

Financing in Africa – Challenges and How We can Help

The Japan – Africa Business Forum 2014

Takashi Shimahara

General Manager

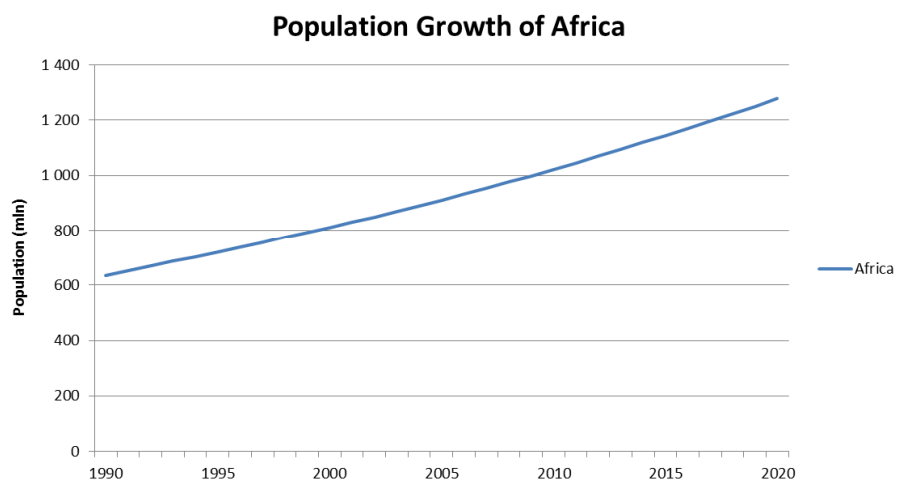
Global Trade Finance Department

LEAD THE VALUE
SUMITOMO MITSUI FINANCIAL GROUP

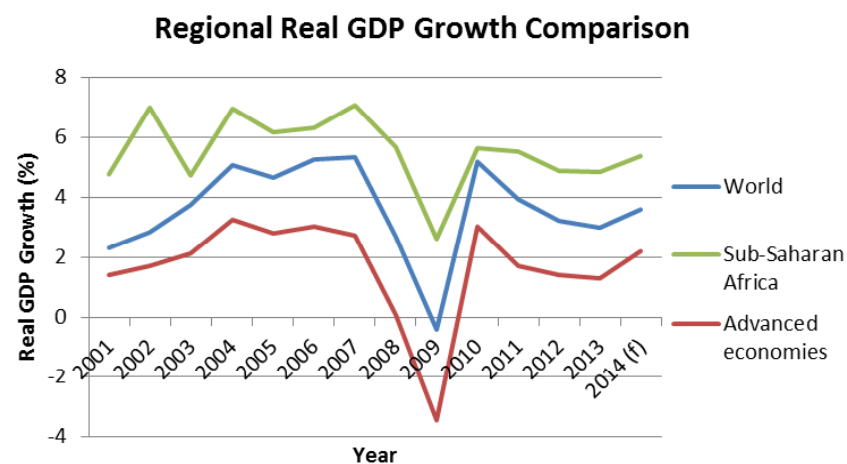
 **SMBC** SUMITOMO MITSUI
BANKING CORPORATION

Increasing Population and Economy – A Growing Opportunity

- Population will almost double from 1990 to 2020.
- GDP growth in Africa averaged 3-6% in the past decade.
- This GDP growth is expected to continue.

