



GLOBAL MARKETS SHOWCASE

February 2023

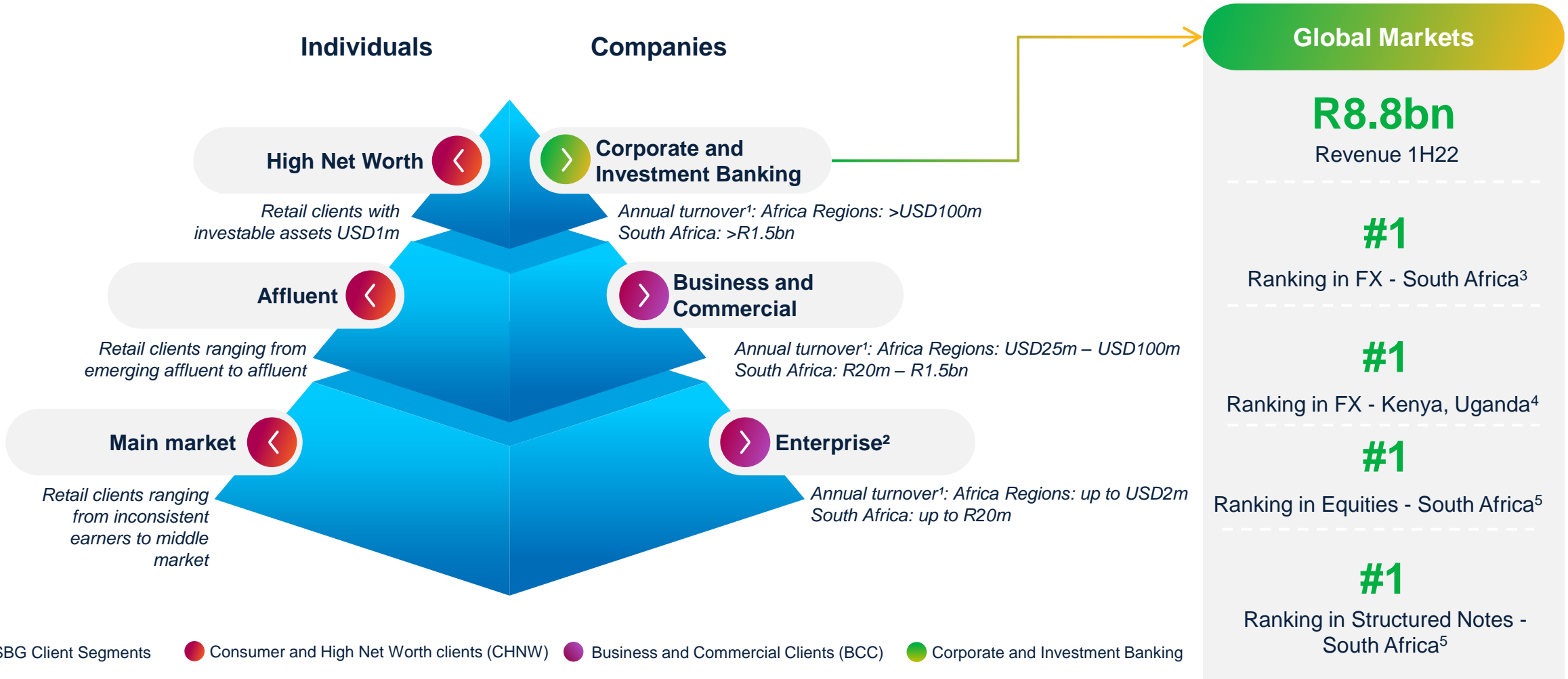
AGENDA



Welcome	Sarah Rivett-Carnac
Global Markets in SBG context	
SBG Global Markets in Africa context	Kenny Fihla
Overview of Global Markets	Guido Haller
Client franchise - South Africa	Alex Davidson
Client franchise – Africa Regions	Kayode Solola
Market-Making	Richard Pott
Foreign Exchange	Richard de Roos
Equities	Selvan Kistnasamy
Conclusion	Guido Haller
Q&A	ALL

GLOBAL MARKETS IN SBG CONTEXT

GLOBAL MARKETS IN CONTEXT



¹ Segment cut off relationship and country specific, ² Includes SMEs, ³ SARB, ⁴ Market share industry report (Kenya), internal volume compared to Bank of Uganda market volume, ⁵ JSE

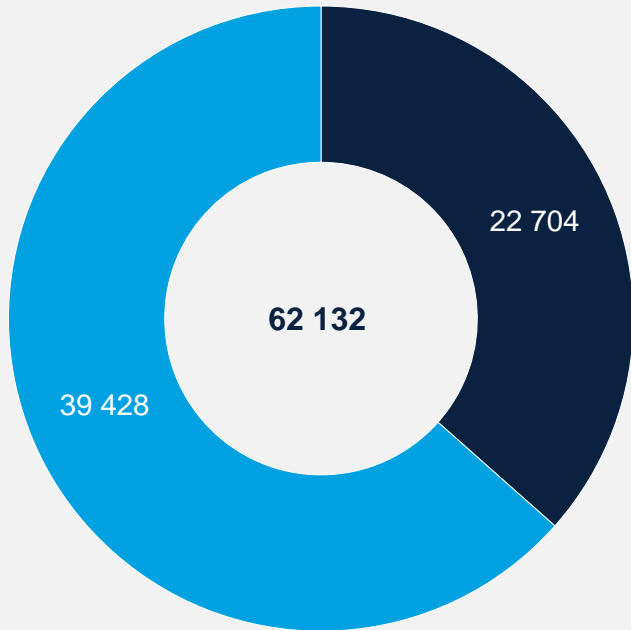
GLOBAL MARKETS IN CONTEXT – TOTAL INCOME BY SEGMENT



Standard Bank Activities – Total income^{1,2}

Rm (1H22)

