



# Possibilities of collaboration between Russian/Kasakhstan banks and Japanese banks

**THE RUSSIA-JAPAN BUSINESS DIALOGUE**  
**The 16<sup>th</sup> International Business Conference**  
**6<sup>th</sup> Nov. 2007**

**Bank of Tokyo-Mitsubishi UFJ, Ltd.**

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# I. Trends of economic relationship

## 1 Trade Volume between Russia and Japan

- Total : 2006Y US\$ 13.7bln ( up +28% from 2005Y)  
Japan : 15<sup>th</sup> largest trade partner for Russia ( 3.7% )  
Russia : 20<sup>th</sup> largest trade partner for Japan ( 1.2% )
- Export from Japan to Russia : 2006Y US\$ 7.1bln (up+57.5%)  
Transportation equipment 91.9% ( of which car 74.4% )  
first time over-export from Japan (increase car export)
- Export from Russia to Japan : 2006Y US\$ 6.6bln (up +7.3%)  
Coal, Oil, etc. 28.8%  
Metal 38.9% ( of which Aluminum 26.1% )  
Foods stuff 15.0% ( of which fish 14.7% )

## I. Trends of economic relationship

### 1 Trade Volume between Russia and Japan

Export from Japan

amount: US\$Mio    %:market share

2002				2003				2004				2005				2006			
1	USA	118,550	28.5%	1	USA	115,412	24.6%	1	USA	126,839	22.5%	1	USA	134,889	22.6%	1	USA	145,651	22.5%
2	China	39,866	9.6%	2	China	57,219	12.2%	2	China	73,818	13.1%	2	China	80,340	13.4%	2	China	92,852	14.3%
3	Korea	28,547	6.9%	3	Korea	34,675	7.4%	3	Korea	44,200	7.8%	3	Korea	46,880	7.8%	3	Korea	50,321	7.8%
4	Taiwan	26,202	6.3%	4	Taiwan	31,174	6.6%	4	Taiwan	41,959	7.4%	4	Taiwan	43,910	7.3%	4	Taiwan	44,152	6.8%
5	H.K.	25,377	6.1%	5	H.K.	29,784	6.3%	5	H.K.	35,373	6.3%	5	H.K.	36,132	6.0%	5	H.K.	36,469	5.6%
34	Russia	942	0.2%	31	Russia	1,764	0.4%	25	Russia	3,111	0.6%	23	Russia	4,485	0.8%	20	Russia	7,065	1.1%

