



**V N E S H E C O N O M B A N K**

STATE CORPORATION "BANK FOR DEVELOPMENT AND FOREIGN  
ECONOMIC AFFAIRS (VNESHECONOMBANK)"

# **Vnesheconombank intentions towards “Orlovski tunnel” project**

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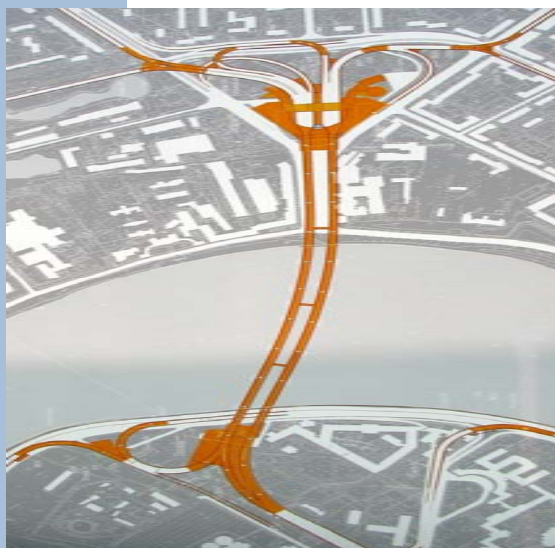
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## VNESHECONOMBANK INTENDS TO PARTICIPATE IN THE “ORLOVSKI TUNNEL” PROJECT



ORLOVSKI TUNNEL



**Pioneering PPP transport project in Russia  
with expected low traffic and political risks:**

**... enhancing the capacity of  
St. Petersburg's road infrastructure**

**... providing round-the-clock connection  
between banks of the Neva river**

**... providing a faster and easier travel through  
St. Petersburg for transition transport**

**... exercising Government support on all  
levels**



## VNESHECONOMBANK PROFILE

Vnesheconombank is one of the Russian oldest banks (established in 1924). It has unique expertise in providing assistance to the government and the national economy in the form of interstate agreements financing, as well as government priority programs support

Vnesheconombank is a national financial institution with special legal status:

- National development institution
- Agent of the Russian Government
- State Trust Management Company to handle pension savings funds
- Owner of the commercial Russian EximBank dedicated to commercial support of export
- Owner of the commercial Russian Development Bank dedicated to support of small and medium size business

Vnesheconombank is not subject to regulations of the Russian Central Bank applied to commercial banks

Legal status of Vnesheconombank is formed by the Law of the Russian Federation “On Bank for Development” and Financial Policy Memorandum approved by the Government



## LEGAL BASIS: FEDERAL LAW "ON BANK FOR DEVELOPMENT"

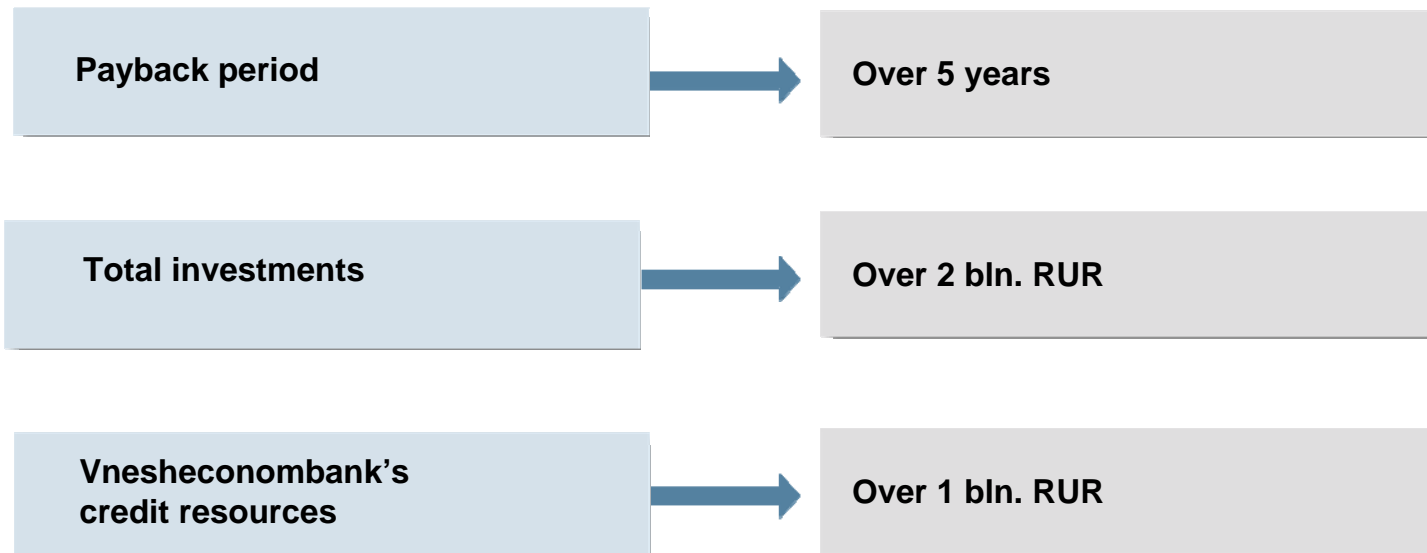
### Vnesheconombank exercises the following key basic functions:

