Standard Bank Group

Unaudited results and dividend announcement for the six months ended 30 June 2010

Standard Bank

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"In a period characterised by continued low interest rates and increasing uncertainty about the global outlook, banking revenues were constrained. This was balanced by a steady improvement in customers' debt profiles, allowing impairment charges to almost halve. Liberty earnings alleviated some of the pressure felt in the banking operations, helping the group to achieve growth in headline earnings. Notwithstanding lingering uncertainties about the condition of world markets, we remain committed to the long-term growth of our emerging markets franchise."

– Jacko Maree, group chief executive

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 **R5 989 million,** up 11% on 1H09
– IFRS **R5 868 million,** up 16% on 1H09

Dividend per ordinary share
of **141 cents** (1H09: 141 cents)

Headline earnings per ordinary share (HEPS)
– normalised **381,9 cents,** up 9% on 1H09
– IFRS **396,0 cents,** up 12% on 1H09

Net asset value (NAV) per share
– normalised **5 792 cents** (1H09: 5 452 cents)
– IFRS **5 876 cents** (1H09: 5 531 cents)

Return on equity (ROE)
– normalised **13,5%** (1H09: 12,6%)
– IFRS **13,9%** (1H09: 12,4%)

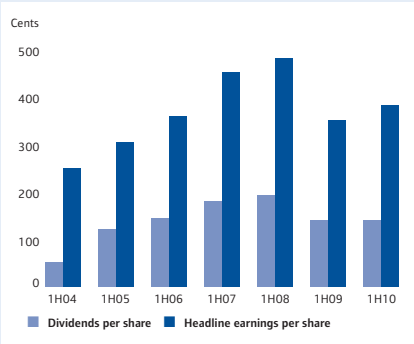
Cost-to-income ratio
– normalised **58,1%** (1H09: 49,9%)
– IFRS **58,2%** (1H09: 50,0%)

Tier I capital adequacy ratio
of **11,8%** (1H09: 12,0%)

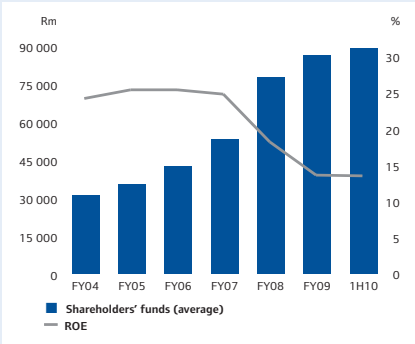
Credit loss ratio
– normalised and IFRS **1,04%** (1H09: 1,84%)

The unaudited results discussed in the commentary that follows 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
CAGR (1H04 – 1H10): Headline earnings per share: 7%
Dividends per share: 18%



Return on ordinary equity



Overview of financial results

Global operating environment

Financial markets are generally stabilising across the globe. Investor appetite is gradually returning, main stock market indices have trended towards pre-crisis highs and, after widening significantly, credit default swaps have declined to pre-September 2008 levels. Unprecedented government intervention in advanced economies and some key emerging markets has pulled the world economy out of crisis mode. Many developed nations are being forced to implement severe austerity measures to bring their fiscal balances to order, during a period where the economic recovery had barely commenced. The banking sector has not benefited from the early stages of the global economic recovery. Liquidity concerns remain and corporate and consumer appetite for credit has generally remained subdued. Continued risk aversion in the aftermath of efforts to strengthen the banking sector and the threat of increased regulation have continued to affect banks into 2010.

The global economy is showing a two-track recovery profile: emerging markets are growing, while mature economies slowly regain lost ground. Led by the BRIC economies, emerging markets are continuing to move to the centre of global economic focus. Nearly half of the world's GDP growth in 2010 will come from the BRIC economies. An axis of developing nations, including Latin America and Africa, are supporting the ongoing structural shift to the south and east.

Africa is reaping the rewards of reform, better macroeconomic management, investments in infrastructure and more constructive trade partnerships. Nevertheless, from a cyclical perspective, Africa's economic momentum was held back in 2010 by the impact of falling commodity prices, export volumes and external financial flows in 2009. Africa's prospects remain contingent on the gradual recovery of the world economy.

Domestic operating environment

Real GDP growth in South Africa of 4,6% in the first quarter of 2010 compared to a decline of 1,8% in 2009, has been driven primarily by external demand for commodities and manufactured products. The strong rand has led to low inflation: CPI averaged 5,1% for the first half of 2010 compared to 7,1% in 2009; which in turn has led to the lowest interest rates in 28 years: the prime rate averaged 10,23% for the first half of 2010 compared to 11,88% in 2009; and should be supportive of asset growth going forward.

