

TFR DEALS 2016

Here we reward the deals that kept global trade flowing in 2016
in the face of considerable headwinds

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Deals were still being done in 2016. And good ones too. Although the challenging environment meant the volume of trade deals submitted to the TFR awards for 2016 was lower than last – we still had over 120 separate deals nominated – quality still came through.

The 20 winners of the TFR Deals of 2016 comprised 15 commercial and five Export Credit Agency (ECA) and multilateral agency winners. Judges also highly commended 10 commercial deals and five ECA/multilateral agency deals. The winners range from the brave, to the complex, to the persistent and the innovative. Others, while not necessarily complex or innovative, were awarded as they were done in the face of serious challenges.

The panel of judges was drawn from senior experts in the global trade finance industry and I'd like to extend a personal note of thanks to them all for their considerable efforts. Dominique Beretti, Kris Van Broekhoven, Jean-François Lambert, John MacNamara, Mike Marnell, Robert Parson, Karel Valken and Paul Wollny all made a lot of effort to cogitate and digest what have been a very interesting spread of deals. Thanks too to the communications teams at the banks and institutions who put forward interesting submissions.

It was certainly not an easy year but certain trends were worthy of note. For one, it was interesting to see that European and Asian banks were able to do deals in the US – where US banks themselves had been charier. That was in part one of the unintended

consequences of regulation – such as Basel III capital adequacy restrictions and Federal Reserve Bank guidance on systemic commodity exposure. Whether that reluctance will continue under the new administration into the deals done by US banks this year onwards is anybody's guess.

Another interesting post-regulation fallout story is that the decline in the number of correspondent banking relationships and the 'trade finance gap' is allowing (encouraging or by necessity) the trading houses to step into territory traditionally held by (what used to be known as) global (and even longer ago known as universal – how that universe shrinks) banks. But traditionalists will say that the trading houses are being merchant banks in the ancient sense of the word. It will be interesting next year to see if/when more alternative finance enters the trade finance space.

A third striking feature of the deals this year is the march of receivables-based trade finance solutions – broadly to improve working capital flows in the exporters and importers. Neatly-structured supply chain-supporting deals featured increasingly among the winners.

It gives us great pleasure to be able to offer deal makers across the world an opportunity to shout about what they do best – make global trade flow. I look forward to seeing many of you in London on 9 March at the TFR Cross-border Trade Forum where, alongside a packed programme, we will discuss many of the deals in greater detail and present winners with their awards.

Winners

Borrower	Nominated by	Deal type	Amount	Region
Bibby Financial Services	HSBC	Multi-currency receivables finance facility	€150m	Europe
Fangyuan Group	Societe Generale, Deutsche Bank, ING	Syndicated term loan	US\$385m	China
Drax Power	HSBC	Invoice purchase facility	£100m	UK
Ekpac	HSBC	Receivables finance	US\$27m	China
Global Garden Products	HSBC	Multi-currency receivables finance	€80m	Europe
Government of the Sultanate of Oman	Societe Generale	Pre-export finance	US\$4bn	Oman
Kernel	ING	Syndicated pre-export financing	US\$300m	Ukraine
Lundin Petroleum	Natixis	Multi-currency revolving borrowing base facility	US\$5bn	Norway
Lynx Resources	Societe Generale	Payables finance	US\$75m term loan, €5m working capital facility	The former Yugoslav Republic of Macedonia
Maxum Foods	ANZ	Cross border borrowing base finance facility	US\$9m	Australia and New Zealand
Noble Group	Societe Generale	Structured trade and commodity finance	US\$2bn	US
NWK Agri Services	Rabobank	Pre-export finance	US\$20m	Zambia
Serial System	BNP Paribas	Receivables purchase program	US\$130m	Asia Pacific
Siberian Anthracite	ING	Pre-export finance	US\$350m	Russia
Tengizchevroil Finance Company	Deutsche Bank and Societe Generale	Pre-export finance	US\$3bn	Kazakhstan

