

Cross border payments

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- Any company setting up operations in Africa needs to make payments and transmit money – we provide these services
- We link companies between our domestic system in SA, our network within Africa, and our 230 correspondent banks in 100 non-presence countries
- Examples include:
 - We will process some 250 000 transactions with one of our leading correspondent banks who will leave funds in South Africa ranging between R400m – R2000m
 - ICBC Bank:Connect, which is a channel that connects companies in China to their Standard Bank accounts in Africa via ICBC's Global Cash Management System
 - Our strategic partnership with China Union Pay allows their cardholders to withdraw money from our ATMs and point of sales devices

Cross border payments (cont.)

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- UNCTAD estimates that total FDI flows into Africa was \$59bn in 2009 (down from \$72bn in 2008 because of recession)
- Africa's total FDI stock has grown from \$154bn in 2000 (2.0% of global inward FDI stock) to \$514bn in 2009 (2.9% share)
- FDI flow between African countries is also quite large:
 - Total stock of believed to be \$73bn
 - In 2006-8, SA was biggest emerging market investor in Africa (c20% of Africa's total FDI stock)
- Since 2006, FDI flows to Africa have been bigger than donor flows
- FDI brings jobs and expertise to Africa (as well as tourism)

We facilitate donor and aid flows

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- Total donor flows to Africa estimated at \$44bn in 2008
- With our African banking network, we are well-placed to connect donors to recipients (e.g. NGOs, NPOs etc)
- Standard Bank helps SA-based NGOs partner with international NPOs and multi-laterals:
 - For example, Standard Bank has implemented a Grey Beard Technical Assistance Programme designed to assist NGOs by reducing bottlenecks, increasing the capacity of the NGO and increasing reporting for NGOs by using our skilled employees. Success stories include:
 - ▶ Child Welfare organisation in SA
 - ▶ Mothers to Mothers organisation in Africa
- This helps to facilitate jobs in SA

Donor flows into Africa

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Top 10 donor receipts in Africa, 2006-2008 (US\$m)

	2006	2007	2008	2006-2008 average
Nigeria	11,428	1956	1290	4,891
Ethiopia	1,941	2563	3327	2,611
Tanzania	1,814	2820	2331	2,321
Sudan	2,044	2112	2384	2,180
Mozambique	1,601	1778	1994	1,791
Uganda	1,539	1737	1657	1,644
DRC	2,043	1241	1610	1,631
Cameroon	1,691	1908	525	1,375
Kenya	943	1323	1360	1,209
Ghana	1,175	1154	1293	1,207

Standard Bank has a presence in 7 of these 10 countries (bolded)

We therefore have on-the-ground presence in these countries to facilitate the foreign exchange transaction and all vanilla banking transactions and payments of the donor recipients

Source: OECD (2009 data not yet available)

