EXIM will support U.S. content only



EXAMPLE OF FOREIGN CONTENT



Net Contract Price	\$1,000,000
U.S. Content:	\$750,000
Foreign Content	\$250,000

	<u>Case I</u>	<u>Case II</u>
Foreign shipped from:	U.S.	3 rd country
Ineligible Foreign Content	-0-	250,000
Net Contract Price	\$1,000,000	\$ 750,000
Lesser of 85% or US Content	\$ 750,000	\$ 637,500
Minimum Cash Payment <i>(plus exposure fee)</i>	<u>250,000</u>	<u>112,500</u>

TIED AID PARAMETERS



“Tied Aid” occurs when ECA’s provide below-market financing terms linked to the purchase of equipment from its country’s suppliers.

Mixed Credit

- A grant provided in conjunction with a loan on standard export credit terms

Soft Loan

- A loan provided with highly concessional terms (e.g., extremely long repayment term or a very low interest rate)

TIED AID ADVANTAGES



Policy to counter, not initiate

Budget cost not more than 50%

Broader market opportunities at stake

Favorable factors include

- Competitor country violating tied-aid rules
- U.S. suppliers are small
- Environmental or renewable energy project

LOCAL COST FINANCING



EXIM can support up to 30% of the US contract value in project-related local costs incurred in the buyer's country, making EXIM support even higher



For MT, application must show that these costs are necessary to the sale, and that there are not adequate capital markets to finance them locally



With LT transactions and products, local costs are covered without additional justification

LOCAL COST FINANCING - EXAMPLE



U.S. Export Value	\$1,000,000
Cash payment	<u>150,000</u>
Financed portion	\$ 850,000
Local cost <i>(30% of U.S Export Value)</i>	\$ 300,000
Total Financed	\$ 1,150,000
Total Contract Price	\$ 1,300,000

EXIM is prohibited from financing the export of Defense-related articles or services, with three exceptions:



USED AND REFURBISHED EQUIPMENT



Eligible on standard or shorter repayment terms

Original U.S. manufacture

- 1-yr. rule if previously exported

Original foreign manufacture

- Treated as eligible foreign content
- 50% of production cost maximum

Refurbishment - normally eligible U.S. content

MEDIUM-TERM PRODUCTS



Export
Credit
Insurance

Loan
Guarantee

Direct
Loan

(few and mostly
long-term)

Today's
Focus

MEDIUM-TERM: INSURANCE VS GUARANTEE



	Insurance	Guarantees
Available to:	Exporter <u>OR</u> Financial Institution	Financial Institution
Conditionality	Yes	None
Fees	None	Commitment
Pricing	Insurance is sometimes cheaper than Guarantees	
\$ Amount	\$10 million max	\$10 million max
Repayment Term	Up to 5 years, exceptionally 7	Up to 5 years, exceptionally 7

MEDIUM-TERM FINANCING KEY FEATURES



Benefits

- Risk mitigation for a transaction with a foreign buyer
- **Insurance:** financing for buyers of U.S. Capital goods and services
- **Guarantee:** lender financing for buyers of U.S. Capital goods and services

Coverage

- Coverage of 100% principal and interest for up to 85% of U.S. contract price
- Local Costs (up to 30%) and ancillary services may be covered
- Available in certain foreign currencies
- Possible co-financing arrangements with other ECAs

Costs

- Required cash down payment of at least 15% (cannot be financed)
- Interest rate – negotiated between the lender and buyer
- Insurance: premiums
- Guarantee: exposure fee plus a commitment fee of 0.125%

MEDIUM-TERM REPAYMENT PERIODS



Repayment Terms:

Contract Price	Maximum Term
Less than \$80,000	2 years
\$80,000 - \$174,999	3 years
\$175,000 - \$349,999	4 years
\$350,000 - \$7,000,000	5 years
\$7,000,001 - \$11,764,705	7 years

* Medium-Term for dealers not to exceed 2 yrs. total

MEDIUM-TERM DISBURSEMENT DOCUMENTATION

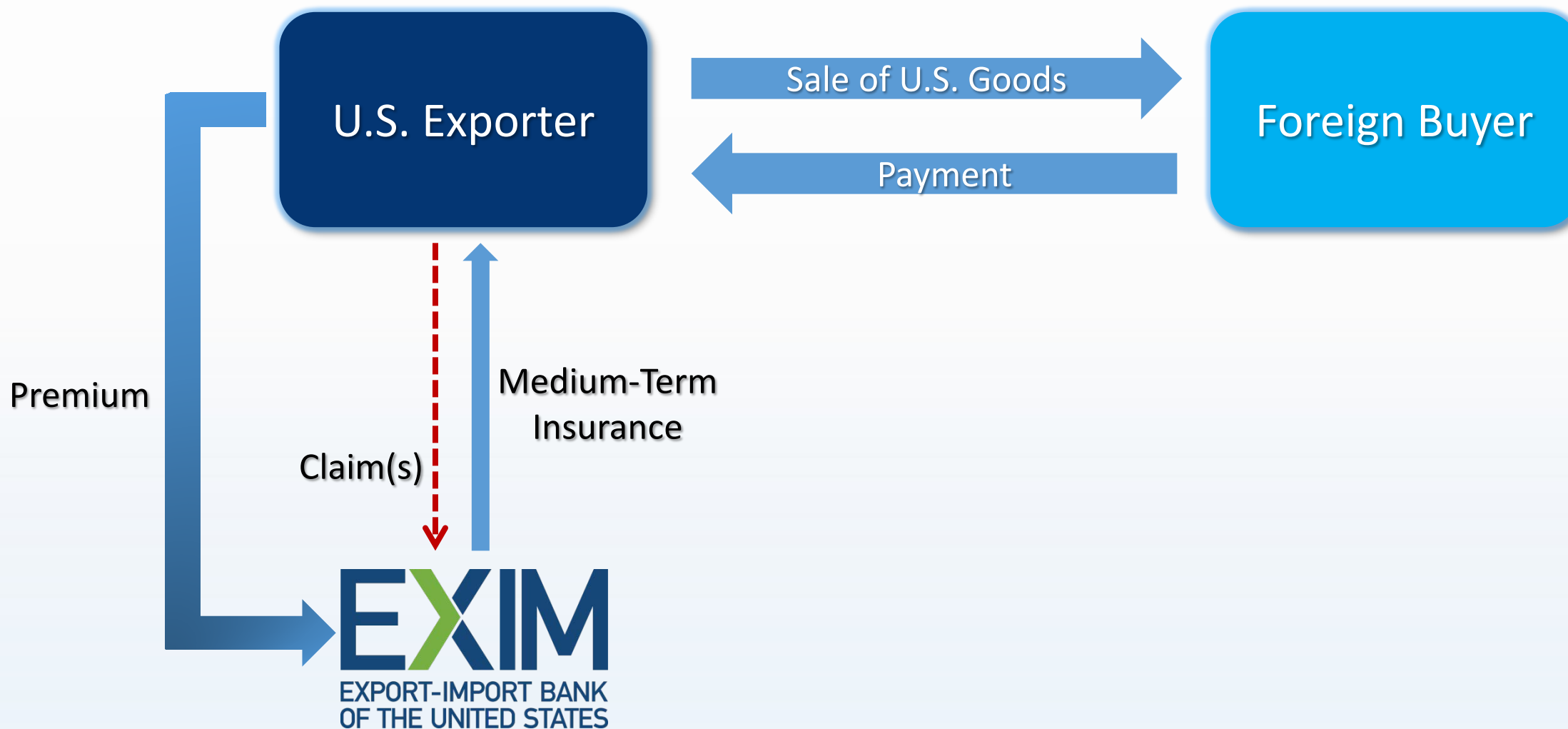
For MT Insurance and Guarantees, a Lender must obtain the following to disburse funds:

- Note- Borrower, Guarantor
- Disbursement documentation
- Invoice
- Bill of Lading
- Exporter Certificate

