



ČESKÁ EXPORTNÍ BANKA  
C Z E C H   E X P O R T   B A N K

# Support to Czech Exporters and Russian Investors by Export Finance Tools in Energy Projects

*Russian Business Day*

*October 08, 2013*

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Vice-Chairman of the Board  
Deputy CEO*

# Czech Government's Export Promotion Scheme



MINISTERSTVO  
PRŮMYSLU A OBCHODU

**Ministry for Industry  
and Trade**

- defends trade interests of the Czech Republic within the EU, WTO, OECD
- contributes to abolishing trade barriers
- supports Czech official participation in international trade fairs, etc.
- state-owned insurance company covering export credit risks



**EGAP**

**EGAP**



ČESKÁ EXPORTNÍ BANKA  
CZECH EXPORT BANK

**Czech Export Bank**

- state-owned bank financing officially supported export credits



**CzechTrade**

- export assistance and advice
- individual counselling
- export education



ČESKÁ EXPORTNÍ BANKA

# Czech Export Bank In A Nutshell

CZECH EXPORT BANK plc (CEB) is a **specialized banking institution**, one of main vehicles in the Czech government's export promotion scheme

**100% government-owned**, a not-for-profit joint-stock company

Operating **in line with the rules of OECD** Arrangement on Officially Supported Export Credits

Utilizing standard **insurance cover of EGAP**, another Czech Export Credit Agency

Integral part of the Czech Republic's banking system, fully **subject to standard banking regulations**

**Supplementing local commercial banks'** services

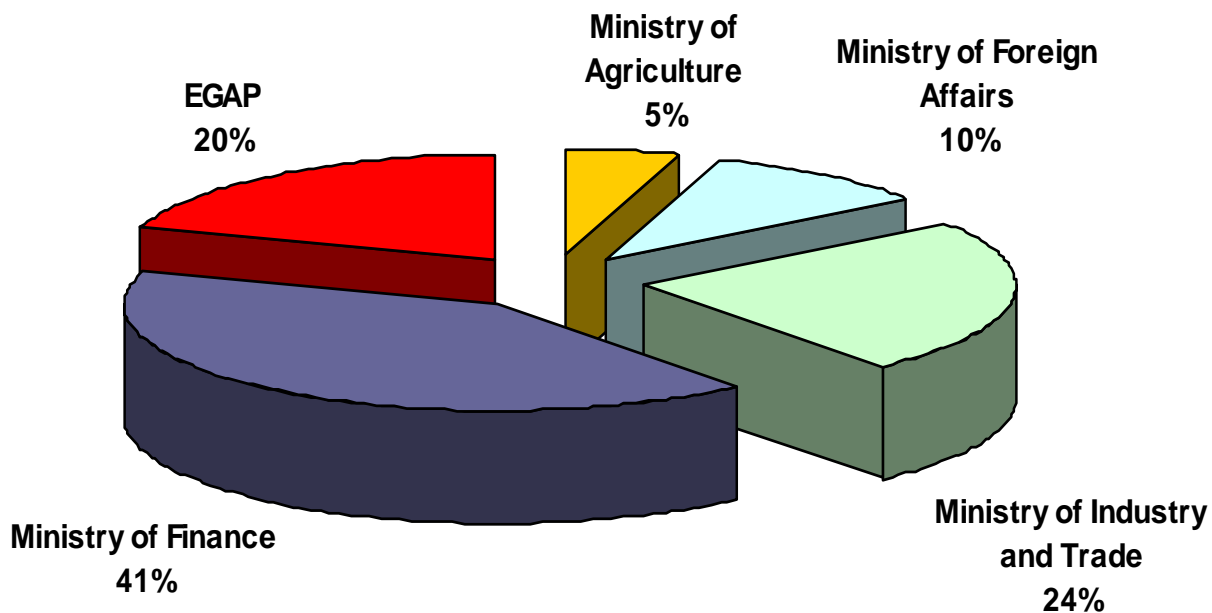
Rating mirrors that of the Czech Republic:

**Moody's  
S&P**

**A1  
AA-**

# CEB – Shareholders' Structure

Registered capital of CEB: **CZK 4 billion** (approx. EUR 160 mil.)