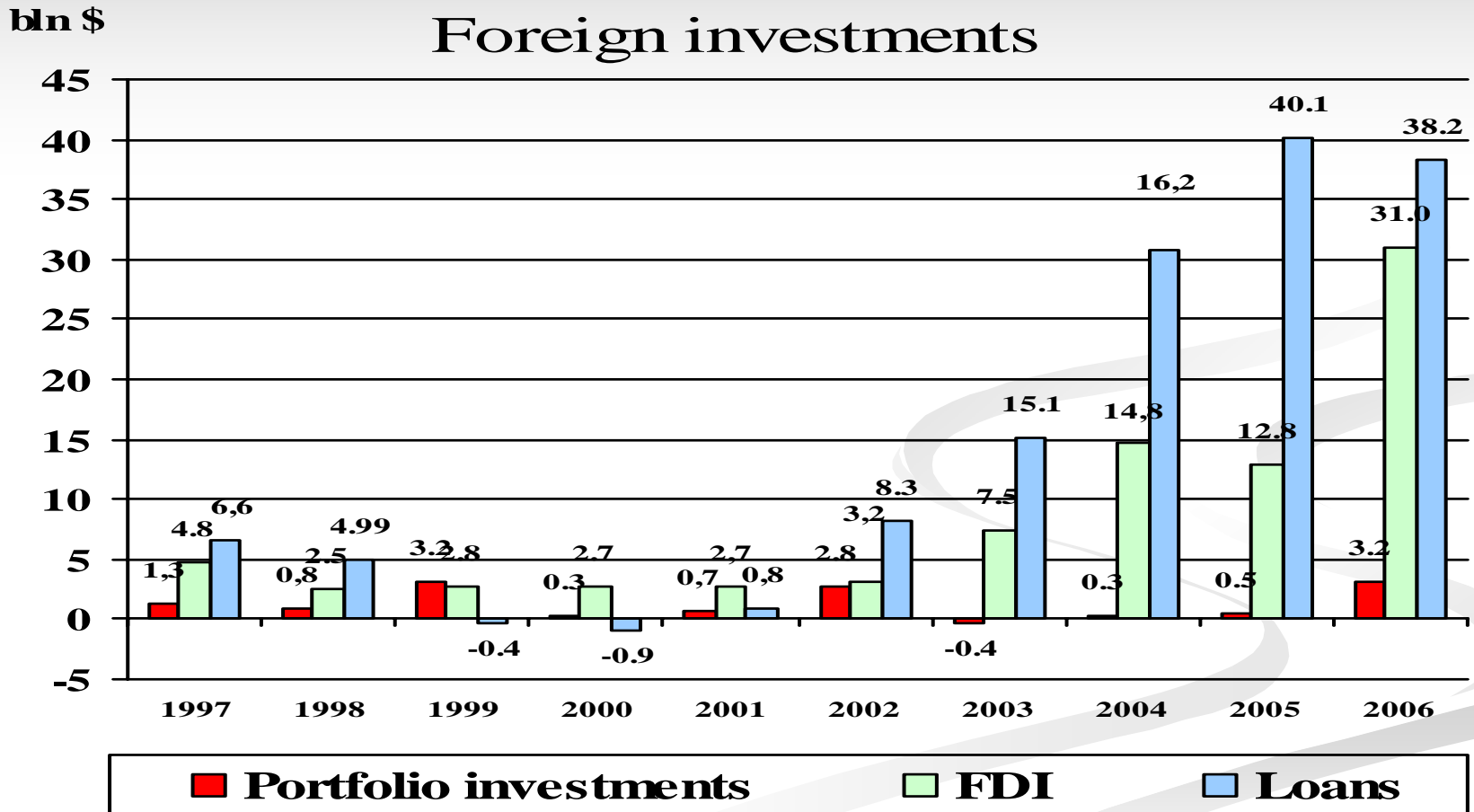
Import to Japan

2002				2003				2004				2005				2006			
1	China	61,692	18.3%	1	China	75,193	19.7%	1	China	94,227	20.7%	1	China	109,105	21.0%	1	China	118,516	20.5%
2	USA	57,634	17.1%	2	USA	58,658	15.4%	2	USA	62,435	13.7%	2	USA	64,497	12.4%	2	USA	68,071	11.8%
3	Korea	15,454	4.6%	3	Korea	17,841	4.7%	3	Korea	22,027	4.8%	3	Saudi	28,739	5.5%	3	Saudi	37,215	6.4%
4	Indone	14,174	4.2%	4	Indone	16,358	4.3%	4	Austla	19,430	4.3%	4	UAE	25,324	4.9%	4	UAE	31,590	5.5%
5	Austla	13,987	4.2%	5	Austla	14,989	3.9%	5	Indone	18,670	4.1%	5	Austla	24,609	4.7%	5	Austla	27,947	4.8%
22	Russia	3,277	1.0%	21	Russia	4,218	1.1%	21	Russia	5,694	1.3%	21	Russia	6,205	1.2%	22	Russia	6,658	1.2%