Risk mitigation tools

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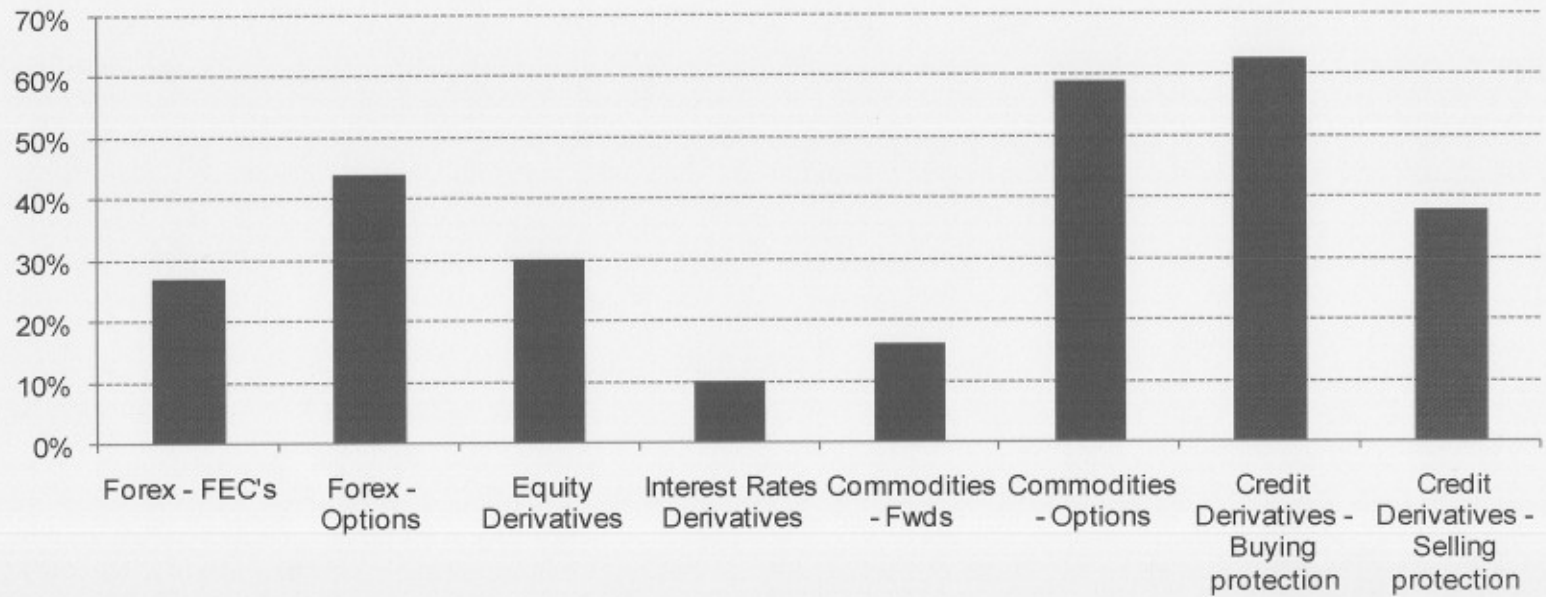
- We provide risk mitigation tools to SA corporates investing outside of SA, e.g.:
 - Foreign exchange
 - Forward exchange contracts
 - Commodity hedges
 - Cross currency swaps
- For example, Metorex's Ruashi project

Metorex
Limited



Risk mitigation tools (cont.)

Estimated Market Share - Average 2009



We advise

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We provide clients investing outside of South Africa with advice, *inter alia*, as regards

