

...blueprint for growth



for the six months ended 30 June 2003



**Standard Bank
Group**

Interim results presentation

for the six
months ended
30 June 2003



Standard Bank
Group

Agenda

Financial highlights

Simon Ridley

Business unit overviews

Retail

Peter Wharton-Hood

SCMB

Ben Kruger

Stanbic Africa

Sim Tshabalala

International

Jacko Maree

Conclusion

Jacko Maree



Main drivers of Group performance

- Domestic interest rate environment
- Increased domestic retail market share
- Sustained credit quality
- Recovery in emerging markets
- Rand strength
- Equity markets
- AC 133

Financial highlights

	Jun '03 %	Jun '02 %
Return on equity	22.5	18.7
Growth in headline earnings	22	19
Cost-to-income	54.9	57.5
Provision for credit losses	1.19	1.21
Growth in dividends per share	22	21

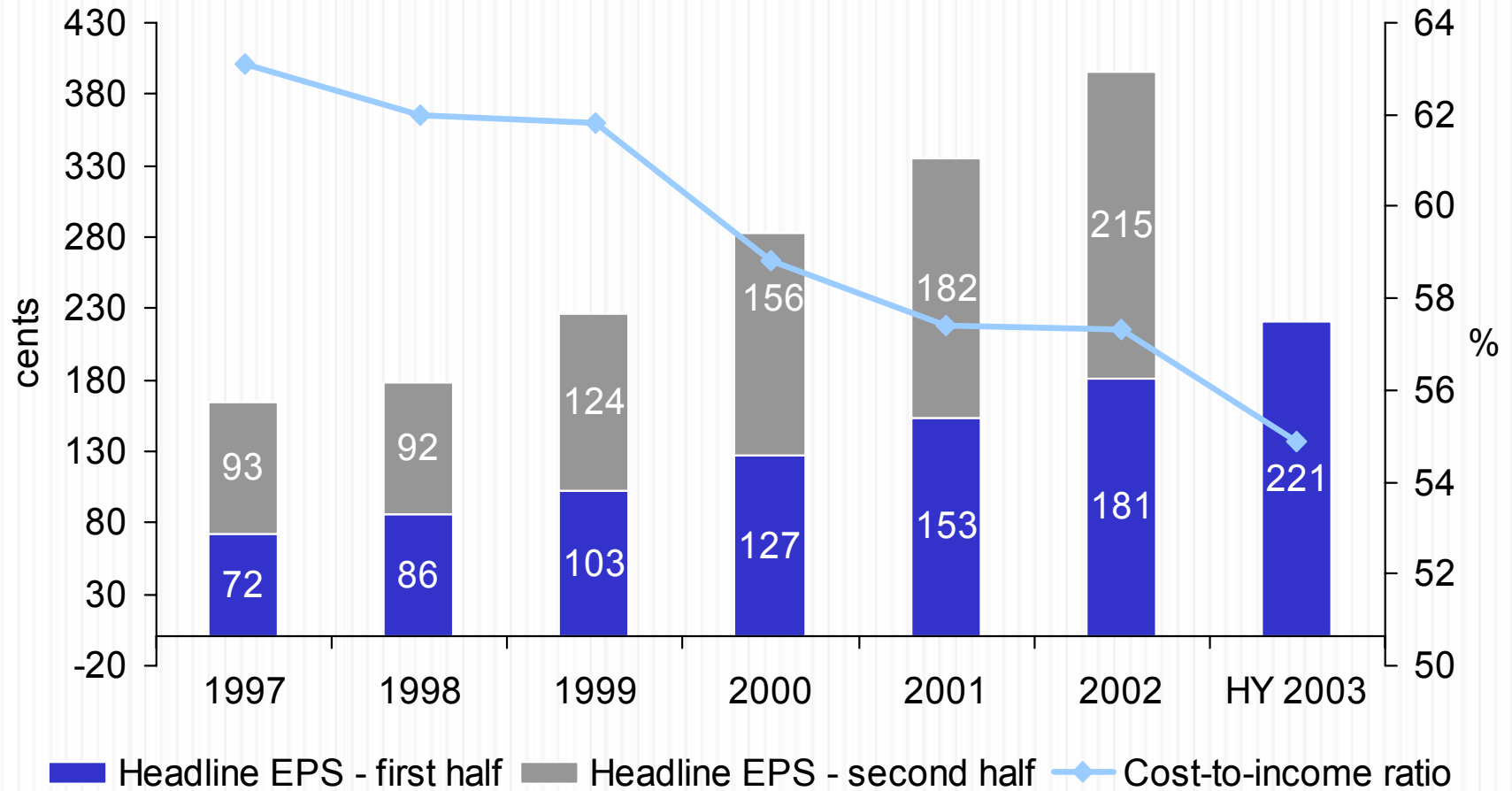


Income statement highlights

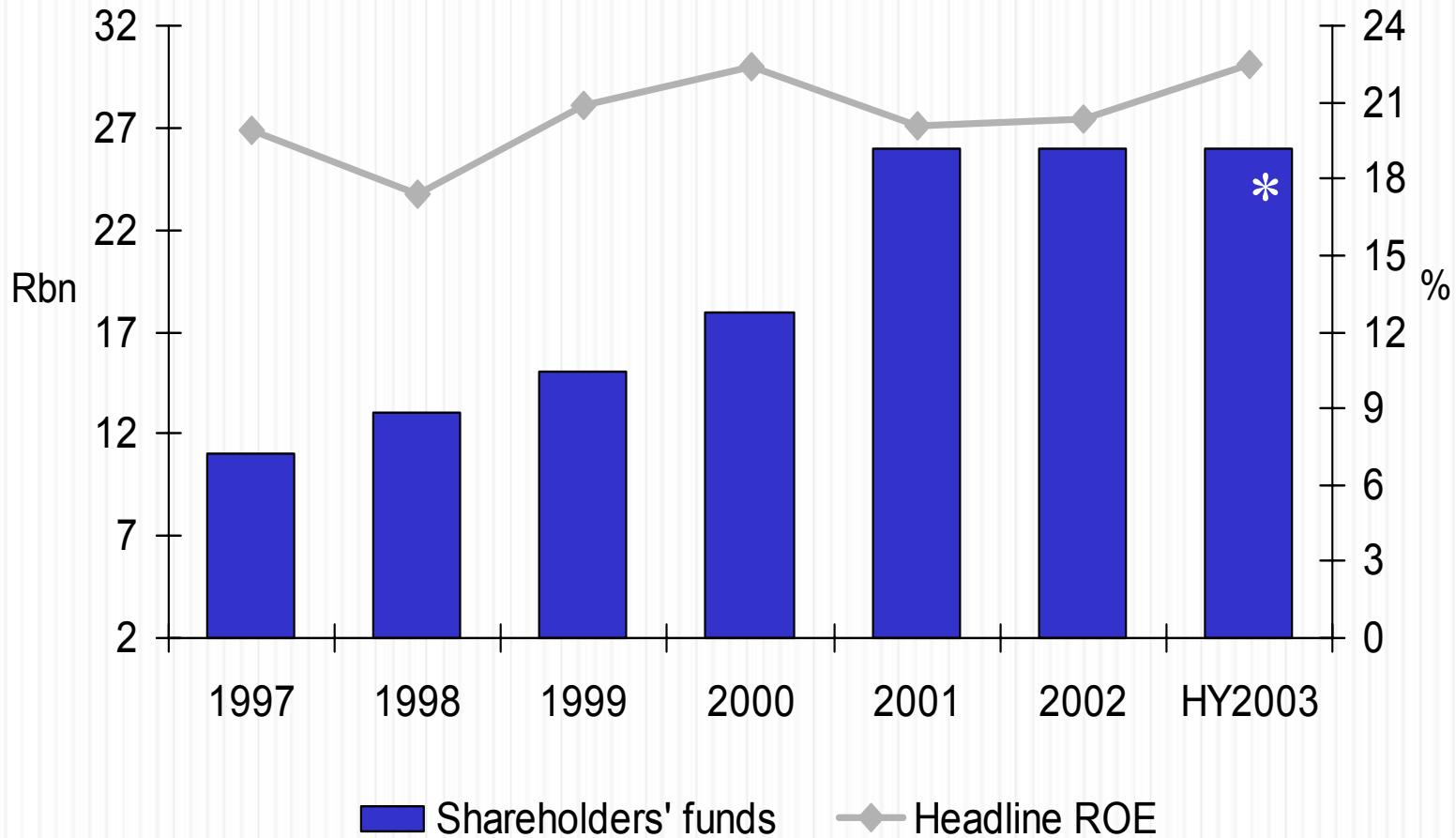
	Jun '03 Rm	% change	Jun '02 Rm	Dec '02 Rm