source:JETRO

# I. Trends of economic relationship

## 2 FDI from Japan to Russia



# I. Trends of economic relationship

## 2 FDI from Japan to Russia

Cumulative Base Amt: US\$ Mio %: market share

	2002		2003		2004		2005		2006	
Total	305,585		335,911		371,755		388,197		449,680	
Asia	58,421	19.1%	64,267	19.1%	76,416	20.6%	88,187	22.7%	107,653	23.9%
N.America	140,982	46.1%	143,385	42.7%	146,967	39.5%	156,189	40.2%	163,230	36.3%
S.America	18,167	5.9%	21,975	6.5%	26,588	7.2%	33,064	8.5%	39,291	8.7%
W.Europe	72,404	23.7%	87,573	26.1%	101,886	27.4%	92,453	23.8%	118,657	26.4%
Midle East	893	0.3%	900	0.3%	1,022	0.3%	1,685	0.4%	2,038	0.5%
Africa	1,232	0.4%	2,052	0.6%	1,628	0.4%	1,332	0.3%	2,701	0.6%
E.Europe	682	0.2%	1,128	0.3%	1,464	0.4%	1,667	0.4%	2,057	0.5%
Oceania	11,852	3.9%	13,632	4.1%	15,091	4.1%	12,961	3.3%	13,794	3.1%
Russia	50	0.0%	14	0.0%	87	0.0%	157	0.0%	258	0.1%
Other	952	0.3%	999	0.3%	693	0.2%	659	0.2%	259	0.1%

Source: JETRO

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# I. Trends of economic relationship

## 3 Follow wind for further economic ties

- Russian Federation Government Strategy

The Program on the Development of the Far East and Zabaikalye till 2013

Railway Transport Development Strategy till 2030

- Japanese Government Initiative

Initiative for the Strengthening Japan-Russia cooperation in the Far East Russia and Eastern Siberia

- High Interest & Expectation ⇔ BRICs, WTO

- Change of Sentiments ⇒ “Russia is profitable market”

- Current Trend :

Automobile : Production (TOYOTA, NISSAN, SUZUKI)

TV / AV : approaching to Self-Import by subsidiary

- Member of Japan Club in Moscow

64 (2002Y) ⇒ 124 (2005Y) ⇒ 151 (2006Y) ⇒ 163 (2007/7)

Japanese Residence 1,100 people

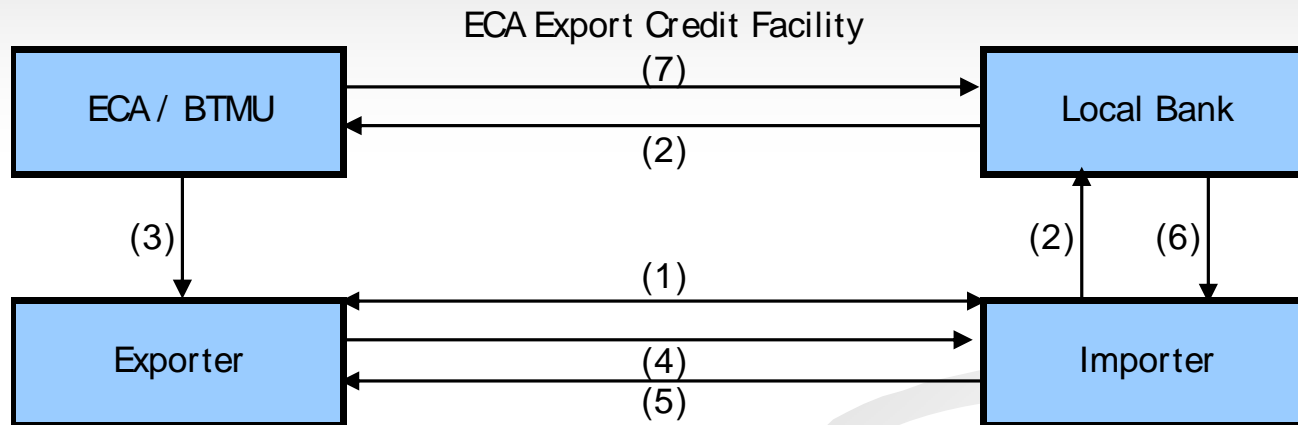
## II. The evolution of International Business by BTMU

