



JV financing essentials – Rosbank view





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■ SG: A WELL DIVERSIFIED & SOLID FINANCIAL GROUP

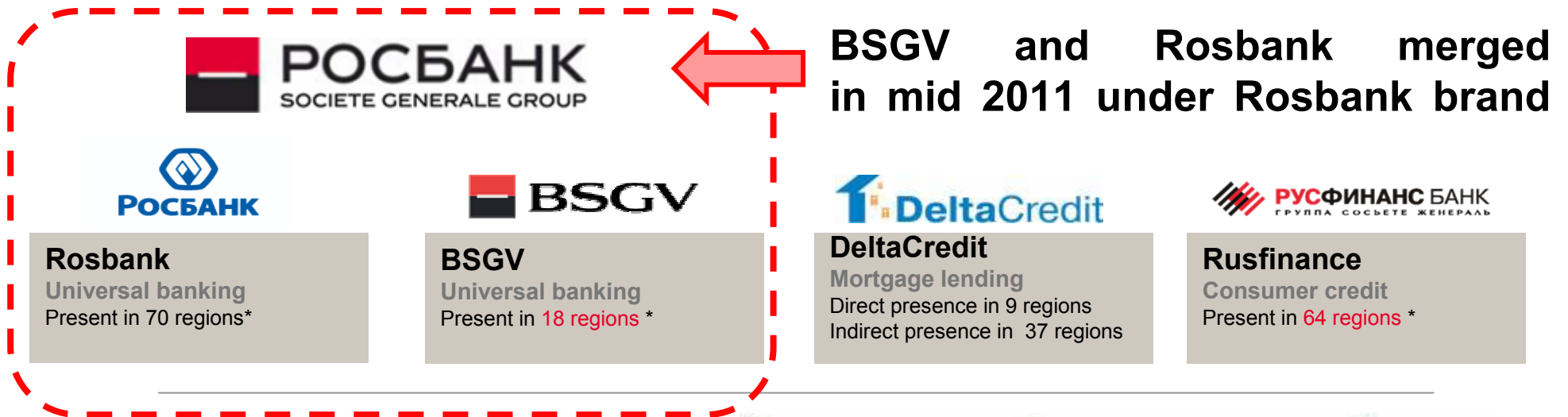
■ SG is a financial institution relying on solid fundamentals to meet clients' needs

- ▶ Present in 83 countries, 157,000 employees, 128 nationalities, over 30 million clients

■ A robust Group

- ▶ Basel II Tier 1 ratio of **11.6%*** and **Core Tier 1 ratio of 9.5%***
- ▶ Net income FY 2010: EUR 3.90bn
- ▶ **Financial rating:**
 - **A+ (Fitch)**
 - **A (Standard & Poor's)**
 - **A1 (Moody's)**
- ▶ SG results demonstrate the solidity of our universal banking model based on:
 - geographic and business diversification
 - a sound domestic lending market
 - a cautious ALM policy
 - a controlled risk management policy

SOCIETE GENERALE GROUP IN RUSSIA



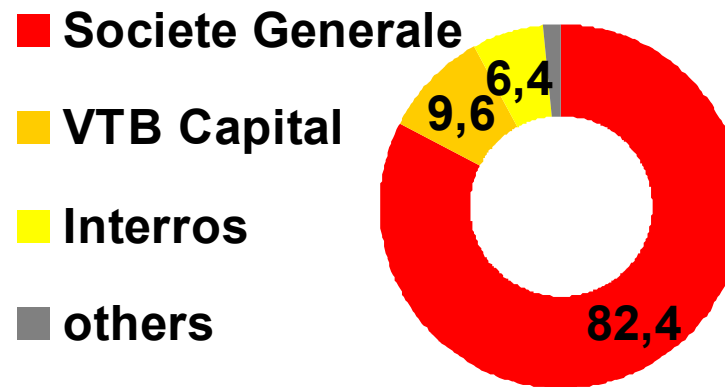
RB SG Group Network in Russia



■ ■ CONSOLIDATED ROSBANK

- Largest Societe Generale asset outside France
- Largest international financial structure in Russia
- Universal bank providing a full range of services to all segments of individual and corporate clients