Net interest income	5 841	24	4 696	10 520
Non-interest revenue	6 085	13	5 408	11 448
Total income	11 926	18	10 104	21 968
Provision for credit losses	1 124	7	1 049	1 955
Operating expenses	6 543	13	5 813	12 587
Taxation	1 393	39	1 001	2 435
Liberty headline earnings	100	(47)	187	298
Group headline earnings	2 942	22	2 402	5 263
Headline earnings per share (cents)	221	22	181	396



Financial performance



Headline return on equity



* Reversal of translation reserve - R1.3bn



Headline earnings analysis

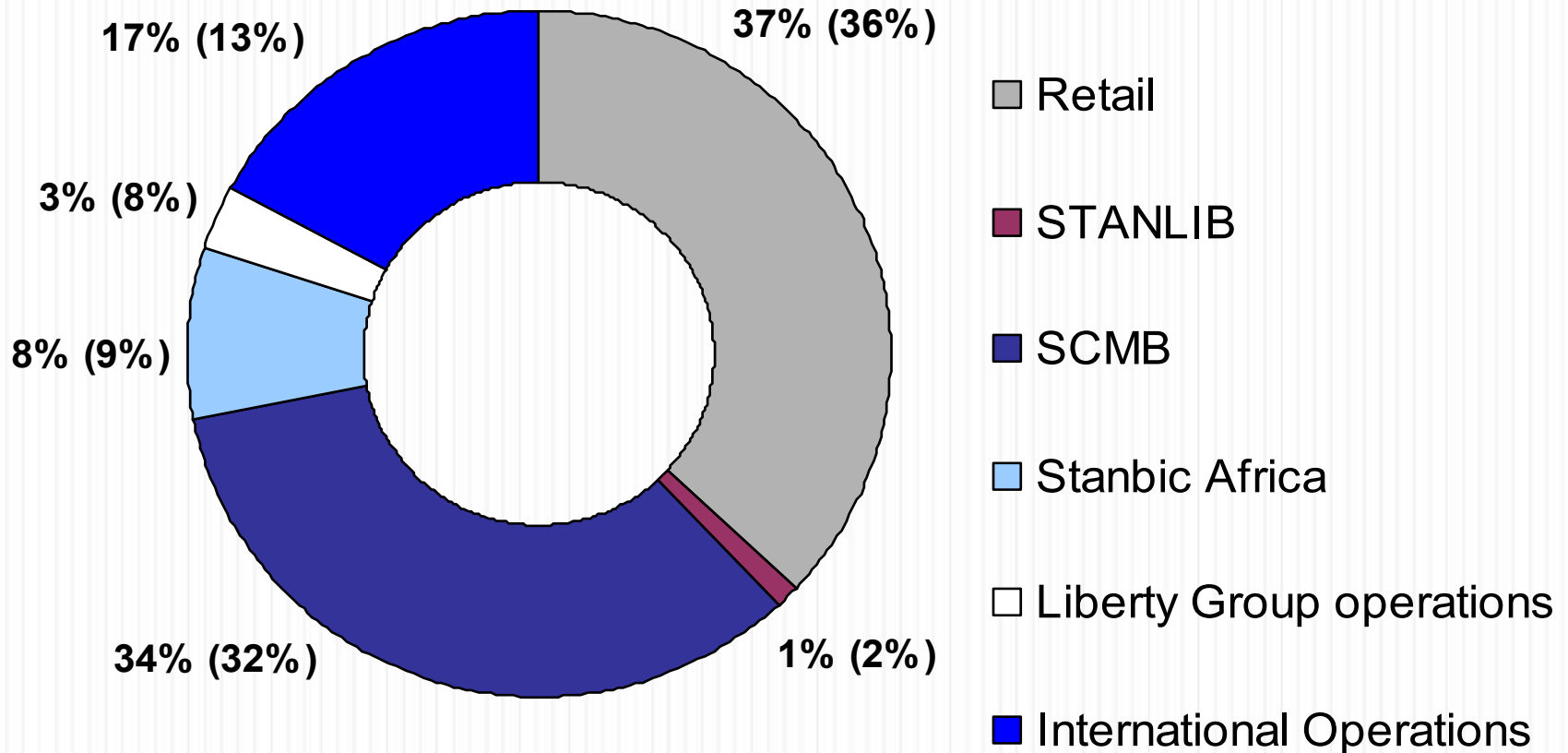
	Jun '03 Rm	% change	Jun '02 Rm	Dec '02 Rm
Domestic Banking	2 085	27	1 638	3 960
Retail	1 087	20	905	2 110
SCMB	1 028	30	792	1 788
Central services	(30)		(59)	62
Stanbic Africa	249	8	231	482
International Operations	499	49	336	429
STANLIB	31	(24)	41	62
Central funding	(22)		(31)	32
Standard Bank operations	2 842	28	2 215	4 965
Liberty Group operations	100	(47)	187	298
Standard Bank Group	2 942	22	2 402	5 263