# CEB's Results In 2012

**54 business transactions** completed;

Volume of signed contracts – **CZK 26 billion** (EUR 1 billion), i.e. one of the best results in recent years;

Largest contract signed in 2012 – **metallurgical works** in the Russian Federation with a total investment cost of about **EUR 331 million**;

**CZK 14,5 billion** (EUR 580 million) of loans disbursed;

Total assets of **CZK 83,5 billion** (EUR 3.3 billion) as of December 31, 2012;

Outstanding results in the **strategic segment of SMEs**:  
total volume of CZK 3 billion (EUR 120 million)

# Officially Supported Export Finance Under the OECD Arrangement

CEB provides official support for deals executed by **Czech exporters or investors**, but **credit may be extended to the buyer** or its bank.

CEB operates **in line with OECD regulations**, especially the **Arrangement** on Officially Supported Export Credits, which stipulates i.a. following **conditions for official support** with a repayment term of 2 years or more:

- buyers must provide a **down payment  $\geq 15\%$**  of contract value;
- official **support for local costs  $\leq 30\%$**  of contract value;
- **repayment term  $\leq 5 - 8,5$  years** (for „category I“ countries)  
**or 10 years** (for „category II“ countries);
- principal to be repaid in **equal instalments**, no less frequently than **every 6 months**; 1st instalment no later than 6 months after starting point of credit;
- official financing support for fixed rate loans applies the relevant **CIRR as minimum** interest rate.

# CEB's Main Product Portfolio

Borrower	Product
<b>CZECH EXPORTER</b>	Financing of production for export Financing of market research Supplier's credit Guarantees Purchase of export receivables
<b>CZECH INVESTOR</b>	Financing of investments abroad
<b>FOREIGN IMPORTER</b>	Buyer's credit
<b>EXPORTER'S BANK</b>	Refinancing of supplier's or buyer's credit
<b>IMPORTER'S BANK</b>	Refinancing of buyer's credit



# Support of Czech SME's

## 2012

- 20 loan and guarantee agreements signed
- 15 amendments signed
- 267 mil. CZK of new financing
- cooperation with Czech factoring companies:
  - 2 970 mil. CZK of financed receivables
  - 20 067 amount of financed receivables

## 2013/06

- 26 mil. CZK of new direct financing
- cooperation with Czech factoring companies:
  - 1 354 mil. CZK of financed receivables

# Support of Czech SME's

- CEB cooperate with the following commercial banks on the program for subcontractors of Czech exporters:
  - Česká spořitelna, a.s.
  - Československá obchodní banka, a.s.
  - Raiffeisenbank a.s.
  - GE Money Bank, a.s.
- agreements with other 2 bank are currently negotiated
- CEB started new cooperation with Českomoravská záruční a rozvojová banka, a.s. on acquisition and distribution of CEB's products