Rosbank SG Group shareholders:



- TOP-3 Russian bank in retail banking
- One of the largest retail networks in Russia
- Top-5 Russian largest bank in terms of customer loyalty (ROMIR research, October 2011)

- 340 Russian cities and towns
- Over 700 branches & 1200 points of sales
- More than 2900 own ATMs
- More than 10 000 ATMs of ORS network
- 3 mln individual clients
- 73 000 corporate clients
- Financial Rating: Baa2 (Moody's), BBB+ (Fitch), BB+ (S&P)



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■ ■ **EARLY BIRD STRATEGY**

- Structuring a bankable project takes time. We recommend to come in advance and cooperate with your relationship bank when putting together a JV structure.
- Early cooperation with the Bank will give a JV:
 - ▶ A financial advisor to improve Project/ Acquisition performance with awareness of local work standards, legislation and “rulings”
 - ▶ Ability to perform independent and skillful Project/ Acquisition due diligence
 - ▶ Ability to propose “tailor made” financing structure, which being transparent and clear will help to secure better debt pricing
 - ▶ Ability to attract funding for a longer tenor
 - ▶ Ability to attract financing from IFIs / ECAs provided more complex and time-consuming contractual scheme

FUNDAMENTAL PRINCIPLES of bankability

Bankability of JV	Factors increasing bankability of the Project
Commercially viable projects	<p>The underlying assets should be operationally and economically viable as well as able to function as an independent economic unit</p> <p>High level of income predictability, signed contracts, etc</p>
Financially stable Sponsors	<p>Securing support from JV sponsors, including guarantees</p> <p>Banks value participation of Sponsors in a JV with equity funding providing balanced debt/equity structure</p> <p>Individual risks should be allocated to JV participants who are able to effectively manage and cover the risk in question</p>
Predictable risks structure	<p>Effective project structure and Shareholders agreements should be used for allocation of JV risks, where risks are identified and are clearly allocated between the JV participants</p>

BORROWERS' VIEW: perfect financing structures

CORPORATE FINANCE FOR GENERAL PURPOSES

- ▶ The cheapest financing available
- ▶ The highest leverage level achievable with a an aggressive proportion of debt to equity BS ratio and low debt service cover ratio
- ▶ The simplest and the most transparent loan structure
- ▶ Limited security