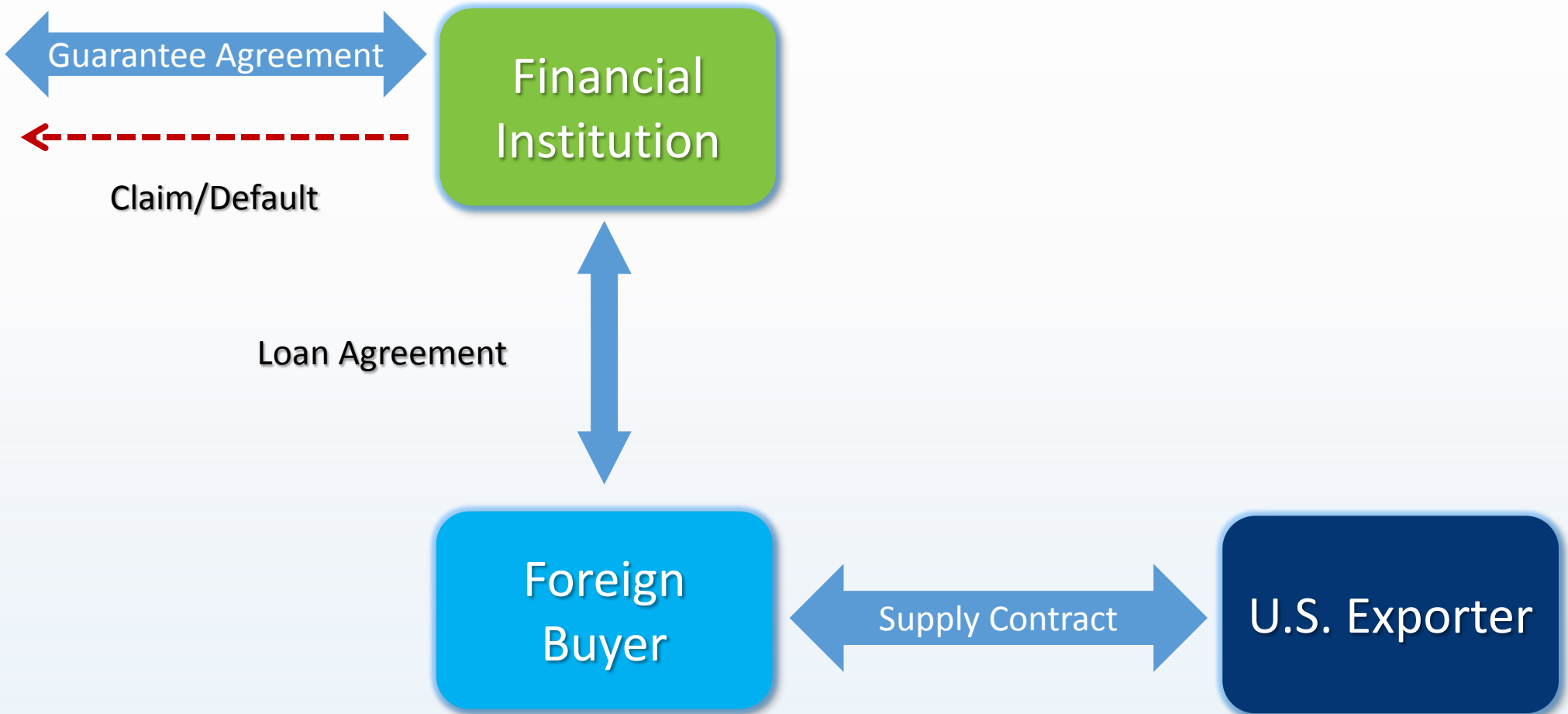
In addition, for Guarantees a Lender Must Have:

- Master Guarantee Agreement
- Annex A

MEDIUM-TERM EXPORT CREDIT INSURANCE



MEDIUM-TERM LOAN GUARANTEE



MEDIUM-TERM EXPOSURE FEE CALCULATORS*



Ex-Im Bank Exposure Fee Level (or by Country):

6

Percentage of Cover:

100

%

Product: MT Insurance (2) or Guarantee/Direct Loan (3)

3

Repayment Period: (Years)

5.0

Drawdown Period:(Months)

6

Financed? (Y/N)

Yes

Paid: Up Front (F) or As Drawn (D)

D

CREDIT CLASSIFICATION (%)						
BTS	SOV/CC0	CC1	CC2	CC3	CC4	CC5
6.4%	7.3%	8.0%	9.1%	10.7%	NA %	NA %
Better than Sovereign	Sovereign					
	Non-Sovereign =====>					

Found on www.exim.gov:
Tools for Exporters → Exposure Fees

*Fees from the calculators and
indicative and non-binding.

MEDIUM-TERM REQUIRED CREDIT INFORMATION



Requirements:

- Completed application and supporting documentation
- Credit report on the primary source of repayment
- Financial statements on the primary source of repayment
- Sales contract, invoice or purchase order
- Credit Memo
- Bank and trade reference(s)

LONG-TERM PRODUCTS



Loan
Guarantees

Direct
Loans

LONG-TERM REPAYMENT PERIODS



Repayment Terms:

Contract Price	Maximum Term
\$11,764,705 to \$25,000,000	8 years
More Than \$25 million	10 years

Loan made by EXIM:

- 85% of U.S. contract price
- Fixed interest rate (CIRR)
- Exporter paid with disbursement L/C or directly by buyer
- Shipping rules always apply

▶ LOAN GUARANTEE VS. DIRECT LOAN



Faster documentation process

Banks assist in transaction

Promotes cash payment financing

Floating interest rate usually lower

No shipping regulations under \$20 million

WHO CAN APPLY?



Type	Eligible Applicant
MT Insurance	Exporter or Lender
Letter of Interest	Anyone
Preliminary Commitment	Anyone
Final Commitment	Borrower or Mandated Lender

SPECIAL PROGRAMS AND INITIATIVES



Sub-Sovereign Borrowers

- Contingent upon favorable credit rating

Medical Equipment

- More flexible credit standards

Co-financing

- EXIM Bank reinsured by other Export Credit Agencies

Environmental Exports Enhancements

- Local cost cover
- Capitalized interest during construction
- Maximum allowable repayment terms

SPECIAL PROGRAMS AND INITIATIVES (CONTINUED)

SOVEREIGN GUARANTEE LOAN PROGRAM (“SGLP”) WITH CHINA

- Covered by China’s sovereign guarantee conveyed by the Ministry of Finance
- Focused on environmental protection, energy efficiency, firefighting and health care.
- VAT and import tax exemption.
- US exports **OR** guaranteed amount must be at least 50% of the sales contract.

Engineering Multiplier Program

- Finances feasibility studies and pre-construction design, engineering and architectural services.
- Export value of such services is typically \$10 million or less.
- Potential of generating subsequent US export orders must be demonstrated for an amount at least equal to the value of the pre-construction engineering services.

EXIM Trade Finance Contacts:

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Introduction to the Structured & Project Finance

