

## **Standard Bank and ICBC to raise R10 billion to support SA power generation**

**Sandton, 4 December 2015** - Over the next five years, Standard Bank will assist its strategic partner, the Industrial and Commercial Bank of China (ICBC) to raise R10 billion to support the development of South Africa's power generation infrastructure, said Standard Bank Group Chief Executive Sim Tshabalala.

This follows the signing of a collaboration agreement between ICBC and Standard Bank in the presence of President Xi Jinping of China and South Africa's President Jacob Zuma at the FOCAC Heads of Summit in Sandton, Johannesburg.

It is anticipated that there will be significant development in the South African economy – particularly in the power and infrastructure sectors of the South African economy - over the next 5 years. Standard Bank and ICBC want to participate in this development with a view to ensuring that the South African economy goes from strength-to-strength.

Standard Bank, acting as arranging and structuring adviser, will assist ICBC in raising up to R10 billion from the financial markets over the five-year period.

Speaking on the side lines of the FOCAC Summit, Mr Tshabalala announced that the ICBC-Standard Bank partnership will jointly support up to 100 new infrastructure and industrial projects across Africa, ranging from resources and transportation, to electricity and telecommunications, to manufacturing and industrial parks.

Standard Bank and ICBC have worked together on a wide range of initiatives, all with a strong focus on supporting infrastructure investment and industrial development in Africa, and on growing trade and investment flows between China and Africa.

“Strategic cooperation between ICBC and Standard Bank has enabled us to arrange more than \$7 billion in loans to African countries and to complete over \$14 billion of transactions that have brought equity and debt capital from Chinese corporations and financial institutions to Africa,” said Mr Tshabalala.

A few recent examples of deals that have been made possible by this partnership include:

- Standard Bank, ICBC and China Development Bank are co-financing the Kabompo hydro project in Zambia, where Sinohydro has been appointed as the civil engineering contractor.
- Standard Bank and ICBC are joint lead arrangers, underwriters and book runners of US\$1 billion syndicated loan facility to Angolan state oil company Sonangol.
- ICBC and Standard Bank have jointly provided Hisense with a R1.1 billion working capital facility - the largest working capital funding package provided to any Chinese entity secured by an ICBC guarantee.
- Standard Bank and ICBC have jointly re-financed the debt of Samancor Chrome by way of two corporate facilities amounting to R3 billion - this collaboration is the largest single distribution that Standard Bank has undertaken with the ICBC to date.

“While much of our joint work so far has been in corporate and investment banking, ICBC and Standard Bank are increasingly exploring opportunities to expand cooperation into new areas of business. In retail banking, we are working together to introduce new solutions to facilitate personal remittances between South Africa and China. This will enable online person-to-person and business-to-business direct international payments and will be managed by dedicated specialist teams, improving convenience and reducing costs for our customers.”

Turning to China, Mr Tshabalala said: “The rise of China to become the industrial powerhouse of the world has been the great economic miracle of the last 30 years. With China’s assistance, Africa’s economic take-off is now well underway. It’s a great time to be investing and working in Africa. With our deep Chinese and African roots, local knowledge and global reach, ICBC and Standard Bank are here to do everything we can to ensure that your companies succeed.”

Over the past 15 years, Africa has been called both the hopeless continent and the rising continent. “More recently, however, it has

been recognised for what it really is: A continent that is at once very dynamic and very diverse – a continent of over 50 countries, each with a distinctive set of challenges and opportunities. For this reason, investors and entrepreneurs in Africa need to build up strong local relationships and to develop detailed local knowledge,” said Mr Tshabalala.

While others continued to think of Africa in terms of clichés and generalisations, China has been quietly building solid diplomatic and commercial relationships with African countries since the turn of the century.

“In many cases, Chinese investment and trade have played a crucial role in supporting economic growth and infrastructure development. Now that several African countries- for example, Ethiopia and Mozambique - are among the fastest-growing in the world, China is very well positioned to benefit from this remarkable growth and to further support and encourage it,” said Mr Tshabalala.

He said that ICBC had identified Africa as an important growth market long before it was fashionable for global banks to do so. “ICBC recognised that its own expansion into the continent would be best served by creating a strategic partnership with a large and well-established African financial services group. So the largest bank in the world teamed up with the largest bank in Africa in 2009, when ICBC bought a 20% stake in the Standard Bank Group, becoming our single largest shareholder.”