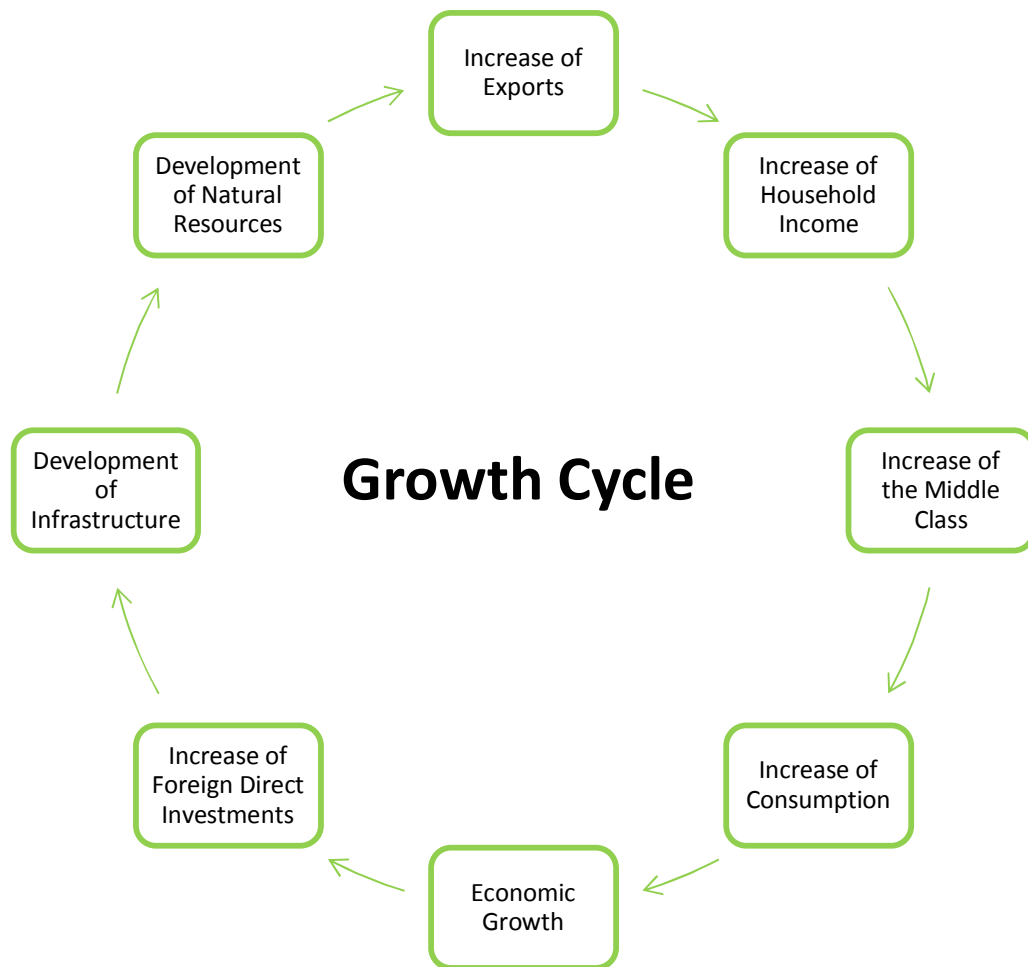


Source: World Population Prospects 2010

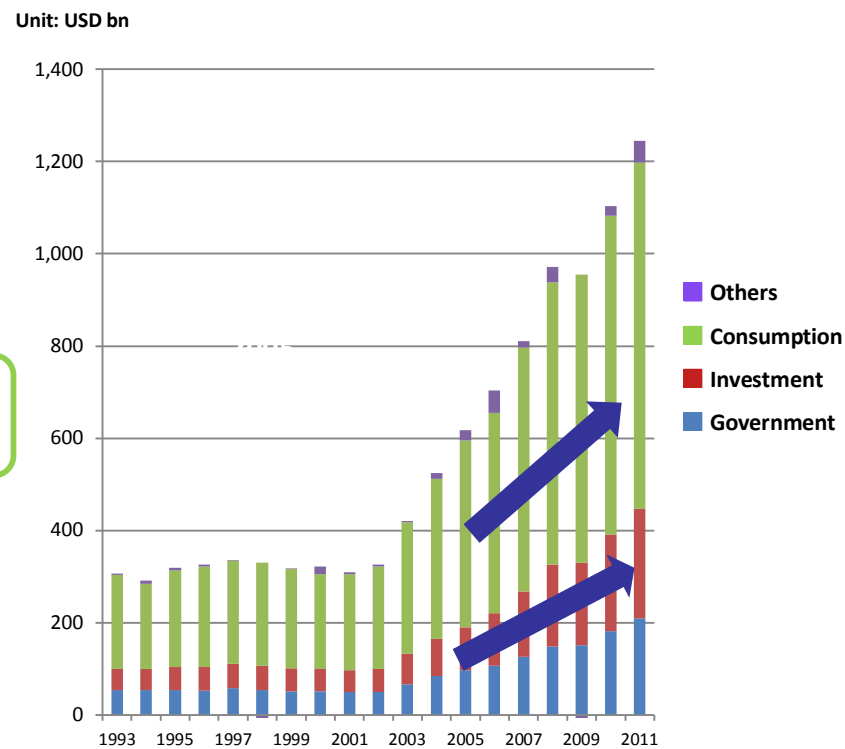


Source: IMF Database

The Growth Cycle and Finance Opportunities



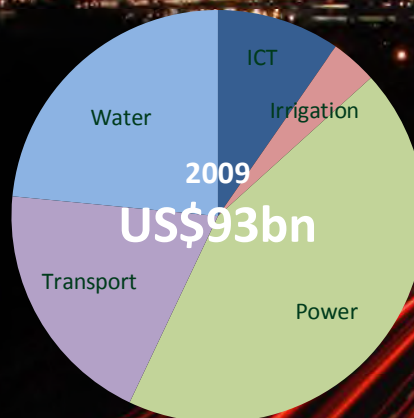
GDP Breakdown of Sub-Saharan Africa



(Source: UNDATA)

A Glimpse of the Growing Demand for Finance in Africa

- US\$93bn was required for infrastructure development in 2009.
- In this pace, it's going to reach US\$200bn as annual investment by 2020.

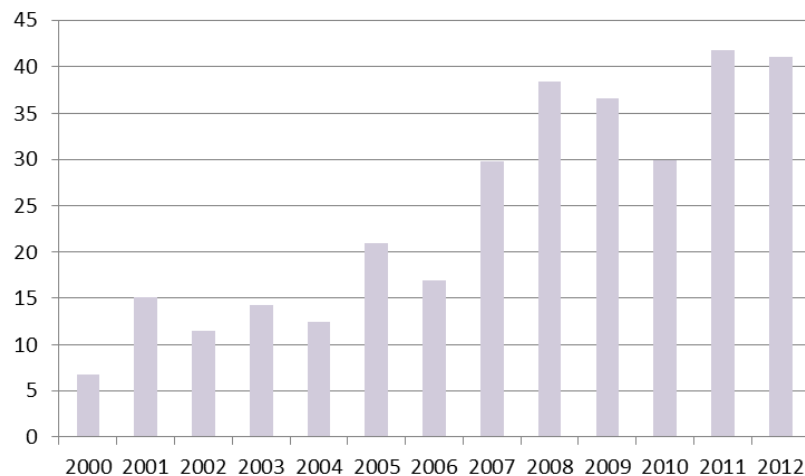


Source: AICD Commission for Africa.

