Deutsche Bank
Corporate & Investment Bank

Emerging Market Opportunities in Structured Financings

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Contents

Section 1

Deutsche Bank Emerging Markets Debt Structuring Overview

Who we are and what we do

Russia and Eastern Europe

Middle East

Sub-Saharan Africa

Overview

- Deutsche Bank's CEMEEA structured credit team
  - dedicated credit teams in London
  - capacity to underwrite transactions
  - appetite to hold part of position – alignment of interest
- EM focuses on the following product opportunities
  - lending solutions via
    - repurchase agreements (local and foreign currency bonds and/or loans)
    - secured and unsecured lending
    - acquisition/leverage financing
    - bridge financing
    - project and infrastructure financing
    - DFI supported financing
    - Mezzanine and holdco lending
    - receivable/contract based lending
    - hybrid (equity-linked, credit-exotic)
  - distressed/illiquid debt trading
  - FX and rates solutions in EM markets
- The team operates across the CEEMEA regions with focus on
  - CIS (Russia, Kazakhtan, Ukraine, 'stans)
  - EE (Hungary, Croatia, Poland)
  - North Africa (Egypt, Morocco, Algeria, Tunisia)
  - Sub Saharan Africa (South African, Ghana, Gabon, Cameroon and select countries)
  - GCC (Saudi, UAE, Qatar, Bahrain, Iraq, Jordan, Oman, Kuwait)
  - Turkey and Israel

Clients, products and distribution channels

Key focus

Clients	– Top-tier/mid-tier corporates seeking rapid execution in a non-ordinary course financing – Levered/stressed corporates requiring a structured financing solution – Financial sponsors looking for acquisition financing structures – Shareholders seeking to repurchase debt, buyout minority shareholders – Sovereigns and Quasi-sovereigns – Pre-IPO corporates seeking margins through leverage
Debt profile	– Size ranges from US$50 million to US$1.5 billion+ – Participations can be as small as US$5 million – Typical tenors with 2 – 3 year average life – Capacity for structuring longer term transactions (infrastructure etc)
Distribution	– EM focused credit funds, insurance companies, local pension funds, local/regional banks – Bilateral loans through assignments, participations or derivatives – Syndicated loans
Secured and unsecured financing	– Acquisition financing – Project financing – Bridge financing – Event driven/special situations – Contract/asset monetization – Repurchase agreements
Illiquid assets	– Vendor loans – Distressed debt – Shareholder loans – Non-performing loans (single or portfolios)

Section 2

Select Deutsche Bank Emerging Markets Credentials

Gebze-Orhangazi-Izmir Motorway Project

US$5 billion, 15 year infrastructure project loan in Turkey

OTOYOL
YATIRIM VE İŞLETME A.Ş.

Bonds & Loans AWARDS TURKEY 2015

'Syndicated loan deal of the year'

'Infrastructure finance deal of the year'

'Transport finance deal of the year'

'Project finance deal of the year'

emeafinance PROJECT FINANCE AWARDS 2015

'Best transport Infrastructure deal of the year in Central and Eastern Europe'

Project description

- The Gebze-Orhangazi-Izmir Motorway Project (the 'Project') will provide a 428km tolled highway between Gebze and Izmir
- It will occupy a strategic place in Turkey's national transportation network, servicing two of Turkey's main economic centers, one third of Turkey's population, and seven of the most industrialised cities
- A key feature of the project is the 3km suspension bridge crossing Izmit Bay being constructed by an IHI-Itochu JV
- The c US$$6.4 billion Project was awarded to the sponsors (including Makyol, Ozaltin, Nurol, Gocay, Yuksel, and Astaldi) under a 22 year and four month build-operate-transfer concession with the Turkish General Directorate of Highways ('KGM'), which has guaranteed annual income to the borrower throughout the operational period of the Project