Mr. Craig O'Connor
Senior Business Development
Specialist

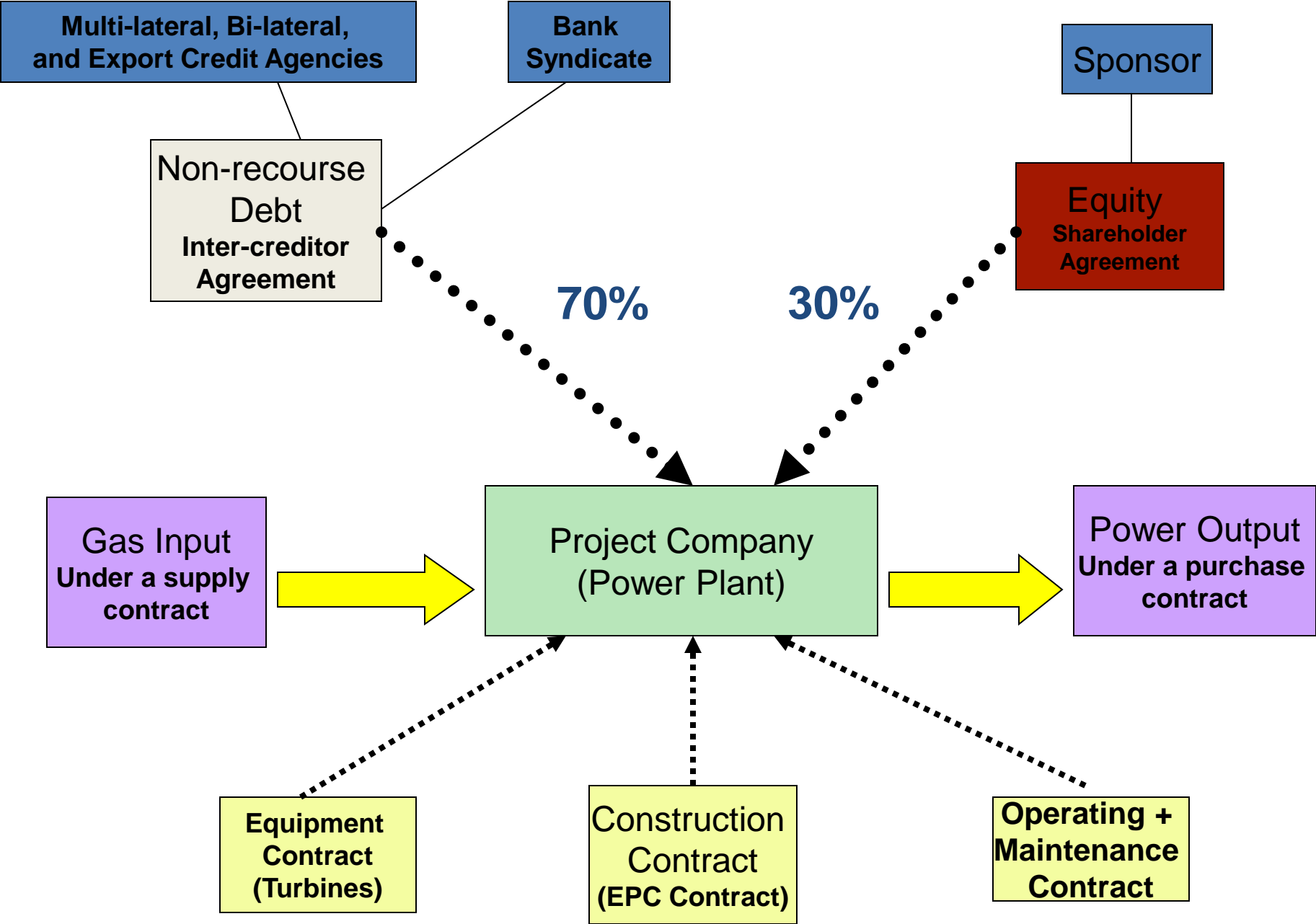


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Project Finance: Definition



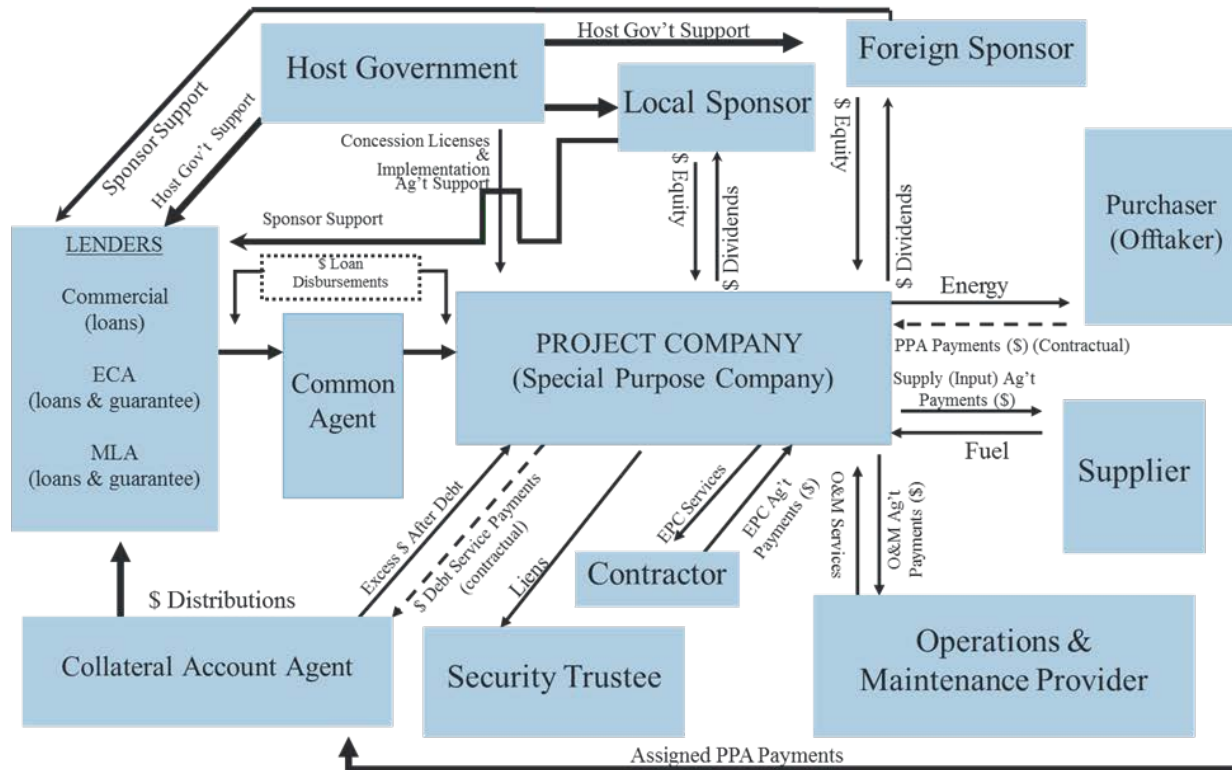
- ◆ A structure in which lenders look to the *cash flows* generated by the project for repayment; project assets serve as lender security.
- ◆ Projects rely on a number of integrated contractual obligations for completion and operation.
- ◆ Depending on the project, two advantages over corporate finance:
 - ❖ can increase the availability of finance
 - ❖ reduce the overall level of risk for project participants
- ◆ Non-recourse: projects with no repayment guarantees given by the project sponsors or host government to the lenders.
- ◆ Limited recourse: project sponsors remain responsible to cover default during a limited period of time.
 - ❖ most emerging market projects, projects with large construction risk are limited recourse.
 - ❖ pre-completion guarantee from the sponsors during the project's construction often required by lenders



Project Finance Structures



Sadly, it's not actually that simple...



...which means that PF calls for an experienced team following a careful and disciplined process to ensure a successful outcome



Project Finance: Major Features

(John Niehuss, “International Project Finance”)



- ◆ Special Purpose Vehicle – a new company is formed by the project sponsors to own and operate the project
 - ❖ SPV's often highly leveraged – required equity investment varies by type of project
- ◆ Defined revenue stream generated by the new project
- ◆ Non-recourse or limited recourse project debt
 - ❖ No recourse to project sponsors beyond project equity
- ◆ Contract based financing – typical contracts include project off-take; supply contracts; O&M; EPC; insurance; concessions; project loan agreements
- ◆ Significant and complex project documentation
- ◆ Extensive due diligence by lenders and sponsors to identify & mitigate risks
 - ❖ Common examples of risk – creditworthiness of off-takers; input supply; project completion; contractual/legal; technical; market risk; political risk.
 - ❖ Underlying principle of project finance: allocate risks to those parties best able to manage the risks
- ◆ Debt financing is highly structured
 - ❖ Detailed loan agreements that include affirmative and negative covenants; trust accounts; conditions precedent to loan disbursement; security interests over all project assets and contracts

Project Finance Principles



Equity at Risk

- Equity Investors at risk
- Fully funded
- Invested long-term
- Alignment of incentives

Credit Considerations

- Reasonable assurance of repayment
- Risk-sharing through contractual arrangements
- Strong, creditworthy sponsors
- Commercially-proven technologies
- Robust debt coverage

Legal & Regulatory Framework

- Non-interference and lenders' rights
- Government support
- Clear and codified regulations
- Transparent contracts and pricing
- Enforceable contracts

Use of Advisors

External Advisors are used in Project and some Structured finance cases

- Specialist skills and added capacity to meet caseload requirements and manage documentation risk
- Include legal, financial, technical, insurance, environmental, and market consultants
- Drawn from qualified, experienced pool
- Services shared with other lenders



Structured & Project Finance Division



Key Differences

Structured Finance

Existing company Borrower, financing an expansion of business

Full Recourse to Primary Source of Repayment (PSOR)

Analyze Borrower's historical credit and projected d.s. capacity

Limited "perfection of security"

