
The Export-Import Bank of the U.S.

Structured/Project Finance

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Overview: Mission

- ❖ Ex-Im Bank support US exports & jobs:
 - By offering financial support where:
 - There is official (ECA) foreign competition or
 - Private financing is unavailable.
 - For a broad range of goods/services:
 - Including equipment for large infrastructure project (e.g., power plants incl. nuclear, railways, roads, telecom, water supply, air & seaports)
 - No transaction too big or small.



Overview: Products

- ❖ Independent U.S. government agency
 - Established in 1934 to finance export sales of U.S. goods & services
 - Since 1934 - supported over \$450 billion in exports
- ❖ Supports
 - Short, medium, and long-term financing to creditworthy international customers in public & private-sectors
 - Working capital guarantees to U.S. exporters
- ❖ Products
 - Direct Loans
 - Guarantees
 - Export Credit Insurance
 - Working Capital Guarantees



Overview, Continued

- ❖ No minimum or maximum project size.
- ❖ Special initiatives for:
 - Environmental Renewable Energy Exports
 - Small business
 - Support for municipalities (sub-sovereign support)
 - Medical Equipment
 - Transportation Security Equipment



Issues

❖ Eligibility

- Competitiveness with Other ECAs
- Documentation – Foreign Content
- MARAD

❖ Economic Impact

- An increasingly important issue – many legislative amendments
- Key sectors – steel, semiconductors, ethanol

Ex-Im Bank & Turkey

- ❖ Current Ex-Im Bank exposure in Turkey is \$1.81 Bln (as high as \$4.3 Bln-2003)
- ❖ 20 Energy transactions since 1995
- ❖ Total Energy projects of \$2.1 Billion for Turkey
- ❖ Open for all programs-ST/MT/LT
- ❖ Recent reduction in exposure fee from level 5 to 4





