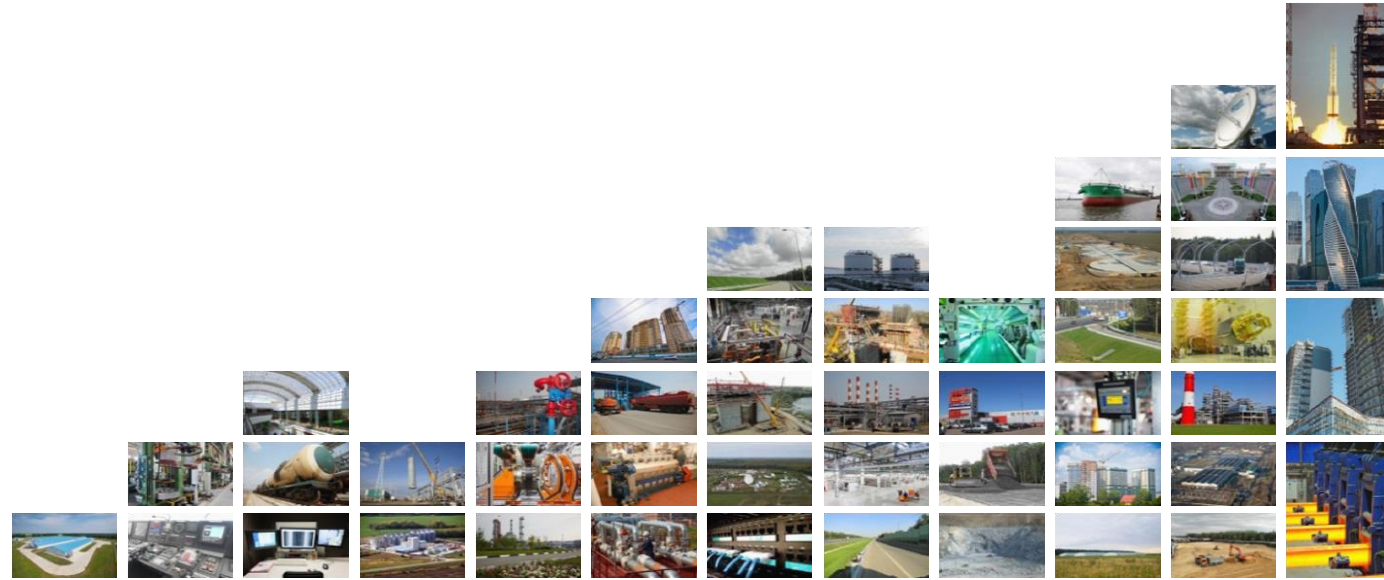




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Cooperation with Chinese Banks

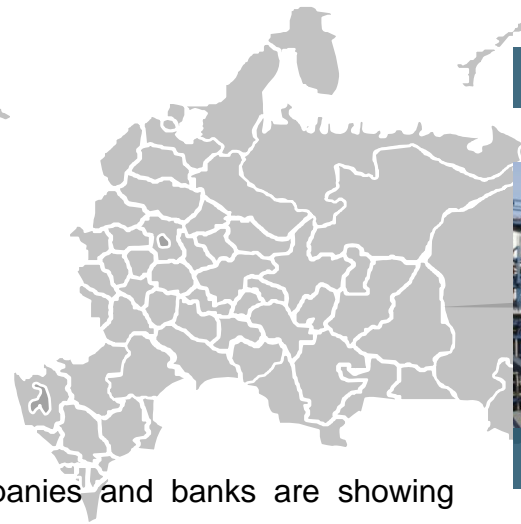
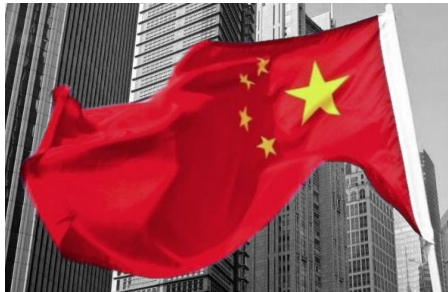
Gazprombank's Experience

September 2018

Financing of projects in Russia by Chinese banks and organisations

There is now a discernible trend in various sectors of the Russian economy that sees soaring demand for debt and equity financing from Chinese financial institutions and organisations.

Chinese banks are primarily interested in projects that involve finished product shipments to China.



Oil and gas



Oil and gas transportation



Hydrocarbon processing



Wood processing



Mineral fertilisers



Transportation

- Both state-owned and private companies and banks are showing interest in the Russian market.
- Chinese investors are also interested in providing equity financing for Russian projects.
- There is a discernible demand for hybrid structures with financing mobilised at the investment stage from Chinese developers.

Advantages of Chinese financing



In the face of vibrant growth of trade and economic cooperation between Russia and China, the Chinese financial market offers a substantial potential for Russian projects.



Chinese banks can act as anchor creditors and provide **substantial amounts of liquidity** for projects.



Chinese banks provide debt financing for **long periods**.



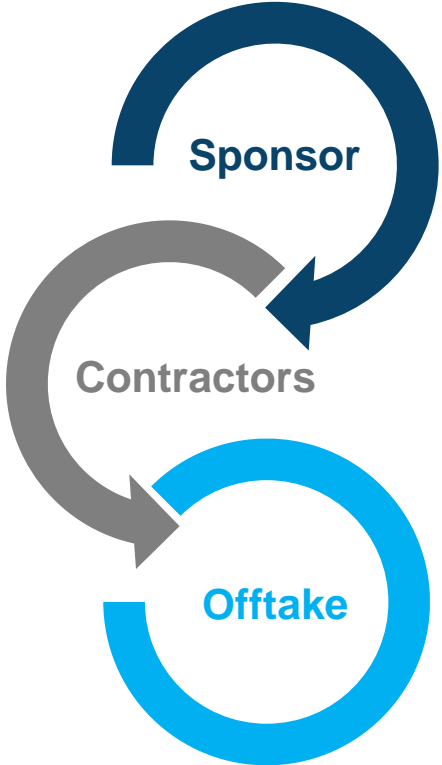
Chinese export financing is **not limited by OECD requirements**.



