



Ex-Im Bank \$1 Billion Preliminary Commitment (PC) for the State of Rio de Janeiro, Brazil—Frequently Asked Questions

1. What is a PC and will Ex-Im Bank be the Lender on these transactions?

A PC is an offer of Ex-Im Bank financing subject to Ex-Im Bank's review of a Preliminary Commitment application for the financing of U.S. exports supported by a purchase contract. The Preliminary Commitment application can be found on Ex-Im Bank's website at: <http://www.exim.gov/tools/appsforms/documents/eib95-10all.pdf>. As is the case with most Ex-Im Bank transactions, we expect that transactions will be structured with an international commercial bank as lender. However, while Ex-Im Bank does not wish to compete with the commercial banking sector, we can consider direct loans if requested.

2. How will the transactions be structured?

We expect the borrower on these transactions to be the State of Rio de Janeiro, with the sovereign guarantee of Brazil's Ministry of Finance. However, other borrowers with the sovereign guarantee will be considered.

3. What is the repayment term?

Transactions can be short, medium or long term, however we expect that because the focus is infrastructure, most will be long-term, i.e., an amount over \$10 million and a repayment term exceeding 7 years. As is the case for all Ex-Im Bank long term transactions, they would be subject to review by the Engineering & Environment Division and Policy Division, and would be presented to Ex-Im Bank's Board of Directors for final authorization.

4. How will the exposure fee be determined?

Given that the transactions will carry the sovereign guarantee of the Ministry of Finance, the Exposure Fee calculator on Ex-Im Bank's website (www.exim.gov) will be used. The fee charged would be the Sovereign fee which indicates a Transaction Risk Increment of 0 for sovereign transactions in Brazil. Ex-Im Bank will also charge a guarantee commitment fee on the undisbursed balance of the loan of 1/8 of 1% per annum, and a commitment fee of 1/2 of 1% on direct loans. For guaranteed loans the commercial lender will determine the interest rate and for direct loans the interest rate will be set according the Commercial Interest Reference Rates (CIRR) which are available on Ex-Im Bank's website.

5. Will other transaction structures be considered?

It is envisioned that the State of Rio de Janeiro would be the borrower, with its debt obligation guaranteed by the Ministry of Finance, which conveys the sovereign guarantee of Brazilian government. However, alternative transaction structures may be considered.

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