

Financing Opportunities for Rural Development in Bulgaria, Croatia and Romania



Ex-Im Bank: Financing Solutions



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Ex-Im Bank is the Official Export Credit Agency of the United States



Ex-Im Bank is an independent federal agency

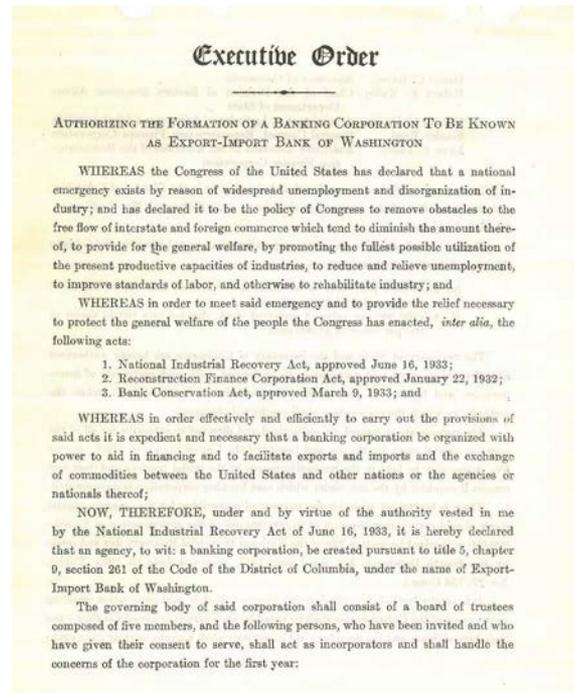
- Mission: assist in financing the export of U.S. goods and services to international markets
- Member of the OECD Arrangement

Specifics of Charter

- Must finance U.S. Goods and Services
- Must have reasonable assurance of repayment

Congressional Mandates

- Small Business
- Sub-Saharan Africa
- Renewable Energy



U.S. Exports/Exposure

Countries	2015US \$ Merchandise Exports	2014US \$ Merchandise Exports	2013US \$ Merchandise Exports	Exposure as 8/31/2016 US \$
Bulgaria	289MM	358MM	307MM	158MM
Croatia	332MM	339MM	308MM	0.2MM
Romania	753MM	977MM	746MM	4.7MM

Agriculture: Bulgaria/Romania/Croatia

Eastern European agriculture sector is on the rise.

Bulgaria: GDP- \$58 billion

Agriculture: 5.2% of GDP

Croatia: GDP- \$60 billion

Agriculture: 4.3% of GDP

Romania: GDP- \$199 billion

Agriculture: 11.8% of GDP



Agriculture: Bulgaria/Romania/Croatia

Since joining the EU in 2007, the farming sectors in Romania and Bulgaria have seen rapid development and can now be ranked among the leading producers and exporters in the bloc of grains such as wheat, maize and barley.

Challenges Remain

- Productivity
- Irrigation
- Investments

Solutions: U.S. companies

- Monsanto
- Cargill
- ADM
- JohnDeere
- AGCO/GSI
- CNH
- Valmont
- TNL Irrigation
- Reinke

Ex-Im Bank: Key Elements

There must be three elements to an Ex-Im Bank transaction.

Cover Policy:

- We must be open in the buyer's country.

Content:

- The U.S. Export must have significant U.S. content.

Creditworthiness:

- The transaction must have reasonable assurance of repayment.

Country: Cover Policy

- **Bulgaria:** Open Across the Spectrum-Financing through Short, Medium and Long Term Programs
- **Croatia:** Open Across the Spectrum-Financing through Short, Medium and Long Term Programs
- **Romania:** Open Across the Spectrum -Financing through Short, Medium and Long Term Programs

Country	Public			Private		
	Under 1 year	1 - 7 Years	Over 7 Years	Under 1 Year	1 - 7 Years	Over 7 Years
Bulgaria	ST	MT	LT	ST	MT	LT
Croatia	ST	MT	LT	ST	MT	LT
Romania	ST	MT	LT	ST	MT	LT

✓ Country: Where is Ex-Im Bank Available in SSA?

