

2005 Interim results presentation



Performance drivers



Market drivers

- Low interest rates
- Consumer spending
- Strong equity markets
- Regulatory pressures
- High levels of corporate liquidity
- Increased competition in emerging markets

Performance drivers

- Retail loans and advances growth
- Margin pressure
- Better than expected credit experience
- Transaction volume growth
- Increased costs to support growth strategies

Financial highlights



	June 2005	June 2005	June 2004
	Reported under IFRS	Normalised	
Headline earnings growth (%)	↑ 18%	↑ 23%	↑ 13%
Headline eps (cents)	327.4	304.8	249.0
Headline eps growth (%)	↑ 31%	↑ 22%	↑ 12%
ROE (%)	26.7	23.7	22.7
NAV per share (cents)	2 536	2 646	2 225
Dividend cover (times)	2.5	2.5	4.9
Credit loss ratio (%)	0.46	0.46	0.72
Cost-to-income ratio (%)	57.0	57.0	56.2

Results normalised to reflect legal substance of Black Ownership Initiative and deemed treasury shares. 3

Divisional review



	Headline earnings growth
• Excellent conditions for Retail Banking	↑ 30%
• Africa continues on growth path	↑ 16%
• Good result for CIB under tougher conditions	↑ 10%
• Difficult trading conditions in International (↓ 2% in USD)	↓ 8%
• Liberty boosted by Capital Alliance & buoyant equity markets	↑ 75%

Divisional review



	Headline earnings	Headline earnings contribution	ROE
	Rm	%	%
Domestic Banking	3 043	77	30.5
Retail Banking	1 550	39	27.8
Corporate & Investment Banking	1 398	36	35.5
Other domestic operations	95	2	
Africa	338	9	26.9
International	319	8	11.3
<i>International USD</i>	51		11.4
Stanlib	48	1	59.6
Central funding	(21)	-	
Standard Bank operations	3 727	95	26.6
Liberty Life	214	5	16.4
Standard Bank Group	3 941	100	26.7
<i>Standard Bank Group normalised</i>	4 126		23.7

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Loans & advances



	June 2005	%	June 2004	Dec 2004
	Rbn	Change	Rbn	Rbn
Domestic Banking	234	27	184	212
Retail Banking	172	33	130	151
Corporate & Investment Banking	61	12	54	61
International	45	26	36	33
Africa	13	11	12	12
Group	292	26	231	257

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Retail Banking loans & advances



	June 2005 Rbn	% Change	June 2004 Rbn	Dec 2004 Rbn
Home loans	105	39	76	92
Card	10	47	7	8
Vehicle and asset finance	36	19	30	33
Other lending	23	27	18	20
Provisions	(2)		(2)	(2)
Net loans and advances	172	33	130	151

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Domestic funding shift to wholesale



	Six months ended June 2005 Rbn	Funding raised %	Funding raised 2004 %	Funding raised 2003 %
Domestic funding requirement	33			
Raised by:				
Retail	7	21	21	30
Wholesale	26	79	79	70
<i>Wholesale term funding</i>	22			

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Market share up in all retail categories

- **Home loans continue to perform**
 - Continuing benefit from origination strategy
 - Comfortable with credit risk
 - Bolstering collections with Enterprise Wide Collection Strategy
- **Vehicle and asset finance getting the basics right**
 - Revisited origination strategy
 - Improved pricing and ROE management
- **Credit card expands its customer base**
 - Better penetration of credit card into Standard Bank customer base
 - Bad debts well within acceptable levels
 - Implementation of new processing system