Can finance up to 85% of U.S. content

Project Finance

SPV borrower financing green-field project or discreet expansion

Limited recourse to Sponsors

Analyze Project's future cash flows

Complex documentation to perfect security

30% or more Project equity required



Structured & Project Finance Division



Typical Terms under OECD Guidelines

Structured Finance

Borrower pays interest during Construction

Maximum repayment term up to 10 years, 12 for Power Plants

Flexible amortization schedule may be possible

Coverage of ancillary fees

Local Costs financeable if directly linked to specific export contract

Project Finance

Capitalization of interest during construction

Maximum repayment term up to 14 years, 18 for Renewables

Flexible amortization schedules

Coverage of special ancillary services

Local Costs financeable at up to 30% of contract value

Structured & Project Finance Division

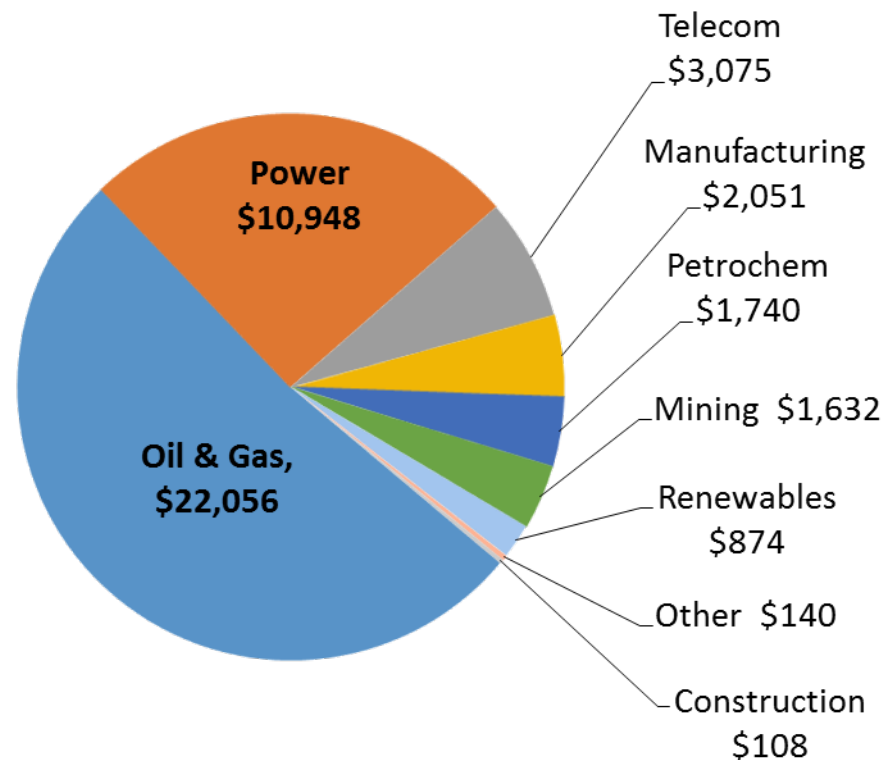
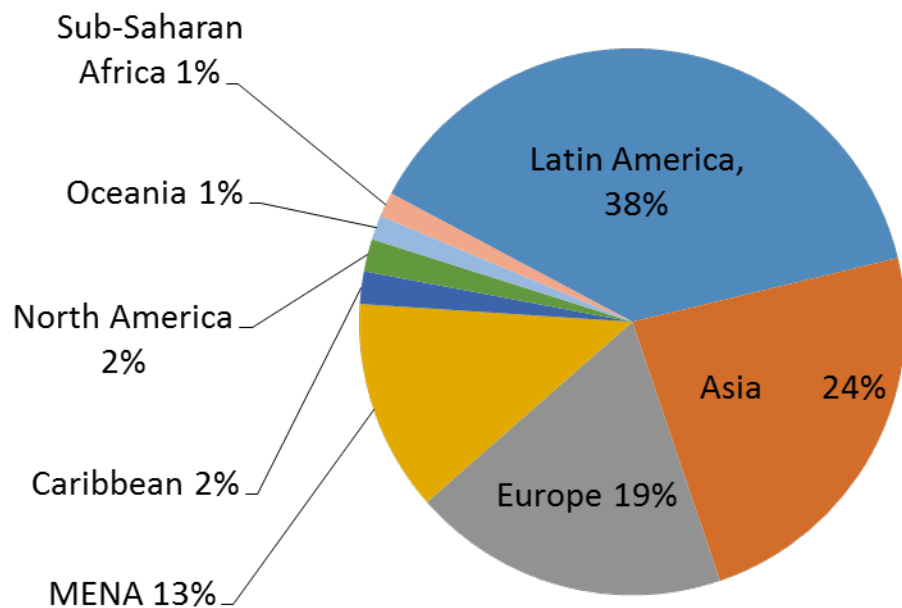


History

- Since 2008* ● Significant increase in deal flow – **more** Project Finance
- Until 2008* ● Average annual deal flow of ~\$2 bn, most of which is Structured
- 1999* ● Renamed **Structured Finance Division**; scope expanded to long-term corporate and Structured deals
- 1998* ● Comprehensive **Pre-Completion** coverage introduced
- 1994* ● **Project Finance Division** created
- 1993* ● First formal **project finance** (Pagbilao)
- Late '80s/Early '90s* ● Oil/gas finance on **limited-recourse** basis; formal project finance considered

