

2007 interim financial  
results presentation



## Financial highlights



	June 2007	% change	June 2006
HEPS (cents)	<b>451.1</b>	<b>26</b>	359.0
Diluted HEPS (cents)	<b>444.5</b>	<b>26</b>	353.0
DPS (cents)	<b>181.0</b>	<b>26</b>	144.0
Distribution from share premium	<b>100.0</b>		-
Distribution from retained earnings	<b>81.0</b>		144.0
NAV (cents)	<b>3 904</b>	<b>22</b>	3 201
ROE (%)	<b>24.4</b>		24.4
Credit loss ratio (%) pre IFRS 7	<b>0.84</b>		0.70
Credit loss ratio (%)	<b>0.78</b>		0.63
Cost-to-income (%)	<b>51.9</b>		53.3

Financial results are stated on a normalised basis where applicable

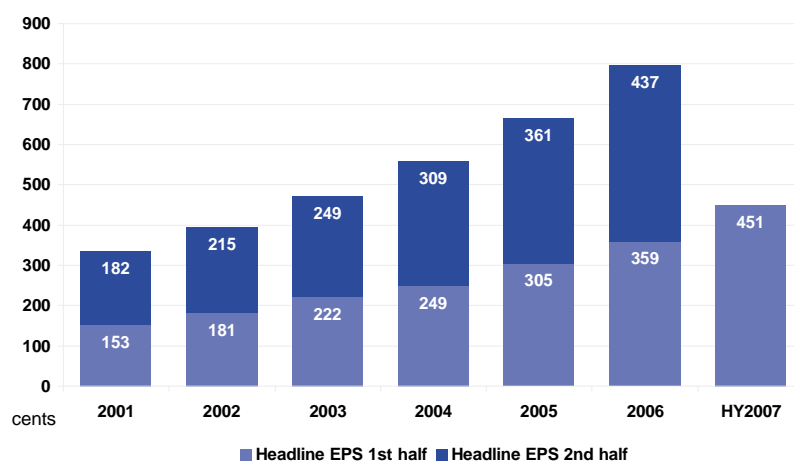
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### Group income statement highlights

	June 2007 Rm	% change	June 2006 Rm
Net interest income	10 366	36	7 636
Non-interest revenue	11 543	31	8 844
Total income	21 909	33	16 480
Credit impairment charges	2 109	62	1 300
Operating expenses	11 464	30	8 835
Taxation	2 562	57	1 627
<b>Normalised headline earnings</b>	<b>6 165</b>	<b>27</b>	<b>4 869</b>
Banking activities	5 651	24	4 539
Investment Management & Life Insurance (Liberty Life)	514	56	330

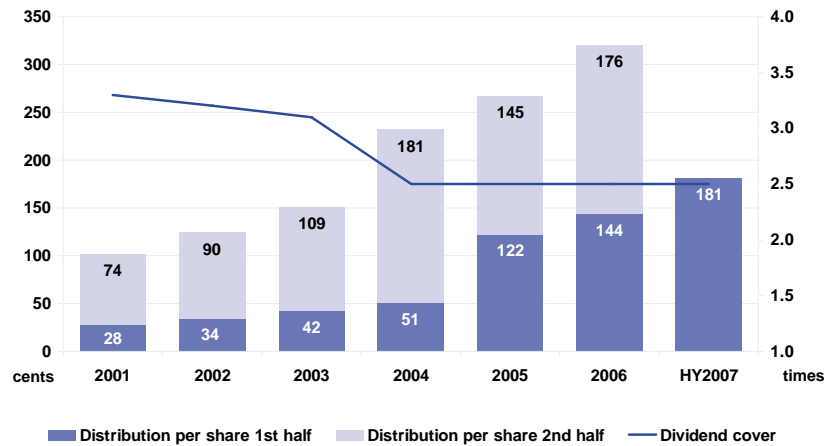
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### Group headline earnings per share



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### Group distributions per share



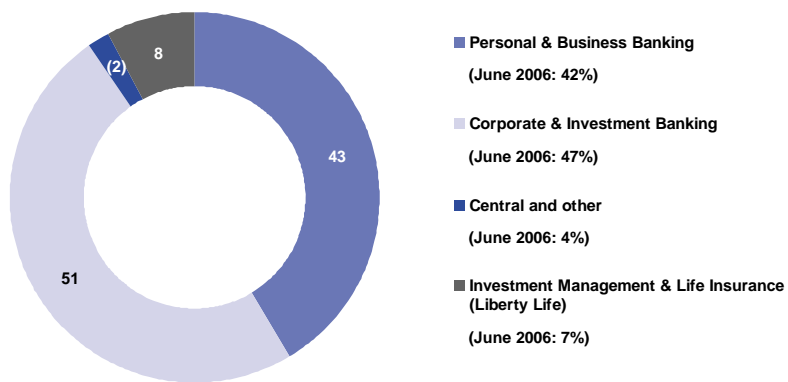
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### Business unit review

