The Standard Bank of South Africa

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Agenda

- Operating Environment and Financial Highlights
- SBSA Capital Management Overview
- Liquidity Overview
- Funding Strategy

Operating Environment and Financial Highlights

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Operating Environment

Positives

- ✓ Decreased credit impairments aided by lower interest rates and better credit environment
- ✓ Reduction in non-performing loan portfolio
- ✓ Growth in mortgage portfolio and retail deposits
- ✓ Strong capital and liquidity position

Negatives

- × Continued negative endowment impact
- × Challenging revenue environment
- × Increased competition and falling rates resulting in margin compression
- × Increasingly onerous regulatory environment

2010 Financial Highlights

SBSA group	FY 10	FY 09	change %
Income Statement			
Headline earnings (Rm)	**8 034**	8 441	(5)
Profit attributable to the ordinary shareholder (Rm)	**7 938**	8 180	(3)
Balance Sheet			
Ordinary shareholder's equity (Rm)	**48 875**	44 159	11
Loans and advances (Rm)	**536 421**	525 700	2
Financial Performance			
ROE (%)	**17,3**	20,3	
Credit loss ratio (%)	**1,18**	1,87	
Cost-to-income ratio (%)	**55,2**	46,9	

SBSA Capital Management Overview

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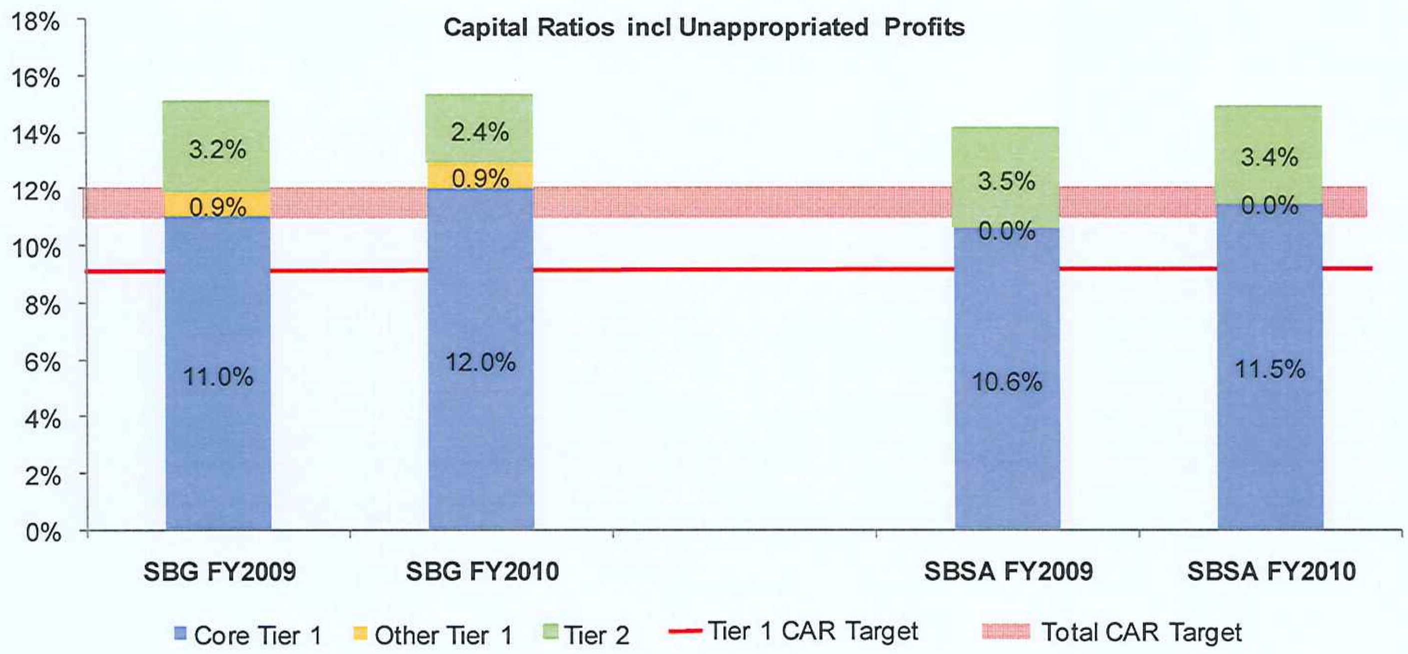
Key Capital Ratios