- financing of investment projects aimed at development of infrastructure and implementation of innovative projects;
- participation in implementation of federal target programs and government investment programs;
- participation in investment projects of national significance implemented on public-private basis, as well as projects to create infrastructure and other facilities to secure functioning of special economic zones;
- expert examination of investment projects and draft export contracts of Russian exporters;
- participation in small and medium business support schemes by way of financing credit organizations and legal entities supporting small and medium business;
- participation in financial and guarantee support of exports of the Russian-made goods



## LEGAL BASIS: VNESHECONOMBANK'S FINANCIAL POLICY MEMORANDUM

- Specified investment areas, including transport infrastructure
- Provided criteria for selecting projects in these areas for further consideration of financing:



- Established procedures for evaluating projects for financing



## “ORLOVSKI TUNNEL” PROJECT CHALLENGES

### Construction risk

- The project assumes high tech engineering and construction of unprecedented scale inside the city
- It may face unexpected delays for technical and city management reasons

### Economic risk

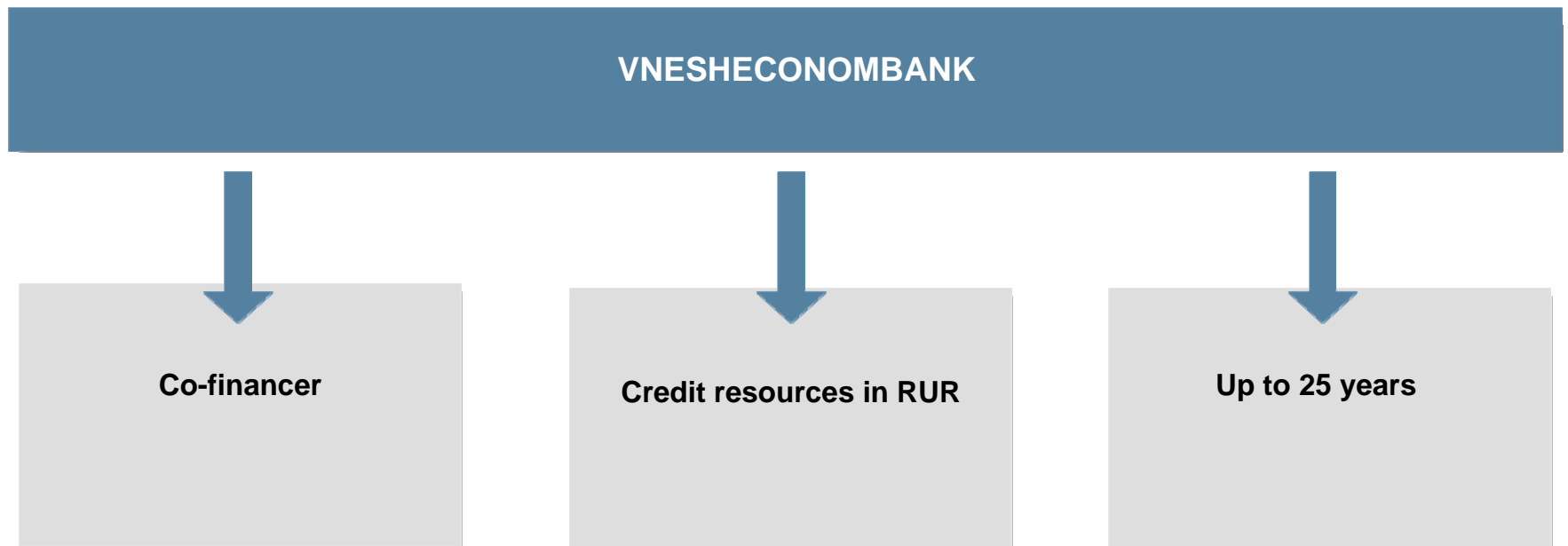
- The project assumes project subsidies from the State Investment Fund
- The Fund doesn't carry construction performance risk (completion and cost)
- Current financial projections may not be realistic as construction costs in Russia run far ahead of CPI
- The project economics may be significantly harmed if one source finance continues and there is no stand-by facility to the City to complete the project