- Short-Term (<360 days)
- Medium-Term (up to 5/7 years)
- Long-Term (up to 10/12/15/18 years)

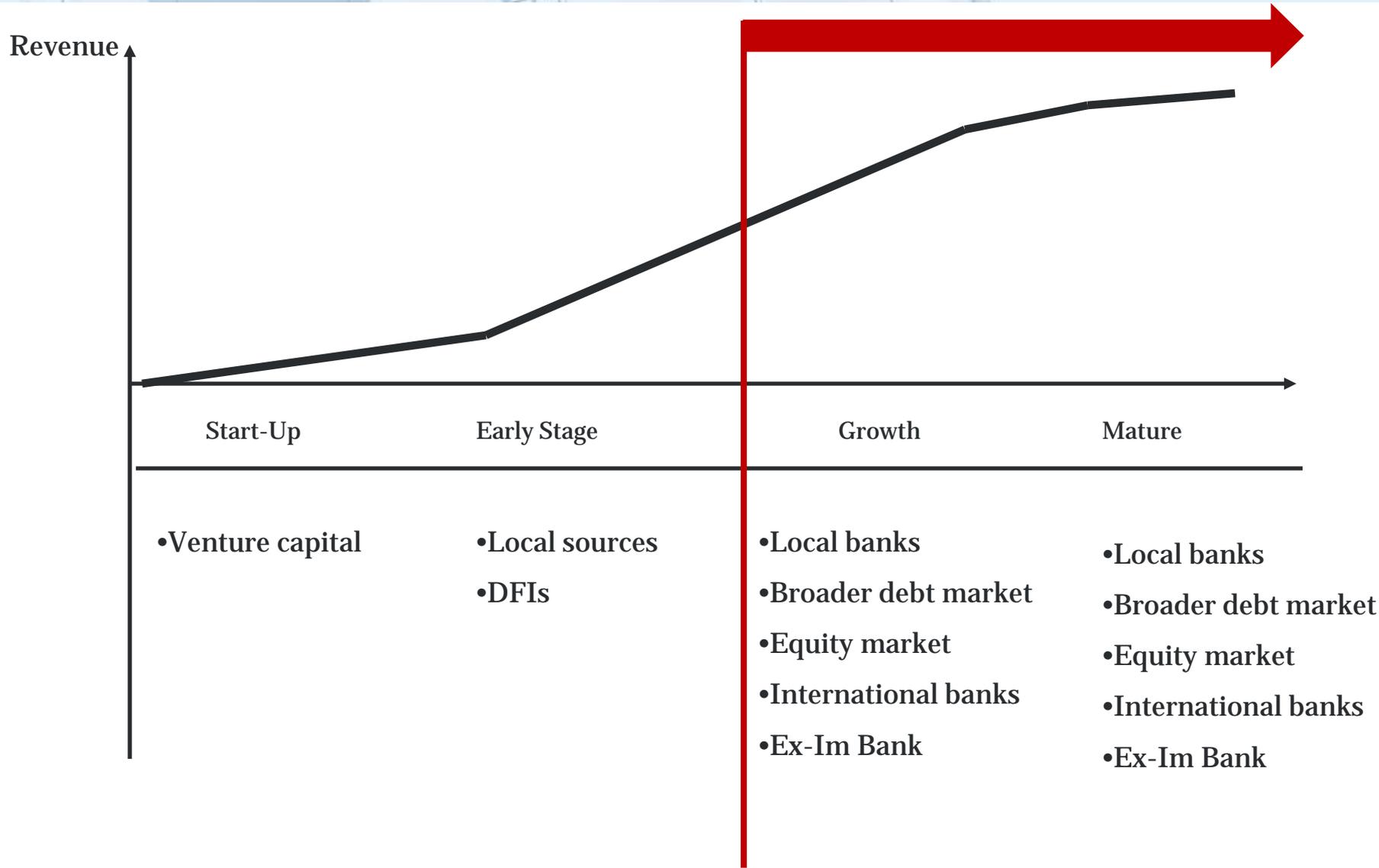
✓ Go to www.exim.gov to check our Country Limitation Schedule for availability in your country of interest