Headline returns on equity

	Jun '03 %	Jun '02 %	Dec '02 %
Domestic Banking	30.8	27.1	31.2
Retail	30.5	26.9	30.4
SCMB	32.0	29.5	31.2
Stanbic Africa	31.3	24.5	27.4
International Operations	16.8	9.3	6.3
Standard Bank operations	23.9	19.1	21.2
Liberty operations	8.5	15.0	12.3
Standard Bank Group	22.5	18.7	20.3



Headline earnings mix



SCMB includes Properties and high value business banking clients

Retail includes small to medium client segment of business banking

1H02 figures in brackets



AC 133 overview

- Classification and measurement of financial instruments
- Credit provisioning
- Transitional adjustments vs current period impact

AC 133 – opening balance sheet adjustments to equity

	Rm
Financial instruments	(196)
Cash flow hedging reserve	28
Available-for-sale reserve	6
PV adjustment to specific provisioning	(381)
PV adjustment to staff home loans	(164)
Methodology change to general provisioning	449
Tax	86
Total adjustments	<u>(172)</u>

AC 133 – income statement effects

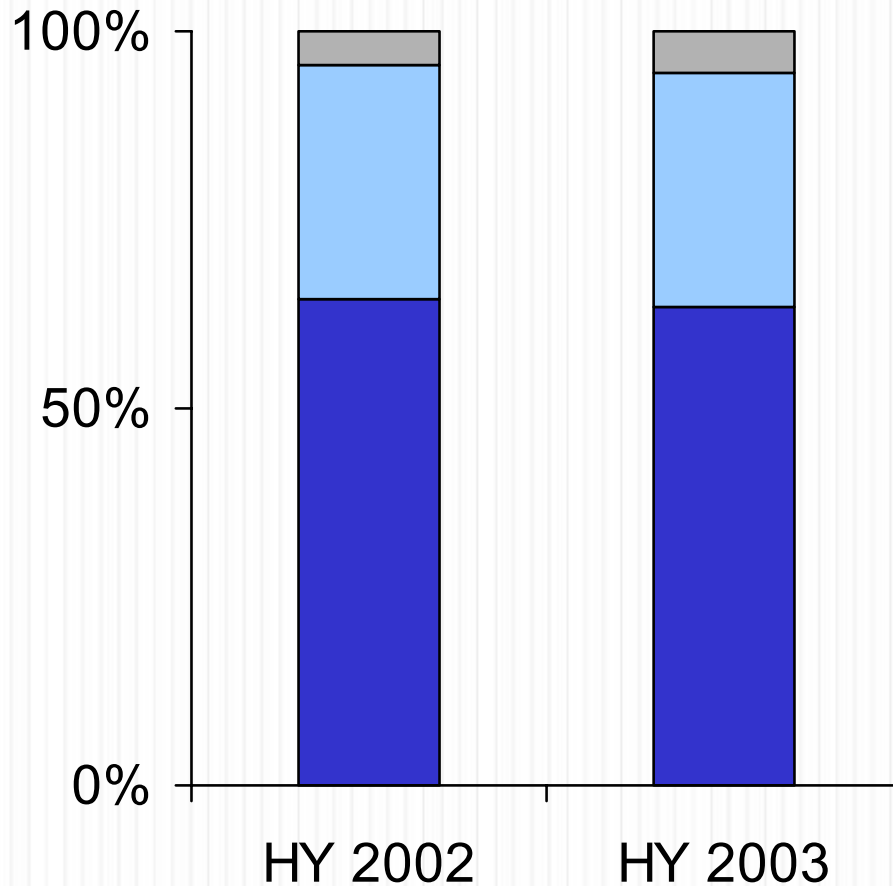
	Jun '03	
	Rm	
Net interest income before provision for credit losses	302	
Provision for credit losses	(213)	
Taxation & other adjustments	(18)	
Headline earnings	71	
	Excl	Incl
	AC 133	AC 133
	%	%
Key ratios restated		
Headline earnings growth	20	22
Return on equity	21.9	22.5
Cost-to-income	56.4	54.9
Credit loss ratio	0.97	1.19

Group funds margin analysis

	%
Margin at June 2002	2.88
Domestic operations	0.17
Endowment effect	0.17
Retail deposit growth	0.16
Lending margin	(0.17)
Other	0.01
Stanbic Africa	0.00
International Operations	0.02
Central funding	0.16
Increased Domestic proportion of total group assets	0.23
Margin pre AC 133/gross up effect	3.46
AC 133 and derivative gross up effect	(0.61)
Margin at June 2003	2.85



