Audited results and dividend announcement

for the year ended 31 December 2006

Standard Bank

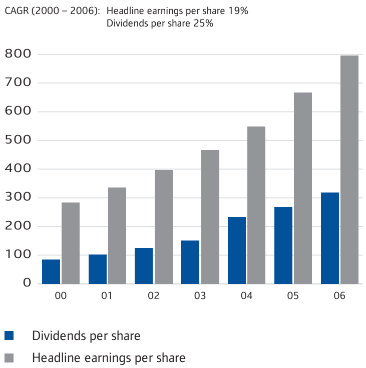
Contents

The group's key financial highlights were:

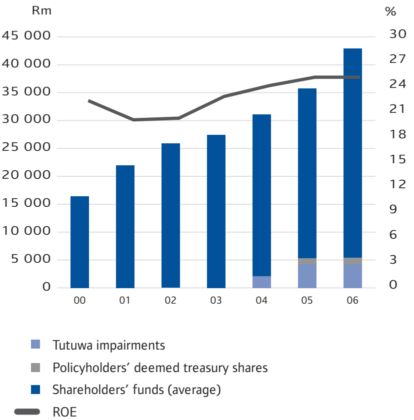
	Normalised	IFRS	Objectives 2006[1]
• Return on equity (%)	25,2	27,1	24,0
• Headline earnings growth (%)	20	20	
• Headline earnings per share (cents)	796,4	837,4	
• Headline earnings per share growth (%)	20	19	14,6[2]
• Cost-to-income ratio (%)[3]	53,8	54,3	≤55,5
• Credit loss ratio (%)	0,67	0,68	<0,75
• Dividends per share (cents)	320,0		
• Dividends per share growth (%)	20		

[1]Financial objectives are based on normalised results.
[2]CPIX inflation of 4,6% plus 10%.
[3]Capital profit on MasterCard excluded from income.

Normalised headline earnings and dividends per share (cents)



Normalised ROE and average shareholders' funds



Overview of audited financial results in terms of IFRS

Standard Bank Group is pleased to report another year of strong financial performance, a year in which all financial targets were met. The group grew headline earnings per share 19% to 837,4 cents per share and generated a return on equity of 27,1%. These results were prepared in accordance with International Financial Reporting Standards (IFRS).

Certain of the accounting conventions under IFRS distort the results from an economic perspective. On a normalised basis, headline earnings per share grew 20% and a return on equity of 25,2% was achieved. The relevant adjustments are more fully discussed in the normalised results section of this announcement and all figures quoted below are on an unaudited normalised basis.

The group's diverse spread of businesses were buoyed by a widely favourable operating environment and measured against a high base, the group's earnings growth target of 10% above CPIX inflation was exceeded by a substantial margin.

Globally, economic growth continued to be robust and growth in developing countries outpaced that of the developed world. As a result of heightened risk aversion among investors, capital inflows to emerging economies reduced during May and June. Equity markets recoiled sharply, but soon stabilised and generally, earlier losses were recovered.

In South Africa the rand weakened and, against the backdrop of heightened economic activity, inflation edged upwards. In response, monetary policy was tightened and interest rates were increased by 200 basis points between June and December 2006, moderating growth in consumer demand towards the end of the year. A shift in the primary thrust of economic growth from households to corporates became evident late in the year. Brisk growth in total private sector credit extension masked a moderate deceleration in household borrowings and there was an increased uptake in corporate debt.

Key factors impacting the results

The factors impacting the group's results for the 2006 year are, to a large extent, a continuation of those highlighted at the interim reporting stage.

- **Healthy asset growth**

  Corporate & Investment Banking loans and advances grew by 32%, as a result of renewed demand for corporate term lending in South Africa and collateralised lending outside of Africa. Personal & Business Banking reflected strong growth in lending assets of 32%, as a result of record home loan registration volumes driven by strong demand for housing. Focused customer acquisition strategies in the card business have been successful.

- **Strong revenue growth**

  Robust asset growth in both current and prior years and buoyant transactional activity from both consumers and corporates contributed to total banking income rising 25% for the year under review. All revenue streams contributed to this performance.

- **Increased trading volumes and strong equity markets**

  Revenues from client related activities were positively impacted by rising prices and volatility in commodity markets. Higher volatility in foreign exchange and interest rate markets also spurred client trading volumes. Investment Management & Life Insurance benefited from a strong South African equity market and achieved a 33% weighted average investment return.

- **Increased credit impairment charges**

  As expected, the low level of credit losses experienced in 2005 was not sustained in 2006. The return to a net credit impairment charge in Corporate & Investment Banking contrasts with the substantial credit recoveries made in the prior year. Personal & Business Banking's credit loss ratio increased significantly in card debtors following the group's focus on higher risk and higher yielding segments.

