



PRESENTATION BY
PRESENTAZIONE DI

CLIVE TASKER

AT THE FORUM
AL FORUM

***“DEVELOPING AFRICA:
AN OPPORTUNITY FOR EUROPE, ITALY AND SICILY”***

***“LO SVILUPPO DELL’AFRICA:
UN’OPPORTUNITÀ PER L’EUROPA, PER L’ITALIA E PER LA SICILIA”***

Taormina
San Domenico Palace Hotel

October 1 and 2, 2009
1 e 2 ottobre 2009

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Developing Africa

Clive Tasker

Chief Executive, Standard Bank Africa



Standard Bank Group



- With international representation in over 30 countries around the world, we are able to combine our local market expertise and network with our emerging market capability to make the right connections.
- www.standardbank.com/movingforward
- Moving Forward

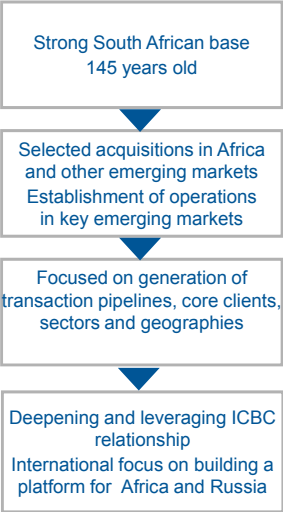


Authorized financial services and registered credit provider (NCRCP15)
 The standard work of an insurance underwriter (Reg. No. 1001/2007/28/24). Since 2009/02-01/01

- Standard Bank Group is one of the big four full-service South African banks, publicly owned and listed on Johannesburg Stock Exchange
- Operates in a range of banking and related financial services
- A wide representation which spans 17 African countries and 18 countries outside of Africa with an emerging markets focus
- 673 branches in South Africa and 337 in the rest of Africa
- Total assets at 30 June 2009 of R1 333bn (\$172bn)
- Market capitalisation at 30 June 2009 of R138 bn (\$18 billion).
- More than 50 000 employees globally including Liberty at 30 June 2009
- The bank's ratings
 - long-term ratings are: Moody's A3, Standard & Poor's BBBpi, Fitch Ratings BBB+.
 - The South African sovereign ratings are: Moody's A3, Standard & Poor's BBB+, Fitch Ratings BBB+.



