2005 annual financial results presentation

Standard Bank

Agenda

- Financial highlights	Simon Ridley
- Business unit overviews	
- Personal & Business Banking	Peter Wharton-Hood
- Corporate & Investment Banking	Ben Kruger
- Conclusion	Jacko Maree

Group financial highlights

	2005 Objective	2005 Normalised	2004 Normalised
Headline earnings growth (%)		↑ 20.0%	↑ 19.6%
Headline eps (cents)		666.0	558.1
Headline eps growth (%)	13.9	↑ 19.3%	↑ 18.5%
ROE (%)	22.5	25.2	24.2
NAV per share (cents)		2 830	2 464
Dividend cover (times)		2.5	2.5
Credit loss ratio (%)	0.75	0.41	0.43
Cost-to-income ratio (%)	55.5	56.6	58.0

Group normalised headline earnings

	2005 Rm	% Change	Weighted number of shares m
Normalised headline earnings	**9 013**	20	1 353
Black Ownership Initiative			99
Dividend receivable on 8,5% pref shares	**367**		
Dividend accrual on perpetual pref shares	**3**		
Shares held in policyholders' funds			49
Fair value movements and dividends received	**179**		
Group headline earnings under IFRS	**8 464**	12	1 205

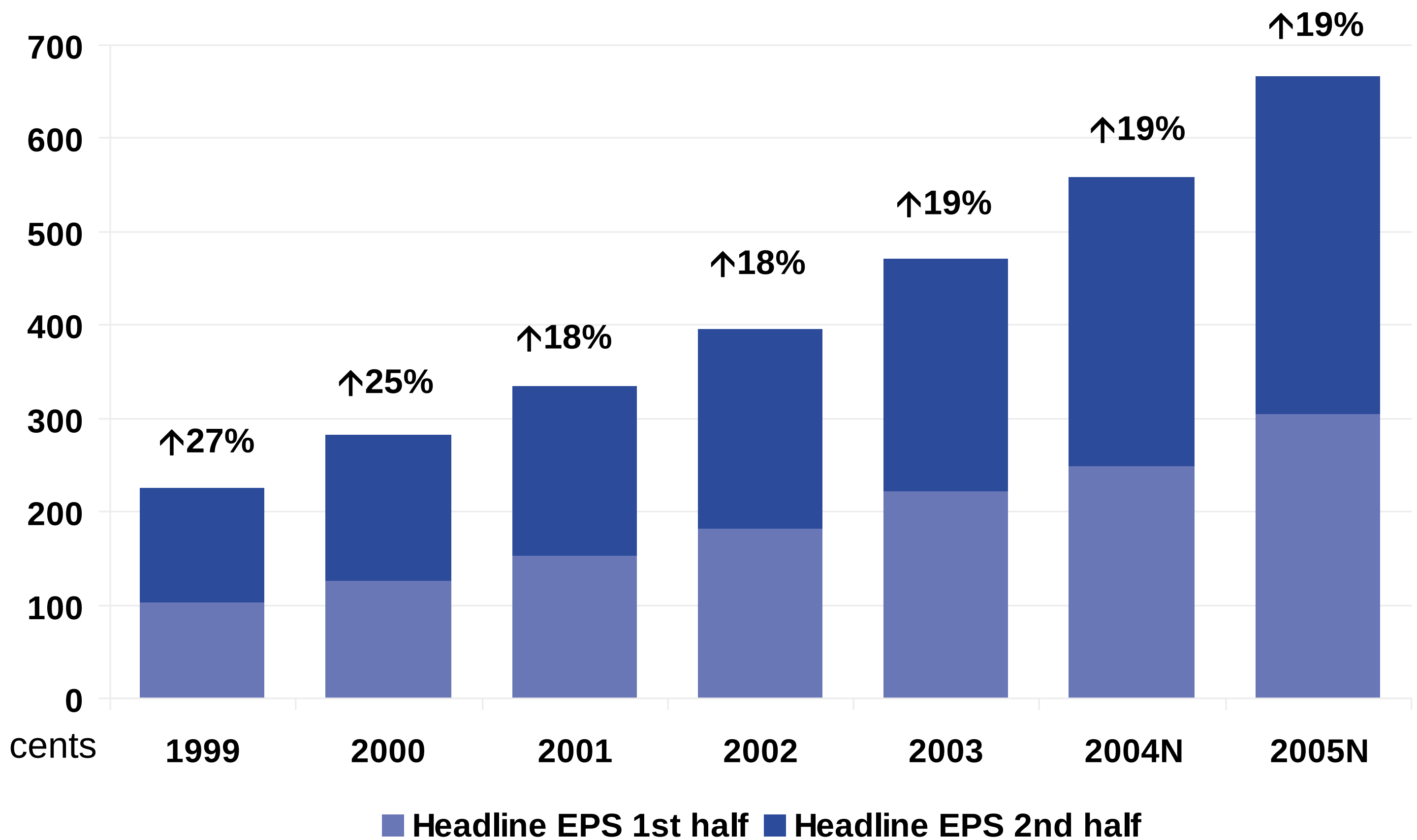
Group financial highlights – IFRS

	2005 Reported under IFRS	2004 Reported under IFRS
Headline earnings growth (%)	**↑ 12.3%**	↑ 20.0%
Headline eps (cents)	**702.3**	570.3
Headline eps growth (%)	**↑ 23.1%**	↑ 21.1%
ROE (%)	**27.8**	26.0
NAV per share (cents)	**2 729**	2 320

Group income statement review

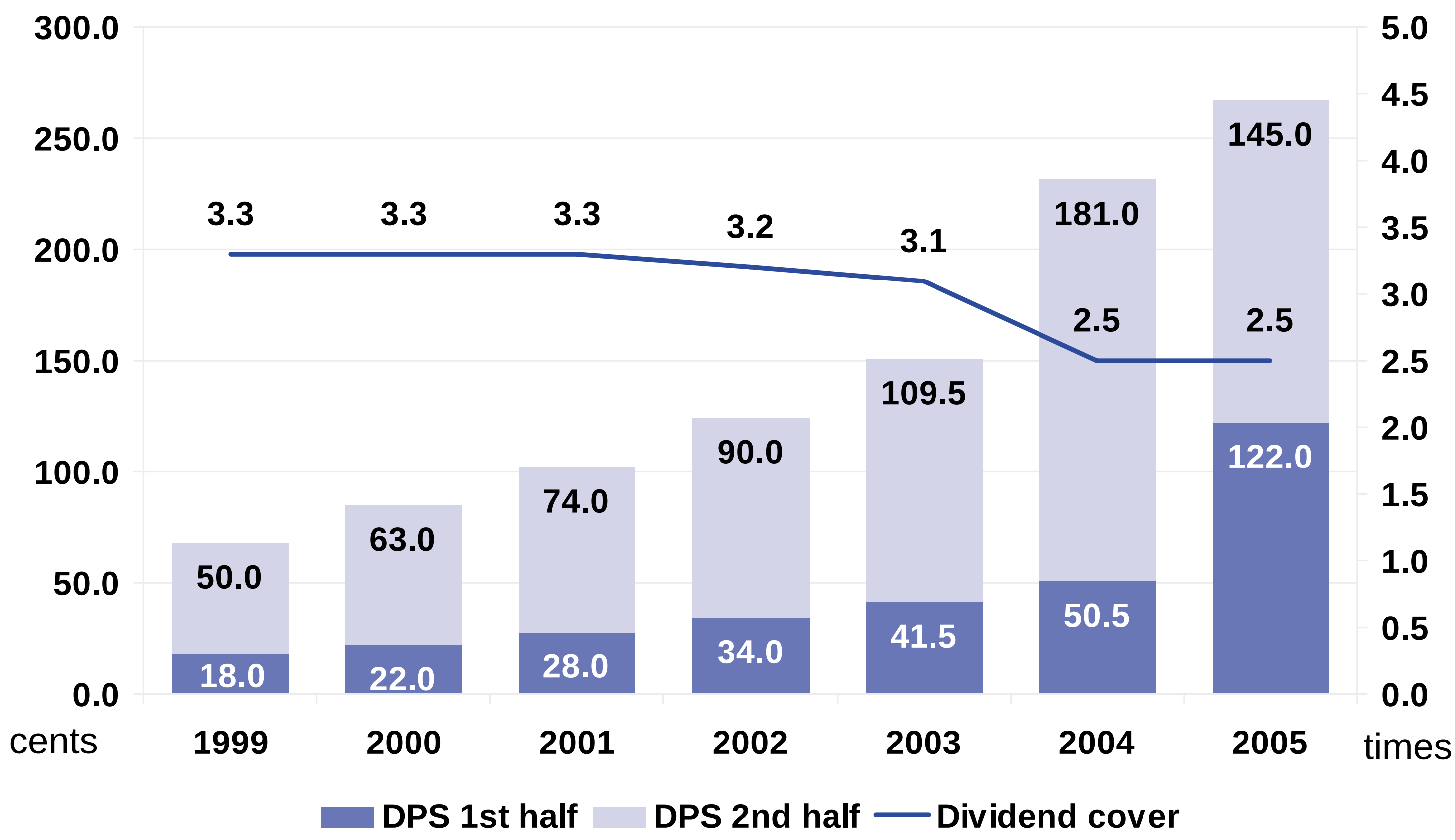
	2005 Rm	% Change	2004 Rm
Net interest income	**12 987**	13	11 492
Non-interest revenue	**16 718**	11	15 044
Credit impairment charges	**1 207**	15	1 050
Operating expenses	**16 817**	9	15 384
Normalised headline earnings	**9 013**	20	7 511
Standard Bank operations	**8 490**	19	7 156
Liberty Life	**523**	47	355

