



PRODUCTS AND SERVICES MANUAL -CREDIT AND BUSINESS DEVELOPMENT

OVERVIEW

The Export Import Bank of Trinidad and Tobago Limited (EXIMBANK), the successor to the Export Credit Insurance Company Limited (EXCICO) is an entity wholly owned by the Government of Trinidad and Tobago.

EXIMBANK was formed in 1997, using the base of insurance clients already on the books of EXCICO, but taking the products and services to a new landscape – offering a more comprehensive package of financial services, inclusive of direct financing for export related transactions.

EXIMBANK is one of three Export Credit Agencies (ECAs) operating in the entire English-speaking Caribbean region, the other such agencies being in Barbados and Jamaica. We serve principally the Trinidad and Tobago market, meaning that our trade transactions would generally involve at least one partner based in Trinidad and Tobago, but we are open to discussions with businesses operating outside of our domicile, in the CARICOM area as we seek to promote our Government's vision of regional cooperation and integration.

Locally, we have developed very strong alliances with the premier business organizations, namely, the Trinidad and Tobago Manufacturers' Association, The Trinidad and Tobago Chambers of Commerce, The Business Development Company Limited etc.

We continue to develop our brand, while preparing ourselves for the challenges of our economies that are already well into the process of globalization, with trade barriers falling at a rate much faster than a mere few years ago. Hence we conduct business around our mission statement to be the premier financial institution facilitating the expansion of regional enterprises, by providing the highest quality services, thereby enabling them to take advantage of global trade opportunities.

PRODUCTS AND SERVICES

The Export-Import Bank Trinidad and Tobago Limited (EXIMBANK) offers the following facilities:

1. Foreign Raw Material Financing
2. X-Line Raw Material Financing
3. Local Raw Material Financing
4. Demand Loan/Asset Financing
5. X Loan Asset Financing
6. Trade Discounting/Factoring Financing
7. Local Discounting/Factoring Financing
8. Forex Manufacturing/Forex Diversification
9. FAS Essentials Program
10. Export Credit Insurance (no longer applicable)

WHY CHOOSE EXIMBANK?

EXIMBANK was established specifically to aid manufacturers in the importing and exporting of goods and services. This financial institution offers organizations short term financing to purchase goods from its suppliers or cash in advance for assigned receivables. The bank also provides sources of FX to importers and manufacturers.

WHO IS ELIGIBLE FOR FINANCING?

Small, medium, and large **REGISTERED** enterprises operating within Trinidad and Tobago or within the CARICOM region that import raw materials and components or import semi-finished or finished products for local and export sales can be considered for this type of financing once all requirements are met. Manufactures who export finished goods are however our ideal client.

WHAT ARE THE REQUIRED DOCUMENTS?

- ✓ Audited/Account's Report Company Financials for the last three (3) years.
- ✓ Cash Flow Projections for the next twelve (12) months.
- ✓ Copy of Company's Last Annual Return

- ✓ Company By-Laws
- ✓ Aged Accounts Receivable Listings
- ✓ Certificate of Incorporation/Continuance
- ✓ Registration of Business Name/ (only applicable for companies in existence prior 1997)
- ✓ Organizational Chart

- ✓ V.A.T Registration
- ✓ Notice of Directors & Secretary/Change of Directors
- ✓ Copies of Identification for all Directors /Signatories of the Company
- ✓ Customer Application Form (Eximbank Document)
- ✓ FAX COM Agreement (Eximbank Document)
- ✓ Comprehensive Risks Policy (only applicable for Credit Insurance)
- ✓ Credit Procedures Questionnaire (only applicable for Credit Insurance)

RAW MATERIAL FINANCING (100/102)

What is Raw Material Financing?

This is a short-term loan/direct financing that Eximbank extends to an **APPROVED** company to assist in the payment of inventory, may it be raw materials, semi- finished or finished products. Once goods are received the exporter can now prepare its products for local sale or export. The Raw Material Facility is offered at competitive rates and is designed for trade transactions that are short term and self-liquidated.

How does Raw Material Financing Facility Works?

An approved Eximbank exporter submits a supplier's invoice, supplier's wire instructions along with a request of transfer of funds to the supplier. 100% or partial amount of the invoice value is then forwarded to the supplier and after the agreed tenor is passed the Exporter repays Eximbank 100% of the invoice inclusive of interest that was paid for.

