



PRESENTATION TO THE PORTFOLIO COMMITTEE ON TRADE AND INDUSTRY

**Briefing on the 4th Quarter Report 2014/15 of
Export Credit Insurance Corporation (ECIC)
Financial and Non-financial performance
05/08/2015**



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About ECIC

- **Vision:** We are committed to sustainable business growth through innovative products, operational excellence, business development and strategic partnerships
- **Mission:** Our mission is to provide export credit and investment insurance solutions in support of South African capital goods and services by applying best practice risk management principles.

Key Performance Highlights

Achieved 80% of business objectives for 2014/15

- Loan disbursement and investment declarations' target exceeded 40% - indicate level of exports facilitated.
- Financial closure and signing of flagship project – Cenpower gas-fired power station in Ghana (US\$447 million) – SA exporter Group 5 with RMB as lead arranger
- Highest Premium ever for ECIC (R1.7 billion) – this together with zero claims testimony to financial robustness of our underwriting business.

Key Performance Highlights (cont.)

20% non-achievement

- Only 27% value of projects approved
 - ❖ structuring delays on a US\$400 Nacala port and railway project in Mozambique
 - ❖ non-availability of interest make-up (IMU) incentive funding led to pipeline cancellations
- Achieved 47% against target 50% female managers - limited vacancies
- 94.6% of creditors paid within 30 days
 - enterprise resource planning (ERP) system being implemented will assist going forward.

Key Performance Highlights (cont.)

- Launched advertising and media awareness campaign in March.
- Media Platforms:
 - Television, radio, online & digital media
 - Billboards at major international airport in SA
- Plan to intensify brand awareness and raise the ECIC profile
- CEO speaker platforms secured in major local and international trade finance conferences.

Progress on Ministerial Priorities

Industrial Policy Action Plan (IPAP) and National Development Plan.

- ECIC support SA manufacturing of capital goods and services.

Facilitation of Trade and Investment

- Loan disbursement and investment declarations of UD\$920 million represents export facilitated.

Promotion of inclusive economic participation

- Revamped bond insurance product to benefit emerging exporters.
- Small to medium transactions product to support small exporters and contractors to attract private funding.

Progress on Ministerial Policies

Promotion of local procurement

- Minimum SA minimum content of 70% required for all supported transactions for rest of the world
- Projects in African countries require 50% SA content and 20% from the African region.



Key Challenges

- Non-availability of IMU budget presents challenges for competitive cost of funding for SA exports – key risk indicator
- Commitments of funds for IMU incentives scheme exceeds available budget
- Slow growth of the global economy, especially China
- Continued commodity demand slowdown affecting mining projects

Performance against target

Annual Target

- USD432 million the value of projects approved by Board
- USD518 million the value of insurance policies signed

Actual Achievement

- USD116 million approved
- USD633 million achieved

Performance against target cont.

Annual Target

- **USD655 million loans disbursed & investment declarations**
- **Five co-operation engagements in knowledge sharing initiated**

Actual Achievement

- **USD920 million achieved**
- **Target achieved with global and BRICS ECAs**

Performance against target cont.

Annual Target

- 18 product inductions with export promotion agencies; economic development agencies; conferences; export workshops & exporters
- Two research reports published & sent to stakeholders

Actual Achievement

- Target exceeded
- Target achieved

Performance against target cont

Annual Target

- Implementation of marketing campaign in six provinces
- 85% of staff to be retained
- 3% of annual payroll spent on training

Actual Achievement

- Target exceeded – all provinces covered
- Target exceeded
- Target exceeded (5,9%)



