

PFS Finance

A boutique provider of buyer credits,
documentary letters of credit and
structured finance facilities



LOCAL PRESENCE FOR OPIC IN TURKEY



Berat Pehlivanoglu
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Istanbul

EDN Loan Originator



Agency Support

The Overseas Private Investment Corporation (OPIC) is an agency of the U.S. government that helps U.S. businesses invest overseas, fosters economic development in new and emerging markets, complements the private sector in managing risks associated with foreign direct investment, and supports U.S. foreign policy.



Established with the assistance of the Overseas Private Investment Corporation (OPIC), the Enterprise Development Network (EDN) is a set of strategic alliances among public and private sector organizations that utilizes a systematic approach to connect emerging market entrepreneurs and SMEs with debt and equity providers.

OPIC and PFS Finance have signed an EDN Loan Originator agreement on May 27th, 2008.

General Requirements

- ▶ OPIC **supports**, insures, finances investment projects;
 - With substantial US participation that are financially sound
 - That promise significant benefits to the social and economic development of the host country, and
 - Foster private initiative and competition

- ▶ OPIC **will not support** projects that could;
 - Result in the loss of US jobs
 - Adversely affect the US economy
 - Adversely affect the host country's development or environment
 - Contribute to violations of internationally recognized worker rights
- ▶ OPIC **will not lend** to projects that can secure adequate financing from commercial sources

Drive Private Sector Solutions

- ▶ Support for private sector investments in financially viable projects;
- ▶ medium- to long-term funding through direct loans and loan guaranties to eligible ventures
- ▶ project finance or a corporate finance basis
- ▶ repayment from cash flows generated by projects rather than relying solely on sponsor guaranties

- ▶ Political risk insurance; OPIC provides political risk insurance to US investors, contractors, exporters and financial institutions involved in international transactions, equity investments, parent company and third-party loans and loan guaranties, technical assistance agreements, cross-border leases, consigned inventory or equipment, and other forms or investment.

- ▶ OPIC supported investment funds have invested \$3.5 billion in more than 400 privately owned and managed companies – the vast majority of which are small or medium sized entities – located across 53 developing and emerging markets that are eligible for OPIC support.

Exposure

At September 30, 2008, OPICs largest finance and insurance exposure was in the following countries and sectors:

Country	US\$'000	Sector	US\$'000
Russia	\$972,192	Financial Services	\$4,786,506
Mexico	\$732,892	Power Generation	\$1,654,652
Nigeria	\$581,303	Oil and Gas Services	\$1,573,760
Turkey	\$523,628	Transportation	\$707,184
Colombia	\$419,896	Manufacturing	\$650,124

Project Financing

▶ Amount

- ▶ OPIC can provide direct loans from \$100,000 to \$250 million
- ▶ Determine “Total Project Costs”
 - Hard costs: buildings, land, equipment
 - Soft costs: legal costs, design and architectural costs, financing costs
- ▶ Determine an appropriate leverage for the deal (OPIC max is 75% of TPC)

▶ Repayment Terms

- ▶ Loan terms 3-20 years depending on:
 - Purpose of the loan
 - Projected cash flows
- ▶ Quarterly or semi-annual payments
- ▶ Grace period on principal during start-up

- ▶ OPIC systematically monitors investor compliance with US economic, environmental, worker rights and corrupt practices representations through questionnaires, investor reporting and site visits.

Cost of Financing

- ▶ Based on an assessment of the risks. For OPIC, rate is:
 - ▶ U.S. Treasury rate (cost of funds)
 - ▶ Risk spread
- ▶ Other costs include an upfront facility fee, commitment fees, and an annual maintenance fee
- ▶ Outside legal counsel and/or the services of experts or consultants

