Standard Bank Group

Unaudited results and dividend announcement
for the six months ended 30 June 2011

Standard Bank

"It is encouraging to see that the action we took on costs in 2010 is starting to bear fruit."
– Jacko Maree, group chief executive

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The Standard Bank Group's financial results for the six months ended 30 June 2011 have not been audited or independently reviewed by the group's external auditors. The preparation of the financial results was supervised by the group financial director, Simon Ridley, BCom (Natal), CA(SA), AMP (Oxford). These results were made publicly available on 11 August 2011.

Investors are referred to www.standardbank.com where a detailed analysis of the group financial results, including an income statement and a statement of financial position for The Standard Bank of South Africa Limited (SBSA), can be found.

Financial highlights

Headline earnings

Normalised **R6 637 million,** up 11% on 1H10

IFRS **R6 562 million,** up 12% on 1H10

Dividend per ordinary share

of **141 cents** (1H10: 141 cents)

Headline earnings per ordinary share

Normalised **418,4 cents,** up 10% on 1H10

IFRS **435,0 cents,** up 10% on 1H10

Net asset value (NAV) per share

Normalised **5 926 cents** (1H10: 5 792 cents)

IFRS **5 994 cents** (1H10: 5 876 cents)

Return on equity (ROE)

Normalised **14,5%** (1H10: 13,5%)

IFRS **14,9%** (1H10: 13,9%)

Cost-to-income ratio

Normalised **58,4%** (1H10: 58,1%)

IFRS **58,6%** (1H10: 58,2%)

Tier I capital adequacy ratio

of **12,4%** (1H10: 11,8%)

Credit loss ratio

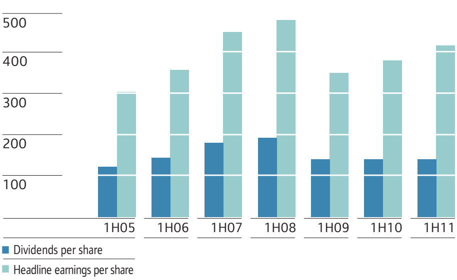
Normalised **0,80%** (1H10: 1,04%)

IFRS **0,81%** (1H10: 1,05%)

The unaudited results discussed in the following commentary have been prepared on a normalised basis. Results are normalised to reflect the legal and economic substance of the group's black ownership initiative, and deemed treasury shares held for the benefit of Liberty policyholders and to facilitate client trading activities (described fully on page 10).

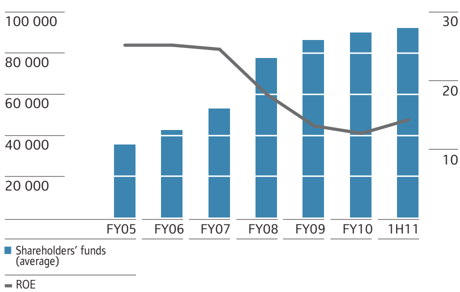
Headline earnings and dividends per share

Cents



Return on ordinary equity

Rm %



Overview of financial results

Global operating environment

Uncertainty and volatility were again features of the global economy and while some signs of stability and strengthening of risk appetite were evident in April, the following months have brought further cause for concern.

While the BRICS economies remained at the forefront of global growth, there are concerns over the potential for overheating and inflation in these markets.

The resilience of African economies has provided some respite from the troubling global outlook. Better governance, continued reform and financial deepening have improved the economic fundamentals of the major economies on the continent. A wider spread of commercial partnerships in trade, investment and aid has also made Africa hardier in withstanding external shocks. Elevated food and energy prices, drought in East Africa and the political turmoil in North Africa, however, are factors impeding the continent's progress.

Domestic operating environment

Economic activity gathered momentum in South Africa in the first quarter with real GDP growth expanding at an annualised rate of 4,8%. Strong growth in real consumption expenditure by households continued to drive domestic demand. The higher spending reflected further increases in real disposable income as wage levels and property income rose in the quarter. Household debt crept up in the first quarter, but the increase in disposable income was sufficient to reduce the household debt-to-disposable income ratio slightly to 76,8%. Household saving remained negative as a percentage of disposable income as households continue to consume more than they earn. This leaves them financially vulnerable to economic weakness. The unemployment rate remains high, impacting severely on many households from both an economic and social perspective.

Unfortunately, short-term data indicated a softening in economic performance in the second quarter of the year. The demand for credit remained weak and manufacturing production slowed significantly in April and May, as did retail sales in May.

Despite expectations for lower growth to be reported for the second quarter, the slow economic upswing should remain intact.

Overview of results

For the six-month period ended 30 June 2011 the group generated headline earnings of R6,6 billion, up 11% on the corresponding period last year, and headline earnings per share of 418,4 cents were up 10%. The period was characterised by lower levels of client activity across all the markets in which we operate, precipitated in the main by ongoing concerns regarding the Eurozone, the US budget deficit and the consequent worsening global economic outlook. Corporate & Investment Banking was particularly affected, reporting modest growth in both revenues and profits.

The group's ROE for the six months was 14,5%, compared to 12,5% for the 2010 year, higher than our cost of equity.

Headline earnings by business unit

	% change	1H11 Rm	1H10 Rm
Personal & Business Banking	30	**2 483**	1 904
Corporate & Investment Banking	1	**3 320**	3 277
Central and other	(25)	**201**	268
Banking operations	10	**6 004**	5 449
Liberty	17	**633**	540
Total	11	**6 637**	5 989

Personal & Business Banking reported headline earnings of R2,5 billion, 30% above the same period last year. The main contributor to this result was the continued reduction in credit impairment charges with some pockets of new business growth. Corporate & Investment Banking did well to sustain its revenues at the same level as the prior period in a very difficult environment and, despite a more normal credit charge, grew headline earnings by 1% to R3,3 billion. This was achieved through good cost control and improved fee and commission income. Liberty reported improved operational results in the core South African insurance and asset management operations, resulting in strong headline earnings growth.