Non-interest revenue



- Fees and commission +11% (Domestic +14%)
- Trading revenue +12% (Domestic +15%)
- Other income +36%

■ Fees & Commission ■ Trading ■ Other



Operating expenditure

	% increase	Jun '03 Rm	Jun '02 Rm	Dec '02 Rm
Staff costs	15	3 724	3 237	6 934
Other operating costs	9	2 819	2 576	5 653
Total costs	13	6 543	5 813	12 587

- Overall increased headcount +2%
- Investment in IT
- Sales and service initiatives
- African and International expansion

Cost-to-income ratios

	Jun '03 %	Jun '02 %	Dec '02 %
Domestic Banking	53.5	55.4	53.4
Retail	59.5	61.1	59.9
SCMB	41.7	43.6	43.7
Stanbic Africa	58.8	58.9	60.8
International Operations	57.7	65.2	71.4
Standard Bank operations	54.9	57.5	57.3

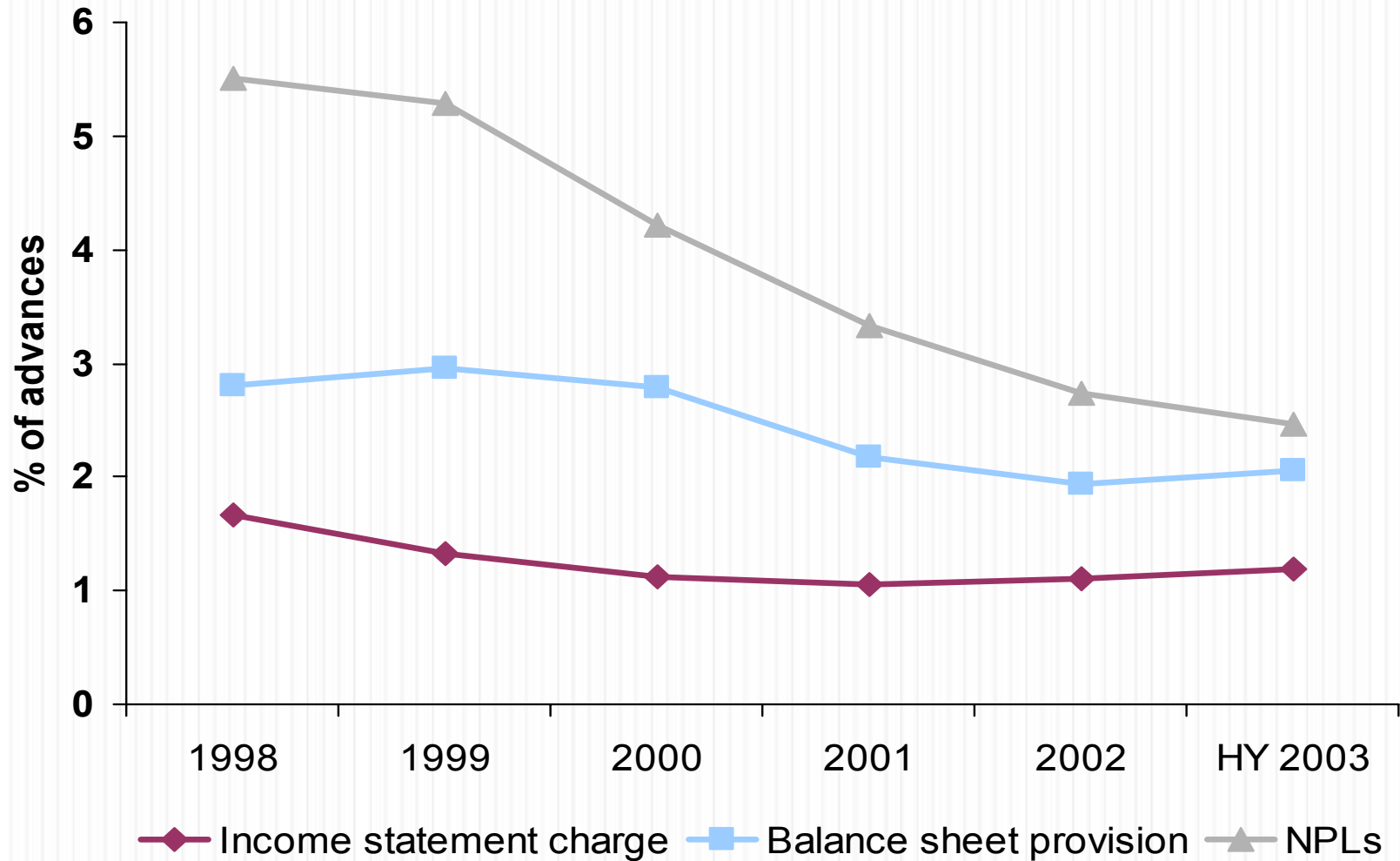
Balance sheet highlights

	Jun '03 Rbn	% change	Jun '02 Rbn	Dec '02 Rbn
Loans and advances	198	14	174	179
Derivative assets *	95	>100	7	9
Total banking assets	433	32	327	304
Insurance assets	86	(4)	89	86
Total assets	519	25	416	390
Shareholders' funds	26		26	26
Deposits	257	(1)	260	240
Derivative liabilities *	95	>100	5	4
Total equity and liabilities	519	25	416	390

* Change in accounting policy gross up effect



Credit loss history



Non-performing loans

	Jun '03		Dec '02	
	Rm	% of adv	Rm	% of adv
Gross NPLs	4 631	2.46	4 808	2.74
Security and expected recoveries	2 126 ¹		2 970	
Net NPLs	2 505		1 838	
Provisions against NPLs	2 505 ¹		1 834	
Net exposure	-		4	
NPL Coverage: Gross ²	54%		38%	
NPL Coverage: Net ²	100%		99%	