June 2007	Headline earnings Rm	Headline earnings growth %	ROE %
Personal & Business Banking	2 626	27	28.8
Corporate & Investment Banking	3 117	38	27.1
Central and other	(92)		
<b>Banking activities</b>	<b>5 651</b>	<b>24</b>	<b>23.9</b>
Investment Management & Life Insurance (Liberty Life)	514	56	31.4
<b>Standard Bank Group</b>	<b>6 165</b>	<b>27</b>	<b>24.4</b>

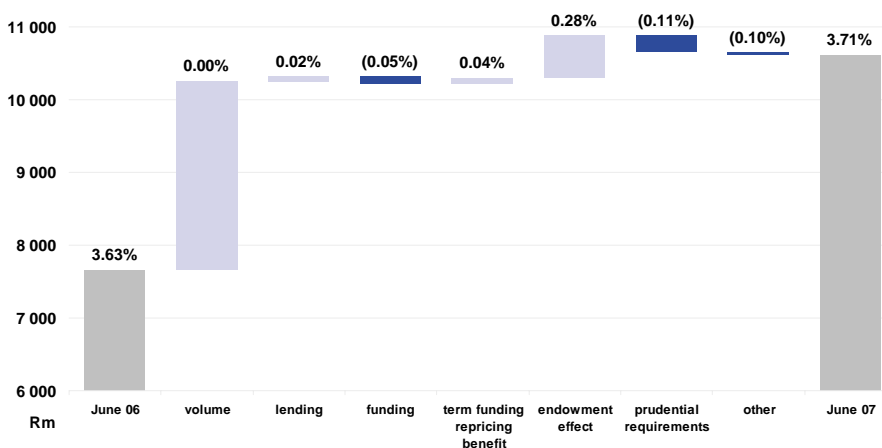
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Headline earnings contribution by business unit



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NII on interest earning assets



% = net interest margin analysis

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### Non-interest revenue

	June 2007 Rm	% change	June 2006 Rm
Net fee and commission revenue	<b>6 882</b>	<b>25</b>	5 521
Trading revenue	<b>3 689</b>	<b>62</b>	2 279
Other revenue	<b>972</b>	<b>(7)</b>	1 044
Banking and other	<b>258</b>	<b>90</b>	136
Realised MasterCard profit	-		157
Property related revenue	<b>277</b>	<b>(28)</b>	386
Insurance related revenue	<b>437</b>	<b>20</b>	365
<b>Total non-interest revenue</b>	<b>11 543</b>	<b>31</b>	8 844

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### Net advances growth

	June 2007 Rbn	% change	June 2006 Rbn
Personal & Business Banking	<b>307</b>	<b>35</b>	228
Corporate & Investment Banking	<b>283</b>	<b>16</b>	244
<i>Loans and advances to banks</i>	<b>84</b>	<b>(17)</b>	102
<i>Loans and advances to customers</i>	<b>199</b>	<b>40</b>	142
Central and other	<b>4</b>	<b>(36)</b>	6
<b>Banking activities</b>	<b>594</b>	<b>24</b>	478

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### Credit impairment charges

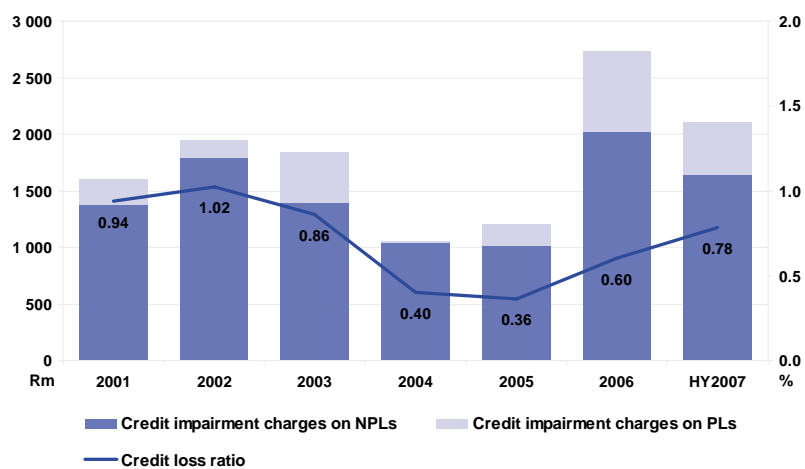
June 2007	NPL charge Rm	PL charge Rm	Total charge Rm	Credit loss ratio % <small>(post IFRS 7)</small>
Personal & Business Banking	1 567	346	1 913	1.32
Corporate & Investment Banking	72	124	196	0.16
<b>Banking activities</b>	<b>1 639</b>	<b>470</b>	<b>2 109</b>	<b>0.78</b>

June 2006	NPL charge Rm	PL charge Rm	Total charge Rm	Credit loss ratio % <small>(post IFRS 7)</small>
Personal & Business Banking	857	205	1 062	0.99
Corporate & Investment Banking	230	8	238	0.24
<b>Banking activities</b>	<b>1 087</b>	<b>213</b>	<b>1 300</b>	<b>0.63</b>