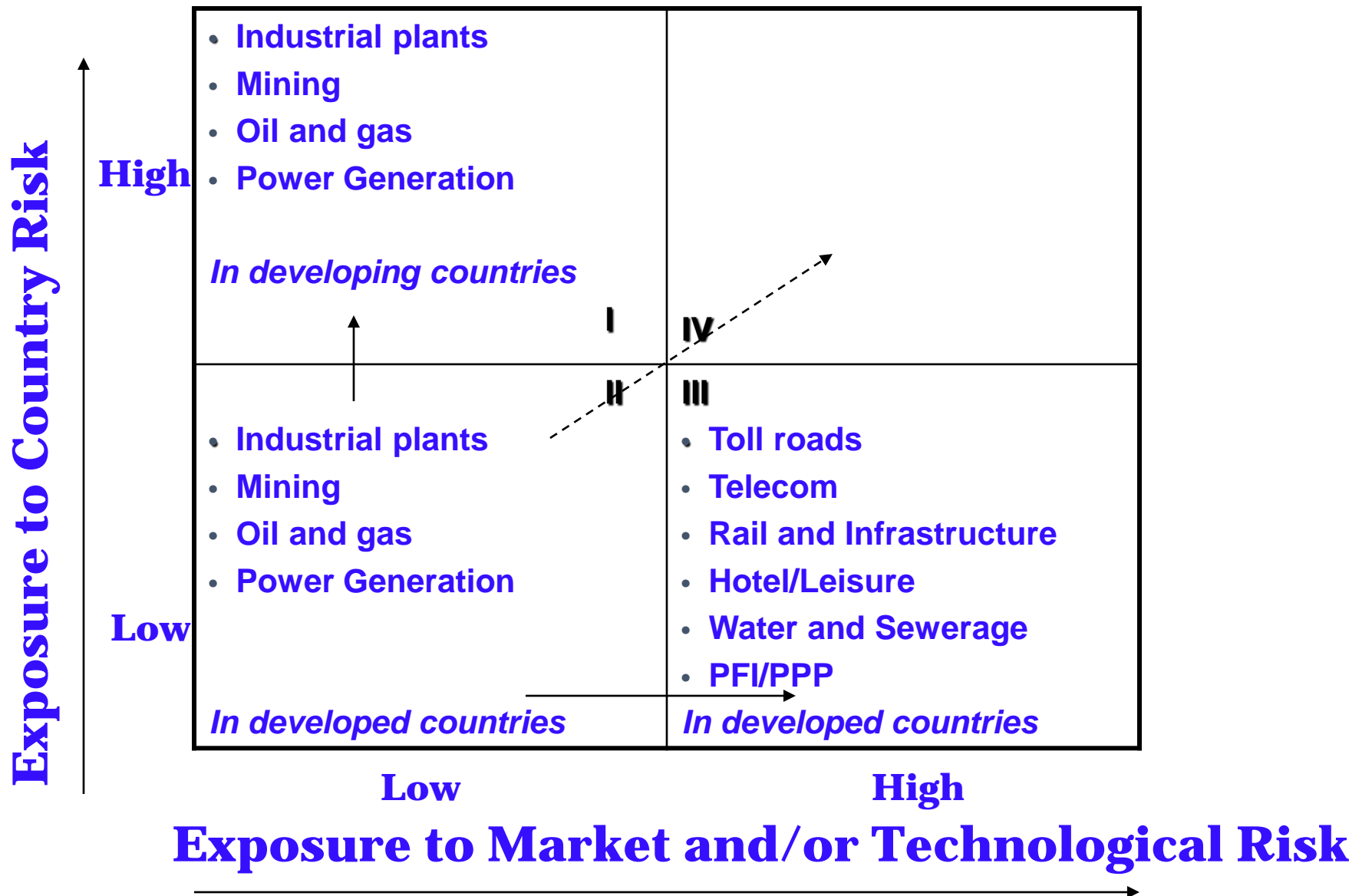
Authorizations 1994 - 2014

by Region



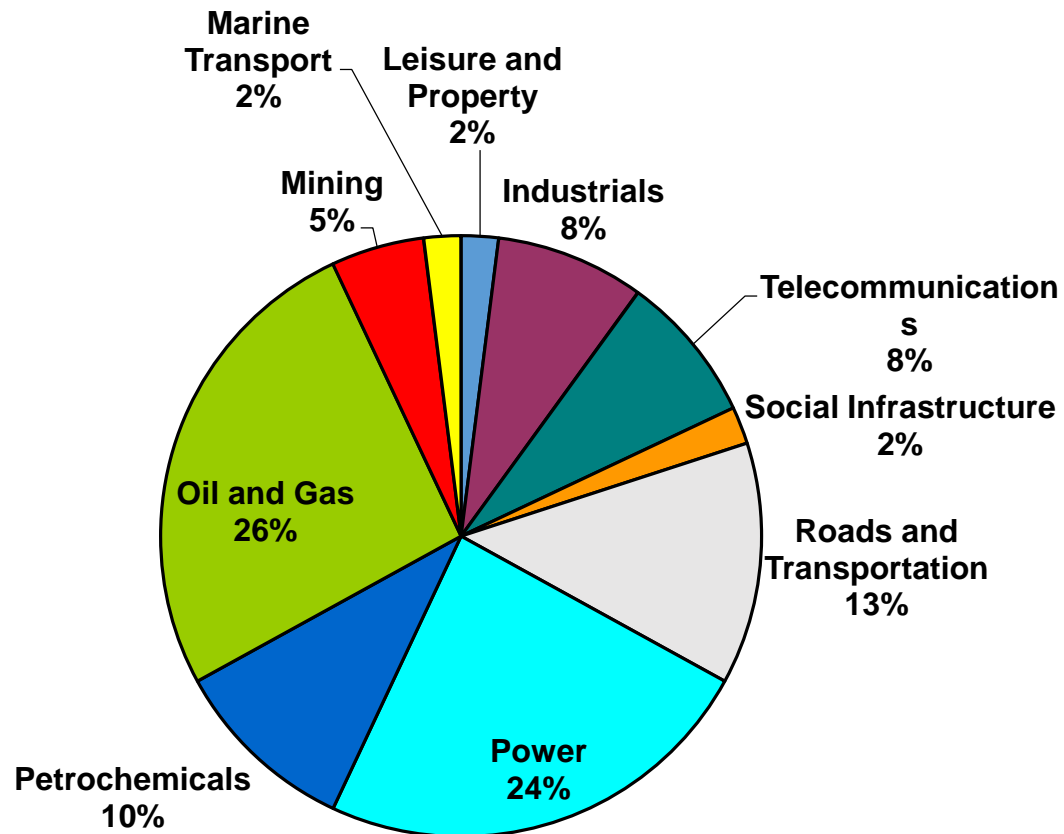
Project Finance: Sector Risk Overview

(Esty 2002/Gatti 2008)



Project Finance in Emerging Markets 1991-2010

(Source: Thomson Reuters PFI database www.pfie.com)



Structured & Project Finance Division



Awards



2014 "Deals of the Year"



Best overall ECA/Project Finance deal of the year



Emirates Global Aluminium Middle East Acquisition



Saudi Co-Gen Middle East Power Deal of the Year



Roy Hill Mine Asia-Pacific Deal of the Year



STAR Rafineri Middle East and Africa Refinery Deal



Central Panuco Deal of the Year



Petróleos Mexicanos (Pemex) Deal of the Year



Over **73** "Deals of the Year" since **2000**

Refinery and Petrochemical Projects

Star Rafineri A.S. – Turkey

Ex-Im Support - \$350 million - Limited recourse PF for greenfield project. Upon completion in 2017, the refinery will have crude oil processing capacity of 214,000 bpd (10 million metric tons p/a) to produce diesel, jet fuel and petrochemicals, including naphtha, LPG, and xylenes.

Reliance Industries, India

Ex-Im Support - \$1.5 billion - Expansion of petrochemical operations at Jamnagar - world's largest refinery complex. Project includes a pet-coke gasification unit, a gas cracker with downstream production units for mono-ethylene glycol, low and linear low density polyethylene, and a paraxylene unit.

Sadara Chemical Company, Saudi Arabia

Ex-Im Support - \$5.0 billion - Limited recourse PF for greenfield project to be the largest integrated petrochemical complex ever constructed in a single phase, with 26 process units producing ten major product families of chemical products and specialty plastics per year aggregate capacity more than 3 million metric tons

Reficar, Colombia

Ex-Im Support - \$2.8 billion - total \$5 billion refinery expansion and upgrade project to double processing capacity to 165,000 bpd for gasoline, diesel, jet fuel and heavy fuel oil.



Reficar Refinery - Cartagena

Sector Expertise – Oil & Gas



Over \$10 billion in financing for major LNG plants

LNG Projects financed by Ex-Im Bank

	<u>Project</u>	<u>Country</u>	<i>(\$millions)</i>
2013	QC LNG	Australia	\$ 1,809
2012	A-P LNG	Australia	2,952
2010	PNG LNG	PNG	3,000
2008	Peru LNG	Peru	400
2006	Qatar III	Qatar	404
2005	Qatar II	Qatar	405
2002	Nigeria LNG	Nigeria	135
2000	MLNG	Malaysia	72
1997	Ras Laffan	Qatar	465
1997	Oman LNG	Oman	250
1997	Qatargas	Qatar	60
1996	Atlantic LNG	T&T	354
			\$ 10,306



Electric Power Generation

- 1st PF financing in the sector completed in 1993 for Philippines Pagbilao project
- 61 Power Sector deals closed to date in SFD alone, with aggregate Authorizations in excess of \$11.2 billion to Dec 2014
- Power projects closed in 15 different countries in Europe, Africa, the Middle East, East Asia, Southeast Asia, South America and Central America



- Ex-Im supports a full range of power generation modalities, from emergency “Packaged Power”, Aero-derivative and other Distributed Generation units, Co-Generation systems and larger-frame Peaking Power and Base Load plants

Sector Expertise – Civil Nuclear



Long History



1970s

- Taiwan
- South Korea
- Mexico
- Spain
- Brazil

1987 to 2010

17 deals • \$1 billion

- Mexico
- Spain
- China
- Russia
- Czech Republic
- Bulgaria
- Romania



Plus

- fuel reloads and installations

Current Pipeline

- 5 countries



Benefits of Ex-Im Involvement

- ❑ Reliability of Ex-Im funding
Commitment gives added confidence to other Participants and Lenders
- ❑ Understanding of the business-critical points in deal structuring ensures timely and efficient completion
- ❑ Added transparency in financial structuring, documentation and environmental and social impact standards, validates application of international best practices



Renewables

Commitment to the Sector

- 1st ECA to establish and apply environmental guidelines
- Ex-Im's Business Development Initiative for Renewable Energy established in 2009, has aggregated over \$2 billion of financing, and is ramping up sharply
- 1st financing under India's National Solar Mission; now one of the largest financiers of solar projects in India
- Multiple financings for wind power projects - LatAm and SEA



Enhanced project viability

- Terms of up to 18 years
- Added support for Local Costs up to 30% of US scope of supply
- Interest capitalized during construction

Environmentally beneficial products

- Products classified as “environmentally beneficial” per OECD
- Of \$550 million environmentally beneficial products financed in 2014, almost 60% were related to energy production

Structured & Project Finance Division



Fastest Ex-Im Bank Growth Sector

Satellite Projects financed by Ex-Im Bank

	<u>Project/Borrower</u>	<u>Country</u>	<i>(\$millions)</i>
2002	ShinSat	Thailand	\$ 185
2005	Binariang	Malaysia	96
2006	MEASAT	Malaysia	94
2010	Hispasat S.A.	Spain	175
2011	Hispasat Canarias	Spain	228
2013	Hispasat Canarias	Spain	90
2010	Avanti Indigo Ltd.	United Kingdom	216
2011	Inmarsat SA	Switzerland	700
2011	SES, S.A.	Luxembourg	158
2011	Azercosmos	Azerbaijan	117
2012	MexSat*	Mexico	922
2012	Eutelsat, SA	France	64
2012	Vinasat*	Viet Nam	126
2013	ABS	Hong Kong	425
2013	AsiaSat	Hong Kong	343
2013	Spacecom	Israel	106
2014	BulgariaSat	Bulgaria	151
2014	Inmarsat	United Kingdom	186
2014	Innova-SkySat	Mexico	80
			\$ 4,462



