

Financial Markets



Client	AFD
Version	01
Date	10/12/2022
Authors	Verena Arauz and Susana Ricaurte
Revision	Jürg Grütter
Contact	Rte. des Esserts 92, 1854 Leysin, Switzerland jgruetter@transport-ghg.com, www.transport-ghg.com

Contents

1. Financial Markets	4
1.1. Argentina	4
1.2. Brazil	4
1.3. Colombia.....	5
1.4. Costa Rica	6
1.5. Dominican Republic.....	7
1.6. Mexico	7
1.7. Peru.....	8
2. Bibliography	9

Abbreviations

BANCOLDEX	Bank of Foreign Trade
BANOBRAS	National Bank of Public Works and Services
BNDES	Brazilian National Bank for Economical and Social Development
EVs	Electric Vehicles
FINDETER	Territorial Development Finance
FONADIN	National Infrastructure Fund

1. Financial Markets

This report presents a summary based on the available information regarding the availability of special loans for EVs including loan conditions (if available) and usage of funds for each country belonging to the e-motion program.

It is important to mention that e-bus projects must be technically, financially, economically, environmentally, socially, gender and legally structured. The structuring of each project will contribute to an adequate allocation of risks and bankability, as well as to the deployment of innovative business models. Also, the financial conditions vary between banks and are fixed also per project and credit subject (borrower).

1.1. Argentina

In Argentina, BBVA¹ has a loan offer for financing electric vehicles, such as: Nissan Leaf and minivan Kangoo ZE ². No special credit lines for e-buses are available or in operation.

1.2. Brazil

BNDES has a credit line but is not exclusive for EVs. This credit line is for acquisition and production of buses and trucks, either hybrid or electric but including as well other vehicles with electric traction or running on natural gas or biomethane; and other machines and equipment with higher energy efficiency indexes or that can contribute to the reduction of greenhouse gas emissions. Companies headquartered in the country; as well as Foundations, associations, and cooperatives; along with public entities can apply for these resources.

Those interested in the line of credit may apply either directly or indirectly. For direct operations, those applications which are made to BNDES, the interest rate is composed of the Financial Cost and the Remuneration of BNDES (spread). In indirect operations, those applications which are made through financial institutions accredited by BNDES, the interest rate is composed of the Financial Cost, the BNDES Rate (spread) and the Financial Agent Rate (intermediary banks).

Table 1 Financial conditions – BNDES³

Item	Conditions - BNDES	Conditions - through a financial agent
Term	<p>The maximum financing term is 34 years. This period includes the grace period and the amortization period and is determined according to the payment capacity of the project, the client, and the economic group.</p> <p>During the grace period, which will be up to six months after the project starts commercial operation, interest may be capitalized or paid by the client.</p>	
Investment	Minimum financing value 7.6 MUSD (40 M R\$)	
Guarantees	Real guarantees (such as mortgage, pledge, fiduciary property, receivables, etc) and/or personal guarantees (such as surety or	Negotiated between the accredited financial institution and the client.

¹<https://www.bbva.com.ar/personas/productos/prestamos/personales/sustentable.html#que-es-el-sistema-de-amortizacion-frances>

² <https://www.bbva.com/es/ar/bbva-financiara-la-compra-de-vehiculos-100-electricos-en-argentina/>

³<https://www.bndes.gov.br/wps/portal/site/home/financiamento/produto/bndes-finem-onibus-caminhoes-equipamentos-baixo-carbono>

Item	Conditions - BNDES	Conditions - through a financial agent
	guarantee), defined during the analysis of the operation.	
Interest rate	TLP ⁴ + since 1.1 %	TLP + 1.05 % + Financial Agent Rate.

For commercial banks, such as the Bank of Brazil (Banco do Brasil)⁵ credit lines are available for financing the 100% of passenger cars (electric and hybrid) with a maximum term up to 5 years and grace period up to 6 months for the down payment and a monthly interest rate of 1.09%.

There are no special and exclusive credit lines available for e-buses in Brazil to which operators or public entities may apply directly.