Sound Capital Position

- Capital Adequacy Ratios (CAR) remain strong
- Tier 1 and total CAR are above Board approved targets and are forecast to stay above these targets



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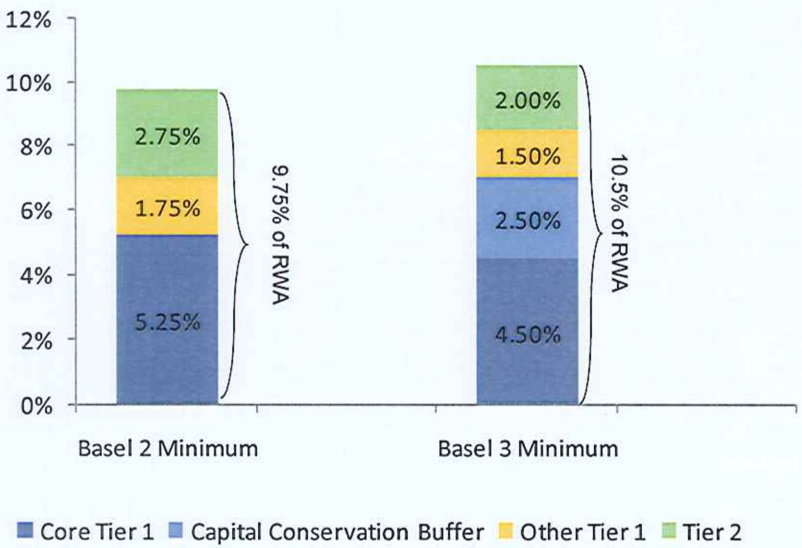
Pro-Forma Impact of Basel 3 - SBG and SBSA

- Pro-forma Basel 3 ratios exceed current proposed B3 minima
- New minimum common equity and Tier 1 requirements will be phased in between January 2013 and January 2015, while the capital conservation buffer will be phased in between January 2016 and January 2019
- Potential for additional buffers e.g. countercyclical capital buffer, SIFI buffer, SA national discretion
- Amortisation of existing Tier 2 capital instruments begins in January 2013 (at 10% p.a.)
- Additional capital deductions to be phased in from 2013



Basel 3		
Core Tier 1	**Non - Core Tier 1**	**Tier 2**
• Effectively common shares, retained earnings and other comprehensive income net of deductions	• **New generation hybrids:** • Undated • Subordinated to all debt • No incentive to redeem • Non-cumulative discretionary interest suspension • Write-off/conversion into Core Tier 1 at point of non-viability	• **New generation instruments:** • Minimum 5 year maturity • Subordinated to senior debt • No incentive to redeem • Write-off/conversion into Core Tier 1 at point of non-viability

SBSA Liquidity Overview

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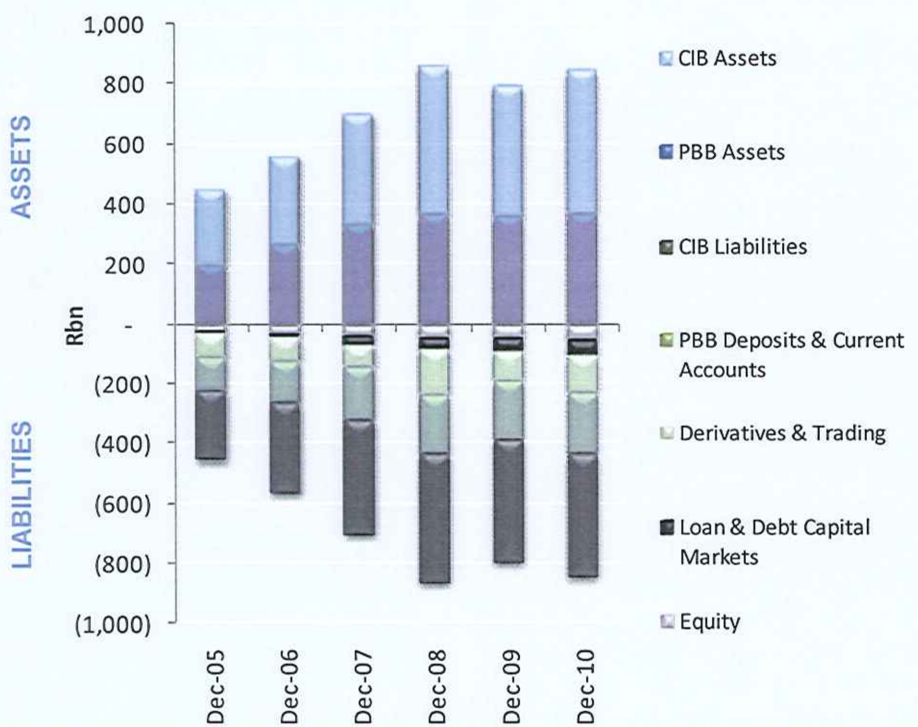
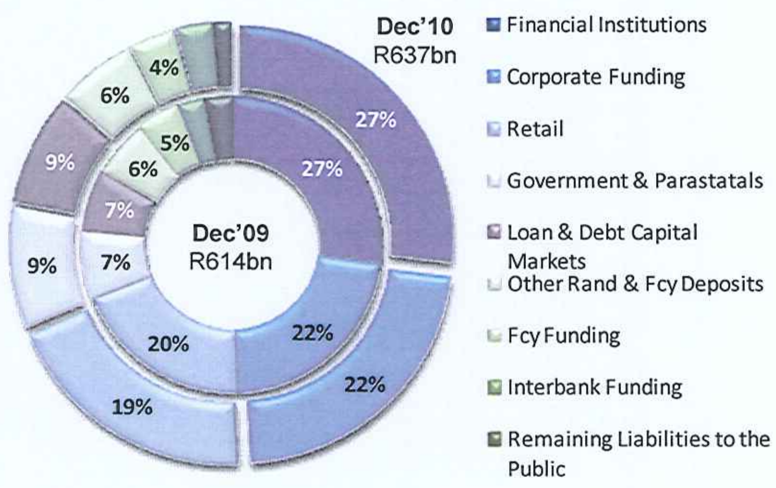
SBSA Balance Sheet Trends