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### Credit impairment trends



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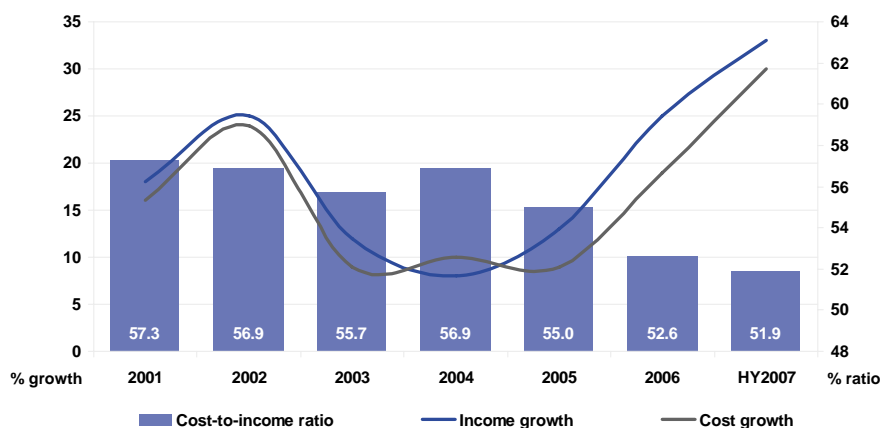
## Operating expenses

	June 2007 Rm	% change
<b>Staff</b>	<b>6 874</b>	<b>36</b>
Personal & Business Banking	3 454	27
Corporate & Investment Banking	3 089	48
Central and other	331	29
<b>Other</b>	<b>4 590</b>	<b>22</b>
Personal & Business Banking	3 118	14
Corporate & Investment Banking	1 721	45
Central and other	(249)	61
<b>Operating expenses</b>	<b>11 464</b>	<b>30</b>

- Excluding Argentina, costs up 25%
  - Inclusion of normal running costs
  - Once off acquisition and rebranding costs
- Staff costs
  - 14% increase in headcount
  - 7% increase excl Argentina
  - Higher incentive provisions
- Other costs
  - Investment in IT infrastructure
  - Increased business volumes and customer interactions

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## Cost-to-income ratio



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Capital management  
Prudent capital levels supporting risk appetite



- Current adequacy under Basel I
  - Total adequacy 13.7% (2006: 14.7%)
  - Tier 1 adequacy 10.3% (2006: 10.6%)
- Economic capital utilisation
  - Economic capital utilised at 30 June 2007 R35.5bn
    - compared to banking Tier I capital available of R50.2bn
  - Economic capital at risk and recently upgraded Standard Bank rating of A- well supported by level of tier I capital
- Basel II outlook
  - Project on track
  - Capital adequacy requirements under Basel II will be met

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Capital management  
At an optimal cost

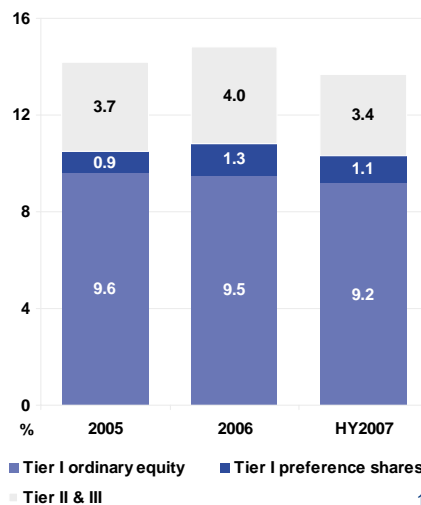


Cost of capital

Cost of equity estimates	Average June 2007 %	Average June 2006 %
Personal & Business Banking	14.5	12.9
Corporate & Investment Banking	15.5	13.8
Central and other	13.4	11.8
Banking activities	14.8	13.0
Liberty Life	12.6	10.6
Standard Bank Group	13.4	11.8

Weighted cost of capital 12.1% (June 2006: 10.5%)

Capital mix



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Capital management  
In the appropriate currency



June 2007	Total Rbn	Rand Rbn	Dollar Rbn	Sterling Rbn	Euro Rbn	Other Rbn
Actual NAV	54	34	9	3	2	6
Currency profile changes due to hedging strategies			(4)	2	3	(1)
<b>Hedged NAV</b>	<b>54</b>	<b>34</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>

- Hedging aimed at diversification away from US\$ concentration
- Other category mainly relates to other African currencies