Headline earnings ↑ 30%, ROE 27.8%, Credit loss ratio 0.81%

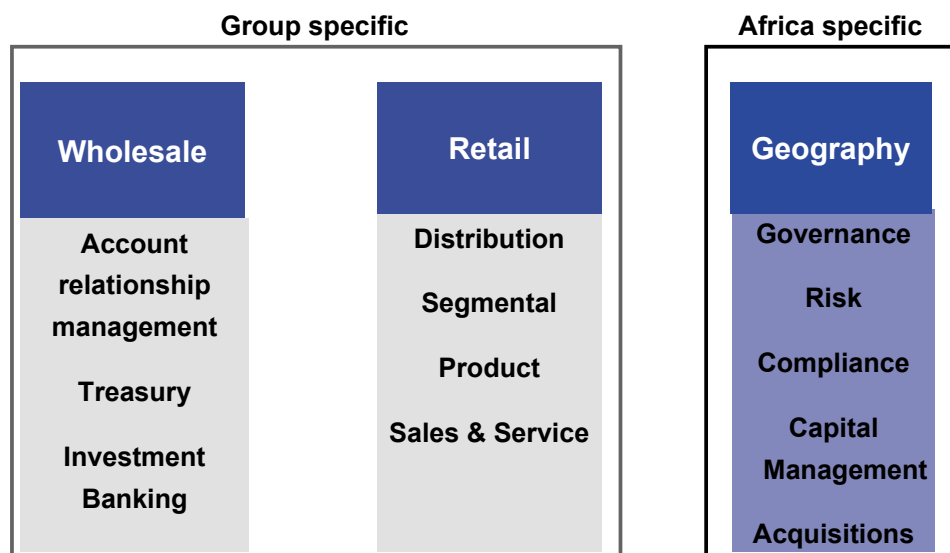
- **Transaction and lending products show good growth**
 - Compounding effect of 10% growth in number of active accounts boosts NIR
 - 22% growth in personal loans
- **Dealing with potential disintermediation**
 - SA Home Loans (mortgage securitisation)
 - MTN Banking (mobile banking)
 - Edgars (Retailer card book JV)
- **Investing in processing and collections capabilities**
- **Branch service levels maintained**
- **Increased points of representation**

Headline earnings ↑ 30%, ROE 27.8%, Credit loss ratio 0.81%

- **Margin income improved, but could still be better**
 - exacerbated by low loan to deposit ratio
- **Higher credit provisioning off a low base**
- **Excellent NIR growth, up 38%**
 - Implementing a consistent approach to banking fees
 - Strong growth in treasury income
- **African market split into:**
 - Simpler, Better, Faster
 - Invest to grow
 - Acquire to grow

Headline earnings ↑ 16%, ROE 26.9%, Credit loss ratio 1.60%

Delineation between Retail and Wholesale complete



Headline earnings ↑ 16%, ROE 26.9%, Credit loss ratio 1.60%

- **Good overall performance in all divisional businesses**
- **Decline in net interest income due to margin compression, down 7%**
- **Continued improvement in credit quality reflected in net credit recoveries**
- **Good growth in transactional revenues**
- **Strong growth in trading revenue, up 16%**
- **Gains from equity and property investments**

Headline earnings ↑ 10%, ROE 35.5%, Credit loss ratio (0.01)%

- **International's markets characterised by**
 - high global liquidity
 - increased competition in emerging markets
- **Lower Global Markets revenues due to tighter credit spreads throughout the period**
- **Commodities revenues reduced due to**
 - lower client hedging activity given current high commodity prices
 - limited trading opportunities
- **Good performance by base metals trading, off high base**

Headline earnings ↓ 8% (↓ 2% in USD) , ROE 11.3% (11.4% in USD) , Credit loss ratio (0.59%)

- **Significant revenue pressures**
- **Reduced levels of risk positions**
- **Recovery of previously impaired loans combined with absence of significant new impairments**
- **Costs tightly controlled**
 - continuing investment in infrastructure
- **Standard Bank Plc and Standard International Holdings achieved investment grade formal credit ratings from Moody's and Fitch**
 - Standard Bank Plc long-term foreign currency rating BBB

Headline earnings ↓ 8% (↓ 2% in USD) , ROE 11.3% (11.4% in USD) , Credit loss ratio (0.59%)

- **Enjoying strong equity markets**
- **Operational restructuring**
- **Capital Alliance integration**
- **Marketing and distribution restructuring**
- **Focus on capital management**
- **Addressing Pension Fund Adjudicator issues**