Asset prices, including house prices and equities, have improved from last year. The Johannesburg stock exchange has advanced by 19%, while house prices, up 7,3% in July, are staging a gradual recovery since emerging from the downswing early this year. The year-on-year growth reported in July represents the first reported real growth in house prices since mid-2007. A recovery in the asset base of households should support consumer spending in due course.

The ratio of household debt to disposable income declined to 78,4% in the first quarter of 2010 from 79,9% in the last quarter of 2009. However, the ratio is still historically high, explaining the reluctance of consumers to take on more debt and suggesting that consumers will continue to focus on paying off existing debt.

Extensive job losses are weighing heavily on the economy from both an economic and social perspective. With more than one million jobs lost over the last five quarters, it is clear that household demand will suffer and pressure on public finances will escalate.

Overview of results

Headline earnings by business unit

	% change	**1H10 Rm**	1H09 Rm
Personal & Business Banking	2	**1 988**	1 952
Corporate & Investment Banking	(6)	**3 237**	3 451
Central and other	(66)	**224**	651
Banking operations	(10)	**5 449**	6 054
Liberty	>100	**540**	(647)
Total	11	**5 989**	5 407

Personal & Business Banking benefited from reduced credit impairments although this was offset by lower net interest income due to muted asset growth and low interest rates. Excluding the impact of a stronger average rand exchange rate, headline earnings for Corporate & Investment Banking were flat compared to the same period the year before, with lower credit impairment charges mitigating reduced income following lower levels of client activity. After reporting a loss for the first six months of last year, Liberty returned to profitability. Central and other reported a more normal result compared to 2009 which included a release of a R500 million portfolio provision for credit impairments.

Headline earnings by geography

	% change	**1H10 Rm**	1H09 Rm
South Africa banking	8	**4 739**	4 405
Liberty	>100	**540**	(647)
South Africa	40	**5 279**	3 758
Rest of Africa	(25)	**509**	682
Outside Africa	(64)	**230**	640
Central funding	(>100)	**(29)**	327
Total	11	**5 989**	5 407

Banking operations in South Africa showed some resilience with revenues down only 4%. As the credit environment continued to improve in South Africa, credit impairments reduced and headline earnings grew by 8%. Operations across the rest of the African continent experienced tighter interest margins, particularly in Personal & Business Banking where total revenues were down 5%. Corporate & Investment Banking in the rest of Africa experienced good investment banking revenues and total revenues were up 2%. Investments in staff and systems continued in the rest of Africa as we extend our branch presence to build the franchise. Operations outside Africa experienced a sharp decline in customer activity compared with a buoyant first half in 2009. Volatility and general customer apathy to transact in an uncertain environment dampened revenues while costs continued to be incurred in anticipation of increased economic activity, particularly in emerging markets.

Balance sheet analysis

Banking assets of R1 100 billion were flat on the prior period and marginally up on December 2009.

Loans to customers declined 3% from June 2009 with the major asset classes of mortgages up 4%, instalment sale and finance leases down 13%, card debtors flat, overdrafts and other demand loans down 7% and term lending, mainly to corporates, down 7%. Overall, loans and advances grew 1% with loans to banks increasing 26%. This reflected the excess liquidity being placed in the interbank market as client demand for lending products waned.

Deposit and current accounts grew 1% with pleasing growth in current accounts of 12%, in line with our strategy of growing transactional banking relationships. Call deposits decreased 10% as a result of lower average balances and lengthening the term deposit book. The ratio of advances to deposits remained conservative at 93% (1H09: 92%).

For certain derivative contracts, the associated assets and liabilities previously accounted for separately have been regrouped and reported on a net basis, to more appropriately reflect the underlying substance of these positions. This resulted in a R41 billion reduction in derivative assets and liabilities from that previously reported. The reclassification section on page 19 provides more detail.

Net asset value grew 5% or R4,3 billion since December 2009 with the inclusion of earnings offset by R1,6 billion in dividends paid.

Income statement analysis

Analysis of income statement as reported

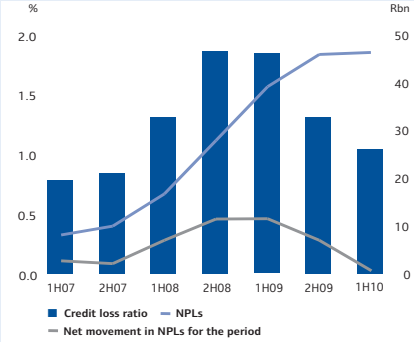
Net interest income was 12% lower than for the first six months of 2009. Lower net interest margins (3,02% for 1H10 versus 3,45% for 1H09) and a flat loan book were the primary reasons for the decline. The endowment impact of lower average interest rates on capital and transactional balances has had a 54 basis point negative

impact on margins. Deposit spreads were again constrained due to the sustained low interest rate environment in most markets in which the group operates and increasing competition for savings. The benefit of continued repricing of lending margins on new business was dampened by muted growth in the loan book.