- **Continued reliance on wholesale funding**

  The increasing need to utilise wholesale-priced funding to support asset growth contributed to the contraction in the group's overall margin despite maintaining domestic market share of retail savings deposits. Although our securitisation efforts have achieved funding diversification, driving retail deposit growth through innovative savings and investment products remains a priority.

- **Continued investment in operations outside of South Africa**

  The group continues to scale up its operations outside of South Africa, investing heavily in talent and infrastructure in both existing and new operations. This investment has had the immediate impact of increasing cost growth in 2006 while meaningful revenue benefits from this incremental spend are expected to become apparent from 2007 onwards.

Income statement analysis

Net interest income

Growth of 27% was achieved with strong increases recorded across the group's operations: Personal & Business Banking was up 25% and Corporate & Investment Banking up 29% boosted by good growth in operations outside Africa. Net interest income benefited from strong growth in average assets of 36%.

The group's net interest margin reflects an 18 basis points decline for the year to 2,79% mainly due to the fast growing portfolio of lower margin corporate assets, R115 billion of trading assets compared to R74 billion the previous year and an R11 billion increase in surplus liquidity assets.

In banking activities related to lending and funding, the endowment benefits of higher interest rates on shareholders' funds and transactional deposits more than compensated for the negative margin pressure caused by increased reliance on wholesale funding.

Non-interest revenue

Non-interest revenue comprised 53,7% (2005: 54,4%) of total banking income and rose 23% following growth in fee and commission revenue of 18%, trading revenue of 30%, and other revenue of 39%.

Personal & Business Banking increased fee and commission revenue by 17%. Growth of 23% was achieved in card-based fees as cardholder turnover rose by 21% following a 21% increase in the number of credit card accounts. The largest contributors to fee and commission revenue were fees initiated through customer interactions with the branch and ATM network (point of representation fees), which grew 11%. This growth was mainly driven by higher transaction volumes and values off a larger current account base while price increases were generally sub-inflation. Corporate & Investment Banking fees increased by 25%. Strong growth occurred in arranging and underwriting fees in specialised and project finance following the completion of a number of large transactions.

The group benefited from the robust commodity cycle coupled with increased customer flows, and commodity trading revenue grew by 50%. A good performance was recorded in base metal trading as volatility was spurred by significant increases in demand. Precious metal trading enjoyed increased client volumes as silver and gold prices touched 25-year highs. Foreign exchange trading was 20% higher, benefiting from rand volatility, increased trading volumes and market share gains outside South Africa. Trading revenue in debt securities was higher as volatility in emerging market debt encouraged clients to divest or hedge their exposures.

Growth in other revenue is attributable to higher bancassurance income and an improved short-term insurance underwriting performance. Other income was further increased by fair value gains from infrastructure funds and dividends from project finance and property related investments. These gains were partly offset by reduced fair value gains in the group's listed property portfolio. The group realised R157 million capital profit on the sale of 59% of its investment in MasterCard as part of its initial public offering. This investment is considered to be of an infrastructural nature and is classified as an available-for-sale asset thereby excluding the realised gain from headline earnings.

Credit impairment charges

Credit impairment charges rose 126% off a low base following large corporate recoveries in 2005. This resulted in a credit loss ratio of 0,67% (2005: 0,40%).

Credit impairment charges in Personal & Business Banking comprise 85% of the group's charge and this unit's credit loss ratio increased from 0,71% to 1,00%. As anticipated, the credit loss ratio for card products increased from 3,32% to 7,03% as higher yielding customer accounts comprised a larger portion of the card portfolio. Lending balances which grew rapidly in prior years are now maturing and this contributed to the increase. Credit losses for mortgages increased at a slightly lower rate than asset growth resulting in a slight reduction in the credit loss ratio from 0,29% to 0,27%, and instalment sale and finance leases increased from 0,78% to 1,09% following the impact of higher interest rates and specific impairments in some African countries. Impairments against performing portfolios were impacted by the anticipated effects of longer recovery periods given the requirements of the National Credit Act, and closer alignment with Basel II in defining the concept of default.

Corporate & Investment Banking's credit loss ratio increased to 0,19% following net recoveries in 2005. The increase reflects a credit loss more in line with expectations and includes impairments in agriculture, fishing, construction and mining exposures in operations outside South Africa. Portfolio provisions against performing loans in Corporate & Investment Banking reflect the larger advances book and take account of the recent changes in domestic interest rates.