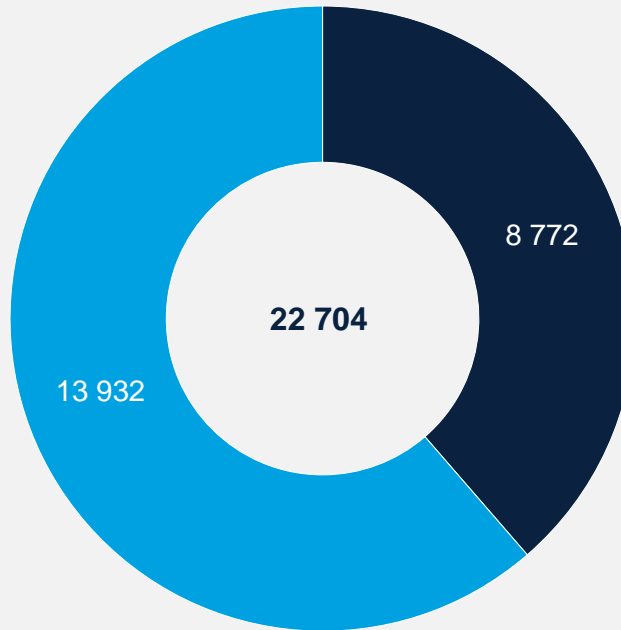
■ CIB ■ Other



CIB – Total income^{1,3}

Rm (1H22)

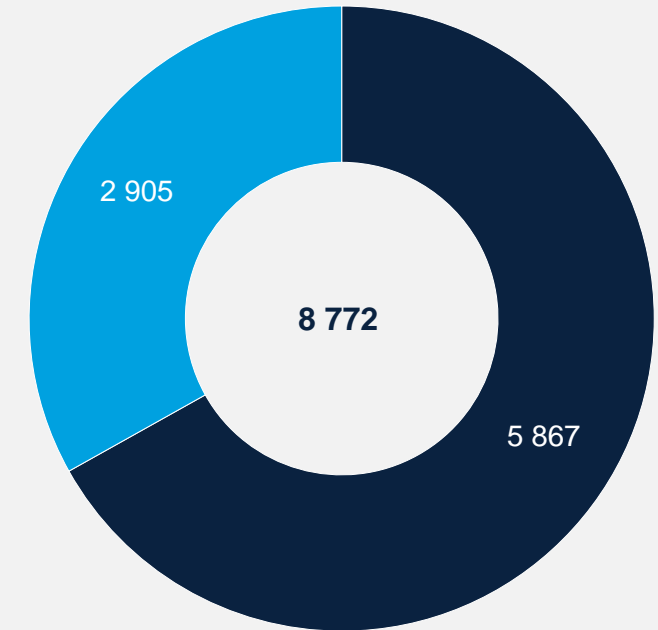
■ GM Segment ■ Other



GM Segment – Total income

Rm (1H22)

■ Trading revenue ■ Other

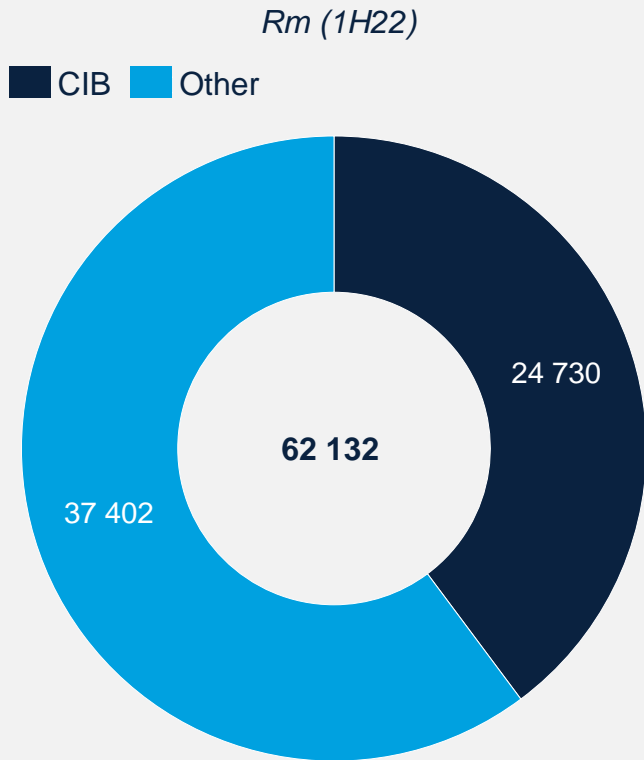


¹ Standard Bank Group 1H22 Results pg 25, ² Standard Bank Activities excl. Liberty and ICBCS, ³ Other includes Investment Banking (IB), Transactional Products and Services (TPS), and Vehicle and Asset Finance (VAF)