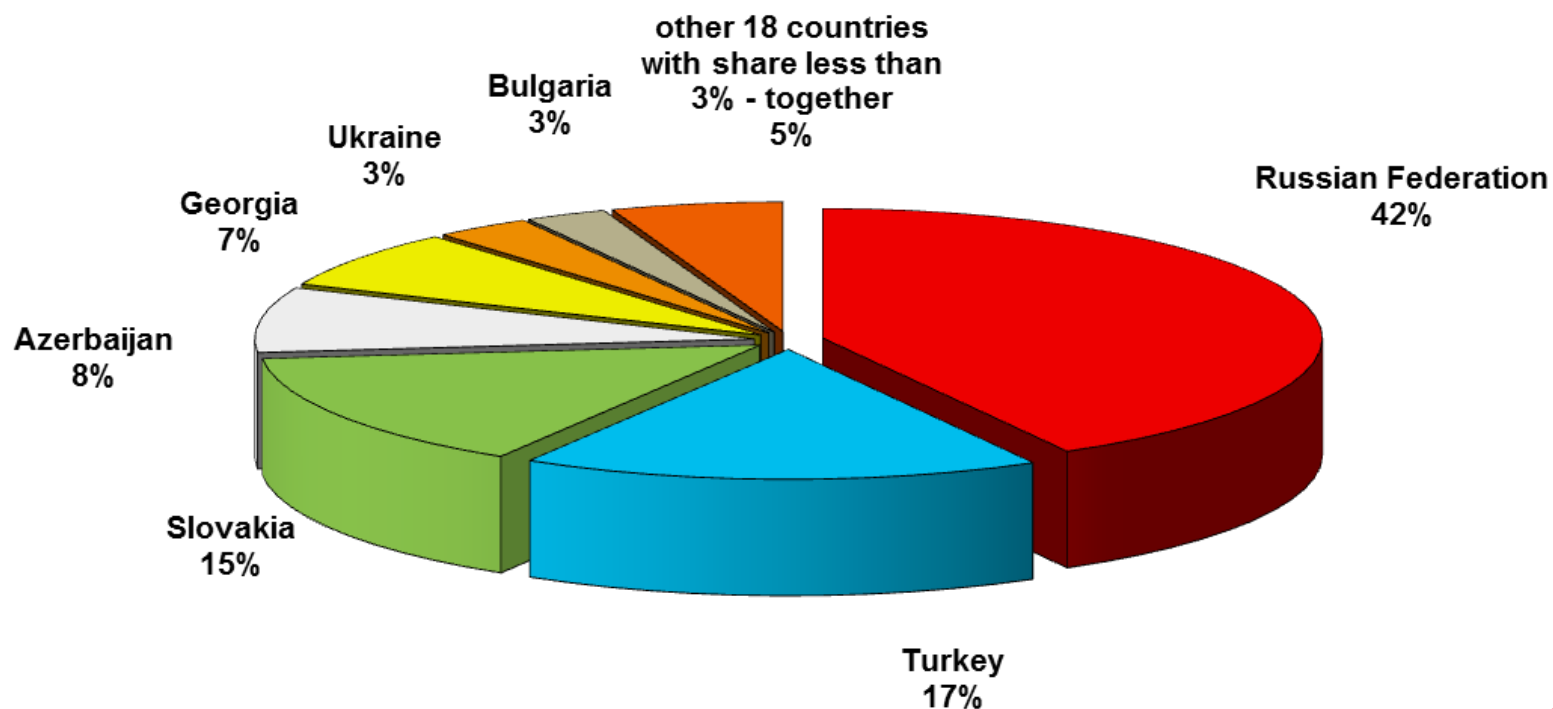


# **Russian Federation: Target Market of Czech Export Bank and its clients**

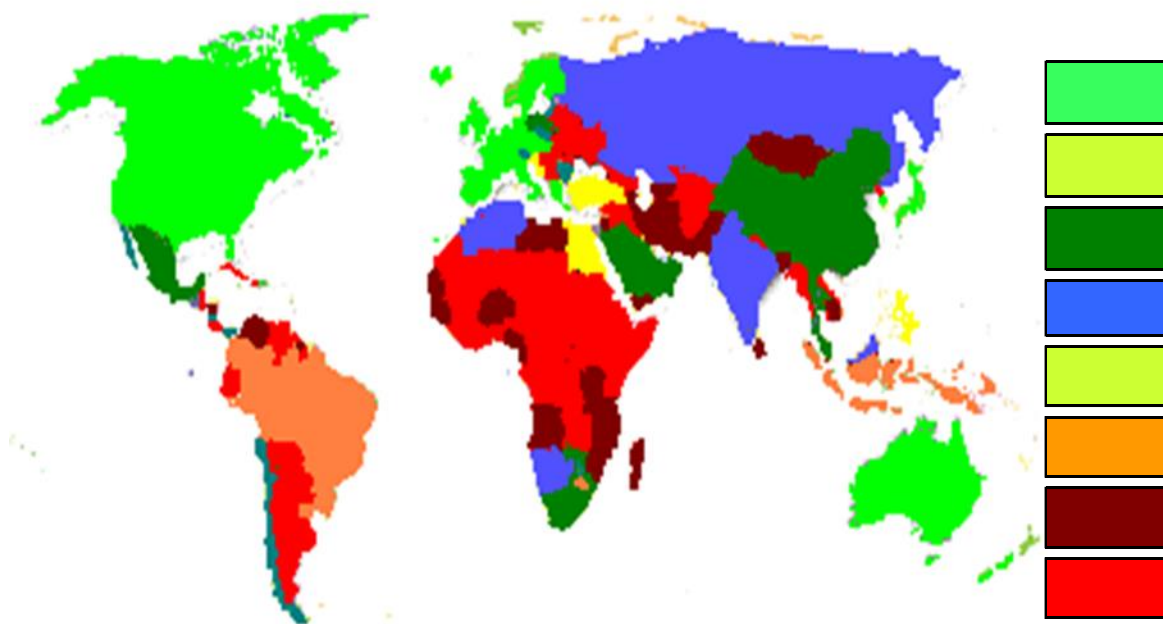
# CEB's Product Portfolio by Countries

(as of 30 June 2013)

Total value CZK 75,2 billion (EUR 2.9 billion)



# CEB's Product Portfolio vs. Czech Exports by Risk Classification



	Czech Exports %	CEB's credit portfolio %
Category 0	84,3%	16,0%
Category 1	0,3%	0,0%
Category 2	1,7%	0,3%
Category 3	6,4%	42,3%
Category 4	3,3%	19,4%