Headline earnings by region

	% change	1H11 Rm	1H10 Rm
South African banking	17	5 527	4 737
Liberty	17	633	540
South Africa	17	6 160	5 277
Rest of Africa	(17)	423	511
Outside Africa	33	305	230
Central funding	(>100)	(251)	(29)
Total	11	6 637	5 989

South African banking activities had a good six months, with the continued reduction in credit impairments helping to offset still sluggish revenues. Headline earnings from the rest of Africa were down 17% as investments in IT, infrastructure and people continued in key growth countries. As anticipated, Personal & Business Banking in the rest of Africa incurred a slightly bigger loss than in the prior period, with more branches added to the network to position the franchise for growth and attain the desired economies of scale. Corporate & Investment Banking in the rest of Africa grew revenues by 2% off a high base set in the first half of 2010. Headline earnings ended 7% lower than the prior period as we continued to invest in the franchise. The group's operations in outside Africa were profitable for the period and up on the comparative period last year. The benefits of action taken on costs in 2010 were evident in this reporting period however returns still require substantial improvement. Actions being taken in this region are covered in the strategic update that follows.

Balance sheet analysis

Banking assets grew 4% compared to June 2010 reversing the two-year trend of a shrinking balance sheet. Loans and advances grew 4% with loans to customers up an encouraging 7%. Mortgage loans grew 5% on tentative signs of recovering credit demand in South Africa. The number of applications climbed 36%, assisted by good commercial relationships with independent mortgage originators. This growth was achieved despite higher pricing of loans and robust assessments of customers' creditworthiness. Instalment sale and finance leases rose 4%, helped by good growth in Ghana, Nigeria and Argentina. In line with our focus on inclusive banking, unsecured personal term loans in South Africa continued to gain momentum and the book more than doubled to R736 million. However, this still represents less than 1% of Personal & Business Banking's loan book. Good growth was achieved in longer-term unsecured lending in business banking, primarily in agriculture and the public sector. Corporate & Investment Banking achieved good loan growth late in the period, particularly in demand loans as corporate requirements for working capital increased. Term loan balances reflect no growth on a June year-on-year comparison, but were up on December 2010 with some landmark transactions closed in our core sectors.

Deposit and current accounts showed growth across the board, reflecting our relentless focus on customer service in South Africa and our ambitions to grow our customer base in the rest of Africa. The deposit mix change was favourable in the period with a focus on gathering longer duration liabilities.

Income statement analysis

Net interest income reduced by 1% when compared with the first six months of 2010 and was flat on the second half of 2010. Net interest margin on interest earning assets reduced 12 basis points to 3,92%. Pricing improvements in Personal & Business Banking were offset by increased competition in Corporate & Investment Banking where client yields were squeezed. The negative endowment impact of a lower average prime interest rate in South Africa on transactional balances resulted in a 9 basis points reduction in margins. The squeeze in margins was offset somewhat by asset growth, keeping net interest income at similar levels to the prior period.

Non-interest revenue was up 6% compared to the prior period. This encouraging result was achieved despite a 5% drop in trading revenues, as net fee and commission income grew 8% and other revenue climbed 42%.

Net fees and commissions growth was achieved across all major classes of fees, particularly in account transaction fees, which were up 6% due to an increased number of Personal & Business Banking clients. Higher volumes in the card business resulted in card-based commissions growing by 12%. Knowledge-based fees grew 3%, reversing the decline experienced last year and indicating that the promising deal pipeline across the continent is starting to convert into revenue.

Trading revenues fell 5% compared to the prior period. Higher foreign exchange trading volumes across our operations resulted in forex trading revenue growth of 27%. Interest rate trading in South Africa achieved an excellent result on the back of large hedging trades for clients, offset by very difficult trading conditions in markets outside of South Africa.

Overview of financial results continued

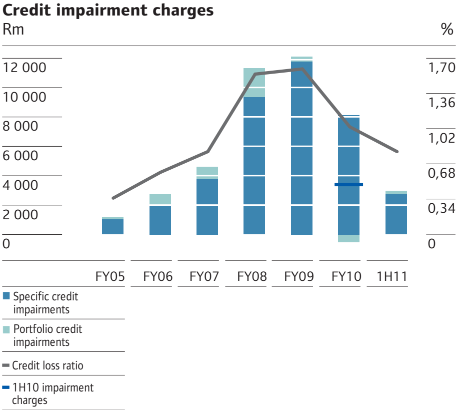
Other trading desks were impacted by lower client activity and downward pressure on spreads in an increasingly competitive environment. On a constant currency basis, trading revenue was up 1%.

A good contribution from the sale of insurance-related products to bank customers in partnership with Liberty and improved short-term insurance profits helped grow other revenue, as did positive revaluations on equity and property investments in South Africa.

Credit impairment charges of R2 970 million for the six months were 22% lower than the prior period, mainly as a consequence of the lower interest rate environment. Non-performing loans (NPLs) reduced to 5,1% of the loan book (FY10: 5,8%; 1H10: 6,4%), with the notable slowing of new defaults contributing to lower NPL impairments.

The easing of consumer stress after another six months of low interest rates and generally high salary increases resulted in Personal & Business Banking NPLs reducing to 7,0% of the book (FY10: 7,9% and 1H10: 8,8%). While the level of NPLs remains stubbornly high, particularly in home loans, the absolute level of NPLs continued to show a decreasing trend. Personal & Business Banking's credit loss ratio of 1,25% is much improved compared to the cyclical high of 2,80% in the second half of 2009. In Corporate & Investment Banking, a more normal charge for credit was recorded, compared with a net reversal in the first six months of 2010.