¹ Change from Dec '02 mainly due to discounting of security values

² New basis of calculation excludes provision for performing loans/GDP

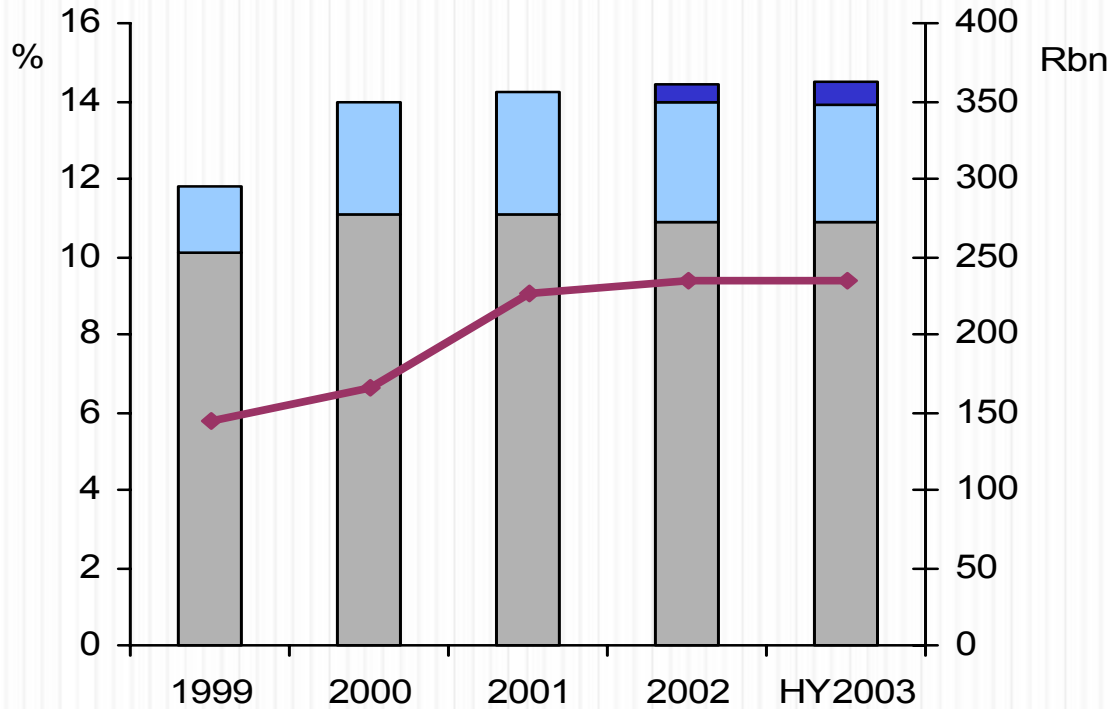


Performing loans

	Jun '03	Dec '02
	Rm	Rm
Gross performing loans (PLs)	197 483	177 504
Provisions against PLs (GDP)	1 227 ¹	1 553
Portfolio embedded provision ratio	0.62% ¹	0.87%

¹ Change from Dec '02 due to accounting methodology changes

Capital adequacy



Primary capital

Secondary capital

Tertiary capital

Risk-weighted assets

	Jun '03 %	Dec '02 %
Group		
Primary	10.9	10.9
Total	14.5	14.3
SBSA		
Primary	7.8	7.5
Total	12.0	11.3