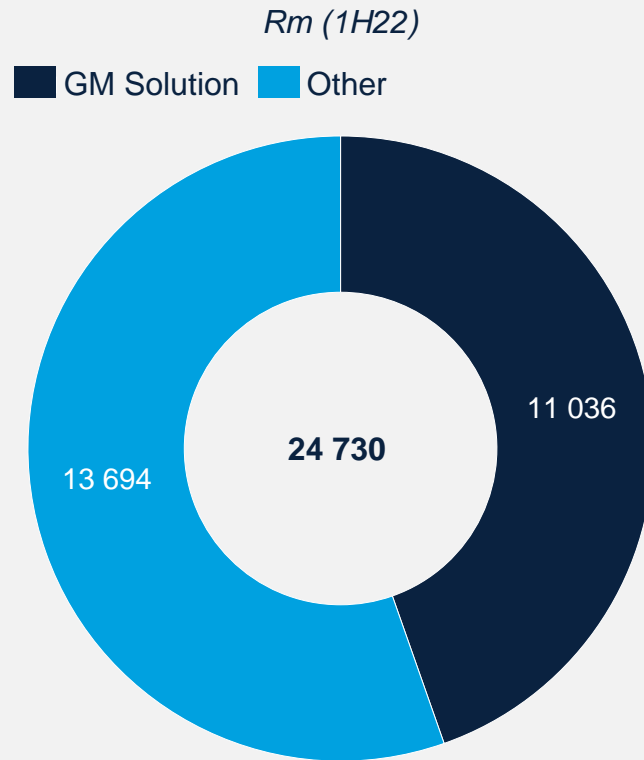
GLOBAL MARKETS IN CONTEXT – TOTAL INCOME BY SOLUTION



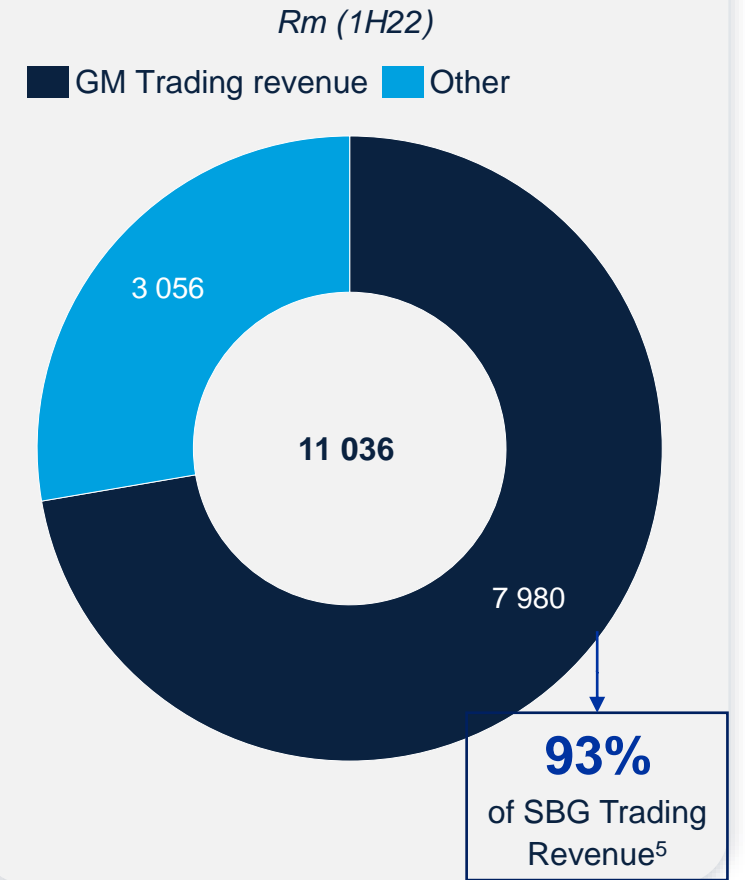
Standard Bank Activities – Total income^{1,2}



CIB – Total income^{1,3}



GM Solution – Total income⁴



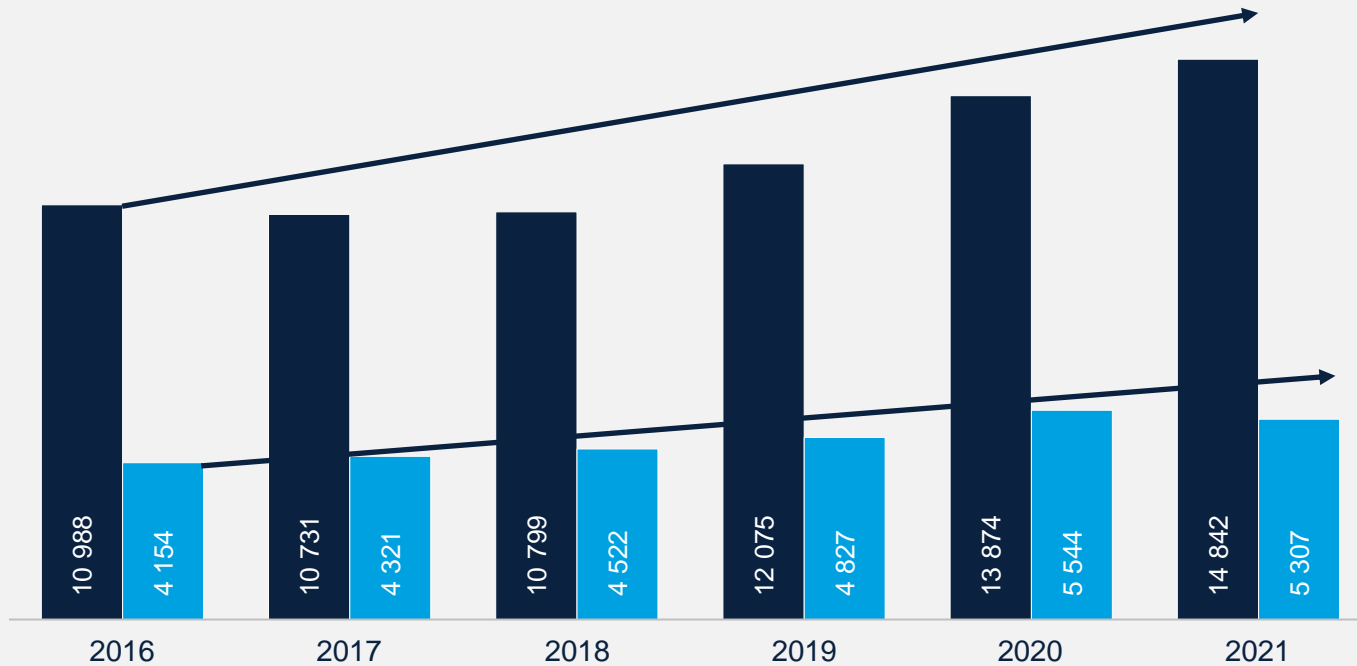
¹ Standard Bank Group 1H22 Results pg 52 & 53, ² Other excludes GM, IB, TPS ³ Other includes IB and TPS, ⁴ Other includes fees and commissions, Other gains/losses, and other income ⁵ SBG Trading Revenue is R8 547m and GM Solution Trading Revenue is R7 980m