Credit impairment charges



Cost growth of 2% for the period was achieved in an environment that demanded rigorous cost control in the mature businesses, active cost cutting in the international and regional head offices as well as regional locations, and continued investment for the future in the growth franchises. On a constant currency basis, costs grew 6% mainly due to branch and other infrastructure rollout in West Africa. Given slower revenue growth, the cost-to-income ratio rose to 58,4% (1H10: 58,1%), although this is lower than the 2010 full-year ratio of 60,4% (excluding the restructure cost).

Cost efficiency has become an increasingly important management tool for banks world-wide as the outlook for revenues remains uncertain. Recognising this in 2010, we embarked on a range of long-term and short-term cost saving initiatives across the group, many of which are well under way and expected to have lasting impacts.

Detailed plans within the organisation to achieve sustained cost savings are aimed at:
– dramatically streamlining regional, head office and support costs;
– re-evaluating the pace and scope of IT transformation;
– accelerating geographic hubbing and infrastructure sharing; and
– consolidating a consistent approach to enabling functions.

In banking activities, income from associates and joint ventures was down due to lower earnings from Troika Dialog Group (Troika). Post the announcement of the sale of our investment in Troika to Sberbank in March, the investment is classified as a non-current asset held-for-sale and was only equity accounted for the first quarter to 31 March 2011.

Overview of business unit performance

Personal & Business Banking

Headline earnings were up 30% to R2 483 million for the period, supported by an improved credit experience. The division earned an ROE of 17,8%, up on the 14,7% recorded in the prior period.

In mortgage lending in South Africa, the number of loan applications continued to show an upward trend and the value of new loans registered in the six months was 7% higher than in the corresponding period last year. This translated into asset growth of 5%. Concessions on new business continued to decline as pricing models more accurately reflected the cost of term funding and credit risk. The average lending rate for new business was prime less 7 basis points for the period compared to prime less 28 basis points in the prior period and the average loan-to-value on new business increased to 86%. We are comfortable that the new business currently being written in mortgages will be profitable over its lifetime, earning an ROE well in excess of the cost of equity.

NPL levels remain high but reduced to 8,6% of the book (1H10: 10,4% and FY10: 9,4%). Early arrears in mortgages have ticked up slightly and are coming back in line with a longer-term average rather than the very low levels we have seen in the last 18 months of unusually low asset growth. The credit loss ratio for mortgages rose to 1,17% for the period, from 1,15% for the 2010 year.

Mortgage lending returned to profitability in the second half of 2010 and continued this trend in the first half of 2011, although the pace of growth in earnings slowed considerably. This is as a result of a large unwinding of credit impairments in the second half of 2010, which was not repeated in 2011.

Instalment sale and finance leases grew revenues and earnings in the period on the back of loan growth and repricing initiatives. Loan growth was particularly encouraging in Ghana and Nigeria. NPLs continued to decrease as a percentage of the book to 4,3% (1H10: 6,7% and FY10: 5,3%). This meant credit impairments continued to unwind and a credit loss ratio of 0,68% was recorded (1H10: 2,47%).

Total revenues declined in the card business despite an increased number of accounts as customers continued to reduce their debt. However, increased cardholder turnover pushed fee income up. Credit impairments improved further as the existing portfolio continued to mature.

Transaction and lending product deposit margins came under pressure due to the negative endowment impact of lower interest rates on transactional accounts. The number of current accounts increased by 14% in South Africa and deposits grew by 5% across the network, which helped grow fee income. The roll out of additional branches and ATMs in Nigeria contributed to higher transaction volumes and revenue, but drove up operational expenses. In the lending book, the credit loss ratio decreased to 1,67% (1H10: 2,55%) as the low interest rate environment allowed personal and business banking customers to pay off existing debt.

We continued to forge closer operational ties with Liberty to grow bancassurance volumes and, in the domestic market, increased the penetration rate for all products. The bancassurance businesses also recorded higher short-term insurance broking profit largely due to growth in home-owner cover policies. The offshore wealth management businesses felt the impact of lower deposit margins due to international interest rates remaining at structurally low levels.

Corporate & Investment Banking

Despite the difficult operating environment, Corporate & Investment Banking recorded stronger revenues across its regions as the year progressed. For the six months ended 30 June 2011, total income and headline earnings ended up 1%. A credit impairment charge for the period (compared to a net reversal in the prior period) was offset by good cost containment, with costs down 3%. An ROE of 15,4% was recorded for the period, still dampened by an unacceptably low ROE in operations outside Africa.

In a challenging market, characterised by increased competition and client uncertainty, global markets revenues were up an encouraging 6%. The strongest performance came from South Africa where a number of large client hedging transactions were executed and forex volumes increased strongly albeit at reduced spreads. The rest of Africa struggled to grow revenues off the high base set in the prior year as we positioned our books cautiously ahead of elections in Nigeria and Uganda. Outside Africa, revenues were down 9% and flat on a constant currency basis, a good result relative to global peers. Ongoing investment in IT in global markets resulted in headline earnings growing only 1% for the period.

As a healthy pipeline began to convert into revenues, investment banking enjoyed a better second quarter. This was particularly evident in capital markets where a number of deals were closed in May and June. However, revenues were down on the prior period given the longer lead times required to close deals due to client uncertainty. A turnaround in credit impairments as client positions improved resulted in headline earnings increasing 7%.

Transactional products and services experienced another stable six months, with revenues and headline earnings up 8%. Increased levels of interest and fee income in the rest of Africa, and an increase in customer deposits in Nigeria in particular, drove this performance. A comparably weaker performance from South Africa partially offset this, with net interest income adversely impacted by margin compression following a negative endowment effect and increased competition.

Overview of financial results continued

In principal investment management, real estate and private equity experienced good growth in revenues as a result of positive valuation uplifts on property investments.

Wealth – Liberty

The Liberty results reflect the group's 53,7% investment in Liberty Holdings Limited (Liberty). Bancassurance results are included under Personal & Business Banking.

