

A Belgian project in Brazil: the support of a Belgian financing

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1. Export Finance

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1.1. Why Export Finance ?

Why are Brazilian buyers asking for credits ?

- Financial capacity ? > Investment goods/projects (high amounts)
- Feasibility (repayment) ? > Medium & Long Term credits
- Protection ? > Fixed interest rate
- Reduce cost ? > Moderate interest rate

*Why are Brazilian buyers asking for credits to
the bank of the Belgian seller ?*

- Interesting interest rates
- Possibility to offer long term repayment period
- Possibility to offer fixed interest rates
- Broader access to foreign currencies

*Commerzbank is helping a potential buyer and the exporter to take an investment decision by offering a **competitive financial package** which*

...

- is transparent
- has a fixed interest rate for the whole life of the credit (if requested)
- has limited administration
- is flexible

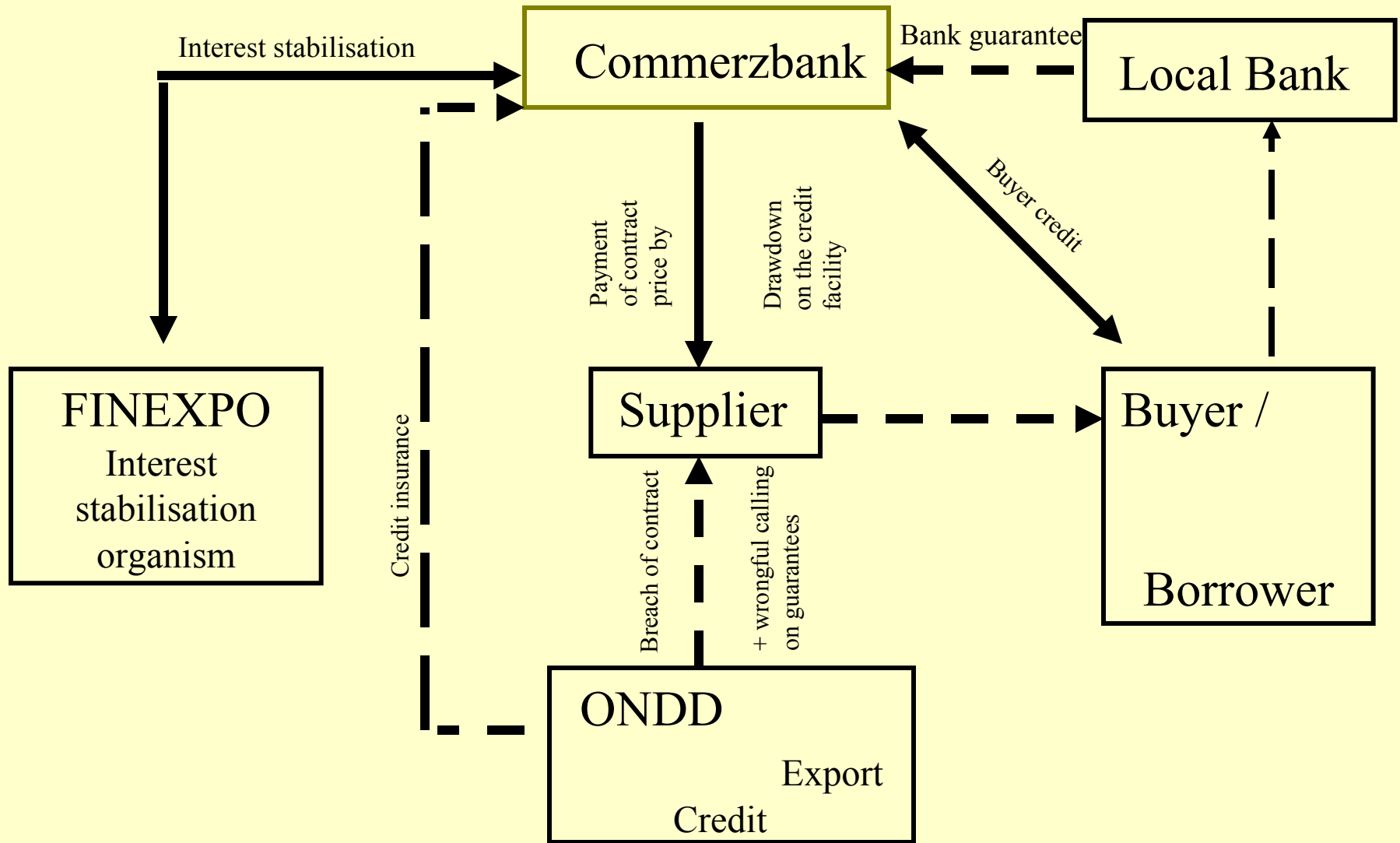
1.2. Types of Export Finance Credits

- Supplier's credit
- Buyer's credit
- General purpose agreement
- Multi sourced

Buyer's Credit – the 'classical' solution

- Separate agreement (legally independent from the commercial contract) where a bank is giving a credit to the Brazilian client, which is used for cash payments to the exporter
- When the credit is given to the bank of the Brazilian client = financial credit

Buyer's Credit



Financial Costs

Limited to – no surprises:

- ONDD Premium (cover loan amount + interests)
- Bank fees
 - Management fee
 - Commitment fee
 - Structuring fee (multisourcing)

1.3. Our partners in Export Finance : ONDD and FINEXPO

*Office National du Ducroire/
Nationale Delcrederedienst (ONDD)*

- Created in 1939
- Belgian state credit insurance company
- Promoting international economic relations by covering risks linked to exports, imports and investments in foreign countries
- Is covering operations for its own account or for account of the Belgian state

ONDD: What can be financed (OECD framework) ?

- 85% of the contract amount
- 15% of the contract amount (if local cost)
- Interim interest during construction period
- 100% of the insurance premium

Finexpo

- Interest rate stabilisation MLT-credits in foreign currency in line with the CIRR for the export of Belgian equipment goods and services outside the OECD

Win win win ?

- Win! Exporter offers complete solutions package
- Win! Client receives favourable financing
- Win! Bank ...

“The proof of the pudding is in the eating ...”

2. Public Private Partnerships (PPPs)

PPP - Definition