Retail

Peter Wharton-Hood

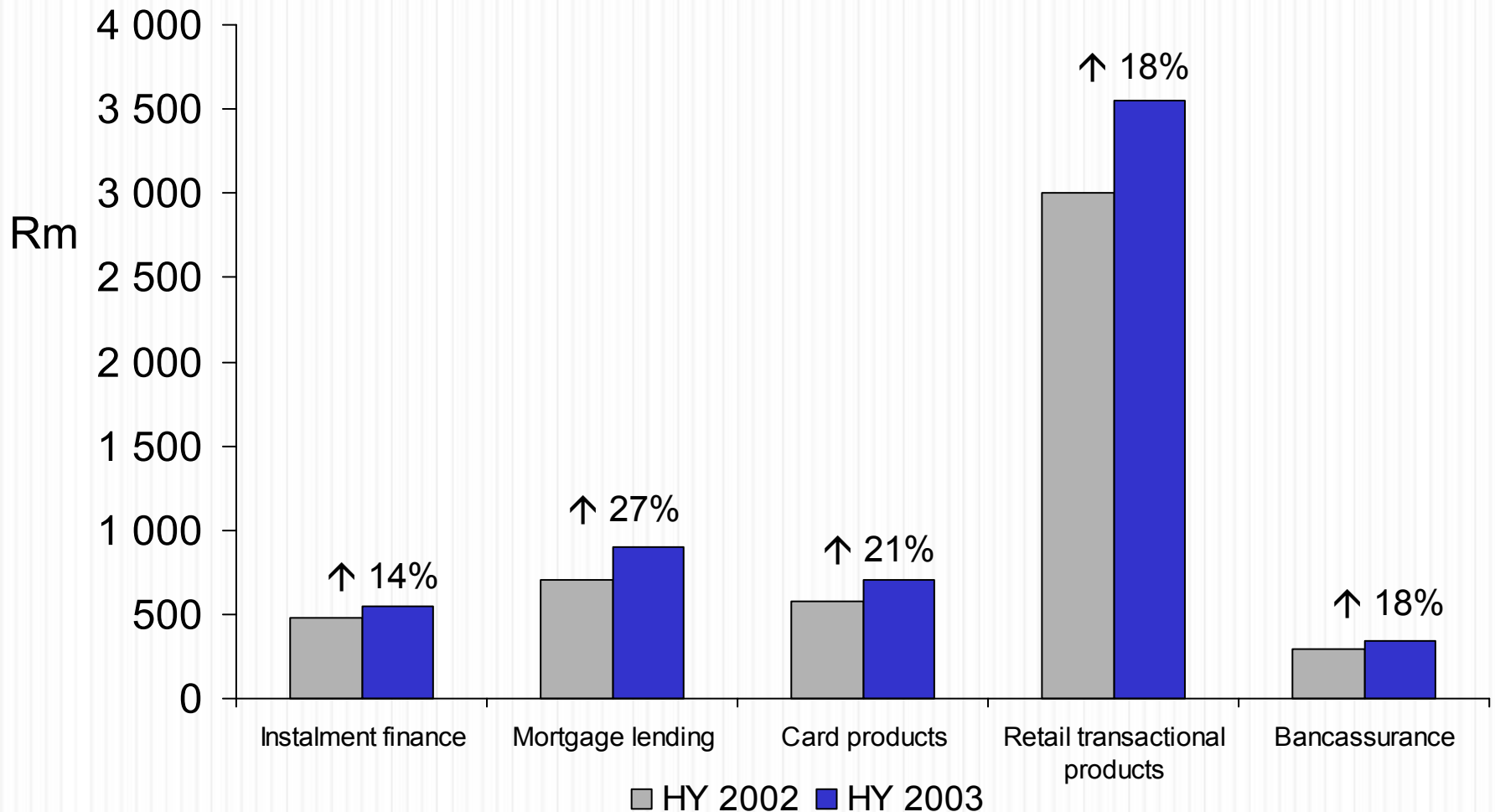


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Highlights

- Improvement in market shares
- Positive endowment effect
- Account growth, client retention, annuity based income and service improvement
- Improved credit management

Retail Bank revenue by product



Home Loans

- Registrations up 37% to R9,8bn
- Retail mortgage book up 26% to R54bn
- New business market share consistently above 22%
- NII gains through market share improvement exceed margin squeeze from concession levels
- DreamStart focus on low-income earners
- PIP portfolio down by 28% to 2 258 properties

Stannic

- Loan book up 20% to R25bn
- Total market share increased from 19,4% to 20,4%
- Cost containment
- Further integration of processes and customer service into Retail Bank

Credit card

- Market share increased from 21% to 27%
- Customer base up 8% to 1,2m accounts
- Focused branch support and improved service offering
- Growth in debit balances of 37%
- Fee income up by 25% due to customer and volume growth
- Cost containment through EDS integration and reduction in operational risk losses
- Marginal increase in NPLs from 1,28% to 1,34%



Branch lending

- Average balances +17%
 - Personal +21%
 - Agriculture +18%
 - Rural Commercial +17%
 - SME +9%
- NPLs further reduced from R572m to R528m
- Margin above prime improved due to adoption of customer risk-based pricing
- Balance growth achieved through pre-approved campaigns and proactive product offering



Transactional banking

- Average current account creditors and savings balances +6% to R18bn
- Average investment balances +28% to R33bn
- Endowment effect boosted margin
- Focus on Affinity and SME segments resulted in 5% account growth
- Drive into the youth market

Mass market

- Number of active E Plan accounts +11% to 2,6m
- Transaction balances +14% to R 3,3bn
- Mass Market offering being expanded whilst processes are continuously being improved
- Financial services education initiative
- Total ABIL JV balance at R281m
(Dec 2002: R256m)

Bancassurance

Embedded

	# of Policies	Penetration
Funeral	37% ↑	17,9% (Jun 02: 14,6%)
Home loan	33% ↑	13,5% (Jun 02: 11,6%)
Personal loan	17% ↑	30,7% (Jun 02: 26,9%)

Complex

- Co-operation with Liberty working well
- Performance affected by poor investment market conditions
- 6% reduction in first year commission
- Continued strategy to increase distribution capacity

Going forward

- Further refinements of segment strategy
- Sales and customer driven marketing initiatives
- Improved IT usage for cost efficient processes
- Continued credit process improvements
- Improved branch service and support processes
- Customer focused product distribution

Doing things Simpler. Better. Faster.