✓ Content: We have a “made in the USA” Content Policy

- Export must be exported from the United States
- 51% U.S. content for short-term transactions
- up to 85% U.S. content for medium/long-term transactions (OECD driven)
- Services must be performed by US-based personnel, either in the US or in the “host” country

✓ Check with the US exporter to see if they manufacture and export from the USA

Credit: Ex-Im Bank typically finances seasoned buyers



Primary Financing Products

Term

Solutions

Short-Term Financing



- Export Credit Insurance
- Working Capital Guarantees

Medium & Long-Term Financing



- Export Credit Insurance
- Commercial Loan Guarantees
- Direct Loans
- Project/Structured Finance
- Transportation (Aircraft)

Ex-Im Bank Financing Is Competitive

		Current			Previous		
		15.10.16	to	14.11.16	15.09.2016	to	14.10.2016
Repayment Term (years)	Repayment Terms	New Nuclear Power and Large Hydro-power Projects[1]		All Other Contracts	New Nuclear Power and Large Hydro-power Projects[1]		All Other Contracts
Up to and including 5 years	≤ 5 years	1.90		1.90	1.85		1.85
Over 5 and up to and including 8.5 years	> 5 to ≤ 8.5 years	2.18		2.18	2.13		2.13
Over 8.5 years	> 8.5 to < 11 years	2.46		2.46	2.40		2.40
11 to 12	≥ 11 to ≤ 12 years	2.46		2.46	2.40		2.40
13	>12 to ≤ 13 years	2.72		2.66	2.65		2.60
14	>13 to ≤ 14 years	2.77		2.72	2.70		2.65
15	>14 to ≤ 15 years	2.77		2.72	2.70		2.65
16	>15 to ≤ 16 years	2.88		2.77	2.81		2.70
17	>16 to ≤ 17 years	2.93		2.77	2.86		2.70
18	>17 to ≤ 18 years	2.93		2.83	2.86		2.76