Group headline earnings per share



N - normalised

Group dividends per share



Group return on equity

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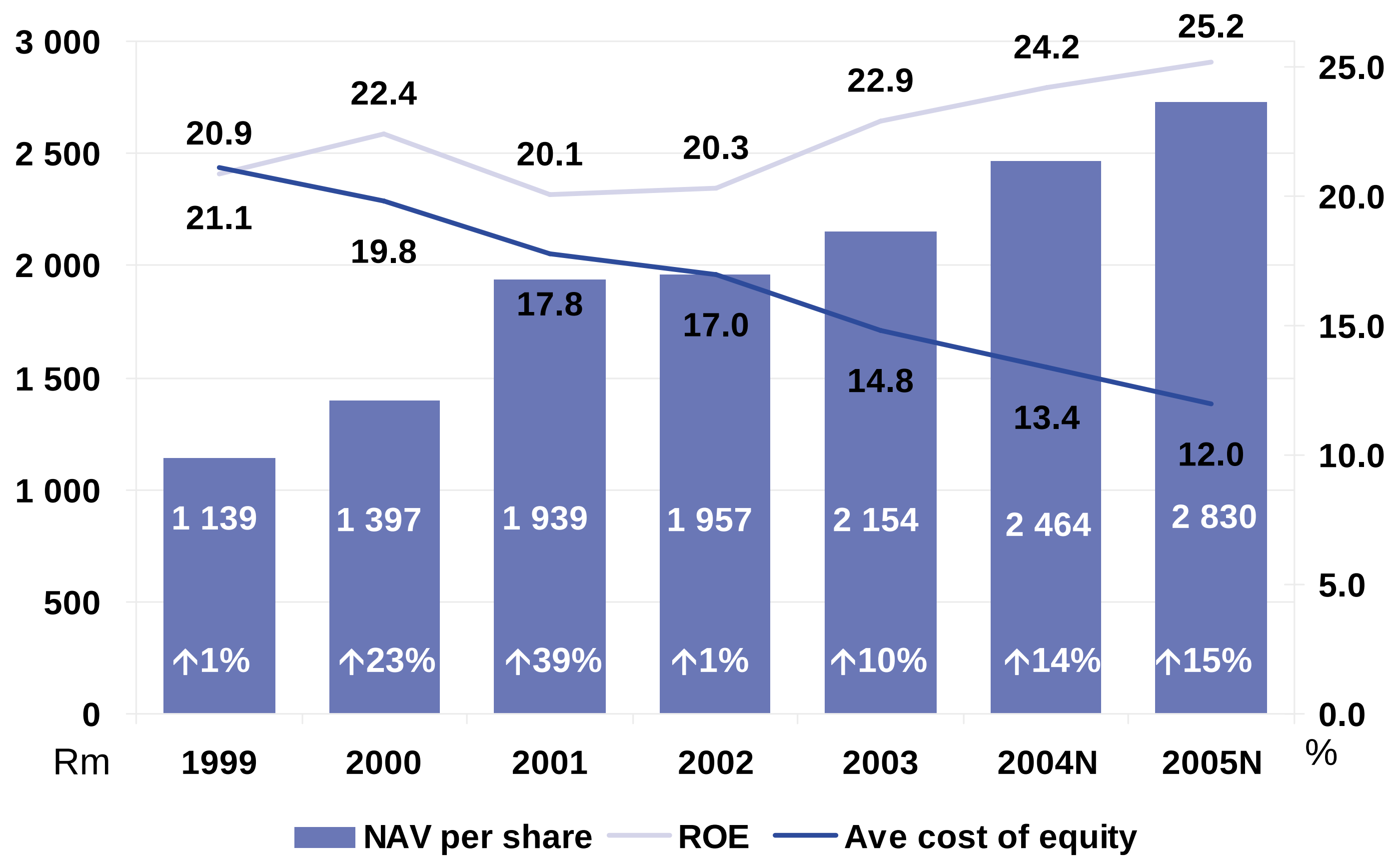
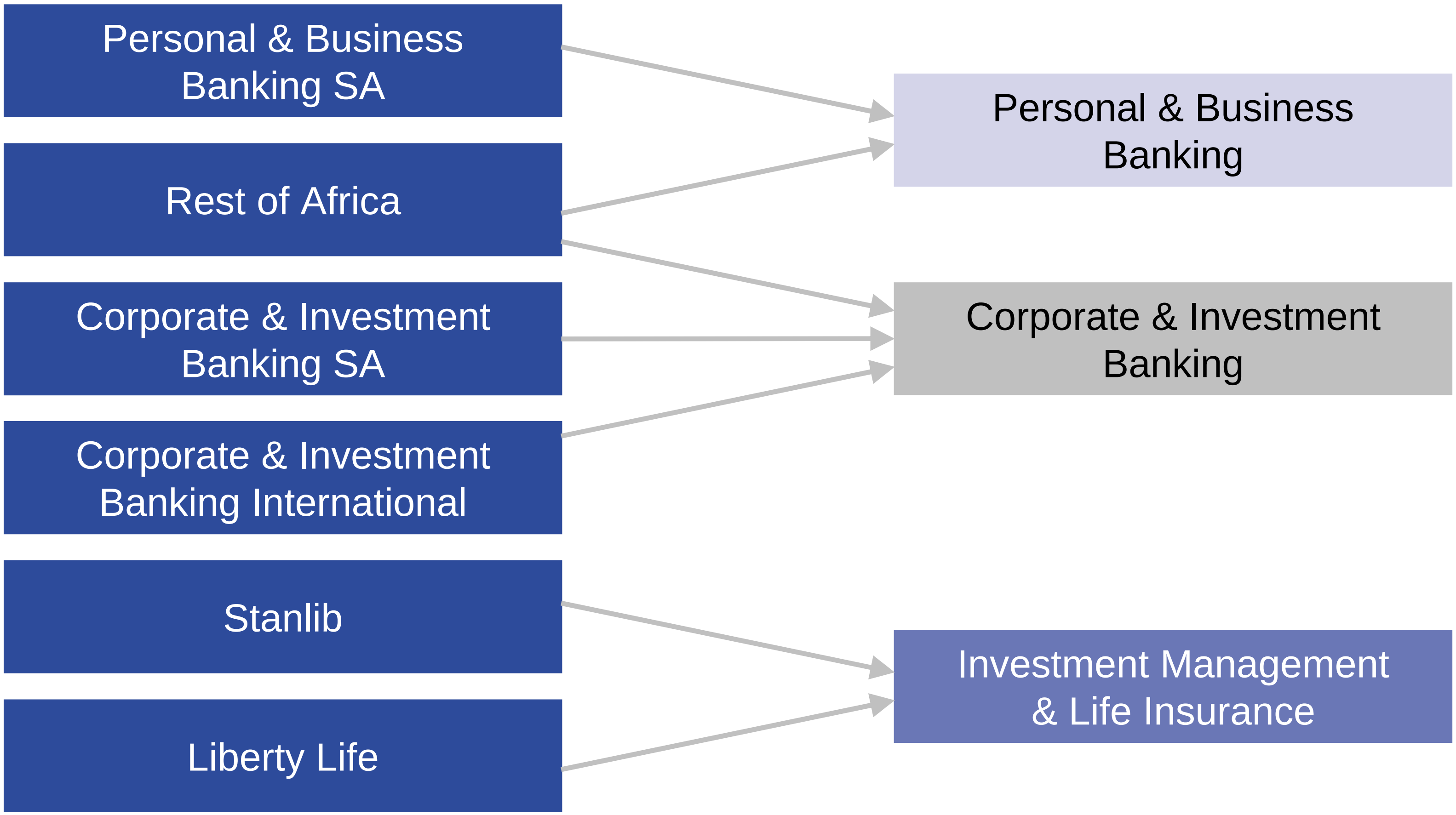