Highly commended

Borrower	Nominated by	Deal description	Amount	Country
Agfarm	ANZ	Repurchase facility	US\$103.5m	Australia
CBG Bauxite	Natixis and Societe Generale	Pre-export finance, term loan and revolving credit facility	US\$823m	Guinea
Dag motorcycle	Ecobank	Import finance	US\$1.6m	Africa
Ghana National Petroleum Corporation	HSBC	Stand-by letter of credit	US\$500m	Ghana
Gunvor	ABN AMRO and Rabobank	Borrowing base facility	US\$500m	US
Multitan	Ecobank	Pre-export finance and borrowing base facility	US\$3.4m and Nigerian naira equivalent of US\$0.6m	Nigeria
Nidera	ING	Syndicated term loan facility	US\$110m	Romania
Reliance Industries Limited	HSBC	Digital export trade transaction	US\$250m (projected)	India
Shandong Qingyuan	ING	Syndicated structured facility	US\$191m	China
Urban Volt	Susi Energy Efficiency Fund	Receivables finance with SPV	€30m	Ireland

ECA winners

Borrower	Nominated by	Region	Value	ECA
Egyptian Electricity Holding Company	Deutsche Bank and Santander	EMEA	€1.1bn	Euler Hermes
Electricity Company of Ghana	IFC	Ghana	US\$50m	IFC
Lotte Chemical	BBVA	US	US\$1.29bn	KEXIM & Ksure
Qaiwan	Deutsche Bank	EMEA	US\$75m	Coface
Socialist Republic of Vietnam	IFC	Vietnam, Asia Pacific	US\$357m	IFC

ECA highly commended

Borrower	Nominated by	Region	Value	ECA
Dudgeon Offshore Windfarm	Societe Generale	UK	£1.3bn	KfW Ipex
Enel Green Power	Santander	Brazil, China Italy	US\$111m	Sinosure
Kurdistan Regional Government	J.P. Morgan	Iraqi Kurdistan Region	US\$34.8m	UKEF
Nitron Group Corporation	IFC	Africa and Latin America	US\$150m	IFC
PetroVietnam	Citi	Vietnam	US\$987m	Kexim, K-sure

Qaiwan

Four firsts for this Coface-guaranteed financing to meet the Iraqi Kurdistan Region's growing power demands

As the largest diversified industrial conglomerate in the Iraqi Kurdistan Region, Qaiwan owns and operates the Bazian refinery, one of the two refineries with a 35,000 barrels per day refining capacity, and is also active in the power generation, real estate and hospitality sectors.

The Qaiwan Group, founded in 1993 as a privately-owned company in Sulaymaniyah, is also active in the power generation, real estate and hospitality sectors. Regarding power generation, on 24 November 2013 its Qaiwan Company for Construction and Electrical Construction subsidiary signed a 15-year power purchase agreement with the Ministry of Electricity of the Kurdistan Regional Government for both the supply of gas and fuel and the off-take of electricity for a period of 15 years.

In August 2014, a contract was signed with Turkish engineering, procurement and construction (EPC) contractor ENKA for the construction on a turnkey basis of a natural gas-fired 442MW simple cycle mode power plant in Bazian. This has the potential to be increased to 662MW in combined cycle mode. In October of that year, General Electric signed a contract with

“This is the ECA doing exactly what it should be doing. Helping banks go to places where they normally would fear to tread”

ENKA to supply power equipment in the form of four model 9E gas turbines for the combined cycle power plant.

Structure of the transaction

Deutsche Bank, the mandated lead arranger (MLA), structuring bank and facility agent arranged an eight-year US\$75m buyer's credit, with Bankmed – a Dubai International Financial Centre based branch of the Lebanese bank Bankmed SAL – as co-MLA and co-lender in support of the GE contract and backed by Coface, the French export credit agency.

The buyer's credit was part of a broader financing package also consisting of a US\$30 five-year loans provide by GE, the gas turbine manufacturer. Dubai-based CT&F was financial adviser to Qaiwan on the entire financing package.

It attracted the attention of the judges because of four firsts: the first Coface-supported loan, the first senior unsecured loan obtained by a local corporate and the first GE vendor financing in Iraqi Kurdistan – and it is the first corporate debt for Qaiwan Group.

Furthermore the financing was transformational – it enabled Qaiwan to start the construction of the power plant before obtaining the financing, and refinanced Qaiwan while the power plant was reaching completion at the start of 2016.

Key facts

Borrower: Qaiwan

Nominated by: Deutsche Bank

Region: Iraqi Kurdistan Region

Deal: Export finance

Purpose: To co-finance the supply of four model 9E gas turbines

Signed: January 2016

Amount: US\$75m

Tenor: Eight years

ECA: Coface

Participants: Deutsche Bank AG (MLA, structuring bank and facility agent); Bankmed Dubai (MLA, lender)