Strong operational earnings from Liberty's core operations, namely retail insurance South Africa and Stanlib, pushed Liberty's headline earnings for the first half of 2011 up 17% to R1 180 million. Of these headline earnings, R633 million was attributable to Standard Bank Group (1H10: R540 million). Retail insurance South Africa's excellent improvement in policyholder persistency has continued at levels similar to the second half of 2010 resulting in positive persistency variances. South African insurance indexed new business sales have improved by 7,1% over 2010 despite significantly lower entry level market sales as a consequence of the remedial action taken last year. Increases in flagship investment products and credit life sales under the bancassurance agreement were particularly pleasing. Overall, group insurance new business margin improved from 1,2% at December 2010 to 1,3%. This is still being influenced by the conservative persistency assumptions and relatively low increase in new business contract volumes that has affected acquisition overhead cost efficiency. Improving margin through increased volume of quality sales and better cost efficiency, is Liberty management's top priority.

Continued concerns over sovereign debt in Europe and the United States treasury policy influenced local investment markets, resulting in high uncertainty and low equity and bond returns for the period. Returns on the Liberty shareholder investment portfolio were impacted by weaker markets but were ahead of set benchmarks. The asset/liability positions were managed within mandated risk limits and capital ratios have improved and remain strong. Following a sustained period of strong inflows, Stanlib experienced some expected net outflows from its money market funds due to the increasing risk appetite of investors, which were offset by continued inflows in Liberty Africa asset management operations.

Strategic update

Towards the end of 2010, we articulated a refined strategy in response to a changed banking landscape post-crisis and intense pressures on revenues following the global recession. We are some way down the road in implementing this refined strategy.

In terms of our ambition to have first-class, on-the-ground operations in chosen countries in Africa, we have continued to invest tactically in these businesses. In some markets we have proved that we can grow sustainable universal banking platforms, with strong Personal & Business Banking and Corporate & Investment Banking franchises and we are earning good returns. In other markets we are just beginning this journey and the returns in these markets dilute the overall performance from the rest of Africa. We recognise that we are still not at sufficient scale in key regions, nor present in some potentially attractive and fast-growing countries. We have a good platform from which to expand, we have the capacity to grow organically and we are also looking for opportunities for acquisitions.

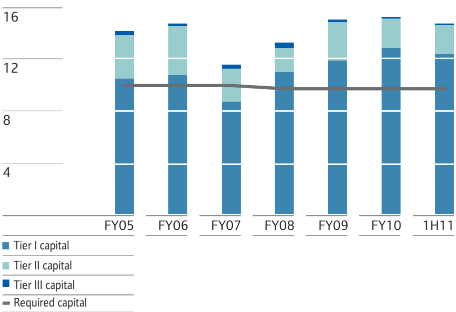
Our intention is, over time, to halve the amount of capital utilised in operations outside Africa from USD3 billion to approximately USD1,5 billion. The largest portion of capital outside Africa is in our subsidiary bank in London and the strategic requirement for a London base has been re-evaluated. We remain convinced that the London presence as a legal entity with a banking licence is critical for the growth of our Corporate & Investment Banking franchise. However, the capital usage is excessive and the cost base is disproportionately high. We aim, therefore, to make better use of the prudential limit for foreign currency lending on The Standard Bank of South Africa Limited's (SBSA's) balance sheet for transactions in our core sectors which will reduce the capital demand in London, but increase the capital requirements in South Africa. A narrower focus with robust productivity assessments of each business line should further reduce capital demand outside Africa, offsetting the increased capital demand we expect to originate from our focus on African and natural resources businesses. We have initiated a number of cost saving strategies in our international operations which are targeted to save USD75 million on an annualised basis.

We announced in March that we have sold our 36% stake in Troika to Sberbank, the largest bank in Russia. And post the balance sheet date, we announced that we have signed an agreement with Industrial and Commercial Bank of China (ICBC) for the sale of a majority stake in Standard Bank Argentina (SBA). We have agreed to sell 55% of our current 75% shareholding and retain a 20% shareholding in SBA. Subject to conditions and approvals, proceeds from the sales of our interests in Russia and Argentina of approximately USD750 million will flow to the group and earnings will reduce by approximately USD50 million per annum. Our challenge will be to redeploy this capital effectively. SBA will continue to be consolidated within Corporate & Investment Banking and Personal & Business Banking segments up to the disposal date.

Capital management and liquidity

The group remains well capitalised with a common equity tier I ratio of 11,5%, tier I capital adequacy ratio of 12,4% and a total capital adequacy ratio of 14,8%, which are all above the SARB's minimum requirements and the group's internal targets.

Capital adequacy[1]
%



[1] Basel II implemented 1 January 2008. Risk-weighted assets and capital adequacy for 2007 are on a Basel II pro forma basis. 2008 to 2011 are on a Basel II basis. All other historical comparatives are on a Basel I basis.

The divestitures in Russia and Argentina mentioned alongside will further strengthen the group's capital position. We will have greater clarity on uses of potential surplus capital when we announce FY11 results in March 2012 by which time the proceeds of these transactions may be received.

Continued focus has been placed on lengthening and further diversifying the group's funding base. The group maintained its long-term funding ratio at 26% and retained conservative liquidity buffers with surplus liquidity totalling R116,8 billion at 30 June 2011. Increased funding demand to support a growing pipeline of term lending transactions is evident. A number of key debt capital market and term loan funding transactions were executed, taking advantage of pockets of well-priced liquidity. Investor appetite for capital markets issuance remained robust and SBSA successfully placed R4,6 billion of senior debt in the domestic bond market. SBSA also raised USD385 million in two transactions in the international bank loan markets.

