What you'll read today

Good day,

Welcome to the inaugural edition of *Unlocked*, a curated perspective on the forces shaping your business and the opportunities they present.

At Standard Bank Business & Commercial Banking, we see our role as more than a provider of financial solutions. We are a partner in your growth journey. This newsletter has been designed to bring you closer to the insights, trends and strategic considerations that matter most in an increasingly complex operating environment.

In each edition, you will find a deliberate blend of market intelligence, economic signals, and real business experiences, grounded in what we are seeing across our client base. We will share not only what is changing, but how leading businesses are responding: the decisions they are making, the trade-offs they are navigating, and the opportunities they are unlocking.

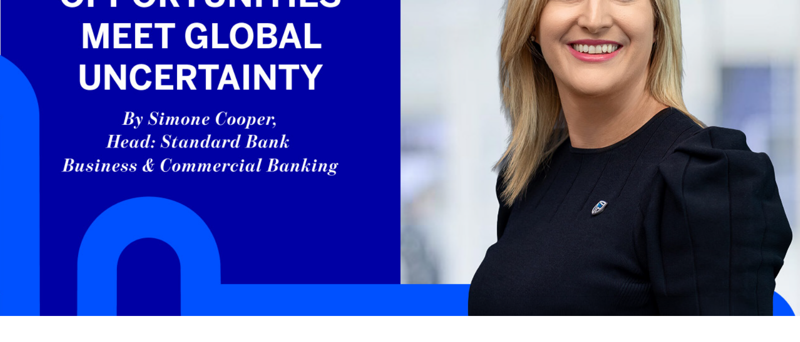
You can expect forward-looking perspectives, practical takeaways, and curated content – from sector insights to conversations with leading economists and business leaders – designed to help you act with clarity and confidence.

This is your platform to stay informed, think strategically, and remain connected to what matters most for your business.

We look forward to partnering with you on the journey ahead.

Italia Matlala
Group Head: Brand & Marketing, Business & Commercial Banking, Standard Bank Group

1/9



South Africa entered 2026 in a healthier position than it had been in for years, but the business environment has become considerably more complex. Some businesses are well-positioned to capitalise on domestic structural improvements that have emerged over the last few years, while others face real pressure from a shifting interest rate outlook and global challenges that pose emerging risks.

Factors still underpinning the domestic economy include:

- South Africa's still-positive terms of trade, benefitting export-orientated and commodity-related businesses
- a marked improvement in grid performance, with loadshedding effectively a thing of the past
- a decline in port delays by roughly a third from their level in late 2023
- a recovery in rail freight infrastructure

These structural tailwinds do create opportunities for some businesses, though not all, and for many the focus right now is on managing costs and maintaining stability in an uncertain environment.

Navigating shifting tides
Business confidence started the year above historical averages, but now reflects more caution and a focus on managing costs and maintaining stability in the complex global environment. For businesses facing headwinds from higher input costs, squeezed margins, or supply chain disruption, the risks of a protracted conflict in the Middle East should not be underestimated.

The interest rate and inflation outlook have also shifted and now depend on how long the oil price shock persists. After inflation hit a 21-year low of 3.2% in 2025 and reached the SARB's 3% target in February, the Middle East conflict pushed it back to 3.1%, then to 4% in March and April, respectively.

As a result of these mounting price pressures, stemming largely from fuel and import prices, the SARB raised the repo rate by 25 basis points on 28 May 2026, its first hike since 2023, taking the repo rate to 7% and the prime lending rate to 10.5%. The SARB's own projection model now points to a possible further hike in 2026.

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The real-life business implications
The May rate hike has changed the calculus for businesses. Higher borrowing costs compound existing pressures from rising input costs, tighter margins, and supply chain disruption. For businesses that had been counting on the stimulus of lower rates feeding through, the timeline has extended, and they will have to equip themselves to face the real prospect of further tightening.

For others, complex and challenging business environments can offer opportunities for those that are strategically positioned to capitalise on them. Right now, the sectors with the most compelling structural tailwinds include infrastructure supply chains, construction services, and energy and logistics recovery, including suppliers, maintenance, and enabling services.

We are seeing both dynamics among our clients. AND310 Group, in the mining sector, has leveraged financial support to grow amid rising demand for energy management solutions. At the other end of the spectrum, Standard Bank supported the agricultural sector through the foot-and-mouth crisis, working with Clover and the Milk Producers' Organisation to deploy mobile cold-chain vaccination directly to farming communities.

Whether you're considering how to best navigate the uncertainty or aiming to capitalise on new opportunities, your focus should be on making high-quality strategic decisions to secure your business's long-term future.