Transaction highlights

- Deutsche Bank is the only international bank participating in the financing within a group of nine banks, the rest of which were existing lenders to the Project
- Deutsche Bank's involvement, enabled the sponsors to reduce the cost of financing
- The financing is supported by a debt assumption agreement provided by the Turkish Treasury
- Lenders also benefit from comfort that the Borrower has a guaranteed income stream from the General Directorate of Highways of Turkey
- The documentation was signed two days before Turkish parliamentary elections, illustrating Deutsche Bank's commitment to Turkey and Turkish corporates

Phases

Phase I	Phase II A	Phase II B	
Gebze – Orhangazi section (incl Izmit Bay bridge)	Orhangazi – Bursa section	Bursa – Balikesir section	Balikesir – Izmir section

Total concession period: March 2013 to July 2035, including seven years of construction and 15 years and four months of operation

Summary terms

Borrower	– Otoyol Yatirim ve Isletme AS
Type	– Senior secured term loan benefitting from a debt assumption agreement from the Turkish Treasury
Amount	– US$5.0 billion, provided by Deutsche Bank along with eight Turkish financial institutions
Maturity	– 15 years
Purpose	– Refinance the existing project debt – Finance the remainder of the Project
Sponsors	– A consortium comprising the publicly listed Italian construction group Astaldi, alongside local Turkish construction companies Nurol, Makyol, and Ozaltin

Source: Otoyol website, Construction Europe Magazine website, Bloomberg, Association of Turkish Consulting Engineers and Architects website

Eskom Holdings SOC Ltd

€470 million loan guaranteed by MIGA

Deutsche Bank has extensive experience in working with African counterparties including sovereigns, state-owned enterprises, financial institutions, and development banks

Entering into a structure guaranteed by a supranational entity such as MIGA enables Eskom to able to raise US$500 million equivalent at highly attractive levels

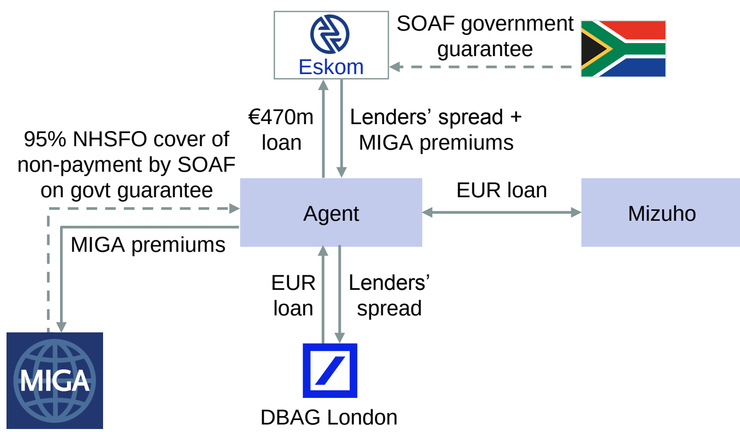
Transaction background/rationale of various finance parties

- Eskom: As a part of Eskom's strategic capacity expansion programme to expand generation and transmission capacity by over 17GW by 2021, it had an estimated fundraising requirement of over ZAR300 billion
- Republic of South Africa: As the sole shareholder of Eskom, the government of South Africa routinely provides government guarantees on Eskom's debt, as part of its government guarantee program. This support is essential for Eskom's fundraising targets
- MIGA: MIGA's mandate is to increase foreign direct investment in emerging markets by providing credit guarantees

MIGA guarantee terms

Guarantor	– MIGA
Cover	– 95%
Covered risk	– Non-honoring of a sovereign financial obligation for scheduled payments
Scheduled payments	– All payments under of interest, premium and principal under the SOAF government guarantee
Governing law	– Public international law

Transaction structure



Summary term sheet

Borrower	– Eskom Holdings SOC Ltd
Government guarantee	– Loan to benefit from SOAF sovereign guarantee under english law as per terms of Eskom's existing programme
JLMs	– Deutsche Bank and Mizuho
Facility amount	– €470 million
Repayment	– 21 equal semi-annual amortizations starting year five (15 year tenor with avg life 10 years)
Use of proceeds	– Infrastructure and transmission projects as pre-approved by MIGA in compliance with its ESG standards
Governing law	– English law