Largest Trading revenue and growing faster than our SA peers

SBG Trading revenue, Rm

■ Standard Bank ■ SA peers¹



2.8x
SBG Trading Revenue vs. average of SA peers²

CAGR	2016-2019	2019-2021
SBG	+3%	+11%
SA peers	+5%	+5%

Source: Standard Bank Group financial results, peer financial results, ¹ Average of SA peers, ² Average of SA peers in 2021

SBG GLOBAL MARKETS IN AFRICA CONTEXT



1	SCALE	
2	DIVERSIFICATION	
3	RISK MANAGEMENT	
4	PEOPLE	

THE GLOBAL MARKETS TEAM



**Guido
Haller**



*Global Head, Global
Markets*

**Alex
Davidson**



Client SA

**Kayode
Solola**



Africa Regions

**Richard
Pott**



Market-Making

**Richard
de Roos**



Foreign Exchange

**Selvan
Kistnasamy**



Equities

OVERVIEW OF GLOBAL MARKETS



POSITIONED FOR SUSTAINABLE GROWTH THROUGH COMPETITIVE ADVANTAGES

As the largest sub-Saharan African bank¹, we have unmatched **scale, deep diversification** and are **well connected across and beyond the continent**. This supports our ability to capture **commercial opportunity** and **manage risk**

Scale



- **#1 African bank** by assets with a presence in **20 African countries**
- **#1 Global Markets business** across the continent
- **#1** in Structured Notes, Equities, Fixed Income, and FX in aggregate²
- **Onshore depth and breadth** combined with **best-in-class offshore capabilities**

Client and Product Diversification



- **Client franchise** extends to **Institutions and Partners/Counterparties, SMEs, and individuals**
- Full coverage of the **client ecosystem**
- Covers **all asset classes** relevant to our African franchise

Risk Management



- **Market-Making approach** to trading that focuses on **minimum position retention**
- Client and product focus guided by **risk distribution and price efficiency benefits**
- Ongoing development in **market risk expertise and systems** both onshore and offshore

People



- **+400 markets specialists, in 20 dealing rooms, across 7 asset classes**
- **Deep knowledge and expertise** with a structure that **supports skills development**

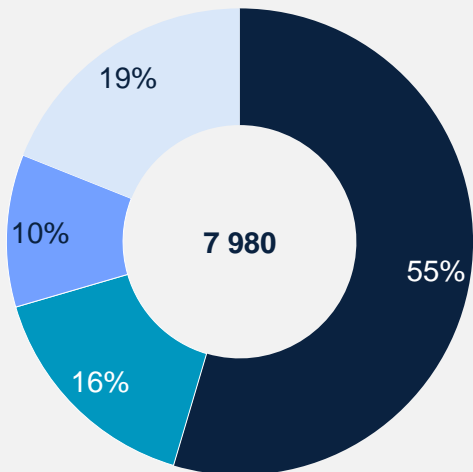
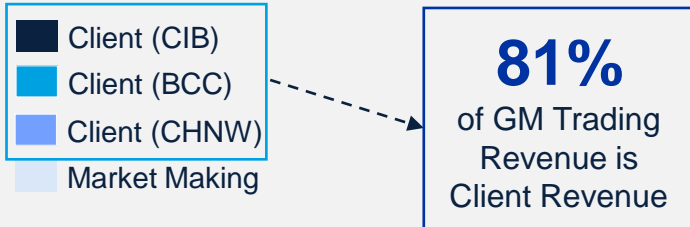
¹ Largest bank by assets, ² By volume in aggregate

GLOBAL MARKETS – DIVERSIFIED TRADING REVENUE STREAMS



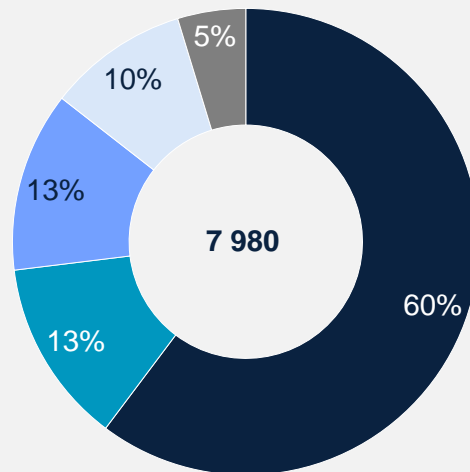
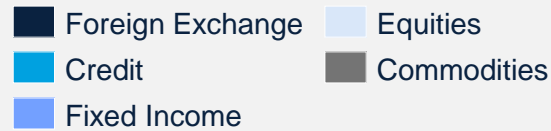
Client Revenue - % of GM Trading Revenue¹

GM Trading Revenue breakdown, Rm (1H22)



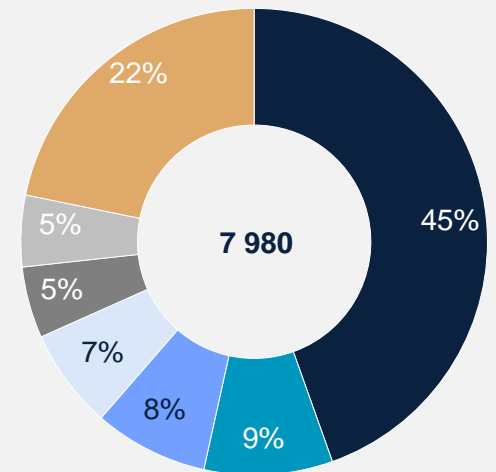
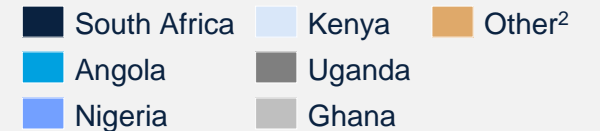
Diversified Product Mix

GM Trading Revenue by Product, Rm (1H22)



Dominant Multi-country franchise

GM Trading Revenue by Country, Rm (1H22)



Source: Standard Bank GM financial results, ¹ GM Trading Revenue refers to GM Solution Trading Revenue per page 6, ² Other includes 14 countries in our Africa Regions business