What are the terms related to Raw Material Financing?

The tenor is designed to the exporters' needs and usually ranges between 30 days and 270 days.

What are the rates offered by Exim?

Rates tend to be competitive in nature, and usually are in relation to Eximbank's Cost of Funds. There is a first tiered interest rate and a second tiered interest rate. The second tiered interest rate is usually 2.00% more than the suggested first tiered interest rate.

What are the related charges in this type of Financing?

Eximbank charges a **HANDLING FEE** that ranges between 0.50% -1.00% per supplier invoice value or a minimum USD\$100.00/TTD\$150.00

What are the repayment terms?

Principal and Interest on maturity

A **Bank fee** is also charged, which is related to the payment method chosen by the exporter. The following are the frequently used payment methods and related fees as at January 2019:

- ⊗ **Wire Transfer fee: USD\$14.00**
- ⊗ **Draft fee: USD\$6.50 (subject to revision as the bank is constantly reviewing fees)**
- ⊗ **Bank to Bank: USD\$3.85**

What are the types of Raw Material Financing Offered at Eximbank?

Eximbank offers the following types of Raw Material financing as it is tailored specifically to the exporter's needs:

FOREIGN:

This is when payment is transferred to foreign suppliers

LOCAL:

This is defined as the transferring of payment to local suppliers in TTD currency.

What are the Advantages of Raw Material Financing?

- ⊗ The company is offered credit terms so that it can add flexibility to its cash flow and thereby managing the business more efficiently.
- ⊗ Provides extra time for the goods to clear customs and be resold before you need to pay for the goods
- ⊗ Suppliers are ensured payment upon request from the exporter

X-LINE

FX Raw Material Financing – X-Line – Raw Material Financing secured by tangible security with an LTV >50%

Name	FX Raw Material Financing
Description	Payment of Raw Materials in US\$ via the Forex Facility. Payment made to supplier for full/partial cost of raw material input items in US\$. Repayment in TT\$, principal and interest upon maturity Loan will be booked in TTD <i>X Line Allocation to customer will be separate and apart from their approved Forex Working Capital Line and will be non-revolving</i>
Interest Rate	Eximbank Commercial Base Rate of 9% ± risk adjusted.
Fees	2% Handling Fee
Tenor	30-270 days. Facility to be renewed annually.
Security	Tangible security with an LTV >50%

Bank Charges	Prevailing rates from our bankers
Adjudication Process	Full Credit Evaluation Process
Annual Sales Requirement	This facility will be opened to established and existing manufacturers who are currently exporting or have a confirmed export order with no restriction on annual sales. If not an exporter, an export plan is required.

DEMAND LOAN/ ASSET FINANCING (200/201)

What is Demand Loan/ Asset Financing?

The bank has a Demand Loan/Asset Facility which will assist manufacturers to perform equipment upgrade to improve quality of export products. All the requirements, fees and advantages are similar to the Raw Material Financing Facility. However, the only differences are the tenor and payment terms.

What are the terms related to Demand Loan/ Asset Financing?

The tenor is designed to the exporters’ needs and usually ranges between one to five years. Exception can be made up to ten (10 years)

What are the payment terms related to Demand Loan/ Asset Financing?

The following are the usual payment terms offered to clients:

- ⊗ Moratorium on principal, interest only for a max of six months
- ⊗ Interest and Principal monthly
- ⊗ Interest monthly principal on maturity

RESTRUCTURED AND CONSOLIDATED DEMAND LOANS

This Type of Demand Loan is only available for current exporters who have encountered payment problems which is resultant of outstanding receivables.

DEMAND LOAN/ ASSET FINANCING -X-LOAN(215/502)

What is X - Loan?

The bank has a Demand Loan/Asset Facility which will assist manufacturers to perform equipment upgrade to improve quality of export products. All the requirements, fees and advantages are similar to the Demand Loan Financing. However, the only differences are the customer loan is booked in TTD and Eximbank sources the USD via the Forex Manufacturing Facility and the client repays in TTD.

What are the terms related to X-Loan?

The tenor is designed to the exporters' needs and usually ranges between one to five years. Exceptions can be made up to ten (10) years.

What are the payment terms related to X-Loan?

