



Russia: Export and Structured Finance

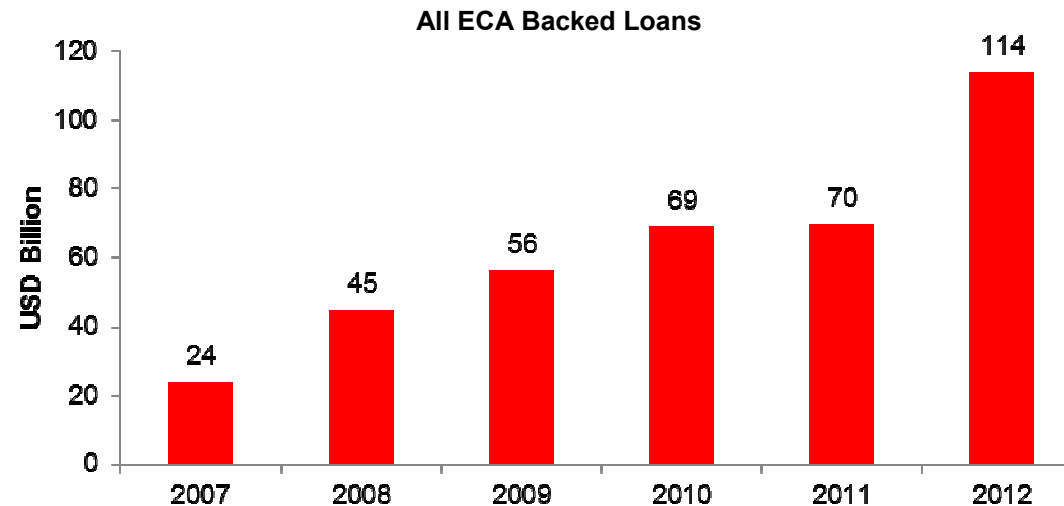
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Update on ECA markets

Demand for ECA supported finance has increased given reduced appetite of Commercial Banks for term corporate lending, whilst...

...capacity for ECA supported financings remains strong

- Impact of financial crises on ECA covered financing has been far less severe than on the bank market, in large part due to the favourable capital treatment banks enjoy from these structures
- As a result, ECA supported financing generally offers significant tenor advantages over uncovered commercial bank debt, which have seen tenors squeezed
- No material increases in Premium rates charged by ECAs have made the all-in pricing of this type of financing more attractive, which combined with the longer available tenors has resulted in increased demand for the product



HSBC's market leading position in ECA financing

HSBC has consistently been amongst the leading arrangers of ECA financing globally...