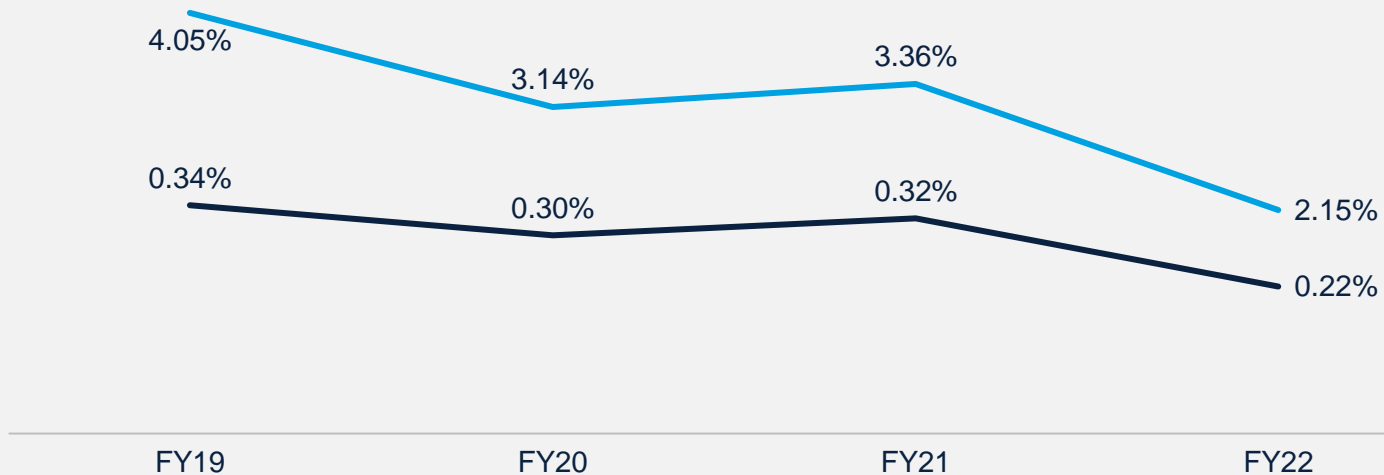


GLOBAL MARKETS – VAR AND STRESS VAR AS A % OF REVENUE HAS DECREASED SINCE 2019

Even though volatility has increased, we have increased revenues without taking on more risk

VAR as % of Trading Revenue, Rm

— SVAR % (Avg) — VAR % (Avg)



47%
decrease in Avg.
SVAR over the period

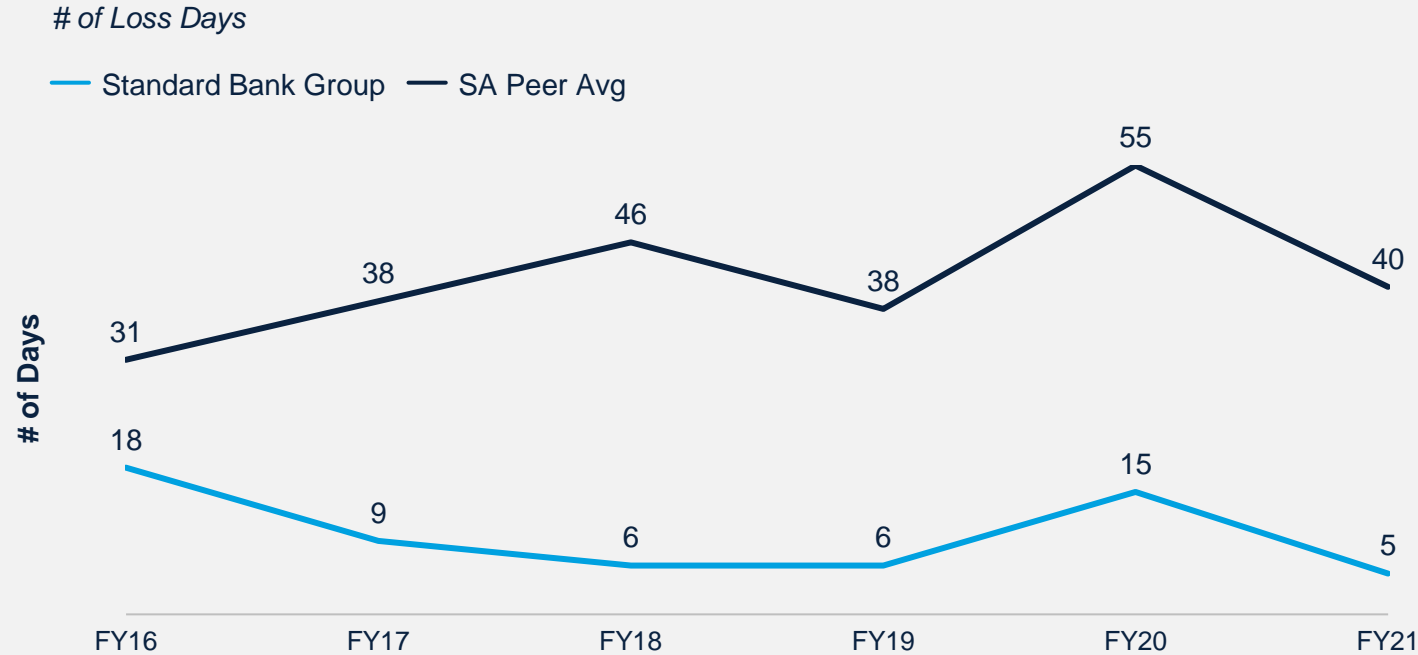
35%
decrease in Avg. VAR
over the period

Source: Standard Bank GM financial results

GLOBAL MARKETS – LOSS DAYS SIGNIFICANTLY BELOW SA PEERS



SBG has maintained the lowest loss days over the past 4 years against peers



76%
lower # of loss days vs peer average over the 5 year period¹

72%
decline in # of loss days since 2016

Source: Standard Bank GM financial results, ¹ Calculated as the difference in percentage between Standard Bank Group average loss days vs SA peer average over a period of 5 years