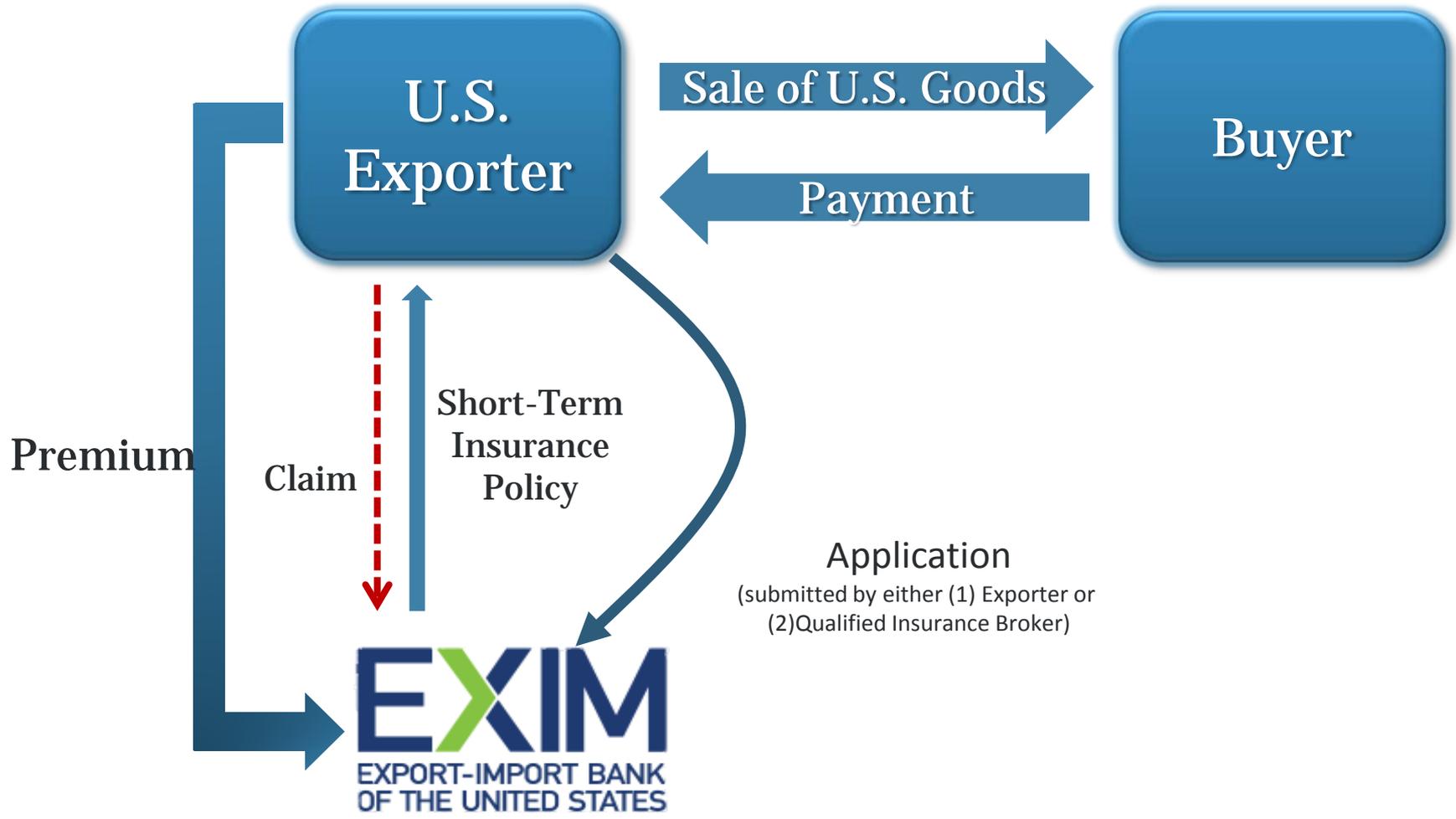
Short Term Insurance

U.S. Content Policy—ST products

For Short-Term products:

- The product must have at least 51% US content to support the entire transaction.
- Products must be manufactured in and shipped from the U.S. (For pre-export, companies must be located in the U.S.)

US Exporter Held Insurance Policy



Short-term Credit Standards (STCS) for single-buyer policies (ESS) that the buyer will need to pass

**Up to
\$50,000**

Credit Agency
Report
or

- One of the following:
- Trade Reference
 - Applicant's Ledger Experience

**\$50,001 -
\$100,000**

Credit Agency
Report
and

- One of the following:
- Trade Reference
 - Applicant's Ledger Experience

**\$100,001 -
\$300,000**

Credit Agency
Report
and

- One of the following:
- Trade Reference
 - Applicant's Ledger Experience
 - Financials for 2 most recent fiscal years

STCS for Single Buyer Policies greater than \$300,000 that the buyer will need to pass

