

Interim results presentation

For the six months ended 30 June 2004



Financial highlights





Financial highlights

	June 2004 %	June 2003 %
Return on equity	23.0	22.5
Growth in headline earnings	14.6	23.0
Cost-to-income	55.9	54.9
Provision for credit losses	0.72	1.17
Headline EPS growth	13.7	22.6
DPS growth	21.7	22.0

Group income statement highlights

	June 2004	% change	June 2003
	Rm		Rm
Net interest income	5 377	(8)	5 841
Provisions for credit losses	829	(26)	1 124
Non-interest revenue	7 139	17	6 085
Total income	11 687	8	10 802
Operating expenses	6 996	7	6 543
Taxation	1 418	3	1 377
Group headline earnings	3 389	15	2 958
Banking operations headline earnings	3 260	14	2 858
Liberty headline earnings	129	29	100

Headline earnings analysis

	June 2004 Rm	% change	June 2003 Rm
Domestic Banking	2 560	22	2 101
Retail Banking	1 274	26	1 011
Corporate and Investment Banking	1 201	13	1 065
Other domestic operations	85		25
Africa	297	19	249
International	371	(26)	499
Central funding and other	32		9
Standard Bank operations	3 260	14	2 858
Liberty	129	29	100
Standard Bank Group	3 389	15	2 958

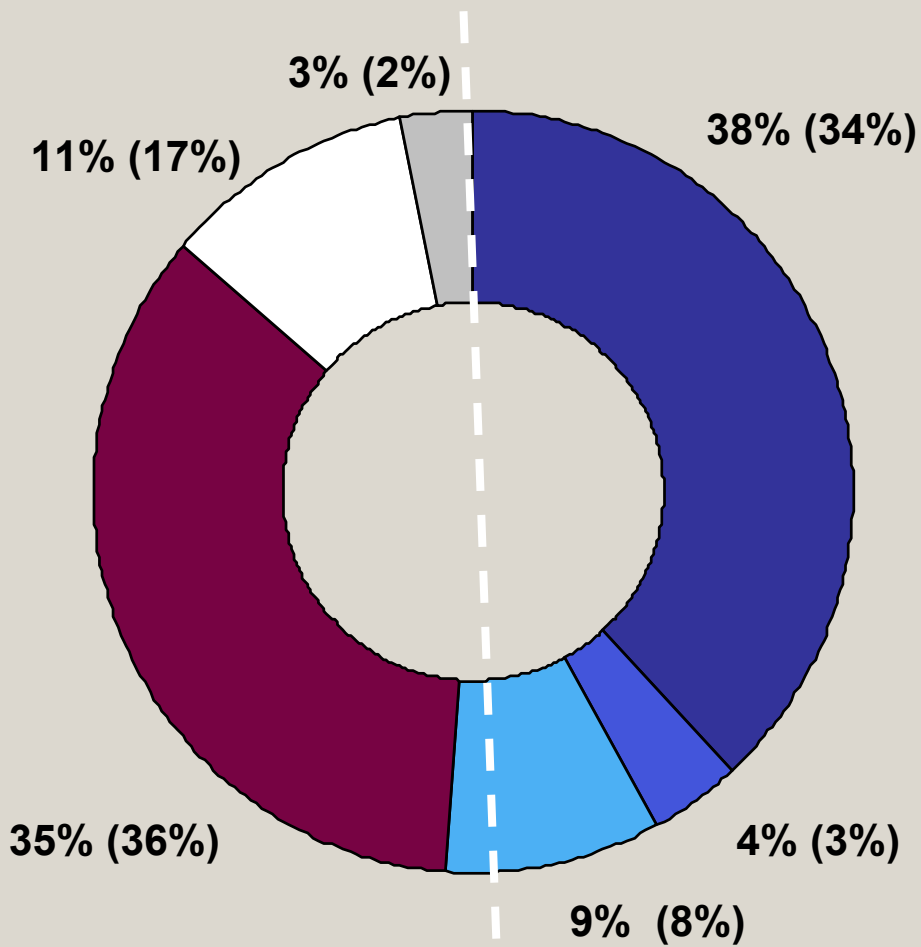
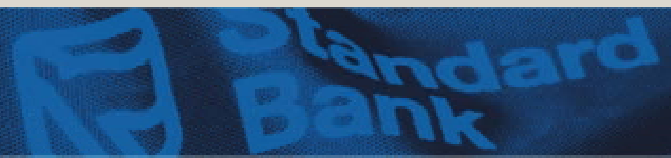
Returns on equity