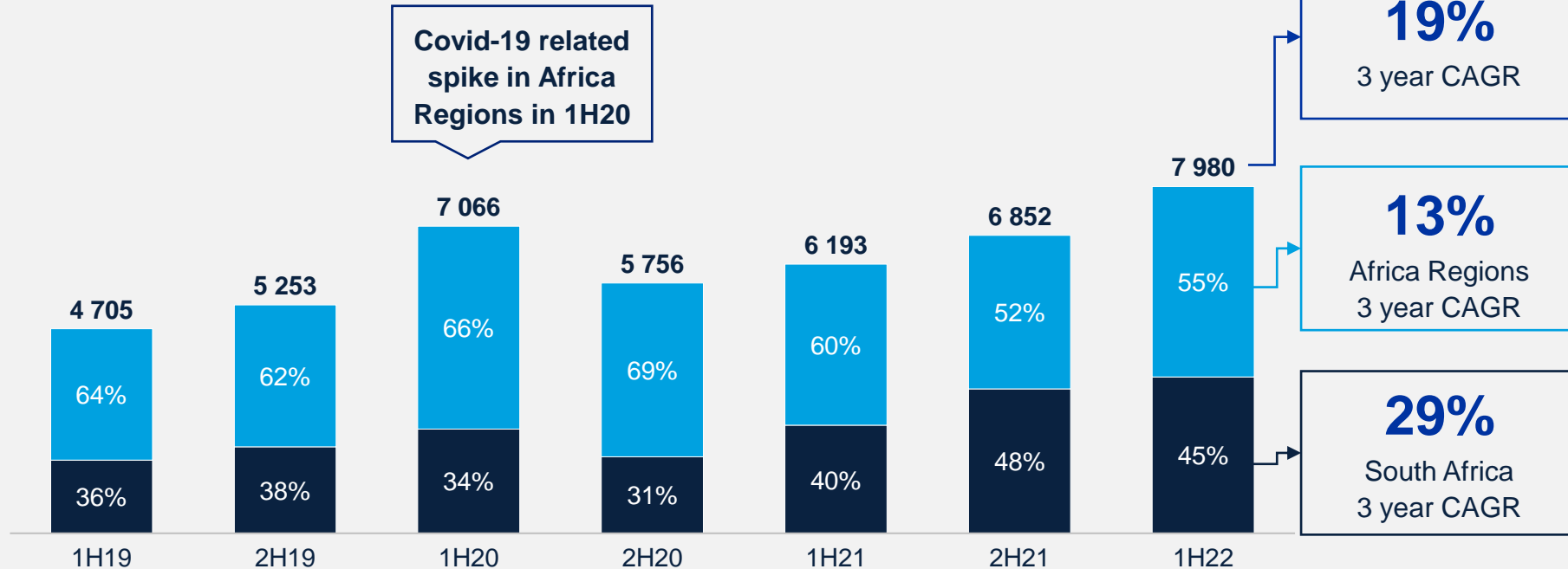
GLOBAL MARKETS – STRONG GROWTH ACROSS BOTH REGIONS



GM Trading Revenue contribution by region

GM Trading Revenue, Rm

■ Africa Regions ■ South Africa



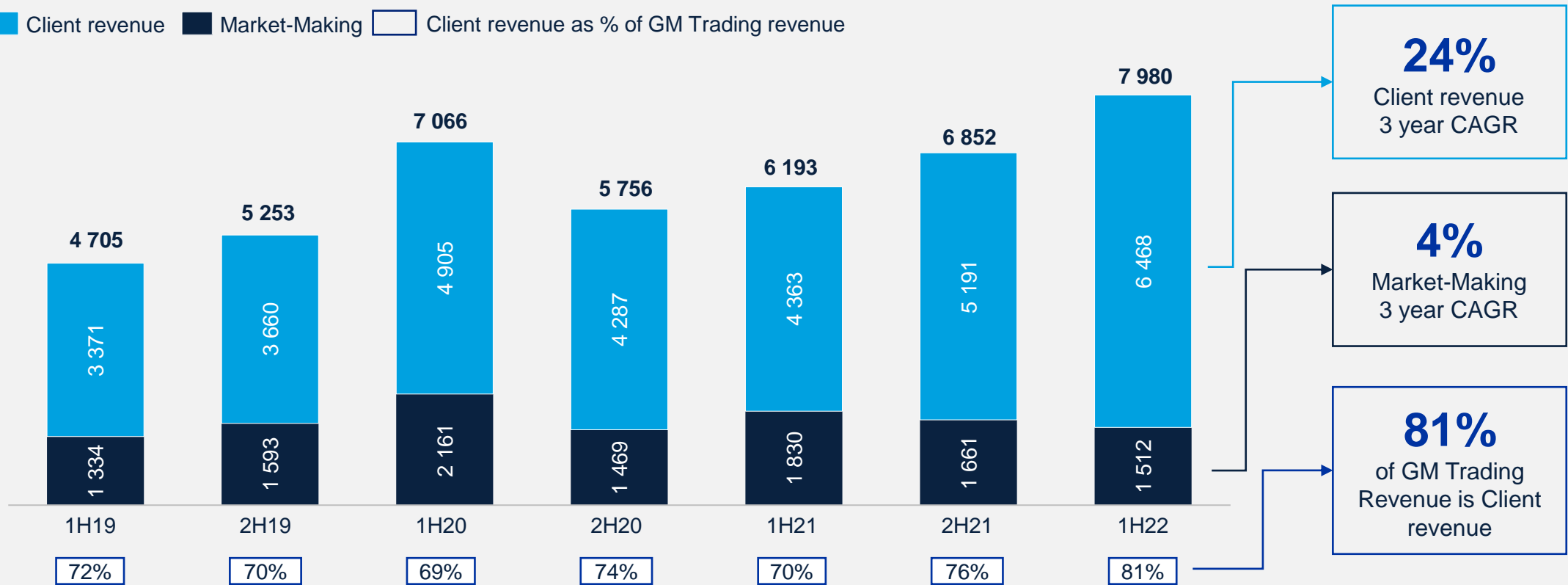
Source: Standard Bank GM financial results