Category 5	1,2%	9,2%
Category 6	0,6%	8,7%
Category 7 and non-classified	2,2%	4,1%

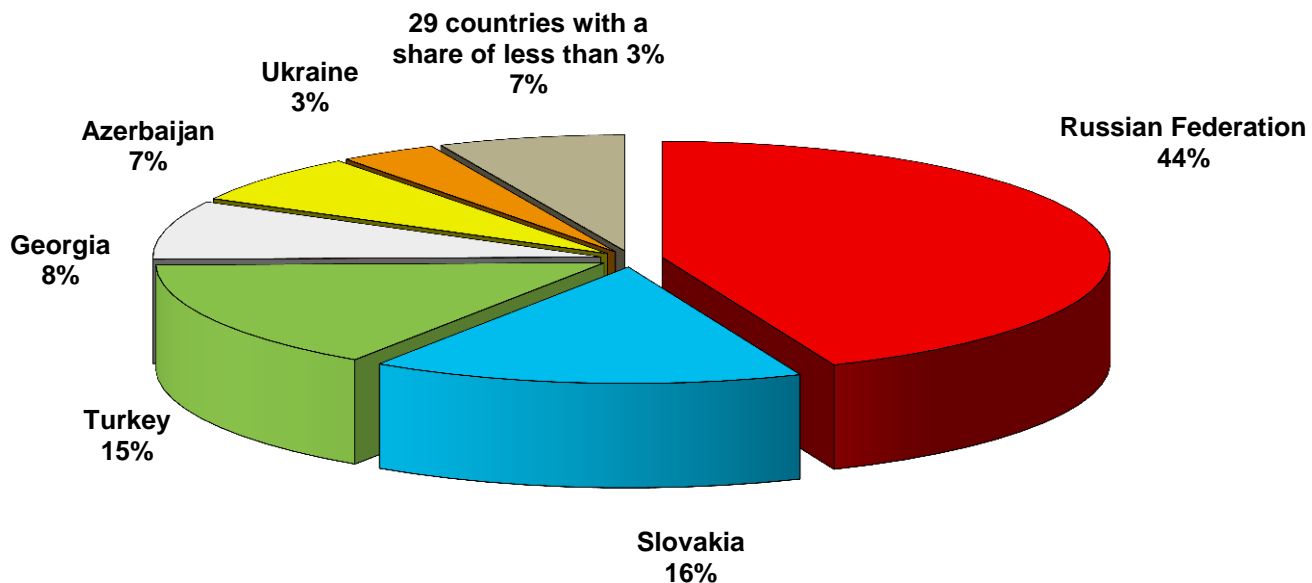
Sources: OECD, Ministry of Finance, CEB  
as of 30 June 2013

# Russian Federation: Target Market of Czech Export Bank and its clients

*Russian Federation is among 12 countries identified as priority countries of the Czech government's Export Strategy 2012 – 2020*

*Export to Russian Federation represented approx. 4 % of the overall Czech Exports in 2012*

