



## Helping Your Customers With EXIM

 business customers international

**Summary:** The EXIM lets community banks write bigger lines of credit with less risk and stronger profits. What your institution should know.

There are 61 national parks in the US across 29 states plus the territories of American Samoa and the US Virgin Islands. The first one was Yellowstone (1872), followed by Mackinac National Park (1875 but decommissioned in 1895), then Rock Creek Park, Sequoia and Yosemite (1890).

Community banks operating nationally can also help their customers expand their business beyond US borders. One way to do this perhaps is to consider a relationship with the Export-Import Bank of the US (EXIM).

As a government agency, EXIM supports American jobs by facilitating the export of American-made products. The export credit insurance and loan guarantees it offers reduce the risk for private-sector lenders, including community banks, who might not otherwise find themselves able to lend the funds exporters need.

EXIM's involvement lets community banks write bigger lines of credit with less risk and stronger profits. Banks can attract new clients, meet existing clients' needs for export financing, limit country and buyer risks, meet bank regulatory requirements, and sell, transfer, or assign EXIM-supported loans to third parties.

Through its working capital loan guarantee, EXIM covers 90% of the risk for qualifying companies in need of pre-export working capital loans. The agency also backs export-related inventory advances up to 75% and export-related advances on accounts receivable up to 90%.

The agency delegates credit line approval authority, letting bank partners write EXIM-backed working capital loans of up to \$1mm per exporter and \$10mm per bank. Community banks commit to EXIM when they approve a loan, and they also share the fee EXIM charges the borrower.

Banks can lean on EXIM's export credit insurance policies to expand trade-related loan portfolios while limiting exposures to buyer and country risks. Insurance coverage is available for short-term credits (generally up to 180 days) and medium-term credits, which cover terms up to 5Ys.

Exporting business customers can sell more when they don't have to get payment in advance. They can assign the proceeds of their export credit insurance policy to their bank lender; EXIM then pays claims directly to the bank, which in turn lets the bank raise the customer's credit line.

An EXIM letter of credit generally covers 95% of the risk of dealing with a foreign bank issuing an irrevocable letter of credit. That lets community banks reduce the risk they take on negotiating and confirming these foreign-issued letters of credit.

Banks can also garner regulatory benefits from EXIM. Because it's a government agency, the portion of a community bank's letter of credit insurance policy that EXIM covers is exempt from legal lending limit requirements. The insurance is conditional, so it has a 20% risk-based capital guidelines rating.

While your customers expand across borders, not only can the EXIM help, but we can help you too. We have a variety of [international services](#) that complement those provided by the EXIM. Contact us today to learn more.

## INTERNATIONAL SERVICES TO GROW WITH YOUR CUSTOMERS

Our [international services](#) are designed to help you capture more customers and fees. Contact us today for more information.

*Copyright 2021 PCBB. Information contained herein is based on sources we believe to be reliable, but its accuracy is not guaranteed. Customers should rely on their own outside counsel or accounting firm to address specific circumstances. This document cannot be reproduced or redistributed outside of your institution without the written consent of PCBB.*