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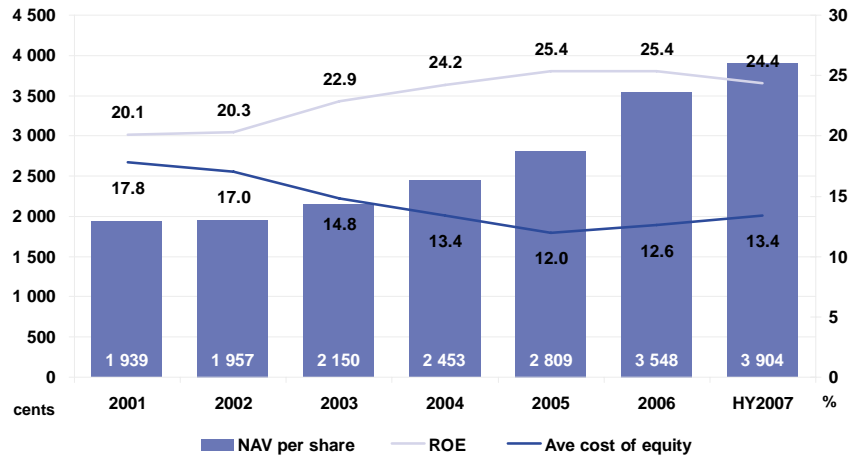
Capital management  
At the right time for growth



- Increased utilisation of surplus capital generating good economic returns
  - Strong organic growth in existing businesses
  - Argentina utilisation in 1H07 US\$83m
  - Nigerian acquisition expected to absorb US\$400m in 2H07
- Sources of additional capital to support strong growth
  - Hybrid Tier I qualifies from 1 January 2008
  - Further preference share issuance
  - Restructuring Tutuwa BEE financing
  - Foreign subordinated debt issuance to diversify capital sources

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Capital management  
Earning optimal returns



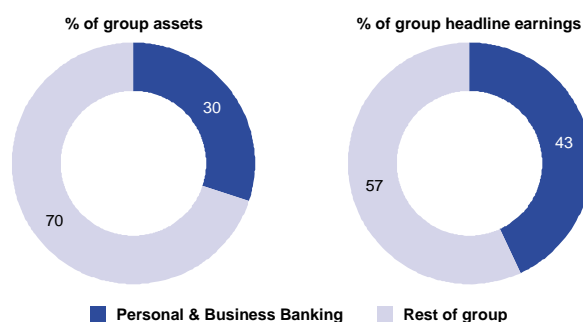
Total economic profit for the period R4bn (1H06: R5bn)  
Economic profit lower due to foreign currency translation gains of R400m vs R2bn in 1H06

Peter Wharton-Hood  
Personal & Business  
Banking



## Personal & Business Banking

- Headline earnings up 27% to R2 626m
- Credit loss ratio 1.32% (June 2006: 0.99%)
- ROE 28.8% (June 2006: 29.1%)
- Total income growth 29% (June 2006: 20%)
- Total loan growth 35% (June 2006: 28%)
- Cost-to-income ratio 52.5% (2006: 56.2%)



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## Economic overview

- South Africa
  - Sustained consumer spending and credit demand in the first half of 2007
  - Household expenditure losing some momentum assisted by higher interest rates (2006: 7.3% growth, 2007: 5.1% Standard Bank forecast)
- Africa
  - Strong growth in resource-producing countries
  - Multilateral Debt Relief Initiative has lowered sovereign risk and increased investment in health, education and construction
  - Lower inflation as a result of prudent fiscal and monetary policy
  - IMF forecast accelerated growth in contrast to world growth (2006: 5.5%, 2007: 6.2% IMF forecast)
- Argentina
  - After a growth spurt of around 9% p.a. for 4 consecutive years, economic performance is expected to normalise at 7.5% in 2007, and 5.5% in 2008

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## Overview of Personal & Business Banking results

- Economic fundamentals have been favourable for retail banking
- Solid results in an increasingly competitive environment
- Successful service, sales and customer acquisition strategies of the past 36 months have yielded strong profits and planned returns on capital
- Strategic market positioning and planning has yielded substantial asset growth in chosen segments at favourable margins
- Detailed planning and precise execution, e.g. NCA requirements, provided competitive advantage at minimal customer frustration
- Improved collection capability has contained losses
- Implementation of NCA completed
  - Integrity of application scorecards validated
- African initiatives gaining momentum albeit off a small base
- Risk, regulatory, system and resource integration of Argentina completed

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## Abridged income statement

	June 2007 Rm	% change	June 2006 Rm
Net interest income	6 973	39	5 022
Non-interest revenue	5 460	18	4 627
Net fee and commission revenue	4 986	18	4 240
Other revenue	474	22	387
<b>Total income</b>	<b>12 433</b>	<b>29</b>	9 649
Credit impairment charges	1 913	80	1 062
Operating expenses	6 572	20	5 462
<b>Net income</b>	<b>3 948</b>	<b>26</b>	3 125
<b>Headline earnings contribution</b>	<b>2 626</b>	<b>27</b>	2 061

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### Headline earnings contribution per product

	June 2007 Rm	% growth	June 2006 Rm
Transaction products	1 702	26	1 356
Home loans	444	14	388
Bancassurance	316	67	189
Card	113	22	93
Vehicle and asset finance	51	46	35
<b>Personal &amp; Business Banking</b>	<b>2 626</b>	<b>27</b>	<b>2 061</b>