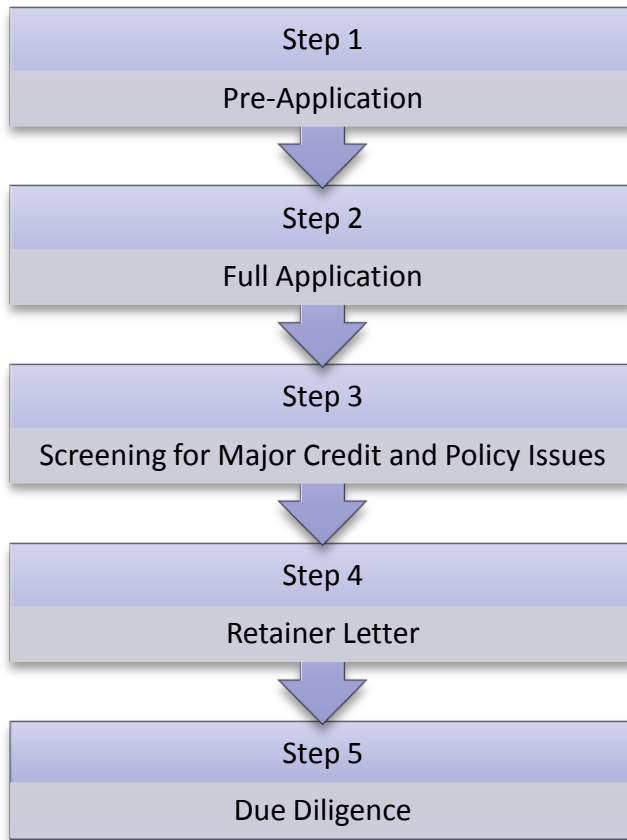


Loan Originators

Become increasingly involved in assisting Small and Medium Sized Enterprises (SMEs).

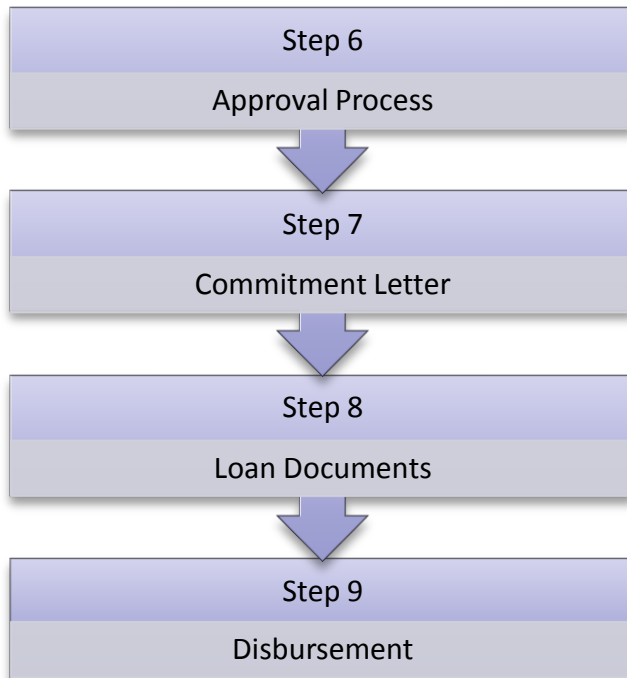
- ✓ Guide client/SME through the process
- ✓ Source and review website leads for and EDN/OPIC
- ✓ Provide preliminary screening against criteria
- ✓ Proactive identification of risks, issues, yellow flags

Process



- ✓ Pre-Application and Application
- ✓ Detailed Business Plan
- ✓ Financial Model (Historical plus Projected)
- ✓ Sponsor Disclosure Reports
- ✓ Modification of transaction terms and structure
- ✓ Preparation of Loan/Finance Agreement and Related Documents
- ✓ Loan Closing

Process



- ✓ For OPIC loans up to \$10 MM Credit Policy and Director/Vice President approval
- ✓ For OPIC loans over \$10 MM and up to \$30 MM Credit Committee and Investment Committee approvals (these are internal loan approving committees that review critical credit and OPIC policy issues)
- ✓ For OPIC loans over \$30 MM Credit Committee, Investment Committee, and Board of Director approvals (meets four times per year)

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Coordinates



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