	June 2004 %	June 2003 %	2004 Cost of equity* %
Domestic Banking	29.4	30.8	14.3
Retail Banking	30.1	28.2	
Corporate and Investment Banking	31.6	33.0	
Africa	29.9	31.3	18.2
International	13.1	16.8	
<i>USD</i>	12.7	17.4	11.6
Standard Bank operations	24.2	23.9	14.0
Liberty	10.3	8.5	12.7
Standard Bank Group	23.0	22.5	14.1

* Average for the 6 months ended June 2004



Headline earnings mix



- Retail Banking
- Liberty
- Africa
- Corporate and Investment Banking
- International
- Other

1H03 figures in brackets

Major factors impacting the results





Major factors impacting the results

- South African macro economic factors
- Domestic Retail asset growth
- Domestic margins
- Credit experience and provisioning
- Non-interest revenue growth
- Cost management



South African macro economic factors

- Benign macroeconomic environment supported domestic banking in first half of 2004
- Continued rand strength
- Strong consumer demand
- Buoyant residential property market
- Export and mining companies under pressure

Domestic retail asset growth



Loans and advances - extracts

	June 2004 Rbn	% change	June 2003 Rbn
Domestic Banking	183 874	24	148 882
Retail Banking	129 350	32	97 984
Home Loans	76 537	38	55 498
Vehicle & asset finance	32 670	26	25 908
Card	6 673	31	5 112
Corporate and Investment Banking	54 394	7	50 940
International	35 592	(10)	39 515
Africa	11 952	20	9 922
Group	231 436	17	198 232

Market share information

	Jun '04	Dec '03	Dec '02
	%	%	%
Total home loans	24.5	22.8	20.3
Retail home loans	21.5	19.8	17.3
Total instalment finance	22.5	22.3	21.7
Retail instalment finance	13.0	14.3	16.5
Credit card	30.9	28.8	24.9
Retail unsecured lending *	25.7	22.7	20.9
Retail branch deposits *	25.8	24.9	24.4