FDI and Loans in Africa

Foreign Direct Investment to Sub-Saharan Africa

US\$bn

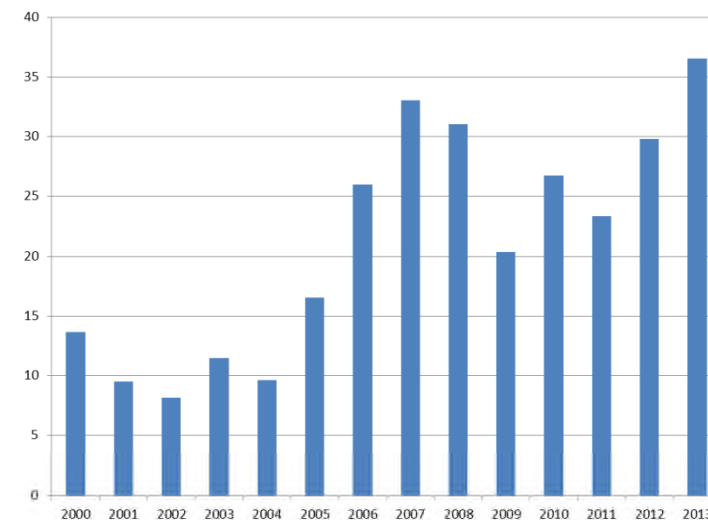


Source: UNCTAD

- Investment to Africa has been steadily growing.
- Main use of funds is capex.

Syndicated Loans in Africa

US\$bn



Source: Dealogic

- US\$25-35bn financing every year.
- Mostly, financing for export-revenue type transactions, in hard currency.