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### Gross advances growth

	June 2007 Rbn	% growth	June 2006 Rbn
Home loans	194	36	143
Vehicle and asset finance	56	28	44
Card	21	45	14
Other	40	36	30
<b>Personal &amp; Business Banking</b>	<b>311</b>	<b>35</b>	<b>231</b>

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## Credit impairments

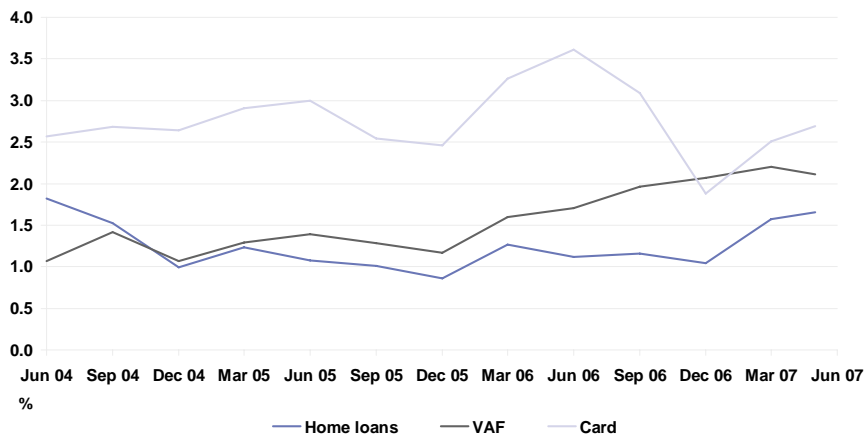


	Credit loss ratio	
	June 2007 % *	June 2006 % *
Home loans	0.61	0.33
Vehicle and asset finance	1.51	1.03
Card	6.55	6.50
Other	1.83	1.34
<b>Personal &amp; Business Banking</b>	<b>1.32</b>	0.99

\* Includes impairments against both performing and non-performing loans

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## Early arrears in SBSA (special mention category)



Source: DI500

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## Credit

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- Home loans

- Marked increase in special mention and sub-standard categories has exaggerated provisioning, attributed to
  - *Increased number of short payers following interest rate increases (R1.7bn)*
  - *Rise in unprocessed cancelled mortgage bonds caused by Deeds Office strike (R1.1bn)*
- Applied correct technical provisioning, reductions in both these categories already evident

- Vehicle and asset finance

- Declining recovery values in the weaker used car market have triggered increased provisioning
- Success in the dealership origination channel has yielded increased portion of higher risk, higher margin non Standard Bank customers

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## Credit cont.

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- Card

- Business strategy delivered anticipated mix of higher yielding accounts
- Collections strategy and scorecards have stabilised portfolio roll rates
- Provisioning levels reflect a maturing portfolio and are in line with expectations

**All portfolios well provided**

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## Secured lending: Home Loans

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- Volume growth still strong
  - Number of registrations up 10%
  - Value of registrations up 24%
  - Book increase of 36%
- Margin compression continues
  - Increasing wholesale funding dependency
  - Competitive pressures driving concessions
  - Increasing amortisation of origination costs
- Credit environment
  - Average LTV of new business and ITI remained within expectations
    - *83% and 25% respectively*
- Strong mortgage lending in Namibia boosted P&BB Africa profits

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## Secured lending: Vehicle and Asset Finance (VAF)

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- Sustained volume and value increases following successes in the dealer channel
  - Number of applications up 16%
  - Value of loans paid out up 24%
  - Book increase of 23% (Motor 25%, Non motor 20%)
  - Number of accounts up 20%
- Improved margin due to increased focus on risk based pricing and credit scorecard refinements
- Increasing conversion of applications to deals booked
- Successful NCA implementation proved to be a competitive advantage
- Strong performance from Namibia and Swaziland

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## Unsecured lending: Card

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- Maturation after 3 years of strong growth
  - Number of accounts up 7% to 2.4 million
  - Cardholders spend up 12%
  - Book increased 45%
- Rate ceiling defined by the Usury Act only increased in line with prime in March 2007
- Focus on existing customer relationships, acquiring new customers at slower rate
- Acquiring revenue up 16%
- Early adoption of card customer acquisition strategy in prior periods resulted in rapid account growth at lower cost and acceptable risk
- The mature card portfolios are coming through acquisition “j” curve and should produce healthy yields and profits
- Successful product launches in Botswana, Namibia and Uganda

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## Transaction and investment products

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- Continued sales focus yielded good volume increases
  - Number of transactional accounts up 10.4%
  - Fees and commissions up 13.3%
- Average current account balance rose by 21%
- Average savings and investment balance rose by 26%
- Strong product sales in convenience (lower end) segment
- Mzansi account base reached 554k
- Internet banking now live in Swaziland, Lesotho, Kenya, Uganda, Tanzania, Malawi and Zambia