The group participated in the Basel III quantitative impact assessment submitted to the SARB and the Bank of International Settlements. The results of the assessment reflect a reduction in the group's capital adequacy ratios under the proposed framework, but the group is expected to remain adequately capitalised to meet the new Basel III requirements. We continue to assess the impact of the Basel III liquidity standards as proposed by the Basel Committee. These may prove to be onerous, depending on the extent of further calibration of the proposed Basel III liquidity ratios, as well as the scope of national discretion applied by domestic banking regulators.

Dividend

An interim dividend of 141 cents per share has been declared, unchanged on the prior interim dividend. Given our relatively low dividend cover ratios in FY09 (2,0 times) and FY10 (1,9 times), we are now gradually rebuilding our dividend cover to a more normal level.

Prospects

Current global economic uncertainty shows little sign of abating and, indeed, the events of the last few weeks point to further volatility and softer prospects for global economic growth. Consumers remain vulnerable and, despite our expectation that interest rates will remain on hold for the remainder of the year, we expect only moderate credit growth. While our improved performance towards the end of the reporting period in Corporate & Investment Banking is a positive sign, we will need to compete aggressively for client mandates to maintain this momentum. Pipelines across our core sectors remain strong and are growing. We will continue to focus on acquiring good quality new customers and assets and we need to maintain our vigilance around our levels of expenditure while investing in key growth areas that underpin our long-term strategy.

Our strong capital position and our sharpened focus on cost discipline will enable us to build further on the progress we have made in the first half of the year. We anticipate that the banking group's total operating expenses for 2011 will be at the same level as 2010. We will continue our efforts to grow our client franchises and improve returns to shareholders.

Any forward looking information contained in this announcement has not been reviewed or audited by the group's external auditors.

Jacko Maree
Chief executive

Fred Phaswana
Chairman

10 August 2011

Declaration of dividends

Notice is hereby given that the following interim dividends have been declared:

- Ordinary dividend No. 84 of 141 cents per ordinary share (share codes: SBK and SNB, ISIN: ZAE000109815), payable on Monday, 12 September 2011, to ordinary shareholders recorded in the books of the company at the close of business on the record date, Friday, 9 September 2011. The last day to trade to participate in the dividend is Friday, 2 September 2011. Ordinary shares will commence trading ex-dividend from Monday, 5 September 2011.
- 6,5% first cumulative preference shares (first preference shares) dividend No. 84 of 3,25 cents per first preference share (share code: SBKP, ISIN: ZAE000038881), payable on Monday, 5 September 2011, to holders of first preference shares recorded in the books of the company at the close of business on the record date, Friday, 2 September 2011. The last day to trade to participate in the dividend is Friday, 26 August 2011. First preference shares will commence trading ex-dividend from Monday, 29 August 2011.
- Non-redeemable, non-cumulative, non-participating preference shares (second preference shares) dividend No. 14 of 312,41 cents per second preference share (share code: SBPP, ISIN: ZAE000056339), payable on Monday, 5 September 2011, to holders of second preference shares recorded in the books of the company at the close of business on the record date, Friday, 2 September 2011. The last day to trade to participate in the dividend is Friday, 26 August 2011. Second preference shares will commence trading ex-dividend from Monday, 29 August 2011.

The relevant dates for the payment of dividends are as follows:

	Ordinary shares	6,5% cumulative preference shares (First preference shares)	Non-redeemable, non-cumulative, non-participating preference shares (Second preference shares)
JSE Limited (JSE)			
Share code	SBK	SBKP	SBPP
ISIN	ZAE000109815	ZAE000038881	ZAE000056339
Namibian Stock Exchange (NSX)			
Share code	SNB		
ISIN	ZAE000109815		
Dividend per share (cents)	141	3,25	312,41
Last day to trade "CUM" dividend	Friday, 2 September 2011	Friday, 26 August 2011	Friday, 26 August 2011
Shares trade "EX" dividend	Monday, 5 September 2011	Monday, 29 August 2011	Monday, 29 August 2011
Record date	Friday, 9 September 2011	Friday, 2 September 2011	Friday, 2 September 2011
Payment date	Monday, 12 September 2011	Monday, 5 September 2011	Monday, 5 September 2011

Ordinary share certificates may not be dematerialised or rematerialised between Monday, 5 September 2011 and Friday, 9 September 2011, both days inclusive.

Preference share certificates (first and second) may not be dematerialised or rematerialised between Monday, 29 August 2011 and Friday, 2 September 2011, both days inclusive.

Where applicable, dividends in respect of certificated shares will be transferred electronically to shareholders' bank accounts on the payment date. In the absence of specific mandates, dividend cheques will be posted to shareholders. Preference shareholders (first and second) who hold dematerialised shares will have their accounts at their CSDP or broker credited on Monday, 5 September 2011. Ordinary shareholders who hold dematerialised shares will have their accounts at their CSDP or broker credited on Monday, 12 September 2011.

On behalf of the board

Loren Wulfsohn
Group secretary

Normalised results

With effect from 2004, we have adjusted the group's results reported under IFRS for required accounting conventions that do not reflect the underlying economic substance of transactions. To arrive at the normalised results the IFRS results have been adjusted for the following items:

- Preference share funding for the group's Black Economic Empowerment Ownership initiative (Tutuwa) transaction is deducted from equity and reduces the shares in issue in terms of IFRS.
- Group companies' shares held for the benefit of Liberty policyholders that result in a reduction of the number of shares in issue and the exclusion of fair value adjustments and dividends on these shares. The IFRS requirement causes an accounting mismatch between income from investments and changes in policyholders' liabilities.
- Group share exposure entered into to facilitate client trading activities. As part of the normal trading operations, a group subsidiary offers to its clients trading positions of listed shares, including its own shares. In order to hedge the risk on these shares the subsidiary buys or sells short group shares in the market. Although the share exposure on the group's own shares is deducted from equity and the related fair value movements are reversed in the income statement on consolidation, the client trading position and fair value movements are not eliminated, resulting in an accounting mismatch.