Long Term Finance and Structured/Project Finance

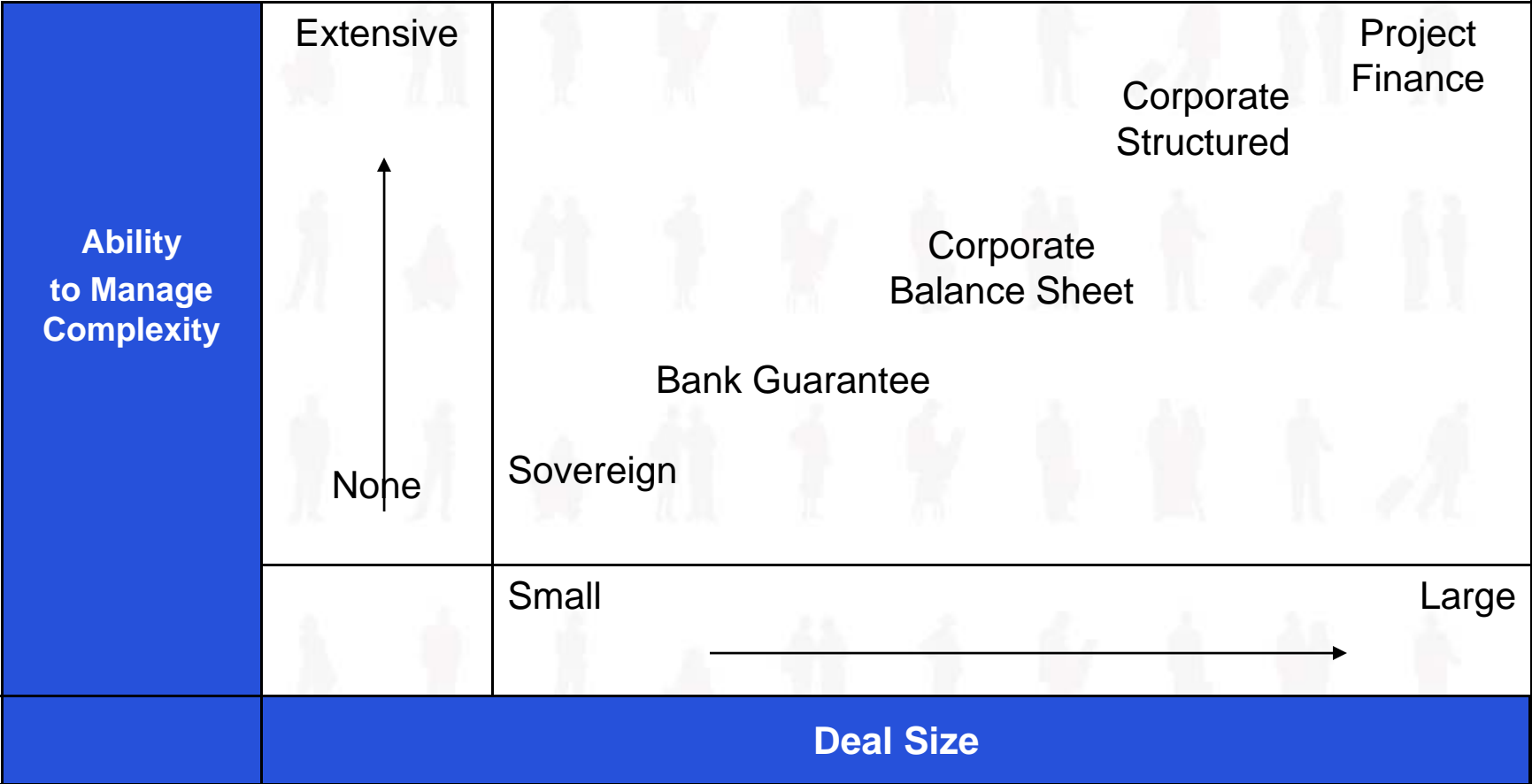


Long Term Guarantee Program

- ❖ Guaranteed Loans made by commercial banks (U.S. or foreign) to a foreign buyer with a 100% *unconditional* repayment guarantee from Ex-Im Bank
 - Guarantee covers 85% of the U.S. content of the transaction
 - *Negotiated* interest rates, usually a floating rate based on spread over 6-month U.S. dollar LIBOR rate
 - Loan fully transferable, can be securitized
 - Banks often finance the 15% required cash payment
 - Guarantee available in major foreign currencies



Different structures for financing



Structured & Project Finance: Distinctions

Structured Finance

- ❖ Full recourse to sponsor/borrower
- ❖ Expansion of operation in existence 3+ years
- ❖ Analyze historic & projected cash flows
- ❖ Limited perfection of security

Project Finance

- ❖ Limited recourse
- ❖ Greenfield or large project expansion
- ❖ Analyze project's future cash flows
- ❖ Complex security documentation/

Terms: Long-term, Flexible Support Available

Term	Project	Structured/ Corporate	
		Renewable/ Water	Normal
IDC Capitalization	Yes	Yes	No
Term (Years)	14	15	10-12
Amortization/ Grace	Flexible/ 2 years	Equal semi-annual (ESA)/6 mos.	Generally ESA – flexibility & 1-year grace available
Local Cost Cover	15% of Project	15%, tied to export contract	

Gold Bold Italics denote more advantageous terms

- ❖ PF terms. For renewable energy & water, PF & non-PF terms are more comparable.



Fees – set according to OECD guidelines

Structured Finance

- ❖ Commitment fees:
 - 1/8% for guarantees
 - 1/2% for direct loans
- ❖ Exposure fees from on-line calculator
- ❖ Limited Advisory Fees

Project Finance

- ❖ Commitment fees:
 - 1/2% all options w/ pre-completion coverage
 - 1/8% w/o completion coverage & additional options
- ❖ Exposure fees more complicated to estimate
- ❖ Extensive Advisory Fees

Use of Advisors

- ❖ Financial Advisors used on many cases, esp. Project Finance.

Type	Project Finance		Structured Finance
	=>\$30 MM	<\$30 MM	
Financial	●		
Market/Technical	●		◐
U.S. Legal	●	◐	◐
Local Legal	●	◐	

● Significant advisor scope ◐ Small scope +/- or only occasional use

- ❖ Advisors needed due to:

- Small size/limited resources of Ex-Im Bank Staff
- Assumption of documentation risk

- ❖ Other ECAs don't typically use financial advisors, but:

- Requests to share Ex-Im Bank advisors is becoming more common
- Legal advisors shared with other ECAs and sometimes with commercial banks.
- Incremental financial advisory cost relatively low



45MW Geo-Thermal Power Plant-Corporate

Finance

- ❖ Secured with guarantee of parent company
- ❖ Prepayment requirement in the event of disposition of assets
- ❖ Full recourse to sponsor of project
- ❖ 15 year repayment term for renewable energy



238MW combined Cycle Power Plant – Structured Finance

- ❖ Debt-Equity restricted to no more than 0.60 for 1st 2 years and then at 0.50
- ❖ Dividend restriction
- ❖ Lien on assets being financed
- ❖ Parent company guarantee
- ❖ Recourse to project sponsor

LNG Plant-Ltd. Recourse Project Finance

- ❖ Completion Guarantee
- ❖ Sponsor Debt Service Shortfall
- ❖ Share Retention Provisions
- ❖ Restricted Dividend Distributions
- ❖ Pledge of Equity
- ❖ Security Interest in all accounts
- ❖ Security in all Plant & Equipment
- ❖ Insurance
- ❖ Limited Recourse to project sponsors



Environmental Exports

- ❖ Support for environmentally-beneficial exports mandated in Ex-Im Bank Charter and is directed by the Office of Renewable Energy and Environmental Exports.

- ❖ Environmental projects are offered enhancements:
 - Maximum OECD repayment term for Long-Term Loans and Guarantees of 10-15 years after project completion.

 - Repayment terms of 15-years for renewable energy (*solar, wind, geothermal, hydro, nuclear*) and *water treatment projects*.

 - Capitalization of interest during construction.

 - Up to 15% local cost support within the U.S. scope of supply.

- ❖ RESULTS: Transactions approved under the Program grew from 13 in FY 1994, to 740 thru FY 2007, totaling over \$5.6 billion.

