



**Standard Bank
Group**

blueprint for growth



Results presentation

For the year ended 31 December 2002

Financial highlights

Jacko Maree

Business unit and Group overview

Myles Ruck



Standard Bank
Group

Main drivers of Group performance

- Domestic margins widening slightly after years of gradual tightening
- Non-interest revenue continued strong growth
- Domestic credit risk well managed
- International credit risk impacted performance
- Internal generation of capital
- Cautious acquisition strategy
- Operating within well managed economy



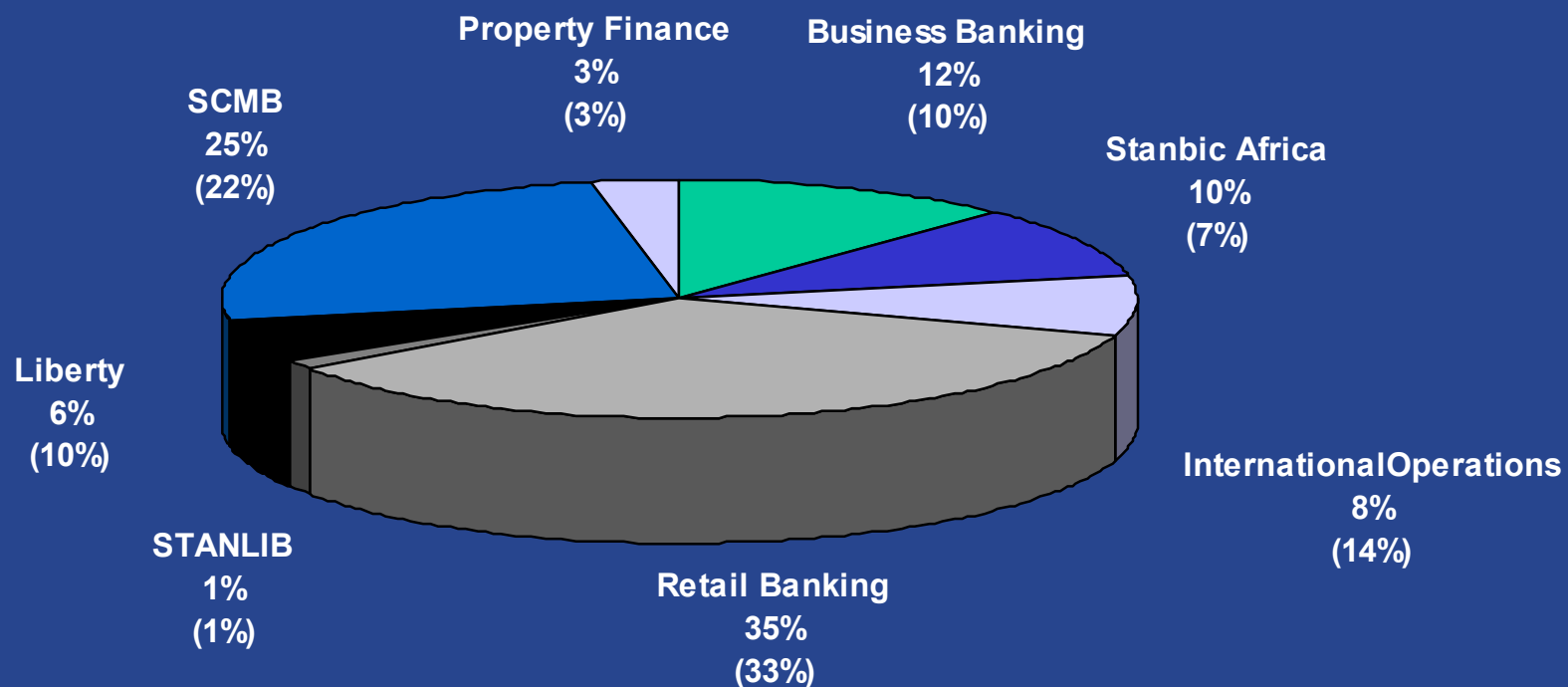
Key financial statistics

| Standard Bank Group | | Dec '02 | % change | Dec '01 |
|-----------------------------|-------|------------|-------------|------------|
| Headline earnings | Rm | 5 263 | 19 | 4 419 |
| Headline EPS | cents | 396 | 18 | 335 |
| Dividends per share | cents | 124 | 22 | 102 |
| Cost-to-income ratio | % | 57.3 | | 57.4 |
| Headline ROE | % | 20.3 | | 20.1 |
| Translation (reversal)/gain | Rm | (3 271) | | 4 037 |
| NAV per share | cents | 1 957 | 1 | 1 939 |
| Total assets | Rbn | 390 | (1) | 395 |

Income statement highlights

| Standard Bank Group | Dec '02 | % change | Dec '01 |
|----------------------------------|----------------|-----------------|----------------|
| | Rm | | Rm |
| Net interest income | 10 533 | 29 | 8 177 |
| Non-interest revenue | 11 435 | 25 | 9 135 |
| Total income | 21 968 | 27 | 17 312 |
| Provision for credit losses | 1 955 | 22 | 1 603 |
| Operating expenses | 12 587 | 27 | 9 940 |
| Operating profit | 7 426 | 29 | 5 769 |
| Taxation | 2 435 | 39 | 1 756 |
| Net income after tax | 4 991 | 24 | 4 013 |
| Income from associates | 96 | 96 | 49 |
| Liberty Group | 298 | (29) | 420 |
| Income from unbundled operations | - | | 14 |
| Outside shareholders | (122) | 58 | (77) |
| Headline earnings | 5 263 | 19 | 4 419 |