GM Client Trading Revenue as a percentage of GM Trading Revenue has grown

GM Trading Revenue, Rm

■ Client revenue
 ■ Market-Making
 Client revenue as % of GM Trading revenue



Source: Standard Bank GM financial results

CLIENT FRANCHISE – SOUTH AFRICA AND AFRICA REGIONS

OUR CLIENT FRANCHISE – SOUTH AFRICA



Overview

1 Scale

- Over 100 GM client-facing staff
- Working in 5 regional dealing rooms
- Covering >150k clients within SA

2 Diversification

- Client base diversified across asset class & products
- Client reach extends outside the direct client franchise - further enhancing diversification benefits

3 Risk management

- Pre-eminent "Market-Making" franchise
- Offering a unique Market-Making proposition
- Providing clients with unparalleled liquidity and solutioning

4 People

- Highly experienced team
- Cognitively diverse
- Track record to retain top-performers

Quality SA franchise

#1
Equities

#1
Foreign
Exchange

#1
Structured
Notes

Key metrics

Client Trading Revenue

Sector, Rm (1H22)



Product, Rm (1H22)



Looking forward

1 Retain our #1 position

2 Growth

- Continue to **leverage our extensive footprint and deep client relationships**:
 - Investment in specialists who provide deep insights into our clients needs
 - Investment in our product expertise
 - Relevant, innovative solutions

Source: Standard Bank GM financial results, ¹ Fixed Income and Credit

OUR CLIENT FRANCHISE – AFRICA REGIONS



Key metrics and stats

#18

Presence in African countries¹

+12k

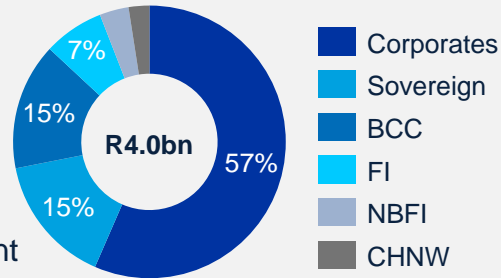
Transacting Clients

USD 990m

Ave Daily Volume

#1 Leader in FX across the continent

Client Trading Revenue Sector, Rm (1H22)



What differentiates us?

Unique Value-Adds

- Geographical reach
- Award winning research division
- Market development
- Custodial services
- Market share
- Thought leadership

Digital Capabilities

- Open API
- E-Market Trader
- Research Portal

Advisory Capabilities

- Legal
- Deal Execution
- Regulatory
- Exchange Control

Sustainability and growth

1 Scale

- International and onshore African footprint
- Market-Making** rather than risk taking or agency type business model

2 Diversification

- Deep and diversified **client base**
- Strong focus on **product development**
- Total **active customer ecosystem**
- Unparalleled **product capabilities** and **bespoke client solutions**

3 Risk management

- Linkage to **group best practices**
- Trusted partner**

4 People

- Our best-in-class people**
- Local and global** expertise

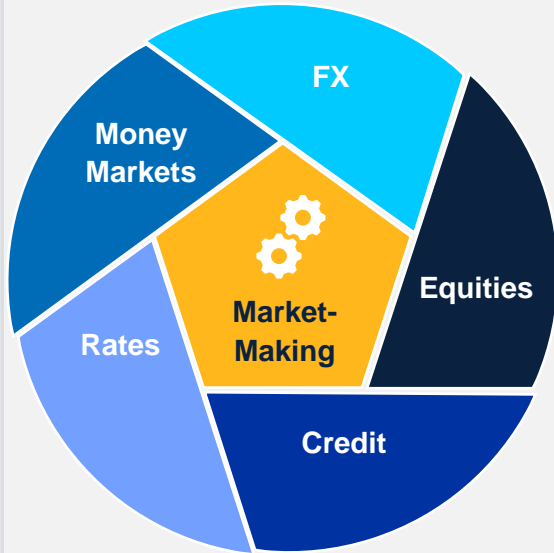
Source: Standard Bank GM financial results, ¹ Excludes Ethiopia and South Africa

MARKET-MAKING

MARKET-MAKING – LEVERAGING THE NETWORK EFFECT



Key differentiators of the SBG GM business



- Originate to distribute model
- Risk is marked-to-market
- Little risk remains on Balance Sheet
- Risk is held for a minimum length of time and correctly priced

Core to our competitiveness and innovation

1

Scale

- Geographic reach
- Diversified client franchise
- Broader product suite

2

Benefits of scale

- Internalisation benefits
- More sources of risk, more sinks for risk
- More volume, compounded benefit
- Price and liquidity discovery, more opaque the market, greater benefit to SBG vs. competitors
- Virtuous cycle – scale begets scale

3

Quality of flow

- The go-to for complex risk, bespoke product solutions
- Capture a disproportionate volume of high margin flow
- International client preference for “one-stop” shop

4

People

- Little staff turnover
- Long relationships (internal, external and regulatory)

A Network effect is a phenomenon whereby increased numbers of people or participants improve the value of a good or service

FOREIGN EXCHANGE AND EQUITIES

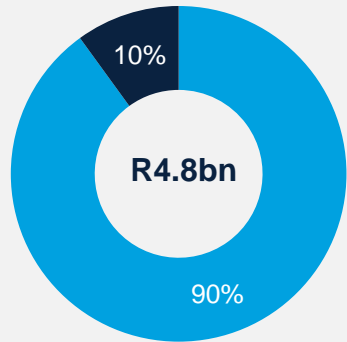


FOREIGN EXCHANGE – A LEADING AFRICAN FRANCHISE

Continued investment in franchise and Market-Making best practice ensures we compound earnings through ongoing relevance to all market participants