Total non-performing loans increased by 29% but remained unchanged as a percentage of the lending book at 1,2%.

Operating expenses

Operating expenses in the group's banking operations grew by 20% against income growth of 25%. The resultant "jaws" gap of 5% improved the group's normalised cost-to-income ratio from 56,1% to 53,5%. Staff costs were 17% higher and other operating expenses rose 22%.

Staff cost growth was driven mainly by the investment in skills in Corporate & Investment Banking outside Africa. In this operation staff numbers grew by 21% compared with 4% growth for the banking operations in total. Domestically, additional staff were employed to accelerate the implementation of IT systems to meet regulatory requirements and to boost collection capability. This growth was partly offset by a lower staff complement in the local branch network. In South Africa, the net increase in people employed by the bank was 840. Staff incentive costs were higher across the bank in line with business performance. Non-guaranteed remuneration as a percentage of basic salary costs across the bank is now 28%, up from 25% in 2005.

The larger cost categories within other operating expenses which outpaced average growth over the year were IT costs, premises costs, marketing and advertising costs and professional fees, which together comprise 53% of the banking operation's cost base. IT costs grew by 22% as a result of spending on systems relating to regulatory compliance (including the National Credit Act and Basel II); analysis relating to the implementation of SAP core banking systems in Personal & Business Banking in South Africa; initial investment in an integrated new test environment in Personal & Business Banking in South Africa and continued standardisation of systems in the rest of Africa. In Corporate & Investment Banking in South Africa, IT spend included the development of market risk management systems and a credit trading system. Premises costs grew by 27% due to increased space under lease, expansion of the ATM network, refurbishment of points of representation and costs relating to new signage following the modernisation of the bank's logo. Marketing and advertising costs grew by 25% as a result of increased sponsorship commitments, including the Africa Cup of Nations, and marketing campaigns outside South Africa. Expenses were also increased by professional fees related to the preparation for Basel II and the National Credit Act.

Business units

Personal & Business Banking contributed 45% to group headline earnings (2005: 43%); Corporate & Investment Banking 46% (2005: 46%); and Investment Management & Life Insurance 8% (2005: 7%).

Personal & Business Banking grew headline earnings by 24%. The business unit benefited from continued strong growth across most consumer lending products. Interest margins were tighter due to competitive pressures, higher origination costs and pricing concessions, and increased levels of wholesale-priced funding. Credit loss impairments increased sharply following high growth in card debtors and the alignment of impairment policies in the rest of Africa with the domestic operation. Buoyant domestic economic activity led to strong growth in transactional fee income and countered the impact of lower price increases. Income from short-term insurance activities grew strongly following low loss ratios and increased policy sales. Income from associates and joint ventures grew marginally off the high base set in 2005. During the year the joint venture with ABIL in microlending was terminated, which will allow Standard Bank to drive its lending strategy more independently in the mass market, where it is believed substantial growth potential exists.

Corporate & Investment Banking achieved a 20% increase in headline earnings, with good contributions across all revenue streams. Net interest income grew by 29% during 2006, largely attributable to higher current account balances, structured finance transactions, growth in the term and property lending books in South Africa and significant growth in collateralised lending business outside Africa. A strong trading performance was achieved on the back of turbulent base metal, precious metal and energy markets, in addition to increased volumes and volatility in the forex and interest rate trading desks. Overall trading revenue grew by 33%. Fee and commission income benefited from increased transaction volumes across the operations and fees earned on specialised and energy finance transactions. Other income grew by 35%, off a high base, following increased dividend flows and favourable fair value adjustments on infrastructure and unlisted equity investments, partly offset by lower gains on a listed property portfolio. Earnings were adversely impacted by higher impairments on non-performing loans outside South Africa and an increase in the performing loan portfolio impairment in South Africa. Staff costs grew by 31% due to increased headcount, primarily outside Africa, and incentive provisions in line with business growth.

Investment Management & Life Insurance grew its contribution to headline earnings by 36% to R843 million, despite the significant changes the industry is facing. Recurring expenses directly attributable to insurance operations remained flat year on year. BEE normalised return on embedded value increased to 22,4% from 20,1% in 2005. This higher return is a consequence of improved capital management combined with sustained positive investment market performance. Notwithstanding cash returned to shareholders through dividends and a capital reduction during the year, the BEE normalised embedded value per share grew by 12,5% to R82,55.

Acquisition of BankBoston Argentina

Approval from both the South African and Argentinian regulators for the proposed acquisition by Standard Bank of BankBoston Argentina has been received and the three-month formal process for the transfer of the agreed assets and liabilities has commenced. The effective date of the transaction is expected to be 1 April 2007 and the prospects for this operation continue to improve. Due to acquisition and initial rebranding costs, the impact on the group's financial performance is not expected to be significant in 2007.