Financial highlights

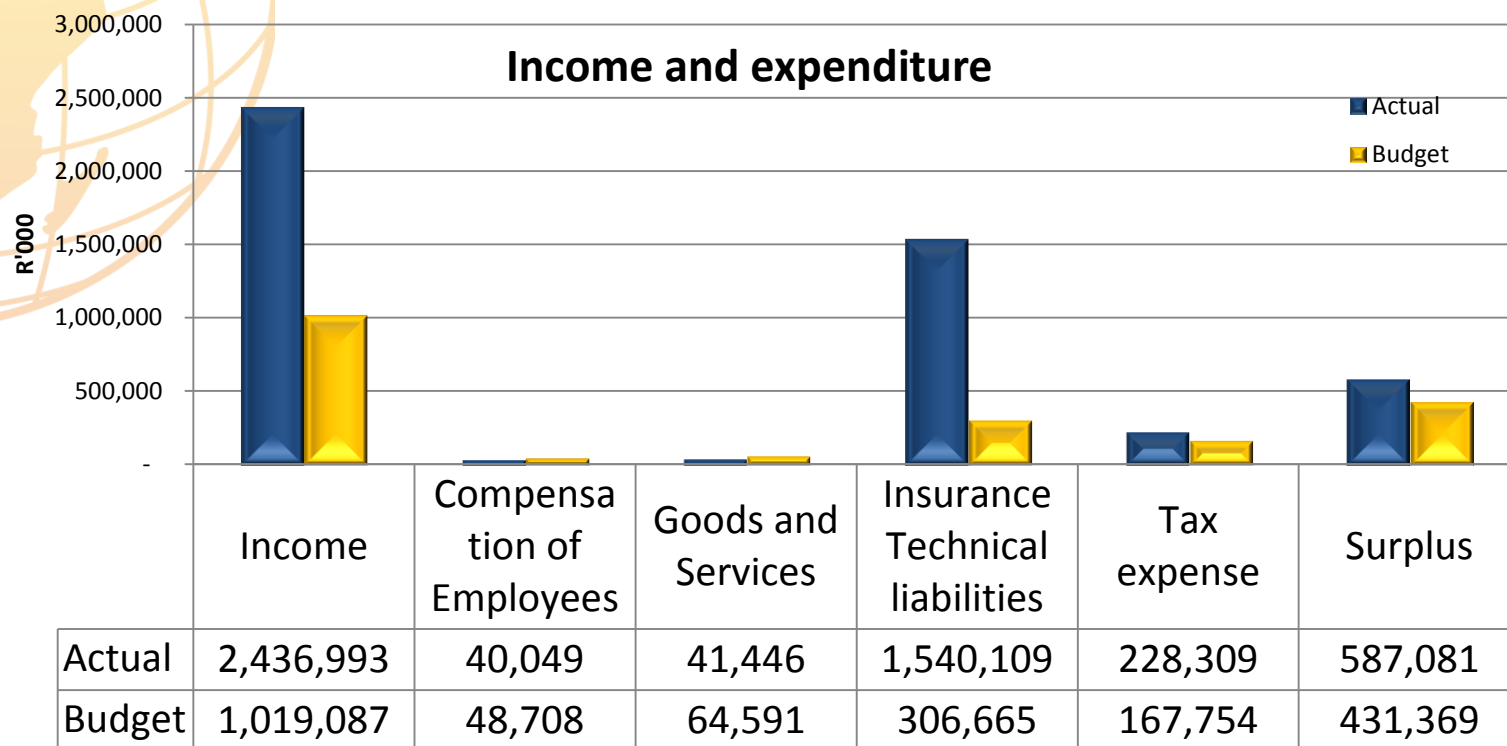
- Generated highest premium of R1.8 billion
- Total income exceeded budget 139% at R2.4 billion
- Surplus for the period was R155.7 million
- Capital expenditure was R4.8 million, primarily driven by investment in technology to improve efficiency



Financial highlights

- Interest Make Up subsidy claims paid to financial institutions amounted to R321 million
- Total assets were R7.9 billion, 44% growth from 2014
- Capital/equity was R4.6 billion, 24% growth from 2014
- Insurance liabilities were R3.6 billion, 111% from 2014 due increase in exports supported

Financial performance summary



- Compensation of employees represents 2% of total expenditure, 83% is insurance reserve movements, 12% is tax and 2% is other operating expenditure
- As a % of total operating costs, compensation of employees represents 49%