Credit Limit of \$300,001 - \$1 million

Obligor in same business for 3 years

Favorable Credit Report

Favorable Trade References

Financial Statements for 2 most recent FY

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

Operating and net profit

Current ratio > 1.25

Total Liabilities/ Tangible Net Worth ratio ≤ 2.5

No Material Adverse Issues

Credit Limit of \$1,000,001 to \$10,000,000

Obligor in same business for 3 years

Favorable Credit Report

Favorable Trade References

Favorable bank reference

Financial Statements for 3 most recent FY

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

Operating and net profit

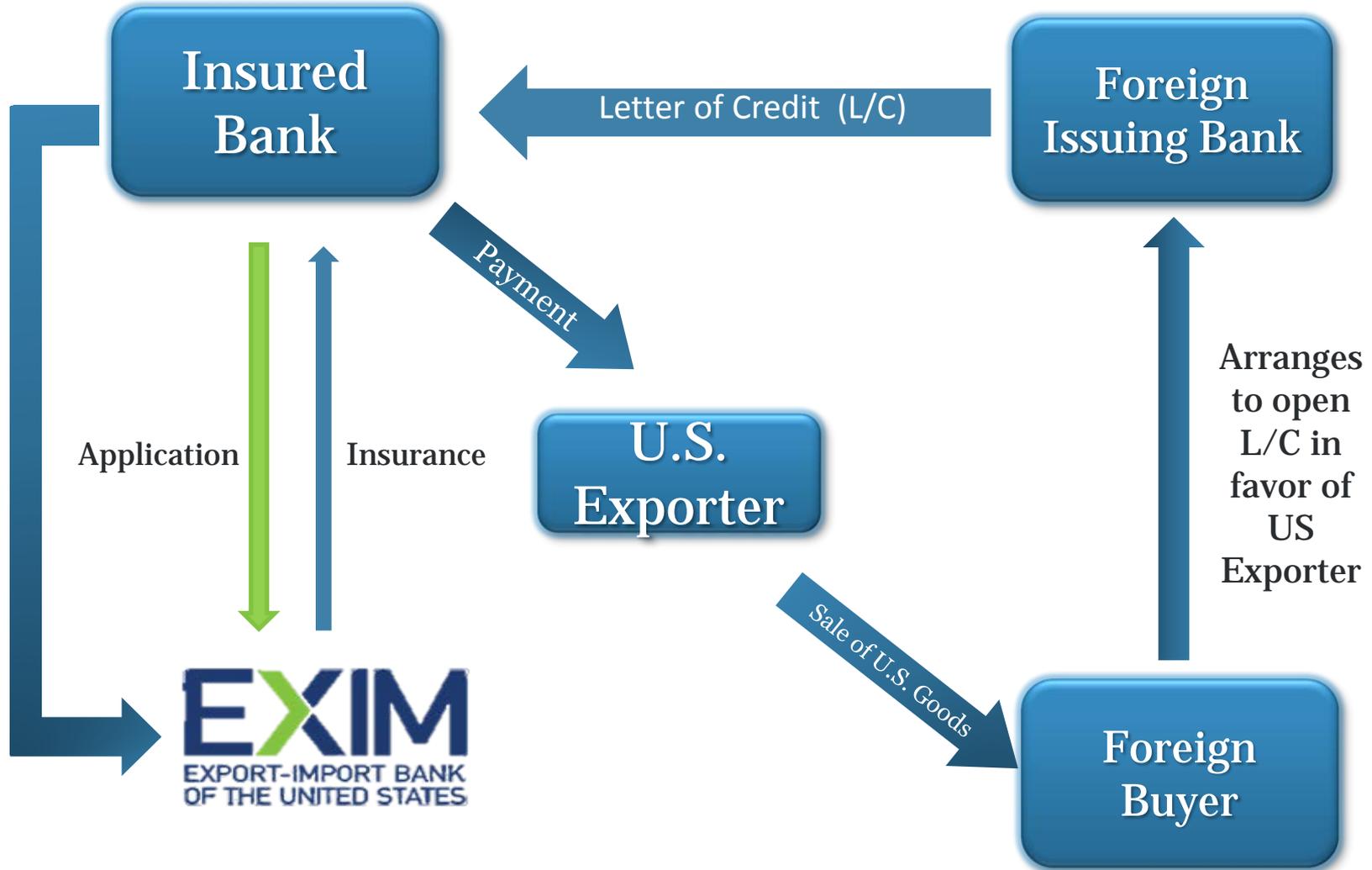
Positive net cash from operations

EBITDA/Debt Service ≥ 1.5

Total Liabilities/ Tangible Net Worth ratio ≤ 2.5

No Material Adverse Issues

EXIM's Bank Letter of Credit Policy insures the Beneficiary's Bank against Issuing Bank default.