Examples of Deals in Africa

Jorf Lasfar

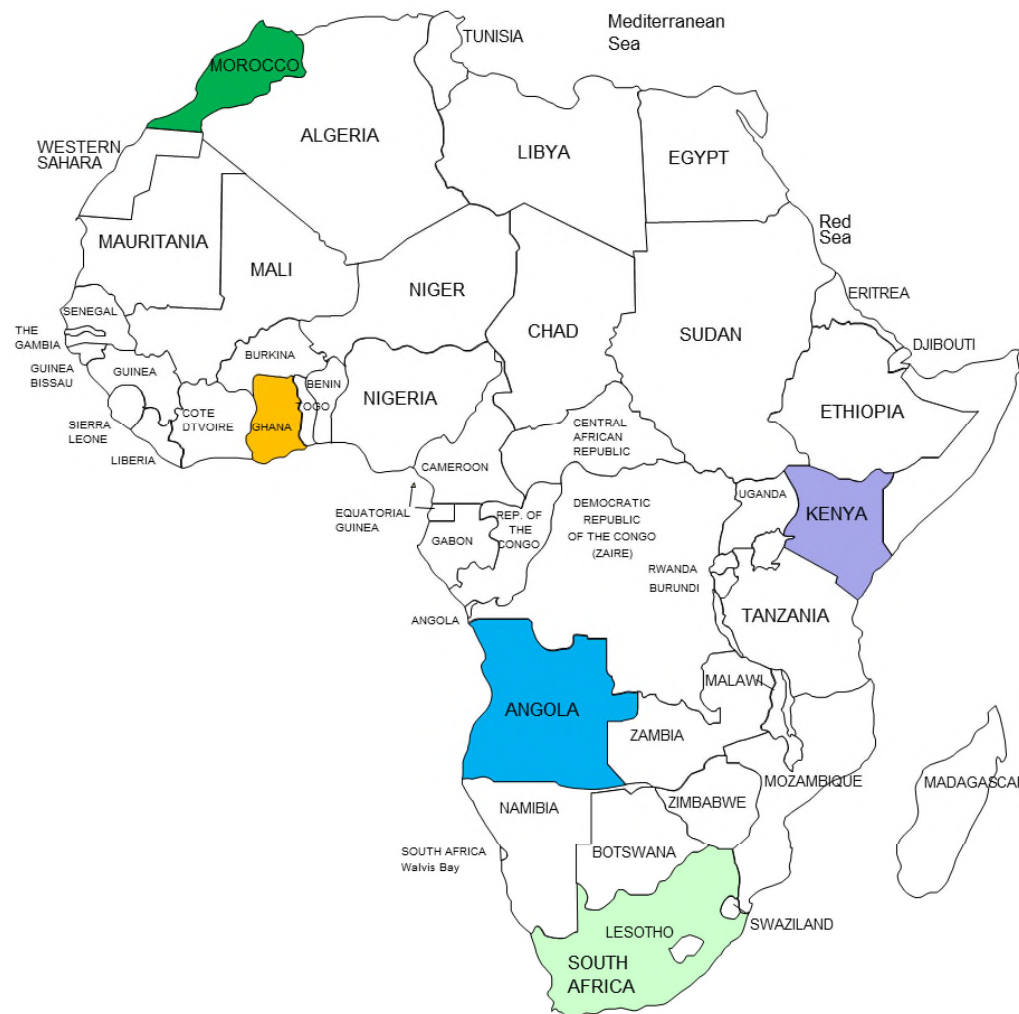
US\$360m
Project Finance
Jun 2012
15y

Cocoa Board

US\$1.2bn
Pre-Export
Sep 2013
1y

Sonangol

US\$2.5bn
Pre-Export
Mar 2013
5y



Lake Turkana

US\$150m
Project Finance
May 2013
12y

Telkom

US\$127m
Capex
Dec 2010
7y

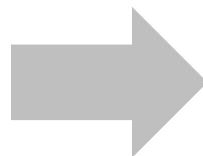
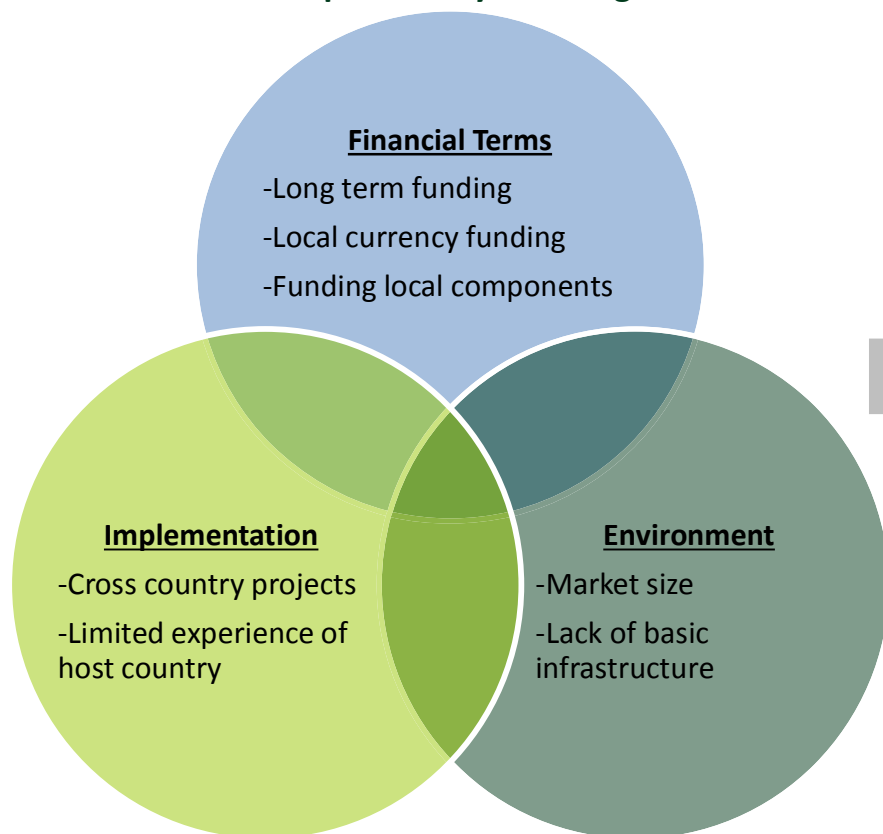
Dorper Wind

ZAR1.6bn
Project Finance
Nov 2012
15y

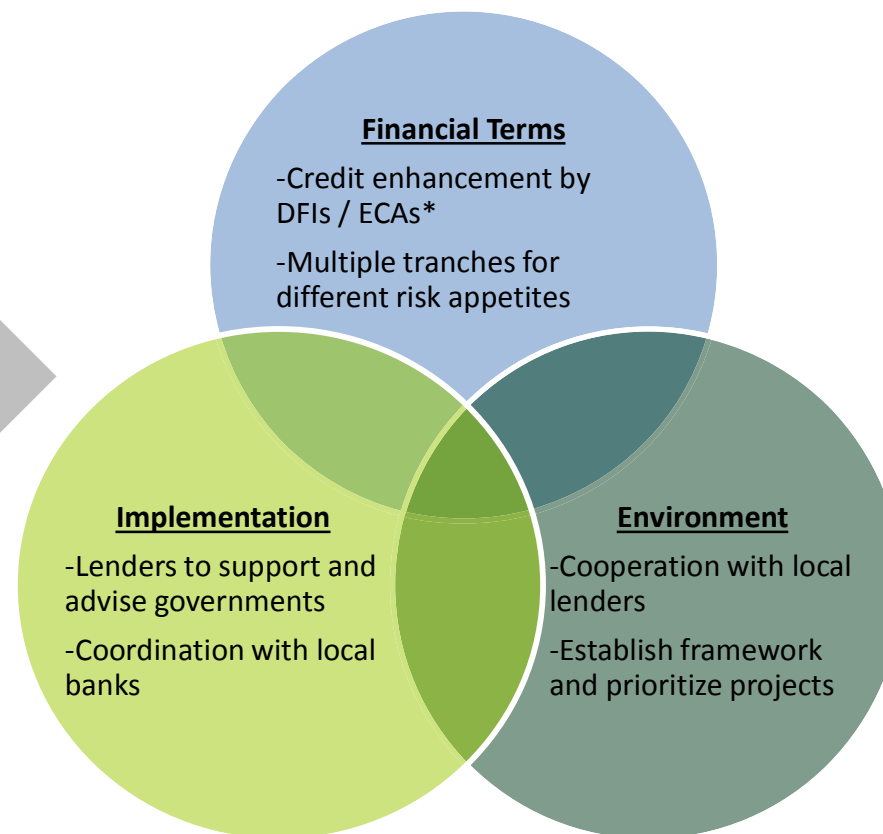
Source: Dealogic

Key Challenges and Potential Solutions for Borrowers

Examples of Key Challenges



Potential Solutions



*e.g. International Finance Corporation(IFC) / MIGA(Multilateral Investment Guarantee Agency(MIGA) / African Development Banking(AfDB) / Japan Bank for International Cooperation (JBIC) /Nippon Export and Investment Insurance (NEXI) / China Export & Credit Insurance Corporation (Sinosure)

What SMBC can do

Discovery of natural resources

Implementation of development projects

Utilize the revenues from natural resources

Trade Finance

Financial Advisory

ECA Finance

Project Finance

Shipping Finance

Corporate Finance

- SMBC can leverage its expertise and track record in the fields of natural resource development and infrastructure projects
- SMBC can provide full range of financial services in all stage of Africa's economic development
- SMBC can act as the coordinator in projects involving multiple commercial banks, DFIs / ECAs

