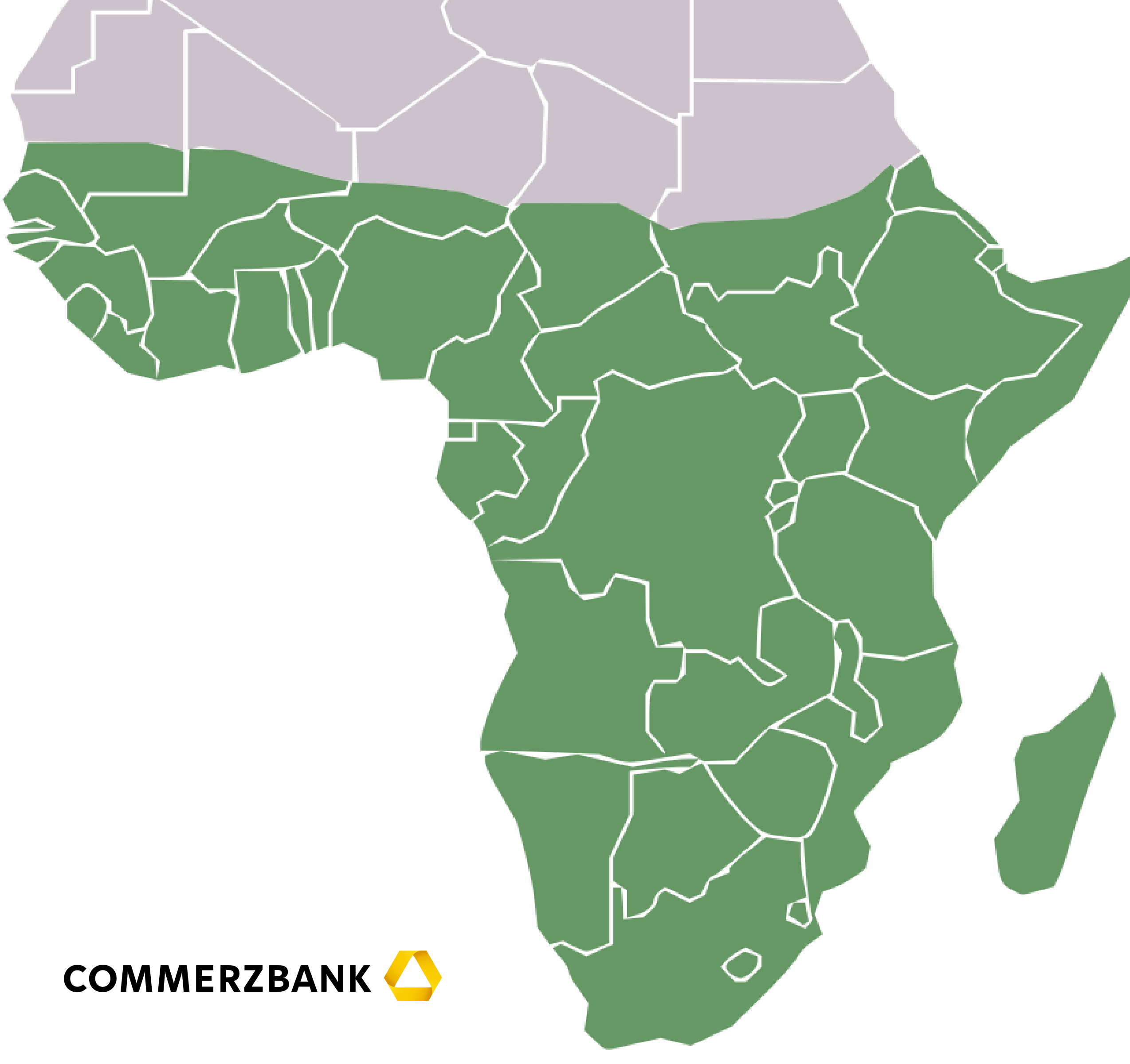


TXF France 2018

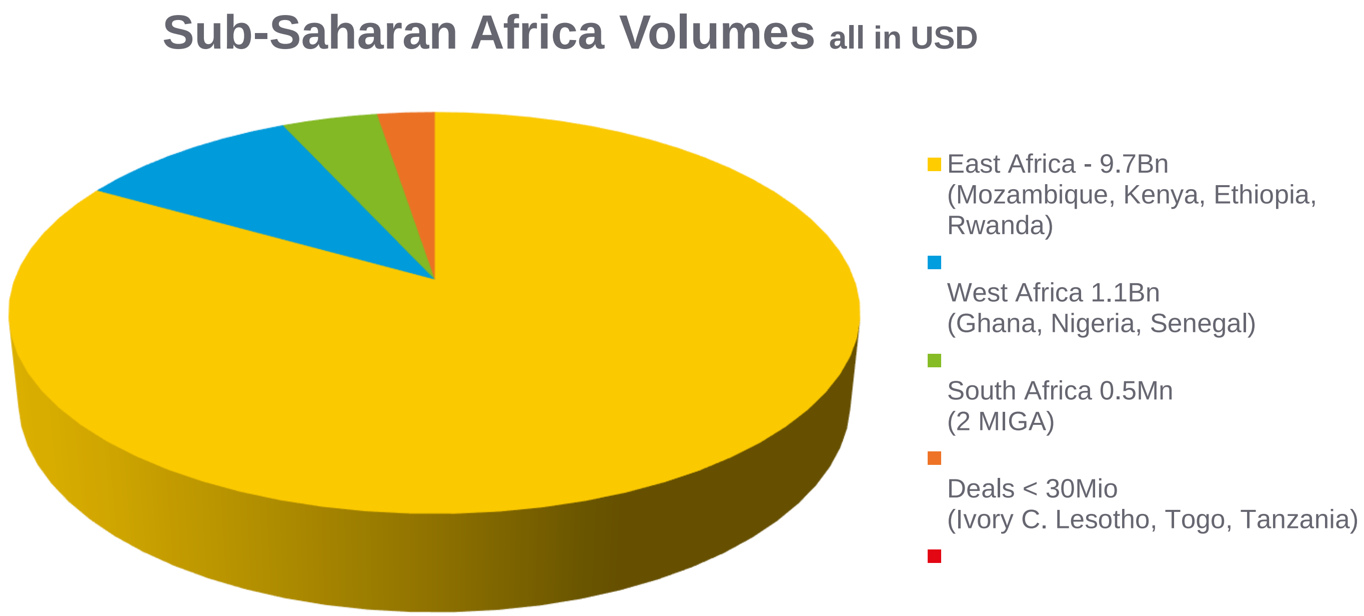
Workshop: Expanding into Sub-Saharan Africa

COMMERZBANK

Miller

“Tag My Deal” key findings on Sub-Saharan Africa in 2017

(data as of 5 Jan 18)



- SSA (with USD11.6bn) was the third largest market behind Middle East and North America and ahead of Europe.
- Volumes grew more than twice compared to previous 2 years, but only 33 deals In 13 countries.
- In non PF deals over 3 years, Atradius, Cesce and Coface/BPIfrance were the biggest ECAs involved.

Please can you share one success factor from each transaction you closed in Sub-Saharan Africa?

Typical challenges of Sub-Saharan African deals: General

Please vote for your top challenge

1) Finding top class local staff or agent
2) Finding suitable partners, e.g local/regional subcontractors, lawyers, local banks, technical experts
3) Long time lines in Bidding, Negotiating and Execution
4) Exporter to carry high upfront investment costs before rewards received
5) Political instability (accompanied by decision makers and administrators changing regularly)
6) Government demands for a bigger share of the cake or higher local content
7) Getting comfortable on compliance, sanctions and reputational risk issues
8) Unfair competition from non OECD players
9) Cultural misunderstandings

So how can we best manage/mitigate these top challenges?

Typical challenges of Sub-Saharan African deals: Financial

Please vote for your top challenge

1) Limited access to fx and liquidity means projects are very dependent on finding a financing solution,
2) IMF/World Bank constraints on individual governments so only the most strategic projects happen,
3) Borrower expects concessional financing/grants/aid and maybe unfamiliar with the ECA/commercial loan world,
4) Borrower prefers to work with Multilateral Agencies and DFIs (requiring international competitive tenders) so exporter finds it hard to have a negotiated contract,
5) Borrower requests long term local currency finance,
6) Borrower requests supplier credit (rather than buyer credit approach)
7) Borrower does not provide transparent information/financial accounts to international standards
8) Other

So how can we best manage/mitigate these top challenges?

Group case study 1

- You are working for a company in the infrastructure sector and have been asked by the Board to provide a marketing plan for the next 3 years for SSA with the aim of winning contracts of a minimum size of USD50m.

- Which 5 markets will you select as priorities and why?

Group case study 2

- You are working for a company which manufactures a range of equipment for the food processing industry and you have been asked by the Board to provide a marketing plan for the next 3 years for SSA with the aim of winning contracts up to USD20m range.

- Which 5 markets will you select as priorities and why?