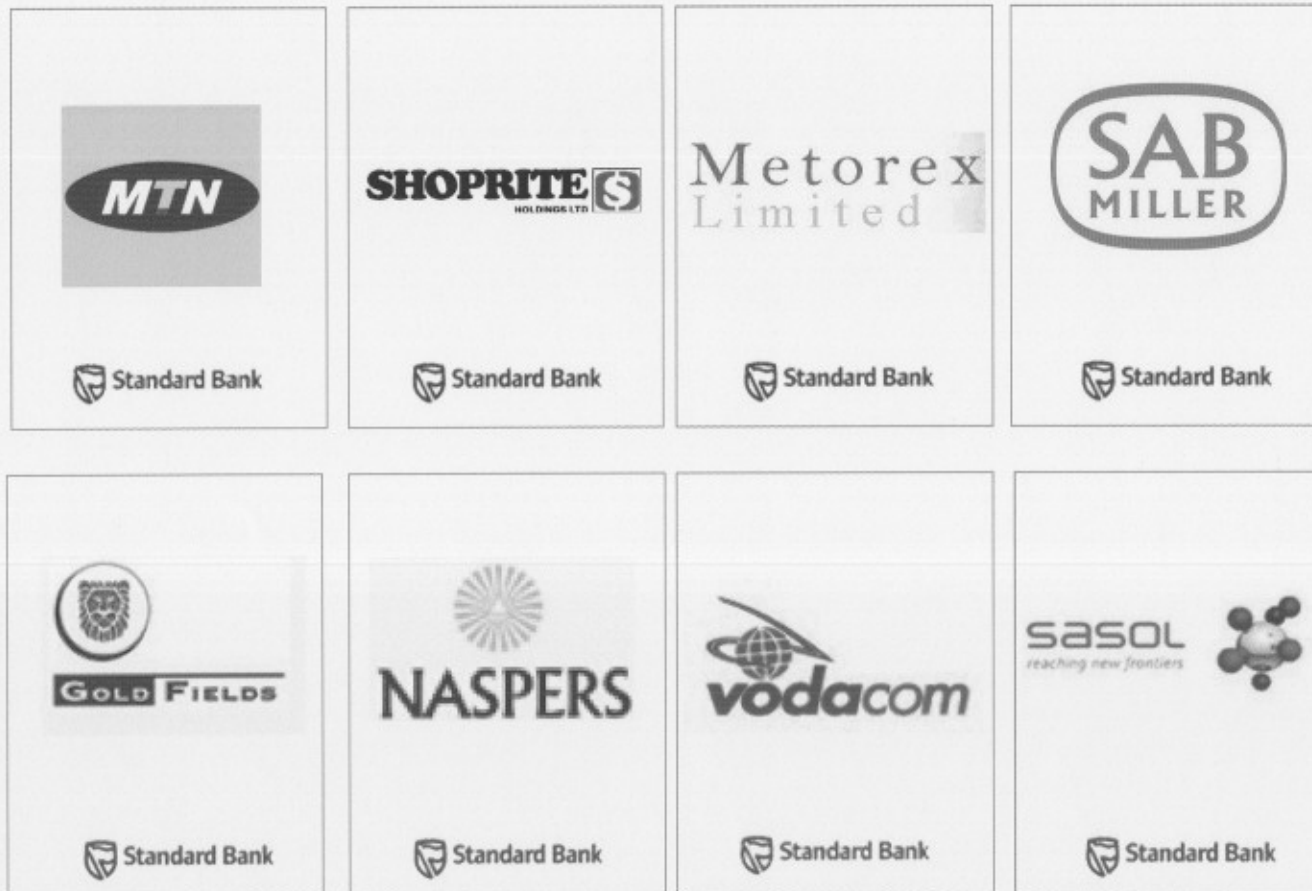
- Regulatory environment
- Most appropriate vehicle for investment
- Financial issues to consider such as commercial and country risk
- Optimal debt capacity of the investment
- We structure the deal to minimise financial risks
- Valuation

- Benefits:
 - The trade cycle begins in a different way
 - Dividend flow back to SA



We arrange funding

- Our in-country presence in 16 countries provide liquidity and capital to SA firms setting up business in that country



We arrange funding (cont.)

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- We assist in structuring commercial and country risk inherent in investments thereby in particular assisting South African exporters. Some of the mitigation tools include Export Credit Agency cover available to exporters
- We are facilitating infrastructure development whether for manufacturing concerns or transport and logistics infrastructure resulting in job creation in-country
 - We were lead arranger and debt advisor on Sasol Natural Gas Pipeline
 - We were lead arranger and financial advisor for the Lekki-Epe Expressway Project (NGN11bn loan) in Nigeria
 - Uganda airport

What we need from policymakers?

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- SA policy-making is world class
- What can you do to help us create more jobs, trade and investment?
 - Clear laws: limiting inconsistencies and unintended consequences
 - More strong institutions like Competition Commission, SARS, SARB and our law courts
 - Improved public and corporate governance
 - Policy certainty and stability
 - Easy movement of human capital (easier visas and work permits)
 - Easy movement of capital and goods:
 - ▶ Less exchange controls
 - ▶ Less tariffs and other trade barriers
 - Visible and overt moral support for being “Proudly South African”

Disclaimer

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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.

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