N - normalised

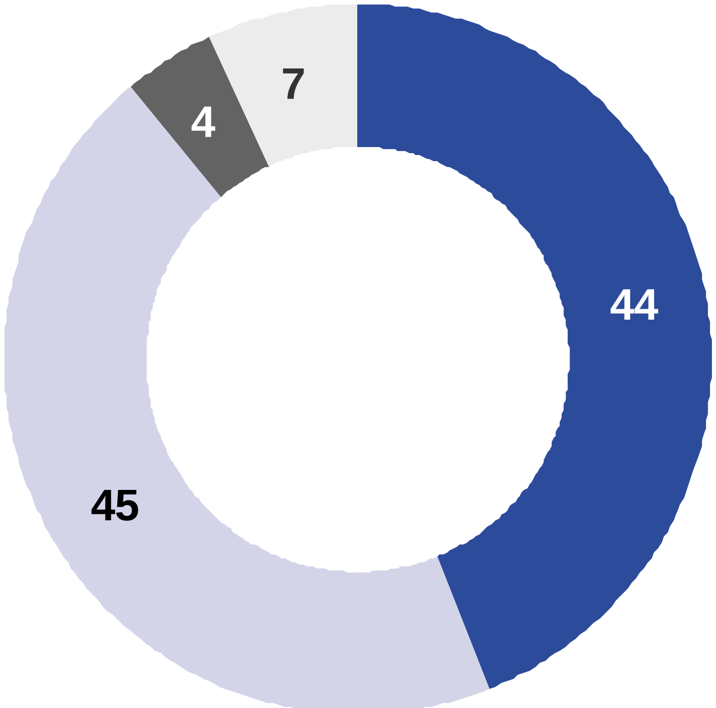
Segmental reporting: the way forward



Business unit review

	Normalised headline earnings Rm	Normalised headline earnings growth %	Normalised ROE %
Personal & Business Banking	**4 013**	22	30.9
Corporate & Investment Banking	**4 050**	7	27.0
Central and other	**330**	> 100	n.a.
Banking Activities	**8 393**	18	25.6
Investment Management & Life Insurance	**620**	51	24.1
Standard Bank Group	**9 013**	20	25.2

Normalised headline earnings mix by major business unit



- Personal & Business Banking (2004: 44%)
- Corporate & Investment Banking (2004: 50%)
- Central and other (2004: 1%)
- Investment Management & Life Insurance (2004: 5%)

Business segment review
(existing geographic segmentation)

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	Normalised headline earnings Rm	Normalised headline earnings growth %	Normalised ROE %
Domestic Banking	**6 991**	21	33.6
Personal & Business Banking SA	**3 664**	23	31.2
Corporate & Investment Banking SA	**3 213**	15	40.6
Rest of Africa	**721**	17	27.4
Corporate & Investment Banking International	**465**	(28)	8.2
Corporate & Investment Banking International USD	***73***	*(28)*	*8.2*
Stanlib	**97**	73	57.7
Central funding and eliminations	**216**	> 100	n.a.
Standard Bank operations	**8 490**	19	25.8
Liberty Life	**523**	47	18.7
Standard Bank Group	**9 013**	20	25.2

Group loans and advances

	Dec 2005 Rbn	% Change	Dec 2004 Rbn
Domestic Banking	**271**	27	213
Personal & Business Banking SA	**194**	28	151
Corporate & Investment Banking SA	**77**	24	62
Rest of Africa	**14**	18	12
Corporate & Investment Banking International	**49**	44	34
Standard Bank Group	**334**	29	259

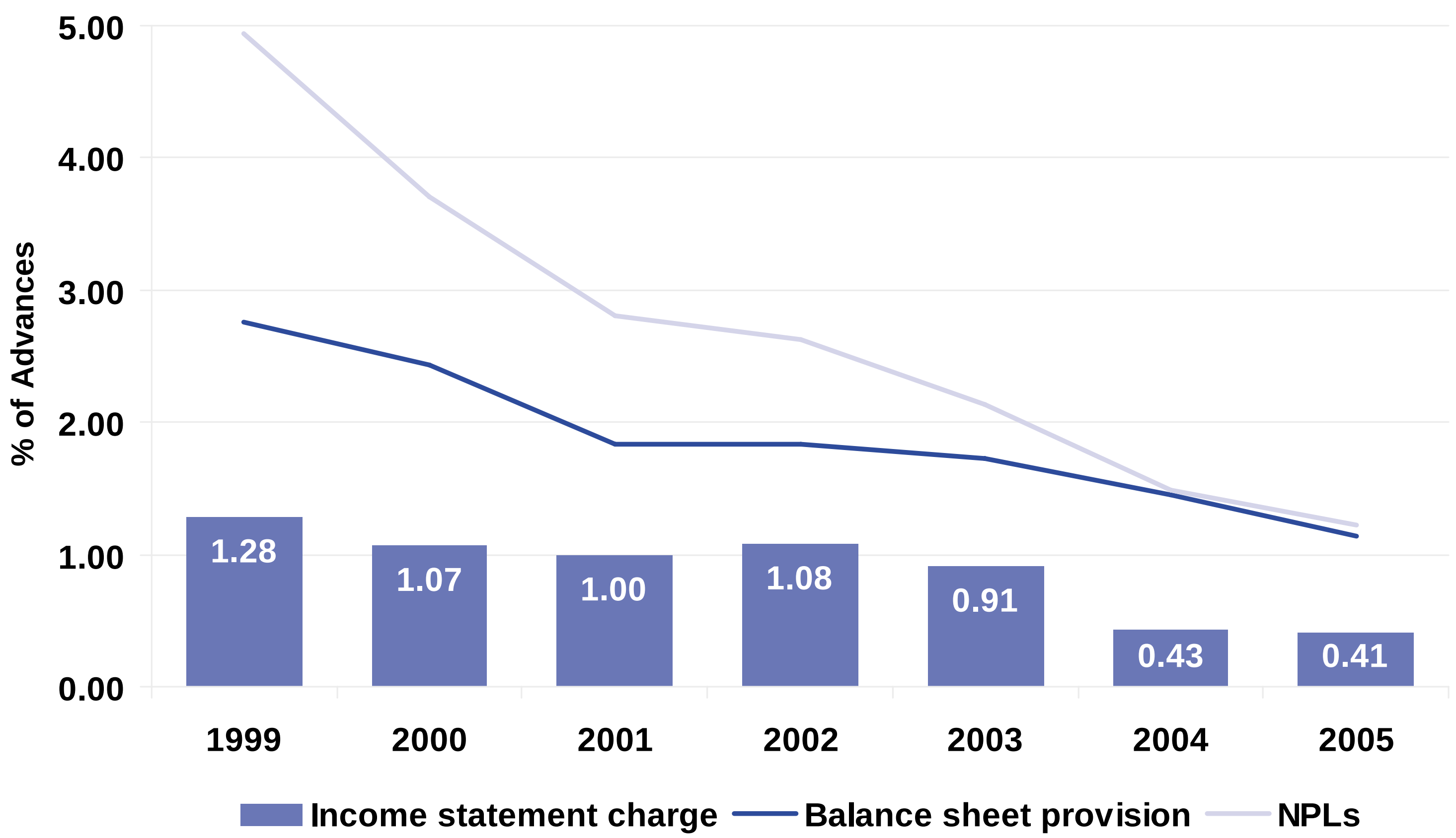
Personal & Business Banking SA loans and advances

	Dec 2005 Rbn	% Change	Dec 2004 Rbn
Home loans	**121**	32	92
Card debtors	**12**	55	8
Vehicle and asset finance	**39**	16	33
Other lending	**24**	20	20
Provisions	**(2)**	-	(2)
Net loans and advances	**194**	28	151