Application for ST Insurance

The following are the required steps to obtain an Export Credit Insurance policy:

1. U.S. exporter and international buyer negotiate a sales contract;
2. International buyer supplies the U.S. exporter with financial information, as required by Ex-Im Bank's credit standards.
3. U.S. exporter submits insurance application to Ex-Im Bank, which includes requisite financial information received from the buyer.



Medium/Long Term Guarantees

General Requirements - MT and LT Programs

Contract Amount

- No minimum or maximum size limit

Cash Payment

- 15% cash payment to exporter required - can be financed separately

US Content

- Ex-Im covers the lesser of 85% of the US Contract amount, or 100% of the US - sourced equipment and services included in the contract

Military

- No military equipment

General Requirements

MT – Credit Insurance and Loan Guarantees

For capital equipment and related services

- amounts < \$10 million
- repayment terms of < 5 years (exceptionally 7 years)

Buyer Credit Standards

- minimum 3 year history
- reliable financial statements
(audited if credit > \$1 million)
- Buyer must meet certain financial ratios

See <http://www.exim.gov/tools/credit-standards.cfm>

General Requirements

LT – Direct Loans and Loan Guarantees

For large ticket items and project – related finance

- amounts > \$10 million
- repayment terms of 7 to 12 years

Additional Requirements

- more technical information in support of application
- Engineering and Environmental review
- detailed “Acquisition List”
- compliance with Maritime Administration (MARAD) shipping policy (U.S. registered vessels)

Calculation of Ex-Im Financed Amount

Example

U.S. Supply Contract	\$100,000,000	
■ U.S. Content	70,000,000	
■ Eligible Foreign Content	+ <u>10,000,000</u>	
Net Contract Price	\$ 80,000,000	
■ <i>Less:</i> 15% Cash Payment	- <u>12,000,000</u>	
Financed Portion	\$ 68,000,000	30%
■ <i>Plus:</i> Eligible Local Costs	+ <u>24,000,000</u>	
	Total Financed Amount	\$
<u>92,000,000</u>		

* Ex-Im finances the lesser of i) 85% of the value of all eligible goods and services in the U.S. supply contract, or ii) 100% of the U.S. content in all eligible goods and services

See <http://www.exim.gov/generalbankpolicies/content/calculating-ex-im-bank-support-example.cfm>