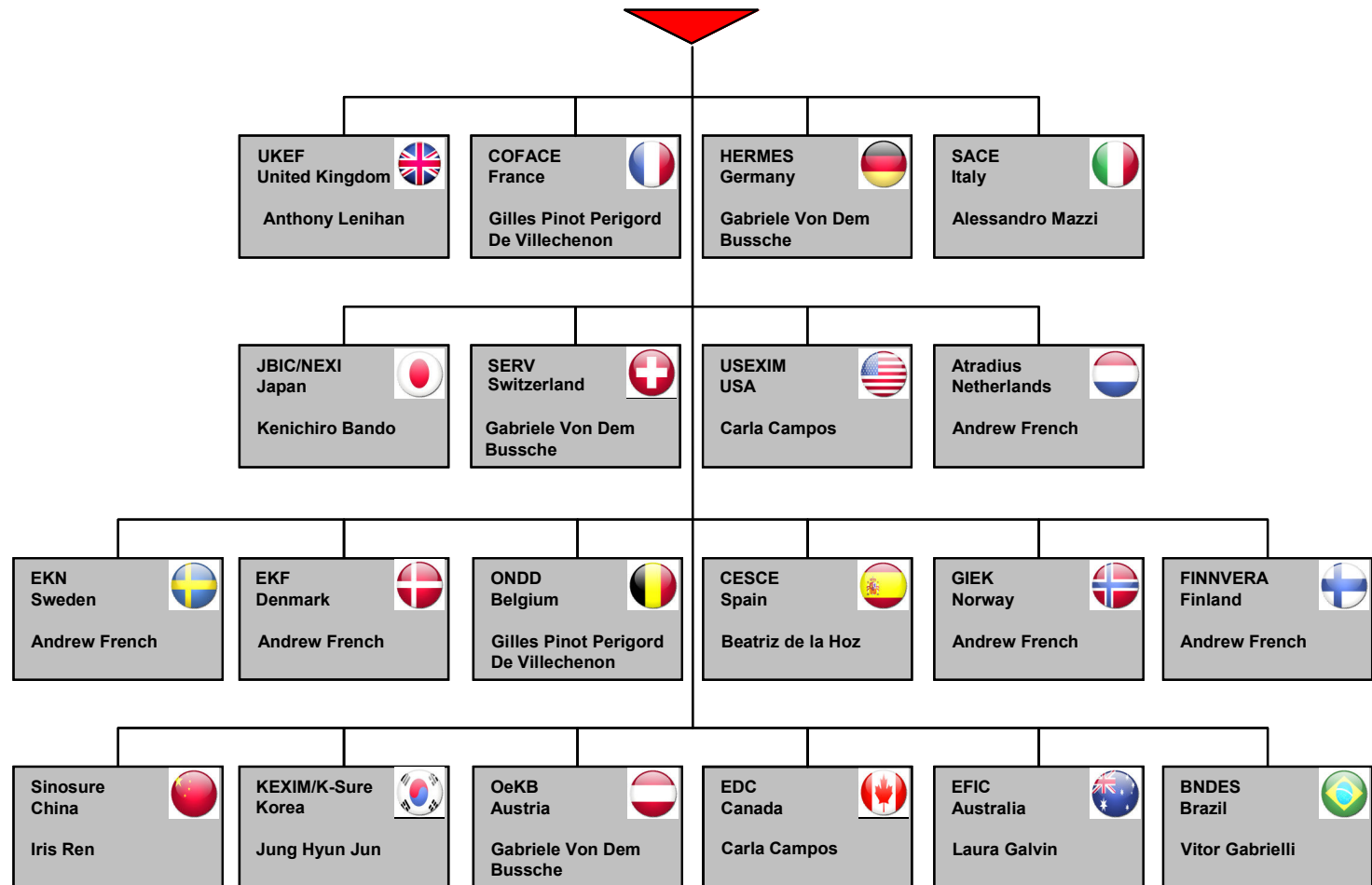
...and remains an innovator in this field



- HSBC has been instrumental in innovating new forms of ECA facilities including:
 - First ECA loans on a project risk basis – Philippine power plant
 - First tripartite multi-sourced ECA deal – Malaysian power plant
 - First ECA facility on an Islamic structure – Yemeni telecommunications project
 - First ECA wrapped bond issue for Mexican borrower – Pemex Samurai bond
 - First Russian Rouble denominated ECA facility – VimpelCom project
- HSBC has dedicated significant resources to this business by establishing specialist ECA offices in the same cities as all the major ECAs, which allows our teams to develop close relationships with the ECAs at all levels
- HSBC is a leader in the global ECA finance market and is consistently ranked amongst the top Arrangers of Global ECA Supported Loans.

Providing truly global access to ECAs around the world

HSBC has one of the largest project and export finance units globally who have arranged ECA supported facilities for a wide variety of business sectors worldwide, with numerous different ECAs



Russian Export Finance Case Study

Vnesheconombank / Kaluga Cement Plant

2011-2013



Kaluga Cement Plant

RUB 8.5bn EKF supported facilities
RUB 5bn Bridge Financing

Financing of delivery, installation
and commissioning of equipment
together with local costs

Sole Arranger

Transaction summary

- HSBC acted as Sole Arranger for two facilities totalling RUB8.5bn to finance delivery, installation and commissioning of equipment for a cement plant produced by the Danish FL Smidth A/S, supported by EKF, the Danish ECA.
- Alongside the ECA-covered loans, HSBC provided a RUB5bn Bridge Facility to cover down payment and local costs under the Project.
- The deal represents a good example of HSBC's ability to provide long-term Russian Rouble ECA-covered financing, which is considered a unique product offering on the Russian market.
- The transaction was finalized in an extremely tight timeframe thanks to close and longstanding co-operation with VEB and EKF.