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## Bancassurance

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- Overall headline earnings contribution improved by 67%
- Embedded credit life and funeral products
  - Commission grew by 18%
  - Underwriting income grew by 54%
    - *Average policy value increased*
    - *Claims loss ratios reduced*
  - Policy volumes up 15%
  - Customer base penetration maintained
- Complex life products
  - Commission grew by 5%
  - Embedded value earnings up 30%
- Short term insurance business
  - Earnings up 13%
- Improving co-operation with Liberty Life in Africa

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## Outlook for Personal & Business Banking

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- South Africa
  - Comprehensive service, sales and product offering well positioned
  - Interest rate outlook will dampen consumer credit demand
  - Transactional volume growth will continue at current levels
  - Well positioned for the anticipated demand in Business Banking sector
  - Basel II compliance will be achieved
  - Economic capital management and optimisation a core skill
  - Continue investment in credit scoring and collections
- Africa
  - Signs of consumer buoyancy and middle market credit demand
  - Improving service levels
  - Maintain product roll out momentum
  - Greenfields bancassurance opportunities with Liberty Life identified
- General
  - Maintain momentum of IT and infrastructure investment across all businesses
  - Progress with multi national people planning and integration processes

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- Integration complete
  - Rebranded 87 branches and 53 in-company mini branches as “Standard Bank”
  - Customer hand-over resulted in minimal fall-out
  - All systems standardised with Standard Bank Group systems
  - All Basel II and other risk and compliance functions fully integrated with Standard Bank London and Group from 1 April 2007
  - Take on balance sheet at 1 April 2007
    - *Total assets of US\$2 242m*
    - *Loans and advances of US\$1 343m*
    - *Total equity of US\$218m*
- Not expected to make significant impact on 2007 results
  - Acquisition transaction costs
  - Once off rebranding costs
  - Results only included for 9 months

- Relaunch Argencard in Argentina
- Introduce new retail products and channels, including mobile phone banking
- Upgrade the ATM channel and self-service kiosks
- Maintain leadership in Vehicle and Asset Finance
- Open 5 new branches, subject to BCRA approval
- Introduce Jersey as an offshore private banking centre to the Argentinean market

- Retain corporate banking profile and customer base
  - 400 out of top 500 companies in Argentina
- Introduce appropriate investment banking products and services from Standard Bank Group product range
- Grow in the corporate and agriculture segments
- Retain Custody client base, subject to BCRA regulatory limits
- Maintain and build on profitability of Corporate Banking and Treasury

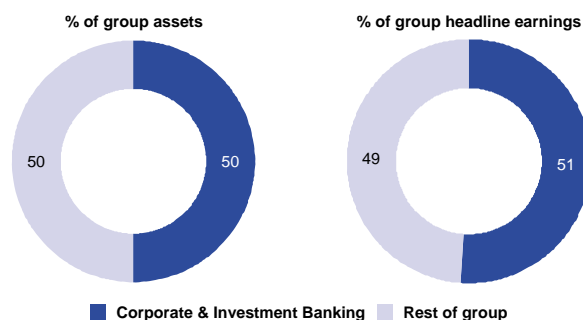
US\$40m earnings currently estimated for 2008 of which 77% will be attributable to Standard Bank Group

Ben Kruger  
Corporate & Investment  
Banking



## Corporate & Investment Banking

- Total Income growth 45% to R9 127m
- Headline earnings up 38% to R3 117m
- Credit loss ratio 0.16% (June 2006: 0.24%)
- ROE 27.1% (June 2006: 28.2%)
- Cost-to-income ratio 52.2% (June 2006: 51.7%)



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## Overview

- Good results in a highly competitive global investment banking environment supported by favourable market conditions
- Strong revenue contributions from all product areas across the regions, most notably Global Markets
- Client focused operating model with a cross-sell culture leveraging opportunities globally, across product lines
- Investment in key people and technology is starting to pay dividends
- Synergy & cohesion from operating as a global integrated investment banking operation

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## Overview cont.

- Operating expenses higher to underpin sustainable growth
  - Investment in key people
  - Investment in infrastructure
  - Increased costs associated with business growth
  - Cost associated with Regulatory Requirements
- Satisfying the requirements of Basel II remains a key priority
- Strong focus on risk management and compliance
- Capital optimisation gaining further momentum

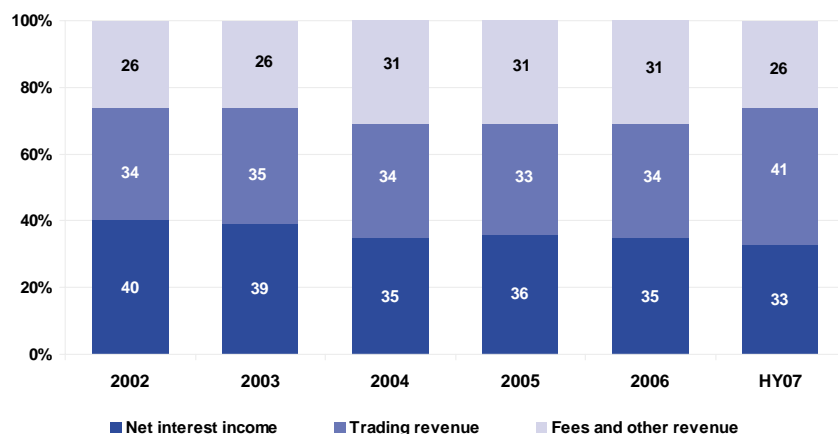
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## Abridged income statement