Medium/Long-term Application Processing has Several Steps

Approval Phase

Final Commitment Application

Due Diligence
> Loan Division
> Environmental
> Engineering

Board or Credit Committee Presentation

Approval of Final Commitment

Documentation Phase

Draft of Credit Agreement

Negotiation of Credit Agreement

Execution of Credit Agreement

Condition Precedents

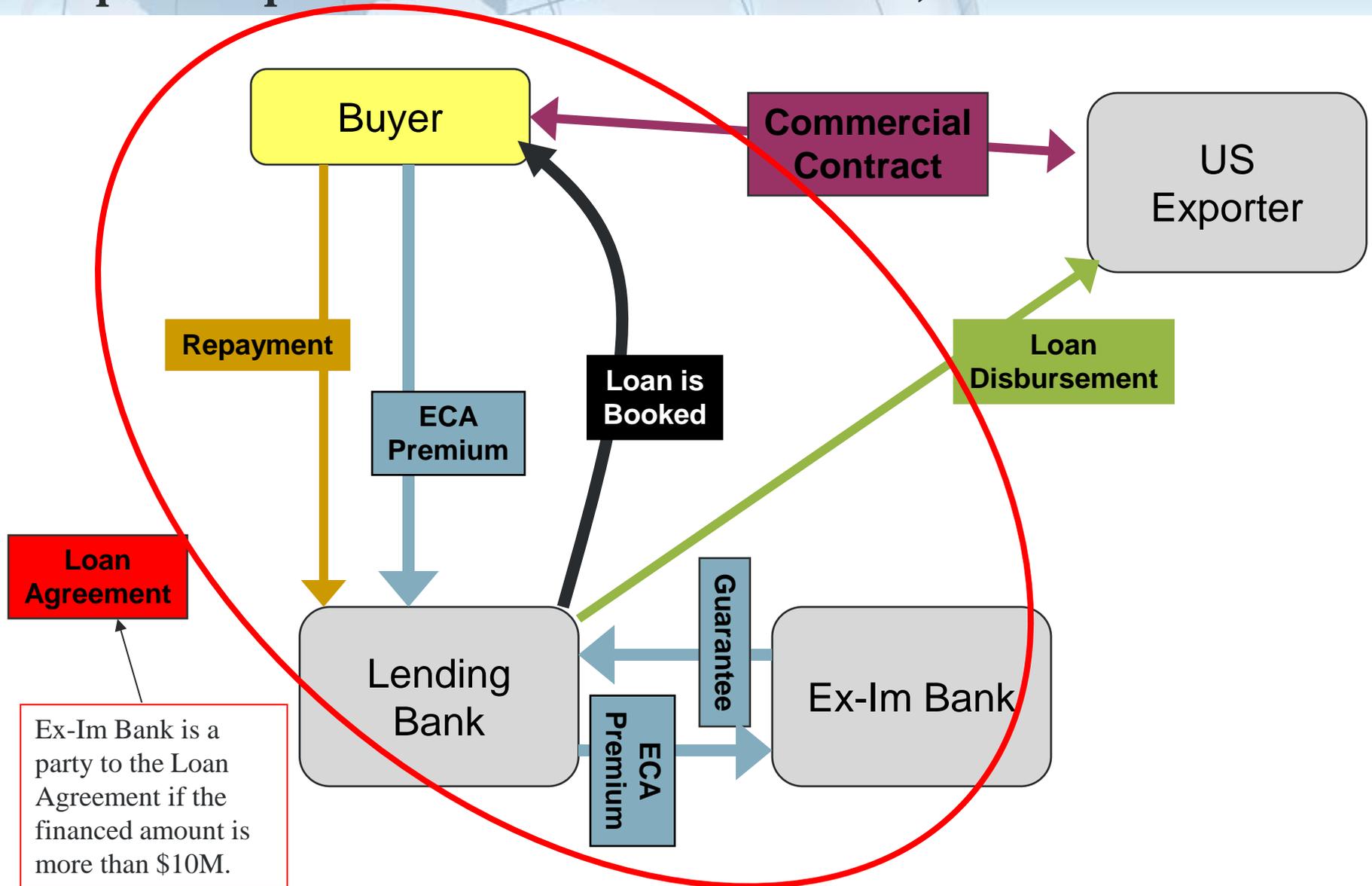
Disbursement Phase

3 Disbursement Methods

- Reimbursement*
- Letter of Credit*
- Direct Payment

***for transactions greater than \$20 million, only reimbursement or L/C**

Basic structure of a guarantee with corporate risk (if the corporate passes our credit standards)



Applying for Ex-Im Bank Guarantee

Requirements for MT Guarantee

- Completed Guarantee Application and supporting documentation
- Completed Annex A to the Medium-Term Application
- Credit Report on U.S. Exporter(s)
- Credit report or informational profile on the End-User (Buyer)
- Sales contract, invoice or purchase order
- Transaction summary
- Formal Commitment Letter from the Guarantor Bank
- Legal documentation as required