Stable Liquidity Position

- SBSA loans and advances increased by R11bn since December 2009, primarily as a result of increasing Retail (PBB) assets
- Stable PBB deposit funding base, 26% SA market share
- Continued low reliance on Loan and Debt Capital Markets funding (9% of funding-related liabilities at 31 December 2010)
- Manageable Loan and Debt Capital Market refinancing risk (R12bn in 2011; R16bn in 2012)



Funding Related Liabilities to the Public*
(Dec'10 vs. Dec'09)



** Excludes Equity, Derivatives & Trading Positions*
Source: BA900

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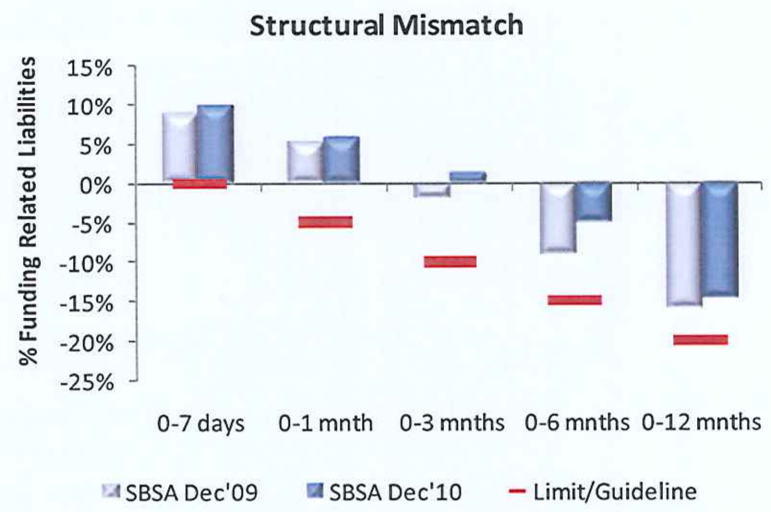
Overview of Key Liquidity Metrics

Liquidity Risk Management

- Prudent and stable liquidity risk position maintained since financial crisis
- Liquidity risk metrics within Board-approved risk appetite:
  - Structural liquidity mismatch within liquidity mismatch risk appetite
  - Contingency liquidity buffers maintained to survive bank-specific and systemic liquidity stress scenarios
  - Funding portfolios remain diversified and within depositor and sector funding concentration limits

Liquidity Risk Metrics	SBSA	
(R'bn)	Dec'09	Dec'10
Unencumbered Marketable Assets	68	66
Long Term Funding Portfolio	165	181
Long Term Funding Ratio	27%	29%



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Strategic Liquidity Initiatives