Aide memoire for case study

Sub-Saharan Export Finance leagues

Premier Division – predominantly OECD Category 6s

- 6 countries with over USD50bn GDP
- Nigeria, South Africa (Cat 4), Angola, Ethiopia (Cat 7), *Kenya and Tanzania*

Division 1 - predominantly OECD Category 6s

- 6 countries with over USD20bn and under USD50bn GDP
- *Ghana*, *Cote D'Ivoire, Democratic Republic of Congo* (cat 7), *Cameroon, Uganda* and Zambia

Division 2 – mostly OECD Category 7s but two with high ratings

- 14 countries with over USD10bn and under USD20bn GDP
- *Benin*, Botswana (Cat 2) *Burkina Faso, Chad*, Equatorial Guinea, Gabon, *Guinea, Madagascar, Mali,* Mauritius (Cat 3) *Mozambique*, Namibia (Cat 4), *Senegal* (Cat 6), Zimbabwe

Division 3 – all OECD Category 6s and 7s

- 19 countries with under USD10bn GDP
- *Burundi,* Cape Verde (Cat 6), *Central African Republic, Comoros*, Republic of Congo, Eritrea, *Gambia, Guinea Bissau*, Lesotho (Cat 6), *Liberia, Malawi, Niger, Sao Tome and Principe*, Rwanda (Cat 6) Seychelles (Cat 6), *Sierra Leone, South Sudan*, Swaziland (Cat 6), *Togo* (Cat 6)

If in yellow, subject to IMF/World Bank debt limits conditionality as at 21 October 2017.

Broad range of sources of finance/ support (outside the bond market)

- BPIfrance Assurance Export and other ECAs – export credits from international banks and BPIfrance
- International commercial loans or supplier credits with PRI backing. (Now capacity from 55 insurers with rating at or higher than A- including some African players)
- Long established agencies – AfDB, IFC, Miga, EIB, IDB, ITFC, Proparco
- Lesser known regional players – TDB, Development Bank of Southern Africa, Afreximbank, Industrial Development Corporation of South Africa
- South African, Nigerian, Moroccan and Pan African banks lending cross border
- Local banks
- Direct lending from private equity/emerging market investment funds
- South African institutional and pension funds
- Aga Khan Fund for Economic Development and Sovereign Funds

Commerzbank has five Representative Offices in Sub-Saharan Africa

FI Lagos

Anglophone West Africa

FI Abidjan

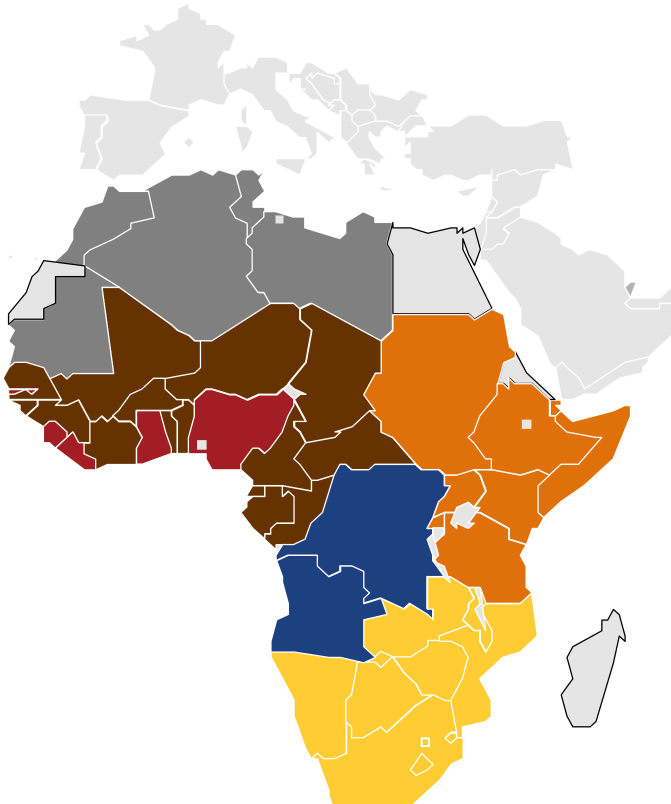
Francophone West and Central Africa

FI Luanda

Angola and DR Congo

FI Johannesburg

Republic of South Africa and Southern Africa States



FI Addis Ababa

Ethiopia, Burundi, Djibouti, Kenya, Rwanda, Somalia, Tanzania, Uganda

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Miller Insurance Services LLP

Miller is a leading specialist (re)insurance broking partnership, headquartered in London with more than 600 people across our UK and international operations. We specialise in complex risks and producing integrated insurance solutions for clients. We are known for doing the right thing, delivering on our promises and working as one team.

3bn PREMIUM PLACED PER ANNUM (USD)

600+ COLLEAGUES WORLDWIDE

4 INTERNATIONAL LOCATIONS

1902 OVER 110 YEARS OF SERVICING CLIENTS

1 PARTNERSHIP

INSURANCE BROKERS CII CHARTERED

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