* personal and unincorporated businesses

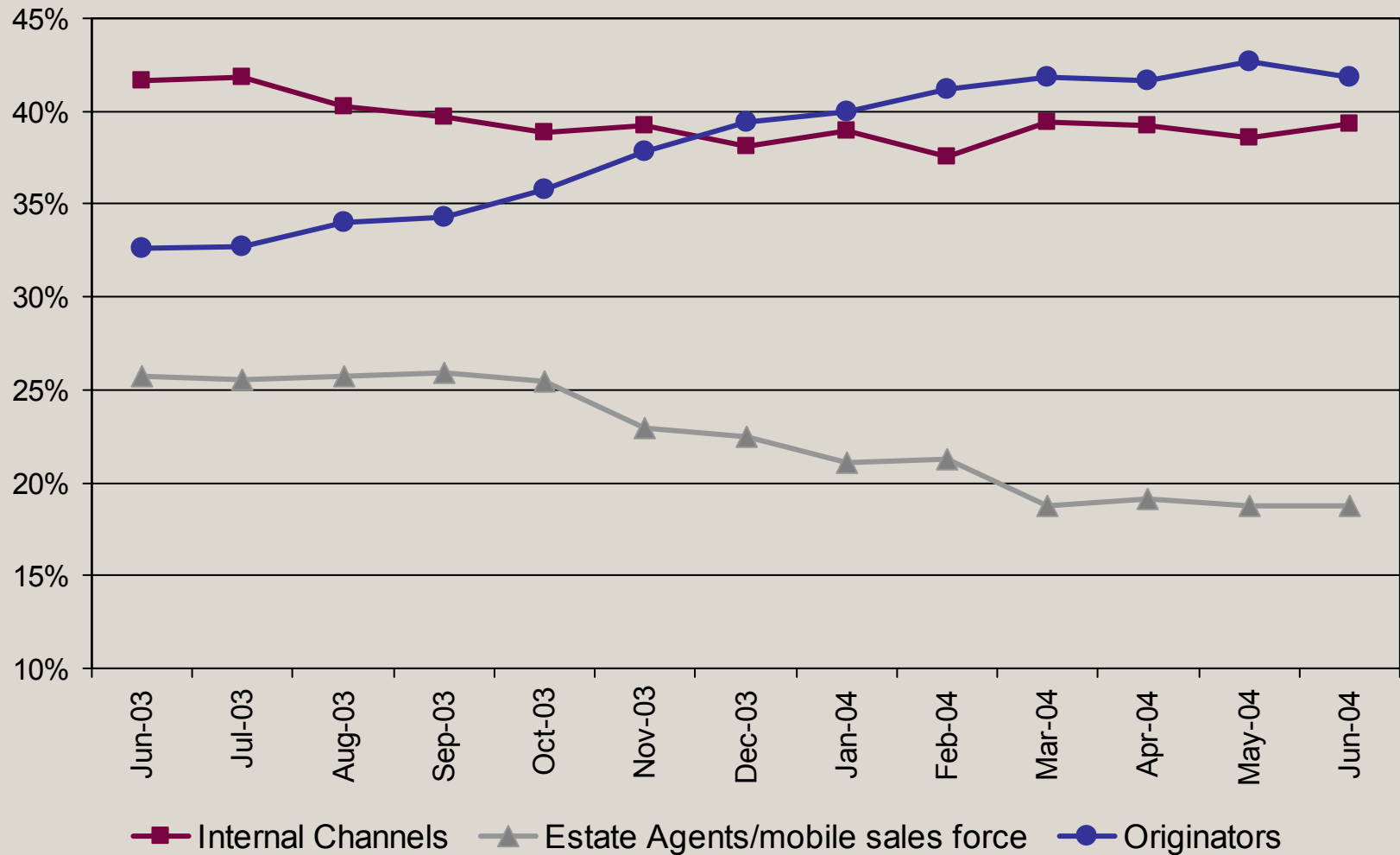