Headline earnings ↑75%, Embedded value per share ↑19%

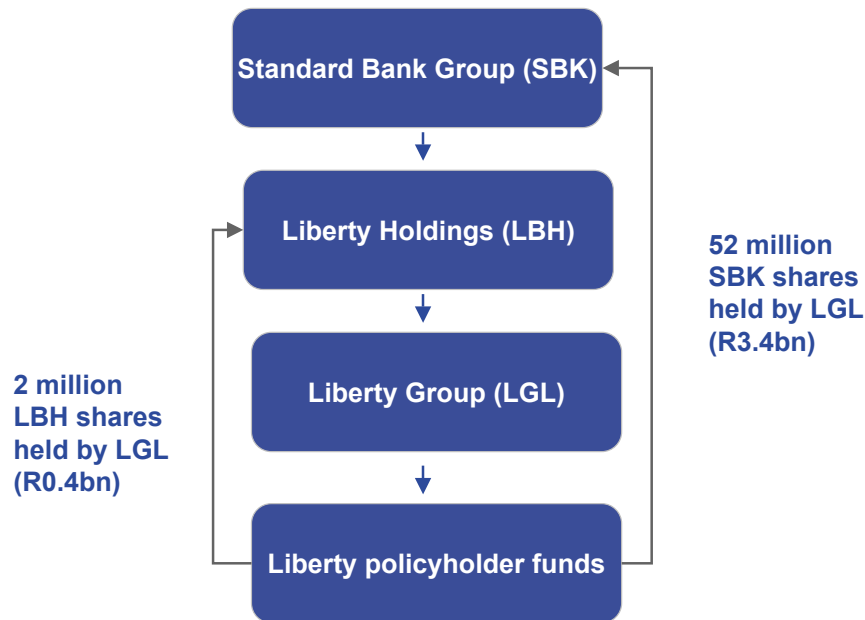
Financial highlights Simon Ridley



Factors influencing the numbers



- **IFRS conversion**
 - Conversion audited
 - Apart from deemed treasury share issue, no major impact
 - Approx R1bn debit to ordinary shareholders funds, R951m relates to deemed treasury shares
 - No significant effect on interim headline earnings
- **Normalised earnings**
 - Two main impacts relate to deemed treasury shares
 - *Black Ownership Initiative*
 - *Group shares held for Liberty policyholders*
- **Funds transfer pricing revision**
 - Term deposit taking rewarded at higher internal rates
 - Term lending activities charged an additional premium



Shares held on behalf of policyholders, not shareholders

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- **Fair value of options granted expensed over the vesting period**
- **Includes**
 - Share option scheme
 - Shares allocated to black managers in terms of Black Ownership Initiative
 - *Included draft international guideline (D16)*
- **Excludes**
 - Shares owned by strategic partners and regional business/community trusts in terms of Black Ownership Initiative
 - *Vested in 2004*

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Group income statement review



	June 2005 Rm	% Change	June 2004 Rm	Dec 2004 Rm
Net interest income	6 008	11	5 395	11 492
Impairment charges on L&As	638	(23)	830	1 050
Net interest income after provisions	5 370	18	4 565	10 442
Non-interest revenue	7 943	11	7 145	15 044
Operating expenses	7 953	13	7 050	15 384
Taxation	1 448	2	1 420	2 873
Group profit	4 374	17	3 734	9 077
Attributable to minorities	384	(2)	393	1 393
Attributable to pref shareholders	114		-	-
Attributable to ord shareholders	3 876	16	3 341	7 684

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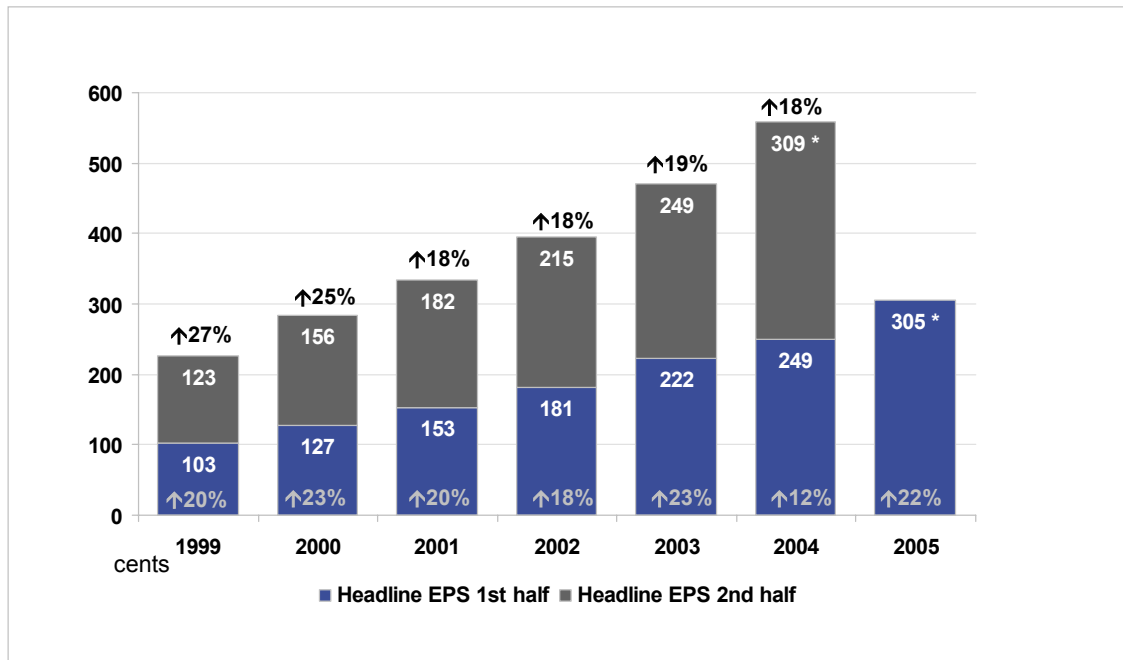
Normalised headline earnings