The group has corrected these accounting mismatches resulting from the application of IFRS in preparing the normalised results.

The result of these adjustments is shown in the table below:

Normalised headline earnings

	Weighted average number of shares '000	Headline earnings Rm	Growth on 1H10 %
Disclosed on an IFRS basis	1 508 423	6 562	12
Tutuwa initiative	63 479	123	
Group shares held for the benefit of Liberty policyholders	15 073	(47)	
Share exposures held to facilitate client trading activities	(773)	(1)	
Normalised	**1 586 202**	**6 637**	11

Abridged unaudited results in accordance with IFRS

Financial statistics

for the six months ended 30 June 2011

	% change	1H11 Unaudited	1H10 Unaudited	FY10 Audited
Number of ordinary shares in issue (000's)				
– end of period	1	**1 510 480**	1 498 023	1 505 093
– weighted average	2	**1 508 423**	1 481 814	1 491 956
– diluted weighted average	1	**1 557 675**	1 539 165	1 548 001
Cents per ordinary share				
Headline earnings	10	**435,0**	396,0	735,2
Diluted headline earnings	11	**421,3**	381,2	708,6
Dividend		**141,0**	141,0	386,0
Basic earnings	10	**436,2**	398,0	722,1
Diluted earnings	10	**422,4**	383,1	696,0
Net asset value	2	**5 994**	5 876	5 785
Financial performance (%)				
Return on equity (ROE)		**14,9**	13,9	12,7
Net interest margin		**2,89**	3,01	3,00
Credit loss ratio		**0,81**	1,05	1,05
Cost-to-income ratio		**58,6**	58,2	61,8
Capital adequacy (%)				
Capital ratios (unaudited)				
– tier I capital		**12,4**	11,8	12,9
– total capital		**14,8**	14,6	15,3

Abridged unaudited results in accordance with IFRS continued

Consolidated income statement

for the six months ended 30 June 2011

	% change	1H11 Unaudited Rm	1H10 Unaudited Rm	FY10 Audited Rm
Income from banking activities	2	**29 650**	28 995	58 746
Net interest income	(1)	**14 323**	14 452	28 742
Non-interest revenue	5	**15 327**	14 543	30 004
Income from investment management and life insurance activities	31	**19 923**	15 255	51 149
Total income	12	**49 573**	44 250	109 895
Credit impairment charges	(22)	**2 970**	3 790	7 524
Benefits due to policyholders	36	**12 810**	9 389	37 335
Income after credit impairment charges and policyholders' benefits	9	**33 793**	31 071	65 036
Operating expenses in banking activities	2	**17 426**	17 019	36 656
Operating expenses in investment management and life insurance activities	12	**4 825**	4 295	9 388
Net income before goodwill	18	**11 542**	9 757	18 992
Goodwill impairment				144
Net income before associates and joint ventures	18	**11 542**	9 757	18 848
Share of profit from associates and joint ventures	(57)	**115**	269	633
Net income before indirect taxation	16	**11 657**	10 026	19 481
Indirect taxation	19	**781**	656	1 475
Profit before direct taxation	16	**10 876**	9 370	18 006
Direct taxation	24	**3 053**	2 456	4 999
Profit for the period	13	**7 823**	6 914	13 007
Attributable to minorities	30	**1 064**	818	1 846
Attributable to preference shareholders	(10)	**179**	199	387
Attributable to ordinary shareholders	12	**6 580**	5 897	10 774
Basic earnings per share (cents)	10	**436,2**	398,0	722,1
Diluted earnings per share (cents)	10	**422,4**	383,1	696,0

Headline earnings
for the six months ended 30 June 2011

	% change	1H11 Unaudited Rm	1H10 Unaudited Rm	FY10 Audited Rm
Group profit attributable to ordinary shareholders	12	**6 580**	5 897	10 774
Headline earnings adjustable items (reversed)/added back		**(56)**	(63)	296
Goodwill impairment – IFRS 3				144
Loss on deemed disposal of associate – IFRS 3		**22**	10	10
Profit on sale of property and equipment – IAS 16		**(24)**	(19)	(23)
Realised foreign currency translation reserve on foreign operations – IAS 21				21
Losses on the disposal of businesses and divisions – IAS 27				30
Reversal of impairment of associate – IAS 28				(4)
Impairment of investment in joint venture – IAS 31				14
Impairment of intangible assets – IAS 38				179
Realised gains on available-for-sale assets – IAS 39		**(54)**	(54)	(75)
Taxation on headline earnings adjustable items		**27**	20	(28)
Minority share of headline earnings adjustable items		**11**	14	(73)
Headline earnings	12	**6 562**	5 868	10 969

Abridged unaudited results in accordance with IFRS continued

Consolidated statement of financial position

as at 30 June 2011

	% change	1H11 Unaudited Rm	1H10 Unaudited Rm	FY10 Audited Rm
Assets				
Cash and balances with central banks	20	**30 816**	25 687	28 675
Financial investments, trading and pledged assets	5	**395 729**	376 934	370 364
Loans and advances	4	**741 071**	712 474	710 722
Loans and advances to banks	(9)	**103 791**	114 276	107 090
Loans and advances to customers	7	**637 280**	598 198	603 632
Investment property	13	**22 095**	19 520	21 521
Derivative and other assets	(6)	**138 196**	147 066	169 203
Interest in associates and joint ventures	84	**17 871**	9 723	10 533
Non-current assets held for sale	100	**2 553**		
Goodwill and other intangible assets	13	**11 346**	10 069	10 383
Property and equipment	11	**14 793**	13 316	14 907
Total assets	5	**1 374 470**	1 314 789	1 336 308
Equity and liabilities				
Equity	3	**107 133**	104 006	103 198
Equity attributable to ordinary shareholders	3	**90 531**	88 025	87 073
Preference share capital and premium		**5 503**	5 503	5 503
Minority interest	6	**11 099**	10 478	10 622
Liabilities	5	**1 267 337**	1 210 783	1 233 110
Deposit and current accounts	9	**846 556**	773 128	789 500
Deposits from banks	13	**114 936**	101 345	91 729
Deposits from customers	9	**731 620**	671 783	697 771
Derivative, trading and other liabilities	(14)	**197 564**	228 579	222 594
Policyholders' liabilities	10	**199 744**	182 349	197 878
Subordinated debt	(12)	**23 473**	26 727	23 138
Total equity and liabilities	5	**1 374 470**	1 314 789	1 336 308