Overview of the Foreign Exchange business

Trading Revenue by sector (1H22)



Client Market-Making

- Liquidity sourcing
- Market-Making
- Price distribution
- Risk management

Leader in domestic markets and leading wholesale participation

Key metrics

We are top 3 in all countries and #1 in 10. Our major markets are:

South Africa #1

Kenya #1

Angola #1

Uganda #1

FX-Week
Best Banks Awards

Sustainability and growth

1 Client

- Leverage entire franchise (CHNW, BCC, CIB)
- International reach
- Optimal mix of people and tech solutions

2 Market-Making

- Constant liquidity provider
- Skills mix and tech stack

3 Risk management

- Internalisation
- Data insights
- Transaction cost analysis tools
- Revenue mix

EQUITIES – CONTINUES TO BE A GROWTH STORY

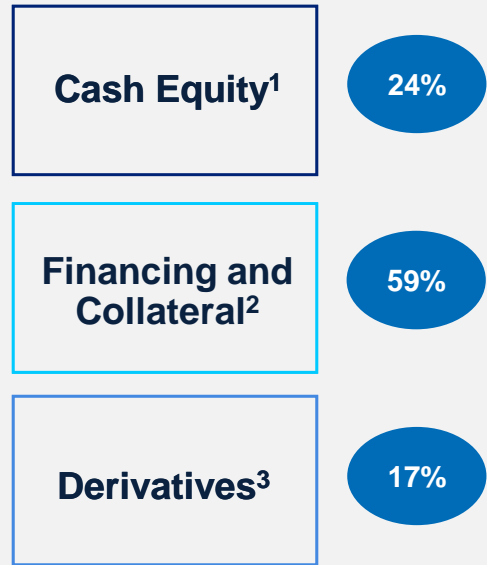
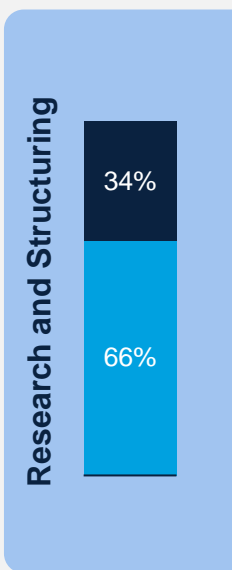


Overview of the Equities business

Equities Revenue, Rm (1H22)

Client Market-Making

- Corporate
- Prime Broking
- Institutional Business
- Online Share Trading



Key Metrics

#1 **2016 - 2021** **#1**

Equity Capital Markets⁴ Best Equity Research House⁵ SA Market share

Sustainability and growth

- 1 Scale**
 - Opportunity to leverage our large group retail and corporate books
 - Leading Institutional Market Share

- 2 Diversification**
 - Client need differs within and across segment
 - Product relevance constantly changing

- 3 Risk management**
 - Diverse client flows offer liquidity through cycles
 - Product set naturally diversifying
 - Proactive risk culture

- 4 People**
 - Diversity of skillset and experience
 - Employee turnover minimal

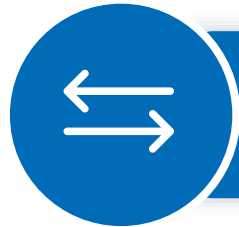
Source: Standard Bank GM financial results, ¹ Execution, Liquidity, Provision, Capital Raises, ² Yield Enhancement, Protection, Gearing, ³ Yield Enhancement, Protection, Gearing, ⁴ Dealogic, Sub-Saharan Africa ECM issuance 2019-2022, ⁵ Financial Mail Top Analyst Awards

CONCLUSION

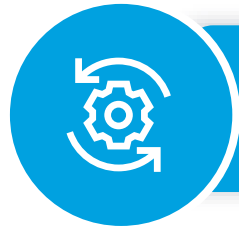
TO CONCLUDE



SCALE



DIVERSIFICATION



RISK MANAGEMENT



PEOPLE

*Responsible and sustainable growth through **product innovation**, investment in **people** and a business that has our **clients needs at its core***



APPENDIX



VAR and SVAR

The group uses the historical VAR and SVAR approach to quantify **market risk** under normal and stressed conditions.

For risk management purposes VAR is based on **251 days of unweighted recent historical data** updated at least monthly, a **holding period of one day** and a **confidence level of 95%**. The historical VAR results are calculated in four steps:

1. **Calculate 250 daily market price movements based on 251 days' historical data.** Absolute movements are used for interest rates and volatility movements; relative for spot, equities, credit spreads, and commodity prices.
2. Calculate **hypothetical daily profit or loss for each day** using these daily market price movements.
3. **Aggregate all hypothetical profits** or losses for day one across all positions, giving daily hypothetical profit or loss, and then repeat for all other days.
4. VAR is the **95th percentile** selected from the 250 days of daily hypothetical total profit or loss.

Daily losses exceeding the VAR are likely to occur, on average, 13 times in every 250 days. **SVAR uses a similar methodology** to VAR, but is based on 251-day period of financial stress and assumes a **10-day holding period** and a worst case loss. The 10-day period is based on the average expected time to reduce positions. The period of stress for SBSA is currently the **2008/2009 financial crisis** while, for other markets, more recent stress periods are used. Where the group has received internal model approval, the market risk regulatory capital requirements is based on VAR and SVAR, both of which use a confidence level of 99% and a 10-day holding period. Limitations of historical VAR are acknowledged globally and include:

- The use of historical data as a proxy for estimating future events may not encompass all potential events, particularly those which are extreme in nature.
- The use of a one-day holding period assumes that all positions can be liquidated or the risk offset in one day. This will usually not fully reflect the market risk arising at times of severe illiquidity, when a one-day holding period may be insufficient to liquidate or hedge all positions fully.
- The use of a 95% confidence level, by definition, does not take into account losses that might occur beyond this level of confidence.

VAR is calculated on the basis of **exposures outstanding at the close of business** and, therefore, does not necessarily reflect intra-day exposures. VAR is unlikely to reflect loss potential on exposures that only arise under significant market movements.