



## **PRESS RELEASE**

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### **HSBC arranges landmark debt financing for Akij Particle Board Mills**

The Hongkong and Shanghai Banking Corporation Limited has recently signed a Facility Agreement to arrange a long-term debt financing of USD 43 million for Akij Particle Board Mills Limited. The financing will be utilised to support Akij's expansion plan in implementing a state-of-the art manufacturing facility for Particle and Medium Density Fibre (MDF) board.

The debt financing includes the first Euler Hermes guaranteed facility arranged for a private sector corporate in Bangladesh by HSBC. Euler Hermes is the official Export Credit Agency (ECA) of Germany, which guarantees and enables German exporters and lenders to receive cover against associated risk.

Bangladesh and German bilateral trade is worth over USD 4 billion, weighted heavily in Bangladesh's favour. It is the second largest export market for Bangladesh and is forecasted to remain the same till 2030 according to the HSBC Global Connections report. The German exports to Bangladesh are mostly machineries.

Commenting on the arrangement, Francois de Maricourt, Chief Executive Officer of HSBC Bangladesh said, "As the leading international Bank, this transaction is a testament of HSBC's expertise in providing international financing solutions in Bangladesh through our global network and connectivity. We are proud to arrange this initiative to support the expansion of Akij Group."

Akij Group founded in early 1940s is now one of the largest conglomerates in the country with diversified operations in Jute, Textile, Food and Beverage, Building Materials, etc. Akij Particle Board Mills Limited is part of the group which produces international standard particle board. The term loan will support to import machinery to expand their product base. SK Bashir Uddin, Managing Director of Akij Group thanked HSBC for arranging this innovative financing involving multiple parties including German Export Credit Agency and Machinery Suppliers as well as HSBC offices in Germany, Hong Kong and Bangladesh. Commenting about the project, he said "We will produce the most modern particle boards in the world with raw materials from renewable sources conforming to the highest level of environmental and safety standards. This will also benefit the local furniture exporters to enhance their business."

Arnaud Cachard, Head of Export Finance, Asia Pacific of HSBC, said, "The development of ECA financing opens a major source of financing which can support the ongoing capital expenditure of the vibrant industrial sector in Bangladesh."

The Euler Hermes guaranteed facility amounts to EUR 22.6 million and will be funded by HSBC Germany. HSBC Bangladesh will provide term loan for the remaining amount from its Offshore Banking Unit.

HSBC has previously arranged ECA backed credit facilities for public sector projects and this arrangement is its first for a private sector corporate. The signing ceremony was attended by senior officials from Akij Particle Board Mills Ltd and HSBC.

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**Note to editors**

**The Hongkong and Shanghai Banking Corporation Limited**

The Hongkong and Shanghai Banking Corporation Limited is the founding member of the HSBC Group, which serves around 48 million customers through four global businesses: Retail Banking and Wealth Management, Commercial Banking, Global Banking and Markets, and Global Private Banking. The Group serves customers worldwide from over 6,100 offices in 72 countries and territories in Asia, Europe, North and Latin America, and the Middle East and North Africa. With assets of US\$2,572bn at 30 June 2015, HSBC is one of the world's largest banking and financial services organisations.

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