Domestic margin analysis

	%
Restated margin year ended Dec 2004	**3.40**
Lending	**(0.01)**
Funding	**(0.25)**
Endowment effect – equity	**(0.04)**
Other activities	**0.07**
Change in composition of balance sheet	**(0.01)**
Margin year ended Dec 2005	**3.16**

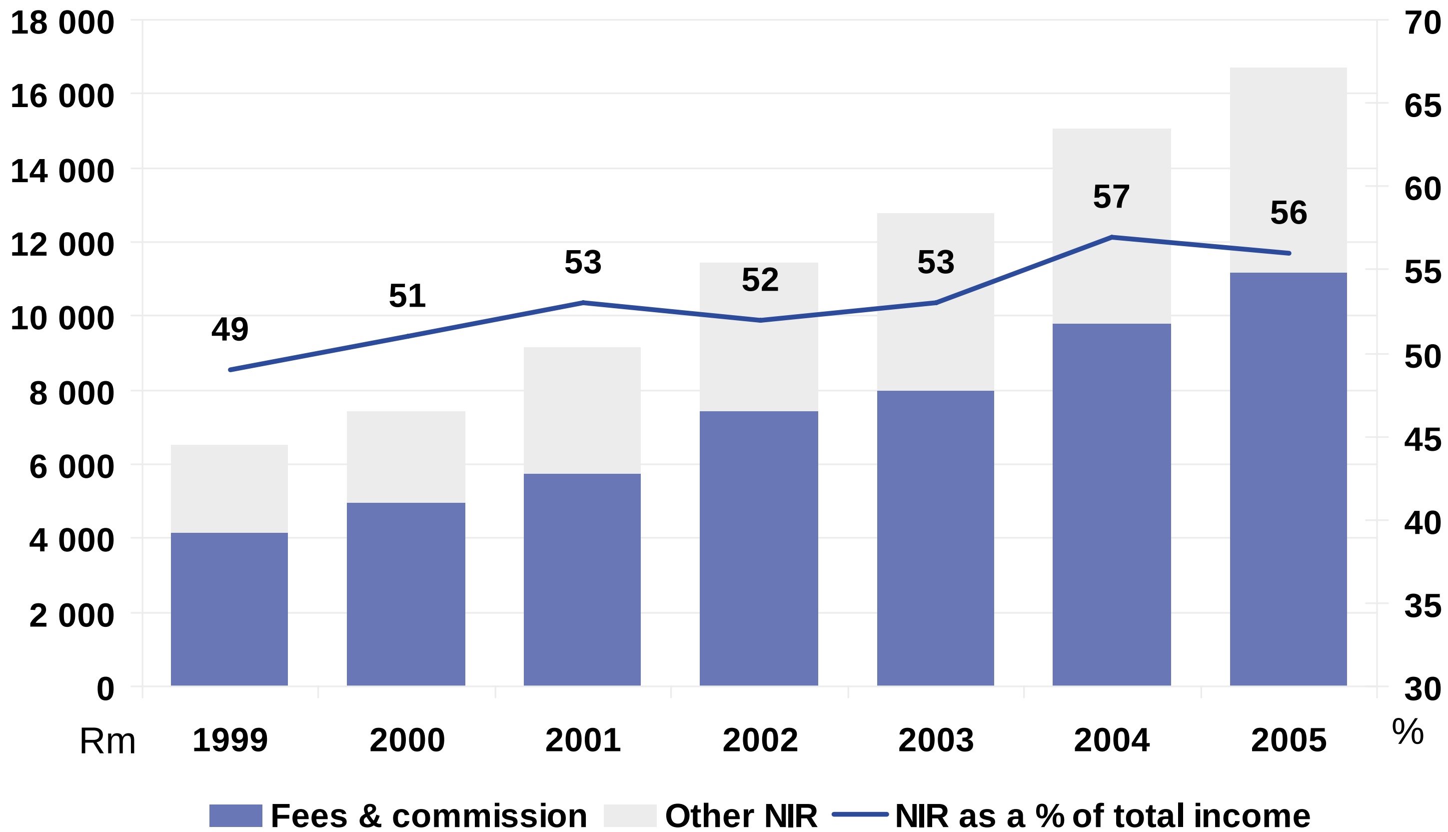
Group credit loss trends



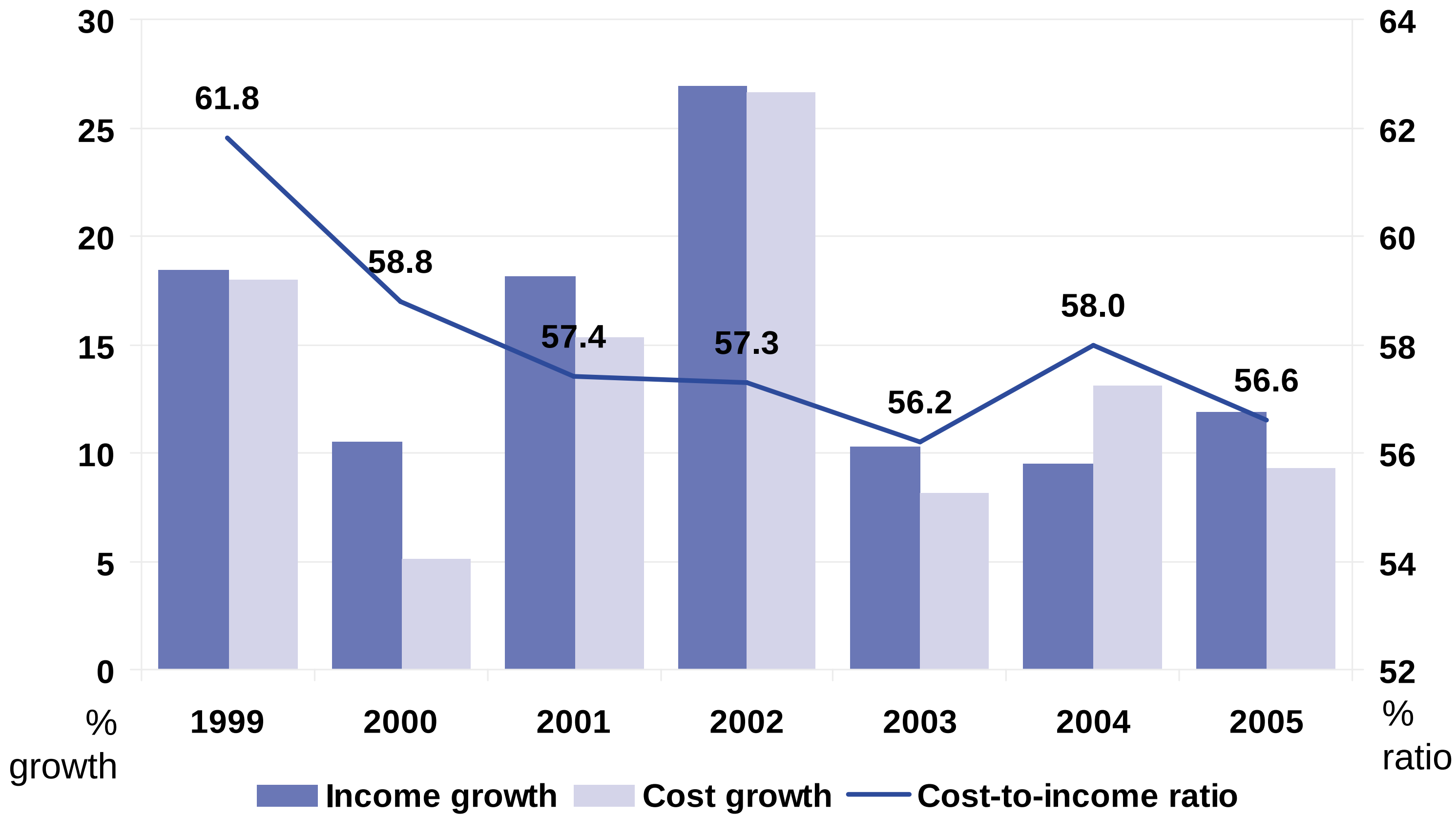
Group credit provisioning

	Percentage of advances			
	Dec 2005 NPL	**2005 Charge**	Dec 2004 NPL	2004 Charge
Domestic Banking	**1.2**	**0.50**	1.5	0.41
Personal & Business Banking SA	**1.5**	**0.73**	1.7	0.59
Corporate & Investment Banking SA	**0.5**	**(0.00)**	1.0	0.05
Rest of Africa	**2.2**	**0.28**	1.7	0.38
International	**0.8**	**(0.22)**	1.3	0.37
Standard Bank operations	**1.2**	**0.41**	**1.5**	**0.43**