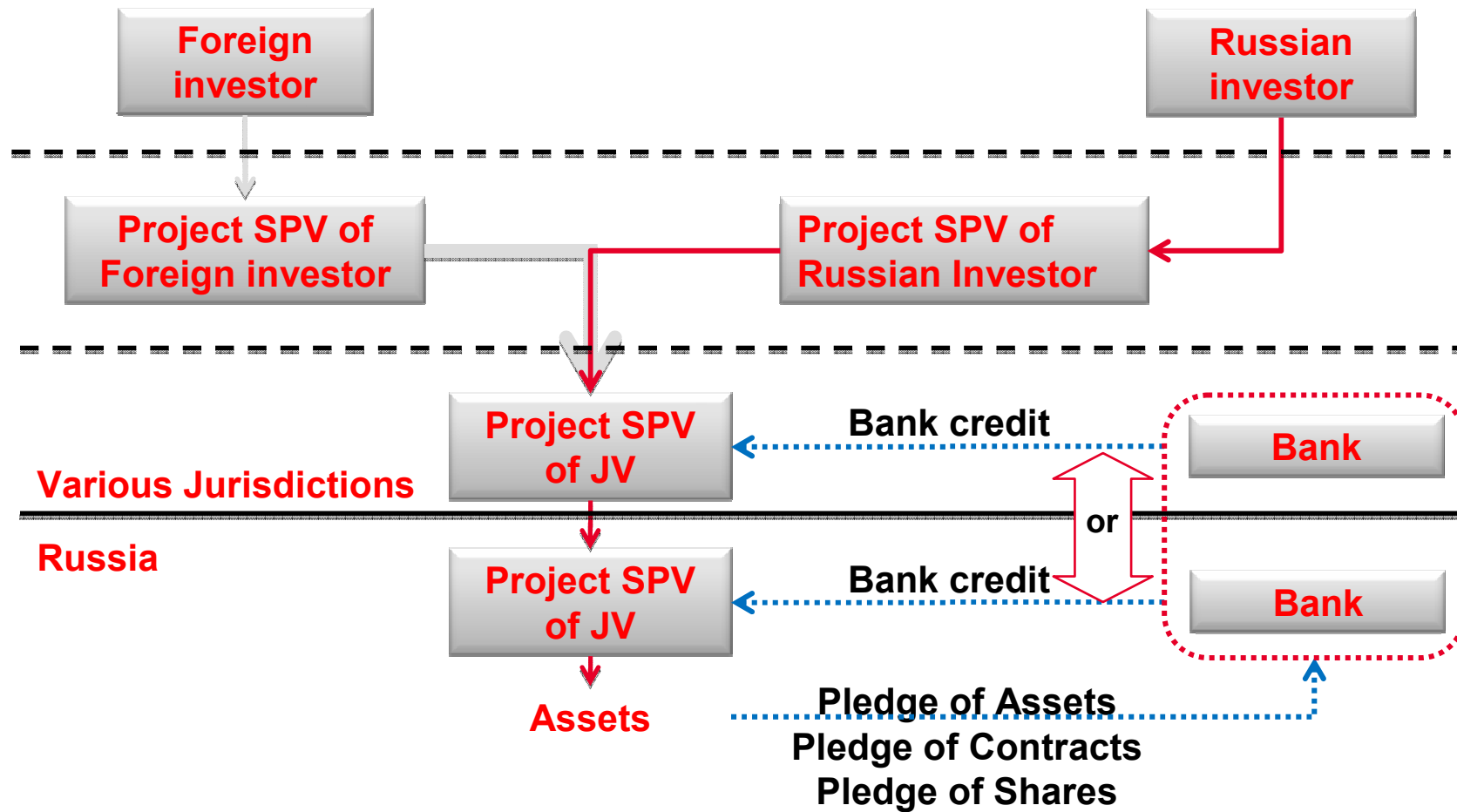
PROJECT FINANCE

- ▶ The cheapest financing available
- ▶ The highest leverage level achievable with a an aggressive proportion of debt to equity ration of a project
- ▶ The longest tenor possible
- ▶ Grace period
- ▶ Maximum balloon payment
- ▶ No recourse to Sponsors
- ▶ Debt service is based on a “non-recourse” basis, i.e. relying purely on the underlying assets income – “ring-fenced finance”
- ▶ Minimum hedging and covenants