	Finance Scheme	Roles of BTMU						Relationship with Local Banks
		Advice Information	Settlement Administration	Credit Loan	Forex	Deposit	Risk Hedge	
National Economic Development	ODA		agent bank					Corresponding Arrangement
	ECA		agent bank	○				
	Project Finance	Financial Adviso	agent bank	○	○			
Export from Japanese Corp	Trade Finance	○	○	○	○		○	Counter Party for T/F
FDI by Japanese Corp		○	○	○	○	○	○	
Business expansion by Subsidiaries of Japanese Corp	Full Banking Service(Local base) through overseas branch or subsidiary							Local Currency Provider
Business expansion by Domestic Corp								Rik Part-in Part-out



### III. Ideas of risk participation, risk sharing

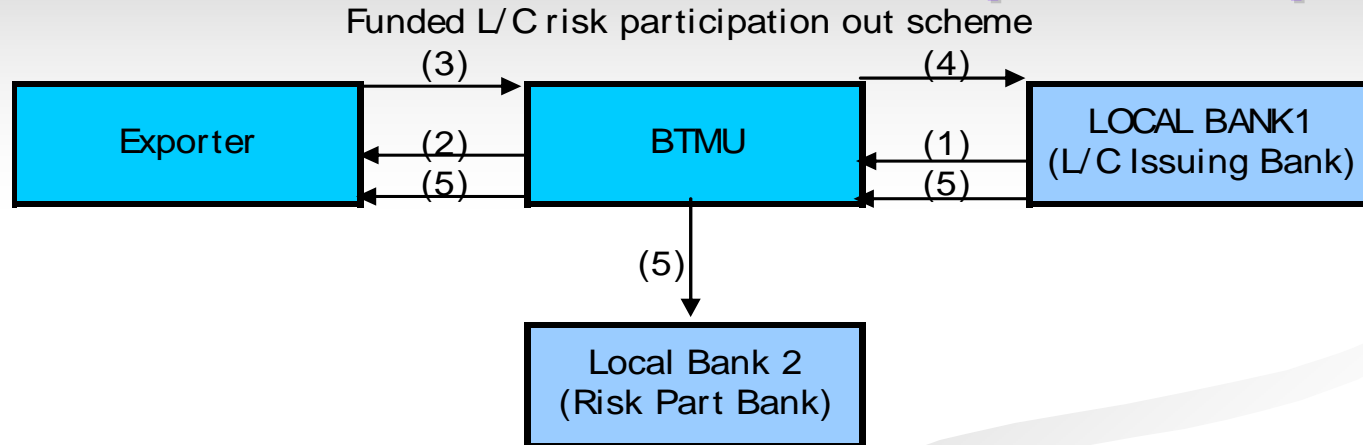
#### 1 ECA finance/buyers' credit facility



(1)	Purchase Agreement
(2)	Application for loan reimbursement
(3)	Notice to accept the application
(4)	Shipment from exporter to importer
(5)	Payment for goods by importer
(6)	Reimbursement from local bank to importer
(7)	Reimbursement from ECA/BTMU to local bank

