

GLOBAL BANKING AND MARKETS
PROJECT FINANCE

Funding Infrastructure

PREPARED FOR: OPPORTUNITY EGYPT

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Key Messages

Project finance is a core business for HSBC

We have up-to-the-minute knowledge of the financing markets and the financing options available

Core teams in London and Cairo with successful experience in landmark European and MENA PPP and transport projects ...

... backed by the supporting resources available to a large universal bank

- HSBC – one of the world’s largest banks – has **project finance as a core discipline and product**
- **Meeting client requirements** – HSBC’s teams combine a wealth of both team and individual credentials that can be applied to successfully delivering relevant projects
- As a global bank, **HSBC operates across the financial markets**, and the deal teams are supported by teams specialised in related areas, including structured bonds, derivatives and syndications
- **Independent commercial and financial advice** – our approach is to work closely with our clients’ project teams in all areas where we can add value, and to provide independent and objective advice on financial, commercial and process matters, both formally and informally as appropriate

PROJECT FINANCE AWARDS



The Banker
Investment Banking
Awards 2009

**Most Innovative in
Project and
Infrastructure
Finance 2009**

Global Advisor of the Year 2007



**Global Advisor of the Year 2008
Global Advisor of the Year 2007
Global Advisor of the Year 2006**

infrastructure
JOURNAL

Leading Project Finance House

HSBC is one of the top global advisers, lenders and arrangers for Project Finance

Infrastructure league table 2006–2009YTD

Bank	Deal value (US\$m)	No.
1 HSBC	83,784	129
2 BNP Paribas	77,180	230
3 Royal Bank of Scotland	62,479	219
4 PwC	50,539	102
5 Societe Generale	49,210	161
6 Calyon	48,974	193
7 Ernst & Young	44,625	92
8 SMBC	44,359	146
9 Citigroup	43,162	72
10 Macquarie	38,400	52
11 Deutsche Bank	37,263	34
12 KPMG	36,579	94
13 Santander	30,717	168
14 Credit Suisse	29,889	47
15 Mott MacDonald	25,862	43
16 Dexia Group	25,754	188
17 ING Bank	23,035	112
18 SBI Capital Markets	22,707	28
19 Morgan Stanley	22,056	18
20 RBC Capital Markets	21,532	60

Source: Infrastructure Journal, all products, excluding legal advisors


Recent Deals of the Year

pfi AWARDS 2008 **Ras Laffan C IWPP** Qatar

EMEA Power Deal of the Year

HSBC acted as Financial Advisor and Mandated Lead Arranger

Sources Project Finance International
Project Finance Magazine




pfi AWARDS 2008 **Fred Olsen** UK

Renewables Deal of the Year

HSBC acted as Financial Advisor and Mandated Lead Arranger

Sources Project Finance International
Project Finance Magazine



pfi AWARDS 2008 **Sloe Centrale** Netherlands

Europe Power Deal of the Year

HSBC acted as Mandated Lead Arranger

Source Project Finance International

pfi AWARDS 2008 **AES Angamos** Chile

Latam Power Deal of the Year

HSBC acted as Mandated Lead Arranger

Source Project Finance International

pfi awards 2007 **M6 Motorway, Hungary** EUR 1.0 billion

"PPP Deal of the Year 2007" by Project Finance International

HSBC acted as Mandated Lead Arranger, Hedge Provider & Joint Book Runner

EUROMONEY Project Finance **New Tyne Tunnel, UK** GBP 400 million

"European Transport Deal of the Year 2007" by Project Finance Magazine

HSBC acted as Mandated Lead Arranger, Hedge Provider & Joint Book Runner



HSBC Credentials in Egypt

HSBC is involved in a number of initiatives with the Egyptian authorities and business community and has been successful in building close ties with major players in the country's economy

Our involvement in the following projects has allowed the team to deepen their knowledge of the country's business and economic profile

New Cairo Wastewater Treatment Plant (ongoing)

HSBC was mandate to act as Financial Advisor to the Veolia/AAW/Intech Consortium for the debt structuring of their bid for the New Cairo Wastewater Treatment Plant ("NCWTP"). NCWTP represents the first project finance to be launched under the new PPP Program in Egypt.

HSBC is now acting as MLA for the winning OCI / Orasqualia Consortium (ongoing)

Suez Gulf / Port Said IPP

In 2008 HSBC acted as mandated lead Arranger and Hedge Restructuring Bank for the USD 633 million refinancing of this IPP

Sidi Krir IPP

In 2006 HSBC acted as sole underwriter for the refinancing of the project debt (USD 251 million) for the Sidi Krir 3 & 4 projects, a 685MW BOOT natural gas fired power station and Egypt's first build, own, operate, and transfer (BOOT) power project.

Egypt Refinery (ongoing)

Market, Financial Model & Insurance Pathfinder Bank to ERC, a cUS\$3.5bn hydrocracker refinery project being developed by Citadel Capital and the Egyptian General Petroleum Corporation.

Egyptian Basic Industries

Acted as Mandated Lead Arranger, Security Trustee and Account Bank for this 2006 financing of the EBIC fertilizer project in Egypt. The debt comprises a USD225 million US-Exim facility and a USD112 million commercial loan. HSBC also acted as Financial Advisor to US Exim.