Balance sheet analysis

Banking assets increased by 29%, driven by a 32% growth in loans and advances in both Personal & Business Banking and Corporate & Investment Banking.

Personal & Business Banking's mortgage book grew 37% due to a still buoyant residential market. The value of registrations for the year was up 43% following growth of 16% in both average registration values and number of new registrations. The instalment finance book increased by 23% benefiting from a growth of 14% in the number of new vehicle sales in South Africa. The card debtors book was up 42% as new accounts increased due to strategic partnerships, a higher level of revolving facilities and increased consumer activity.

The group's South African market share in mortgage lending and instalment finance remained stable during 2006, at 26% and 21% respectively. Market share in credit card debtors increased marginally to 36% from 35% in the prior year.

Corporate & Investment Banking experienced 32% loan growth largely due to growth of 54% in operations outside Africa. This strong growth, though somewhat flattered by a weakening exchange rate, occurred in trade finance lending, collateralised lending and structured commodity finance following the conclusion of a number of large new deals. In South Africa, term loan growth benefited from the conclusion of a number of large corporate transactions including empowerment financing transactions. Overnight lending decreased by 31% as clients moved to fixed rate lending in a firming interest rate environment and decreased use of overdraft facilities.

The group's ordinary shareholders' equity grew by 27% on a normalised basis. This resulted from retained earnings growth and a R2,2 billion increase in the foreign currency translation reserve. Included in retained earnings is the R157 million capital profit realised on the sale of a portion of shares held in MasterCard. The remaining unrealised portion is marked to market and resulted in a R354 million gain accounted for directly in equity for the year, bringing the total gain for the year to R511 million.

Capital management

The group has made considerable progress in preparing for the implementation of Basel II and ensuring capital management processes meet global standards. During the year the group issued preference share capital in two tranches to the value of R2,5 billion and subordinated debt qualifying as Tier II banking capital to the value of R4,7 billion.

Dividends

The dividend cover ratio of 2,5 times normalised headline earnings per share has been maintained. A final dividend of 176 cents per share (2005: 145 cents) has been declared, an increase of 21%. The total dividends declared in respect of the 2006 year increased by 20% to 320 cents per share (2005: 267 cents).

Financial Sector Charter progress

Standard Bank's overall Financial Sector Charter (charter) score (audited) has improved to 91,28 points as at 31 December 2006 from 52,94 points as at 31 December 2004 (out of a maximum available 100 points), as the group's efforts in this regard have gained traction. Notably, given the importance to sustainable economic development of developing black small and medium enterprises (BSMEs), 10 million ordinary shares were allocated to 250 qualifying BSMEs. This formed part of the group's Tutuwa Community Trust initiative. The bank has made progress in employment equity and black managers now represent 44% of the bank's management compared with 37% the previous year. A full, audited Financial Sector Scorecard will be available in the group's Sustainability and BEE Report to be published at the same time as the group's annual report. This scorecard will be submitted to the Charter Council for verification.

Prospects

The global economy has continued to enjoy robust growth over the last three years despite very high oil prices, global political uncertainty and generally tighter monetary conditions. Global growth is expected to slow in 2007 due to an easing US economy, the correction of current global imbalances and softer commodity prices. While growth in developing economies is expected to moderate, it should remain relatively strong.

In South Africa, the increasing interest rate cycle appears to be approaching its peak. The higher interest rates, combined with a record-high household debt-to-income ratio, are expected to curb durable consumer spending. The impact of this on retail activity should be felt towards the end of 2007. However, as the momentum in consumer spending decreases, a shift from consumer-led to corporate-led economic growth is occurring. The supply side of the economy is expected to be the main driver of growth, which is likely to see current domestic growth levels maintained. This will be supported by focused initiatives including the South African Government's Accelerated and Shared Growth Initiative for South Africa (ASGISA).

In this environment, lending growth in Personal & Business Banking is set to slow off its high base. Higher interest rates will benefit interest margins but this will be offset to some degree by increased credit losses. A slowdown in consumer spending and below inflation fee increases are likely to restrain growth in fee income and will require focused cost management. Cost pressures from regulatory related system and procedural implementations are expected to continue.

Corporate & Investment Banking is expected to benefit from growth in South African infrastructural and empowerment financing and a continued increase in corporate credit demand. Trading desks locally and internationally should continue to enjoy active client flow from the commodity and foreign exchange markets.