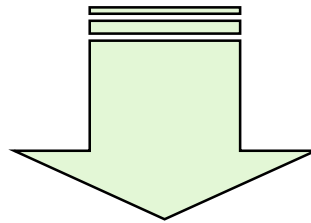
Introduction



Sumitomo Group



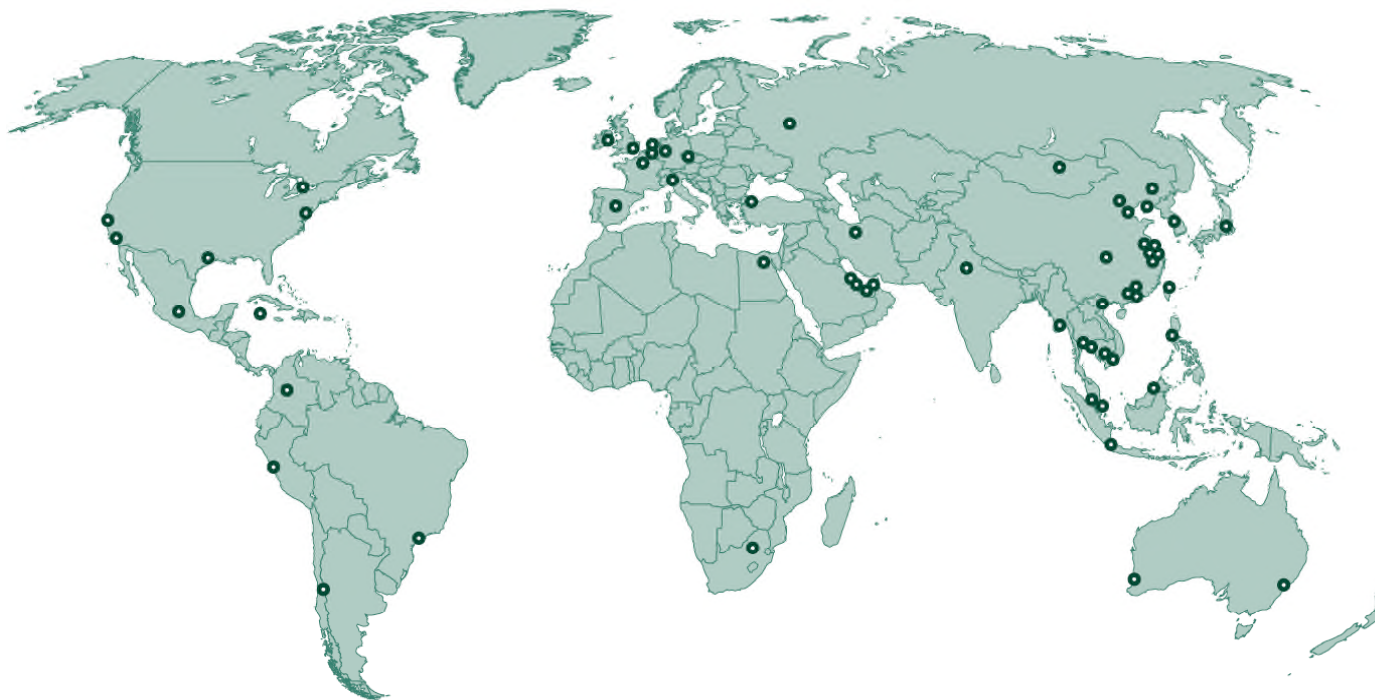
Mitsui Group



SMBC SUMITOMO MITSUI
BANKING CORPORATION

- Top tier Japanese bank with JPY161tn in assets as SMFG, rated Aa3 / A+ / A- by Moody's / S&P / Fitch (as of 31st March 2014)
- Loans to approximately 97,000 companies and over 27m retail accounts in Japan (as of 31st March 2014)
- 400+ domestic branches and 60+ overseas franchises

Global Network



Americas

North America
Grand Cayman Cayman Islands
Houston Texas
Los Angeles California
Mexico City Mexico
New York New York
San Francisco California
Toronto Canada^[1]

South America
Bogotá Colombia
Lima Peru
Santiago Chile
São Paulo Brazil^[1]

EMEA

Europe
Amsterdam Netherlands^[1]
Brussels Belgium
Dublin Ireland^{[1][2]}
Düsseldorf Germany
London United Kingdom^[1]
Madrid Spain
Milan Italy^[1]
Moscow Russia^[1]
Paris France^[1]
Prague Czech Republic^[1]

Middle East
Abu Dhabi United Arab Emirates
Doha Qatar
Dubai United Arab Emirates
Istanbul Turkey
Manama Bahrain
Tehran Iran

Africa
Cairo Egypt
Johannesburg South Africa

Asia-Pacific

China
Beijing China^[1]
Changshu China^[1]
Chongqing China^[1]
Dalian China
Guangzhou China^[1]
Hangzhou China^[1]
Hong Kong China SAR
Kunshan China^[1]
Shanghai China^[1]
Shenyang China^[1]
Shenzhen China^[1]
Suzhou China^[1]
Tianjin China^[1]

Southeast Asia
Bangkok Thailand
Chonburi Thailand
Hanoi Vietnam
Ho Chi Minh City Vietnam
Jakarta Indonesia^[1]
Kuala Lumpur Malaysia^[1]
Labuan Malaysia
Manila Philippines
Phnom Penh Cambodia
Singapore Singapore
Yangon Myanmar

South Asia
New Delhi India^[1]

East Asia
Seoul South Korea
Taipei Taiwan
Tokyo Japan
Ulaanbaatar Mongolia

Oceania
Perth Australia
Sydney Australia

As of 2 June 2014. [e] SMBC head office in London; branches in Amsterdam, Dublin, Milan, Paris and Prague. [s] Other SMBC subsidiary company offices in Dublin, Jakarta, Kuala Lumpur, Moscow, New Delhi, São Paulo and Toronto and China (Beijing, Changshu, Chongqing, Guangzhou, Hangzhou, Kunshan, Shanghai, Shenyang, Shenzhen, Suzhou and Tianjin).