	June 2005 Rm	% Change	Weighted number of shares m
Group profit attributable to ord shareholders	3 876	16	
Adjustable items net of minorities	65		
Group headline earnings	3 941	18	1 204
<i>Black Ownership Initiative</i>			99
Dividend receivable on 8,5% pref shares	182		
Dividend accrued on perpetual pref shares	2		
<i>Shares held in policyholders' funds</i>			51
Fair value movements	(30)		
Dividends received	31		
Normalised headline earnings	4 126	23	1 354

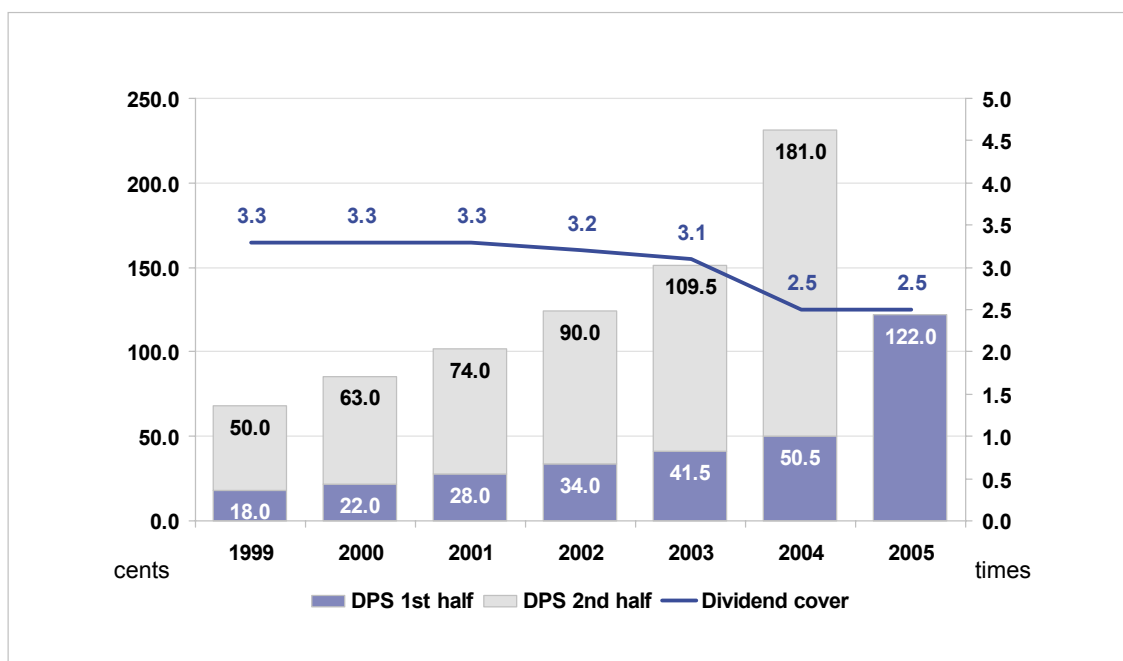
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Headline earnings per share