### Legal risk

- Concessions are just getting their ground in Russia
- Toll road legislation and its subsequent economic regulation just appear
- Project risks may need support from the procuring body
- The Russian Budget Code places limits on the amount and duration of the project liabilities that could be taken



## POSSIBLE WAYS OF PARCIPATION IN THE “ORLOVSKI TUNNEL” PROJECT



Vnesheconombank is negotiating the bank's involvement in investment guarantee process in order to secure current budgeting limitations facing government bodies in PPP projects



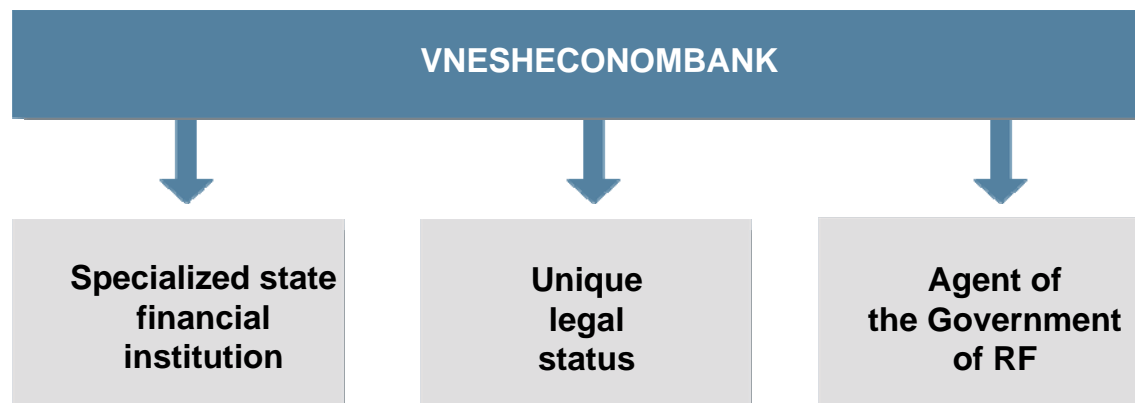


## VNESHECONOMBANK'S RATINGS

**Fitch:**  
Long Term Rating  
BBB+, stable

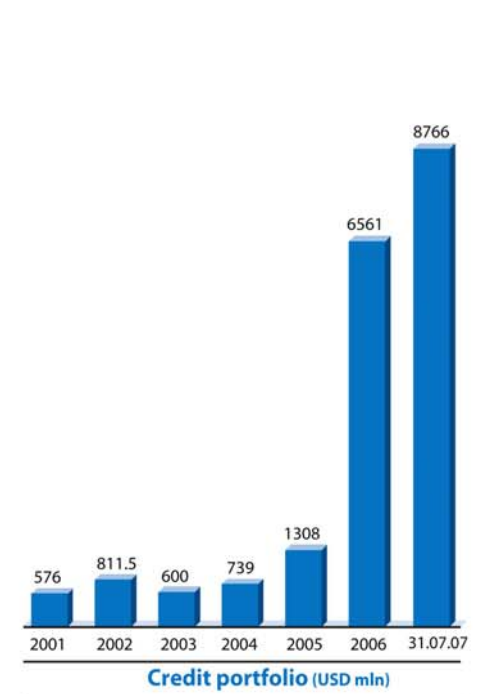
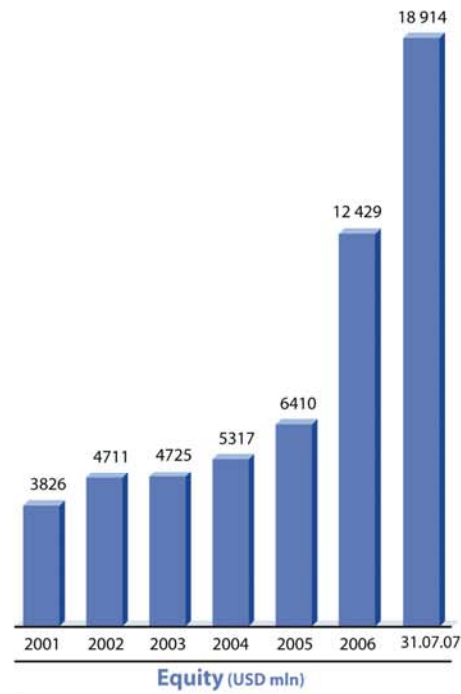
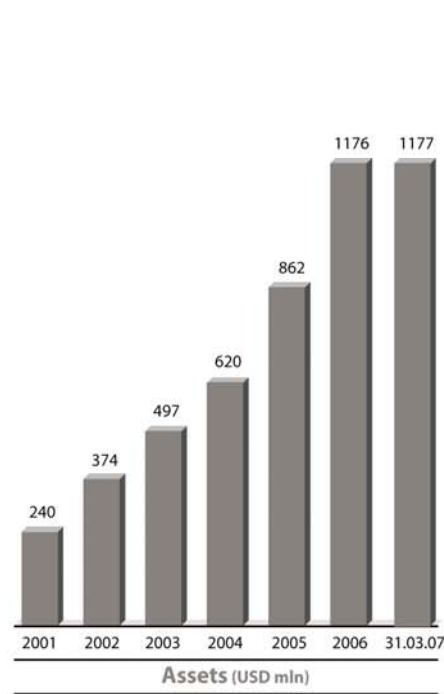
**Standard & Poor's:**  
Credit Rating (Local Currency)  
A-/A-2, stable  
Credit Rating (Foreign Currency)  
BBB+/A-2, stable