Headline earnings mix

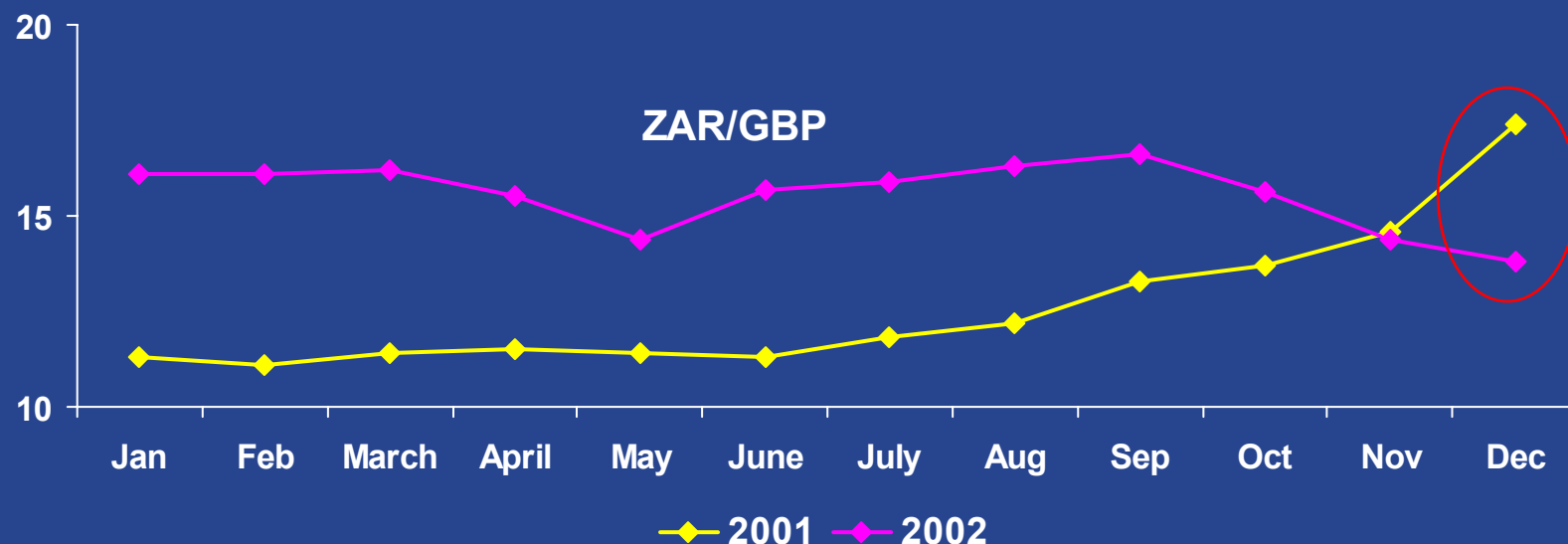


() Dec 2001

Headline earnings breakdown

| | Dec '02 Rm | % change | Dec '01 Rm |
|---------------------------------|---------------|-----------|---------------|
| Domestic Banking | 3 960 | 33 | 2 971 |
| Retail Banking | 1 796 | 25 | 1 441 |
| SCMB | 1 301 | 36 | 955 |
| Business Banking | 635 | 38 | 461 |
| Property Finance | 166 | 32 | 126 |
| Central services | 62 | | (12) |
| Stanbic Africa | 482 | 48 | 325 |
| International Operations | 429 | (34) | 648 |
| STANLIB | 62 | (24) | 82 |
| Central funding | 32 | | (41) |
| Standard Bank operations | 4 965 | 25 | 3 985 |
| Liberty Group operations | 298 | (31) | 434 |
| Standard Bank Group | 5 263 | 19 | 4 419 |

Analysis of the translation effect



- Rand weaker for most of 2002
- Accounting treatment – movements taken to reserves
- Impact for the year – R3.3bn reversal

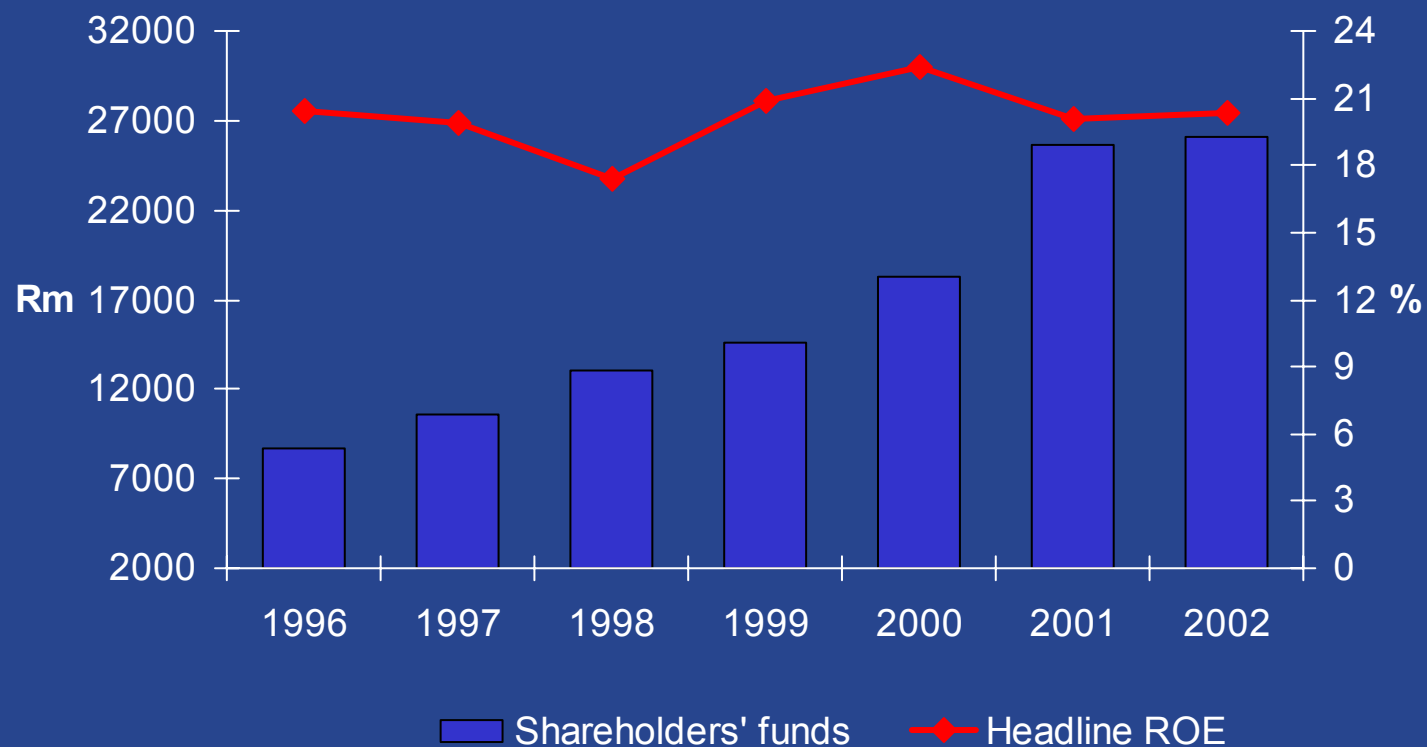
Summarised balance sheet

| | Dec '02 Rbn | % change | Dec '01 Rbn |
|-------------------------------------|----------------|-------------|----------------|
| Cash and short-term funds | 45.4 | 8 | 42.2 |
| Advances | 170.4 | 5 | 162.0 |
| Other assets | 88.1 | (14) | 102.0 |
| Total banking assets | 303.9 | (1) | 306.2 |
| Liberty | 85.8 | (4) | 89.0 |
| Total assets | 389.7 | (1) | 395.2 |
| Shareholders' funds | 26.1 | 1 | 25.7 |
| Minorities | 6.0 | - | 6.0 |
| Deposits | 239.7 | 1 | 237.0 |
| Other liabilities | 40.2 | (12) | 45.6 |
| Liberty | 77.7 | (4) | 80.9 |
| Total equity and liabilities | 389.7 | (1) | 395.2 |