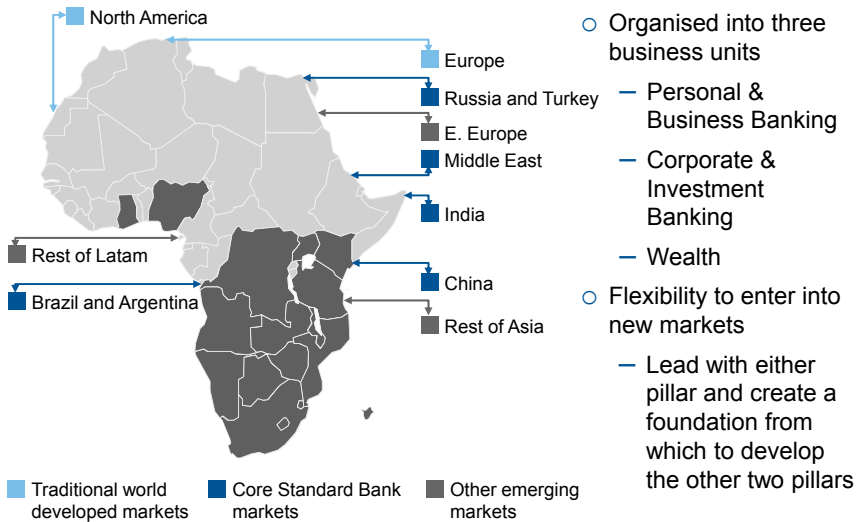
Standard Bank – a growth story



Africa, our calling card



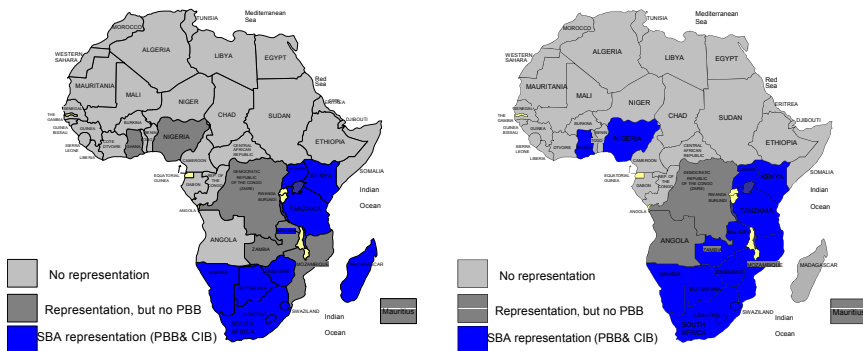
Africa is our calling card



Cross border linkages through trade and investment

- Increase in foreign direct investment
- Capital flows becoming multi-directional
- Trade flows increasing
- Emerging markets growing faster
- Together with ICBC we are strongly positioned to capture the major flows between Africa, China, Russia and other emerging markets