The following are the usual payment terms offered to clients:

- ❁ Moratorium on principal, interest only for a max of six months
- ❁ Interest and Principal monthly
- ❁ Interest monthly principal on maturity

Raw Material Local Raw Material and Demand Loan Required Documents Checklist:

The following documents **MUST** be submitted when requesting the transfer of funds to a supplier:

- ✓ Suppliers Invoice
- ✓ Instructional Letter
- ✓ Wire Transfer Instructions

TRADE DISCOUNTING FINANCING (300/302)

What is Trade Discounting Financing?

The Trade Discounting facility provides short-term financing to exporting manufacturers, distributors and service providers. Businesses receive financing in the form of a loan between 85% and 95% of the invoice value of export sales, which must be repaid from the assigned proceeds of payments from Eximbank ***approved*** buyers. The Trade Discounting facility aims to bridge the gap between the settlement of production costs and export sales receipts, allowing a business to accelerate cash flow and shorten operating cycles.

How does Trade Discounting Financing Facility Works?

An approved Eximbank exporter submits all the required documents on the Trade Discounting Financing Facility checklist related to an approved EXIM buyer. 85% -95% of the invoice value is then forwarded to the exporter and after the agreed tenor is passed the buyer repays Eximbank 100% of the invoice value. All Exim fees and related interest are extracted and the difference is refunded to the exporter.

What are the terms related to Trade Discounting Financing?

The tenor is designed to fit the relationship between the exporter and their buyers. The credit period usually ranges between 30 days and 90 days Bill of Lading (B/L) or Drawdown (DD).

What are the rates offered by Exim?

Rates tend to be competitive in nature, and usually are in relation to Eximbank's Cost of Funds. There is a first tiered interest rate and a second tiered interest rate. The second tiered interest rate is usually 2.00% more than the suggested first tiered interest rate.

What are the repayment terms?

Principal on maturity/full invoice amount from buyer.

What are the related charges in this type of Financing?

Eximbank charges a **DISCOUNT FEE** that ranges between 0.50% -1.00% of the discounted invoice amount

A **Bank fee** is also charged, which is related to the payment method chosen by the exporter. The following are the frequently used payment methods and related fees as at January 2019:

- ⊗ **Draft fee : USD\$6.50 (subject to revision as the bank is constantly reviewing fees)**
- ⊗ **Bank to Bank : USD\$3.85**

What are the types of Trade Discounting Financing Offered at Eximbank?

FOREIGN:

This is when payment is transferred to the approved exporter's account and the approved buyer in which receivable payments are assigned is located regionally or internationally.

In Foreign discounting there are three (3) parties to the transaction comprising of Eximbank, the exporter and the buyer. Eximbank disburses funds to the exporter and recovers the amount from the buyer.

LOCAL: LOCAL DISCOUNTING:

Eximbank also aids with the financing of the transportation of goods and services locally. It follows the same principals as the Trade Discounting financing facility just it is applicable to local buyers

In local discounting, there are only two (2) parties to the transaction. Eximbank disburses funds to the exporter who repays the amount on maturity however exceptions are allowed subject to approval from management.

What are the Advantages of Trade Discounting Financing?

- ⊗ Exporters working capital cycle is shortened therefore allows for increased production levels.
- ⊗ Exporters are able to convert a credit sale into a cash sale thereby freeing up their capital for further exports.

Trade Discounting Required Documents Checklist:

	TRANSACTION APPROVAL	PURPOSE
1.	Discount Application (Eximbank Template) (Appendix D)	Requisite details as per document:- Buyer, trade bills period, bills maturity date, bills value, customer authorized signature and stamp.
2.	Bill of Exchange (Eximbank Template)	Binding agreement where the two (2) parties (exporter and buyer) agrees that payments from the buyer, representing the settlement of the discounted invoices will go directly to Eximbank and not the exporter
3.	Bill of Lading	Terms are set as 90 days etc. from the BL Date. The BL date is required to compute terms.
4.	CARICOM Invoice	Confirms the buyer and amount. Invoices relate to one buyer per transaction.
5.	Marine Certificate of Insurance (Between the insurer and Exporter)	The marine insurance indemnifies the bank against the risk of default due to damage of the goods during transit. Applicable to only shipments by sea and not air.

Basis of calculating the term

Discount Financing comprises of both local and foreign discounting and the basis of computing the term of the loan differs between.