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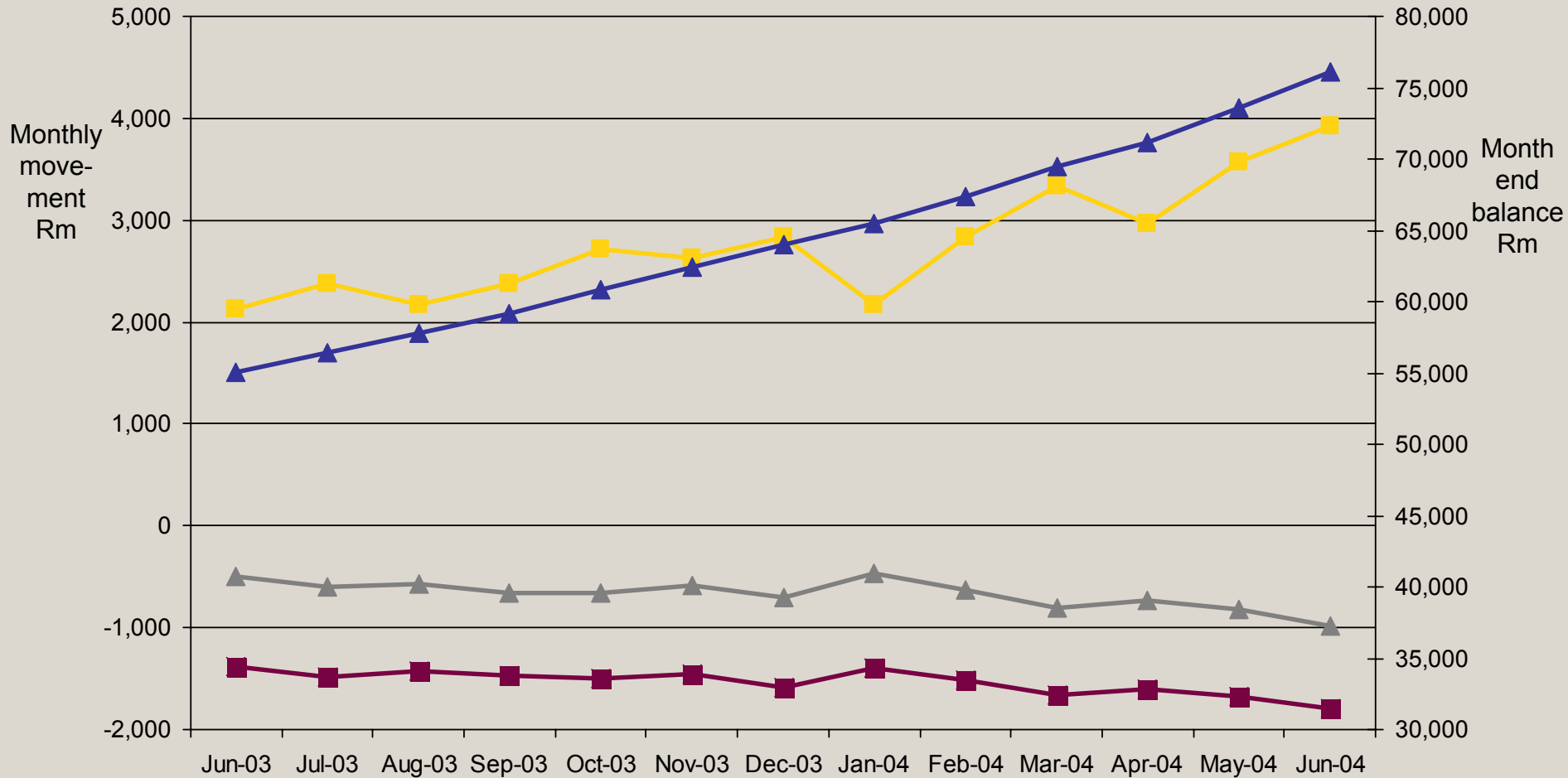
Home Loans