Group non-interest revenue



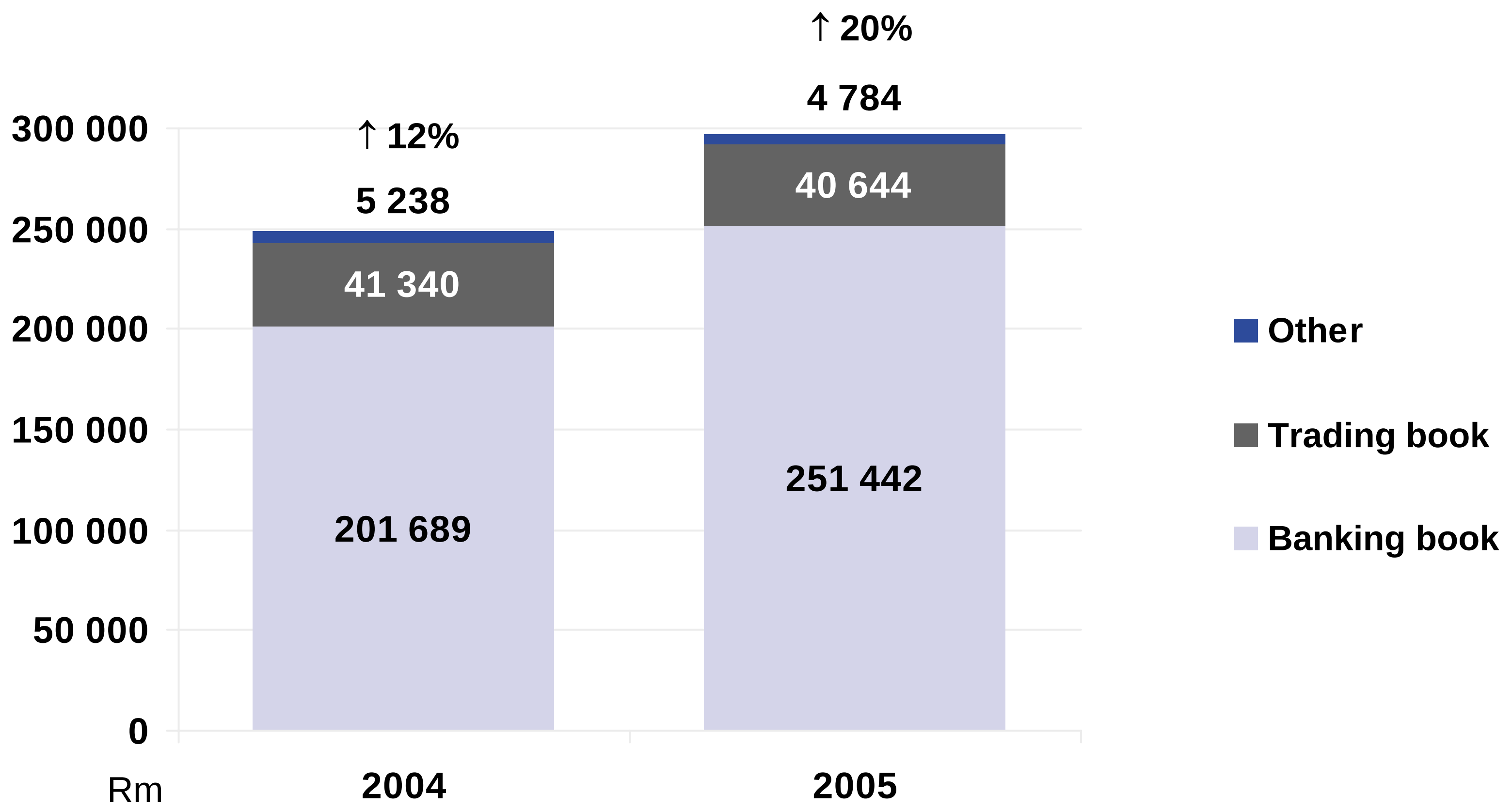
Group operating expenses



Group cost vs revenue growth

	Revenue growth %	Cost growth %	Cost-to-income ratio %
Domestic Banking	15	9	**52.9**
Personal & Business Banking SA	20	13	**59.2**
Corporate & Investment Banking SA	4	3	**41.1**
Rest of Africa	11	15	**62.7**
Corporate & Investment Banking International	(5)	9	**80.7**
International USD	*(4)*	*11*	***80.7***
Standard Bank operations	12	9	**56.6**

Risk-weighted assets



Capital adequacy of banking operations

	Dec 2005 **%**	Dec 2004 %
Group		
Tier I	**10.5**	**11.0**
Tiers II & III	**3.7**	**4.0**
Total	**14.2**	**15.0**
SBSA		
Tier I	**8.6**	**9.1**
Tiers II & III	**3.9**	**4.3**
Total	**12.5**	**13.4**

Personal & Business Banking
Peter Wharton-Hood

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Personal & Business Banking

- Group reporting
  - Headline earnings up 22%
  - ROE 30.9% (2004: 34.2%)
  - Cost-to-income ratio 60.0% (2004: 62.8%)