1.3. Colombia

In 2018, Bancoldex facilitated a credit line for MUSD 19 (MCOP 70,000), aimed at financing individuals and companies interested in electric mobility investments. The resources could be used to finance programmes for the purchase of electric vehicles, the import and marketing of electric vehicles, and the development and operation of charging infrastructure. In maximum amount of MUSD 2.7 (MCOP 10,000), with a term up to 5 years and grace period up to 1 year (Bancoldex, 2018)⁶. This credit line was terminated in June 2020⁷.

Table 2 Financial conditions – Bancoldex for electric mobility

Item	Conditions
Term	5 years
Grace period	1 year
Interest rate	Under the rediscount mechanism: <ul style="list-style-type: none"> For working capital operations: <p>DTF E.A. + 3.10% E.A. LIBOR 180 days + 3.10%</p> For modernization operations: <p>DTF E.A. + 2.90% E.A. LIBOR 180 days + 2.85% E.A.</p>

Some commercial banks (Banco de Occidente, Bancolombia, Banco Finandina, Davivienda, Banco de Bogotá, BBVA⁸) have available lines of credit either for a lease or credit of electric or hybrid vehicles (passenger cars and motorcycles) with interest rates from 18.48%⁹ and payment period of 84 months. There is no specific credit line destined for commercial vehicles as e-buses or e-taxis.

On the other hand, there is no special and exclusive credit available for electric buses in Colombia. In 2022, Findeter launched a line of credit for MUSD 270 (MCOP 1,270) as part of the program "Reactiva Colombia". The resources are for investments to finance infrastructure for sustainable development of regions. The scope of sectors financed by this credit line are energy, transportation, urban

⁴ TLP (Long Term Interest Rate) = IPCA + 5.23 %.

available at (december 2022): shorturl.at/boqFZ

⁵ <https://www.bb.com.br/pbb/pagina-inicial/imprensa/n/66680/#/>

⁶ https://www.bancoldex.com/sites/default/files/11020_circular_022_oct_2018.pdf

⁷ <https://www.bancoldex.com/es/lineas-de-credito/linea-de-apoyo-la-movilidad-electrica-2018-2316>

⁸ <https://portalmovilidad.com/tres-bancos-en-colombia-tienen-tasa-preferencial-de-leasing-vehicular-para-autos-electricos/#:~:text=desde%200%2C57%25%20o%207,o%207%2C57%25%20EA.>

⁹ <https://www.bbva.com.co/content/dam/public-web/colombia/documents/personas/prestamos/vehiculos/DO-01-Vehiculo-tasas.pdf>

[web/colombia/documents/personas/prestamos/vehiculos/DO-01-Vehiculo-tasas.pdf](https://www.bbva.com.co/content/dam/public-web/colombia/documents/personas/prestamos/vehiculos/DO-01-Vehiculo-tasas.pdf)

development, construction and housing, health, education, environment and sustainable development, ICT, and sports, recreation, and culture. Beneficiaries may be private sector companies, public entities, and municipal and district governments. This line of credit is not exclusive for e-buses.

Table 3 Financial conditions – Findeter for “Reactiva Colombia Program”¹⁰

Items	Conditions
Term	12 years
Grace period	Up to 2 years
Rediscount Rate	From IBR + 0.8% monthly
Intermediation margin	Up to 400 basis points over the Findeter rediscount rate

In general, transport systems in Colombia do not have financial solvency, increasing the investment risk for traditional financiers, who, considering the payment history of previous loans, the preference is not to participate in these schemes. This barrier makes evident the need for an active participation of the national and local government in the structuring of new financing schemes that guarantee payment to the financiers, as well as competitive financing conditions to which the systems may have access. Thanks to the COVID -19 crisis, several transportation systems are in a difficult situation being forced to rethink the multiple payment mechanisms. Credit conditions for electric buses finance depend on several variables such as debt capacity, guarantees, among other variables that apply to the beneficiary of the loan. Therefore, each financial structuring is designed specifically for each project and borrower.