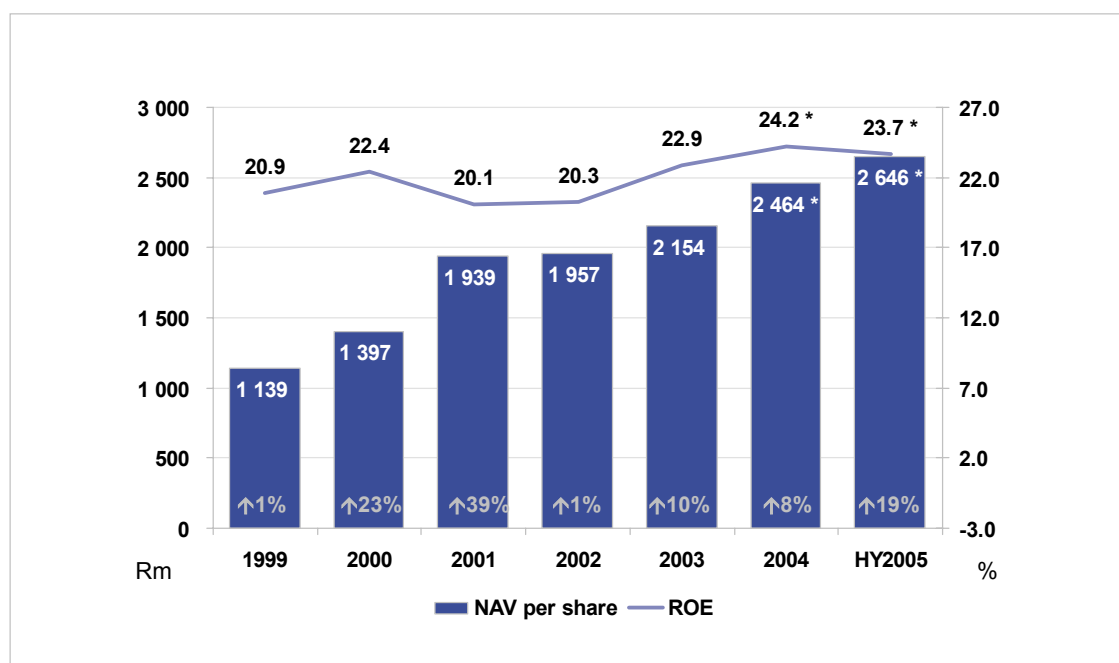


* 2004 and 2005 normalised

Dividends per share



Return on equity



* 2004 and 2005 normalised

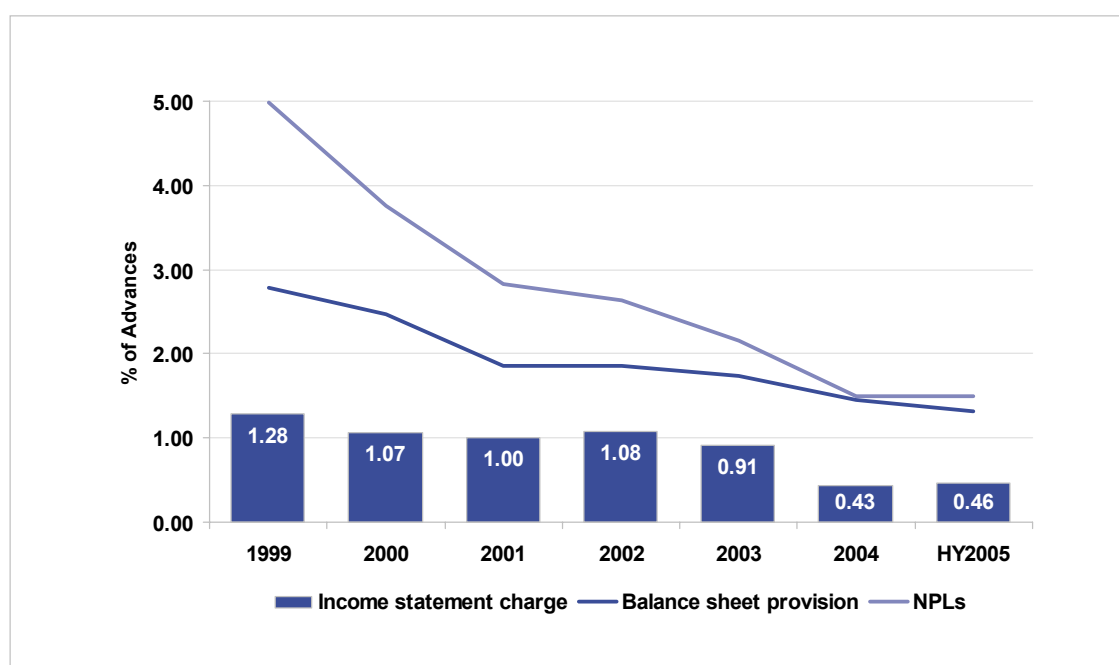
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Domestic margin analysis

	%
Restated margin six months to June 2004	3.33
Lending	(0.06)
Funding	(0.10)
Endowment effect of lower interest rates	(0.09)
Treasury & other wholesale activities	0.04
Effect of asset mix changes	(0.05)
Margin six months to June 2005	3.07