**Moody's:**  
Long Term Rating  
Baa2, stable

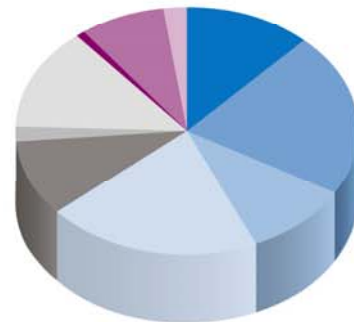




## KEY FINANCIAL DATA (all figures in USD mio)



- 12% – Agrobusiness
- 21% – Military and defence
- 10% – Transport
- 20% – Oil & Gas
- 10% – Industry



- 2% – Construction
- 13% – Services
- 1% – Telecom
- 8% – Financial sector
- 2% – Energy



## RECENT EXPERTISE IN TRANSPORT INFRASTRUCTURE PROJECTS

### Under the agreement with the Ministry of Transport

Construction of 15–58 km segment of Moscow – St.-Petersburg speedway

Advisor of the Ministry of transport of RF

2006

### Under the agreement with the Ministry of Transport

Construction of a new exit to the Moscow Circular Highway from MI (Belarus) federal highway

Advisor of the Ministry of transport of RF

2006

### Under the agreement with the Ministry of Transport

Volgo-Baltiyskiy waterway development program aimed at providing its stable functioning and improvement of its capacity (including construction of gate II of the Nizhni-Svirskiy water facility)

Advisor of the Ministry of transport of RF

2006



## “WESTERN HIGH-SPEED DIAMETER” PROJECT

- Currently Vnesheconombank intends to participate in the construction of the Western High-Speed Diameter project as one of the co-financers. The bank intends to provide finance to the project **in rubles** for a period **up to 25 years with use of the project finance scheme**.
- The Bank hasn't joined any of the consortia set up for the implementation of the project but closely cooperates with such participants of the process as EBRD and the International Financial Institutions group.



## RECENT TRANSPORT INFRASTRUCTURE AND AVIATION FINANCE PROJECTS

<b>AVIAIMPORT</b>  Participation in civil aircraft delivery to Cuba (Co-creditors – VTB an JSC Roseximbank)  USD 94.0 mio Period – 10 years  2005	<b>AVIAIMPORT</b>  Participation in civil aircraft delivery to Cuba (Co-creditors – VTB an JSC Roseximbank)  USD 203.37 mio Period – 12 years  2006	<b>KD AVIA</b>  Financing of Khrabrovo airport reconstruction in Kaliningrad (Co-creditor – KfW, Germany)  USD 34.03 mio Period – 8 years  2006	<b>TRIO-Invest</b>  Financing of logistic centre construction (Euler Hermes AG, Germany). Co-creditor – IFC  USD 37.0 mio Period – 10 years  2007	<b>OAO OKB Sukhoi</b>  Financing of Sukhoi SuperJet 100 airplane development  RUR 1,400 mio Period – 9 years  2007
<b>ILIYUSHIN FINANCE COMPANY</b>  Financing of TU-204 and IL-96-300 aircrafts construction  USD 50.0 mio  2006	<b>OAO TERMINAL</b>  Financing of Sheremetievo-3 airport terminal construction  USD 100.0 mio  2006	<b>OAO TERMINAL</b>  Financing of Sheremetievo-3 airport terminal construction (JBIC/NEXI, Japan)  USD 211.13 mio Period – 13 years  2006	<b>Civil Aircraft Sukhoi</b>  Financing of Sukhoi SuperJet 100 airplane development (ECGD, GB)  GBR 23.2 mio  2007	<b>OAO NEFTEGAZINCOR</b>  Financing of terminal construction at the sea-port of Ust-Luga  EUR 81.4 mio  2006



## CONTACTS

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