	June 2007 Rm	% change	June 2006 Rm
Net interest income	2 968	34	2 223
Non-interest revenue	6 159	51	4 080
Fee and commission revenue	1 908	47	1 294
Trading revenue	3 750	63	2 296
Other revenue	501	2	490
Total income	9 127	45	6 303
Credit impairment charges	196	(18)	238
Operating expenses	4 810	47	3 271
<b>Net income</b>	<b>4 121</b>	<b>47</b>	<b>2 794</b>
<b>Headline earnings contribution</b>	<b>3 117</b>	<b>38</b>	<b>2 265</b>

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Income contribution



Global Markets

- Total income R4.2bn, up 65%, headline earnings R1.3bn, up 65%
- Market characterised by higher levels of global liquidity, investor search for yield and higher market volatility
- Performance across all product lines and regions driven by
  - Favourable market conditions
  - Increased client activity
  - Increased market volatility in commodity markets
  - Contribution from 2006 structural initiatives
  - Improved leverage of investment banking product set
- Good diversification of earnings

## Diversified trading revenue

	June 2007 Rm	June 2006 Rm	Dec 2006 Rbn
Commodities	655	632	1 078
Forex	1 140	1 035	2 014
Debt securities	1 643	519	1 480
Equities	245	91	290
Other	6	2	(10)
<b>Total trading revenue</b>	<b>3 689</b>	<b>2 279</b>	<b>4 852</b>

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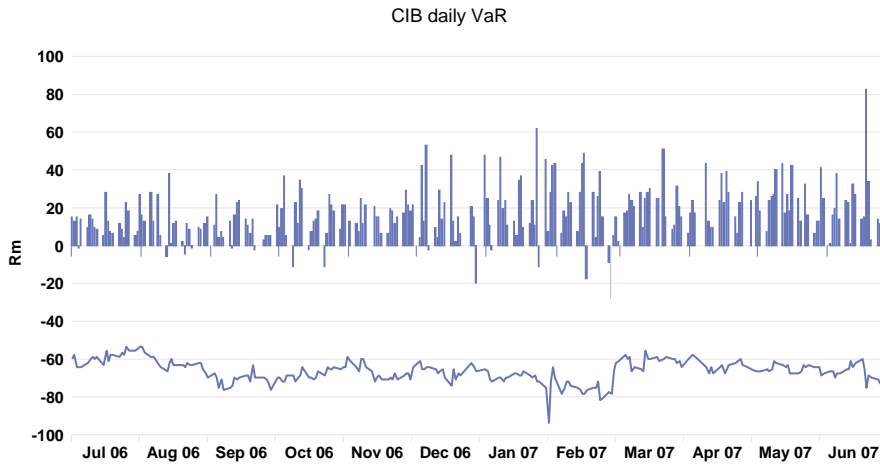
## Global Markets

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  - Favourable market conditions
  - Increased client activity
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  - Contribution from 2006 structural initiatives
  - Improved leverage of investment banking product set
- Good diversification of earnings
- Risk profile maintained

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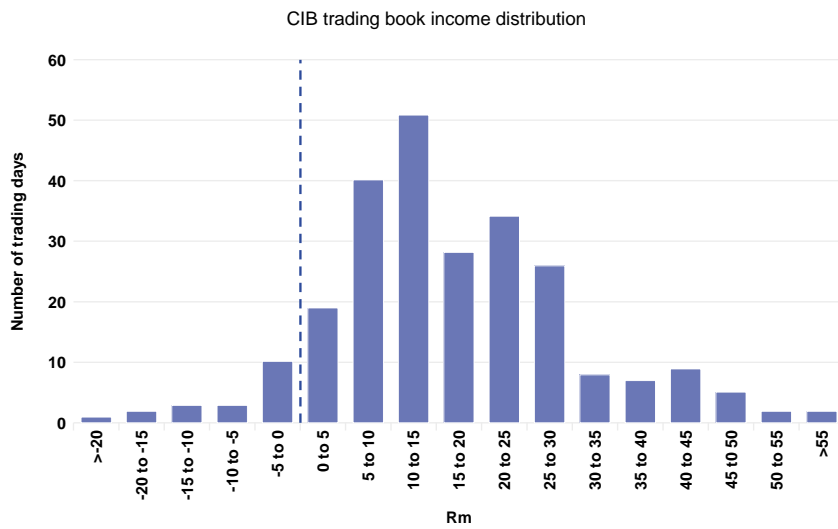


Global Markets – VaR



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Global Markets – Distribution of P&L