1.4. Costa Rica

Financing lines with banks are established in regulations belonging to law 9518 of 01/2018, on Incentives and Promotion for Electric Transportation and its regulation 41092-MINAE-H-MOPT. A special credit line for electric vehicles started operations on October 2020 with disbursements through the Banco Nacional, the Banco Promerica, and the Banco de Costa Rica¹¹. Conditions vary between banks and are fixed also per project and credit subject.

Table 4 Financial conditions – Banco Promerica¹²

Items	Conditions
Currency	Loans in national currency or USD
Term	Tenor up to 8 years.
Investment	Maximum 80% of vehicle investment.
Interest rate	Fixed interest rate: 6.90% (until 60 months) Variable interest rate: 8.00% (from 61 months).
Commission	3.25%.

¹⁰ <https://www.findeter.gov.co/system/files/internas/Circular-Externa-3-Nuevo-tramo-del-programa-Reactiva-Colombia-Findeter.pdf>

¹¹ https://www.bancobcr.com/wps/portal/bcr/bancobcr/personas/creditos/creditos_para_vehiculos/transporte_sostenible/

¹² <https://www.promerica.fi.cr/banca-de-personas/creditos-de-consumo/vehiculos-eficientes-creditos-verdes/>

Whilst banks have been quite successful in financing private EVs, basically the Audi e-tron¹³ and BYD S1 PRO¹⁴ being the best seller EVs in Costa Rica, the demand for commercial EV financing has been limited.

In Costa Rica, 7-year concession contracts limit the loan tenure which for e-buses is very short compared to their lifespan of 16 years. Also, concession contracts do not offer to creditors guarantees regarding that the assets will be kept and operated by other transport operators in case of default or loss of concession. Payments are fixed per route and go directly to the operator i.e. the creditor has no guaranteed direct payment from the fare box.

1.5. Dominican Republic

Among the efforts that have been made in Dominican Republic in recent years, are the financing facilities for alternative energy vehicles. As of May 2020, commercial banks offered six-year term loans with an interest rate of 8.76%, with the customer contributing 20% as down payment for the initial amount of the vehicle's value¹⁵. It is now common to find vehicle sales fairs that encourage and accommodate users in the purchase of alternative energy vehicles such as electric vehicles.

By 2022, Banreservas¹⁶ and Banco Popular¹⁷ offer lines of credit for electric and hybrid vehicles, with fixed interest rates starting at 8% for six months and up to 90% financing over the value of the vehicle and terms up to 84 months.

Currently, there are no special or exclusive credit lines to finance the acquisition of electric buses.

1.6. Mexico

In Mexico, commercial banks have credit lines for electric vehicles. BBVA offers fixed annual rates of 10.99% with down payments from 35%, and loan repayment periods up to 60 months for purchases of hybrid and electric passenger cars¹⁸. Santander and HSBC also have credit lines for hybrid and electric vehicles. In the first case, they have a down payment from 20% and terms from 12 to 60 months. In the second, they have a single fixed annual interest rate of 11.90%¹⁹.

Mexico City has implemented the *Taxi Replacement Program* which seeks to encourage the renewal of the vehicle fleet. This implementation under a financial scheme that seeks to eliminate the main barrier for dealers, as they are not creditworthy, while a large part of the population is not bankable and does not have a credit history with commercial banks. For this purpose, a subsidy of MXN \$50,000 is offered for highly efficient vehicles (USD 2,500) or MXN \$100,000 for hybrid or electric vehicles (USD 5,000) when purchasing a new unit and scrapping the old unit. An additional MXN \$10,000 subsidy is possible if they include inclusion measures for the elderly or people with disabilities. In addition, financing is facilitated by means of support through financial entities from the Nacional Financiera

¹³ <https://puomotor.com/industria/audi-e-tron-es-el-electrico-mas-vendido-este-ano-en-costa-rica/>

¹⁴ <https://www.larepublica.net/noticia/byd-cori-motors-se-proclama-como-lider-indiscutible-en-ventas-de-vehiculos-electricos-en-costa-rica-durante-el-2022>

¹⁵ <https://portalmovilidad.com/por-primera-vez-bancos-incluyen-financiamiento-para-vehiculos-electricos-en-sus-auto-ferias-en-republica-dominicana/>