Coverage for Africa

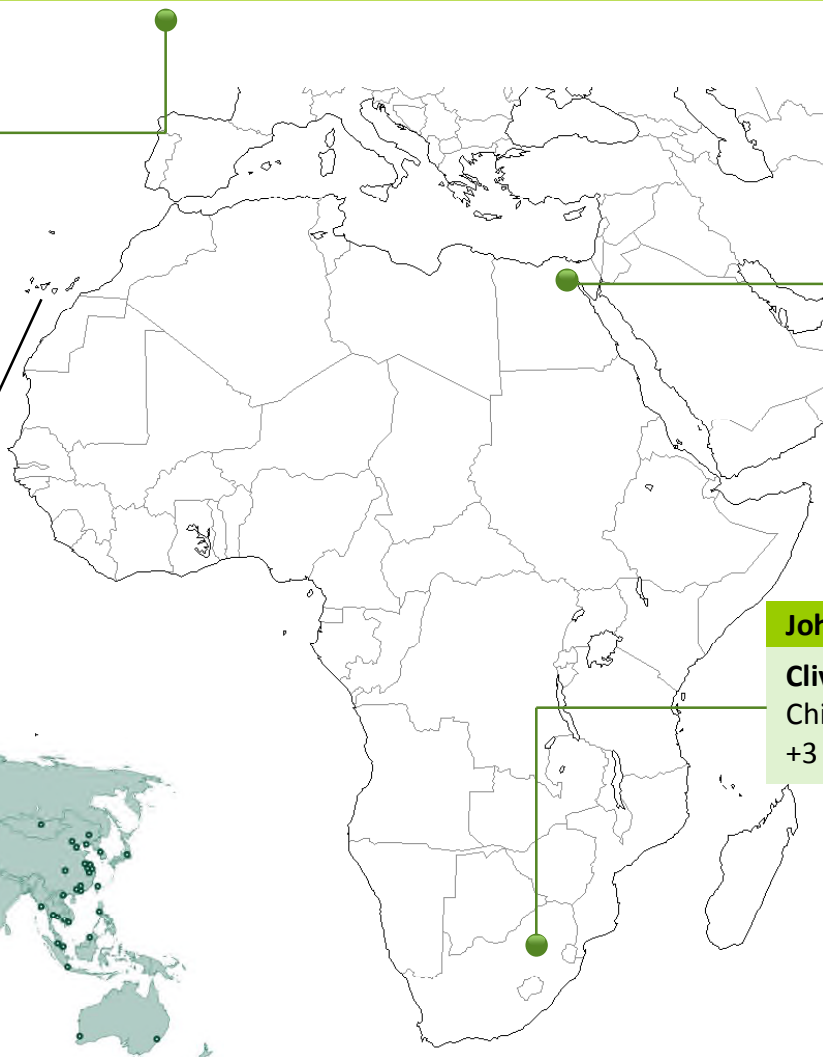
SMBCE London/Paris

Corporate Banking Department 1
Japanese clients coverage
1 officer for Africa

International Business Department
Area coverage
2 officers for Africa

Structured Finance Department
Project Finance and ECA finance
5 officers for Africa

Global Trade Finance Department
3 officers for Africa Desk



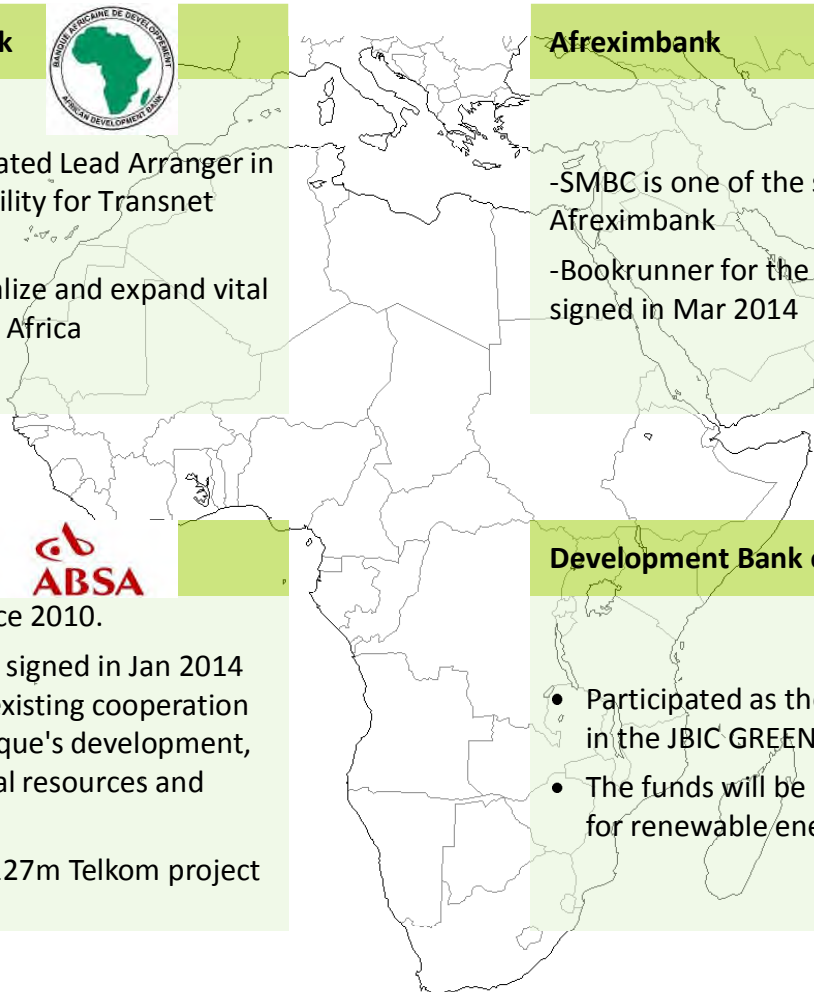
Cairo Representative Office

Takashi Abe
Chief Representative


Johannesburg Representative Office

Clive Mitchell
Chief Representative
+3 officers stationed in Johannesburg

Cooperation with Local Institutions




African Development Bank




- Participated as the Mandated Lead Arranger in the US\$900m A/B loan facility for Transnet signed in Oct 2011
- Funds were used to revitalize and expand vital rail infrastructure in South Africa