Transaction details

Borrower:	Vnesheconombank, Russia	Buyer:	Kaluga Cement Plant Ltd, Russia
ECA:	EKF, Denmark	Supplier:	FL Smidth A/S, Denmark
Tenor:	10 years	Amount:	RUB 8.5 billion + RUB 5 billion
Signing Date:	26 April 2011 / 21 June 2013	Currency:	Russian Roubles
Structure:	Export Credit + Commercial Loan	Use of Proceeds:	Financing of a cement plant

Project Finance in Russia

HSBC has been one of the most active international banks in developing the project finance market over the past few years ...

...able to deliver a fully integrated product offering

- The project finance market in Russia is still in relative infancy with few project finance transactions having actually closed to date. In this context HSBC has played a lead role on closed transactions such as the RusVinyl project and has advised on a number of projects under development.
- HSBC can deliver a fully integrated product offering covering project finance structuring as well as bank debt and bond solutions:
 - We are a market leader in the project finance sector globally, with up to date knowledge of project finance appetite and specificities of a project in Russia.
 - HSBC is a global powerhouse in debt capital markets with market leading structuring, syndication and distribution capabilities.
 - We are a market leading rating advisory practice which assists capital markets issuers in all aspects of the ratings process.
 - HSBC has experience of working on complex financings involving multiple sources of debt including bank, bond and hybrid transactions.

Russian Project Finance Case Study

RusVinyl PVC Project

2011



RusVinyl PVC Project

Russia

Project Cost
EUR1,300m



**“European
Petrochemicals
Deal of the Year
2011”**

Transaction summary

- HSBC acted as Financial Advisor, Mandated Lead Arranger, and Coordinating Bank for the EUR1.3 billion RusVinyl PVC Project in Nizhny Novgorod, Russia
- RusVinyl was established as joint venture between Sibur (50%) and SolVin (50%) to construct and operate a greenfield 330,000 p.a. PVC (Polyvinyl Chloride) and 225,000 p.a. caustic soda plant
- OAO Sibur Holding (“Sibur”) is the leading associated petroleum gas processor and petrochemical producer in Russia
- SolVin is an established leader in the PVC market with extensive industry experience and in-depth product knowledge. SolVin is 75% owned by Solvay S.A. and 25% owned by BASF
- The project was financed through limited-recourse finance from EBRD, Sberbank and commercial banks covered by Coface/ONDD
- The Project’s commercial and financing structures have a number of features that make this project unique in the Russian project finance market – namely:
 - Domestically orientated project with predominantly onshore revenues denominated in Roubles
 - No conventional ‘take-or-pay’ offtake contracts

Transaction details

Borrower:	RusVinyl LLC	Sponsors:	Sibur & SolVin
Facilities:	COFACE EUR350m EBRD EUR150m (RUB equivalent) Sberbank EUR150m (RUB equivalent) ONDD EUR100m	Purpose:	To finance the development and construction of an integrated PVC plant in Nizhny Novgorod, Russia
Tenor:	11 years for Sberbank and EBRD 12 years for ECA covered facilities		

Selected Credentials



Export Finance – Russia



2013



USD 500m

HSBC acted as Global Arranger on a eight and a half year facility, utilized to re-finance deliveries of equipment and services backed by EKN of Sweden.

Global Arranger

2011-2013



RUB 13,500m

HSBC acted as Arranger on two Danish EKF backed facilities for RUB 8.5bn and a 12 month Bridge Financing for RUB 5bn to finance the construction of a cement plant.

Arranger

2011-2013



USD 407m

HSBC acted as Arranger on 2 EFIC backed facilities for a total of USD 107m and 3 commercial loans for USD 300m to finance deliveries of breeding livestock from Australia and the USA.

Arranger

2012



EUR 258m

HSBC acted as Global Arranger and MLA for Gazprom Neft's debut ECA facility, a EUR 258m EGAP-covered facility to finance the modernisation of the Pančevo refinery in Serbia.

Global Arranger, MLA

2012



USD 170m

HSBC acted as Arranger on 2 Finnvera covered facilities to finance delivery of crushing and grinding equipment from Metso Minerals Industries Inc, USA and Outotec Oy, Finland.