Footprint Changes : 2000 vs. 2009



We are currently substantially content with our presence in Africa

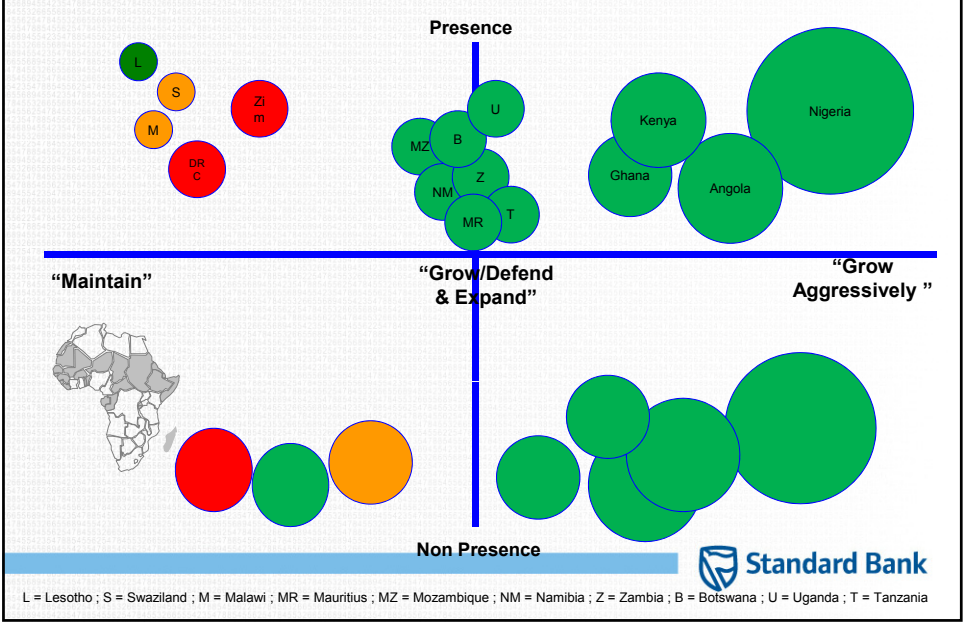


ICBC partnership growing

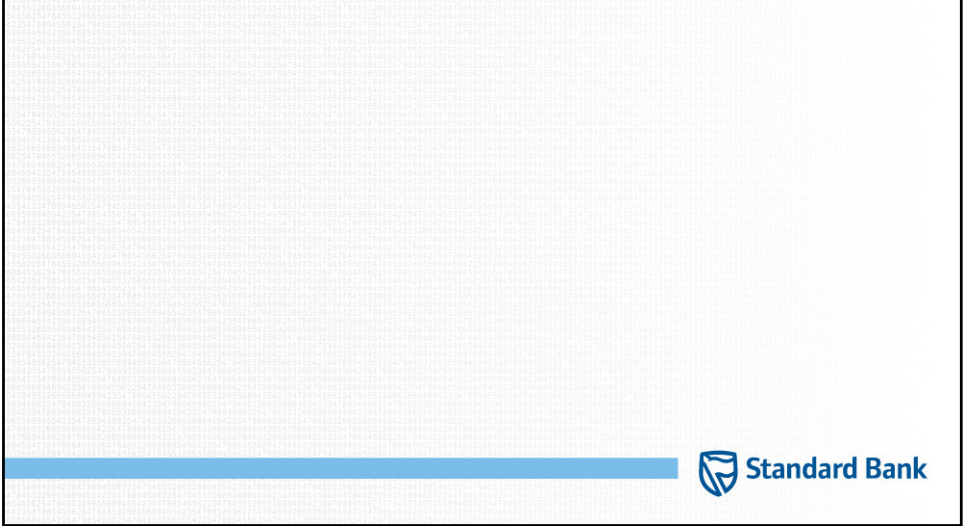
- Headline earnings contribution to the group for 1H09 was USD14m
- Significant deals won
 - Across 10 different product areas
 - Morupule B power station in Botswana
 - Ghana Cocoa Board
 - Government of Mongolia
- Transactional product growth with Chinese clients in Africa
- Global markets
 - Foreign exchange
 - Commodities
 - Derivatives
- Beijing office established and a team of international and local resources is in place
 - Headcount of 38 in Beijing with 25 Chinese employees
 - Headcount of 13 in Shanghai
- Coverage model to service Chinese clients interested in Africa and emerging markets as well as emerging markets clients entering China
- ICBC to second a team to Standard Bank to boost further co-operation



Proposition Beyond 2009 – Countries coloured to reflect risk rating



What is Standard Bank doing in Africa

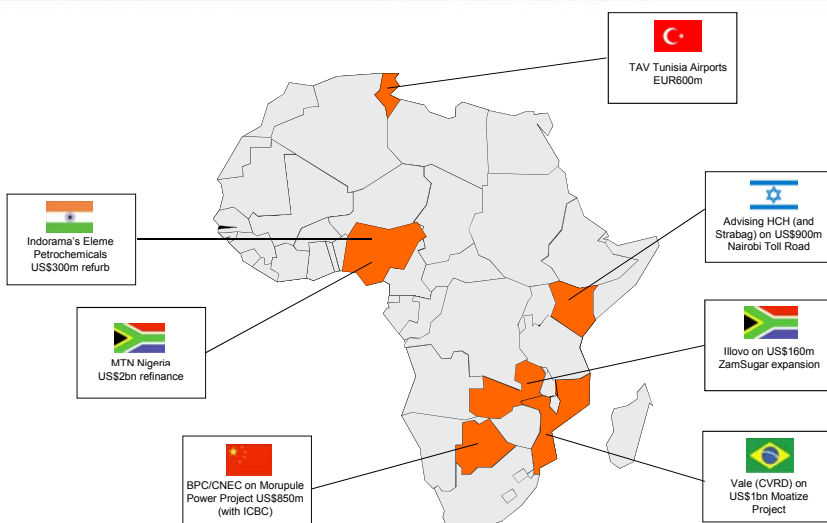


Project finance at Standard Bank

- One of 5 Investment Banking products that are globally managed
- 65 professionals across in 5 centres – Johannesburg, London, Lagos, Sao Paulo, Beijing
- Core markets – Africa, Russia, Turkey, Brazil, South East Asia
- Focus sectors include Mining, Oil & Gas, Power and Infrastructure
- Strong relationships with development finance institutions (DFI's) and export credit agencies (ECA's)
- Our modus operandi is to package lending with advisory and other value-add products. Thus a strong structuring culture (often the modelling or technical bank)