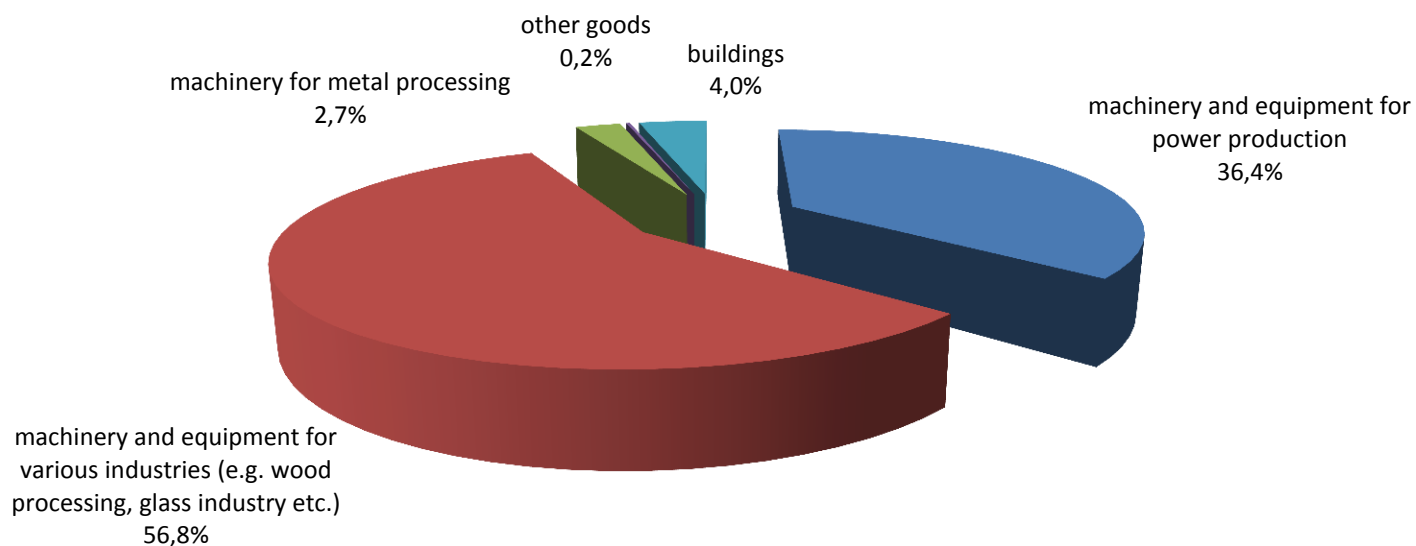
*Credit Exposure to Russia represented approx. 44 % of the Total Credit Exposure of CEB*



# Russian Federation: Target Market of CEB and its clients

***CEB is key partner to Czech exporters and their Russian partners in various segments of the Russian economy:***

**Commodity structure of Credit Exposure of CEB in Russian Federation  
per Dec. 31, 2012 (approx. EUR 1.197 million)**



# Russian Federation: Throughout the history of CEB

**Total volume of signed credit agreements**

**13 bln. EUR**

**loans**

**12 bln. EUR**

**guarantees**

**1 bln. EUR**

**Total volume of signed credit agreements to Russia**

**3,3 bln. EUR**

**loans**

**3,2 bln. EUR**


**guarantees**

**0,1 bln. EUR**

**38 czech exporters**



## Russian Federation: Examples of CEB Energy Financings



	<i>(million)</i>
Combined cycle power plant in Salechard	339 EUR
Construction of power plant in Kurgan	223 EUR