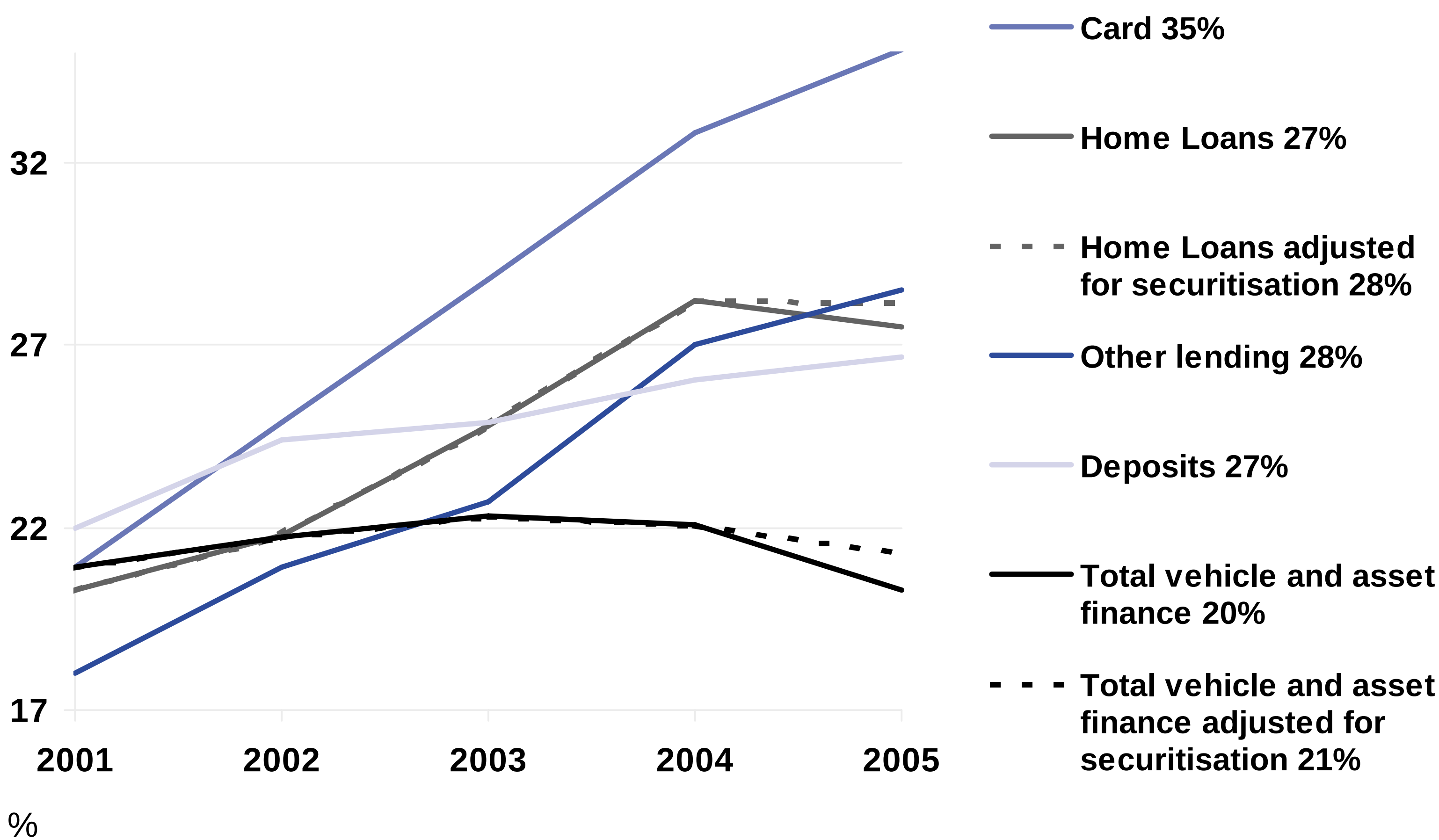
Personal & Business Banking environment

- South Africa
  - Excellent conditions for retail banking
  - Consumer fundamentals remain healthy
    - *Resilient real income growth*
    - *19.6% increase in Private Sector Credit Extension in 2005 underpinned by structurally lower interest rates*
- Rest of Africa
  - Sustained disinflation and positive GDP growth trends
  - Margin contraction as country Treasury Bill rates decrease
    - *Exacerbated by the low loan to deposit ratio*

Highlights

- South Africa
  - Service levels maintained despite increased volumes and new legislation
  - Improved customer segmentation
  - 28% advances growth
  - Sensible rationalisation of the network staffing levels
- Rest of Africa
  - Good progress made on systems upgrades and standardisation
  - Fee and commission income up 15%
  - Good results from
    - *Botswana up 39%, Mozambique up 87% and Zambia up 25%*
  - Strengthening of in-country finance and banking skills
  - Countries' retail product strategies gaining momentum

Retail market shares – South Africa



Personal & Business Banking SA
Early arrears as a % of book

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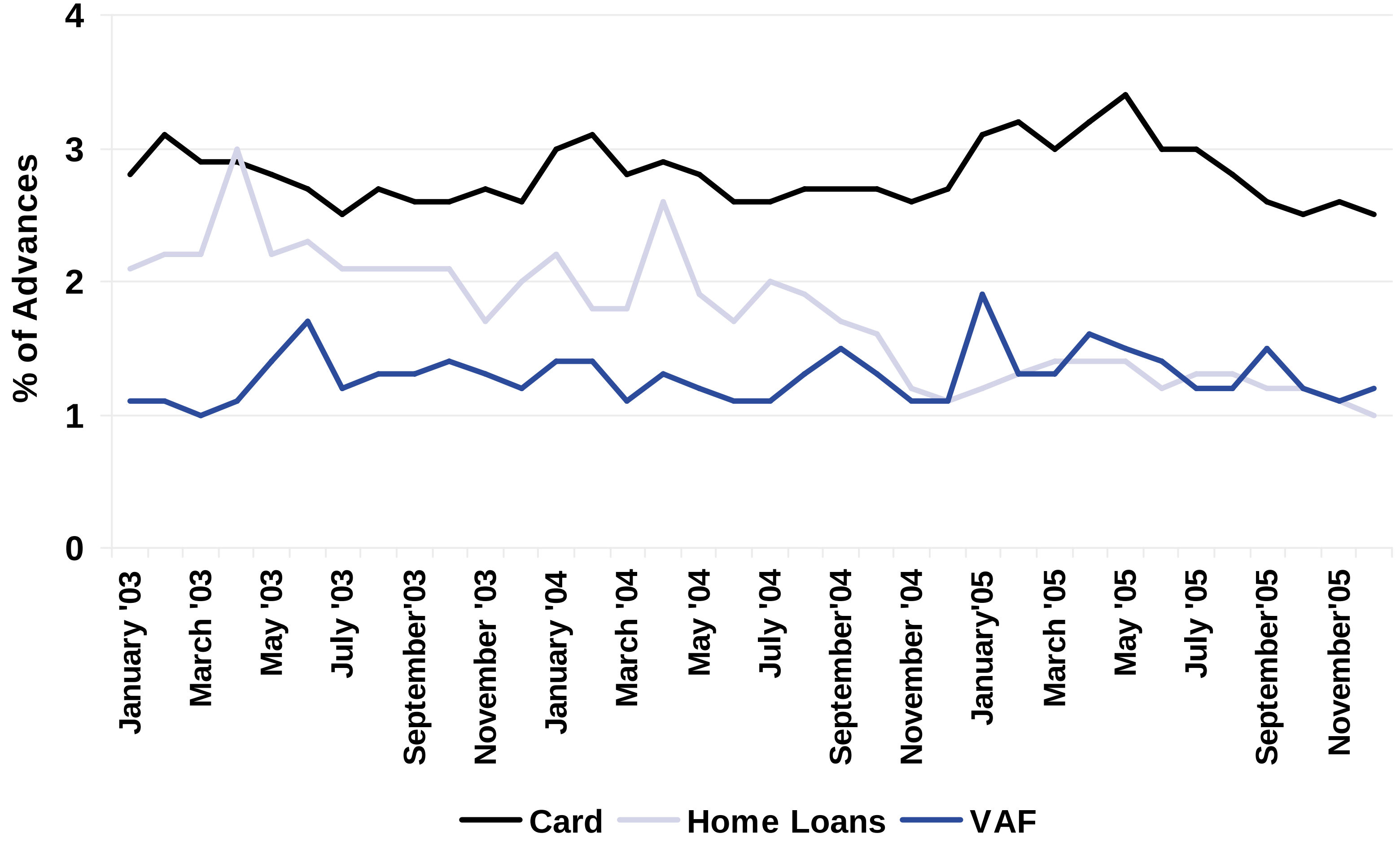

Home loans – South Africa

- Sustained strong volume increases, optimal market share levels out
  - Number of applications up 35%
  - Number of registrations up 11%
  - Rand value of registrations up 25%
  - 32% increase in the book
- Credit
  - Improved NPLs as a % of total advances 1.21% (2004: 1.51%)
  - Number of Properties in Possession down 48.5% to 539 (2004: 1 047)
  - Average LTV 70% (2004: 69%)
  - Average ITI 22% (2004: 20%)
- Sensible origination and concession strategies
- Improving internal operational processing efficiencies
- Successful residential mortgage backed securitisation of R4.5bn

Vehicle & Asset Finance – South Africa

- Mixed fortunes
  - Motor book grew by 29% against growth of 26% in motor industry sales
  - Non-motor market share dropped from 36% to 33%
    - *Dominate Industrial with 44% share, Sea and Water at 29% whilst "other" dropped from 11% to 8%*
- Sales focus
  - Grown sales-force across all channels
  - Re-entry into the dealer network with considered dealer sales strategy
- Successful implementation of the electronic application process
- Turnaround times have improved markedly, but require further improvement
- Improved collections capability and low loss ratios
- Successful asset backed securitisation of R3bn

Card – South Africa

- Performance in line with strategy adopted in 2002
- Profit strategy allowing for increasing bad debts
  - Cards in issue 1.9m up 44% for the year
  - Ave debit balance R8.8bn up 52% for the year
  - Cardholder spend up 30% for the year
  - Headline earnings up 46% after a 54% increase in NPLs
- Launched Edcon co-branded cards in October, currently ahead of targets
- Further card JV initiatives in the pipeline
- Credit loss ratio at 3.7% (2004: 2.9%) well within internal targets and below international benchmarks
- Growth primarily from first-time credit card holders rather than multiple cards issued to existing holders

Volume growth – South Africa

- Good volume growth in transaction accounts
  - 15% growth in number of current accounts
  - 5% growth in number of active E-Plan accounts, 24% growth in balances
  - 33% growth in number of Maestro accounts, usage up 48%
  - 55% growth in number of cheque cards, usage up 69%
- Strong growth in lending products
  - 21% growth in balances
  - 16% increase in number of customers
- 29% increase in retail deposits
- Distribution
  - 12% increase in number of ATM transactions
  - Branch service levels improved
  - Regulatory operational requirements implemented

