

# ACCESS TO PHYSICAL MARKET

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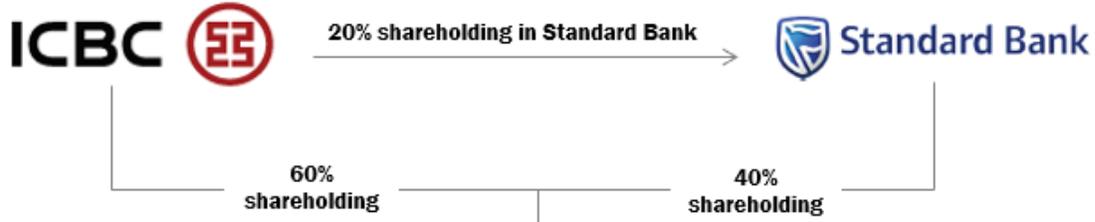
ICBC  Standard Bank

# A specialist bank with the backing of two majors

ICBC Standard Bank is a joint venture between ICBC and Standard Bank Group specialising in commodities and emerging markets serving a global client base from four international offices



**Our values:**



ICBC is the world's largest bank by assets, profitability and market capitalisation

- Offices in 49 countries and regions
- 8 million corporate customers
- 650 million retail clients

Standard Bank is a leading African banking and financial services group

- Largest banking group in sub-Saharan Africa
- Operates in 18 African countries



**Strategic Principles**

- Simplify to enable growth
- Focus our efforts where we are differentiated
- Maximise group franchise value through integration

# Accessibility is a result of collective effort !

- From mining to investors, value chain members play a vital role in different parts and locations
- Supported by professionals from logistics, financials and markets services
- Physical gold industry operates on global ground and accessibility must be maintained
- On 11 Mar 2020, the World Health Organization declared COVID-19 a global pandemic
- Flights grounded, streets emptied, factories closed, borders shut...



# Initial impacts of COVID-19 on physical market

## Production / Logistics Disruptions

**BEFORE**

Regular schedules,  
flexible services,  
faster turn-arounds

**AFTER**

Unpredictable delays,  
disrupted services,  
increased cost & time

## Physical Premiums Dislocations

Stable and range  
bound premium levels,  
short-lived dislocations

Large prem swings,  
underlying physical  
focused in futures  
trading

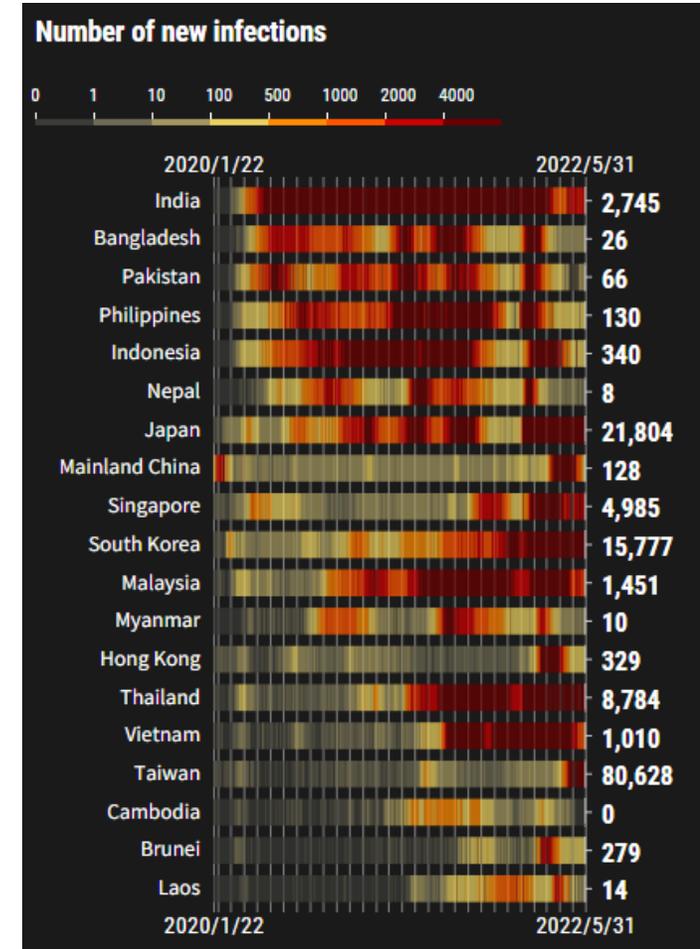
## Change in Market Dynamics

Supply & demand  
economics driven,  
more leveraged, global  
focus

Restricted by policies  
(duty, lockdowns,  
market access), less  
leveraged, regional  
focus

# Accessibility challenges & risks

- Transitioning from pandemic to endemic phase
- Logistics
  - New corona variants
  - Sudden travel bans and lockdowns
  - Increasing cost from fuel, manpower, airspace bans and lack of supplies
- Duties, tariffs and sanctions
- Risk of holding inventory
- Responsible sourcing and bar integrity
- Impact of Great Resignation – difficult to retain good talents



Source: Nikkei Asia

# How can we do better in Asia?

- Secure physical liquidity in Asia
  - Keep sufficient gold kilo bar holdings near the demand
  - Maintain readily accessible stocks across Asia locations – Singapore, Hong Kong, Shanghai, Bangkok, Tokyo
  - Can bullion banks and traders support more with stock holdings and financing?
  
- Fungible gold
  - Promote green and responsibly sourced metals
  - Increase refining capacity & utilization
  - Create physical delivery points for exchanges and OTC markets
  - A good time to start thinking about kilo bar clearing mechanism in Asia?
  
- Digital transformation
  - How to keep up with the technology and evolving target audiences
  - Gain access to untapped retail and investor market

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