Naftogaz of Ukraine

€478.3 million revolving IBRD-guaranteed gas supply facility

The transaction represents the first time World Bank has used its guarantee program in support of a working capital financing

The lenders addressed Naftogaz's requirement for operational flexibility by allowing for multiple monthly loan drawdowns and LC issuances in line with Naftogaz's gas tendering processes

The facility allows for either direct disbursements to gas suppliers,or the issuance of Letters of Credit in order to improve Naftogaz's payment terms with suppliers from prepayment to post-payment

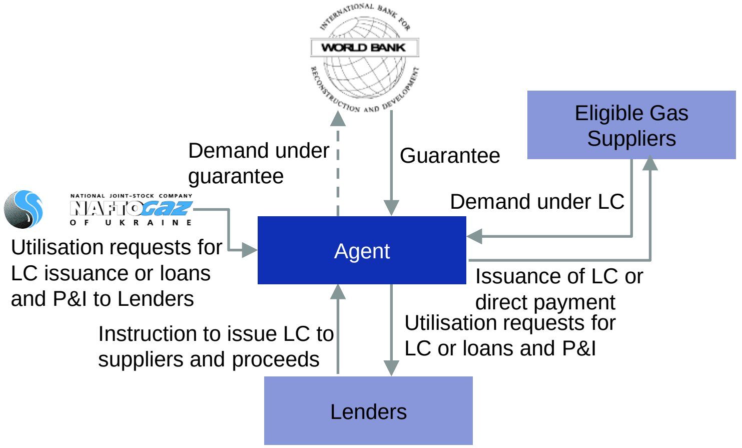
Key terms

Borrower	– Public joint stock company 'National Joint Stock Company 'Naftogaz of Ukraine'
Facility amount	– €478,285,000 comprising an Eligible Gas Supply Tranche of €455,285,000 and Accrued Interest Tranche of €23,000,000
Type	– Revolving credit line
Guarantee	– 100% guarantee of principal repayment and interest from International bank of Reconstruction and Development ('IBRD')
Maturity	– Four years
Purpose	– Financing of gas purchases from certain eligible gas suppliers and accrued interest on the facility
Closing date	– 30 December 2016
Utilisation types	– Issuance of stand-by letters of credit by the agent on behalf of the lenders (for the benefit of the suppliers as a payment for gas supplied); – Funding of a demand under a letter of credit; – Direct payments to the suppliers by the agent on behalf of the lenders as a prepayment for gas which is to be supplied under a gas supply agreement at a future date; or – In respect of the Accrued Interest Tranche, payment of accrued interest
Availability period	– Two years for letters of credit or direct payments, three years for accrued interest tranche
Governing law	– English

Transaction highlights

- In December 2016, Deutsche Bank acting as a joint MLA with Citibank closed a €478.285 million IBRD-guaranteed transaction for Naftogaz of Ukraine to finance gas purchases
- IBRD provided a 100% cover of interest and principal
- The revolving facility will be used to finance gas purchases from both eastern and western directions over a period of two years from certain eligible gas suppliers by way of letters of credit and loans, with another two years available for repayment
- The transaction will help Naftogaz secure better commercial and financing terms to purchase the gas Ukraine needs to meet the demand of heating companies, households, power producers and industrial consumers. This is particularly key to ensure adequate gas imports for the 2017 winter
- The facility contemplates the issuance of agented letters of credit, whereby an Agent issues on behalf of multiple committed lenders, a unique structure in a market in which syndications are typically 'fronted' by a lead bank

Structure



Magyar Exim Bank

€400 million notes partially guaranteed by MIGA

€400 million notes issued by Magyar Exim Bank

Loan benefits from partial NHSFO guarantee from MIGA

Bifurcation of risk on the future cash flows allowed efficient distribution to a broad range of investors with differing risk appetite