Non-interest revenue declined 5% in the period with net fee and commission revenue up 4%, trading revenue down 23% and other revenue up 21%. The group's partnership with the Industrial and Commercial Bank of China bolstered advisory fee and commission income through increased cross border transaction deal flow. In South Africa client activity in longer-term funding transactions remained low. Increased customer activity in basic transactional banking together with an annual pricing increase resulted in 7% growth in income from account transaction fees. Of the 23% decline in trading income, 13% was due to the translation effect of a stronger rand and 10% due to lower levels of client activity due to general nervousness about financial markets, especially in the second quarter as the European sovereign debt crisis emerged. Other revenue growth was supported by gains on listed property investments, positive valuation adjustments on unlisted equities, improved short-term insurance income and the solid contribution from the sale of insurance-related products to bank customers, in partnership with Liberty.

Credit impairment charges almost halved for the period when compared to the first half of 2009 and were 24% down on the second half of 2009 reflecting the continued improvement in the credit environment. Non-performing loans (NPLs) remained high at 6,24% of the book (FY09: 6,15%), however the notable slowing of new defaults contributed to reducing NPL impairments from R7 billion in the first half of 2009 to R4 billion in the first half of 2010. Corporate restructuring and the lower probability of client defaults in Corporate & Investment Banking resulted in names being removed from watchlists and a subsequent net reversal of portfolio provisions previously raised. The credit loss ratio of 1,04% is an improvement over the ratio of 1,84% for the first half of 2009 and 1,31% for the second half of that year.

Credit loss ratio and non-performing loans (NPLs)



Banking activities cost growth was 7% for the period, and, adjusted for a constant currency, cost growth was 15%. Staff costs increased 6% with the increase primarily coming from Personal & Business Banking on the back of annual increases and increased headcount, particularly in Africa to support franchise growth. Other operating costs grew 8% with higher depreciation costs in the current period and continued investment in IT systems and infrastructure. Given slower revenue growth, the cost-to-income ratio increased to 58,1%.

Within banking activities, income from associates and joint ventures more than doubled to R259 million largely due to the first time inclusion of equity accounted earnings (USD24 million) from our investment in Troika Dialog in Russia.

Summarised analysis of group earnings on constant currency

The average US dollar/rand exchange rate strengthened from 9,20 in the first half of 2009 to 7,53 in the period under review. This, together with the rand's strength against the basket of African currencies in which the group operates, meant foreign earnings were dampened when translated into rands. On a constant currency basis (which restates the prior period income statement using the current period average exchange rate) total income was down 3% (reported: down 9%), operating expenses were up 15% (reported: up 7%) and normalised headline earnings were up 16% (reported: up 11%).

Overview of business unit performance

Personal & Business Banking

Headline earnings of R1 988 million in Personal & Business Banking were 2% up on the same period in 2009. An ROE of 16,1% was achieved. Margins continued to be impacted by low interest rates, however, credit impairments reduced faster than anticipated.

In mortgage lending the number of new applications for finance was up by an encouraging 77% and the number of registrations was 56% higher. Book growth of 4% was achieved largely attributable to the reintroduction of the mortgage origination channel in the third quarter of 2009 and the purchase of a further R2,8 billion of mortgages from SA Home Loans in 2010. Margins in mortgage lending were impacted by the relatively higher cost of term funding as the group further lengthens its funding profile. With more emphasis being placed on ongoing concession management for new loans, year-to-date weighted average new business concessions in South Africa improved to 0,28% compared to 1,07% for the six months ended June 2009; however this was not enough to offset the increase in funding costs.

The lag effect of the high inflation and interest rate environment during 2008 and the impact of bottlenecks in the debt review process introduced by the National Credit Act remain evident in the home loans portfolio, with NPLs increasing to R27 billion (10,4% of the book compared to 10,1% at December 2009). We have remained steadfast in our risk-based strategy of assisting clients to remain in their houses which has resulted in low levels of foreclosures and evictions and hence low levels of write-offs in the period. The slower growth rate in NPLs and an improved outlook for consumers and house prices in South Africa allowed the credit impairments for home loans to reduce by 9% for the period resulting in a lower yet high credit loss ratio of 1,36% (1H09: 1,55%). Recently announced improvements to the debt review process should help alleviate the accumulation of NPLs in this portfolio.

The instalment finance book continued to shrink as some sectors of the business market struggle to recover from the impact of the economic recession, although a recent pick-up in new business volumes has been observed. NPLs are reducing in this portfolio and the credit loss ratio improved to 2,37% (1H09: 3,60%) with further improvement expected.

Card showed healthy earnings growth for the period despite lower revenues. Pressures on revenues continued with lower cardholder activity and reduced outstanding average balances as consumers reduce debt obligations. A reduced credit loss ratio of 4,82% (1H09: 7,24%) and lower fraud losses as chip and pin cards are rolled out contributed to growth in headline earnings of 37%.