### III. Ideas of risk participation, risk sharing

#### 2 Trade finance/risk part-out part-in

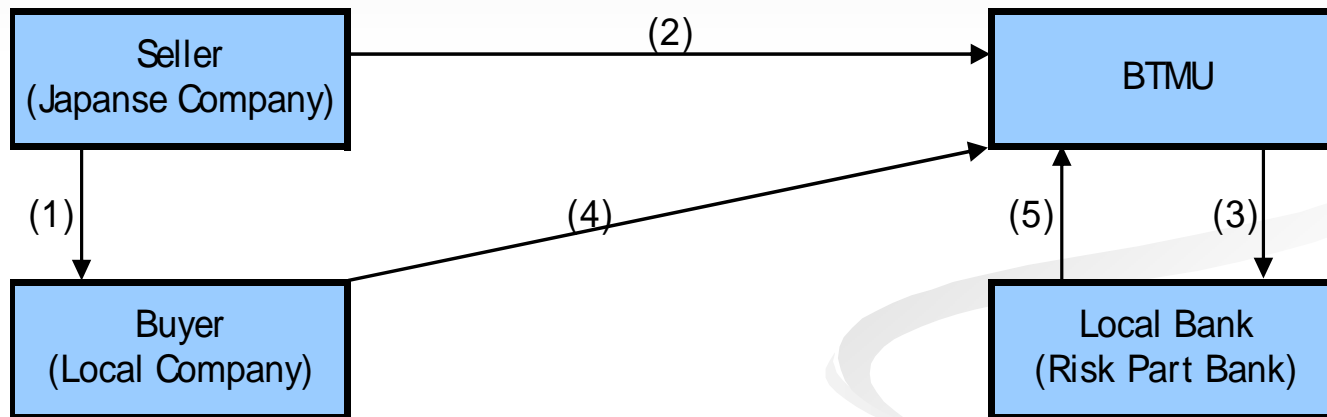


(1)	L/C Issuing Bank issues the import L/C and advise through BTMU.
(2)	BTMU Advises our Exporter ( our customer), the beneficiary the incoming
(3)	Exporter Presents the shipping documents for negotiation and requests for non-recourse discounting.
(4)	BTMU will submit the shipping document to issuing bank for negotiation after checking and ensure that there is no discrepancies.
(5)	Issuing Bank will send acceptance notice to BTMU, who will discount the bill for the Exporter. At the same time, BTMU will risk part-out the non-recourse discounting to other bank. The risk part out period shall coincide with the discount period. Hence, there is no mismatch.

### III. Ideas of risk participation, risk sharing

#### 3 buyers' risk hedging scheme 1

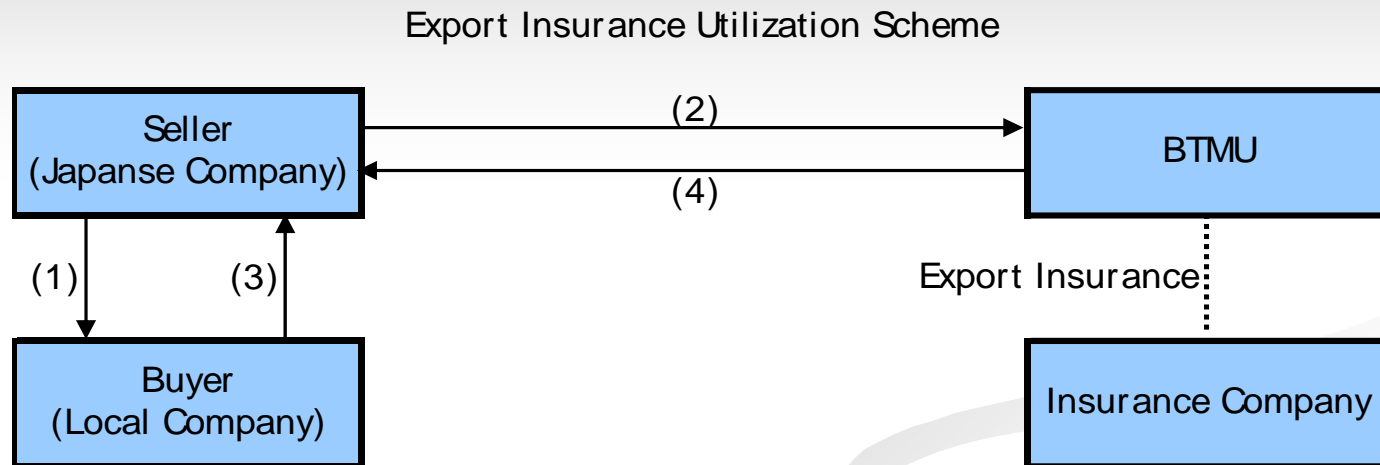
Un-Funded base Risk Part-out Scheme



(1)	Receiving purchase order shipment, and Issuance of Invoice
(2)	Selling receivables' rights on without recourse base
(3)	Risk part-out on un-funded base (payment guaranty )
(4)	Amount is paid on invoice due date.
(5)	In the event of dishonor, the receivable will be paid to receivable right holder(B