2/9

Market & economic pulse: June 2026

- **Inflation risks rise** → Take proactive action before inflation feeds through fully
- **Interest rate outlook still uncertain** → Adopt flexible funding strategies
- **Rand strengthens slightly, but volatility likely to persist** → Consider structured hedging strategies
- **Benign domestic recovery phase becomes globally exposed** → Stress-test for resilience and diversify where possible

Watch oil prices; this is the fastest and most reliable indicator of whether the Iran conflict will translate into sustained inflation.

OIL COMES OFF FOUR-YEAR HIGHS ON HOPES OF AN IRAN CEASEFIRE.

Brent Crude futures briefly reached a four-year high of **$126 in intraday trading on 30 April 2026.**

Source: Investing.com, Trading Economics

Speak to your Relationship Manager. Together with our sector specialists, they can discuss what this means for your business, specific industry and province.

3/9

We sat down with Standard Bank Chief Economist Goolam Ballim to get his take on where South Africa's economy is headed and why there's a real reason for cautious optimism.

How would you describe South Africa's economic position right now?
We entered the year better than many people expected. In 2025, there was genuine anxiety about a difficult Budget process, a strained relationship with the US, and global trade tensions. But the economy has held up, notwithstanding global uncertainty.

What's driven that shift?
The terms of trade, primarily. Commodity prices, including gold, platinum and coal, have surged, and South Africa has been among the emerging markets that benefitted most. That's a major reason the rand strengthened from nearly R20 to the dollar, at its weakest, to below R16 to the dollar early this year. This is feeding through into exports, tax revenues and growth.

Are you seeing real investment activity yet?
Yes, and that's been one of the more encouraging developments. Business confidence held above its long-term average before dipping slightly in response to the Middle East conflict, corporate credit growth is resilient, and green shoots of fixed investment are emerging. Structural reforms deserve credit for this. South Africa's removal from the FATF grey list and its S&P rating upgrade have also helped restore confidence.

What should we be watching for the rest of the year?
Sustainability. The risks arising from the Iran conflict may well reshape the economic and investment landscape for some time to come, so resilience will need to be at the heart of that sustainability. Much of the current upswing is commodity driven, and commodity cycles turn. The real question is whether structural reforms gain enough momentum to lift South Africa's trend growth rate. We're cautiously optimistic, but the work isn't done yet, and risks do lie ahead.

4/9

Now that's interesting

8.5 million

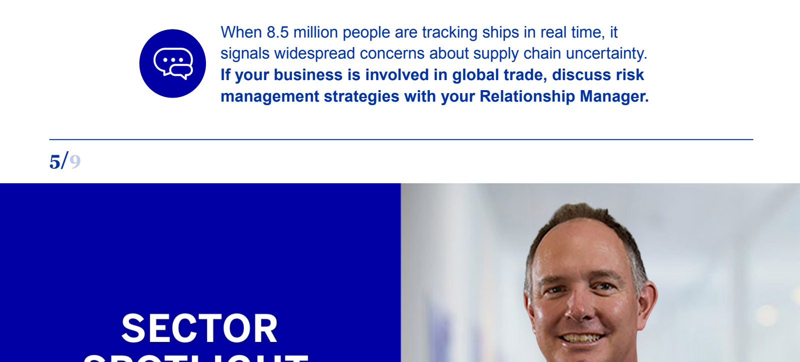
The number of **USERS ON THE MARINE TRAFFIC APP JUMPED TO 8.5 MILLION IN APRIL COMPARED TO 3.5 MILLION A YEAR AGO.**

The shipping intelligence platform has also gained 11 000 paid subscribers – at either $10 or $100 per month – as the Strait of Hormuz remains closed.

Source: FT.com

When 8.5 million people are tracking ships in real time, it signals widespread concerns about supply chain uncertainty. **If your business is involved in global trade, discuss risk management strategies with your Relationship Manager.**

5/9



2026 has been an interesting year so far in South Africa's agricultural sector. While exports continue to perform well, we have had to deal with several challenges in the form of foot-and-mouth disease, rising input costs due to diesel and fertiliser price increases resulting from the conflict in the Middle East, and a variety of weather-induced challenges, including the recent floods in parts of the country.

Despite this, we remain upbeat about continued growth in domestic agriculture, as evidenced by indicators such as an uptick in the sector's employment numbers in the first quarter of 2026 and strong agricultural machinery sales in the year to date.

