EUROMONEY AWARDS FOR EXCELLENCE 2017

WORLD'S BEST INVESTMENT BANK IN THE EMERGING MARKETS

HSBC

The bank's expertise in debt capital markets and transaction banking have helped it excel in emerging markets this year

After the slump in commodities prices, the maturing of Chinese growth and political crises in countries such as Brazil and Russia, the golden era in the emerging markets might look like it has passed. However, schemes such as the Belt and Road Initiative in China and reforms in the Middle East, such as the planned IPO of Saudi Aramco, show there are still opportunities for investment banks in developing markets.

The strategy of Euromoney's best emerging markets investment bank, HSBC, is to be on top of these trends. Its business model, with particular expertise in areas like debt capital markets and transaction services, is especially well-suited to investment banking in the emerging markets. This year, the opportunities have played into HSBC's relative regional strengths. As Samir Assaf, HSBC's CEO of global banking and markets, explains: "Where the action is in emerging markets – in China, in Saudi – we're committed to being the top wholesale firm.

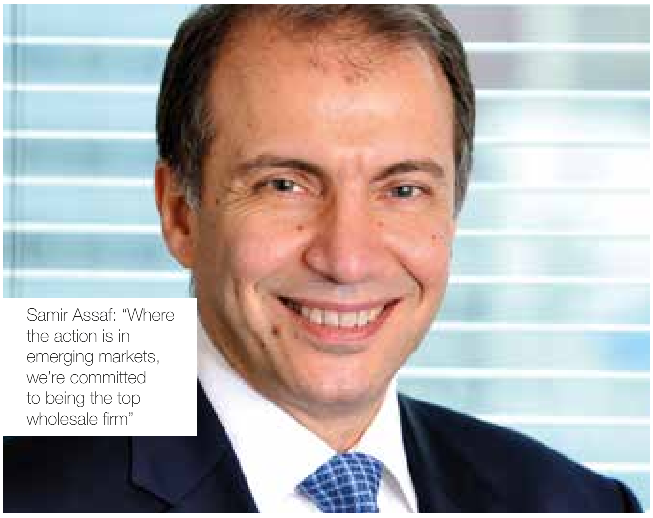
"While we're right up there on the big event business – DCM, obviously, but increasingly big IPOs and cross-border EM M&A – what differentiates us is we are chosen by clients for so much more: liquidity provision, cash management, custody, trade finance... That's what really makes an emerging-market franchise, especially for corporate clients, who are the bedrock of the business."

There is also no denying that Citi, which has won this award or its equivalent for the last three years, remains a strong competitor, particularly as a corporate bank. It is almost unchallenged in some regions, such as central and eastern Europe, although these are generally smaller in terms of transaction volumes and less in vogue. Credit Suisse, too, is venturing beyond the usual emerging market investment bank stomping grounds, with particular success in Asian frontier markets.

But HSBC, which has never been far off taking the trophy from Citi, deserves to be recognized – particularly this year, when it can boast a string of impressive deals, not least the landmark comeback and debut bonds in Argentina and Saudi Arabia.

As well as advising on several important domestic Chinese M&A deals, HSBC is also lead financial adviser on ChemChina's $47 billion acquisition of Syngenta. But as activity in China shifts from big outbound M&A and back towards the development of Eurasian and Indian Ocean trade and infrastructure, HSBC has much more to do for Chinese clients as they expand internationally. "Looking forward, no bank is better placed to benefit from the Belt and Road Initiative," says Assaf. "Our wholesale bank connects trade and payments in almost all the areas on the new Silk Road."

HSBC's strength as an international bank in China already helps it capture a large chunk of offshore renminbi activity and it has spearheaded the internationalization of the currency. Having established China desks and renminbi settlement around the world, it became the first bank to facilitate access to the China interbank bond market for



Samir Assaf: "Where the action is in emerging markets, we're committed to being the top wholesale firm"

an overseas financial institution – Insight Investment – in June 2016.

Yet HSBC's emerging markets business is about much more than Asia. Saudi's $17.5 billion triple-tranche debut bond has particular importance. HSBC acted in a similar role, as global coordinator, on Kuwait's $8 billion dual-tranche debut in March and on the region's first insurance bond, in Qatar.

The bank is close to reform initiatives, including Saudi Arabia's Vision 2020, as the Middle East adapts to a lower oil price – especially privatization and the opening up of the stock market to international investors in Saudi. It also structured and syndicated a $2 billion repurchase agreement for Egypt's central bank as the country moved to a floating currency in November. Hiring top Deutsche Bank emerging markets equities banker Chris Laing this year shows the direction of travel.

Elsewhere, HSBC was behind deals such as a Rs8.9 billion ($138 million) loan for Intas Pharmaceutical in India and it advised on one of the most important African deals of the year, Sibanye Gold's acquisition of US miner Stillwater.

In Latin America, it continues to push boundaries in debt capital markets: Mexico City Airport's $2 billion green bond and the biggest-ever emerging markets euro-denominated deal for Pemex are great examples. Its business in the region has continued to thrive despite sales of its some of its local retail businesses. Latin America head of capital financing and global banking Katia Bouazza notes the wholesale business in Colombia has benefitted in many ways from the sale of its relatively small retail business by allowing the bank to partner, rather than compete, with local banks.

Bouazza adds that the Republic of Brazil hired HSBC for its return to the international bond markets the day after Bradesco completed its acquisition of HSBC Brazil. "It shows the level of trust in our bank and our team," she says.