Foreign discounting has a rigid structure and the term of the loan is calculated from the bill of lading date (Maturity Date = Bill of lading date + Approved tenor). As a result, the longer the supplier takes to submit their documents to the bank after it has shipped, the shorter will be the

term of the loan and the quicker the loan will go into penalty. *However, there are some exceptions present whereby the loan is calculated from drawdown date.*

Consider the e.g. below assuming the approved tenor is 30 days

Invoice Date	6/30/2016
Bill of Lading Date (As per Shipping document)	7/1/2016
Date documents submitted by customer (Becomes the Advance Date)	7/16/2016
Approved Tenor	30
Maturity Date (BL Date + Approved Tenor)	7/31/2016
Term of loan (Maturity Date -Advance Date)	15

The terms of the local discounting is more lenient in that the maturity date is calculated from the date that the invoices are submitted to Eximbank for discounting (**Maturity Date = Date documents submitted (advance date) + Approved tenor**). *However there are some exceptions present whereby the loan is calculated from latest invoice date.*

Invoice Date	6/30/2016
Date documents submitted by customer (Becomes the Advance Date)	7/16/2016
Approved Tenor	30
Maturity Date (Advance Date + Approved Tenor)	8/15/2016
Term of loan (Maturity Date -Advance Date)	30

Note - Invoices submitted for discounting should be within SIX (6) months from the date advanced. This will avert any risk of the customer passing a bad debt to the bank.

FOREX MANUFACTURING (500,501,503,504)

What is Forex Manufacturing Facility?

This facility is a purchase and sale facility whereby the client can qualify for an annual USD amount based on certain criteria and can purchase in TTD. This facility aids the client in purchasing raw material input, shipping costs and machinery. Facility can also be utilised to repay Eximbank USD loans on a case by case basis based on availability.

The existing operation of the Forex Facility is summarized as follows:

Name	Forex Manufacturing 3.0 Facility
Onboarding Requirements	<ul style="list-style-type: none"> ✓ Annual Returns (most recent) ✓ VAT Registration ✓ FAX COM Agreement ✓ Repatriation Letter ✓ Customer Application Form ✓ IDS of all Signatories ✓ IDS of Owners ✓ Audited/ Accountant/ Management Financial Report for the last three (3) years ✓ Schedule displaying Sales separated by Local and Foreign for the last three (3) years ✓ Company Profile ✓ USD bank statements for the last six months ✓ CARICOM invoices if not verified by MTI listing. ✓ Export Plan in not exporting
Qualifying Criteria	<ul style="list-style-type: none"> • Established and existing manufacturers who are currently exporting or have a confirmed export order. • Start-ups or fledgling manufacturers with confirmed orders, will also be favourably considered. • Small to Medium Size (SME) companies with annual sales from TTD\$50K but not exceeding TTD\$100M. Flexibility will be considered based on export percentage. Clients over TTD\$100M in sales must be Board Approved • • Customers who add Value to Imported items and export as well as Import Substitution clients

	<ul style="list-style-type: none"> Companies with annual sales exceeding TTD\$100M to be approved without having a mandatory lending instrument
Calculation	US\$ requirement based on a percentage of COGS based on company size
Proof of Repatriation	Repatriation will be once a year and customers are to submit USD bank statements. However, verification of selected CARICOM invoices may be required.
Fees	2% Handling Fee collected in TTD
Tenor	Annual Allocations approved by the board with allocations being made every month by management.
Product Code	500 – Purchase and Sale 501 Forex Diversification 502- X loan 503- Shipping Cost 504- Purchase and Sale – Machinery

Sample Revised Calculation Table- EXPORT ANALYSIS

<u>DESCRIPTION</u>	<u>Year 3</u>	<u>Year 2</u>	<u>Year 1</u>
Revenue	\$	\$	\$
Cost Of Goods	\$	\$	\$
Gross Profit Margin	%	%	%
Export Sales	\$	\$	\$
Export Sales as a % of Total Sales	%	%	%
Estimated Annual USD Requirement based on COGS and Company Size (USD 1 = TTD 6.75) - <i>Capped at USD 4M for any one company per year</i>	if Small → (COGS * 75%) if Medium → (COGS * 50%) if Large → (COGS * 25%)		

X Loan Application Approval	\$		
Trade Financing Repayment	\$		
Total Qualifying Annual Amount recommended	<i>Estimated Annual USD Requirement based on COGS and Company Size + X Loan Approval + Trade Financing Repayment</i>		