Transactional and lending product deposit margins remained under pressure due to the negative endowment impact of lower interest rates on transactional accounts. Branch strategies to attract new deposit customers were successful with the number of current accounts increasing 17% in personal markets and 5% in business markets in South Africa. Deposits continue to grow across the African network, particularly in Nigeria. Credit losses in the business banking book reduced as trading conditions improved.

Bancassurance income grew 21% as complex product sales increased off a low base in 2009 and the simple products benefited from improved claims ratios.

Corporate & Investment Banking

Corporate & Investment Banking generated headline earnings of R3 237 million, down 6% on the same period in 2009. An ROE of 15,1% was recorded. General nervousness in financial markets in the second quarter resulted in much lower client activity than anticipated. Given the dependence that this business has on client volumes, revenues were hard hit. This was partly mitigated by an improved credit environment, allowing a net reversal of credit impairments.

The global markets business endured a challenging first half of the year with income down 23% off the high base set in 2009. Global markets' income earned outside South Africa was particularly impacted by the translation effect of the strong rand, and by income earned in

Russia previously reflected under trading income, now accounted on a net basis as earnings from associates following the acquisition of Troika Dialog. Adjusting for these two impacts, global markets income is down 5%. Most notably in the second quarter, financial markets showed continuing signs of uncertainty as concerns of Eurozone debt and the strength of the global recovery reduced client risk appetite. This impacted client franchise performances across forex, interest rate, commodities and equities. However, improvements in credit trading were experienced in South Africa. The global markets business in the rest of Africa showed strong results from interest rate trading due to increased client activity.

Investment banking income was down 4% on the same period in the prior year with advisory businesses performing well across all regions. Term lending across Africa delivered a strong performance on the back of improved economic conditions across much of the continent and a solid deal pipeline, despite margins being impacted by the negative endowment effect. Investment banking in operations outside Africa experienced a challenging first half characterised by a slowdown in deal flow. Investment banking recorded a turnaround in impairments for credit losses with some reversals of provisions previously raised in South Africa, as clients restructured their debt during the period.

Transactional products and services income was down 17% on the prior period. Margins were compressed by the negative endowment effect on transactional balances across Africa. Underlying transactional volumes and cash management deposits increased in South Africa with the electronic banking business performing well.

Wealth – Liberty

The financial results reported for the wealth business unit represent the consolidated results of the group's 53,7% investment in Liberty Holdings Limited (Liberty). Bancassurance results are included under Personal & Business Banking.

Normalised headline earnings were R1 007 million for the period compared to a R1 207 million loss reported for the same period in 2009, a significant improvement indicating a return to more normal levels of earnings from core insurance operations. Of these headline earnings, R540 million was attributable to Standard Bank Group (1H09: loss of R647 million). The progress made in improving policyholder persistency across the risk books has been particularly pleasing. Balance sheet management continued as planned during the period: returns on the shareholder investment portfolio were satisfactory given market performance and asset/liability positions were managed within risk limits. Despite a difficult operating environment, Stanlib and Liberty Africa asset management operations continued to attract net cash inflows, totalling R11,7 billion, with particular strength in the fixed interest franchise.

Expansion into Africa is still in a build phase and good progress has been made in Namibia and Botswana. The acquisition of the non-banking entities of CfC Stanbic in Kenya (CfC Insurance Holdings) has been delayed until the fourth quarter of 2010 due to the extended regulatory process in Kenya.

Shareholders are referred to the full Liberty Holdings interim results announcement dated 5 August 2010.

Capital management

The group remains well capitalised with a tier I ratio of 11,8%, well above the group's internal targets and at levels similar to those at December 2009.

Liquidity

Growth in term lending remained subdued throughout the first half of 2010. Under these circumstances the group has placed particular emphasis on cost effective refinancing and funding in support of meeting its ongoing structural liquidity requirements. The group increased its long-term funding ratio to 26,3% and prudently maintains a sizeable liquidity buffer with unencumbered marketable assets totalling R105 billion (12,3% of funding-related liabilities) as at 30 June 2010.

We are encouraged by the recently announced revised Basel III proposals, which are more conducive to credit growth required to support developing economies, particularly the revisions to liquidity requirements.

Dividends

Given the outlook mentioned below, the board has considered it prudent to hold the dividend at the same level as the prior interim period at 141 cents. The resultant interim cover ratio is 2,7 times, slightly higher than the existing policy of 2,5 times.

Prospects

Uncertainty regarding a sustained improvement in market conditions remains. Although a second global recession seems unlikely at this point, a loss of momentum in the recovery is evident. While the South African economy has grown relatively robustly in the first half of 2010, it is possible that the second half of the year will see a modest pull-back in economic activity, given the uncertain global environment and the debt overhang of households. In the near term we therefore expect revenue growth to remain challenging.