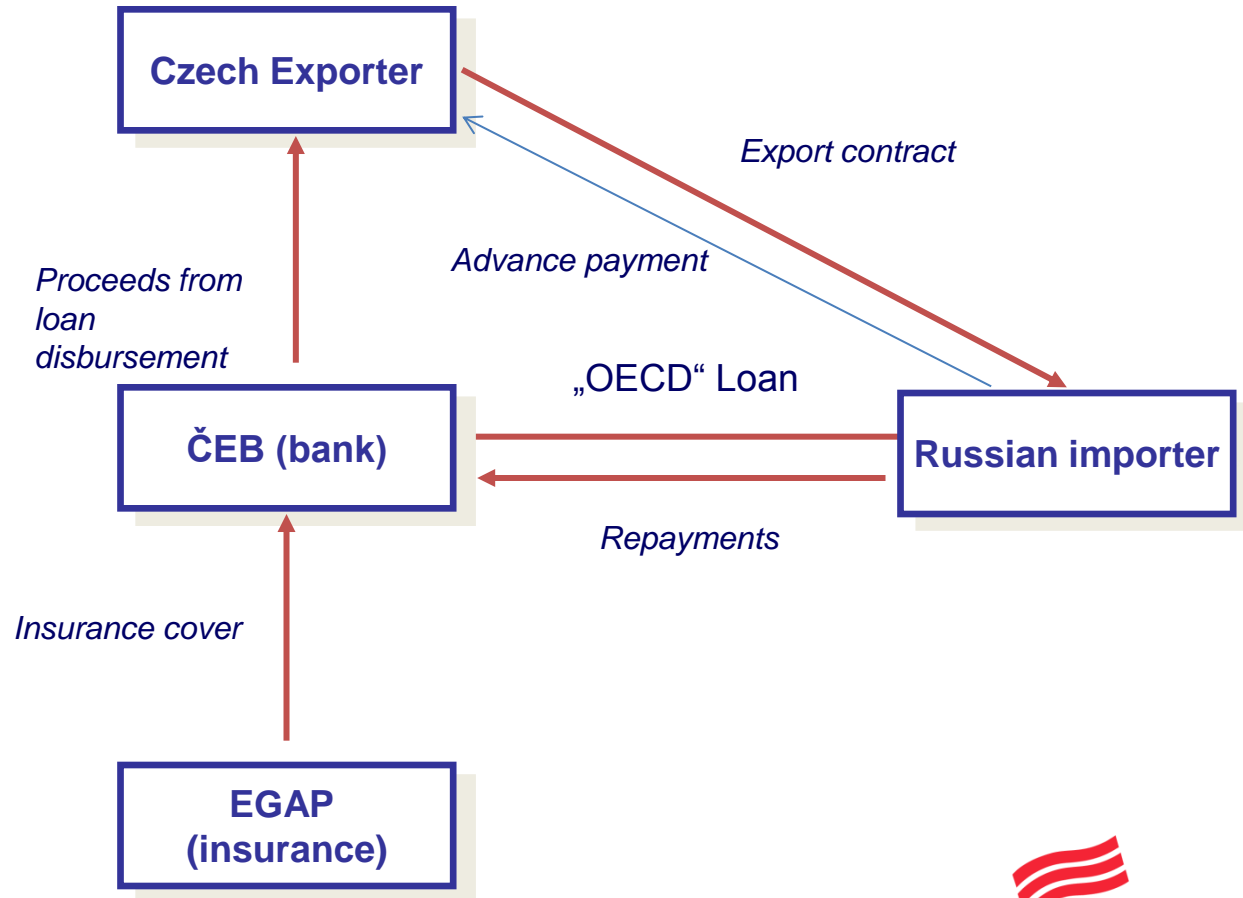


# **Buyers Credit – key CEB instrument on the Russian Market**

# Buyers Credit, i.e. cross-border loans to Russian importers is CEB's dominant product

## Buyers' Credit Scheme

- Provided by exporter's bank to importer (or importer's bank)
- Exporter receives financing just after delivery of goods
- The loan does not enter exporter's balance sheet (no impact on leverage)
- Exporter is not a party in lending relationship



# Buyers Credit brings benefits to both, Czech Exporters and Russian Investors

*Selected key benefits*

## ***Benefits to Czech Exporters:***

- ***Combination of Advance Payment, Pre-export Finance and subsequent proceeds from the disbursement of the Buyers credit***  ***fast and reliable source of working capital necessary for production and delivery of goods and services under the Export Contract***

## ***Benefits to Russian Investors***

- ***Even ambitious projects can be materialized by employment of relatively low level of equity – 15% Advance payment (B/S financing) or min 30% Equity for Project Finance***
- ***Medium to Long Term repayment of the Loans***
- ***Favorable pricing***
- ***Protection of Russian Investor's interests by Advance payment guarantees, Performance and Retention bonds***



**Thank you for your kind attention**

**Michal Bakajsa**

**Vice-Chairman of the Board  
Deputy CEO**

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