FAS ESSENTIALS PROGRAM (505)

PROGRAMME NAME	FAS Essentials - Covid-19 Response
DESCRIPTION	Eximbank will provide access to Foreign Exchange to manufacturers/importers of essential needs items (<i>Appendix A</i>) for the importation of same and in turn prevent a shortage of essential commodities in Trinidad and Tobago during the COVID-19 pandemic
APPLICATION PROCESS	Manufacturers/Importers that fall under the qualifying sectors will submit to the Eximbank a brief <i>Application Form</i> and <i>Compliance Documents</i>
PROCESSING	<ul style="list-style-type: none"> • Client will submit letter requesting transfer, wire transfer instructions and supporting invoices to the Eximbank. • World Check will be done on suppliers for legitimacy purposes. • Sale note will be sent to customer to sign via DocuSign indicating their agreement of rate and TTD equivalent. • Client is then to deposit/RTGS TTD into Eximbank’s FCIB account.

	<ul style="list-style-type: none"> Once funds are received, sale and wire transfer will be processed by Eximbank. Client will receive notification that transaction was processed.
INVOICING CRITERIA	<ul style="list-style-type: none"> ➤ Only items on the governments' <i>approved</i> essential items list will be paid for (Appendix A) ➤ Part payment of invoices are allowed however clients are to list all essential needs items and related costs on a separate excel spread sheet. ➤ Payment of older debt with a commitment that further orders will be released will be considered.
FEES	<ul style="list-style-type: none"> 2% Handling Fee per Supplier Transaction Wire Transfer Fee – TTD 167 per transaction FCIB RTGS Fee – TTD 57.50 per deposit

EXPORT CREDIT INSURANCE (400)-N/A

What is Export Credit Insurance?

Export Credit Insurance provides risk protection to Exporters against payment default by foreign buyers on goods and services exported on credit terms. With this protection, Exporters are given the confidence to venture into emerging markets thereby expanding the export thrust. With Eximbank credit Insurance Policy, Exporters can obtain protection against Political and commercial risks.

How does Export Credit Insurance Works?

An approved Eximbank exporter submits Declaration of Shipments and Declarations of Overdue shipments along with a fee that is calculated per invoice value weekly/monthly, declaring all the shipments sent in the previous month.

What are the rates offered by Exim?

Premiums vary depending on the buyer’s credit worthiness, payment terms and the economic and political environment. Currently the premium rate ranges between 1.8% and 3.5%.

What are the related charges in this type of Financing?

Eximbank charges a **New and Renewal fee** of TTD\$500.00 every year for issuing of an Export Credit Insurance (ECI) policy. When declarations are submitted weekly/monthly a fee is calculated in USD currency on a per invoice basis.

Export Credit Insurance Documents Checklist:

The following forms are to be submitted weekly/monthly, declaring all shipments sent in the previous month in order for the shipments to be insured by EXIMBANK.

- ✓ Declaration of Shipments (EXIM DOCUMENT)
- ✓ Declaration of Overdue Shipments (EXIM DOCUMENT)

EXPORT CREDIT LIMIT APPLICATION (ECLA)

Once a Trade Discounting Financing facility or Export Credit Insurance is approved for an exporter an **ECLA** must be submitted for each buyer under each respective facility. This is done on a yearly basis to check the credit worthiness of each buyer. **The combined limits of all approved buyers MUST NOT exceed the overall limit of the exporter to which is it assigned.**

What are the related charges in this application?

Eximbank charges an application fee for each new buyer valued at TTD\$350.00 and TTD\$250.00 for the renewal of the buyer each subsequent year may it be local or foreign

ECLA Documents checklist:

BUYER APPROVAL	PURPOSE
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Buyer Information Questionnaire (Appendix F)	Buyer Due diligence/Bank disclosure
Exporter Application for Credit (Appendix G)	Further information on the buyer/Requested Limit and terms
Bank Report from the buyer bank	Independent bank report as per disclosure (Request sent by Eximbank)

Security Implementation.