Investment Management & Life Insurance earnings are linked to the performance of South African investment markets. Despite the recent volatility in equity markets, South Africa's economic prospects remain favourable which should have a positive impact on investment performance in 2007. Liberty Life is confident that, subject to actuarial assumptions being met, real growth in embedded value will be achieved in the year ahead.

In the year ahead economic conditions in the markets in which the group operates are thus likely to be less favourable than in the last few years. We are nevertheless confident that with the high calibre of our staff and our portfolio of growing businesses, we will be able to deliver on our financial objectives. The group's principal financial objectives for 2007 remain unchanged: a normalised return on equity of 24%, and normalised headline earnings per share growth of South African inflation (CPIX) plus 10 percentage points.

Jacko Maree
Chief executive

Derek Cooper
Chairman

Johannesburg
6 March 2007

Declaration of dividends

Notice is hereby given that the following final dividends have been declared:

- Ordinary dividend No. 75 of 176 cents per ordinary share (share codes: SBK and SNB, ISIN: ZAE000057378), payable on Monday, 16 April 2007, to ordinary shareholders recorded in the books of the company at the close of business on the record date, Friday, 13 April 2007. The last day to trade to participate in the dividend is Wednesday, 4 April 2007. Ordinary shares will commence trading ex-dividend from Thursday, 5 April 2007;
- 6,5% first cumulative preference shares (first preference shares) dividend No. 75 of 3,25 cents per first preference share (share code: SBKP, ISIN: ZAE000038881), payable on Monday, 2 April 2007, to holders of first preference shares recorded in the books of the company at the close of business on the record date, Friday, 30 March 2007. The last day to trade to participate in the dividend is Friday, 23 March 2007. First preference shares will commence trading ex-dividend from Monday, 26 March 2007; and
- Non-redeemable, non-cumulative, non-participating preference shares (second preference shares) dividend No. 5 of 412,31 cents per second preference share (share code: SBPP, ISIN: ZAE000056339), payable on Monday, 2 April 2007, to holders of second preference shares recorded in the books of the company at the close of business on the record date, Friday, 30 March 2007. The last day to trade to participate in the dividend is Friday, 23 March 2007. Second preference shares will commence trading ex-dividend from Monday, 26 March 2007.

The relevant dates for the payment of the dividends are as follows:

	Ordinary shares	6,5% preference shares (First preference shares)	Non-redeemable, non-cumulative, non-participating preference shares (Second preference shares)
JSE Limited (JSE)			
Share code	SBK	SBKP	SBPP
ISIN	ZAE000057378	ZAE000038881	ZAE000056339
Namibian Stock Exchange (NSX)			
Share code	SNB		
ISIN	ZAE000057378		
Dividend number	75	75	5
Dividend per share (cents)	176	3,25	412,31
Dividend payment dates			
Last day to trade *"CUM"* dividend	Wednesday 4 April 2007	Friday 23 March 2007	Friday 23 March 2007
Shares trade *"EX"* dividend	Thursday 5 April 2007	Monday 26 March 2007	Monday 26 March 2007
Record date	Friday 13 April 2007	Friday 30 March 2007	Friday 30 March 2007
Payment date	Monday 16 April 2007	Monday 2 April 2007	Monday 2 April 2007

Ordinary share certificates may not be dematerialised or rematerialised between Thursday, 5 April 2007 and Friday, 13 April 2007, both days inclusive. Preference share certificates (first and second) may not be dematerialised or rematerialised between Monday, 26 March 2007 and Friday, 30 March 2007, both days inclusive.

Where applicable, dividends in respect of certificated shares will be transferred electronically to shareholders' bank accounts on payment date. In the absence of specific mandates, dividend cheques will be posted to shareholders. Preference shareholders who have dematerialised their share certificates will have their accounts at their CSDP or broker credited on Monday, 2 April 2007. Ordinary shareholders who have dematerialised their share certificates will have their accounts at their CSDP or broker credited on Monday, 16 April 2007.

On behalf of the board

Loren Wulfsohn
Group secretary

Unaudited normalised results

International Financial Reporting Standards (IFRS) results have been adjusted in arriving at normalised results for the following required accounting conventions that do not reflect the underlying economic substance of transactions:

Black Economic Empowerment Ownership (Tutuwa) initiative

In terms of the accounting treatment of the Tutuwa initiative concluded in October 2004, preference share funding to the empowerment participants by the group is not recognised as an asset but deducted from equity. Income legally accrued on these preference shares is therefore not reflected in income. Perpetual preference share capital raised to fund the transaction is classified as equity and thus dividends are only accounted for when declared. The ordinary shares delivered to the Tutuwa participants, although legally effected, are deemed to be treasury shares for accounting purposes until eventual redemption or refinancing of the preference share funding. The "normalised" calculation adjusts results for preference dividends receivable but not included in income and reverses the elimination of preference shares against equity. Dividends declared on perpetual preference shares are adjusted to an accrual basis. In addition, in calculating normalised headline earnings per share, the number of shares held by the Tutuwa participants is added back to the weighted number of shares in issue.