It is expected that the credit environment across most regions will continue to gradually improve. Personal & Business Banking should benefit from reductions in NPLs in the second half of the year and into 2011. The risk of corporate defaults is not expected to increase and, although our client watchlists are shortening, a much subdued economic environment could raise this risk.

Notwithstanding lingering uncertainties about the condition of world markets, we remain committed to the long-term growth of our emerging markets franchise. We continue to invest in our infrastructure and people to enable us to deliver the quality products and services that our customers demand, and to provide good long-term results for our shareholders.

We are in the process of improving the effectiveness of our organisational structures to support the sustainable building of the franchise but at the same time achieving better cost efficiency. This enterprise-wide initiative is expected to take some time to bear fruit and is not expected to have an impact in the current year.

While the results for the group in 2010 are under some pressure, we firmly believe we have the right strategy in place and remain confident about the future.

Jacko Maree
Chief executive

Fred Phaswana
Chairman

11 August 2010

Declaration of dividends

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

- Ordinary dividend No. 82 of 141 cents per ordinary share (share codes: SBK and SNB, ISIN: ZAE000109815), payable on Monday, 13 September 2010, to ordinary shareholders recorded in the books of the company at the close of business on the record date, Friday, 10 September 2010. The last day to trade to participate in the dividend is Friday, 3 September 2010. Ordinary shares will commence trading ex-dividend from Monday, 6 September 2010;

- 6,5% first cumulative preference shares (first preference shares) dividend No. 82 of 3,25 cents per first preference share (share code: SBKP, ISIN: ZAE000038881), payable on Monday, 6 September 2010, to holders of first preference shares recorded in the books of the company at the close of business on the record date, Friday, 3 September 2010. The last day to trade to participate in the dividend is Friday, 27 August 2010. First preference shares will commence trading ex-dividend from Monday, 30 August 2010; and

- Non-redeemable, non-cumulative, non-participating preference shares (second preference shares) dividend No. 12 of 355,16 cents per second preference share (share code: SBPP, ISIN: ZAE000056339), payable on Monday, 6 September 2010, to holders of second preference shares recorded in the books of the company at the close of business on the record date, Friday, 3 September 2010. The last day to trade to participate in the dividend is Friday, 27 August 2010. Second preference shares will commence trading ex-dividend from Monday, 30 August 2010.

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	355,16
Last day to trade "CUM" dividend	Friday, 3 September 2010	Friday, 27 August 2010	Friday, 27 August 2010
Shares trade "EX" dividend	Monday, 6 September 2010	Monday, 30 August 2010	Monday, 30 August 2010
Record date	Friday, 10 September 2010	Friday, 3 September 2010	Friday, 3 September 2010
Payment date	Monday, 13 September 2010	Monday, 6 September 2010	Monday, 6 September 2010

Ordinary share certificates may not be dematerialised or rematerialised between Monday, 6 September 2010 and Friday, 10 September 2010, both days inclusive.

Preference share certificates (first and second) may not be dematerialised or rematerialised between Monday, 30 August 2010 and Friday, 3 September 2010, 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, 6 September 2010. Ordinary shareholders who hold dematerialised shares will have their accounts at their CSDP or broker credited on Monday, 13 September 2010.

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 that 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; and
- 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 1H09 %
Disclosed on an IFRS basis	1 481 814	5 868	16
Tutuwa initiative	63 479	115	
Group shares held for the benefit of Liberty policyholders	27 297	54	
Share exposures held to facilitate client trading activities	(4 465)	(48)	
Normalised	1 568 125	5 989	11

Financial statistics – normalised

for the six months ended 30 June 2010

	% change	1H10 Unaudited	1H09 Unaudited	FY09 Audited
Cents per ordinary share				
Headline earnings	9	381,9	351,3	756,9
Diluted headline earnings	9	378,5	348,7	750,6
Dividend		141,0	141,0	386,0
Basic earnings	9	383,8	353,4	744,0
Diluted earnings	8	380,3	350,8	737,8
Net asset value	6	5 792	5 452	5 612
Financial performance (%)				
ROE		13,5	12,6	13,6
Net interest margin		3,02	3,45	3,21
Credit loss ratio		1,04	1,84	1,60
Cost-to-income ratio		58,1	49,9	52,4