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Headline return on equity



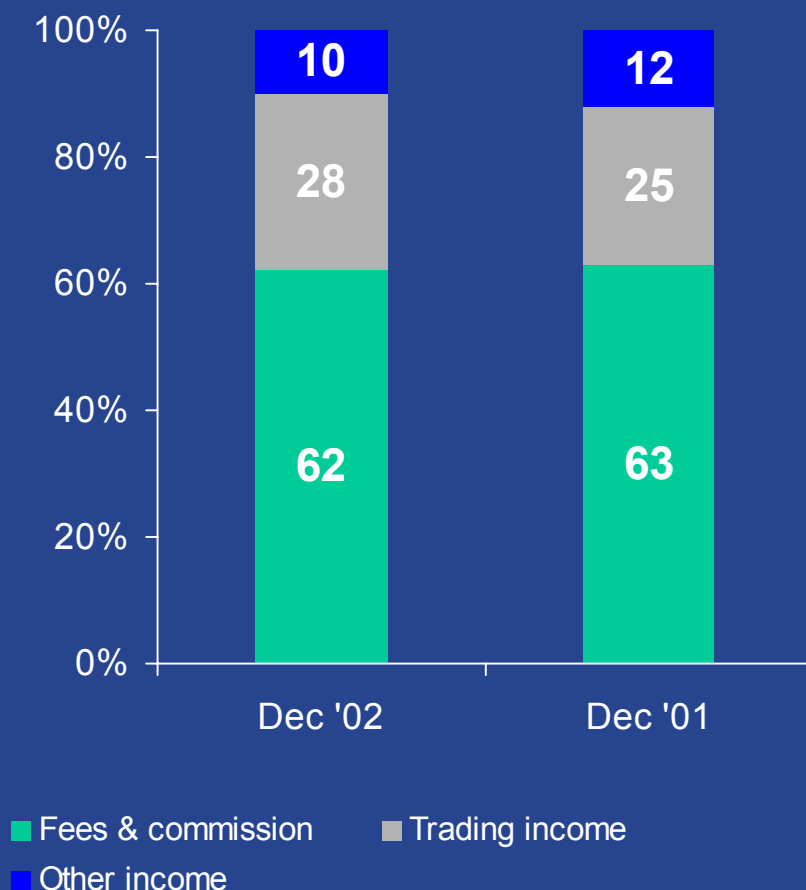
Returns on equity

| | Dec '02 ROE % | Dec '01 ROE % |
|--|------------------------------|------------------------------|
| Domestic Banking | 31.2 | 27.0 |
| Retail Banking | 31.7 | 26.9 |
| SCMB | 28.0 | 26.8 |
| Business Banking | 35.2 | 30.4 |
| Property Finance | 28.5 | 22.3 |
| Stanbic Africa | 27.4 | 21.4 |
| International Operations | 6.3 | 10.9 |
| STANLIB | 23.9 | 54.7 |
| Central funding and Liberty Group | 7.6 | 11.6 |
| Standard Bank Group | 20.3 | 20.1 |

The group funds margin analysis

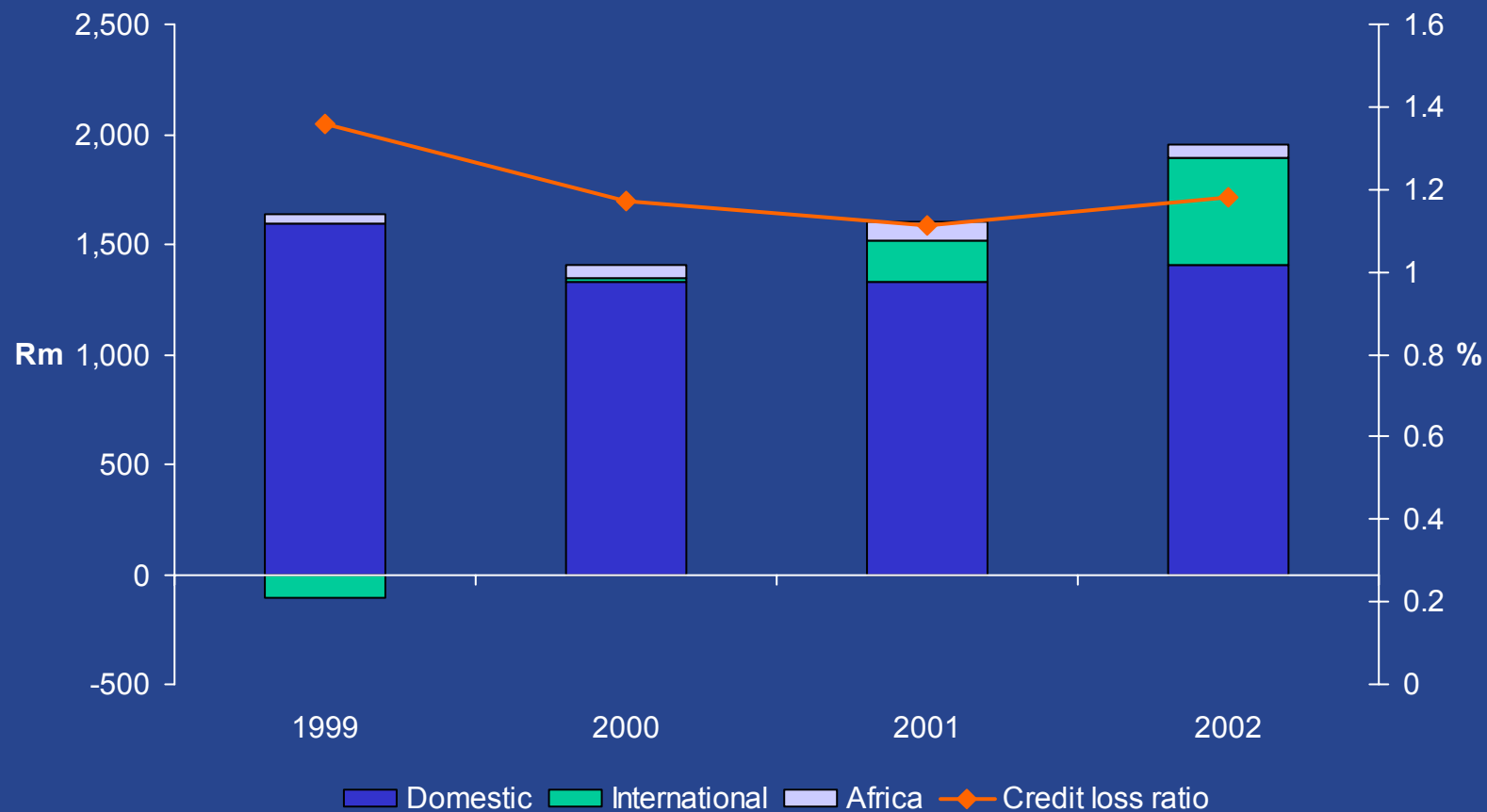
| | |
|---|--------|
| Average funds margin December 2001 | 3.31 |
| Domestic operations | |
| <i>Average prime interest rate 2001:13.85% 2002:15.6%</i> | 0.07 |
| Higher branch deposits and endowment effect | 0.40 |
| Growth in low margin wholesale money market assets | (0.25) |
| Lending margin | (0.08) |
| Stanbic Africa | 0.02 |
| International Operations | (0.14) |
| Average funds margin December 2002 | 3.26 |

Non-interest revenue



- Fees & commission +24%
 - Increased volumes & repricing across Domestic Banking
 - Africa – inclusion of Uganda & Malawi
 - International – Project & Mining Finance
- Trading +42%
 - Domestic +47% - commodities, forex, interest rate derivatives
 - Africa – launch of Africa desk at SCMB