Contingent liabilities and capital commitments

as at 30 June 2011

	1H11 Unaudited Rm	1H10 Unaudited Rm	FY10 Audited Rm
Letters of credit and bankers' acceptances	12 787	11 881	10 407
Guarantees	30 119	31 349	29 327
Contingent liabilities	**42 906**	43 230	39 734
Contracted capital expenditure	3 044	1 822	2 662
Capital expenditure authorised but not yet contracted	7 733	9 358	8 415
Capital commitments	**10 777**	11 180	11 077

Consolidated cash flow information

for the six months ended 30 June 2011

	1H11 Unaudited Rm	1H10 Unaudited Rm	FY10 Audited Rm
Net cash flows from operating activities	10 905	9 338	27 164
Net cash flows used in investing activities	(4 128)	(6 001)	(13 912)
Net cash flows used in financing activities	(4 555)	(2 775)	(7 810)
Effects of exchange rate changes on cash and cash equivalents	(81)	142	(1 750)
Net increase in cash and cash equivalents	2 141	704	3 692
Cash and cash equivalents at beginning of the period	28 675	24 983	24 983
Cash and cash equivalents at end of the period	**30 816**	25 687	28 675

Abridged unaudited results in accordance with IFRS continued

Consolidated statement of comprehensive income
for the six months ended 30 June 2011

	1H11			1H10	FY10
	Ordinary shareholders' equity Rm	Minorities and preference shareholders Rm	Total Rm	Total Rm	Total Rm
Profit for the period	6 580	1 243	7 823	6 914	13 007
Other comprehensive income after tax for the period	384	(222)	162	(312)	(5 353)
Exchange rate differences on translating equity investment of foreign operations	292	48	340	324	(4 406)
Foreign currency hedge of net investment	19		19	(653)	(768)
Cash flow hedges	154		154	(225)	(214)
Available-for-sale financial assets	(96)	(167)	(263)	281	116
Revaluation and other gains/(losses)	15	(103)	(88)	(39)	(81)
Total comprehensive income for the period	6 964	1 021	7 985	6 602	7 654
Attributable to minorities		842	842	1 030	1 002
Attributable to equity holders of the parent	6 964	179	7 143	5 572	6 652
Attributable to preference shareholders		179	179	199	387
Attributable to ordinary shareholders	6 964		6 964	5 373	6 265

Consolidated statement of changes in equity

for the six months ended 30 June 2011

	Ordinary shareholders' equity Rm	Preference share capital and premium Rm	Minority interest Rm	Total equity Rm
Balance at 1 January 2010	84 022	5 503	9 844	99 369
Equity-settled share-based payment transactions	412		32	444
Tax on share-based payments	2			2
Change in shareholding of subsidiary	(37)		36	(1)
Net increase in treasury shares	(23)		449	426
Issue of share capital and share premium and capitalisation of reserves	205		30	235
Total comprehensive income for the period	6 265	387	1 002	7 654
Net dividends paid	(3 773)	(387)	(771)	(4 931)
Balance at 31 December 2010	87 073	5 503	10 622	103 198
Balance at 1 January 2011	**87 073**	**5 503**	**10 622**	**103 198**
Equity-settled share-based payment transactions	**165**		**15**	**180**
Tax on share-based payments	**(54)**			**(54)**
Change in shareholding of subsidiary	**(23)**		**23**	
Net decrease in treasury shares	**179**		**196**	**375**
Issue of share capital and share premium and capitalisation of reserves	**61**			**61**
Total comprehensive income for the period	**6 964**	**179**	**842**	**7 985**
Dividends paid	**(3 834)**	**(179)**	**(599)**	**(4 612)**
Balance at 30 June 2011	**90 531**	**5 503**	**11 099**	**107 133**

Abridged unaudited results in accordance with IFRS continued

Segment report

for the six months ended 30 June 2011

	% change	1H11 Unaudited Rm	1H10 Unaudited Rm	FY10 Audited Rm
Revenue contribution by business unit				
Personal & Business Banking	5	17 660	16 840	34 916
Corporate & Investment Banking	1	11 652	11 583	22 633
Central and other	(27)	434	593	1 301
Banking activities	3	29 746	29 016	58 850
Liberty	29	19 869	15 395	51 466
Standard Bank Group – Normalised	12	49 615	44 411	110 316
Adjustment for IFRS		(42)	(161)	(421)
Standard Bank Group – IFRS	12	49 573	44 250	109 895
Profit and loss attributable to ordinary shareholders				
Personal & Business Banking	31	2 489	1 896	4 346
Corporate & Investment Banking	1	3 329	3 311	5 527
Central and other	(25)	204	271	(108)
Banking activities	10	6 022	5 478	9 765
Liberty	17	633	540	1 323
Standard Bank Group – Normalised	11	6 655	6 018	11 088
Adjustment for IFRS		(75)	(121)	(314)
Standard Bank Group – IFRS	12	6 580	5 897	10 774

Private equity associates and joint ventures

for the six months ended 30 June 2011

	1H11 Unaudited Rm	1H10 Unaudited Rm	FY10 Audited Rm
Cost	383	402	382
Carrying value	568	644	641
Fair value	601	817	651
Loans to/(from) associates and joint ventures	97	460	(37)
Share of (loss)/profit from associates and joint ventures	(1)	(12)	43

Accounting policies

Basis of preparation

These results are prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS), its interpretations adopted by the International Accounting Standards Board (IASB), the presentation and the disclosure requirements of IAS 34 *Interim Financial Reporting*, the AC 500 standards as issued by the Accounting Practices Board, the Listings Requirements of the JSE Limited and the requirements of the South African Companies Act 71 of 2008, as amended. The consolidated financial results are prepared in accordance with the going concern principle under the historical cost basis as modified by the fair value accounting of certain assets and liabilities where required or permitted by IFRS.