Afreximbank




- SMBC is one of the shareholders for Afreximbank
- Bookrunner for the US\$776m syndicated loan signed in Mar 2014

Absa Bank



- Three MOUs signed since 2010.
 - The most recent one signed in Jan 2014 aims to expand the existing cooperation to support Mozambique's development, in the areas of natural resources and infrastructure.
- Cooperated in the US\$127m Telkom project signed in Dec 2010

Development Bank of Southern Africa



- Participated as the Mandated Lead Arranger in the JBIC GREEN facility signed in Jun 2013
- The funds will be used to back finance DBSA for renewable energy projects

Track Record in Africa

<p>Bonny Gas</p> <p>US\$1.4bn Mar 2013</p> <hr/> <p>Project Finance</p> <hr/> <p>Mandated Lead Arranger</p> <hr/> <p>Nigeria</p>	<p>Dorper Wind Farm</p> <p>ZAR1.6bn Nov 2012</p> <hr/> <p>Project Finance</p> <hr/> <p>Mandated Lead Arranger ECA Coordinator</p> <hr/> <p>South Africa</p>	<p>Development Bank of Southern Africa</p> <p>US\$50m Jun 2013</p> <hr/> <p>ECA Finance</p> <hr/> <p>Mandated Lead Arranger</p> <hr/> <p>South Africa</p>	<p>Telkom S.A.</p> <p>US\$127m Dec 2010</p> <hr/> <p>ECA Finance</p> <hr/> <p>Mandated Lead Arranger Sinosure Agent</p> <hr/> <p>South Africa</p>
<p>Ghana Cocoa Board</p> <p>US\$1.2bn Sep 2013</p> <hr/> <p>Pre-Export Finance</p> <hr/> <p>Mandated Lead Arranger</p> <hr/> <p>Ghana</p>	<p>Sonangol Finance</p> <p>US\$2.5bn Mar 2013</p> <hr/> <p>Pre-Export Finance</p> <hr/> <p>Mandated Lead Arranger</p> <hr/> <p>Angola</p>	<p>MTN Group</p> <p>US\$1.0bn Mar 2014</p> <hr/> <p>Corporate Finance</p> <hr/> <p>Bookrunner</p> <hr/> <p>South Africa</p>	<p>Aspen Global</p> <p>US\$1.9bn Oct 2013</p> <hr/> <p>Corporate Finance</p> <hr/> <p>Arranger</p> <hr/> <p>Mauritius</p>
<p>Afreximbank</p> <p>US\$776m Mar 2014</p> <hr/> <p>Corporate Finance</p> <hr/> <p>Bookrunner</p> <hr/> <p>Egypt</p>	<p>TEN FPSO</p> <p>US\$1.2bn Sep 2013</p> <hr/> <p>FPSO</p> <hr/> <p>Coordinating Bank</p> <hr/> <p>Ghana</p>	<p>Tullow Oil</p> <p>US\$3.5bn Nov 2012</p> <hr/> <p>Reserved Based Lending</p> <hr/> <p>Bookrunner</p> <hr/> <p>Ghana</p>	<p>Glencore Exploration</p> <p>US\$600m Aug 2012</p> <hr/> <p>Reserved Based Lending</p> <hr/> <p>Senior Arranger</p> <hr/> <p>Equatorial Guinea</p>

Awards



Euro Money

Deals of the Year

Middle East – PPP
Kuwait

Az Zour

US\$1.43bn

MLA, Global and ECA Coordinator, Technical Bank, Offshore Account Bank, Offshore Security Trustee and Facility Agent.
December 2013

Africa – Upstream Oil & Gas
Ghana

TEN FPSO

US\$847m

MLA and Coordinating Bank.
September 2013



Project Finance International

Deals of the Year

Middle East & Africa – Bond
United Arab Emirates

Shuweihat 2

US\$2.3bn

MLA, Global Facility Agent, Commercial Facility Agent, JBIC Agent and Documentation Bank.