Group companies' shares held for the benefit of policyholders

Group companies' shares held by Liberty Life are invested for the risk and reward of its policyholders, not its shareholders, and consequently the group's shareholders are exposed to an insignificant portion of the fair value changes on these shares. In terms of IFRS, with effect from January 2005, Standard Bank and Liberty Holdings shares held by Liberty Life on behalf of policyholders are deemed to be treasury shares and the investment in these shares is accordingly set off against equity in the group's financial statements. The cost price of these shares is eliminated against ordinary shareholders' funds and minority interests on consolidation. Fair value movements are eliminated from the income statement and dividends received are eliminated against dividends paid without a corresponding elimination in policyholders' liabilities resulting in a mismatch in the group's income statement. The elimination is attributable to Standard Bank ordinary shareholders to the extent of the effective holding in Liberty Life (approximately 30%).

The weighted average number of shares in issue for earnings per share is calculated by deducting the full number of group shares held (100%), as the accounting standard IAS 33: Earnings per share, does not contemplate minority portions of treasury shares. This treatment exaggerates the reduction in the weighted number of shares used for per share calculations.

For purposes of calculating the normalised numbers and ratios, the adjustments described above are reversed and the group shares held are treated as assets invested on behalf of policyholders. The result of these adjustments is as follows:

Unaudited normalised headline earnings

	Weighted average number of shares '000	Headline earnings Rm	Growth on 31 December 2005 %
Disclosed in terms of IFRS	1 216 687	10 188	20
Tutuwa initiative	99 190	361	
Group shares held for the benefit of Liberty Life policyholders	42 538	269	
Normalised	1 358 415	10 818	20

Unaudited normalised financial statistics

for the year ended 31 December

	% change	2006	2005
Standard Bank Group			
Ordinary shares in issue (000's)			
– weighted average		1 358 415	1 353 382
– diluted weighted average		1 380 416	1 377 085
Cents per ordinary share			
Headline earnings	20	796,4	666,0
Diluted headline earnings	20	783,7	654,5
Dividends	20	320,0	267,0
Earnings	24	820,7	663,6
Diluted earnings	24	807,6	652,2
Net asset value	26	3 579	2 830
Financial performance (%)			
ROE		25,2	25,2
Net interest margin		2,79	2,97
Credit loss ratio		0,67	0,40
Cost-to-income ratio		53,5	56,1
Cost-to-income ratio excluding capital profit on MasterCard		53,8	56,1

Unaudited normalised headline earnings contribution by business unit

for the year ended 31 December

Rm	% change	2006	2005
Personal & Business Banking	24	4 828	3 879
Corporate & Investment Banking	20	5 033	4 185
Central and other	(65)	114	329
Central and other – IFRS	>100	(220)	(16)
Tutuwa adjustments	(3)	334	345
Banking activities	19	9 975	8 393
Investment Management & Life Insurance	36	843	620
Investment Management & Life Insurance – IFRS	31	547	416
Policyholders' deemed treasury shares and Tutuwa adjustment	45	296	204
Standard Bank Group	20	10 818	9 013

Consolidated income statement

for the year ended 31 December

Rm	% change	2006 Audited	2005 Audited
Income from banking activities	25	36 366	28 981
Net interest income	28	16 654	13 015
Interest income	32	50 855	38 625
Interest expense	34	34 201	25 610
Non-interest revenue	23	19 712	15 966
Income from investment management and life insurance activities	12	59 344	53 066
Total income	17	95 710	82 047
Credit impairment charges	>100	2 733	1 207
Benefits due to policyholders	15	47 896	41 529
Income after credit impairment charges and policyholders' benefits	15	45 081	39 311
Operating expenses in banking activities	20	19 652	16 441
Operating expenses in investment management and life insurance activities	(19)	6 486	8 006
Net income before goodwill	27	18 943	14 864
Goodwill impairment	(96)	15	421
Net income before associates and joint ventures	31	18 928	14 443
Share of profit from associates and joint ventures	22	275	226
Net income before indirect taxation	31	19 203	14 669
Indirect taxation	8	841	778
Profit before direct taxation	32	18 362	13 891
Direct taxation	36	5 852	4 312
Profit for the year	31	12 510	9 579
Attributable to minorities	87	1 723	921
Attributable to preference shareholders	19	269	226
Attributable to ordinary shareholders	25	10 518	8 432