- New business market share consistently between 25% - 26%
- Comparatively young book with low fall off
- Strong branch and mobile sales teams
- Good arrangements with originators, estate agents and developers
- Processing capabilities improved
 - Increasing volumes
 - Customer expectations

Home loan origination



Home Loan balance growth



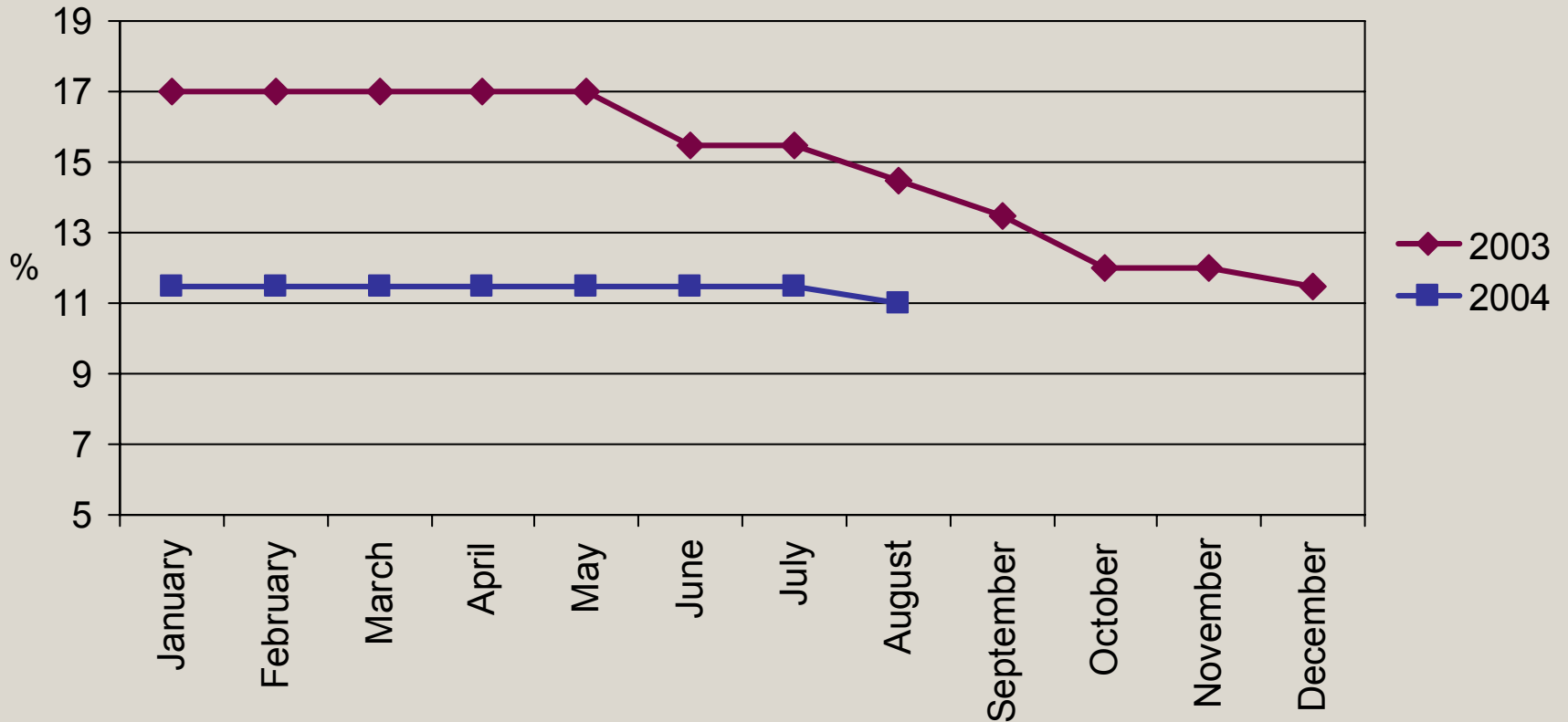
■ Registrations LHS
■ Repayments LHS

▲ Cancellations LHS
▲ Month end balances RHS

Domestic margins



Prime rate



Ave prime rate 535bp lower for the first six months of 2004



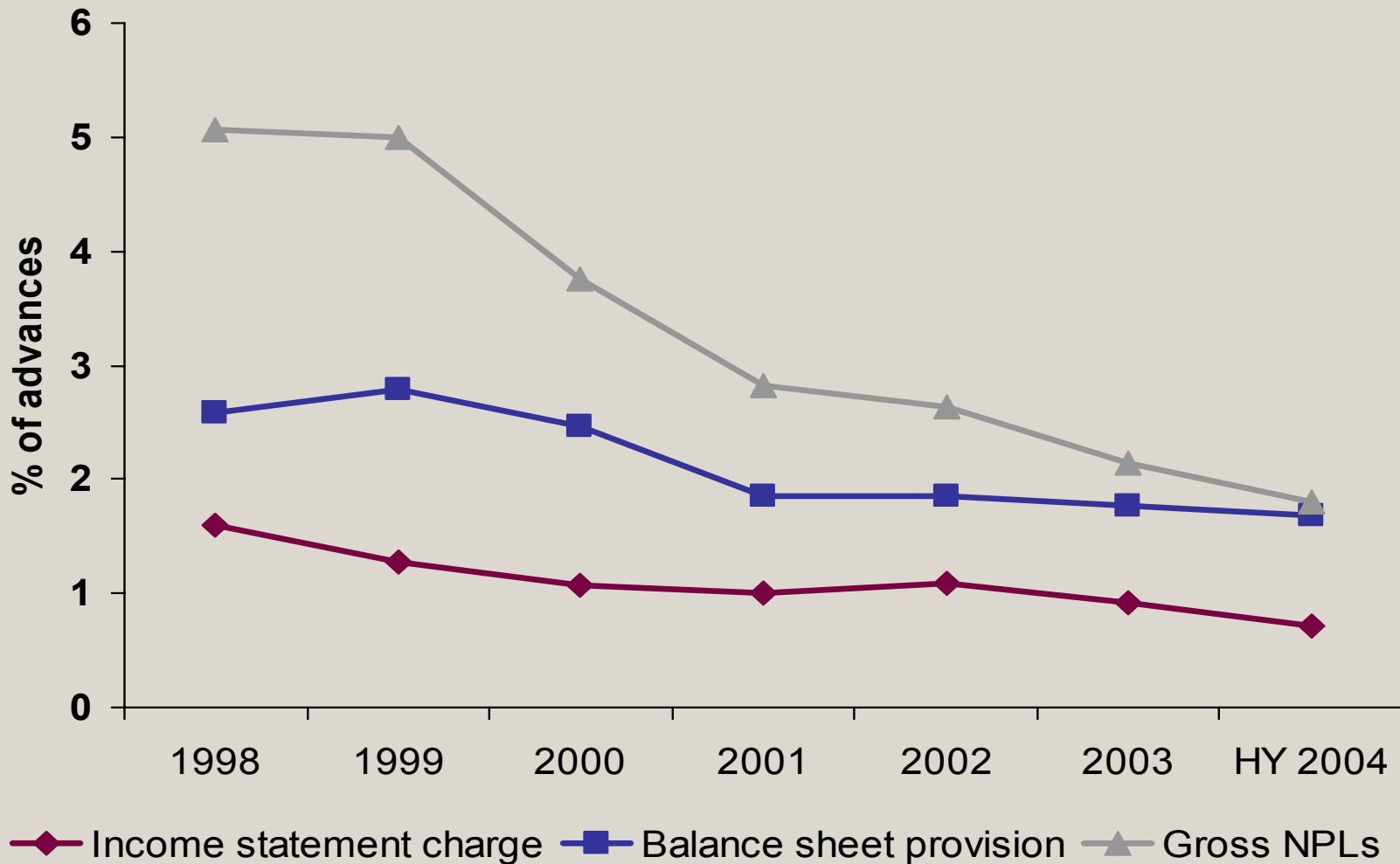
Domestic funds margin analysis

	%
Margin at June 2003 (restated)	3.63
Lending <i>Improved rates and higher retail asset component</i>	0.40
Funding <i>More reliance on wholesale funding</i>	(0.25)
Endowment effect <i>Lower interest earned on equity and transactional balances</i>	(0.66)
Other <i>Asset liability management and other wholesale banking</i>	0.19
Margin at June 2004	3.31

Credit experience and provisioning



Credit loss history



NPLs and balance sheet provisions

	June 2004	% change	Dec 2003
	Rm		Rm
Retail Banking	2 796	2	2 731
Corporate and Investment Banking	850	(27)	1 169
Other	524	(43)	913
Gross NPLs	4 170	(13)	4 813
Gross NPLs as a % of advances	1.8		2.1
Security and expected recovery	2 182	(22)	2 793
Net NPLs	1 988	(10)	2 202
Provisions for net NPLs	2 255	(7)	2 418
Provisions for performing loans	1 653	11	1 490
Total provisions	3 908	-	3 908

Credit provisioning

	June 2004 Rm	% change	June 2003 Rm
Charge for non-performing loans (specific)	638	(31)	929
Charge for performing loans (general)	191	(2)	195
Total income statement charge	829	(26)	1 124

Credit loss ratios (%)

Group - non performing loans	0.56		0.97
Group - performing loans	0.17		0.20
Group - total	0.72		1.17