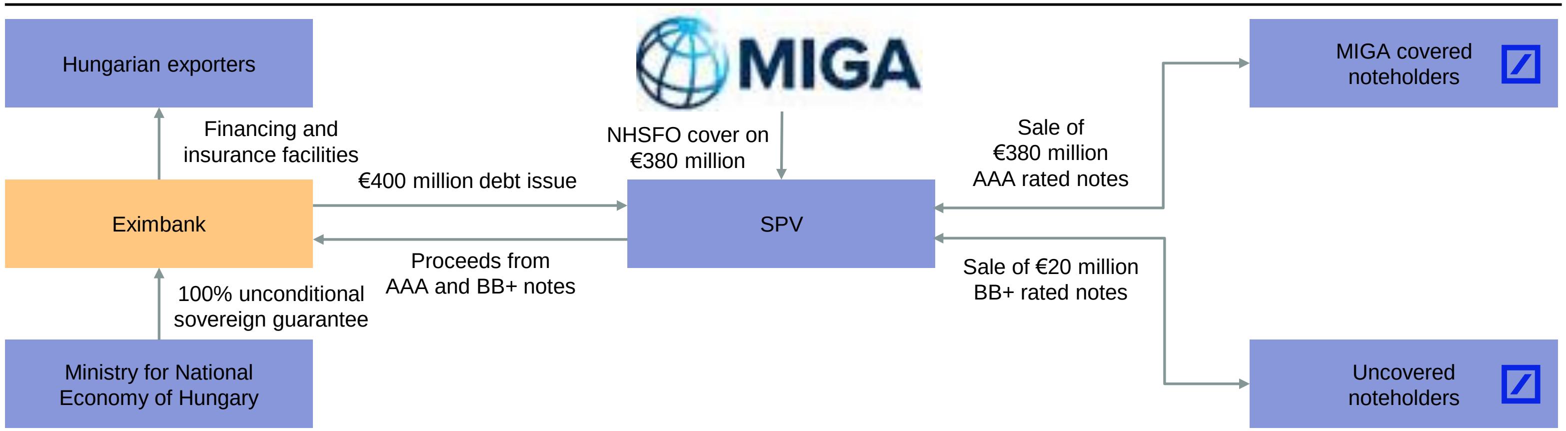
Transaction overview

- Deutsche Bank co-led and was the anchor investor in a €400 million Magyar Export – Import Bank, Hungary financing issuance
- Multilateral Investment Guarantee Agency (MIGA) provided partial NFSFO cover on 95% of the principal and interest amount of the notes
- The SPV Issuer bifurcated the risk on the future cash flows under the €400 million notes and issued two series of notes
- AAA rated notes: €380 million Notes effectively covered by MIGA guarantee
- BB+ rated notes: €20 million Notes not covered by MIGA guarantee. The principal and interest payment is covered by guarantee from Hungary (rated BB+)

Summary terms

Issuer	– Magyar Export – Import Bank
Financing type	– Two series of notes – €380 million notes: AAA rated notes effectively covered by MIGA guarantee – €20 million notes: BB+ rated notes not covered by MIGA guarantee. The principal and interest payment is covered by guarantee from Hungary (rated BB+)
Financing size	– €400 million
Tenor	– 5.5 years
Guarantee type	– NHSFO coverage provided by MIGA for 95% of the outstanding principal and interest payment due on maturity

Structure overview



Republic of Albania

€250 million IBRD guaranteed loan

Deutsche Bank has led multiple financings for sovereign issuers including the recent €250 million Loan for the Republic of Albania

Deutsche Bank has innovated financing structures to optimise the borrowing costs for issuers under such structures

Obtaining a partial guarantee from supranational entities can allow material cost savings to be achieved

Initial discussions with potential guarantors need to be Borrower led – Deutsche Bank can facilitate initial discussions