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Credit loss trends



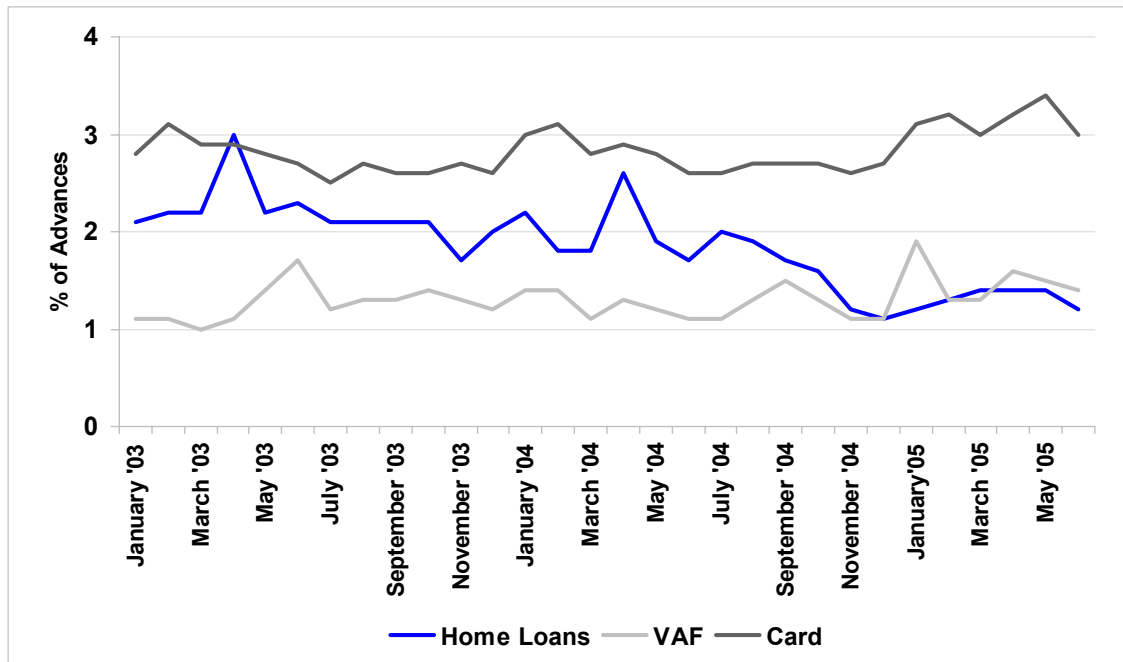
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Credit provisioning

	June 2005	June 2005	June 2004	June 2004	Dec 2004	Dec 2004
<i>Percentage of advances</i>	NPL	Charge	NPL	Charge	NPL	Charge
Domestic Banking	1.5	0.58	2.0	0.71	1.5	0.41
Retail Banking	1.7	0.81	2.1	1.02	1.7	0.59
Corporate & Investment Banking	1.0	(0.01)	1.5	0.05	1.0	0.05
Africa	2.3	1.60	1.8	0.28	1.7	0.39
International	1.3	(0.59)	0.7	0.76	1.3	0.37
Standard Bank operations	1.5	0.46	1.8	0.72	1.5	0.43

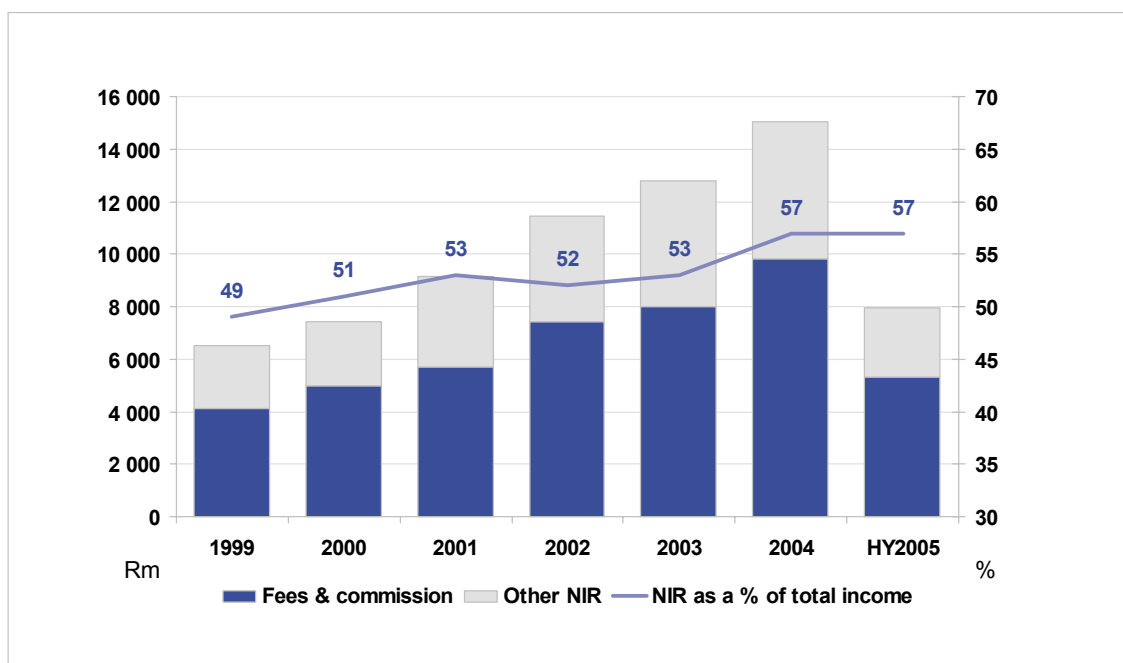
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Early arrears as a % of book