Provision for credit losses

- Retail Banking - 17% lower
 - NPL reduction in home loans and branch lending
 - Performing loan provision for market share gains
- Corporate and Investment Banking - 88% lower
 - Lower credit defaults in an improved credit environment
 - Currency impact on corporate clients being monitored
- Africa - 65% lower
 - Recoveries in Uganda and Malawi
 - Performing loan provision for increased lending activities in Botswana, Zambia and Uganda
- International - 6% lower in USD
 - Mining exposures adequately provided for

Non-interest revenue growth



Non-interest revenue

	June 2004 Rm	% increase	June 2003 Rm
Fee & commission revenue	4 613	19	3 871
Trading income	2 022	8	1 875
Other income	504	49	339
Total non-interest revenue	7 139	17	6 085
Split of trading income	2 022	8	1 875
Domestic Banking	682	25	545
International	1 168	1	1 151
Africa and other	172	(4)	179



Sources of fee and commission revenue

	% increase
Retail Banking + 18%	
Number of ATM transactions	8
Number of internet transactions	33
Teller volumes	9
Bancassurance: number of active embedded policies	26
Card turnover	24
Africa + 31%	
Repricing initiatives following standardisation	
Number of accounts	20
Number of transactional accounts sold per month	> 100
Number of ATM cash withdrawals per month	> 100



Sources of fee and commission revenue

	% increase
Corporate and Investment Banking	+ 15%
Business Online transactional volumes	15
International trade services transactional volumes	7
Advisory income growth	
International	+ 45% in USD
Asset management fees	

Cost management



Operating expenditure

	June 2004 Rm	% increase	June 2003 Rm
Staff costs	3 924	5	3 724
Other operating costs	3 072	9	2 819
Total costs	6 996	7	6 543
Domestic			
Staff costs	2 638	10	2 391
Other operating costs	2 288	9	2 104