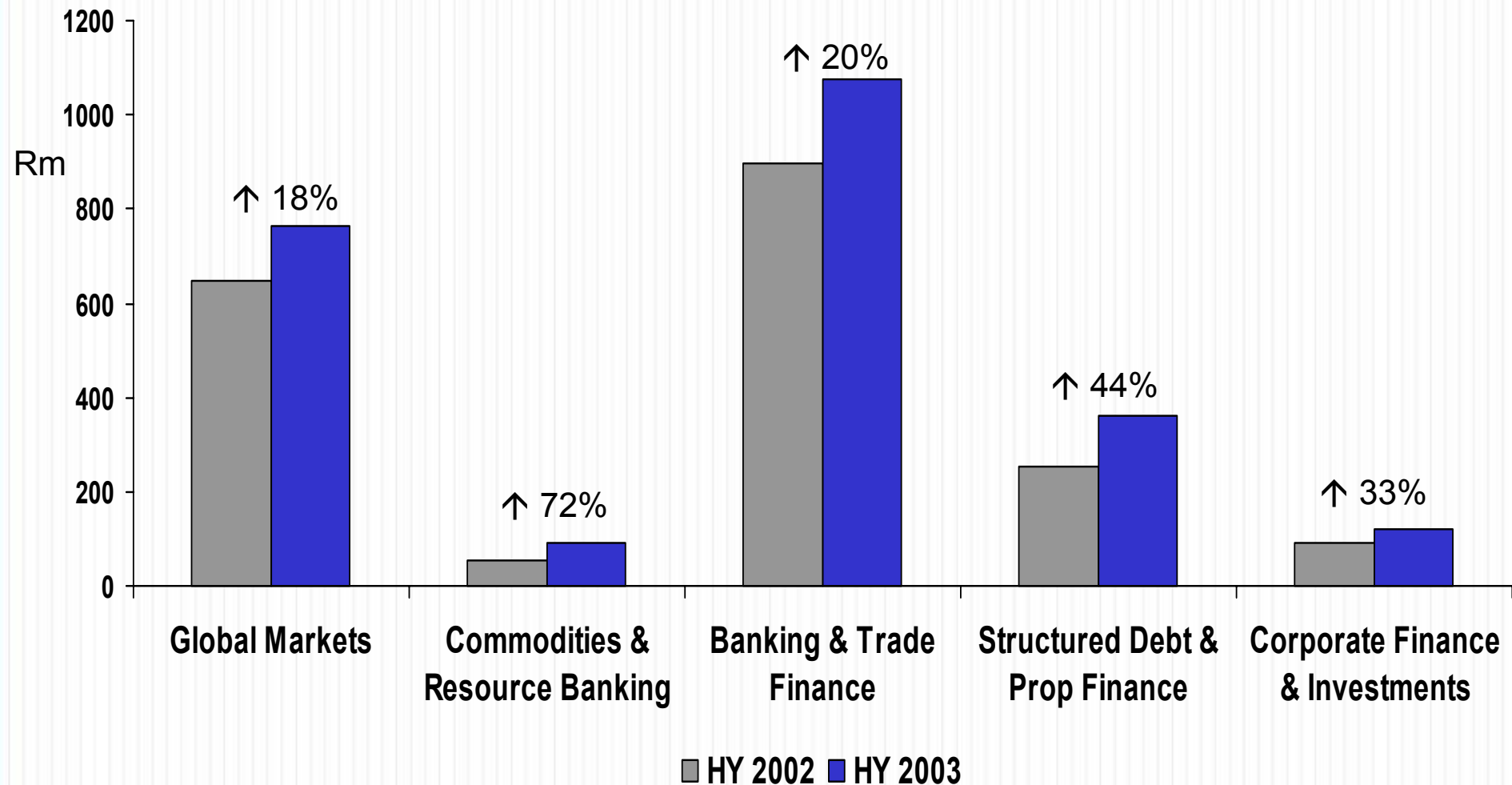
SCMB

Ben Kruger

Highlights

- Favourable interest rate environment, volatile trading environment
- Strong performance by all core businesses
- Maintained market positioning
- Improved capital utilisation
- Business banking high value customers successfully incorporated

SCMB revenue by product



Global Markets

- Continued growth in foreign exchange revenues
- More volatile trading pattern for debt capital markets
- Slow down in equity markets

Commodity and Resource Banking

- Increased gold price volatility
- Significant growth in revenue (72%) and headline earnings contributions (80%)
- Participated in a number of structured deals

Banking and Trade Finance

- Domestic corporate lending +13% offset by a decline in foreign lending due to strength of rand
- Margins under pressure
- Improved credit quality of book
- Transactional banking physical volumes +5%

Banking and Trade Finance (cont.)

- Business Online – revenue +17% and volumes +11%
- Trade Finance, International Business Centres and International Banking impacted by currency strength
- Custody – good revenue growth

Corporate Finance and Investments

- Strong revenue and headline earnings growth
- Good deal pipeline
- Private equity portfolio performing well

Structured Debt and Property Finance

- Strong asset growth of 29% with good distribution of assets and risk
- Increased revenue contribution
- Project Finance business model maturing
- Growth in the commercial mortgages and instalment finance businesses

Going Forward

- Growth across diversified portfolio of businesses
- Reduce trading income volatility
- Cost containment
- CRM
- Capitalise on empowerment opportunities
- Continued investment in IT infrastructure and risk management in support of all business areas and alignment with International and Africa

Stanbic Africa

Sim Tshabalala



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Highlights

- Most businesses performing well in local currencies
- Strength of rand dampened performance
- Zimbabwe
 - excluded from profit
 - NAV zero
- Quality of the book has improved
- Good progress made in recoveries
- Non-interest revenue growing
- Cost growth due to investment in retail, technology and people

Sequencing retail activity has been key



Laying the ground/quick wins

**Pricing, Leakage
Customer Insight**

Developing capability/ cost reduction

Processes, Premises

Building competencies

People, Service

Enhance revenue streams

Product, Payment and Sales

Adhoc

Operational

Service

Sales



Corporate banking integration

- SCMB, International and Stanbic Africa working together
- Trade finance business development
- Increased customer interface and service
- Enhanced electronic banking, treasury, custody and leasing systems

Acquisition successes

- Integration of Uganda Commercial Bank progressing well
- Strong profit growth due to new lending opportunities
- Commercial Bank of Malawi re-branded to Stanbic Bank
- Rollout of technology by year end

Risk management

- Risk management structure established covering all disciplines including market risk
- Credit process enhanced
 - Clean up book
 - Collections improved
 - Revised policies
 - Retail focus

Achieving operational efficiencies

- IT project nearing completion
- Customers being migrated to ATM cards
- Operational processing and cash handling centres being created
- Branch network rationalised and scaled
- Revenue leakage being addressed

Going forward

- Improve returns in local currency
- Continued focus on retail product delivery and customer interfaces
- Drive increased transactional volumes - “sweat the network”
- Acquisitions, products and points of representation