Provision for credit losses



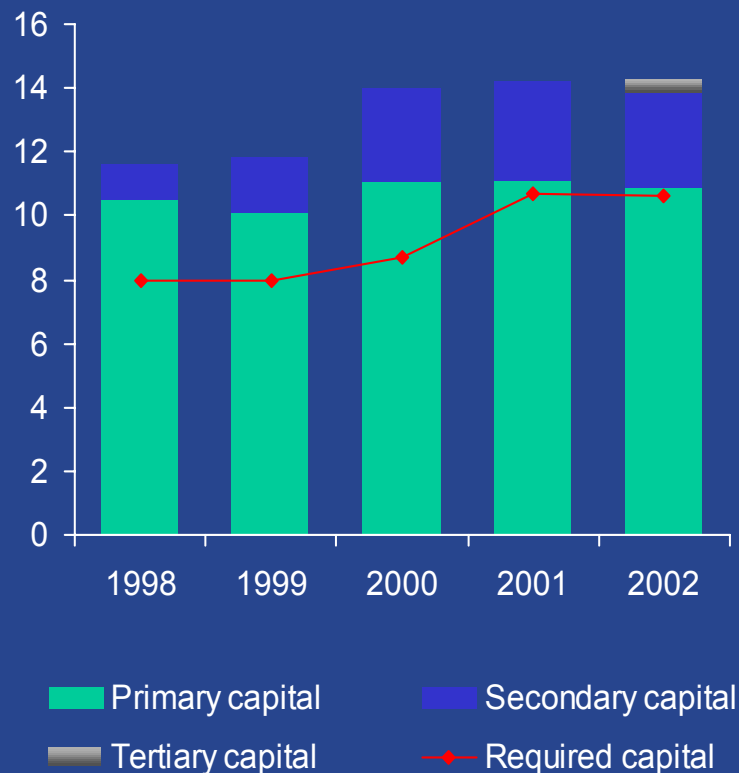
Non-performing loans

| | | | % of average advances | |
|------------------------|------------------|------------------|-----------------------|-----------------|
| | Dec '02 Rm | Dec '01 Rm | Dec '02 % | Dec '01 % |
| Gross NPLs | 4 808 | 5 085 | 2.9 | 3.5 |
| Net NPLs before GDP | 4 | 78 | 0.0 | 0.0 |
| Net NPLs after GDP | (1 549) | (1 413) | (0.9) | (1.0) |
| Coverage: Gross | 70% | 65% | | |
| Coverage: Net | 184% | 174% | | |

Cost-to-income ratios

| | Dec '02 % | Dec '01 % |
|---------------------------------|---------------------|---------------------|
| Domestic Banking | 53.4 | 55.9 |
| Retail Banking | 62.2 | 64.5 |
| SCMB | 49.6 | 52.8 |
| Business Banking | 36.2 | 39.0 |
| Property Finance | 28.9 | 26.8 |
| Stanbic Africa | 60.8 | 58.3 |
| International Operations | 71.4 | 63.8 |
| Standard Bank operations | 57.3 | 57.4 |

Capital adequacy



- Banking capital adequacy 13.8% (Dec 2001: 13.5%)
- Capital adequacy including Liberty 14.3% (Dec 2001: 14.2%)
- R1bn tertiary capital issued in June 2002
- Aggregate regulatory requirement 10.6% (Dec 2001: 10.7%)
- Lower dividend cover



Taxation

| | 2002 | 2001 |
|--|---------|-------|
| Standard Bank operations total effective tax rate (%) | 33.5 | 30.8 |
| Standard Bank operations direct effective tax rate (%) | 28.2 | 25.3 |
| Cash tax paid by SBSA (Rm) | (2 273) | (526) |

- Reversal of gold book timing differences
- Prudent approach to tax risk

Other financial issues

- AC133
- Retirement funding
- Product vs geographic reporting



Retail Banking



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Highlights

- Built a unified sales and service culture
- Integrated sales, service and marketing programs delivering sustainable results
- Improvement in market share across key products
- Quality of book improved for 3rd consecutive year



Record year for home loans

- Registrations up 48% to R16.6bn
- Retail mortgage book (excl. Property and Business Banking) grew from R39bn to R48bn
- New business market share consistently above 20%
- Highest SA total mortgage balance growth over last four months
- PIP's decreased from 4 200 to 2 600
- All origination channels operating effectively
- NPL's reduced from 2.9% to 2.7% of book

Successful credit card growth

- Market share growth from 21% to 25%
- 26% growth in debtors
- Record card openings - 164 000 (2001: 63 000)
- NPL's reduced from 1.52% to 0.93% of book
- 27.5% fee growth due to buoyant consumer spending and customer growth
- EDS integration on track for June 2003

Mass market – demonstrating potential

- Active E-Plan accounts grew from 2.2m to 2.5m
- Transaction balances up 19.8%
- AutoBank E's increased from 120 to 130
- Processes significantly improved
- Total ABIL JV balance at R256m



Good balance and volume growth

- Current Account and Savings balances up 16.8% to R19bn
- Investment balances grown by 17.8% to R32bn
- Endowment effect boosted Retail's margin
- Fee income up by 15%
- Improved focus on personal middle income market
- Successful account opening campaign
- Simplification of pricing well received



Branch lending - growth with improved quality

- Balance growth of 7.2%
 - Personal up by 10%
 - Agriculture up by 12%
 - SME flat
- NPL's reduced from R783m to R577m
- Provision adequacy target of 59% achieved (2001: 35%)
- Margin above prime improved by 18bp due to adoption of customer risk based pricing
- 50% of personal overdrafts fulfilled via direct channels
- Balance growth achieved through pre-approved campaigns



Bancassurance continues to work

Overall pre-tax profit up by 35% to R350m

Embedded

- Penetration of our customer base continues to increase 2002: 22% (2001: 21%)

Complex

- First year commission up 16%
- Liberty winning increasing proportion of new business
- Expansion of consultancy force to concentrate on affinity (middle income) market

Service continues to improve

- Continuous improvement in customer service ratings
- Customer complaints reduced by 30%
- Impact of robberies reduced by 47%
- Branches increased from 674 to 682
- Internet banking customers at 228 000 (2001: 203 000)
- Internet transactions grew by 54%
- Internet response times improved by over 40%
- ATM upgrade project on track and ongoing
 - Installed 260 new machines
 - Upgraded 480 machines
- Consolidation of multiple call centres

Improve service and market share in 2003

- Continue initiatives to become customer service leader
- Continue trend in market share increases
- Grow share of the middle market segment
- Expand our mass market distribution and product offering
- Improve branch and support processes