The accounting policies are in accordance with IFRS and are consistent with those adopted in the previous year, except as noted below.

Change in accounting policy

In December 2010, the group early adopted the amendments to IAS 12 *Income Taxes (Deferred Tax: Recovery of Underlying Assets)*. In terms of the amendment, if deferred tax liabilities or assets arise from investment property that is measured using the fair value model in IAS 40 *Investment Property*, there is a rebuttable presumption that the carrying amount of the investment property will be recovered through sale. Comparative information for June 2010 has been restated to conform to the revised standard. This has resulted in the deferred tax liability in respect of these investment property surpluses being restated to the sale rate and has correspondingly increased policyholders' liabilities by R756 million. The adoption of this amendment did not impact headline earnings or earnings per share.

Adoption of new standards and interpretations effective for the current financial year

- IFRS 7 *Financial Instruments: Disclosures (2010 improvements to IFRS);*
- IAS 24 *Related Parties (revised 2009)*; and
- IAS 34 *Interim Financial Reporting (2010 improvements to IFRS).*

The revised IFRS statements have not resulted in any changes to the group's accounting policies, nor has there been any impact on the financial statement line items, headline earnings or earnings per share.

Reclassifications and restatements

The comparative statement of financial position at 30 June 2010 has been adjusted to reflect the presentation consequences of the reclassifications and restatements below, with no impact on reserves.

The group routinely enters into soft (e.g. maize) and hard (e.g. precious metals) commodity-based financing transactions. Hard commodity-based financing transactions within the trading book have historically been accounted for as either outright purchases, by recognising a commodity and related derivative forward sales agreement, or sales, through derecognition of the commodity and recognition of a related derivative forward purchase agreement. The group has revised the accounting treatment for these transactions based on market practice and analogy to IFRS requirements for similar financing transactions with a financial instrument underlying.

The group's revised policy treats certain of the group's hard commodity-based financing transactions as either buy to sell backs (collateralised lending), where a reverse repurchase agreement within trading assets is recognised, and sell to buy backs (collateralised borrowing), where the commodity continues to be recognised together with a repurchase agreement within trading liabilities. These financing transactions are accounted for in accordance with the group's existing accounting policy for 'Sale and repurchase agreements and lending of securities'.

The group has revised the accounting treatment of commodity-based leasing transactions which in prior periods were treated as lending/borrowing transactions where the underlying stock was derecognised/recognised. Based on market practice and analogy to IFRS requirements for these transactions, these transactions have been reclassified as lease type transactions with the lease fee being accrued over the term of the transaction.

For the classification of loans and advances to banks, banks are defined as entities that are regulated deposit taking institutions. In previous reporting periods, overnight placements with certain banking groups, which are not regulated deposit taking institutions, were included under loans to banks. These placements have been reclassified as loans to customers.

Where reporting responsibility for individual cost centres and divisions within business units changes, the segmental comparatives are reclassified accordingly. Costs relating to marketing and leadership development have been allocated to the respective business units and premises costs relating to support functions have been allocated to the central and other unit. During 2010, a detailed review of the key business drivers determining the cost allocation methodologies was performed across all African entities. Following this review, changes were implemented in 2011 to reflect the improved cost methodologies. The individual segmental income statement line items have accordingly been adjusted.

Administration

Administrative information

Standard Bank Group Limited

Registration No. 1969/017128/06 Incorporated in the Republic of South Africa

Directors

TMF Phaswana (Chairman), Hongli Zhang** (Deputy chairman), SJ Macozoma (Deputy chairman), JH Maree* (Chief executive), DDB Band, RMW Dunne#, TS Gcabashe, SE Jonah KBE##, Sir Paul Judge#, KP Kalyan, Yagan Liu**, KD Moroka, AC Nissen, MC Ramaphosa, SP Ridley*, MJD Ruck, Lord Smith of Kelvin, Kt#, EM Woods

*Executive director **Chinese #British ##Ghanaian

RP Menell resigned 4 February 2011.

Group secretary

L Wulfsohn

Registered office

9th Floor, Standard Bank Centre, 5 Simmonds Street, Johannesburg 2001.

PO Box 7725, Johannesburg 2000.

Share transfer secretaries in

South Africa
Computershare Investor Services (Proprietary) Limited
70 Marshall Street, Johannesburg 2001
PO Box 61051, Marshalltown 2107

Namibia
Transfer Secretaries (Proprietary) Limited
Shop 8, Kaiserkrone Centre,
Post Street Mall, Windhoek
PO Box 2401, Windhoek

Independent sponsor

Deutsche Securities (SA) (Proprietary) Limited

Joint sponsor

Standard Bank

Share and bond codes

JSE share code:	SBK ZAE000109815
	SBKP ZAE000038881 (First preference shares)
	SBPP ZAE000056339 (Second preference shares)
NSX share code:	SNB ZAE000109815
JSE bond codes:	SBS, SBK, SBN, SBR, ETN series and CLN series (all JSE listed bonds issued in terms of The Standard Bank of South Africa Limited's Domestic Medium Term Note Programme and Credit Linked Note Programme)

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