Transaction highlights

- Following a competitive cost-based tender, Deutsche Bank ('DB') was mandated to provide a loan financing of €250 million ('Loan') to the Republic of Albania (B/Positive: S&P, B1/Stable: Moody's)
- The Loan has a tenor of ten years with amortization of €15 million at the end of year two, €15 million at the end of year three, €20 million at end of year four, and €200 million at final maturity (10 yrs)
- The Loan benefits from a partial guarantee on €200 million principal from International Bank for Reconstruction and Development ('IBRD'), ratedAAA
- Through the application of innovative structural features and bespoke credit risk management strategy Deutsche Bank was able to offer the borrower the most cost efficient financing allowing it to achieve materially lower borrowing costs compared with benchmark Albanian government securities, auctioned at an issue spread of c 5.87% in 2010
- Consistent with the current IBRD policy, Albania was charged a front-end fee of 25bps on the face value of the guarantee and a guarantee fee of 50bps pa (equivalent to the contractual spread for loans) on the present value of IBRD's exposure from the transaction[a]. The all in cost to the Borrower was still significantly lower than benchmark levels
- The provision of the guarantee and the preferred creditor status of IBRD allowed Deutsche Bank to innovate its credit risk management strategy, broaden the potential investor audience and optimise financing costs for the borrower

(a) http://web.worldbank.org/

Summary termsheet

Loan amount	– €250 million
Borrower	– Republic of Albania ('Albania')
Guarantor	– International Bank of Reconstruction and Development ('IBRD')
Guaranteed amount	– €200 million
Final maturity	– 10 years
Repayment	– €15 million on date falling two years following the closing date, €15 million on date falling three years following the closing date, €20 million on date falling four years following the closing date and €200 million on the final maturity date
Interest rate	– EUR swap plus margin
Law	– English law

Republic of Macedonia
€250 million IBRD guaranteed loan

Deutsche Bank has led multiple financings for sovereign issuers including a recent €250 million Loan for Republic of Macedonia

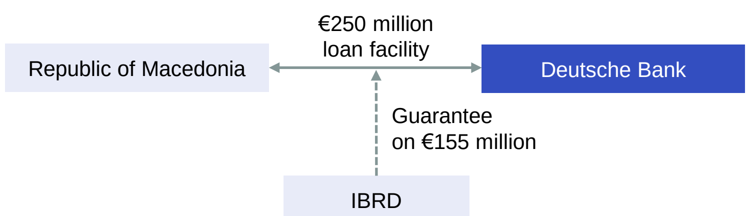
Obtaining a partial guarantee from Supranational entities (eg IBRD) can allow material cost savings to be achieved

Deutsche Bank has innovated financing structures to optimise the borrowing costs for issuers under such structures

Initial discussions with potential guarantors need to be Borrower led – Deutsche Bank can facilitate initial discussions

Transaction highlights

- Following a competitive cost-based tender to onshore and offshore banks Deutsche Bank ('DB') was mandated to provide a loan financing of €250 million ('Loan') to Republic of Macedonia (rated BB by S&P)
- The loan has a tenor of seven-yrs with amortization of €95 at the end of five years, and €155 million at final maturity (seven years)
- The loan benefits from a partial guarantee on €155 million principal from International Bank for reconstruction and development ('IBRD'), rated AAA
- Through the application of innovative structural features and bespoke credit risk management strategy Deutsche Bank was able to offer the Borrower the most cost efficient financing allowing it to achieve materially lower borrowing costs compared with benchmark Macedonian government securities, auctioned at an interest rate of 5.70% in June 2012
- Consistent with the current IBRD policy, Macedonia was charged a front-end fee of 25bps on the face value of the guarantee and a guarantee fee of 50bps pa (equivalent to the contractual spread for loans) on the present value of IBRD's exposure from the transaction[a]. The all in cost to the borrower was still significantly lower than benchmark levels
- The provision of the guarantee and the preferred creditor status of IBRD allowed Deutsche Bank to innovate its credit risk management strategy, broaden the potential investor audience and optimise financing costs for the borrower
- Exploratory discussions on guarantee structures from IBRD/other supranationals would need to be borrower led



(a) Source: http://web.worldbank.org/

Summary termsheet

Loan amount	– €250 million
Borrower	– The Republic of Macedonia ('Macedonia')
Guarantor	– International Bank of Reconstruction and Development ('IBRD')
Guaranteed amount	– €155 million
Final maturity	– Seven years
Repayment	– €95 million on date falling five years following the closing date, and €155 million on the final maturity date
Interest rate	– EUR swap plus margin
Law	– English law