Facilitating cross border emerging market investment into Africa



Infrastructure credentials

Roads & Rail

LCB
Lekki Concession

USD 430 million

Toll Road, Nigeria
Advisor/Lender

Standard Bank

STRABAG
Strabag/HCH

USD 900 million

Nairobi Northern Corridor Toll Road
Advisor & Mandated Lead Arranger

Standard Bank

GAUTRAIN
Gautrain

ZAR 20 billion

High speed Rail
Arranger/Underwriter

Standard Bank

TRAC
Trans African
Concessions

ZAR 3 billion

Toll Road Refinancing
Underwriter/Arranger

Standard Bank

Ports & Airports

Tusdeer

USD 500 million

Container Terminal, Saudi Arabia
Advisor, Arranger

Standard Bank

Maputo Port

USD 70 million

Port Concession
Advisor/Arranger

Standard Bank

TAV
Monastir & Enfidha
Airport Concessions

EUR 600 million

Mandated Lead Arranger
and Underwriter

Standard Bank

mps
A.P. Moller-Maersk &
Bollore Consortium

USD 60 million

Tema Port
Lead Arranger
and Underwriter

Standard Bank

Power

Botswana Power Corporation

Current
USD 825 million

Joint M.L.A. with ICBC

Standard Bank

GAMMA COVANTA
Gamma Energy Ltd
Waste-to-Energy Project

Current
USD 140 million

Mandated Lead Arranger

Standard Bank

Geometric Power Nigeria

USD 206 million

Bridge Facility
Co-Lead Arranger

Standard Bank

Copperbelt Energy Corporation

USD 90 million

Acquisition Finance Facility
Financial Advisor & Co-Underwriter

Standard Bank



Oil & gas / industrial / mining credentials

Oil & Gas

AFREN
Afren Okoro Ltd
Nigeria

USD 200 million

Senior Secured Borrowing
Base Facility
Senior Lead Mandated
Arranger and Underwriter

Standard Bank

Oando
Oando Trading Ltd
Nigeria

USD 42 million

Refined Oil Imports &
Hedging Facility

Standard Bank

TULLOCH OIL
Tullow Oil plc

USD 1.8 billion

Senior Secured Revolving
Borrowing Base Facility
Arranger

Standard Bank

MGC
Matola Gas Company SARL
Mozambique

Current
USD 25.5 million

Arranger of refinancing facilities and
Carbon Credits backed facilities

Standard Bank

Mining

VALE
Moatize Coal and related
infrastructure project

USD 1.5 billion

Financial Advisor

Standard Bank

FIRST QUANTUM
Zambia

US\$400 million

Corporate Facility
Lead Arranger

Standard Bank

TEQUINIX
Zambia

USD 884 million

Financing of the Lumwana
copper project
Senior Facilities Coordinator and
Lead Arranger

Standard Bank

Paladin Resources

USD 130 million

Larger Henrich Uranium Project
Joint Arranger & Leader

Standard Bank

Industrial

INDORAMA
Eltema Petrochemicals
Limited, Nigeria

USD 125 million

Financial Arranger

Standard Bank

Lafarge Cement WAPCO
Nigeria Plc

€225 million
(Multi-Currency)

Medium Term Loan Facility
Mandated Lead Arranger &
Underwriter

Standard Bank

Zambia Sugar
Zambia Sugar plc
Expansion Project

USD 160 million
equivalent in ZMK

Joint Mandated Lead Arrangers

Standard Bank



Agriculture in Africa



- The cost of producing food in first world countries is high and land is scarce. Sub-Saharan Africa has enormous natural, physical and human potential. The continent uses less than 25% of the arable land and less than 14% of the irrigation potential
- Globally the demand for food rises 3.3% per annum whilst the supply of land at best 1% per annum;
- Africa's total food demand is roughly \$50B annually and is estimated to grow to \$100B by 2015
- Africa's use of fertilizer is only 2% of the world average with Tanzania having the lowest average in the world
- Cereal yield is the lowest in Sub-Saharan Africa (1,3t/ha) compared to 3,5t/ha in Europe and 5,5t/ha in North America
- In the America's, farmland is being lost to development at the rate of 2,880 acres a day - 425,600 hectares per year
- In the last decade China lost 8m hectares to urbanization
- Agriculture is the engine for economic growth - Traditional agriculture can be transformed rapidly into a modern sector through adoption of science-based technology



Agriculture in Africa: Size of the opportunity



Country	Ghana	Kenya	Namibia	Zambia	Nigeria	Uganda	Mozambique	Tanzania
GDP (\$ billion)	15	35	7	15	211	16	10	20
Agric % of GDP	40%	28%	6%	13%	42%	16%	24%	45%
Agric's share of FX earnings	19%	36%	21%	-	-	41%	11%	16%

- Agriculture makes up 30 – 40% of Africa's GDP;
- Accounts for a major share of foreign exchange earnings throughout the continent;
- 60% - 70% of agricultural produce is produced by small farmers and is the exact area the donor community is looking to develop;
- Agriculture employs +- 75% of Africa's population.