Additional Requirements for LT Guarantee

- Technical information in support of Transaction Summary
- Engineering and Environmental review and documentation
- Acquisition List
- Compliance with Maritime Administration (MARAD) shipping policy (U.S. registered vessel requirements)

See: <http://www.exim.gov/products/loanguarantee/>

Export Finance Solutions

Long Term Loan Guarantees & Direct Loans –

Generally used for buyer financing in amounts over \$10 million and 7 - 12 year repayment terms

- Generally, large-ticket items (aircraft) and project finance
- Renewable energy and water sanitation projects can receive 18-year terms
- **Additional Requirements**
 - technical information in support of transaction summary
 - Engineering and Environmental review and documentation
 - detailed “Acquisition List”
 - compliance with Maritime Administration (MARAD) shipping policy (U.S. flag vessel requirements)



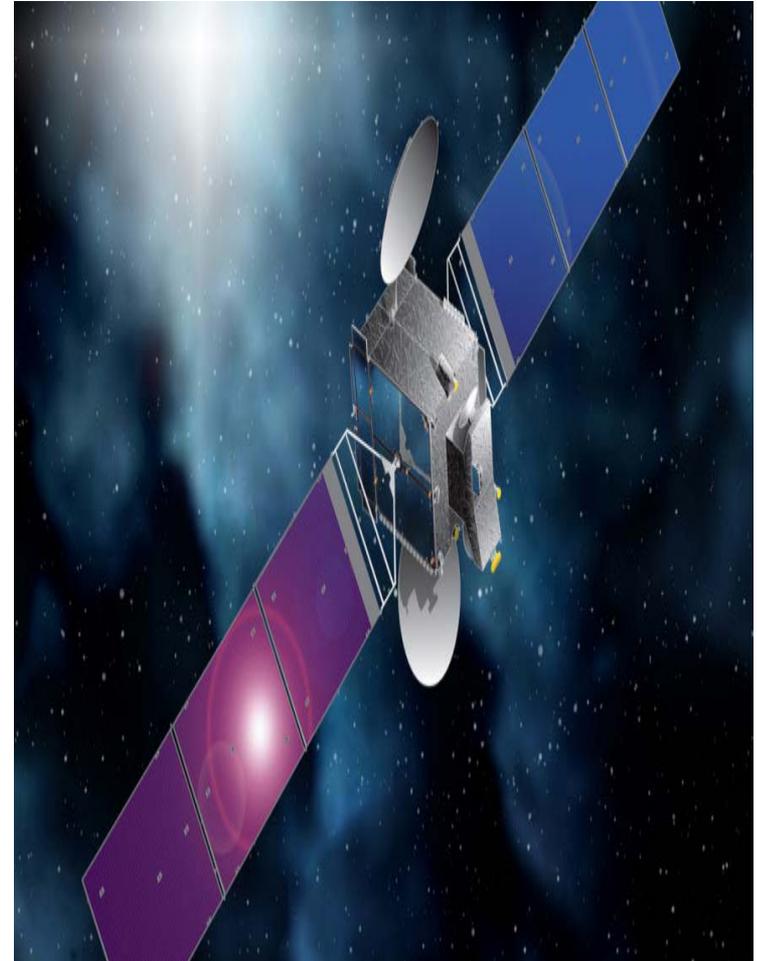
Success Stories

Success Story: Bulgaria



Space Systems/Loral LLC

- BulgariaSat 1 is a geostationary communications satellite to provide Direct-to-Home (DTH) television and communication service in the Balkan region.



Solar Components for Romania

- Country: Romania
- Sponsor: Enolia Solar Systems
- U.S. Sourcing: Solar Components



Success Story: Short-Term Insurance-Croatia

- **Buyer:** Bonimed D.o.o
- **Exporter:** Transfer Point Inc.- multi-buyer policy with EXIM
- **Product:** Manufactures of dietary supplement products.

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Thank you