Special Programs – Power Africa



Ex-Im Bank Target

\$5 billion of export financing for eligible projects across sub-Saharan Africa



Objectives

- Double access to power
- Provide 10,000 MW of cleaner, more efficient, cost effective electricity generation capacity and renewable technology
- Increase electricity access by 20 million new households and commercial entities with on-grid, mini-grid, and off-grid solutions
- Enhance energy resource management capabilities of partner countries
- Increase the number of country partners participating in the Regional cross-border energy trade to at least ten countries

Early Successes

Cote d'Ivoire

\$17MM Azito Power Plant

Ghana

\$350MM Rural Electrification

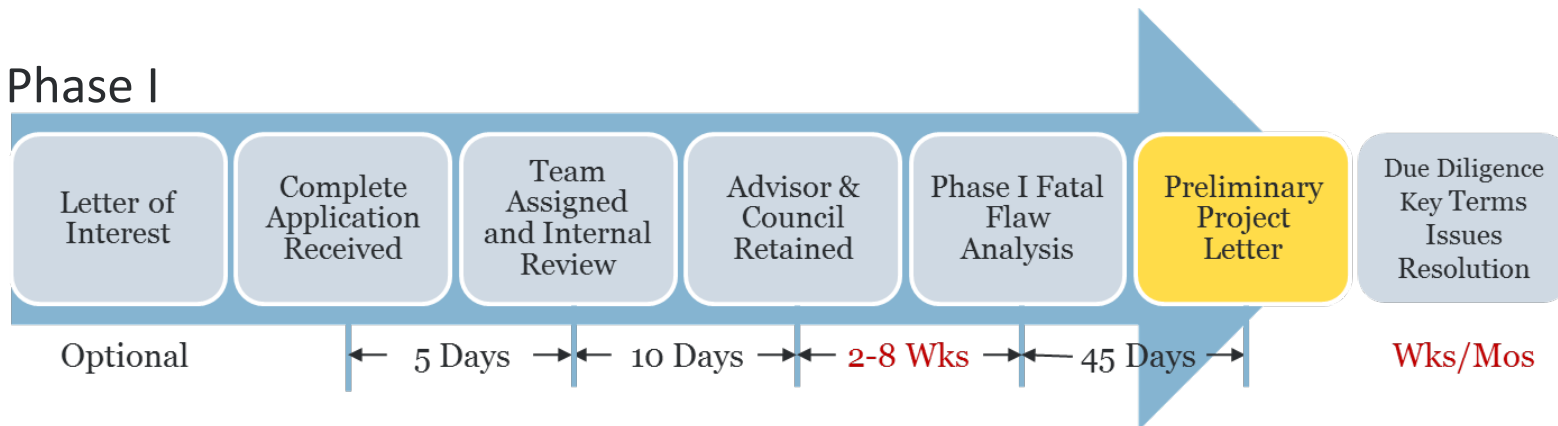
South Africa

\$23MM CSP Solar

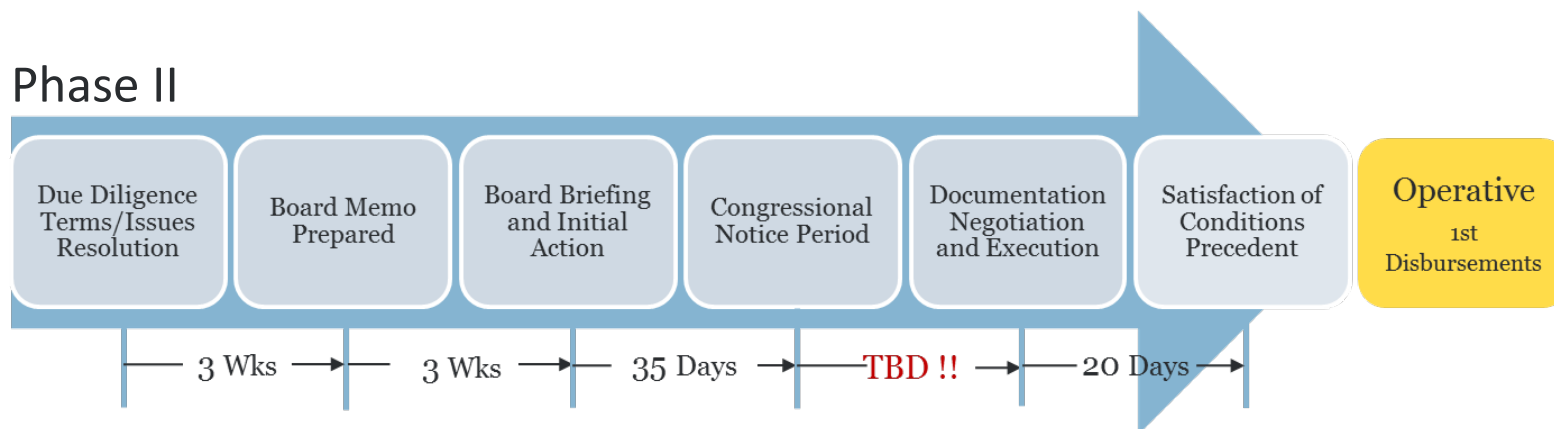
Transaction Process – Project Finance



Phase I



Phase II



Craig O'Connor

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Specialist

Structured and Project Finance

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CLAIMS PROCESSING GROUP

Ms. Irina Avilova, CMA, CFM
Senior Claims Officer



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KEY CLAIMS OVERVIEW HIGHLIGHTS

- › Claims Processing Group – Who We Are, What We Do
- › Claim Process
- › Claim Denials – Is That the End?
- › EXIM Bank's Different Products – Claims Perspective
- › Claim Filing Deadlines
- › Some Claim Statistics
- › Common Claim Filing Mistakes to Avoid



CLAIMS PROCESSING GROUP (CPG) – WHO WE ARE

- › A group of 4 Claim Officers and 1 Senior Claim Officer
- › Headed by a Managing Director of Claims (Jean Fitzgibbon, acting)
- › Any approvals over \$1 million and any denials (partial or full) also require signatures of a VP or Deputy VP, AMD
- › Part of Asset Management Division



CLAIMS PROCESSING GROUP – WHAT WE DO



- › Analyze all claims filed against M-T & S-T Insurance policies, M-T/L-T guarantees and Working Capital guarantees
- › Review requests for claim filing extensions on unmonitored insurance policies
- › Review claimants' requests for reconsideration of denied (or partially denied) claims, before they are presented in front of the Claim Reconsideration Committee

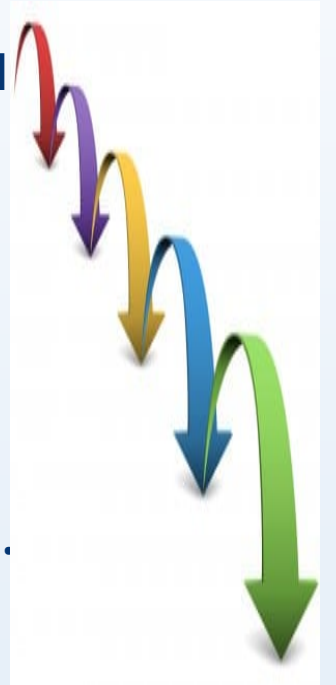
Objective: Paying claims in accordance with EXIM's policies and in a fair manner to the claimants, while keeping taxpayers' interests in mind



CLAIM PROCESS



- › Claim submission – online through EXIM Online is strongly encouraged (majority of claim submissions). Mail, fax or e-mail submissions are also accepted.
- › Submit a claim as complete as possible, but keep the claim filing deadline in mind.
- › For insurance claims: Claims Officer (CO) notifies the foreign borrower of a claim, which sometime prompts the borrower to pay.
- › Claim is reviewed for compliance with EXIM's policies or guarantees by the assigned CO.
- › Any questions on a claim: CO reaches out to the claimant and broker if applicable.
- › CO provides a claim decision recommendation to the MD of Claims.
- › For approvals: claim payment takes place 10 business days after receipt of wire instructions, Tax ID, etc.



CLAIM DENIALS – IS THAT THE END?