### III. Ideas of risk participation, risk sharing

#### 4 buyers' risk hedging scheme 2



(1)	Receiving purchase order shipment, and Issuance of Invoice
(2)	Assignment of Account Receivables
(3)	Amount is paid on invoice due date.
(4)	In the event of dishonor, 90% of the receivable will be paid to the seller
➤	This product is provided based on the back-up transaction with trade credit insurance company
➤	90% of risk is covered, and the remained 10 % is born by the seller.
➤	Specific obligor can be chosen for this scheme,

## IV. BTMU in Russia, East Europe and Central Asia

### BTMU's business history in Russia

- In 1992, former “Bank of Tokyo” established Representative Office in Moscow for the first time as a Japanese bank. This office is covering 15 former USSR countries.
- Between 2001 and 2007, our Senior Advisor (former president) played the chairman of ROTOBO “Japan Association for Trade with Russia & Central Eastern Europe”.
- On 1<sup>st</sup> of Nov. 2006, BTMU has opened “**ZAO Bank of Tokyo-Mitsubishi UFJ (Eurasia)**”. First subsidiary bank in Russia among Japanese MEGA-Banks.



Possibilities of collaboration bet. Russia/Kazakhstan and Japanese banks

## IV. BTMU in Russia, East Europe and Central Asia

ZAO BTMU (Eurasia)

### Outline

- Licensed Aug. 17, 2006 / Opened Nov. 01, 2006
- Paid capital JPY3.0 bio.
- Japanese Corporate Banking
- Total 38 staffs

### Service

- Domestic & Foreign Remittance
- Loan (Ruble, USD, EURO, JPY, etc. : short term, long term)
- FOREX (SPOT / Forward : short term, long term)
- Deposit (Ruble, USD, EURO, JPY, etc. : short term, long term)
- Guarantee / Bond (Performance Bond, Bid Bond, etc.)

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## IV. BTMU in Russia, East Europe and Central Asia

### League Table for Russia/Kazakhstan Borrowers

Bookrunners league table in Russia Jan-Dec 2006 by volumes (excl. Project finance and aircraft)			
Rank	Bookrunner	Deal Value	No.
1	ABN AMRO	5,892.12	21
2	Barclays Capital	3,288.33	10
3	Citi	2,796.31	12
4	Dresdner Kleinwort	2,493.42	9
5	Calyon	2,303.00	7
6	RZB	2,210.35	27
7	Mitsubishi UFJ Financial Group	1,705.17	14
8	BNP Paribas	1,656.25	8
9	Sumitomo Mitsui Banking Corp	1,275.92	11
10	ING	1,154.42	9
Subtotal		24,775.27	75
Total		37,251.37	126

Bookrunners league table in Kazakhstan Jan-Dec 2006 by volumes (excl. Project finance and aircraft)			
Rank	Bookrunner	Deal Value	No.
1	Mitsubishi UFJ Financial Group	830.33	4
2	ING	827.47	7
3	Standard Chartered Bank	720.33	3
4	Deutsche Bank	710	5
5	Citi	682.5	7
6	RZB	644.5	7
7	Standard Bank	519.97	5
8	UniCredit Group	385	3
9	Commerzbank Group	370.33	1
10	BNP Paribas	250	1
10	ABN AMRO	250	1
Subtotal		6,190.43	21
Total		8,144.25	29

Source:  
DEALOGIC

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## IV. BTMU in Russia, East Europe and Central Asia

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