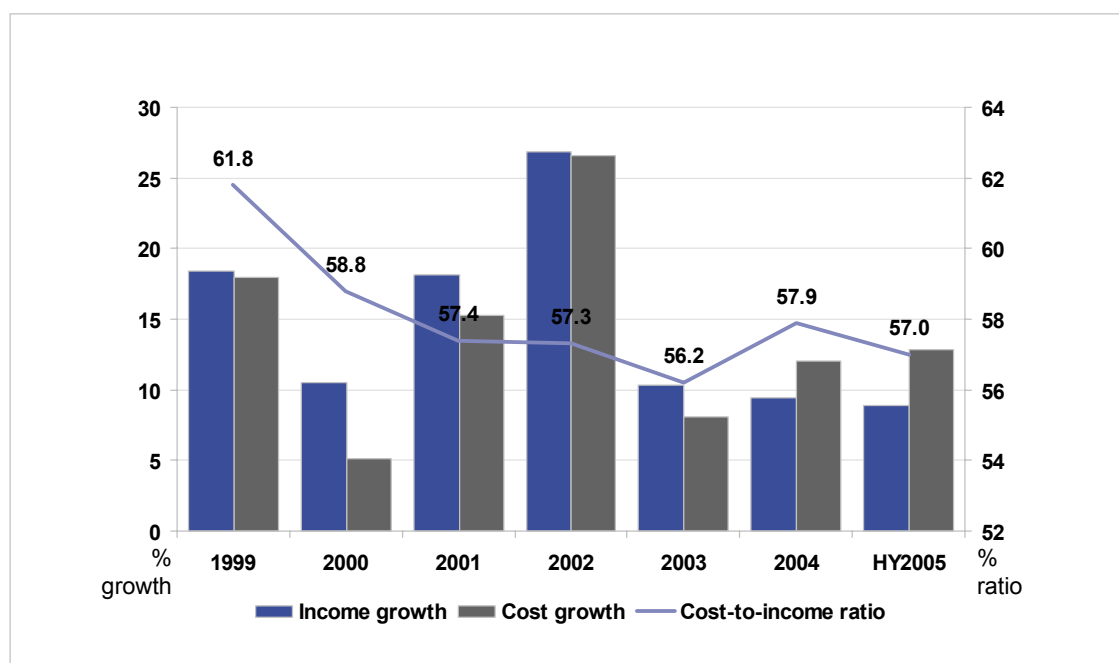


Early arrears = special mention as defined in analysis of financial results on page 34

Non-interest revenue



Operating expenses

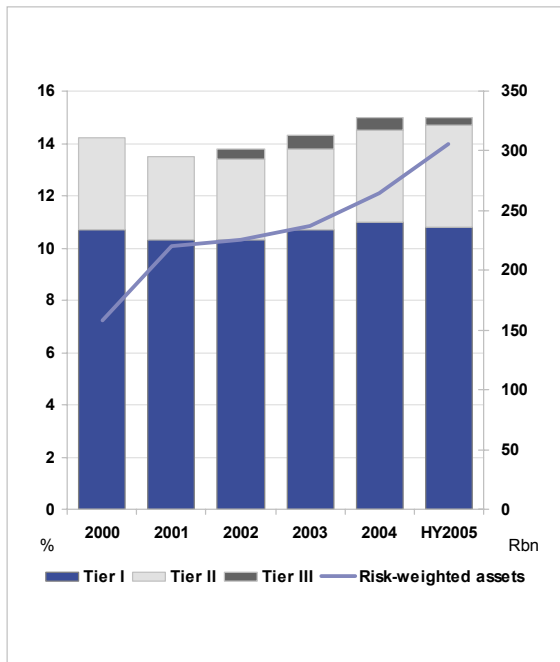


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Cost vs revenue growth

	Revenue growth %	Cost growth %	Cost-to-income ratio %
Domestic Banking	14	16	54.6
Retail Banking	17	14	60.8
Corporate & Investment Banking	6	9	42.2
Africa	22	16	57.7
International	(17)	1	79.0
<i>International USD</i>	(12)	7	79.0
Standard Bank operations	11	13	57.0