1. Recourse Agreement has to be signed by the exporter. This indicates should a buyer default on payment the exporter is responsible for settling the liability.
2. Assignment of all receivables also has to be perfected. As such the following information is required per buyer on the line so we can prepare assignment letters:
 - a. Main Contact name of Buyer
 - b. Address of Buyer
 - c. Two Auth Signatories

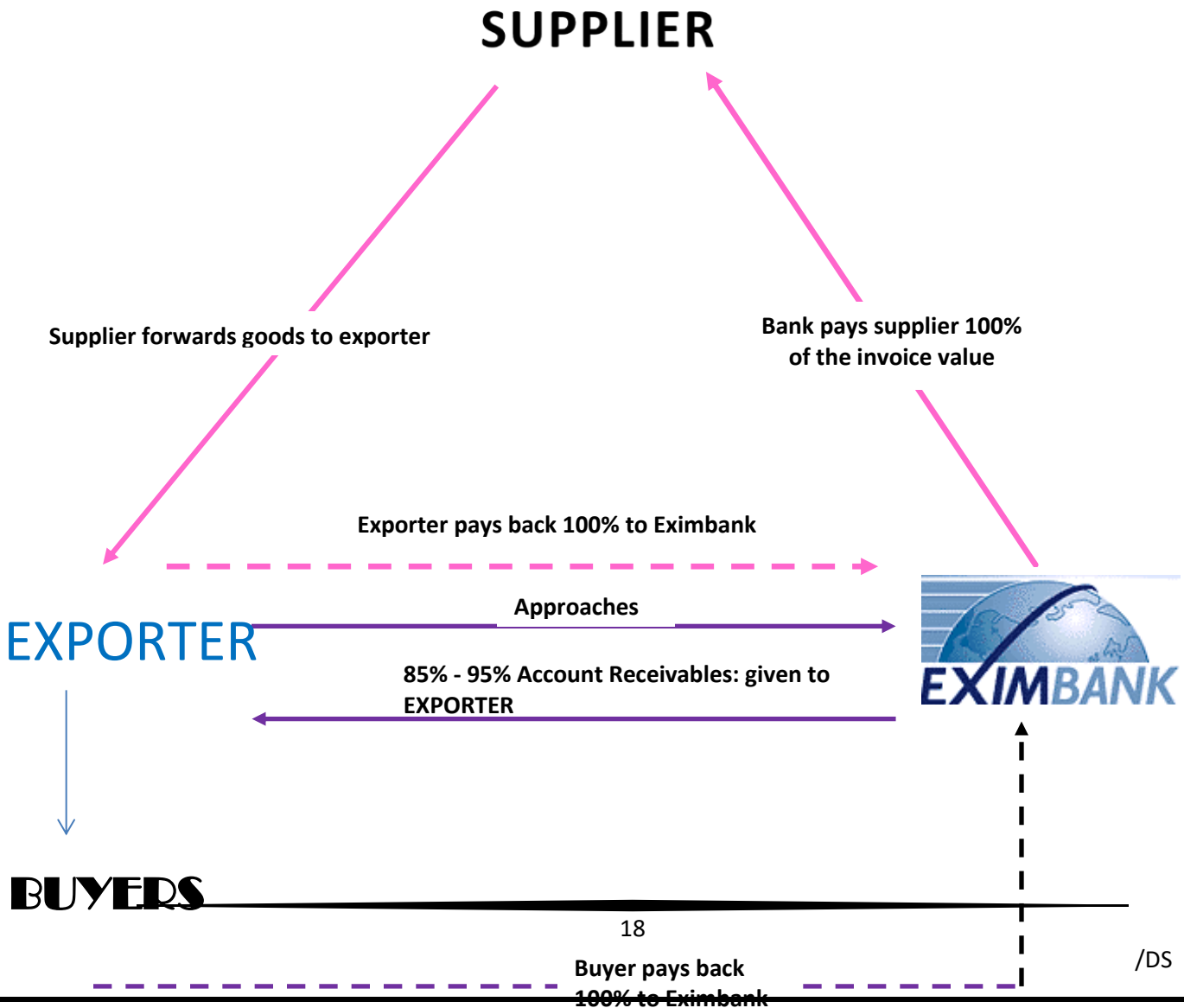
LENDING CRITERIA FOR BUYERS

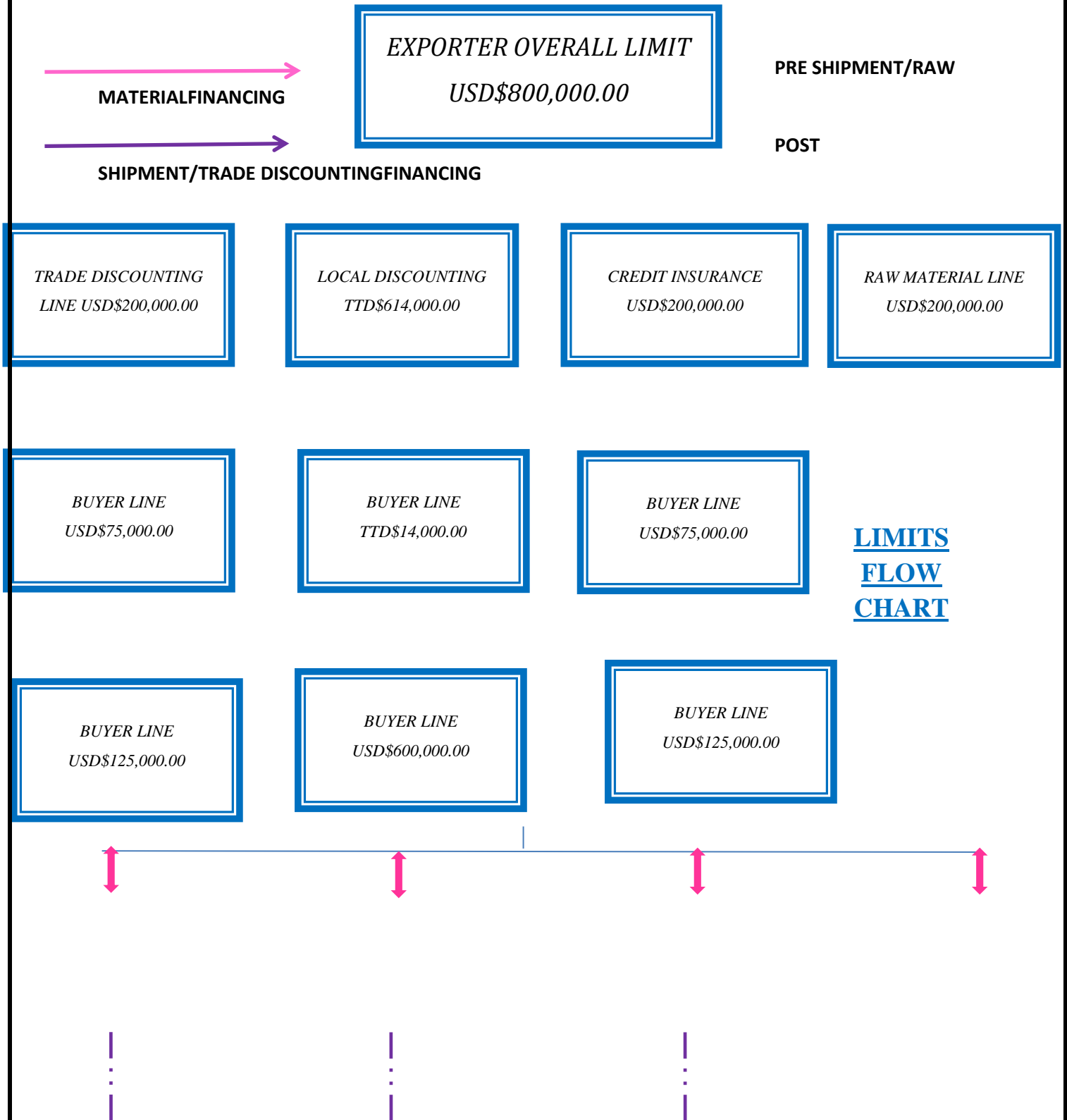
This criteria is in contrast to the delegation of lending powers explained in the credit policy which is applicable to exporters and which takes into consideration the collateral secured from the exporter in determining the approval levels

LEVEL	TTD LIMIT		USD LIMIT (rate 6.75)	
CEO LIMIT (MANAGEMENT)	<	TTD 2,500,000.00	<	USD 370,370.00

BOARD CREDIT COMMITTEE	TTD 2,500,001.00	TTD 6,500,000.00	USD 370,370.00	USD 962,962.00
FULL BOARD	>	TTD 6,500,001.00	>	USD962,963.00

HOW IS IT ALL CONNECTED?





**LIMITS
FLOW
CHART**