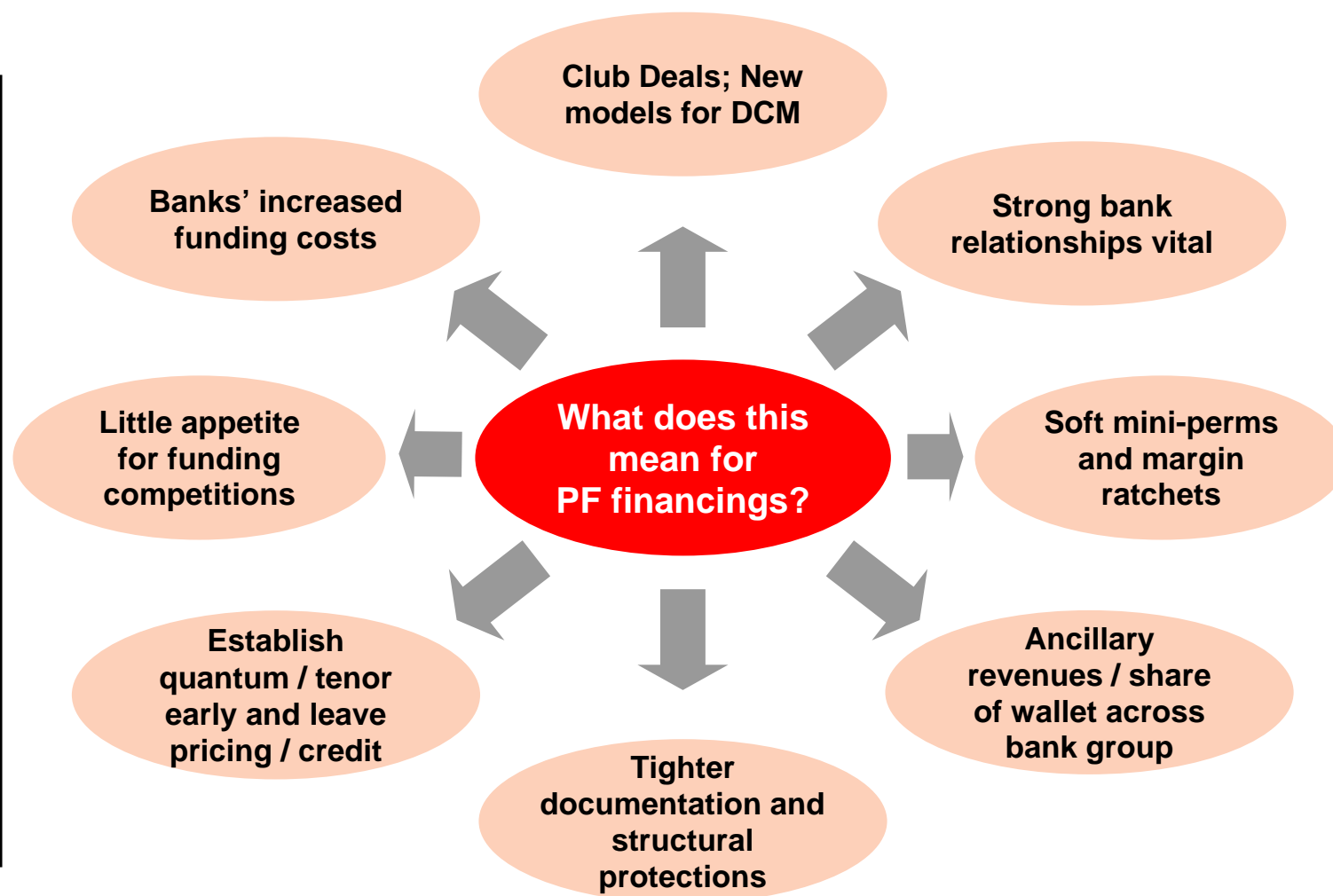
Funding markets

Latest development in funding market conditions

We are the advisor on several major infrastructure projects, either recently closed or currently in the funding process, including

- Cairo Wastewater
- M25
- Dublin Metro
- Intercity Express
- Southmead hospital
- Pafos-Polis Motorway

Thus, we have up-to-the-minute intelligence and insight into the status of the infrastructure financing market



Commercial Liquidity Pools - Egypt

Egypt represents an increasingly sophisticated financing market for EGP, although tenor remains restricted by a lack of long term EGP investment product and rate fixing tools

Regional and international banks are unlikely to provide a large pool of EGP liquidity except through local subsidiaries and branches

- **Local Banks**

- 3 State owned banks (40% of banking assets)
- 27 private sector banks (top 10 comprise 30% of banking assets and 55% of banking equity)
- 7 branches of foreign banks
- Offer reliable liquidity in EGP and US\$, but generally shorter term
- Up to 15 yrs amortising, \$15 to £25m (equiv) individual take and holds on club basis
- With 10 to 15 banks active, suggests maximum single deal liquidity is above \$[250m] (equiv)

- **International Banks**

- Good understanding of infrastructure sector, but limited or no EGP liquidity (except through local subsidiaries and branches)
- Good understanding of Project Finance structures

- **Export credit agency funding**

- Can work both inside and outside Project Finance structures, but limited or no EGP liquidity
- Can stretch the availability of other funding sources by reducing the need to allocate capital

Commercial Liquidity Pools - Egypt

Concessionary funding offers potential to deliver a significant portion of the funding requirements with competitive pricing

Sharia'h compliant tranches are becoming a common feature of major project financing packages elsewhere in MENA region

Project bonds are a more distant prospect

- **Multilateral and Development Bank Funding**

- EIB, IFC and ADB are very active, but at present without EGP funding
- Guarantee structures, project specific bond issues to provide EGP?

- **Islamic Financing**

- Strong Islamic investor liquidity in US\$ and EGP, but
- Institutions currently active in Egypt are not yet familiar with PF structures

- **Debt Capital Markets (DCM)**

- Very limited domestic DCM, although growing in other countries in region
- Currently restricted to government bonds
- Investor base is relatively limited

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