Personal & Business Banking in the Rest of Africa

- Headline earnings up 19%
- Completed country specific high level strategic approaches
- Simple customer segmentation in initial implementation
- 3 successful sales campaigns yielded significant sales lift
- Delivered successful product initiatives in transactibility, prepaid, personal lending and money transfers (Moneygram)
- Service levels improved to 8.97* from 8.42*
- IT standardisation project to drive application consistency across countries
- Successfully opened 4 branches and deployed 69 new ATMs
- Significant leadership and skills uplift

* As measured by the Customer Evaluation of Banks Survey

Looking forward

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- Rest of Africa
  - Concentrate on the basics of service and sales
  - Continued investment in infrastructure required
- South Africa
  - Emphasis on service, sales and customer acquisition proving profitable
  - JV opportunities starting to show upside
  - Credit policies remain appropriate while balancing risk appetite and absolute returns
  - Opportunities for further operational efficiency improvements still untapped
  - Product set and innovation levels congruent with customer demands
- Personal & Business Banking has a solid base from which it can pursue revenue and operational efficiencies

Corporate & Investment Banking
Ben Kruger

Corporate & Investment Banking

- Group reporting
  - Headline earnings up 7%
  - ROE 27.0% (2004: 27.2%)
  - Cost-to-income ratio 54.0% (2004: 51.5%)
- A year of integration, reflection and restructuring
- Client transactions and teams of people less constrained by geographical boundaries
- Announced amendments to exchange control regulations for banks will lead to more efficient use of capital and more business booked on the South African balance sheet
- Global heads of common areas

Corporate & Investment Banking - SA

- Better than expected results off a high base
- Good growth in the lending books towards year end
- Challenges in funding group asset growth, compressing margins
- Well provisioned credit position
- Good results from
  - Structured Debt, Project and Acquisition Finance
  - Equity Derivatives and Securitisation
  - Property Finance
  - Custody
  - Electronic Banking

Corporate & Investment Banking - SA

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- Good volume growth in foreign exchange trading at compressed spreads
- Good control of operating expenditure
- Increased headcount on systems and infrastructure projects
- Strong deal pipeline

Corporate & Investment Banking - Rest of Africa

- Good growth in loans and advances
- Strong revenue growth in foreign exchange income with increased volumes traded and elements of currency volatility in some countries
- Cost growth due to investment in IT systems and processes as well as continuous upskilling of treasury and corporate banking staff
- Product and functional alignment with the rest of Corporate and Investment Banking businesses

Corporate & Investment Banking - International

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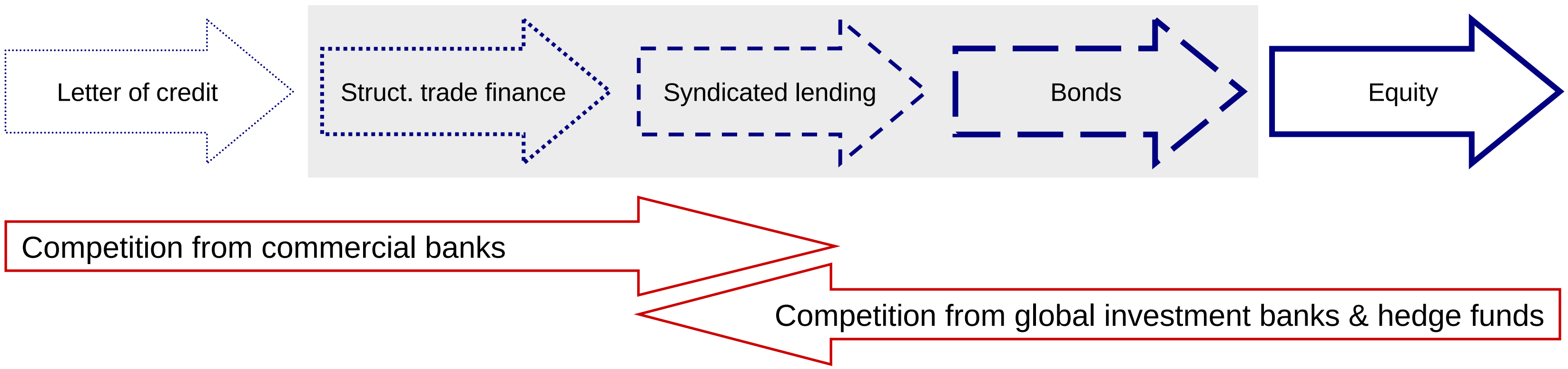
- Disappointing results, but no major mistakes
  - Revenue down 4% (USD)
  - Costs up 11% (USD)
- Lower revenue generated across all trading areas against trending and buoyant emerging and commodity markets
- Continued the shift from proprietary to client trading
- In hindsight, too low levels of market risk utilisation (VAR $5m)

Corporate & Investment Banking - International

- Good growth in Banking and Trade Finance business
- Provision releases on rehabilitated accounts
- Good gains realised on Private Equity investments as well as mark to market on portfolio of commodity investments
- Increased tax charge due to adverse ruling on remuneration practices of UK based companies relating to prior years (Dextra case)
- High staff costs due to headcount growth in IT, Operations and revised incentive structures
- Quantum leap investment in IT and Operations

Emerging markets competitive environment

Stylised growth-cycle of wholesale banking markets



- Emerging markets now largely investment grade, improving macro economics, increasing country risk appetite in search of yield
- New competitors in the form of hedge funds and established investment banks, no longer “niche”
- Emerging market client banks being acquired by established first world banks leads to loss of banking client base and requires direct penetration of corporate market
- Increased product sophistication and client expectations

GEM Corporate & Investment Banking

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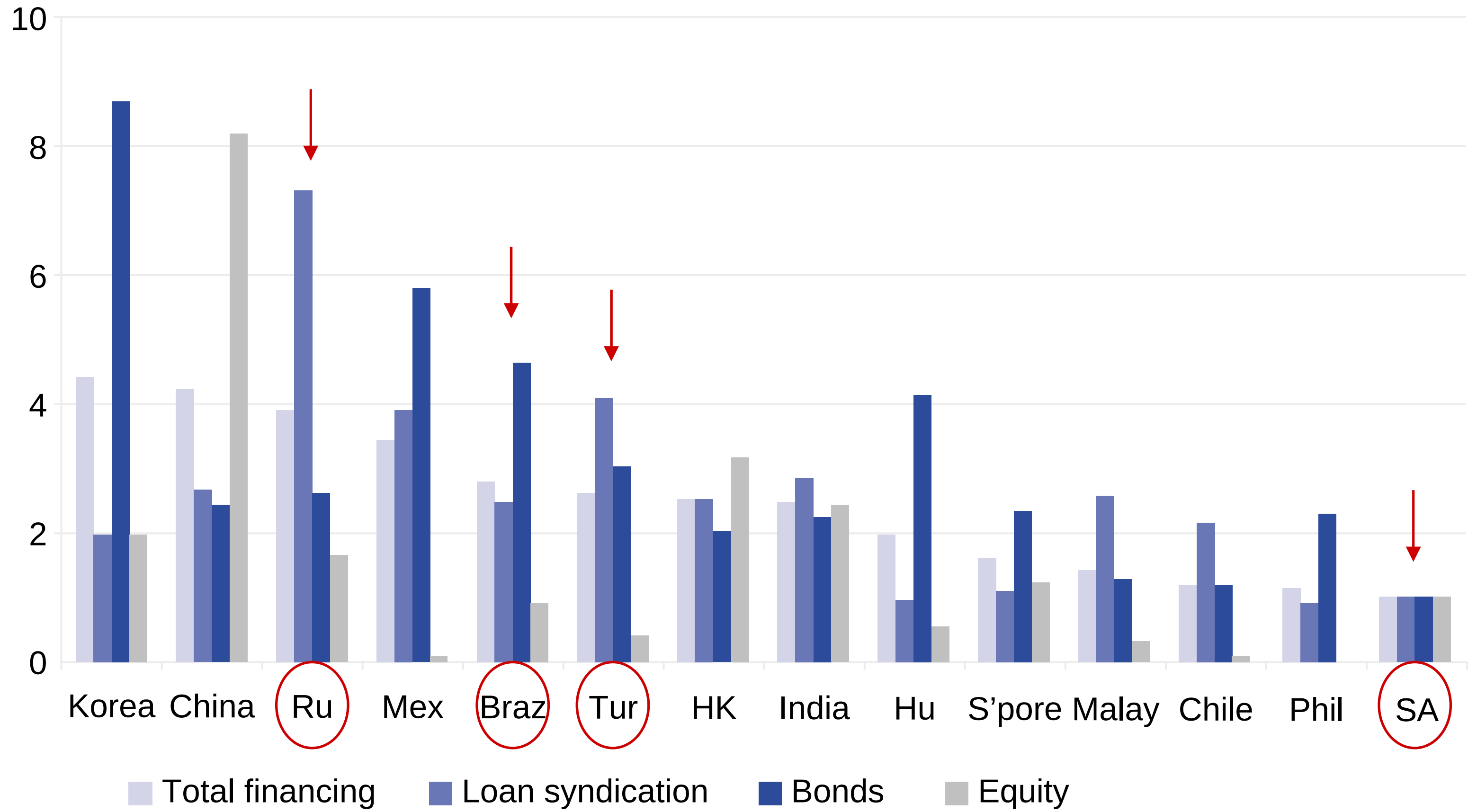
Scale of Emerging Markets by Country and Product vs SA