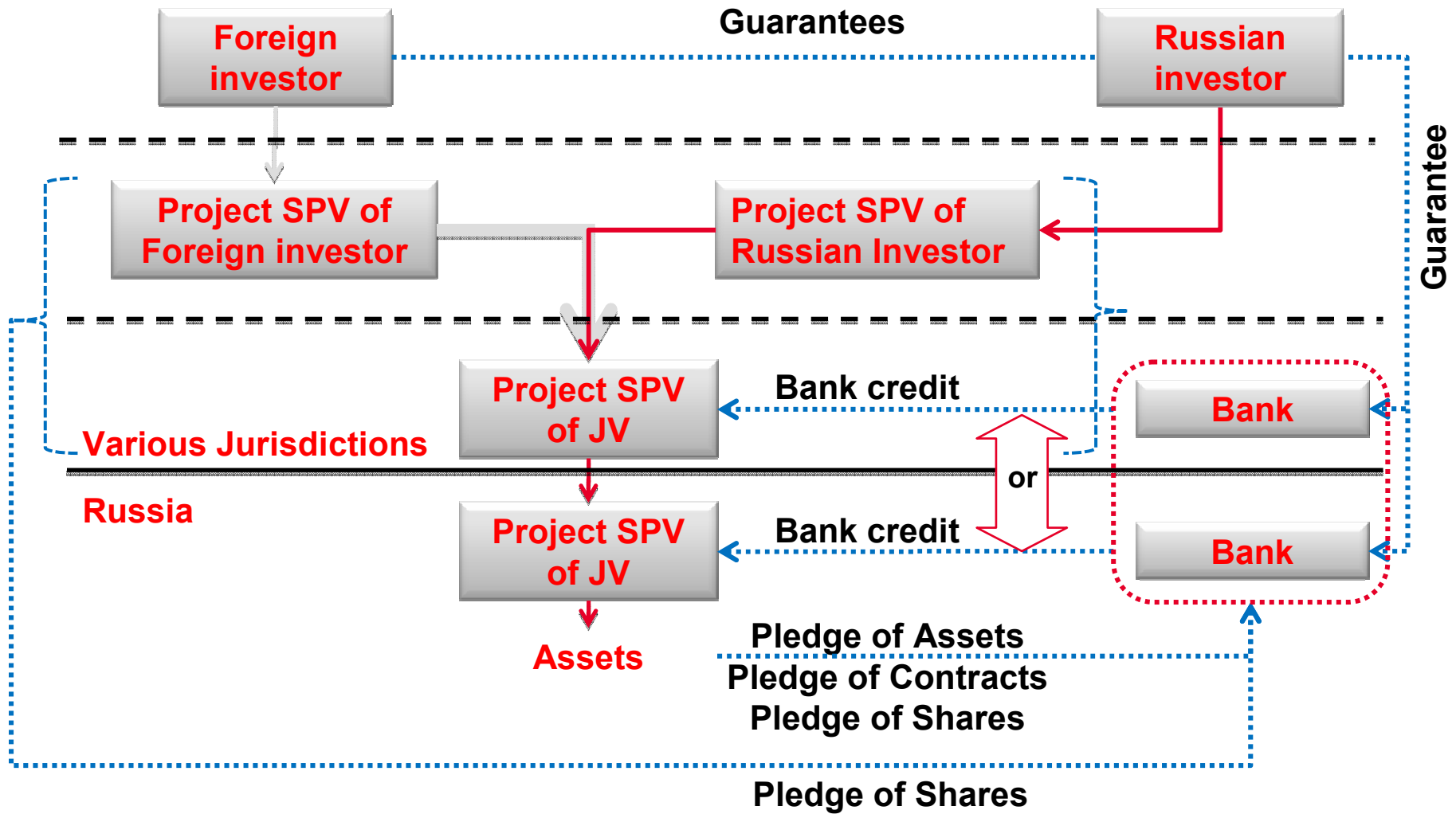
ACQUISITION FINANCE

- ▶ The cheapest financing available
- ▶ The highest leverage level achievable with a an aggressive proportion of debt to equity of acquisition price
- ▶ Permission for Dividends
- ▶ No recourse to the Buyer
- ▶ Recourse on acquired assets and Target Company - Debt service is based purely on the underlying assets income without any recourse to the Buyer
- ▶ Minimum hedging and covenants

FINANCING STRUCTURES as Borrowers demand



FINANCING STRUCTURES as Banks provide



INTERNATIONAL BANKS' REQUESTS

- Guarantees of core shareholders:
 - ▶ Banks are not willing to take risks of projects without obligations of Sponsors
 - ▶ First demand guarantees under foreign law are preferable
 - Clear business strategy for at least debt tenor period
 - Safe covenants levels
 - ▶ Subordination of other debt of JV
 - ▶ Dividend restriction during debt period
 - Strong security package
 - ▶ Use of foreign law for Security package
 - ▶ Assignment of off-take contracts
 - ▶ Security package under foreign law is to be strengthened by security under Russian law
 - ▶ Security over accounts (preferably use of foreign accounts) and/or contracts
 - Transparent beneficiary structure
 - Insurance against project related risks in Bank's favor
- ▶ Foreign investor is wishing to provide guarantee proportionally to its participation in the JV
 - ▶ Russian partner guarantees are generally does not bear added value for a bank.
 - ▶ Collaboration with reputable rated Russian investor is favored by banks
 - ▶ Major risk for a bank is a risk of shareholders disagreement and disputes
 - ▶ Wide use of foreign law (preferably English) including additional obligations of Sponsors
 - ▶ Preferable use of foreign jurisdictions for forming a JV