Headline earnings

for the year ended 31 December

Rm	% change	2006 Audited	2005 Audited
Group profit attributable to ordinary shareholders	25	10 518	8 432
Headline earnings adjustable items added back or reversed[1]		(601)	293
Goodwill impairment	(96)	15	421
Impairment of intangibles		9	–
Profit on sale of properties and equipment	17	(53)	(64)
Gains on disposal of businesses and divisions		(374)	–
Recycled investment gains on available-for-sale assets	>100	(198)	(64)
Taxation on headline earnings adjustable items	(30)	14	20
Minority share of headline earnings adjustable items	(>100)	257	(281)
Headline earnings	20	10 188	8 464

[1] *These headline earnings adjustable items have been included in the calculation of normalised headline earnings disclosed above.*

Segment report

for the year ended 31 December

Headline earnings contribution by business unit

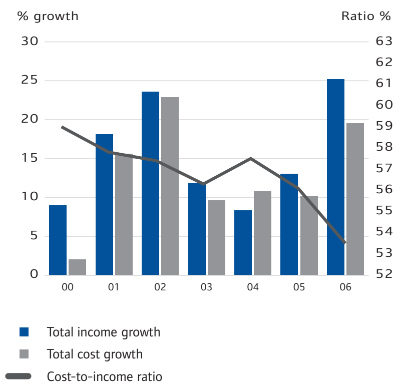
Rm	% change	2006 Audited	2005 Audited
Personal & Business Banking	24	4 828	3 879
Corporate & Investment Banking	20	5 033	4 185
Central and other	>100	(220)	(16)
Banking activities	20	9 641	8 048
Investment Management & Life Insurance	31	547	416
Standard Bank Group	20	10 188	8 464

Financial statistics

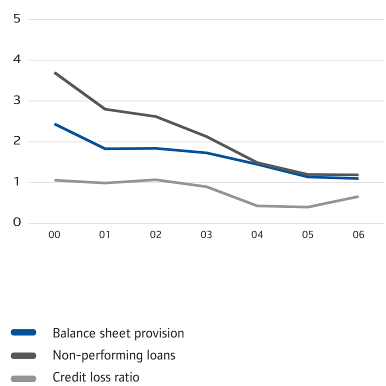
for the year ended 31 December

	% change	2006 Audited	2005 Audited
Standard Bank Group			
Number of ordinary shares in issue (000's)			
– weighted average		1 216 687	1 205 169
– diluted weighted average		1 282 478	1 261 527
Cents per ordinary share			
Headline earnings	19	837,4	702,3
Diluted headline earnings	18	794,4	670,9
Dividends	20	320,0	267,0
Basic earnings	24	864,5	699,7
Diluted earnings	23	820,1	668,4
Net asset value	30	3 537	2 729
Financial performance (%)			
ROE		27,1	27,8
Net interest margin		2,75	2,92
Credit loss ratio		0,68	0,40
Cost-to-income ratio		54,0	56,7
Capital adequacy (%)			
Capital ratio			
– primary capital		10,8	10,5
– total capital		14,8	14,2

Normalised cost and income growth (%)



Normalised credit loss history (as a percentage of gross loans and advances) (%)



Consolidated balance sheet

as at 31 December

Rm	% change	2006 Audited	2005 Audited
Assets			
Cash and balances with banks	4	74 154	71 244
Short-term negotiable securities	13	29 175	25 931
Derivative assets	(1)	100 832	101 502
Trading assets	>100	81 569	38 387
Investments	27	186 896	147 146
Investment property	4	13 200	12 637
Loans and advances	32	448 411	338 773
Current and deferred taxation	5	1 043	990
Other assets	28	16 975	13 237
Non-current assets for disposal	(100)	–	2 380
Interest in associates and joint ventures	34	8 584	6 417
Goodwill and other intangible assets	19	2 910	2 453
Property and equipment	14	5 242	4 593
Total assets	27	968 991	765 690
Equity and liabilities			
Equity	33	55 244	41 692
Equity attributable to ordinary shareholders	32	43 326	32 931
Preference share capital and premium	84	5 503	2 991
Minority interest	11	6 415	5 770
Liabilities	26	913 747	723 998
Derivative liabilities	–	103 122	103 482
Trading liabilities	71	36 790	21 462
Deposit and current accounts	32	545 164	413 623
Current and deferred taxation	14	7 880	6 926
Other liabilities	44	34 323	23 759
Non-current liabilities for disposal	(100)	–	1 267
Policyholders’ liabilities	20	168 898	140 835
Subordinated debt	39	17 570	12 644
Total equity and liabilities	27	968 991	765 690

