JBIC finance for Port Sector

March 19, 2012

Japan Bank for International Cooperation

JBIC is the international arm of Japan Finance Corporation (JFC)
Agenda

I. JBIC’s Profile

II. Introduction of JBIC Facility

III. Typical Risk in Sea Port Sector

IV. Case Study
JBIC is the international wing of Japan Finance Corporation (JFC) established on October 1, 2008. The predecessor of JBIC is the international Financial Operations of former JBIC.

JBIC will be separated from JFC on April 1, 2012, and set odd to a new start as a new JBIC.

◆ Office
4-1 Ohtemachi 1-chome, Chiyoda-ku, Tokyo 100-8144, Japan

◆ Capital
¥ 1,091billion*

◆ Outstanding Loan and Other Financing
¥ 8,467billion*

◆ Outstanding Guarantees
¥ 2,443.2billion*

* March 31, 2011, Account for JBIC Operations in JFC.
October 2008

Japan Finance Corporation (JFC)*
(Notes 1, 2)

October 1999

JBIC

IFOs: International Financial Operations

OECOs: Overseas Economic Cooperation Operations

April 2012
(Planned)

Japan Bank for International Cooperation (JBIC)

(Note 4) Established in accordance with the "Japan Bank for International Cooperation Act".

(Note 1) Established in accordance with the "Japan Finance Corporation Act".

(Note 2) Okinawa Development Finance Corporation will be merged into JFC* in FY2012 or later.

(Note 3) This excludes grant assistance which the Ministry of Foreign Affairs will continue to directly implement for the necessity of diplomatic policy.

Japan International Cooperation Agency (New JICA)
(Nonet 3)

Technical Assistance

ODA Loan

Grant Assistance (Note 3)

Note 1

Established in accordance with the "Japan Finance Corporation Act".

Note 2

Okinawa Development Finance Corporation will be merged into JFC* in FY2012 or later.

Note 3

This excludes grant assistance which the Ministry of Foreign Affairs will continue to directly implement for the necessity of diplomatic policy.

Note 4

Established in accordance with the "Japan Bank for International Cooperation Act".

IFOs: International Financial Operations

OECOs: Overseas Economic Cooperation Operations

Export-Import Bank of Japan (JEXIM)

Overseas Economic Cooperation Fund (OECF)
** JBIC’s Profile **

**Status:** Governmental Bank (100% owned by the Japanese Government)

**Mission:** Contributing to the sound development of the Japanese and International economy

**Operational Fields**

- Promoting overseas development of natural resources
- Supporting Japanese industries
- Preserving the global environment
- Responding to international financial disorder
Introduction of JBIC Facility

Export Loan

Export Loan Scheme

JBIC

Loans*² (B/Ls)

Foreign Financial Institutions

Loans*¹ (B/Cs)

Japanese Exporters

machineries and equipments, etc.

Foreign Importers

*1. Loans to foreign importers (Buyer’s Credits or “B/Cs”).
*2. Loans to foreign financial institutions (Bank-to-Bank Loans or “B/Ls”).
Introduction of JBIC Facility

Overseas Investment Loan

Investment Loan Scheme

Japanese Companies

Loans

Overseas Project

Joint Venture Partner

Loans

Equity investment

Japanese Affiliated Companies, etc.

Loans and/or equity investment

Foreign Governments, Banks

Loans

*1. Loans to Japanese investors (limited to SMEs).
*2. Loans to Japanese joint ventures, or to foreign governments, banks or other institutions that provide loans or invest in them.
Typical Risk in Sea Port Sector

< Construction Phase >

( Typical Scope of Work )

Construction ( Civil Works )

・・・ etc.

( Typical Risk )

Interface

Completion of Construction

・・・ etc.

Government of the host country

Lenders ( JBIC etc. )

Investor/Operator

Japanese Involvement

< Operational Phase >

( Typical Scope of Work )

Operation

Maintenance

・・・ etc.

( Typical Risk )

Operation

Pricing / revenue

Foreign exchange

・・・ etc.
As it is generally difficult to predict a revenue flow of port projects, especially in case of green-field projects, guarantee of Sponsors or Governments for loan is essential for lenders to provide loans.
Case Study: Financing Port Project (Limited Recourse Loan)

- **Availability Payment System under Concession Agreement is essential for Lenders to provide a limited recourse loan.**
Case Study: Buyer’s Credit

**Basic structure**

- **Government**
  - (Port Authority)

- **Project Company**
  - Debt Service
  - Loan

- **Machineries and Equipments** (e.g., Gantry Crane)

- **Japanese exporter**

**Lenders**
- **JBIC**
- **Commercial Banks**

- **Implications**
  - Machineries and equipments manufactured by Japanese company to be imported from Japan.
## Major financial terms under OECD arrangements on officially supported export credits

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repayment Term</td>
<td>10 years (except for high-income OECD countries)</td>
</tr>
<tr>
<td>Minimum Interest Rate</td>
<td>CIRR (Commercial Interest Reference Rate)</td>
</tr>
<tr>
<td>Cash payment</td>
<td>15% of export contract value</td>
</tr>
<tr>
<td>Minimum Risk Premium</td>
<td>OECD consensus for minimum risk premium (MPR)</td>
</tr>
</tbody>
</table>
Thank you

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