SCMB



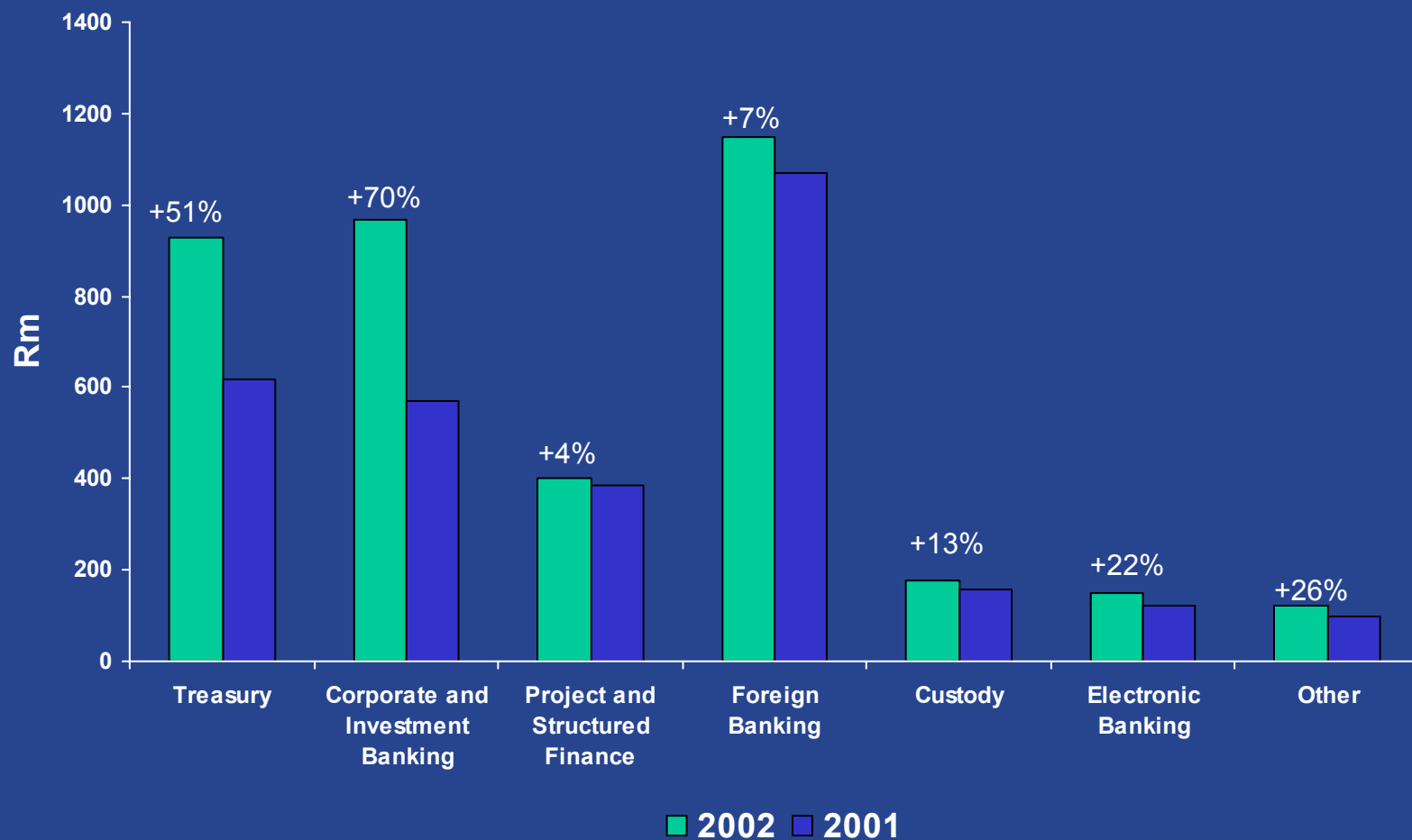
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Continued success in 2002

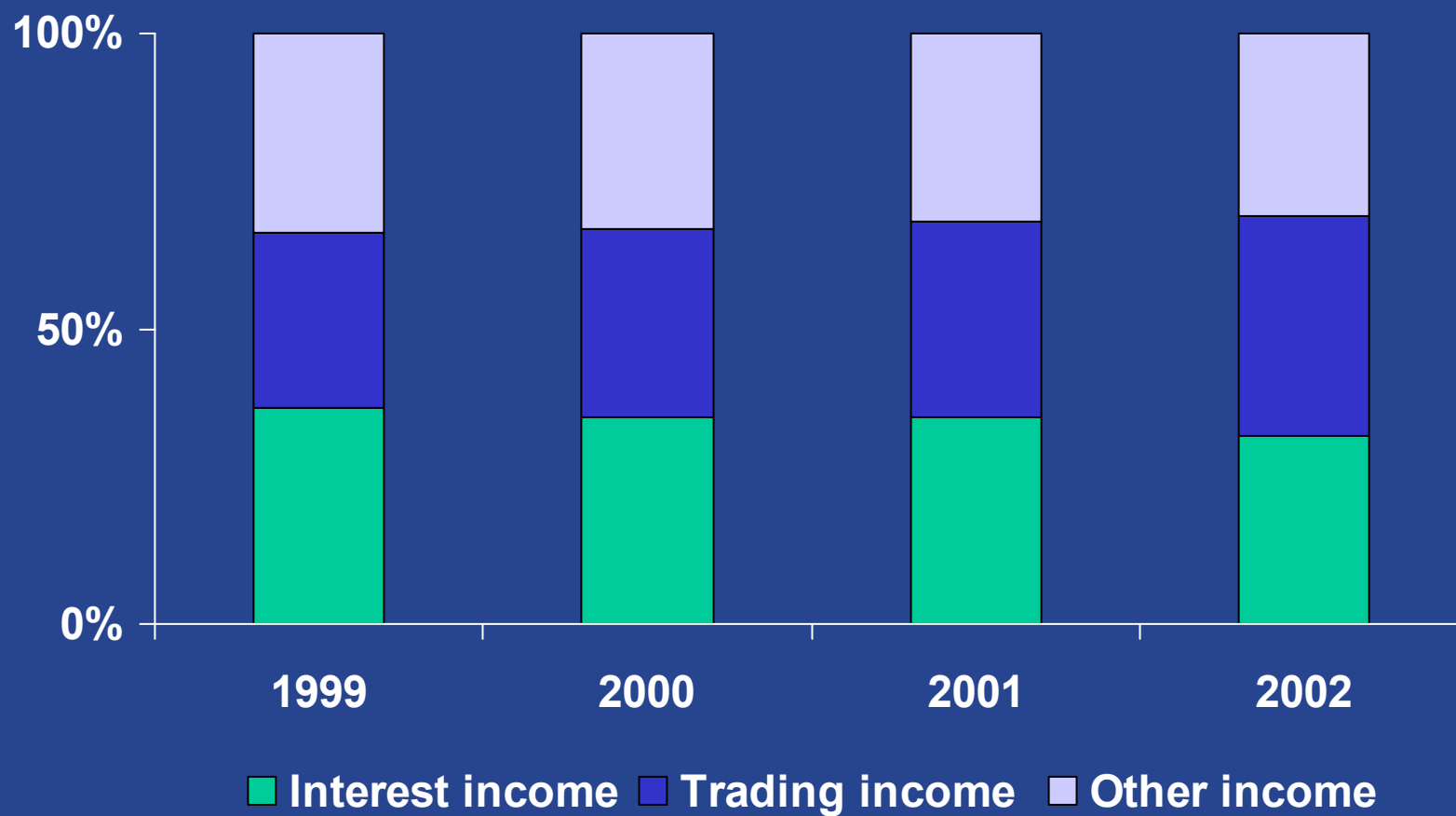
- Strong revenue growth with good performances from core businesses
- Integration of SCMB and International Operations
- Creation of STANLIB
- Strong credit processes
- Improved provision coverage