Africa agriculture innovation



- Lesotho Small Farmers
 - Public Private Partnership with Lesotho Government
 - Started in the 2005/6 production season;
 - 2007 /8 season the Bank advanced R105m to 30 farmer groups;
 - Average yields have increased from 0.6tons per hectare to 2.5-3.5tons per hectare
- Malawi Fertilizer
 - Award from: Global Trade Review, 2009
 - Deal size: USD 56,5m;
 - In support of Malawi Government's subsidy program for farmers;
 - Bank provided a end-to end solution to import fertilizer and manage price risk
- Farmsecure Capital Pty Ltd
 - Trade Finance Deal of the Year award, 2009;
 - Standard Bank co-funded a US\$ 100m facility;
 - Farmsecure provides production finance to maize and wheat producers through contract growing;
 - Operations in South Africa, Zambia, Namibia and Botswana
- Alliance for a Green Revolution:
 - Launched a US\$100m agricultural fund in support of AGRA

19



Standard Bank in Africa

Challenges

- Infrastructure
 - Physical & Technical
- Attracting the right local skills
- Managing complexity
 - Remoteness of operations
 - Regulatory compliance in host countries as well as home
 - Minority shareholders
 - Listed companies
 - Need to be locally relevant and also operate within group policies
- Sophisticated and rigorous competition

Opportunities

- Geographic presence substantially complete
- Utilise infrastructure that we have built over the years
- Business model is working
- Increasing demand from emerging consumers
- Appropriate risk appetites have been established
- Redeploy SA experience and skills where relevant
- Unique opportunity to
 - Provide access to Africa for Chinese companies
 - Provide access to China for African companies
 - Capitalise on cross border flows within Africa and other emerging markets

20



Who else is investing in Africa



Private Investors for Africa



Objectives

- Motivated by a common vision to help accelerate economic growth and social development across the African continent
- Seeks to improve the business environment, promote private sector investment and encourage Corporate Social Responsibility programmes
- Members are committed to sharing best practices and providing business input to African governments on the ground
- Furthers institutional understanding of the challenges the private sector faces operating in Africa
- Opportunities
 - Large population, large consumer potential
 - Increasing Pan-African GDP growth
 - Generally positive returns for investors
- Challenges
 - Weak infrastructure
 - Difficult access to affordable capital for SME's
 - Zones of instability or conflict

India

- India is the ninth most prominent source country of Greenfield foreign direct investment (FDI) in Africa.
- Since 2003, 70 Indian companies have been the source for 130 of Africa's Greenfield projects, amounting to a total investment of \$25bn
- Fifth-largest consumer of energy in the world, oil dependence expected to climb to 92% by 2020, India is looking to leverage enhanced engagements with Africa to secure vital new sources of energy
- India-Africa bilateral trade has increased from \$967m in 1991 to nearly \$30bn in 2008 at a compound annual growth rate (CAGR) of 31% each year since 2000
- No less than 80% of India's imports from Africa originate from Nigeria, South Africa, Egypt, Algeria, Angola and Libya
- India's exports to Africa have grown at a CAGR of 20.2% p.a. since 1990, more rapidly than China (16%), Brazil (13%), the United States (7%), European Union (6.5%), United Kingdom (4.5%) and Japan (4.6%)

