Structured and Project Finance at Ex-Im Bank
A Quick Introduction
What You Will Learn Here

- What cases does the Structured Finance Division handle?
- What is the difference between “project” and “structured” finance?
- What are the basic principles of a limited recourse structure?
- How long will my PF transaction take to process?
- Who at Ex-Im gets involved in PF transactions?
The Structured Finance Division

The SFD handles transactions that are:

1. corporate credits (no bank or sovereign guarantee) for over $10 million
2. “structured”
3. limited recourse project financings
## Structured & Project Finance: What is the Difference?

<table>
<thead>
<tr>
<th>Structured (Typical)</th>
<th>Project Finance</th>
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<tbody>
<tr>
<td>➢ Existing company borrower financing an expansion</td>
<td>➢ SPV borrower financing a greenfield project or expansion</td>
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<tr>
<td>➢ Full recourse to borrower</td>
<td>➢ Limited recourse to parent companies</td>
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<tr>
<td>➢ Analyze historical &amp; projected cash flows</td>
<td>➢ Analyze project’s future cash flows</td>
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<tr>
<td>➢ Limited “perfection of security”</td>
<td>➢ Complex documentation to perfect security</td>
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<tr>
<td>➢ Can finance 85% of project costs (subject to U.S. content rules).</td>
<td>➢ More than 15% equity required, so total debt provided less than 85%</td>
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Terms (OECD guided)

Structured Finance
- Pay interest during construction (IDC)
- Maximum repayment term usually 10 years
- Flexible amortization in some cases limited by WAL of 5 to 6.25 years
- Finance for: local costs connected to export contract, ancillary fees

Project Finance
- Capitalize IDC
- Maximum repayment term usually 14 years
- Flexible amortization limited by WAL of 7.25 years
- Finance for any local costs up to 30% of U.S. contract value and ancillary fees
**PF Project Structure**

**Host Government**
Legal/regulatory framework & evident support

**Input Contracts**
Guaranteed supply of inputs to project

**SPV**
Made up of project sponsors that provide equity. SPV is the borrower.

**Off Taker**
Provides revenue stream to project. Must be creditworthy.

**EPC**
Likely source of U.S. content. Must show technical experience.

**O&M**
Contract with capable firm extends beyond repayment term.
Top Questions to Ask Yourself

1. What is being exported from the U.S.?
2. Is the transaction CLS compliant? (based on the borrower for structured transactions and the offtaker for limited recourse deals)
3. What structure are you proposing?
4. If yours is a limited recourse transaction:
   1. Who are the sponsors?
   2. How much equity is provided?
   3. Is the offtaker creditworthy?
   4. Who is your financial advisor?
PROJECT FINANCE PROCESS: Phase I

- Letter of interest complete
- Application received
- Internal review complete
- Advisor & counsel retained
- Project finance consultation
- PPL issued or project rejected

- 5 days
- 7-14 days
- 45 days
PROJECT FINANCE PROCESS: Phase II

- **PPL issued**
- **Sponsor/Ex-Im negotiation of key financial terms**
- **internal board action**
- **Congressional review complete final Board approval**
- **time for issue resolution**
- **document execution**
- **35 days disbursement**

- **financing negotiations**
- **conditions precedent**
The Ex-Im Bank Team

- International and Domestic Business Development
- Structured Finance Division
- Other parts of the Bank
  - General Counsel
  - Engineering and Environment
  - Country Risk Analysis
  - Board of Directors
  - Credit Review and Compliance
  - Asset Monitoring