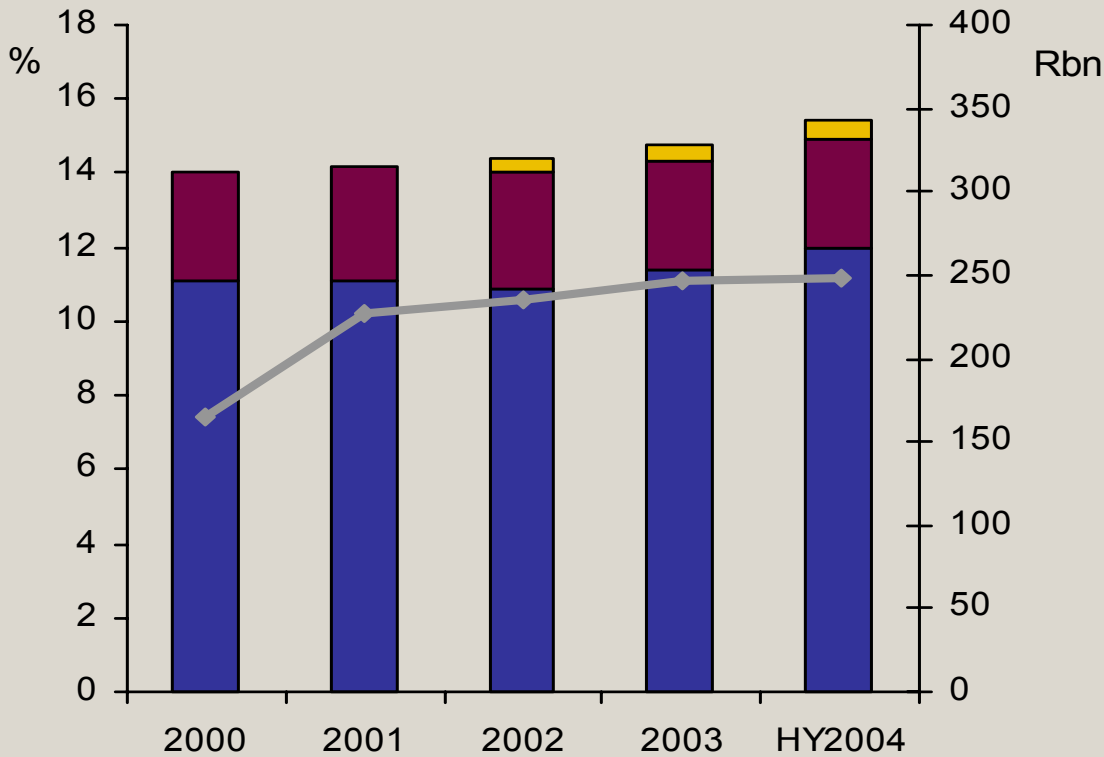
Cost-to-income ratios

	June 2004 %	June 2003 %	Dec 2003 %
Domestic Banking	53.7	53.5	54.5
Retail Banking	61.0	60.6	60.2
Corporate and Investment Banking	42.6	41.9	44.4
Africa	60.9	58.8	57.2
International	63.6	57.7	61.2
Standard Bank operations	55.9	54.9	56.2

Capital adequacy



Capital adequacy



■ Primary capital ■ Secondary capital
■ Tertiary capital —◆— Risk-weighted assets

	June 2004	June 2003
	%	%
Group		
Primary	12.0	11.0
Total	15.4	14.6
SBSA		
Primary	9.2	7.8
Total	13.2	12.0



Proforma capital adequacy

after BEE ownership deal

	Tier 1	Total
	%	%
Group		
At 30 June '04	12.0	15.4
After proposed transaction	11.2	14.6
Target range	9 - 10	
SBSA		
At 30 June '04	9.2	13.2
After proposed transaction	8.4	12.4



Black ownership initiative

- Extensive discussions with shareholders
- Costs upfront
- Simple structure
- Broad-based (our own people)
- Meets Charter requirements
- Long term commitment from strategic partners
- Black staff retention and attraction



Looking forward

Retail Banking

- Asset growth has exceeded expectations
- Benefit of asset growth to be more evident in second half of 2004 and in 2005
- Focus on customer acquisition through improved segmentation
- Investment in IT and branch infrastructure

Corporate and Investment Banking

- Strong franchise, growing at more normalised rates
- Opportunities arising from BEE financing



Looking forward

Africa

- Retail in Africa gaining momentum, still a way to go
- Alignment with rest of group
- Actively looking for further acquisitions

International

- Improving on client revenues
- Progress on group alignment with Corporate and Investment Banking and Africa



Looking forward

Liberty

- Improving fundamentals

Group

- Domestic economic outlook remains positive
- Emerging markets continue to present opportunities
- Black ownership initiative not expected to have material effect on 2004 earnings due to timing
- Diversified portfolio
- Remain committed to objectives
 - Headline earnings growth CPIX +10%
 - ROE 20%



**Standard
Bank**