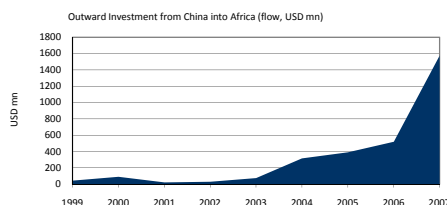
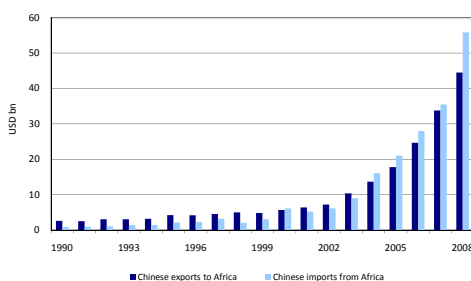
Source: Standard Bank Economics

23



China

- All but four African countries now have political ties with China
- China makes an entry into Nigerian oil sector, Sinopec International Petroleum Corporation offering US\$46 a share to acquire Addax Petroleum Corporation
- China continues developing bilateral and multilateral agricultural cooperation with African countries and boost the "South-South cooperation" within the framework of "Special Program for Food Security (SPFS)"
- Zimbabwe and China have signed a US\$5bn loan deal securing half of the amount the Government need in delivering its Short Term Emergency Recovery Programme (Sterp)
- China's impact on sub-Saharan Africa (SSA)
 - through trade flows
 - through foreign direct investment (FDI) flows, technology transfer and integration in global value chains
 - through aid flows



Source: Chinese Centre for Business Studies

24



Development of Africa by the rest of the world

Industrial development Policies

- The African Union's major priorities for acceleration of Africa's industrialisation:
 - Policy on Product and Export diversification
 - Infrastructure development
 - Human capital development and sustainability
- United Nations Industrial Development Organisation (UNIDO)
- Economic Community of West African States (ECOWAS)
- Common Market for Eastern and southern Africa (COMESA) and the Southern African development Community (SADC)

Trade & development policies

- Most African nations, as members of the World Trade Organisation (WTO), have most favoured Nation status and several benefit in terms of preferential market access owing to their least developed country status (LDC)
- African Growth and Opportunity Act (AGOA) between the US and Africa
- Economic Partnership Agreements (EPA's) between the EU's economic commission and group of African countries

Source: Standard Bank Economics

25



Development of Africa by the rest of the world cont.

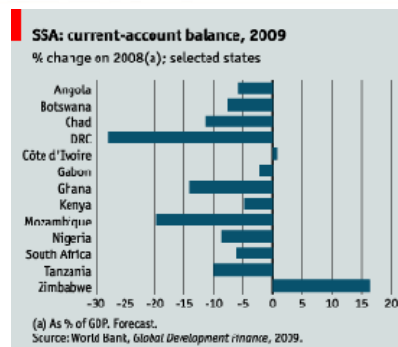
- China provides zero tariffs for 450 products to all Africa's LDCs
- Non-Japan Asia, led by China and India, has eclipsed Japan in official assistance, trade and investment in Africa
- United Arab Emirates (UAE) has invested \$113bn in Greenfield projects in Africa over the past five years
- UK, France, Spain, Netherlands, Italy, Norway and Germany have strong commercial ties with Africa. Predominantly in terms of official development assistance and private investment given strong colonial ties and trade flows
- Italy has historically not been particularly active in African commerce or development. However ties with Algeria and Libya are strong owing to resources, history and proximity

Source: Standard Bank Economics

26



Challenges in Sub-Saharan Africa



Both the World Bank and the IMF are far more cautious, and suggest that the slump is more likely to follow a U-shaped pattern, with the upswing, when it comes, being slower than in previous global recessions over the past 30 years.

Source: World bank – GDF report

27



Challenges in Sub-Saharan Africa

- World Bank predicts Sub-Saharan growth of just 1% for 2009, the lowest growth in 16 years
- Income per head declining by 1% the steepest fall since 1994
- The worst is over yet and growth is expected to recover toward the end of 2009
- Sub-Saharan GDP growth forecast at 3.7% for 2010 and 5.2% in 2011
 - Muted export demand, rising unemployment, lower incomes, financial sector weakness and depressed consumer demand
- A deeper and prolonged global recession expected to impact African markets, inhibiting a recovery in commodity prices
- Shortfalls in aid flow would intensify governments' fiscal problems limiting the adoption of "count-cyclical" policies
- Sub-Saharan manufacturing industry has been dealt a heavy blow with the impact likely to be felt long after the downturn eases