Good revenue growth from all businesses

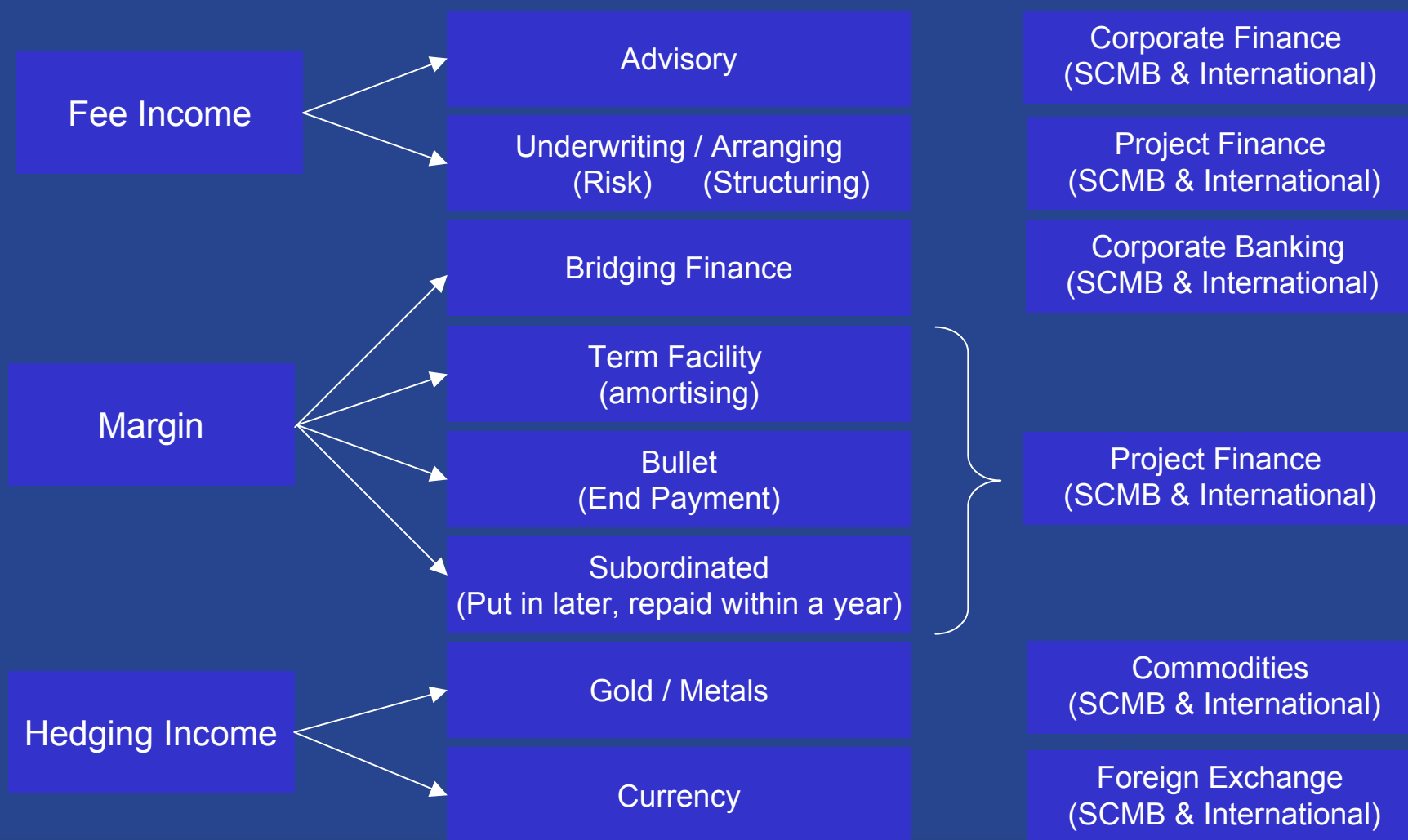


Diversified income streams



SCMB/International integration

Mining deals



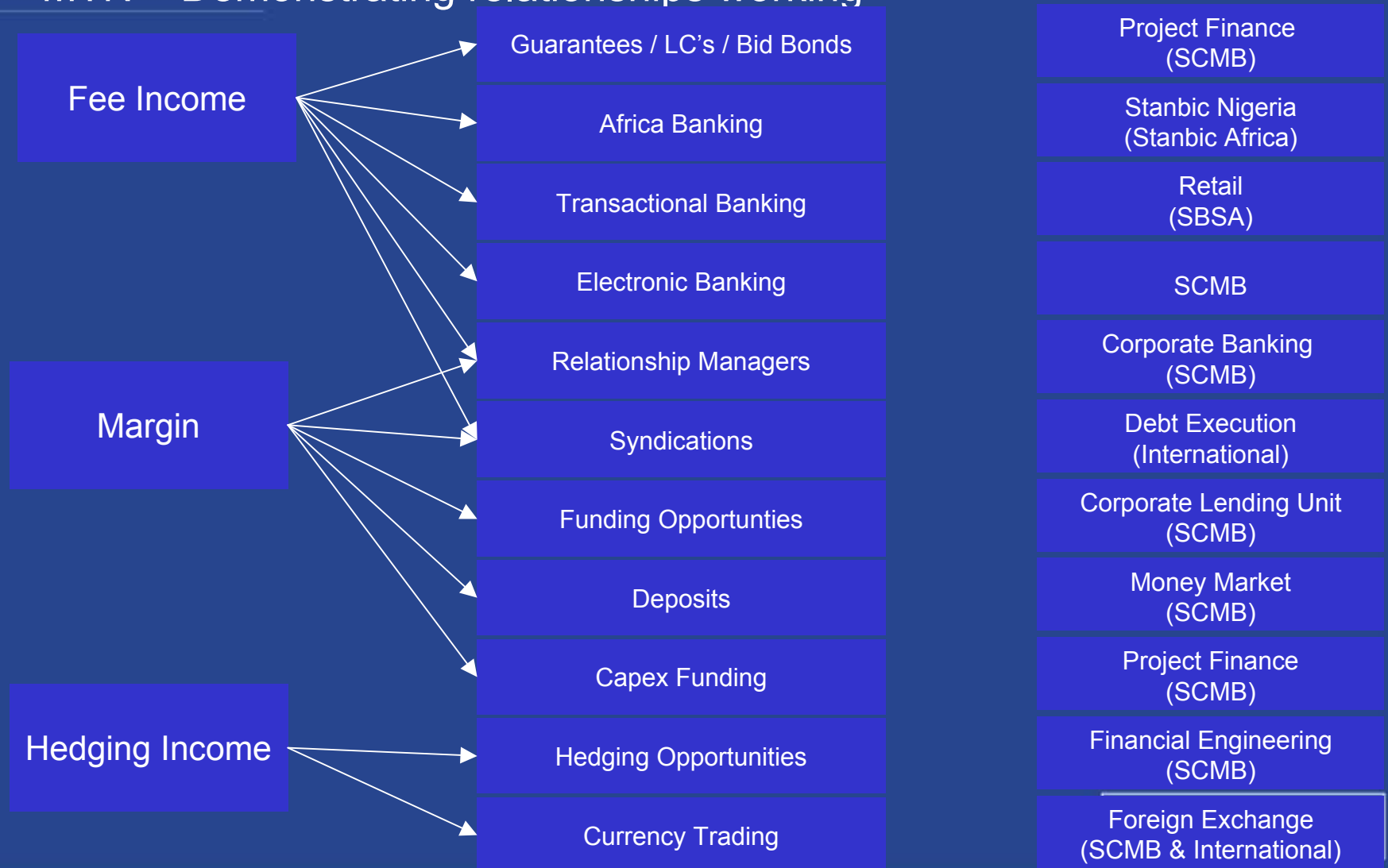
SCMB / International / Africa Integration

Vodacom Tanzania - Euromoney Africa Deal of 2002



SCMB / International / Africa Integration

MTN – Demonstrating relationships working



Build and integrate in 2003

- Maintain market share and positioning in core operations
- Strongly exploit efficiencies inherent in the integration of international treasury operations
- Grow our leadership in provision of electronic business solutions in South Africa
- Focus on cost containment
- Transformation and empowerment
- Continued focus on risk management
- Good franchise with entrepreneurial spirit