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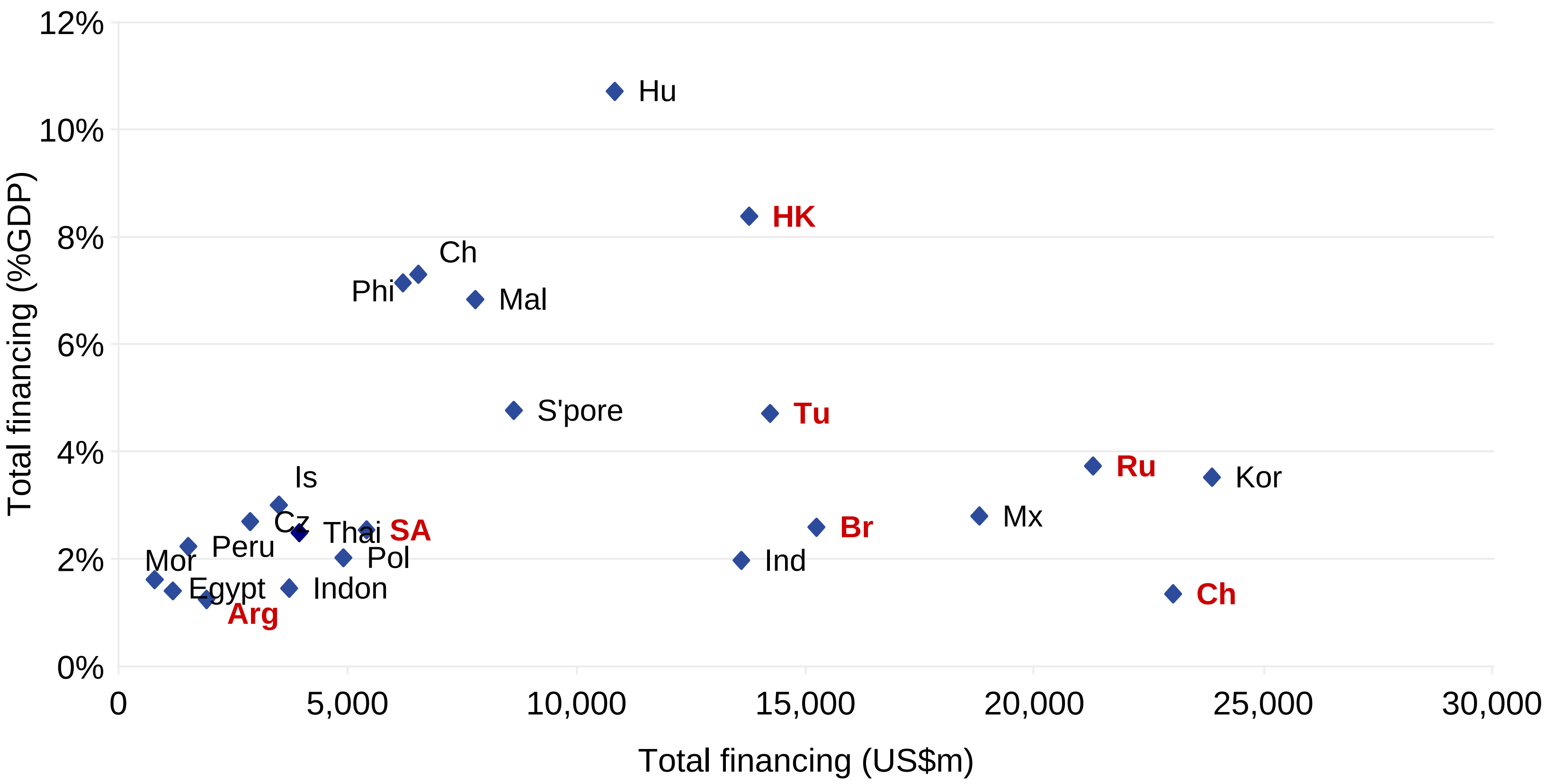
Are we in the right markets? Are we up-to-scale?



Actions for sustainable growth

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- We are in the right markets, but significantly below scale
- Grow the regions with people on the ground as opposed to the centre
- Reduce the number of counterparties and countries covered
- Complete migration from transaction focus to customer focus
- Increase scope and extent of private equity business to improve ROE
- Complete the IT infrastructure implementation and leverage off South African infrastructure
- Maintain standardised risk and compliance methodology
- Improve performance in 2006, but still further investment needed in people and infrastructure

Looking Forward

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- South Africa
  - Business well positioned for growth on the back of black economic empowerment and infrastructure related projects with a good pipeline of deals
  - Staff highly motivated to continue strong performance of recent years
- Rest of Africa
  - Restructured and better positioned to leverage off the core group Corporate & Investment Banking skills and products
- International
  - IT implementation and infrastructure roll out on track
  - Greater focus on growing the international regions and increasing revenue
  - Complete the program of hiring and up-skilling staff
  - Maintain risk profile and external credit ratings
  - Internationally staff morale vastly improved and better positioned for future growth

Conclusion
Jacko Maree

Standard Bank

Looking back to 2000

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- Underperforming Retail business in SA
- Multiple silos to be integrated
- Fledgling operations outside South Africa
- Large opportunities for process improvements
- Recently acquired control of Liberty
- Question mark around risk management
- Talent deficit
- Skills deficit
- Invigorated by bid

Currently

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- Most South African businesses firing on all cylinders
- Appropriate levels of integration/co-operation between businesses
- Understand the challenges of operating internationally
- Much better at processing
- Actively involved in Liberty and Stanlib strategy
- Top class risk management
- Deeper talent pools
- Better and exportable skills
- Invigorated by the challenge of growth

Vision

We are committed to making a real difference to financial services in South Africa and other emerging markets

- Headquartered in the Johannesburg CBD
- Listed on JSE

Standard Bank in South Africa

- The home base is strong and growing
- We are well positioned in South Africa across virtually all our businesses
- The black middle class is growing
- Infrastructure spending (and financing) is key to the country's future
- Liberty can become more efficient and then focus on growth
- Our South African business has not run out of road

But ultimately, given our size

- Our South African growth should revert to
  - CPIX + GDP growth

    not
  - CPIX + 10%
- There are limited acquisition opportunities in South Africa

Beyond our borders

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- We have international experience
  - Positive and negative
- We understand emerging markets
- We have exportable skills
- We have simplified our structures
  - Personal & Business Banking and Corporate & Investment Banking
- We are committed long term players
- We can be bolder

Beyond our borders – acquisitions

- Not limited to Africa
- Only emerging markets
- Opportunistic
- Good businesses rather than broken banks
- Approximately 5 transactions by 2010, generating significant profits

Beyond our borders – current priorities

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- Argentina
  - Very good bank, challenging but fast growing economy
  - Relatively small capital commitment
  - Far advanced
- Nigeria
  - Various opportunities
  - $185m commitment made
  - Early stages

Delivering to our shareholders

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- We understand that we earn the right to exist by providing appropriate long-term returns to our shareholders
- Balancing
  - ROE (short term)
  - Growth (long term)

Financial objectives

	2006 objective	Medium term objective
Normalised ROE	24.0%	22.5%
Normalised growth in headline earnings per share	CPIX + 10%	CPIX + 10%
Credit loss ratio	0.75%	1.00%
Cost-to-income ratio	55.5%	Continuous improvement

CPIX is forecast to be 4.3% in 2006

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