Source: World bank – GDF report

28



Questions



Appendix



Rest of the world's development initiatives (1)

Japan International Cooperation Agency (JICA) – a policy was devised at The Fourth Tokyo International Conference on African Development (TICAD IV) in May 2008 to provide assistance under the Yokohama Action Plan, which includes provisions for continued assistance in health care, elementary education and drinking water. Emphasis was placed on assistance to accelerate Africa's healthy economic growth, including provisions to improve basic industrial infrastructure such as roads and power development, promote trade and investment, and improve agricultural productivity and promote partnerships with the private sector

Norway Agency for Development Cooperation (Norad) – the agency places special emphasis on assistance that benefits the poorest sector of the community. Its efforts are tailored to the priorities of partner countries. There is a strong emphasis on water resource management and sustainable agriculture

Rest of the world's development initiatives (2)

Swedish International Development Cooperation Agency aims to support African countries and citizens in pursuit of peace, democracy, human rights and of sustainable development; to help Africa play a full and active part in global political and economic cooperation on common challenges; and to broaden the contact interface between Sweden and Africa and promote Swedish and African interests

European Development Funds - three main sectors of intervention in SADC – regional integration and trade; transport and communications; and food security, 2008- 2013 Regional Indicative Programme € 116 million

European Investment Bank (EIB) has made a significant contribution to the development of the productive sector and economic infrastructure in the SADC region. From 2000 to May 2008 the EIB committed a total of € 2 466 million to investment in the SADC region, half of which is investment in South Africa

Rest of the world's development initiatives (3)

The European Commission's Humanitarian Aid Office (ECHO) – between January 2000 and December 2007 ECHO provided approximately € 650.8 million in aid to Angola, Botswana, DRC, Lesotho, Madagascar, Malawi, Mozambique, Namibia, Swaziland, Tanzania, Zambia and Zimbabwe

Department for International Development (DfID) - In 1997, the UK created this government department to tackle world poverty. About half of the aid goes to developing countries either directly or through an international body. Last year, 9% went directly to governments, to spend on the priorities they set themselves for helping their people out of poverty. Almost a third of the UK's aid goes to international bodies for their own development activities, such as healthcare, education and economic growth. The main recipients are the European Commission; the World Bank; the United Nations; and the Global Fund to Fight AIDS, TB and Malaria

The **GTZ** is a German international cooperation enterprise for sustainable development with worldwide operations. Projects include regional governance reform processes; peace and security; and cross border water management

International companies' Africa strategies

Zain, Kuwait's largest telecommunications operator, which operates in 16 African countries, has a **one-mobile network** facility in East Africa that enables a subscriber to make calls to neighbouring countries at local rates. This service is the first of its kind, worldwide

Safaricom and Zain (two mobile phone operators in Kenya) offer **innovative money transfer services** called 'Mpesa' and 'Zap' respectively. These services enable you to send and receive airtime without the need to carry cash or cards; send and receive money; and make purchases

Several industries, such as Procter and Gamble in Nigeria, have had to invest in diesel-powered generators or build their own mini-power plants to ensure a consistent supply of electricity

International companies' development initiatives

Microsoft and UNIDO promote innovative uses of information and communication technologies (ICTs) that support entrepreneurship and help promote investment and create business opportunities for small and medium enterprises in Africa

Hewlett-Packard is investing some of its profits in schemes to train unemployed young people, particularly graduates, and help them to acquire the IT skills needed to create and run their businesses. Through a partnership with UNIDO, the programme is being expanded in Africa, with a focus on Egypt, Morocco, Nigeria, South Africa, Tunisia and Uganda

Extractive industry companies – as part of their corporate responsibility measures they have built roads, schools and health clinics. Several companies have also set up HIV/AIDS programmes for their staff

Shoprite – the large South African retail supermarket has expanded into Africa in recent years. In place of importing fresh produce from South Africa, the retailer is developing local producers and helping them produce to Shoprite's specific standards

Several companies provide training or skills transfer to develop local human capital

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