Summarised unaudited results in accordance with IFRS

Financial statistics

for the six months ended 30 June 2010

	% change	**1H10 Unaudited**	1H09 Unaudited	FY09 Audited
Number of ordinary shares in issue (000's)				
– end of period	3	**1 498 023**	1 457 831	1 474 344
– weighted average	3	**1 481 814**	1 440 769	1 459 337
– diluted weighted average	3	**1 539 165**	1 487 924	1 511 038
Cents per ordinary share				
Headline earnings	12	**396,0**	352,5	771,1
Diluted headline earnings	12	**381,2**	341,3	744,7
Dividend		**141,0**	141,0	386,0
Basic earnings	12	**398,0**	354,7	757,5
Diluted earnings	12	**383,1**	343,5	731,6
Net asset value	6	**5 876**	5 531	5 699
Financial performance (%)				
ROE		**13,9**	12,4	13,7
Net interest margin		**3,01**	3,44	3,19
Credit loss ratio		**1,04**	1,84	1,60
Cost-to-income ratio		**58,2**	50,0	52,3
Capital adequacy (%)				
Capital ratios (unaudited)				
– tier I capital		**11,8**	12,0	11,9
– total capital		**14,6**	14,4	15,1

Consolidated income statement

for the six months ended 30 June 2010

Rm	% change	1H10 Unaudited	1H09 Unaudited	FY09 Audited
Income from banking activities	(9)	**28 995**	31 804	62 828
Net interest income	(13)	**14 452**	16 522	31 316
Non-interest revenue	(5)	**14 543**	15 282	31 512
Income from investment management and life insurance activities	64	**15 255**	9 287	43 458
Total income	8	**44 250**	41 091	106 286
Credit impairment charges	(47)	**3 790**	7 115	12 097
Benefits due to policyholders	42	**9 389**	6 634	33 915
Income after credit impairment charges and policyholders' benefits	14	**31 071**	27 342	60 274
Operating expenses in banking activities	7	**17 019**	15 962	32 827
Operating expenses in investment management and life insurance activities	3	**4 295**	4 170	9 052
Net income before goodwill	35	**9 757**	7 210	18 395
Goodwill impairment	(100)		2	42
Net income before associates and joint ventures	35	**9 757**	7 208	18 353
Share of profit from associates and joint ventures	96	**269**	137	33
Net income before indirect taxation	37	**10 026**	7 345	18 386
Indirect taxation	(3)	**656**	679	1 710
Profit before direct taxation	41	**9 370**	6 666	16 676
Direct taxation	51	**2 456**	1 627	4 680
Profit for the period	37	**6 914**	5 039	11 996
Attributable to minorities	>100	**818**	(361)	411
Attributable to preference shareholders	(31)	**199**	289	531
Attributable to ordinary shareholders	15	**5 897**	5 111	11 054
Basic earnings per share (cents)	12	**398,0**	354,7	757,5
Diluted earnings per share (cents)	12	**383,1**	343,5	731,6

Headline earnings

for the six months ended 30 June 2010

Rm	% change	1H10 Unaudited	1H09 Unaudited	FY09 Audited
Group profit attributable to ordinary shareholders	15	**5 897**	5 111	11 054
Headline earnings adjustable items (reversed)/ added back		**(63)**	(44)	205
Goodwill impairments – IFRS 3			2	42
Loss on deemed disposal of associate – IFRS 3		**10**		
Profit on sale of property and equipment – IAS 16		**(19)**	(18)	(38)
Impairment of property and equipment – IAS 16				46
Realised foreign currency translation reserve on foreign operations – IAS 21				(18)
Gains on the disposal of businesses and divisions – IAS 27				7
Impairment of associates – IAS 28				379
Impairment of intangible assets – IAS 38			11	96
Realised gains on available-for-sale assets – IAS 39		**(54)**	(39)	(309)
Taxation on headline earnings adjustable items		**20**	10	16
Minority share of headline earnings adjustable items		**14**	2	(22)
Headline earnings	16	**5 868**	5 079	11 253

Consolidated statement of financial position

as at 30 June 2010

Rm	% change	1H10 Unaudited	1H09 Unaudited	FY09 Audited
Assets				
Cash and balances with central banks	13	**25 687**	22 731	24 983
Financial investments, trading and pledged assets	10	**371 700**	337 536	356 518
Loans and advances	1	**716 875**	707 675	721 389
Loans and advances to banks	26	**124 487**	98 606	122 923
Loans and advances to customers	(3)	**592 388**	609 069	598 466
Investment property	10	**19 520**	17 695	19 058
Derivative and other assets	(13)	**148 154**	170 877	140 703
Non-current assets held for sale	(100)		3 363	
Interest in associates and joint ventures	43	**9 723**	6 800	9 529
Goodwill and other intangible assets	8	**10 069**	9 356	9 409
Property and equipment	41	**13 316**	9 467	12 250
Total assets	2	**1 315 044**	1 285 500	1 293 839
Equity and liabilities				
Equity	9	**104 006**	95 445	99 369
Equity attributable to ordinary shareholders	9	**88 025**	80 632	84 022
Ordinary share capital	2	**159**	156	156
Ordinary share premium	2	**17 277**	16 944	17 041
Reserves	11	**70 589**	63 532	66 825
Preference share capital and premium		**5 503**	5 503	5 503
Minority interest	13	**10 478**	9 310	9 844
Liabilities	2	**1 211 038**	1 190 055	1 194 470
Deposit and current accounts	1	**773 128**	769 052	768 548
Deposits from banks	11	**101 345**	90 906	106 018
Deposits from customers	(1)	**671 783**	678 146	662 530
Derivative, trading and other liabilities	0	**229 590**	228 509	215 722
Non-current liabilities held for sale	(100)		2 054	
Policyholders' liabilities	8	**181 593**	168 733	183 544
Subordinated debt	23	**26 727**	21 707	26 656
Total equity and liabilities	2	**1 315 044**	1 285 500	1 293 839

