

Mining Loans Seen Passing \$1 Billion at Biggest Congo Bank (1)

- Rawbank's credit to miners nearly doubled to \$820m in 2022
- Lender says 95% of Congo's mining industry are its clients

By Michael J. Kavanagh

(Bloomberg) -- Rawbank Sarl forecast its lending to the Democratic Republic of Congo's mining industry will jump more than 20% to over \$1 billion this year, buoyed by rising demand and strong prices for the country's strategic minerals.

The bank's mining-linked loan book increased to \$820 million in 2022, nearly doubling its credit offerings from the year before, according to Etienne Mabunda, commercial director at the Kinshasa-based lender. The figure includes credit to mining companies, subcontractors and salaried workers at large firms, he said.

High mineral prices and a recent law requiring more Congolese nationals to work as subcontractors in the industry led to "major investments" in the nation's copper, cobalt, gold, tantalum, tin and tungsten industries last year, Mabunda said Thursday in a written response to questions.

The transition to greener energy has led to a scramble for minerals needed to manufacture EVs, solar panels and turbines. Congo provides more than two-thirds of the key battery-mineral cobalt and is one of the world's largest copper producers. The government is also looking to develop chrome, nickel and lithium deposits, Congolese President Felix Tshisekedi said this week.

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Ivanhoe Mines Ltd., CMOC Group Ltd. and Eurasian Resources Group Sarl are all expanding their Congo operations, while BHP Group and Anglo American Plc have considered entering the market, which has a risky reputation because of a history of rampant corruption.

"I think Central Africa is in its primacy in terms of its current ability to provide these metals and minerals we need," Anglo American Chief Executive Officer Duncan Wanblad said in an interview Monday in Cape Town. "If policy works, then there's no reason why a company like us can't be looking in those sorts of places."

To manage risk, Rawbank's capital is "well in excess" of the amount required by Congo's central bank, Mabunda said.

"Rawbank has consistently been increasing its capital by way of retained earnings and capital injections by the shareholders to ensure that all the prudential ratios are complied with," he said. The bank is mostly owned by members of Congo's Rawji family.

Most of the lender's funding comes from client deposits as well as financing from multilateral banks, Mabunda said.

Rawbank is vying with the Congo unit of Kenya's Equity Group Holdings Plc to be the biggest lender in the country, after the latter merged with local Banque Commerciale du Congo about two years ago.

Rawbank will increase its single obligor limit in 2023 to provide more support to Congo's biggest miners, according to Mabunda. It will also expand its offerings for new Congolese-owned companies involved in mining services "enabling them to participate equally in the growth opportunities the sector represents for the DRC economy," he said.

(Updates with comment by Mabunda in final paragraph. An earlier version of this story corrected the year in the first deckhead)

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