Business Banking



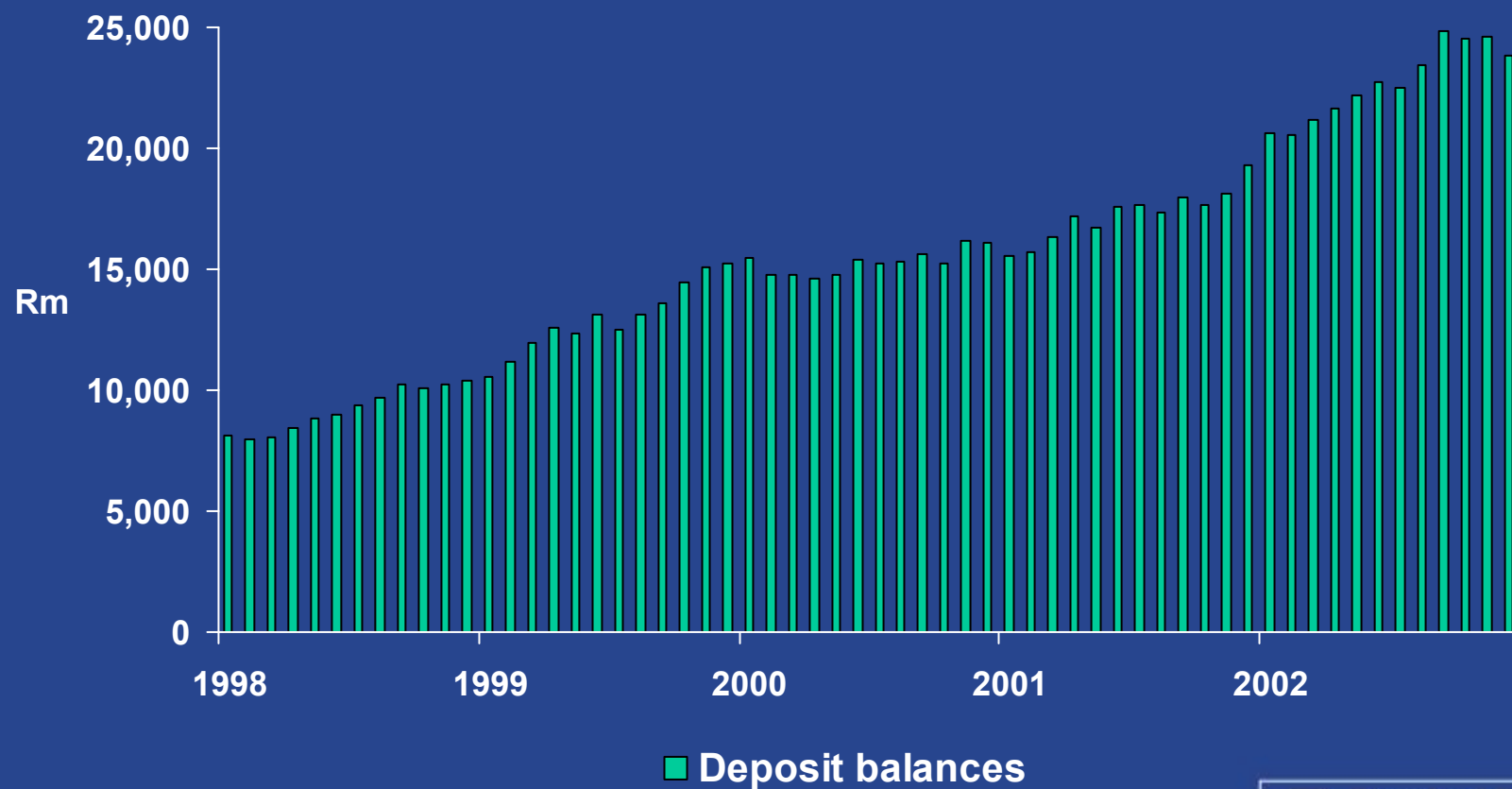
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Strong growth in 2002

- Deposit growth 34%
- Stannic asset growth 20%
- Lower provisions in Stannic
- Fee income grown across the board, up 17%



Deposit growth



The Stannic turnaround

| | 1998 | 1999 | 2000 | 2001 | 2002 |
|--------------------|-------|-------|-------|-------|-------|
| Costs (Rm) | 610.6 | 574.0 | 492.9 | 437.3 | 489.2 |
| NPBT (Rm) | 37.5 | 135.0 | 226.2 | 313.4 | 498.2 |
| Bad debts (Rm) | 288.8 | 266.8 | 194.9 | 151.9 | 149.2 |
| Cost-to-income (%) | 65 | 59 | 54 | 48 | 43 |
| ROE pre tax (%) | 3 | 12 | 20 | 26 | 26 |
| Bad debt book (%) | 1.65 | 1.60 | 1.18 | 0.89 | 0.69 |
| Market share (%) | | 21.35 | 20.19 | 19.14 | 19.81 |

Business Banking restructure

- Large corporate client segment to SCMB
- Small to medium business client segment to Retail Banking
- Stannic to continue as a product based division, profits split between Retail and SCMB

Benefits of Business Banking restructure

- Optimum structure for customer focus - two banking divisions: Retail and Corporate
- Business Banking will be merged into these two divisions
- Cost cutting not the driver
- Stannic will continue to operate independently linking into both Retail and Corporate

Stanbic Africa



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2002 Results review

- Good performances across most businesses
- Broader portfolio of banks creating sustainable earnings growth
- New management in Botswana, Ghana, Nigeria and Swaziland delivered results
- Zimbabwe performed well in local currency, but NAV written down to zero
- Kenya made a positive profit contribution
- Tanzania performed poorly - competitive forces and further provisions
- Operating costs impacted by acquisitions and investment in people

Integration with the group delivering benefits

- Treasury focus is enhancing revenue
- Retail Africa gaining momentum
- Banking technology upgrade ahead of schedule
- Quality of risk management enhanced
- Active capital management improved returns

Acquisition successes

- Acquisitions in Malawi and Uganda
- Both are performing ahead of expectations
- Integration of the operations is progressing well
- Risk management disciplines are in place



Progress since 1998

| | 1998 | 2001 | 2002 |
|---------------------------------|------|-------|-------|
| Representation (# of countries) | 14 | 17 | 17 |
| Capital (Rm) | 830 | 1 926 | 1 592 |
| Headline earnings (Rm) | 196 | 325 | 482 |
| Dividends received (Rm) | 121 | 326 | 522 |



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Further expansion in 2003

- Develop an African customer focused wholesale banking offering working with SCMB and SBL
- Increased intensity of Retail Banking rollout in selected markets
- De-emphasise geographic reporting and move towards a focus on product delivery and customer interface
- Improve transactional processing efficiencies
- Acquisitions

Stanbic Uganda head office branch



One of the branches in Malawi



Innovation in Kampala – not the sole preserve of bankers!