¹⁶ <https://www.banreservas.com/articulos/Pages/Banreservas-inaugura-Expomovil-2022-con-tasas-desde-8.aspx>

¹⁷ <https://popularenlinea.com/0km>

¹⁸ <https://www.bbva.mx/personas/productos/creditos/credito-auto-hibrido-electrico.html>

¹⁹ <https://www.hsbc.com.mx/creditos/auto/verde/>

(NAFIN) with a maximum interest rate of 16.5% and a loan term up to 72 months. (Grütter Consulting, 2021)

On the other hand, Banobras and FONADIN are analyzing for electric infrastructure and electric vehicles the possibility of including financing with preferential rates and conditions. However, to date, a specific line of credit has not yet been established.

1.7. Peru

Currently the EV market in Peru is incipient. BBVA Peru facilitated a credit line for hybrid and electric passenger cars with interest rates between 7.99% - 12.31%, and financing up to 100% of the value of the vehicle²⁰. No special credit lines for e-buses are in operation.

²⁰<https://www.bbva.pe/personas/productos/prestamos/credito-vehicular/prestamo-vehicular-sostenible.html>

2. Bibliography

Banco do Brasil. (2022).

Available at: <https://www.bb.com.br/pbb/pagina-inicial/imprensa/n/66680/#/>

Banco de Costa Rica. (2022). Credit Line “Pro-Eco”.

Available at:

https://www.bancobcr.com/wps/portal/bcr/bancobcr/personas/creditos/creditos_para_vehiculos/transporte_sostenible/

Bancoldex. (2018). Circular 022 – Electric Mobility Support Line 2018.

Available at: https://www.bancoldex.com/sites/default/files/11020_circular_022_oct_2018.pdf

Bancoldex. (2018). Support line for electric mobility 2018

Available at: <https://www.bancoldex.com/es/lineas-de-credito/linea-de-apoyo-la-movilidad-electrica-2018-2316>

Banco Popular. (2022). Loans for vehicles.

Available at: <https://popularenlinea.com/0km>

Banreservas. (2022). Banreservas inaugurates Expomóvil 2022 with rates starting at 8%.

Available at: <https://www.banreservas.com/articulos/Pages/Banreservas-inaugura-Expomovil-2022-con-tasas-desde-8.aspx>

BBVA Argentina. Eco-prestamos.

Available at:

<https://www.bbva.com.ar/personas/productos/prestamos/personales/sustentable.html#que-es-el-sistema-de-amortizacion-frances>

BBVA Colombia. Interest rate

Available at: <https://www.bbva.com.co/content/dam/public-web/colombia/documents/personas/prestamos/vehiculos/DO-01-Vehiculo-tasas.pdf>

BBVA Mexico. Hybrid or electric car loan

Available at: <https://www.bbva.mx/personas/productos/creditos/credito-auto-hibrido-electrico.html>

BBVA Peru. (2022). Sustainable Financing.

Available at: <https://www.bbva.pe/personas/productos/prestamos/credito-vehicular/prestamo-vehicular-sostenible.html>

BNDES. (2022). Environment - Buses and trucks with low carbon traction technologies and equipment with higher energy efficiency and/or carbon emission reduction

Available at: <https://www.bndes.gov.br/wps/portal/site/home/financiamento/produto/bndes-finem-onibus-caminhoes-equipamentos-baixo-carbono>

Findeter. (2022). Findeter. Circular 003 – Reactiva Colombia Program.

Available at: <https://www.findeter.gov.co/system/files/internas/Circular-Externa-3-Nuevo-tramo-del-programa-Reactiva-Colombia-Findeter.pdf>

Grütter Consulting. 2021. Assessment of Commercial EV Demand in Mexico.

HSBC Mexico. (2022). Green Credit

<https://www.hsbc.com.mx/creditos/auto/verde/>

Portal de Movilidad. (2020). For the first time banks include financing for electric vehicles in their auto fairs in Dominican Republic.

Available at: <https://portalmovilidad.com/por-primera-vez-bancos-incluyen-financiamiento-para-vehiculos-electricos-en-sus-auto-ferias-en-republica-dominicana/>