International Operations

Jacko Maree

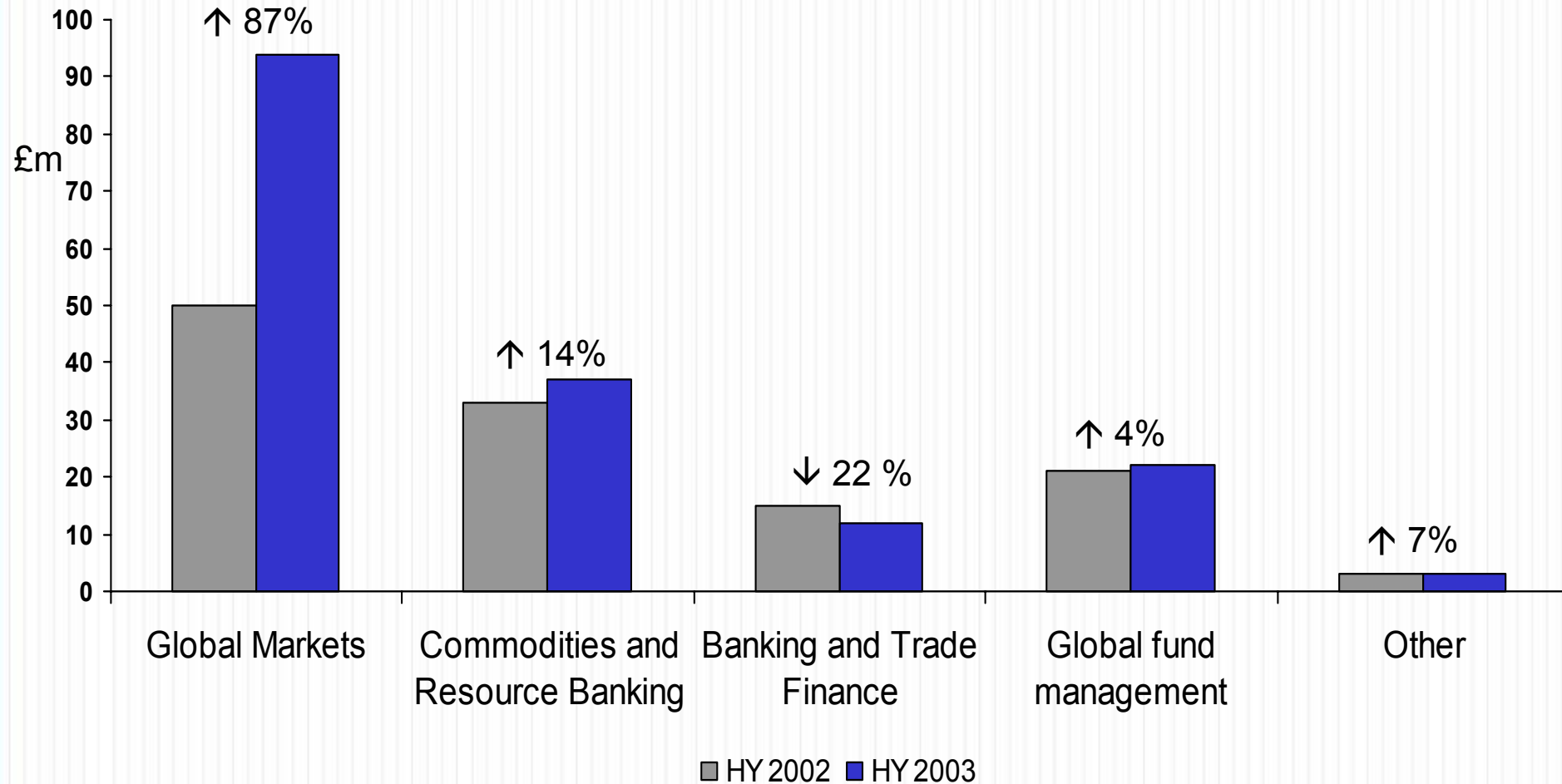


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Highlights

- Market environment more favourable
 - Strengthening of emerging market asset prices
 - Tightening of credit spreads
- Strong performances by all primary business units
- On-time establishment of investment banks in Russia and Brazil
- Alignment with SCMB progressing well

International Operations' revenue by product



Leaders in the Brazilian Debt Market




Banco Votorantim

US\$ 180,000,000.00

6% Medium Term Notes
Due June 2005

June

Joint Lead Managers



**Standard Bank
London Limited**



CSN
Companhia Siderúrgica Nacional

US\$100,000.00

Senior Unsecured
Fixed Notes – 1 year

May

Lead Manager



**Standard Bank
London Limited**



Banco Itaú S.A.

US\$150,000,000.00

5.0% Notes
Due November 2004

May

Joint Lead Managers



**Standard Bank
London Limited**



Bradesco

US\$ 250,000,000.00

5% Notes
Due July 2004

April

Joint Lead Managers



**Standard Bank
London Limited**



Banco Votorantim

US\$ 200,000,000.00


6.25% Short Term Notes
Due April 2004

April

Joint Lead Managers



**Standard Bank
London Limited**



UNIBANCO


Unibanco - União de Bancos
Brasileiros S.A.

US\$ 125,000,000.00

Short Term Notes
5.0% Notes Due Sep.2003

March

Joint Lead Managers



**Standard Bank
London Limited**



Sadia
Sadia S.A.

US\$ 20,000,000.00

Secured Export Notes

January

Arranger
& Lead Lenders



**Standard Bank
London Limited**



Bradesco

Banco Bradesco S.A.

US\$ 250,000,000.00

6.25% Notes due
October 2003

January

Joint Lead Managers



**Standard Bank
London Limited**

Selected transactions in H1 2003



Emerging markets: why we can compete

- On the ground presence
- Niche player
- Strong client focus
- Originate deals at source
- Commitment to and focus on emerging markets
- Responsive and innovative solutions
- Distributive philosophy
- Best practice risk management

Going forward

- Period of consolidation
- Focus on existing core products and markets
- Incremental growth of Brazilian and Russian activities
- Ongoing attention to cost containment

Conclusion

Jacko Maree



**Standard Bank
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Senior management changes in 2003

Myles Ruck

CEO of Liberty, remains on
Group Exco

Dave Brown

Resignation following restructure
of Business Bank

Dipak Patel

MD of Stannic

Victor Nosi

Head of Group Corporate Affairs



Focus areas for 2H03

- Financial Services Charter
- Managing in a lower interest rate, low inflation rate environment
- Appropriate alignment of SCMB, International Operations, Stanbic Africa and Retail
 - Product reporting – focus on products and customers

Product reporting – headline earnings

Summary	% change	Jun '03 Rm	Jun '02 Rm
Global retail	21	1 191	987
Global wholesale	33	1 666	1 255
Global fund management	(40)	38	63
Life insurance	(47)	100	188
Other		(53)	(91)
Group headline earnings	22	2 942	2 402

Product reporting – headline earnings

	% change	Jun '03 Rm	Jun '02 Rm
Global retail	21	1 191	987
Instalment finance	18	127	108
Mortgage lending	14	200	176
Card products	95	78	40
Retail transactional products	20	717	597
Bancassurance	17	82	70
Other		(13)	(4)



Product reporting – headline earnings

	% change	Jun '03 Rm	Jun '02 Rm
Global wholesale	33	1 666	1 255
Commodities & resource banking	(13)	124	143
Global markets	33	793	597
Banking & trade finance	33	412	310
Corporate finance & investments	24	51	41
Structured debt & property finance	74	286	164

...blueprint for growth



for the six months ended 30 June 2003



**Standard Bank
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