Africa – Oil & Gas

Angola

N'Goma

US\$600m

MLA and Bookrunner
July 2013



Trade Finance Magazine

Winner

Best Trade Bank in Japan

Deals of the Year

Saudi Arabia

Jeddah South Power

US\$2bn

MLA

December 2013

The Netherlands

Trafigura

US\$1.76bn

MLA

October 2013

Angola

Sonangol

US\$2.5bn

MLA

March 2013



Trade & Export Finance

Deals of the Year

Saudi Arabia

Sadara Chemical Co

US\$20bn

MLA

June 2013

Russia

Rosneft

US\$8.32bn

MLA

March 2013

Norway

Seadrill

US\$1.45bn

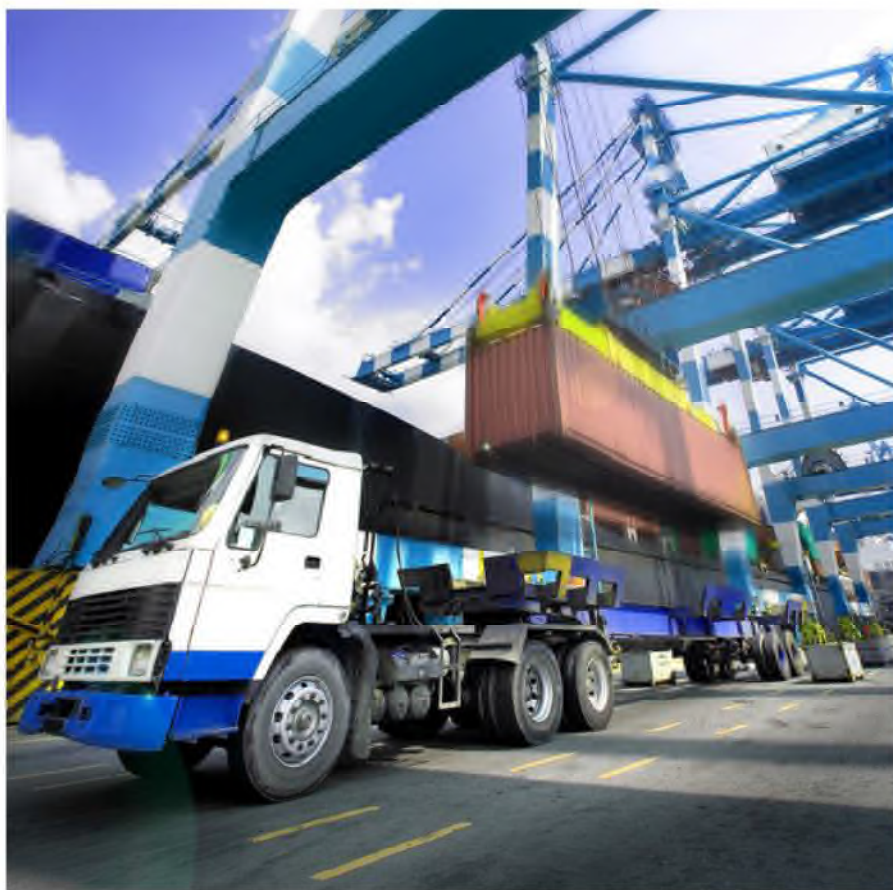
MLA

March 2013

Trade Finance



A global network of trade finance professionals, with the expertise, experience, local market knowledge and long-term management commitment to this business.



The Japan – Africa Business Forum 2014

Trade Solutions

SMBC group is dedicated to meeting the specific needs of our diverse client base. We have a long tradition of financing trade. With teams in 23 locations around the world, SMBC group covers all main markets. In addition to standard trade finance products, the teams provide sophisticated and innovative structured solutions to a wide variety of risk mitigation and financing needs for both corporate customers and financial institutions.

Key services

- Letter of Credit Confirmation, Discounting, Refinance
- Receivables Finance
- Supply Chain Finance
- Export Finance
- Structured Trade & Commodity Finance

African Business

Africa

SMBC group has been active on the continent for many years, establishing the Cairo representative office in 1975, and the Johannesburg representative office in 1996.

We have an extensive track record of providing corporate and structured finance solutions across the Africa, and have developed strong relationships with clients across many countries including, but not limited to, South Africa, Nigeria, Ghana, Angola, Mozambique, Namibia, Botswana as well as north Africa.

We ensure that our clients are able to benefit from our extensive international footprint and have access to the latest global financing techniques. Key industries in which we specialise include oil and gas, commodities, infrastructure, telecommunications, mining and financial institutions.

African Business Development

The African Business Development team is positioning SMBC group for good deal flow visibility for selected markets in Africa, and for concrete business opportunity to originate and assist product teams in conducting and closing favourable transactions.

Africa is one the fastest developing markets for potential business opportunities and it is imperative to identify the markets that SMBC group can operate, in particular, power, renewables, transport, water treatment and PPP. This is done through advisory and project bankability assignments, fully utilising relationship with the IFI, DFI and international MLA communities, as well as strong domestic partners, to serve our clients in the marketplace.



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Tel: +27 11 219 5300

Disclaimer



The customer's viewpoint is the pillar of our business philosophy.

Cash Management Services
Business with Japan
Specialised Finance
Renewable Energy
Corporate Finance
Shipping Finance
Aircraft Finance
Project Finance
Islamic Finance
Trade Finance
ECA Finance
Syndication
Treasury

Disclaimer

Within this document, all references to the "SMBC group" refer collectively to Sumitomo Mitsui Banking Corporation ("SMBC"), Sumitomo Mitsui Banking Corporation Europe Limited ("SMBCE") and ZAO Sumitomo Mitsui Rus Bank ("SMBCR"), with the exception of the information in relation to Trade Finance and cash management services. On the Trade Finance pages, the "SMBC group" refers collectively to SMBC, SMBCE, Banco Sumitomo Mitsui Brasileiro S.A. and Sumitomo Mitsui Banking Corporation (China) Limited.

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SMBC Regulators

The Japanese Financial Services Agency (JFSA) is the "home" regulator of SMBC and has a shared responsibility for regulating branches with the individual branch's "host" regulator. Whilst the JFSA does not have direct responsibility for individual overseas subsidiaries, it does regulate them indirectly through its responsibilities for SMBC as a whole.

SMBC Dubai Branch

- Dubai Financial Services Authority (DFSA). SMBC Dubai Branch has been granted a Category 1 licence which allows them to only deal with those persons defined as a "Professional Clients" or a "Market Counterparty".

SMBC Düsseldorf Branch

- Federal Financial Supervisory Authority (BaFin)
- Deutsche Bundesbank

SMBC Brussels Branch

- Financial Services and Markets Authority (FSMA)
- National Bank of Belgium (NBB)

SMBCE Regulators

The Financial Conduct Authority and the Prudential Regulation Authority are the "home" regulators of SMBCE and have a shared responsibility for regulating SMBCE Amsterdam, Dublin, Milan and Paris branches with the "host" regulators of these branches.

SMBCE

- Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority

SMBCE Amsterdam Branch

- De Nederlandsche Bank (DNB)

SMBCE Dublin Branch

- Central Bank of Ireland

SMBCE Milan Branch

- Bank of Italy (BOI)
- Commissione Nazionale per le Società e la Borsa (CONSOB)

SMBCE Paris Branch

- Autorité de Contrôle Prudentiel et de Résolution (ACPR)
- Autorité des Marchés Financiers (AMF)

SMBCE Prague Branch

- Czech National Bank (CNB)