Arranger

2012



RUB 6,200m

HSBC acted as Global Arranger on a seven-year facility, utilized to re-finance deliveries of equipment and services backed by EKN of Sweden.

Global Arranger

Export Finance – Russia



2012



EUR 124.6m

HSBC acted as Arranger on a COFACE covered facility to finance delivery of a telecommunications satellite from Astrium SAS, France.

Arranger

2012



EUR 10m

HSBC acted as Arranger on an EGAP covered facility for SUEK to finance deliveries of mining equipment from ALTA a.s., Czech Republic.

Arranger

2012



EUR 6m

HSBC acted as Arranger on a ECGD covered financing for the supply of food processing equipment to one of Nomos Bank's corporate clients.

Arranger

2012



USD 49m

HSBC acted as Arranger on a COFACE covered facility for UTair to finance deliveries of 19 helicopters from Eurocopter, France.

Arranger

2012



USD 53m

HSBC acted as Arranger on 2 ECGD covered facilities for SUEK to finance deliveries of mining equipment from Joy Mining Machinery, UK.

Arranger

2011



EUR 1,300m

HSBC acted as Financial Advisor, Coordinating Bank and MLA for the EUR 1.3bn RusVinyl PVC Project. The financing comprised a EUR 450m COFACE/ONDD tranche.

Coordinating Bank, MLA

Export Finance – Russia



2011



USD 115m

HSBC acted as Arranger on a seven-year SACE untied facility.

Arranger

2011



RUB 5,600m

HSBC acted as Arranger on a seven-year facility, utilized to re-finance deliveries of equipment and services backed by EKN of Sweden.

Arranger

2008



EUR 114m

HSBC acted as one of mandated arrangers and lenders for EUR114mm EKF covered financing for the supply of cement production equipment.

Arranger

2007



RUB 2,100m

HSBC arranged the first RUB-denominated ECA covered financing in Russia for a major corporate.

Arranger

2007



EUR 135m

HSBC acted as one of several lenders for EUR135mm EKF covered financing for the supply of cement production equipment.

Lender

2006/07




EUR 12m & USD 7m

HSBC arranged debut EDC and EFIC supported facilities for ROSBR to finance the Russian Regional Jet's engine and Samara Reservoir Plant.

Arranger

Project Finance – Russia



Caspian Pipeline Consortium

USD500m

HSBC acted as Mandated Lead Arranger and Bookrunner for the expansion financing of the CPC crude oil pipeline in Russia & Kazakhstan.

2013 MLA & Bookrunner



RusVinyl

€ 1.3 billion

HSBC acted as Financial Advisor to Sibur & Solvay for a greenfield 330ktpa PVC and 335ktpa caustic soda plant in Russia

2011 Financial Advisor, MLA & Co-ordinating Bank



ORF-I THK-BP

USD 1.0 billion

HSBC acted as FA to a joint venture engaged in development/ expansion of Nizhneartovsk GRES, one of the first IPP projects in Russia

2009 Financial Advisor

ORLOVSKI TUNNEL

USD 1.0 -1.5 billion

HSBC acted as a Financial Advisor to a consortium of international and domestic players bidding for the concession on this toll-road project in St. Petersburg

2008 Financial Advisor




Восточно-Сибирская Газовая Компания

USD 1.6 billion

HSBC assisted a major Russia energy company in its bid to secure USD450m of funding from the Investment Fund of Russia to finance a major project

2006-07 Financial Advisor




STRABAG HOCHTIEF ВНЕШНЕЭКОНОМИЧЕСКОЕ СОЮЗПРЕДПРИЯТИЕ

USD 3 billion

HSBC acted as Financial Advisor to a consortium of international and domestic players bidding for the concession on this toll-road project in St. Petersburg – Western High Speed Diameter

2008 Co-Financial Advisor



РУСАЛ

USD 750 million

HSBC acted as a Lead Arranger for the project financing of Rusal's Khakas Aluminum Smelter project

2007 Lead Arranger



TATNEFT

USD 480 million.

HSBC acted as FA to Tatneft in its bid to secure funding from the Investment Fund of Russia to finance infrastructure for its Nizhnekamsk Refinery & Petrochemical Complex

2006 Financial Advisor