- › Full or partial claim denials can be appealed
- › Submit a claim reconsideration request (usually 1-2 pages long) with all relevant attachments to address and resolve any denial reasons cited in the claim decision letter. Can submit to Claims Processing Group.
- › Deadline to submit such appeal requests – 6 months after EXIM's decision letter on the claim
- › CPG, Office of General Counsel and relevant Underwriting division review the appeal request before it gets presented in front of the Claim Reconsideration Committee
- › Claim Reconsideration Committee (CRC) - a Committee of 5 EXIM Bank's Senior Managers
- › CRC's decision on the claim is final



EXIM'S DIFFERENT PRODUCTS – CLAIMS PERSPECTIVE

Product Type	Conditional or not...	Comply with...
M-T/L-T Guarantees	Almost unconditional	MGA, Annex B
Working Capital Guarantees	Conditional	MGA, any special conditions, waivers
M-T Insurance	Conditional	Insurance policy, endorsements
S-T Insurance	Conditional	Insurance policy, endorsements
*Special Claims – Co-financing claims (involve more than 1 ECA)		

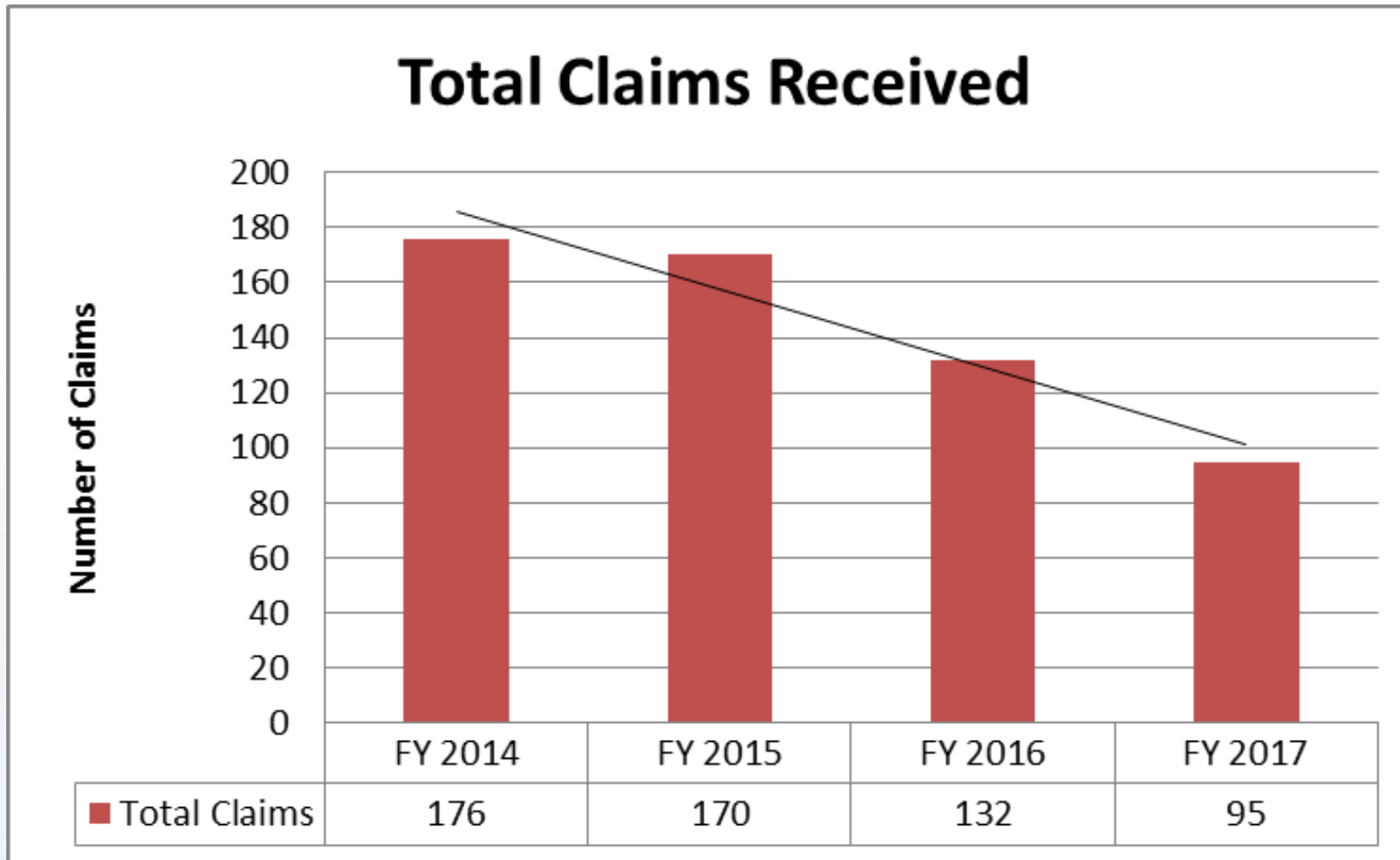


CLAIM FILING DEADLINES



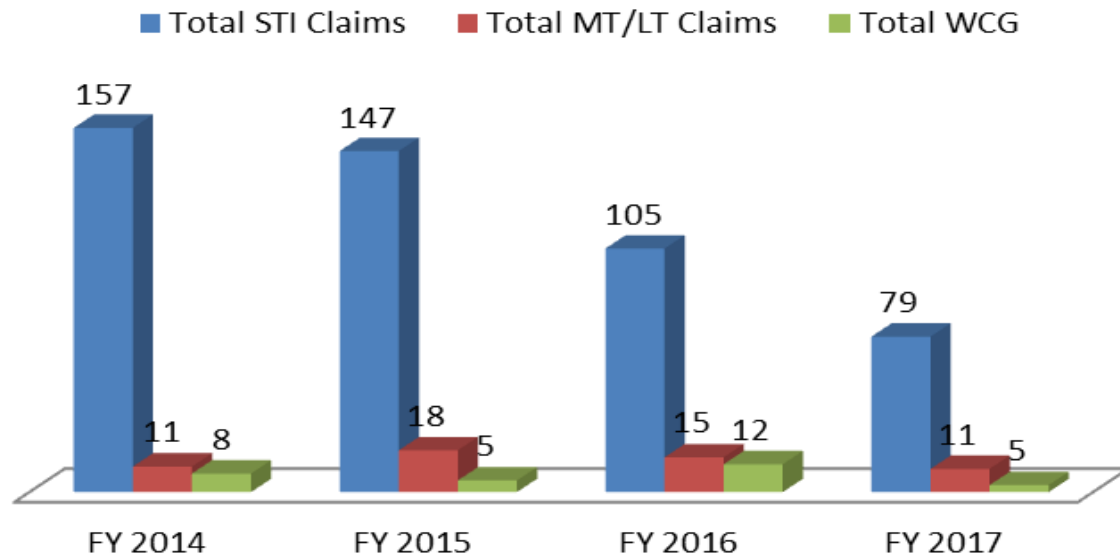
Policy Type	Earliest Date (X)	Latest Date (Y)
Short Term Insurance (exporter policies)	3 Months	8 Months
Short Term Insurance – FIBC	30 Days	150 Days
Medium Term Insurance	30 Days	150 Days
Letter of Credit	30 Days	120 Days
MT & LT Guarantee	30 Days	150 Days
Working Capital	30 Days	120 Days

SOME CLAIM STATISTICS



SOME CLAIM STATISTICS

Breakdown of Claims Received by Product Type



	FY 2014	FY 2015	FY 2016	FY 2017
STI Claims	157	147	105	79
MT/LT Claims	11	18	15	11
WCG Claims	8	5	12	5
Total Claims	176	170	132	95



S-T & M-T INSURANCE CLAIMS: HOW TO AVOID MISTAKES

- › **File the claim on time**
- › **Pay premium (on overshipments as well - STI)**
- › **Establish a valid buyer obligation**
- › **DCL, SBCL limitations (STI)**
- › **Satisfy any special conditions/endorsements**
- › **Treat each shipment/funding as if it was to end up in a claim**
- › **Follow/know the policy!**

GUARANTEE CLAIMS: HOW TO AVOID MISTAKES



M-T & L-T GUARANTEE CLAIMS:

- › File the claim on time
- › No unauthorized rescheduling
- › No unauthorized acceleration of the note
- › Satisfy any special conditions/endorsements
- › Follow/know the MGA!

WORKING CAPITAL GUARANTEE CLAIMS:

- › Promptly ask for specific waivers for ANY deviations from the MGA
- › File the claim on time, follow/know the MGA and any special conditions and waivers

Ms. Irina Avilova

Senior Claim Officer

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Reducing Risk. Unleashing Opportunity.



Disbursement Process

Kit Arendt
Senior Credit Administration Officer
Credit Administration



Reducing Risk. Unleashing Opportunity.