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GLOBAL FINANCE

December 2010



Sources:

- (1) PFI Awards, December 2009 & 2008
- (2) Euromoney, July 2010, 2009 & 2008
- (3) Euroweek, February 2009
- (4) emefinance, April-May 2009
- (5) Trade Finance Magazine, June 2010, 2009 & 2008
- (6) Global Trade Review Magazine, December 2010, 2009 and 2008
- (7) Deallogic Trade Finance League Tables 11 January 2011, 2009, 2008 & 2007
- (8) IFR 31 December 2010, 2009, 2008 & 2007
- (9) Energy Risk Magazine, June 2010

Project and Asset Finance	2010	2009	2008
▪ Advisor of the Year (1)		X	
▪ Bank of the Year in Americas (1)			X
▪ Best Project Finance House in Asia (2)	X		
▪ Best Project Finance House in the Americas (2)		X	
▪ Best Project Finance House in Western Europe, Central & Eastern Europe and Africa (2)			X
▪ Best Arranger of Project Finance loans (3)		#1	#1
▪ Best Africa Project Finance House (4)		X	
▪ EMEA Project Finance Bookrunner (8)	#1	-	#7

Commodities Finance	2010	2009	2008
▪ Best Commodity Finance Bank (5)	#1	#1	#2
▪ Best Energy Commodity Finance Bank (5)	#1	#3	#2
▪ Best Metals Commodity Finance Bank (5)	#1	#2	#1
▪ Best Softs Commodity Finance Bank (5)	#3	#2	#3
▪ Best International Trade Bank in Russia (5)	#1	#3	#3

Export Finance	2010	2009	2008
▪ Best Export Finance Arranger (5)	#1	#1	#1
▪ Best Global Export Finance Bank (6)	X	X	X
▪ Global MLA of ECA-backed Trade Finance Loans (7)	#3	#2	#2

Acquisition Finance	2010	2009	2008
▪ Bookrunner of Europe, Middle East & Africa Syndicated Loans (8)	#2	#3	#7

Multi-Product	2010	2009	2008
▪ Best Energy Finance House of the Year (9)	X		

INVESTMENT BANKING

December 2010



EXTEL SURVEYS
IDENTIFYING EXCELLENCE



Debt Capital Markets (1)	2010	2009	2008
▪ All international Euro-denominated bonds	#5	#4	#5
▶ All corporate bonds in euros	#3	#3	#4
▶ All sovereign issues in euros	#2	#3	#8
▶ All Jumbo covered bonds	#7	#1	#8
▪ Bookrunner of syndicated loans in EMEA	#2	#4	#7
▪ Bookrunner of syndicated loans in Russia	#1	#4	#6
▪ Primary Debt House	#5	#6	#14
▪ Rating Agency Advisory (2)	#3	#3	#12
▪ Liability Management (2)	#3	#5	
▪ Best Syndicate and runner-up for Best Bank for Covered Bonds (5)		X	
Equity Capital Markets	2010	2009	2008
▪ Equity, equity related issues in France (3)	#1	#5	#2
▪ Equity, equity related issues in EMEA (3)	#10	#13	#16
▪ France Equity Sales (4)	–	#2	#1
M&A	2010	2009	2008
▪ Financial advisor in France based on deals announced (3)	#2	#4	#10
▪ M&A Advisor of the Year (6)	X		

Sources:

- (1) IFR, 30 December 2010, 2009, 2008 & 2007
- (2) Euromoney Primary Debt Poll June 2010, Euromoney Global annual Debt Trading Poll, November 2008
- (3) Thomson Reuters and Thomson Financial 30 December 2010, 2009 & 2008
- (4) Thomson Extel Pan-European survey June 2010, 2009 and 2008
- (5) Euroweek Covered Bonds Awards September 2009
- (6) Acquisitions Monthly (Thomson Reuters)

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