Under the existing restrictive conditions, Chinese financial institutions can adopt a more independent position compared to their West European counterparts.

Structuring of projects with the involvement of Chinese creditors (1)

Factors favouring the mobilisation of Chinese financing:



Chinese sponsor of the project

Involvement of Chinese contractors and net Chinese content

Chinese offtake of 'strategic' products (e.g., LNG)



A combination of all three aspects is a fairly strong argument in favour of mobilisation of Chinese financing.

Structuring of projects with the involvement of Chinese creditors (2)

- **Government support**

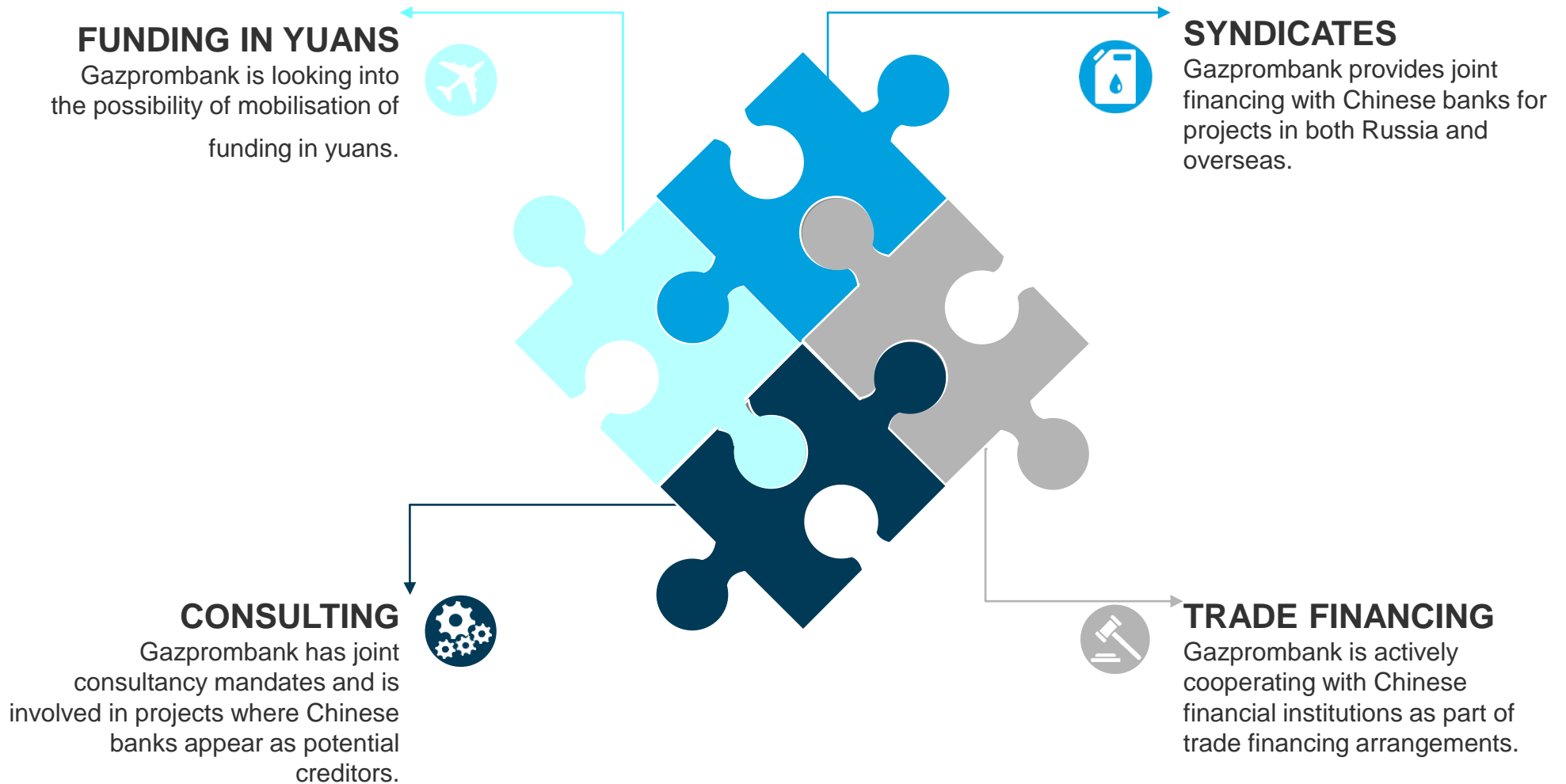
- Support from the Chinese government is important when it comes to getting Chinese companies and banks (especially state-owned banks) involved in projects.
- Government support from the Russian side is equally important for Chinese creditors (e.g., intergovernmental agreements, listing on the strategic projects list, tax preferences, etc.).

- **Internationalisation of the yuan (renminbi)** – the fact that a tranche in Chinese yuans is included in the credit amount is a key factor favouring the mobilisation of financing from Chinese banks

- **Sanction-related restrictions** – a detailed legal due diligence of the project should be undertaken in the context of international sanctions in order to create a comfortable environment for Chinese financial institutions



Gazprombank cooperation with Chinese Banks





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THANKS FOR LISTENING!

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