Hot topic: fertiliser prices
South Africa imports more than 80% of the raw fertiliser materials and finished products, and Grain SA put the total volume imported in 2025 at 1.92 million tons. We also rely, to a large extent, on the Middle East for our diesel imports and, as such, the ongoing conflict in that region is pushing up the cost of diesel while commodity prices remain under pressure. This, in turn, places pressure on farmers' profitability, and we encourage our clients to engage proactively with their relationship teams to ensure appropriate plans are in place to address this.

Why we're excited about tariff-free exports to China
The China-Africa Economic Partnership Agreement (CAEPA) took effect on 1 May, allowing South Africa to export some agricultural products to China without paying tariffs. In the past, these tariffs were not insignificant. For instance, the wine industry paid duties of 14% to 20%, and the macadamia industry paid duties of 12%. With these tariffs removed, our products will be more affordable and, therefore, more competitive in China. The scope for growth is also huge.

Standard Bank's strategic relationship with the Industrial and Commercial Bank of China (ICBC) continues to create clear opportunities to expand into China with the coordinated support of our Africa-China team, and we encourage clients to capitalise on this.

We understand that agriculture is cyclical in nature and remain steadfast in our ambition to support our agribusiness clients in maximising opportunities and managing the risks evident in their businesses. **Speak to your Relationship Manager to find out more.**

6/9

Quick bites: how to profit from South Africa's recovery while keeping global risk in check

Whether you are looking to expand, restructure, or safeguard your business, the right financial strategy will determine your ability to compete and grow.

This guide unpacks the financing and advisory solutions that can help you do both.

STRENGTHEN YOUR FUNDING BASE
- Secure growth capital by partnering with private capital providers (e.g. private equity funds, investment holding companies and family offices) aligned to your strategy and lifecycle stage.
- Optimise liquidity through short-term working capital solutions, such as overdrafts, invoice discounting, and trade finance.

ENHANCE CAPITAL EFFICIENCY
- Unlock shareholder value through tailored capital structuring and balance sheet optimisation.

USE M&A AS A STRATEGIC LEVER
- Pursue opportunistic acquisitions to consolidate market position.
- Diversify your value chain to reduce earnings volatility and margin pressure.
- Consider partial or full exit to a strategic or financial partner to unlock liquidity while optimising valuation outcomes.

While these opportunities are compelling, they must be pursued with a clear understanding of the risks shaping today's global environment.

MITIGATE THE HEIGHTENED GEOPOLITICAL AND ECONOMIC RISKS

1. Stress-test your strategy and structure
   a. Revisit your business strategy and corporate structure to ensure flexibility under different economic and geopolitical scenarios.

2. Strengthen balance sheet resilience
   a. Assess optimal gearing levels to maintain financial stability through potential periods of volatility.
   b. Align your funding requirements with the optimal mix of short- and long-term debt tailored with cash flow predictability.

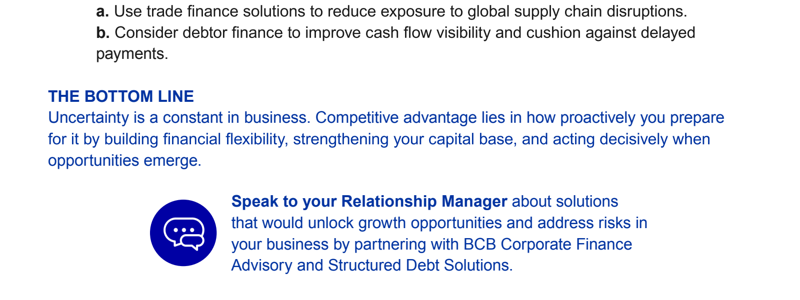
3. Manage funding and interest rate risk
   a. Structure debt proactively to mitigate the impact of potentially higher or volatile interest rates.

4. Protect operations and cash flow
   a. Use trade finance solutions to reduce exposure to global supply chain disruptions.
   b. Consider debtor finance to improve cash flow visibility and cushion against delayed payments.

THE BOTTOM LINE
Uncertainty is a constant in business. Competitive advantage lies in how proactively you prepare for it by building financial flexibility, strengthening your capital base, and acting decisively when opportunities emerge.

Speak to your Relationship Manager about solutions that would unlock growth opportunities and address risks in your business by partnering with BCB Corporate Finance Advisory and Structured Debt Solutions.

7/9



From a pension payout and a leased tipper truck to a R1.6 billion contract with Kumba Iron Ore, AND310 Mining Services founder Kabelo Andreas built one of the Northern Cape's most respected black-owned mining contractors

What does AND310 Mining Services do?
Based in Mothibistad, just outside Kuruman, we rent out mining equipment and provide mining services, including topsoil stripping, load-haul, and dust suppression. Clients include Anglo American, Kudumane Manganese Resources, and Motse Africa Group.