- Government, State or Municipality grants private sector a concession. Private sector bidders compete to win concession.
- Concession imposes the following risks on the private sector: design, construction, financing, operation, handback.
- Concession grants rights for to private sector for 25 - 60 years to earn revenues either by tolls paid by users or monthly shadow tolls / availability fees paid by public sector.

PPP - Key Drivers

- Traditional Government infrastructure procurement (based on specifying inputs to the private sector) has a bad track record of cost overruns and delays > inefficient and poor value for money .
- If Government specifies outputs and transfers long term risks to the private sector it is possible to evaluate if the higher financing costs and private sector equity returns of PPPs will generate value for money compared to traditional procurement .

PPP - Key Drivers

- PPPs are attractive if their related debt financings are excluded from Government Debt .
- PPP lenders being prepared to provide very long tenors to match concession lives .

PPP – Some Commerzbank References

- **M6 Motorway Hungary:** Lead Arranger, Underwriter, Bookrunner, Modelling Bank for the €450m availability financing completed in record time.
- **A2 Motorway Poland:** Lead Arranger, Underwriter, Bookrunner, Technical Bank for the €875m real toll financing currently converting to shadow tolls.
- **M5 Motorway Hungary:** Lead Arranger, Underwriter, Bookrunner, General Agent for the €380m real toll financing (recently refinanced as an availability financing).

3. Questions & Information

COMMERZBANK's presence in

- EUROPEAN UNION
- CENTRAL & EASTERN EUROPE
 - Croatia
 - Czech Republic
 - Hungary
 - Poland
 - Romania
 - Serbia
 - Slovakia
- FORMER SOVIET UNION
 - Belarus
 - Kazakhstan
 - Russian Federation
 - Ukraine
 - Uzbekistan
- ASIA
 - Australia
 - China
 - Hong Kong
 - India
 - Indonesia
 - Japan
 - South Korea
 - Malaysia
 - Singapore
 - Taiwan
 - Thailand
 - Vietnam

COMMERZBANK's presence in

- AMERICA
 - USA
- SOUTH AMERICA
 - Argentina
 - **Brazil**
 - Cayman Islands
 - Mexico
 - Venezuela
- AFRICA
 - Egypt
 - South Africa
- BUT ALSO
 - Bahrain
 - Iran
 - Lebanon
 - Turkey

Commerzbank: The benefits of global presence

- local support for your export activities financing thanks to flexible and interdependent global network
- existence of general purpose agreements with a large number of Brazilian banks: e.g. Bradesco, ...
- export finance & PPP know-how and expertise
- Belgium: excellent relationship with ONDD

Questions & Information

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