Contingent liabilities and capital commitments

as at 30 June 2010

Rm	1H10 Unaudited	1H09 Unaudited	FY09 Audited
Letters of credit and bankers acceptances	**11 881**	11 285	10 784
Guarantees	**31 349**	28 955	29 078
Contingent liabilities	**43 230**	40 240	39 862
Contracted capital expenditure	**1 822**	3 164	1 689
Capital expenditure authorised but not yet contracted	**9 358**	7 862	10 075
Capital commitments	**11 180**	11 026	11 764

Consolidated cash flow information

for the six months ended 30 June 2010

Rm	1H10 Unaudited	1H09 Unaudited	FY09 Audited
Net cash flows from operating activities	**9 338**	212	6 295
Net cash flows used in investing activities	**(6 001)**	(1 182)	(7 372)
Net cash flows (used in)/from financing activities	**(2 775)**	557	2 887
Effects of exchange rate changes on cash and cash equivalents	**142**	(2 553)	(2 524)
Net increase/(decrease) in cash and cash equivalents	**704**	(2 966)	(714)
Cash and cash equivalents at beginning of the period	**24 983**	25 697	25 697
Cash and cash equivalents at end of the period	**25 687**	22 731	24 983

Consolidated statement of comprehensive income

for the six months ended 30 June 2010

Rm	1H10 Ordinary shareholders' equity	1H10 Minorities and preference shareholders	1H10 Total	1H09 Total	FY09 Total
Profit for the period	**5 897**	**1 017**	**6 914**	5 039	11 996
Other comprehensive income after tax for the period	**(524)**	**212**	**(312)**	(7 715)	(9 464)
Exchange rate differences on translating equity investment in foreign operations	**198**	**126**	**324**	(8 110)	(9 567)
Foreign currency hedge of net investment	**(653)**		**(653)**	96	(106)
Cash flow hedges	**(225)**		**(225)**	218	85
Available-for-sale financial assets	**159**	**122**	**281**	102	40
Revaluation and other (losses)/gains	**(3)**	**(36)**	**(39)**	(21)	84
Total comprehensive income for the period	**5 373**	**1 229**	**6 602**	(2 676)	2 532
Attributable to minorities		**1 030**	**1 030**	(2 255)	(1 658)
Attributable to equity holders of the parent	**5 373**	**199**	**5 572**	(421)	4 190
Attributable to preference shareholders		**199**	**199**	289	531
Attributable to ordinary shareholders	**5 373**		**5 373**	(710)	3 659

Consolidated statement of changes in equity

for the six months ended 30 June 2010

Rm	Ordinary shareholders' equity	Preference share capital and premium	Minority interest	Total equity
Balance at 1 January 2009	81 953	5 503	12 045	99 501
Total comprehensive income for the period	3 659	531	(1 658)	2 532
Equity-settled share-based payment transactions	307		37	344
Tax on share-based payments	58			58
Issue of share capital and share premium	200		(10)	190
Net decrease in treasury shares	691		316	1 007
Net dividends paid	(2 846)	(531)	(886)	(4 263)
Balance at 31 December 2009	84 022	5 503	9 844	99 369
Balance at 1 January 2010	**84 022**	**5 503**	**9 844**	**99 369**
Total comprehensive income for the period	**5 373**	**199**	**1 030**	**6 602**
Equity-settled share-based payment transactions	**199**		**17**	**216**
Tax on share-based payments	**(5)**			**(5)**
Issue of share capital and share premium	**239**		**34**	**273**
Change in shareholding of subsidiary	**(43)**		**33**	**(10)**
Net (increase)/decrease in treasury shares	**(173)**		**68**	**(105)**
Net dividends paid	**(1 587)**	**(199)**	**(548)**	**(2 334)**
Balance at 30 June 2010	**88 025**	**5 503**	**10 478**	**104 006**