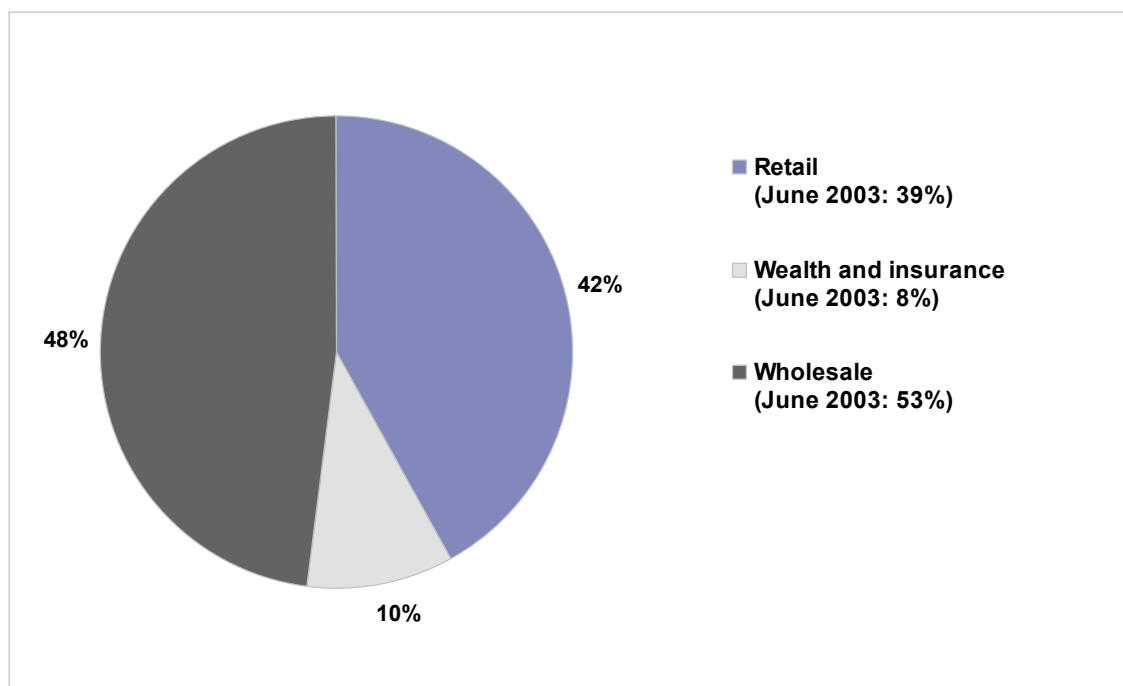
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	June 2005	Dec 2004
	%	%
Group		
Tier I	10.8	11.0
Tier II and III	4.2	4.0
Total	15.0	15.0
SBSA		
Tier I	8.5	9.1
Tier II and III	4.8	4.3
Total	13.3	13.4

Conclusion
Jacko Maree

- **Foreign competition in domestic market**
- **Regulatory environment**
 - Increases costs
 - Raises barriers to entry
- **Credit expectations**
 - Budgets reflect higher levels of credit provisioning
- **Costs**
 - Separate productivity assessments in head office and regional centres
 - Balancing costs vs short-term profitability



- **Retail**
 - Set to continue to benefit from lower inflation and interest rates
- **Africa**
 - Group integration complete
 - Need to focus on increasing customer flows and selected acquisitions
- **CIB**
 - Earnings growth off a high base
- **International**
 - Competitive markets
 - Continued build
- **Liberty**
 - Focus on basics
 - Pursue growth strategy despite regulatory issues

Medium-term

- **Normalised ROE of 22.5%**
- **Normalised headline earnings per share growth of CPIX**
(estimate 4.1%) + 10%

2005

- **Cost-to-income ratio at or better than 55.5%**
- **Credit loss ratio contained within 0.75% of average advances**