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## Banking & Trade Finance

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- Total income R3.6bn, up 32%, headline earnings R1.2bn, up 44%
  - Good growth in Global Transactional Banking volumes, significant competitive pricing pressure
  - Growth in term and property lending books
  - Increased activity in Structured Trade Finance
- Higher cross sell activity and better penetration of top tier client base
- Significant increase in clients generating profits in excess of R7m pa, supported by increase in deal size and volume of transactions
- Continued investment in staff and infrastructure costs in the Rest of Africa associated with growth in business

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## Investment Banking

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- Income R1.3bn, up 28%, headline earnings R0.6bn, down 5%
- Non-recurrence of Infrastructure Fund dividend income and profits from realisation of property investments in prior year
- Positive gains on both the listed and unlisted equity portfolios
- Good revenue growth in Project Finance and positioning for infrastructure expenditure across the continent supported by a good pipeline of mandates
- Improved positioning of advisory business in Corporate Finance and appropriate participation of other product groups in providing client solutions
- Higher deal flow in Acquisition and Structured Finance businesses

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## Outlook and activities

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- Maintain pace of development in infrastructure, systems, risk, regulatory and compliance
- Macro-economic factors changing, pressures on interest rates and mounting concerns about inflated asset prices
- Strong deal pipeline, continued client focus and cross sell culture
- Leverage and scale operations globally with specific focus on Nigeria and Rest of Africa
- Recruitment, development and retention of key staff
- Basel II compliance will be achieved
- Actively focus on revenue generation and optimisation of economic capital

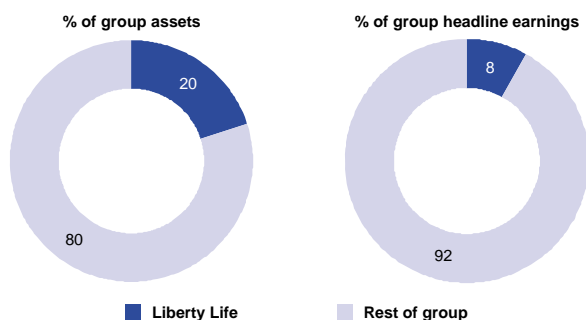
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Jacko Maree  
Liberty Life



Liberty Life

- Liberty Life normalised headline earnings up 55% to R1 652m
- Liberty Life normalised embedded value up 26% to R25.9bn
- Liberty Life normalised ROEV 24.7% (June 2006: 17.4%)
- Headline earnings contribution to Standard Bank up 56% to R514m
- Liberty Life ROE 31.4% (June 2006: 22.5%)
- Stanlib assets under management grew by 9%



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Liberty Life

- Indexed new business production grew by 17%, indexed new life business up 14%
- Stanlib net cashflows (excluding life funds) up 67%
- Robust life financial performance driven by
  - Strong equity markets
  - Favourable operating performance especially value of new business
  - Reduction in investment guarantee reserve
- Stanlib performance lower than expected due to
  - Fee pressure
  - Cost growth as a result of investment in talent

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Jacko Maree  
Conclusion



## Where to from here?



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

### In Africa

Standard Bank must clearly be seen to be the leading bank

- West Africa      Nigeria, Ghana, Angola
- East Africa      Kenya, Tanzania

### Outside Africa

- Complementary expansion of international franchise
  - e.g. Dundas Ünlü (Turkey), India branch
- Special situations
  - e.g. Argentina

## Where to from here?

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### Currently in progress

- Nigeria (IBTC Chartered)
- Kenya acquisition (CFC)
- Establish bank in Angola
- Establish a branch in India

### Under consideration

- Monoline retail banking opportunities

## Nigeria IBTC Chartered

- IBTC has strong investment and private banking platform
- Stanbic Nigeria strong in debt capital markets
- Integration between our operations in SA and Nigeria, boosted by international distribution capability
- Next step would be to expand middle income retail banking offering
- Total investment approximately US\$620m
- This transaction will take our African banking business to the next level
- Transaction closes before end of August

## Basel II

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- Started project in 2001
  - small project team analysing and creating awareness of requirements
- In 2003 the business units took ownership of the project
  - decentralised approach ensured concepts entrenched at operating level
- Board involvement since 2003
- Capital management key focus areas include
  - Alignment of risk and capital management with Basel II definitions
  - Improved and consistently applied group-wide regulatory and economic capital calculation and regulatory reporting tools
  - Improved linkages of business strategic planning and operational processes with economic and regulatory capital outcomes

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## Financial objectives remain

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	2007 objective
Normalised ROE	24.0%
Normalised growth in headline earnings per share	CPIX + 10%
Credit loss ratio	0.75%
Cost-to-income ratio	53.5%

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## Outlook

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- **Personal & Business Banking**
  - Interest rate outlook in South Africa likely to make retail banking environment more challenging in second half of 2007
  - Good foundation has been laid to benefit from appropriate product roll out in Africa which is progressing well
- **Corporate & Investment Banking**
  - Supply side of the economy is gaining momentum which should benefit operations in South Africa
  - Significant work done on operations Outside South Africa starting to bear fruit
- **Liberty Life**
  - Focus on building a broader wealth company

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