Funding Initiatives and Liquidity Management

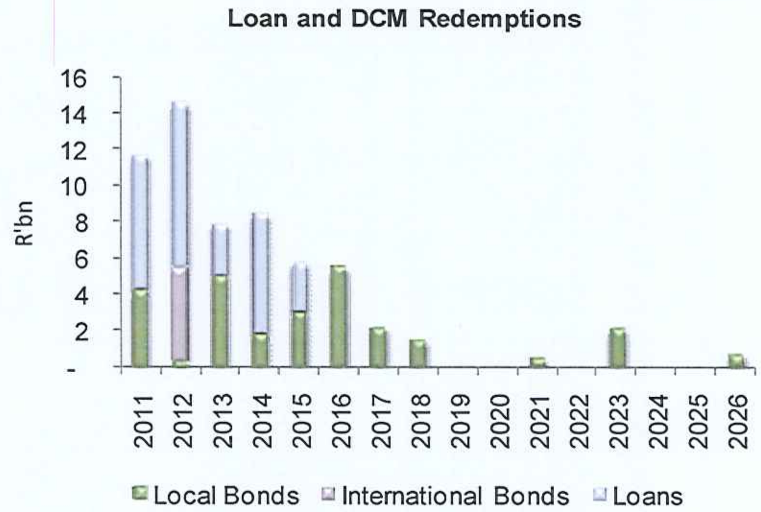
- Implementation of Group Treasury and Capital Management Unit
- Strategic funding team focused on Group funding initiatives
- Positioning for Basel 3 regulations
- Funding diversification and lengthening of term funding portfolios
- Active management of redemption profiles

Contingent Liquidity

- Maintain diversified liquidity buffer

Basel 3 Liquidity Ratios

- Liquidity Coverage Ratio (LCR): Implementation date January 2015, with revisions to the framework until mid 2013
- Net Stable Funding Ratio (NSFR): Implementation date January 2018, with revisions to the framework until mid 2016
- Meeting proposed liquidity ratios under the current framework may prove to be onerous
- Items for national discretion are in the process of being finalised
- Product strategy and pricing in the process of being reviewed taking account of emerging regulations



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SBSA Funding Strategy

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SBSA in the Debt Capital Market 2011

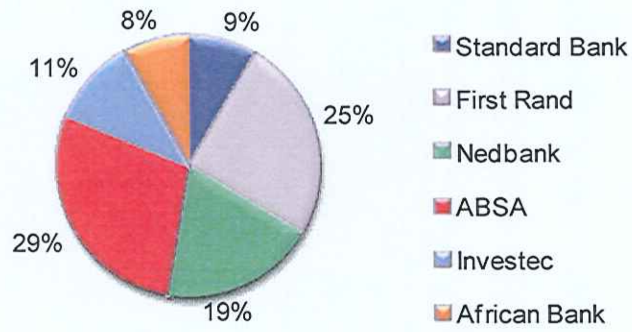
Local market 2011

- 2011 Ytd has seen R20bn issued by SA banks in the local DCM
  - Demand was seen mostly in the shorter tenor (3-5 year) for floating rate notes
- New JSE Debt Listing Requirements in force from 01 June 2011

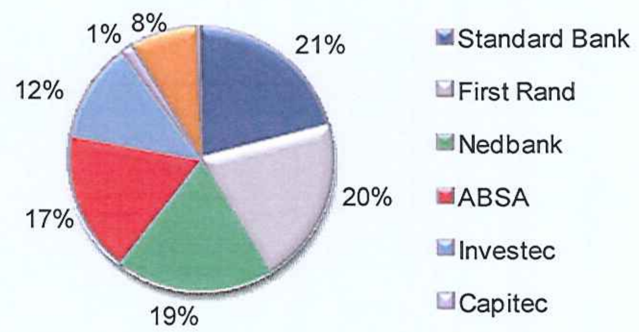
SBSA issuance 2011

- SBSA has issued R1.6bn on the back of reverse enquiries:
  - **SBS14:** R500m, 3 year, FRN, 3M Jibar+105bps (Feb)
  - **SBS15:** R1.1bn, 5 year, FRN, 3M Jibar+125bps (Apr)
- The offshore bond market is an alternative platform
- Loan funding of approximately USD500-600m planned to be raised in the offshore loan markets
- SBSA expects to refinance R4.2bn local bonds in 2011
- Lending pipeline growth to determine further funding needs
- Possible Q2 local bond issue

2011 Ytd SA Bank Issuances



SA Banks Market Share *



Source: JSE Bond Data, April 2011

** Based on senior and subordinated bonds only*

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