Key Presentation Highlights



- Introduction to Credit Administration
- Required Disbursement Documents
- Electronic Compliance Program: Medium-Term Guarantee Disbursements
- Credit Administration Resources

Introduction to Credit Administration



Responsibilities of Credit Administration, a unit of the Office of Board Authorized Finance (OBAF):

- Approves medium-term guarantee disbursements
- Approves L/Cs and reimbursements for loans and long-term guarantees
- Acts as “Gatekeeper” for foreign content and other EXIM policies
- Ensures compliance with U.S. flag shipping requirements as per P.R. 17
- Provides training and assistance to lenders, borrowers and exporters before and after disbursements begin

Required Disbursement Documents for U.S. Exports



“Disbursements against documents” is the underlying premise of EXIM financing.

Five standard required documents for U.S. exports:

- U.S. invoice
- Evidence of payment
- Evidence of export
- Exporter's Certificate
- Anti-lobbying Certificate: direct loans only





Disbursement Documents: U.S. Invoices



Invoice requirements:

- Issued by a U.S. exporter approved by EXIM
- U.S. address
- Addressed to foreign buyer approved by EXIM
- Requests payment for U.S. goods/services approved by EXIM
- Commercial invoice not pro forma
- Copies are acceptable

Disbursement Documents: U.S. Invoices



Pre-export Payment Invoices: Additional Requirements

- Invoice for work performed by U.S. exporter prior to export of specialized goods
- Pre-export payments must be pre-authorized by EXIM
- Disbursements for pre-export payments prior to export may not exceed percentage set by EXIM
- Value of work performed must equal amount invoiced per certification in Exporter's Certificate

> Disbursement Documents: Evidence of Payment



Acceptable evidences of payment:

- Copy of commercial bank's advice of payment to U.S. exporter
- Copy of both sides of a canceled check made payable to U.S. exporter
- Letter from U.S. exporter confirming payment of invoices
 - List of invoices and amounts paid
- Invoice stamped "paid" and paid stamp signed by exporter
- Copies are acceptable



Disbursement Documents: Evidence of Export



Examples of evidence of export for U.S. goods:

- Signed, dated, clean onboard ocean bill of lading
- Signed, dated air or rail waybill
- Signed, dated truck bill of lading
- For Mexico, truck bill of lading may show delivery to U.S. border city if goods are consigned to Mexican buyer or their freight forwarder
- Copies are acceptable



Disbursement Documents: Evidence of Export



Helpful information about bills of lading and waybills:

- Must show shipment from the U.S. to buyer's country approved by EXIM
 - Transshipment is acceptable
- Must be signed by third-party: carrier, freight forwarder or shipping agent
 - "Signed" includes handwritten, electronic, digital signature, or other methods of authentication
 - Refer to UCP 600 for Documentary Credits, Article 3, for a useful description
- Freight forwarder's receipts and customs documents (e.g. pedimentos) are not acceptable

Evidence of Export: U.S. Flag Shipping



- Shipment on U.S. flag vessels is required for:
- All Direct Loans
- Guarantees over \$20 million (excluding EXIM Exposure Fee) or (with some exceptions) repayment period of greater than seven (7) years
- US Maritime Administration (MarAd) offers facilitation services to assist exporters and foreign buyers with obtaining suitable shipping arrangements on U.S.-flag vessels
- EXIM strongly encourages exporters/buyers to contact U.S. flag carriers as early as possible to obtain bids for transporting their ocean-bound cargos in order to obtain the most favorable rates and shipping schedule

Evidence of Export: U.S. Flag Shipping



- In some limited circumstances, foreign flag shipping will be permitted under a MarAd certification or determination. For additional information, please refer to http://www.marad.dot.gov/wp-content/uploads/pdf/MAR620.MarAd_US_Flag_Shipping_Guidance_Final.pdf
- More details regarding EXIM's shipping policy can be found at <http://www.exim.gov/policies/us-flag-shipping-requirements>
- Contact U.S. Maritime Administration at 202.366.4610 or cargo.marad@dot.gov



Disbursement Documents: Exporter's Certificate



The Exporter's Certificate is a document unique to EXIM.

Forms:

- Current Exporter's Certificate form is EIB 11-05 dated 07/2015: [Form EIB 11-05](#)
- Certifications and Covenants are now on www.exim.gov as form EIB 15-05 dated 10/2015: [Form EIB 15-05](#). These Certifications are incorporated into the Exporter's Certificate as if fully set forth therein.

Basic Requirements:

- Issued by a U.S. company with a U.S. street address
- No alterations or changes allowed
- Copy of signed original acceptable
- Signed by authorized officer of the U.S. company, including name and title
- Signature must match name of signatory
- Lists U.S. company's contract(s) covered by loan or guarantee transaction

Disbursement Documents: Exporter's Certificate



Material Changes to Part A Content:

- Foreign content increases by more than 5% and exceeds 20% of the Net Contract Price
- Part A: Content table is recalculated using the Disbursement Calculator at <http://www.exim.gov/tools-for-exporters/credit-administration-and-operations/disbursement-calculator>
- Amended Exporter's Certificate is required to be submitted
- Revised Disbursement Percentage applies to all of U.S. exporter's invoices going forward
- At the end of the day, only U.S. content is financed

Disbursement Documents: Exporter's Certificate



Disclosures and Amendments

- Disclosures or changes to the Exporter's Certificate (EIB 11-05) or the Certifications and Covenants (EIB 15-05) may require an amended Exporter's Certificate and prior EXIM approval
- Please refer to the "Changes" section of each form for specific guidance



Disbursement Documents: Anti-lobbying Certificate



Anti-lobbying Certificate:

- Required from U.S. exporters, local cost providers and ancillary service providers under direct loans if contract is \$100,000 or greater
- Copy of a signed original is acceptable
- Form available on EXIM's website:
<http://www.exim.gov/sites/default/files//forms/anti-lobbying-certificate-direct-loan.pdf>

Note: Other participants in loan and guarantee transactions must sign an Anti-lobbying Certificate upfront

Medium-Term Guarantees: Disbursement Methods



Three Methods of Disbursement:

- Reimbursement – to the borrower for the financed portion of payments to a U.S. exporter
- L/C Payment – drawings by U.S. exporter under a letter of credit for the financed portion of goods and services
- Direct Disbursement – direct payments by the lender to a U.S. exporter for the financed portion of goods and services
 - More than one disbursement method can be used under the same transaction
 - Disbursements may not occur until EXIM declares the transaction legally effective, i.e. operative!



Medium-Term Guarantees: Electronic Compliance Program



Electronic Compliance Program-EXIM Online (ECP- EOL) provides for electronic disbursement approval

- Lender collects and reviews required disbursement documents for approved U.S. exporter(s)
- Lender disburses and wires Exposure Fee to EXIM (unless paid upfront)
- Lender submits disbursement information (ECP checklist) for approved U.S. exporter(s) electronically via secure website in EXIM Online (EOL)
 - EXIM relies on the Lender's compliance certifications which are contained in the ECP checklist
 - Contact person submitting request for disbursement approval binds the Lender
- Electronic system assigns a disbursement identification number



Medium-Term Guarantees: Electronic Compliance Program



- Credit Administration receives electronic disbursement approval request
 - Reviews ECP checklist
 - Confirms receipt of Exposure Fee
 - Approves disbursement electronically
 - Disbursement approval posted on lender's ECP-EOL page
- Lender required to retain disbursement documents for 7 years beyond final repayment
- PEFCO may purchase disbursements approved under ECP-EOL
- Audit function is managed by the Credit Review and Compliance Division (CRC)

Credit Administration Information on the Web



EXIM web site: www.exim.gov

Click on Tools for Exporters, then Credit Administration and Disbursements:

<http://www.exim.gov/tools-for-exporters/credit-administration-and-operations>

- EXIM Exporter's Certificate and Disbursement Calculator
- Fact Sheets
- Description of the Electronic Compliance Program
- Presentation on disbursement procedures
- Letter of credit sample proviso wording

Senior Vice President	David Sena	202 565 3272
Credit Administration Officers:	Kit Arendt	202 565 3480
	Donna Schneider	202 565 3612
Credit Administrator:	Judy McClain	202 565 3482

E-mail addresses at EXIM: firstname.lastname@exim.gov

For ECP, if password has expired or technical assistance is needed, contact Judy McClain.



Reducing Risk. Unleashing Opportunity.

www.exim.gov
1-800-565-3946 (EXIM)