Have you always worked in mining and what led you to AND310 Mining Services?
My first job was at De Beers. I then moved to BHP Billiton's Hotazel Manganese Mines and later to BHP Billiton Energy Coal SA. My last job was as plant manager at Tshipi é Ntle Manganese Mining. I used my pension payout to start AND310.

On a scale of 1 to 10, with 10 being extremely difficult, how easy was it at the beginning?
I'd say 8. I struggled for two years, leasing tipper trucks when I first took on civil and construction projects. Then I managed to buy my own Caterpillar 773 D haul truck without bank financing. More trucks followed as the business grew.

In 2022, we signed a R1.6 billion contract with the Kumba Iron Ore mine in Postmasburg. We were appointed as a contract miner, covering drilling, load-and-haul, ore, and waste management. Things became easier after that.

And now?
Partnering with Standard Bank relieves a lot of pressure. On the financial side of the business, they provide the resources we need to maintain our cash flow, which naturally makes operations easier too.

Their teams understand what we need and fulfil their supportive role very well.

> *"You must understand what you want to achieve, which niche market you want to serve, and which solution will differentiate you."*

What do you see as the biggest challenges and opportunities facing your business today?
The challenge nowadays is innovation. Mining operations are seeking innovative solutions and ways to use AI to do things better. Another critical issue in the sector is effective cost management.

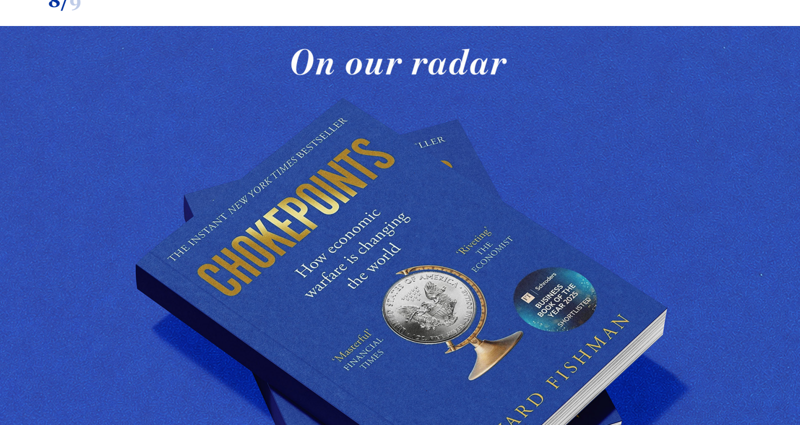
We're based in the Northern Cape, which means the opportunities to support SMMEs are limitless. We run an enterprise development programme that reflects our belief that thriving micro and small businesses lead to thriving families and communities. This is both an opportunity and a challenge.

Are there still opportunities in the South African mining industry as a whole?
I won't lie. It's tough, but the journey is worthwhile. You must understand what you want to achieve, which niche market you want to serve, and which solution will differentiate you. If you can do that, opportunities will follow.

AND310 EMS Projects won the Standard Bank Mmogo Award as Mining Trailblazer of the Year at this year's Mining Indaba.

8/9

On our radar



Chokepoints: How Economic Warfare is Changing the World
By Edward Fishman

The author of this Financial Times and Schroders Business Book of the Year 2025 was farsighted in recognising the world-changing nature of a modern-day weapon of war: control over economic chokepoints.

We're witnessing this in real time. The transport of oil, fertiliser and other vital resources through the Strait of Hormuz has fallen to a trickle. Oil prices have risen, and inflation is expected to follow as a result of Iran closing the Strait.

This book provides the context in which, as Fishman points out, economic warfare has emerged as a means for a country to "win" without fighting. To date, the Western world has predominantly relied on individual, bank and country sanctions to achieve the desired results.

In 2022, amid the Ukraine-Russia war, the first sign of how economic warfare could have physical consequences became apparent when the Bosphorus Strait entry point experienced gridlock. This occurred after a regulation was introduced that prevented US and European firms from shipping, insuring, or financing Russian oil cargoes sold for more than $60 a barrel.

Chokepoints makes for fascinating reading, shedding light on the evolution of economic ways of going to war that are already changing the world as we know it.

9/9

Important calendar dates

23 July:
South African Reserve Bank (SARB) Monetary Policy Committee (MPC) interest rate announcement.

Throughout July:
Our Insights Breakfasts, a series of networking sessions where macroeconomic updates, sector trends and Standard Bank solutions are on the agenda. Speak to your Relationship Manager for the series calendar and an invitation to the one you'd like to attend.