International Operations



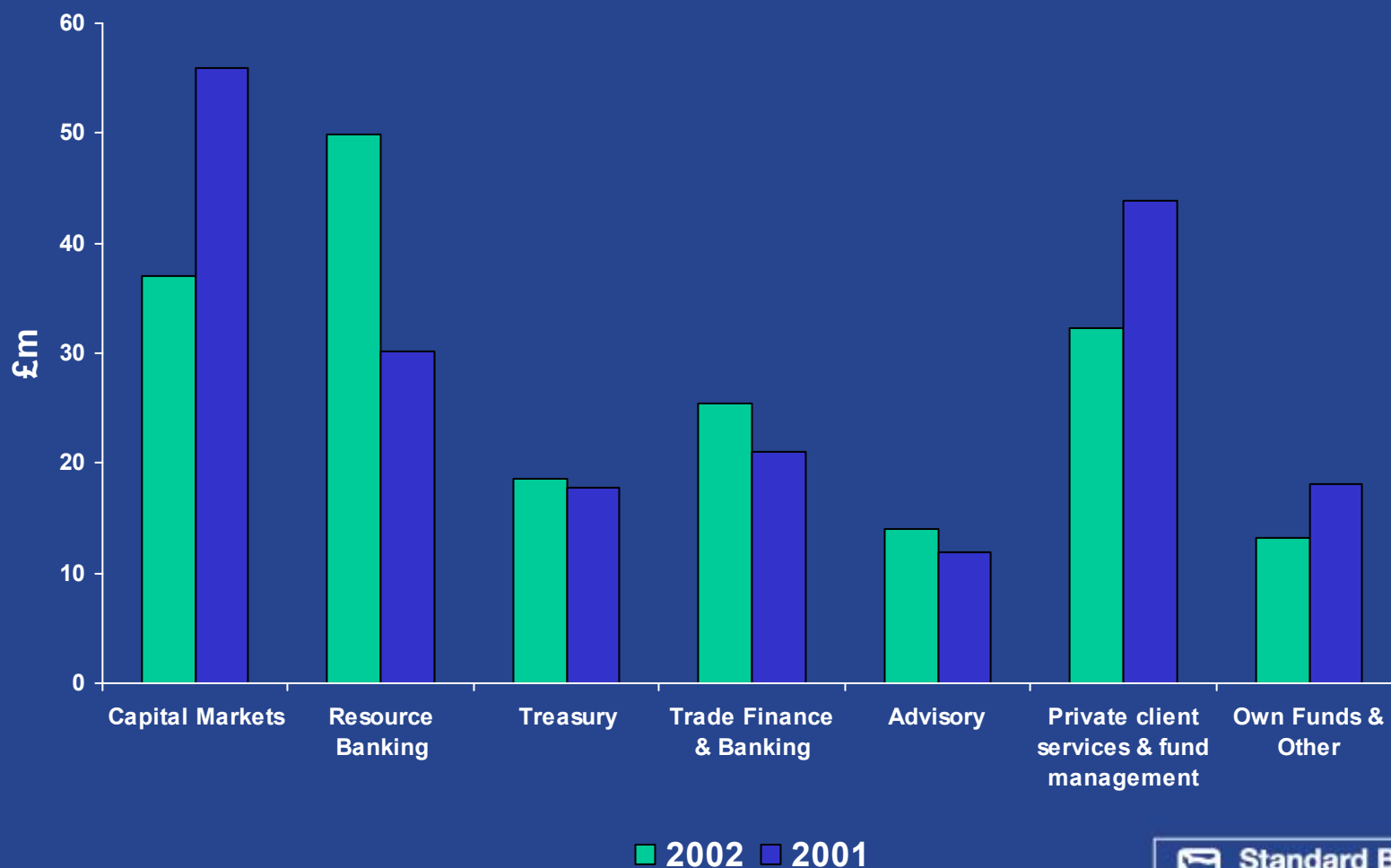
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Tough global markets

- International operations were affected by
 - Increasing volatility in asset prices
 - Deepening corporate credit pressures
 - Latin American instability



Revenues net of provisions down by 5%



Debt capital markets show mixed results

- Customer businesses impacted by weaker markets
- Origination and syndications - strong performance in Eastern Europe offset by poor performance in Latin America
- Sales/trading revenues in line with 2001
- Proprietary trading performed strongly, aided by market volatility
- Provisions raised against investment book

Resource Banking the flagship

- Successful year for both earnings and business development
- Record performances from precious metals trading and financing businesses
- Base metals recorded solid performance, despite depressed prices and low market activity
- Mining finance reputation well established
- Energy continued to expand

Private client services & fund management continue to grow

- Third party assets up by 58%
- Energy, Infrastructure and Resources Funds Group formally established
- Offshore Private Banking impacted by weak equity markets



Deals

August 2002



Ghana

US\$ 200,000,000

*Syndicated Term
Loan Facility*

**MANDATED ARRANGER
AND BOOKRUNNER**



**Standard Bank
London**

March 2002

**Empresa de
Telecomunicaciones de
Bogotá S.A. E.S.P.**

Colombia

US\$ 95,000,000

*Syndicated Term
Loan Facility*

**SOLE MANDATED
ARRANGER AND
ADMINISTRATIVE AGENT**



**Standard Bank
London**

October 2002

III NOMOS·BANK

Nomos Bank

Russia

US\$ 47,000,000

*Syndicated Gold
Production Facility*

**MANDATED ARRANGER,
FACILITY AND
SECURITY AGENT**



**Standard Bank
London**

Deals

May 2002



NORILSK NICKEL

Russia

US\$ 200,000,000

*Syndicated Trade
Finance Facility*

**MANDATED ARRANGER,
UNDERWRITER AND
COLLATERAL AGENT**



**Standard Bank
London**

August 2002



Russian Aluminium

Russia

US\$ 110,000,000

*Syndicated Trade
Finance Facility*

**MANDATED JOINT
ARRANGER AND
HEDGE PROVIDER**



**Standard Bank
London**

December 2002



Sunway Construction Berhad

Malaysia

US\$ 26,000,000

*Debt Buy Back of
Euroconvertible Bonds due
December 2005 issued by
Sunway Holdings
Incorporated Berhad*

ARRANGER



**Standard Bank
Asia**

Provisioning adequacy

- Provisioning charge of £30.9m (2001: £14.9m) reflects extremely difficult credit markets
- Level of GDP maintained at 1.4% of risk weighted banking portfolio
- Liquidity and structural provisions against trading book and longer-term transactions



Accelerated integration in 2003

- Cautiously optimistic, recognising state of global economy
- Continued focus on customer activities
- Upgrade Brazil and Russia to fully licensed investment banks
- Further benefits from full integration of Asian operations
- Management changes and restructuring benefits to come through
- Best practice risk management remains core focus
- Significant attention applied to cost containment
- Further integration with SCMB

Conclusion



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Awards received in 2002

- Euromoney - South Africa's best bank
- Global Finance - best bank in South Africa and Africa
- PricewaterhouseCoopers - the bank most other banks in South Africa respect most highly
- The Banker - Africa's Bank of the Year
- Risk magazine Global Derivatives Rankings - first in six categories
- Crystal Crown Award for "corporate excellence and social responsibility to the people of South Africa"
- BMI-TechKnowledge - lead bank for overall business banking for 42% of companies surveyed
- Global Investor – Standard Bank (SCMB) best sub-custodian in SA market

Standard Bank Group transformation

| AIC | 2002 % | 2001 % |
|-------------------------|-------------------|-------------------|
| Managerial staff | | |
| ABSA | 10 | 7 |
| FirstRand | 24 | 18 |
| Nedcor | n/a | 21 |
| Standard Bank | 28 | 23 |
| Total staff | | |
| ABSA | 35 | 33 |
| FirstRand | 50 | 50 |
| Nedcor | n/a | 51 |
| Standard Bank | 64 | 55 |

Source: annual reports

Risk management

- Group's approach is maturing
- Fraud, money laundering
- Tax
- Multiple jurisdictions
- Disaster recovery



Group priorities for 2003

- Retail Banking
 - Mass market
 - African retail expansion
 - Doing things Simpler. Better. Faster.
 - Bancassurance
- Wholesale Banking
 - Client focus
 - Closer integration of Stanbic Africa, SCMB and International Operations
 - Performance of International Operations

Group priorities for 2003

- Africa
 - Acquisitions
- Capital management
- Financial Services Charter



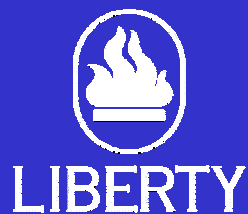
Standard Bank Group

Retail Banking

- South Africa
- Selected African countries

100%

Life Assurer



30%

Wealth



65%

Wholesale Banking

- South Africa
- Selected emerging markets

100%



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