Segment report

for the six months ended 30 June 2010

Rm	% change	1H10 Unaudited	1H09 Unaudited	FY09 Audited
Revenue contribution by business unit				
Personal & Business Banking	(4)	**16 510**	17 145	34 099
Corporate & Investment Banking	(16)	**11 964**	14 241	27 681
Central and other	7	**542**	506	930
Banking activities	(9)	**29 016**	31 892	62 710
Liberty	59	**15 395**	9 684	44 338
Standard Bank Group – normalised	7	**44 411**	41 576	107 048
Adjustment for IFRS		**(161)**	(485)	(762)
Standard Bank Group – IFRS	8	**44 250**	41 091	106 286
Profit and loss attributable to ordinary shareholders				
Personal & Business Banking		**1 982**	1 982	3 375
Corporate & Investment Banking	(5)	**3 271**	3 455	7 712
Central and other	(65)	**225**	649	360
Banking activities	(10)	**5 478**	6 086	11 447
Liberty	>100	**540**	(647)	72
Standard Bank Group – normalised	11	**6 018**	5 439	11 519
Adjustment for IFRS		**(121)**	(328)	(465)
Standard Bank Group – IFRS	15	**5 897**	5 111	11 054

Private equity associates and joint ventures

for the six months ended 30 June 2010

Rm	1H10 Unaudited	1H09 Unaudited	FY09 Audited
Cost	**402**	303	409
Carrying value	**644**	418	658
Fair value	**817**	418	818
Loans to associates and joint ventures	**460**	515	432
Equity accounted income	**(12)**	12	128

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 or its successor, the Listings Requirements of the JSE Limited and the requirements of Schedule 4 Part IV of the South African Companies Act 61 of 1973, as amended. The consolidated financial results are prepared in accordance with the going concern principle under the historical basis as modified by the fair value accounting of certain assets and liabilities where required or permitted by IFRS. The interim results have not been audited.

Changes in accounting policies

The accounting policies are consistent with those adopted in the previous year except for the standards and interpretations noted below and are in terms of IFRS.

The following revised and amended standards became effective on 1 January 2010:

- IFRS 1 *First-time Adoption of International Financial Reporting Standards (2010 Improvements to IFRS);*
- IFRS 2 *Share-based Payment (2009 Improvements to IFRS);*
- IFRS 3 *Business Combinations (revised 2008);*
- IFRS 3 *Business Combinations (revised 2008) (2010 Improvements to IFRS);*
- IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations (2008 Improvements to IFRS);*
- IAS 1 *Presentation of Financial Statements (2010 Improvements to IFRS);*
- IAS 17 *Leases (2009 Improvements to IFRS);*
- IAS 27 *Consolidated and Separate Financial Statements (revised 2008);*
- IAS 27 *Consolidated and Separate Financial Statements (revised 2008) (2010 Improvements to IFRS);*
- IAS 38 *Intangible Assets (2009 Improvements to IFRS);*
- IAS 39 *Financial Instruments: Recognition and Measurement (2009 Improvements to IFRS);*
- IFRIC 9 *Reassessment of Embedded Derivatives (2009 Improvements to IFRS);* and
- IFRIC 13 *Customer Loyalty Programmes (2010 Improvements to IFRS).*

The following new interpretation became effective on 1 January 2010:

- IFRIC 17 *Distributions of Non-cash Assets to Owners.*

The adoption of these standards and interpretation has had no material effect on the results, nor has it required any restatements of the results.

Reclassification

A review of the group's derivative positions was undertaken during the course of the year to determine whether the presentation applied was in accordance with international best practice. The group's cross currency interest rate swap contracts incorporate, as standard market practice, reset dates on which cash flows are exchanged to manage the credit risk on the contract's notional amounts. These cash flows have historically been presented as derivative assets and liabilities separately from the underlying derivative contract. Following the review it was decided to present the cash flows, together with the underlying derivative contract, as a single contractual relationship with the group's counterparty. The group believes that this treatment better reflects the nature of the underlying transactions and the credit risk of its relationship with its counterparty. The comparative statements of financial position have been adjusted to reflect the presentation consequences of the reclassification. The reclassification has not affected the group's published financial ratios, risk profile, income statement or its statement of comprehensive income.

Administrative information

Standard Bank Group Limited
Registration No. 1969/017128/06
Incorporated in the Republic of South Africa

Directors
TMF Phaswana (Chairman), Kaisheng Yang** (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**, RP Menell, Adv KD Moroka, AC Nissen, MC Ramaphosa, SP Ridley*, MJD Ruck, Lord Smith of Kelvin, Kt#, EM Woods
*Executive director **Chinese #British ##Ghanaian

Group secretary
L Wulfsohn

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9th Floor, Standard Bank Centre, 5 Simmonds Street, Johannesburg 2001. PO Box 7725, Johannesburg 2000.

Share transfer secretaries in

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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 (Proprietary) Limited

Joint sponsor
Standard Bank

www.standardbank.com