

Metal Bulletin's
Moscow Metals Summit
in association with **Eurasian**
Metals

Financing the Russian Metals Sector

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Moscow Narodny Bank Limited

- MNB is a UK licensed bank, incorporated in London since 1919
- Regulated by Financial Services Authority
- Owned 89% by Central Bank of Russia
- Network Consists of:
 - London H.O.
 - Moscow Rep Office
 - Singapore branch
 - Representative office in Beijing



MNB's Track Record

- Involved in raising over US\$2.2 billion of finance for Russian corporates in 2003
- Leading player in financing the Russian metals sector
- Mandated arranger for US\$165 million medium term pre-export financing for OAO SeverStal
- Mandated arranger for US\$100 million medium term pre-export financing for OAO Magnitogorsk Iron & Steel Works
- Joint mandated arranger for US\$100 million pre-export finance facility for EvrazHolding (increased to US\$130 million)
- Financings for Rual, Sual, Norilsk Nickel
- Increasingly involved in arranging financing for 2nd tier Russian metals companies



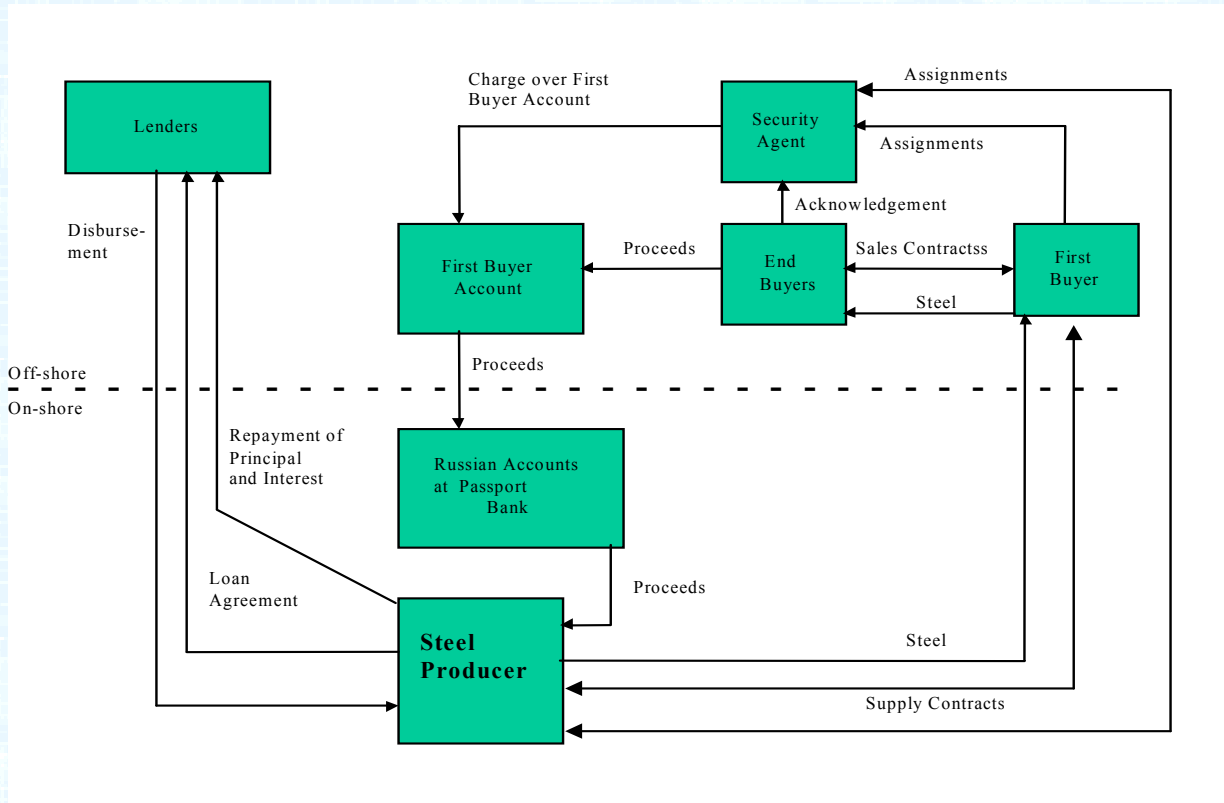
Market Overview

- Tenors have lengthened
- Margins have fallen
- Structures have weakened
- Existing facilities being repaid or terms renegotiated

Market Overview (continued)

- Scarcity of good deals
- Westerns banks increasingly looking at the Russian metals sector
- Companies have established track-record
- Increased access to bond markets

Financing Structure



Key Features

- Use of offshore trading company
- Value based supply and sales contracts
- Minimum monthly assigned/delivery values
- Long term supply contract
- Spot sales contracts with multitude of end buyers

Message

- There is appetite for well structured transactions for borrowers with a good story
- Lenders increasingly looking to the Russian metals sector
- Opportunity for smaller companies currently unable to tap international capital markets
- Transparency and support from a borrower to lenders are crucial for the success of the financing
- Ensure not constrained by existing covenants
- Maintain the banking relationships!