Statement of changes in shareholders' funds

for the year ended 31 December

Rm	Ordinary shareholders' funds Audited	Preference share capital and premium Audited	Minority interest Audited	Total equity Audited
Balance at 1 January 2005	28 163	2 991	3 722	34 876
Consolidation of minority property partnerships and mutual funds			2 449	2 449
Restated balance at 1 January 2005	28 163	2 991	6 171	37 325
Profit for the year	8 432	226	921	9 579
Net dividends paid	(3 747)	(226)	(637)	(4 610)
Net translation gain and hedging	397		(21)	376
Issue of share capital and share premium	246		71	317
Share buy-backs	(677)			(677)
Other reserve movements	117		(735)	(618)
Balance at 31 December 2005	32 931	2 991	5 770	41 692
Balance at 1 January 2006	32 931	2 991	5 770	41 692
Profit for the year	10 518	269	1 723	12 510
Net dividends paid	(3 555)	(269)	(1 380)	(5 204)
Net translation gain and hedging	2 174		10	2 184
Issue of share capital and share premium	299	2 518	57	2 874
Share buy-backs	(102)			(102)
Other reserve movements	1 061	(6)	235	1 290
Balance at 31 December 2006	43 326	5 503	6 415	55 244

Consolidated cash flow information

for the year ended 31 December

Rm	2006 Audited	2005 Audited
Net cash from operating activities	23 763	19 311
Net cash (used in)/from operating funds	(9 601)	23 767
Net cash used in investing activities	(13 511)	(5 521)
Net cash from/(used in) financing activities	2 187	(2 054)

Contingent liabilities and capital commitments

as at 31 December

Rm	2006 Audited	2005 Audited
Contingent liabilities		
Letters of credit	9 133	5 398
Guarantees	23 367	16 309
Irrevocable unutilised facilities	51 436	26 417
	83 936	48 124
Capital commitments		
Contracted capital expenditure	309	552
Capital expenditure authorised but not yet contracted	1 682	876
	1 991	1 428

Accounting policies

Basis of preparation

The consolidated financial statements are prepared in accordance with, and comply with International Financial Reporting Standards (IFRS) and the South African Companies Act of 1973. The consolidated financial statements are prepared in accordance with the going concern principle under the historical cost basis as modified by the revaluation of assets and liabilities where required in terms of IFRS. The accounting policies are consistent with those adopted in the previous year except for the adoption of accounting standards and interpretations issued with effective date of 1 January 2006. The adoption of these standards and interpretations has not had a material effect on the results, nor has it required any restatements of the results.

Reclassifications

The group reclassified certain balance sheet and income statement items relating to 2005 to more appropriate line items to conform with presentation in the current year. The most significant reclassifications are:

- Stanlib, the group's asset management operation, has been reclassified from banking activities to Investment Management & Life Insurance activities to better reflect the revised operating structure of the group. This reclassification impacted certain individual banking and insurance income statement and balance sheet line items.
- Certain collateral amounts paid and received were previously netted against the corresponding derivative liability and asset positions and have now been disclosed separately under loans and advances or deposit and current accounts respectively.
- An investment in a consolidated special purpose entity was previously disclosed under short-term negotiable securities and has now been reclassified to investments to better reflect the underlying nature of the assets consolidated.
- Following a review of the percentage ownership, interests of the group's insurance operation in unincorporated property partnerships and mutual funds have been consolidated and the opening balance of minority interest restated accordingly.

These reclassifications did not impact profit or equity attributable to ordinary shareholders of the group.

Audit opinion

These abridged financial statements have been extracted from the audited financial statements on which KPMG Inc. and PricewaterhouseCoopers Inc. have issued an unqualified audit report. This report is available for inspection at the company's registered office.

Board of directors

DE Cooper *(Chairman)*, JH Maree* *(Chief executive)*, DDB Band, E Bradley, TS Gcabashe, DA Hawton, SE Jonah KBE §, Sir Paul Judge#, SJ Macozoma, RP Menell, Adv KD Moroka, AC Nissen, MC Ramaphosa, Dr MA Ramphele, MJD Ruck, MJ Shaw, Sir Robert Smith#, EM Woods

**Executive director*
§Ghanaian
#British

Group secretary

L Wulfsohn
Standard Bank Group Limited
(Incorporated in the Republic of South Africa)
(Registered bank controlling company)
(Reg No 1969/017128/06)
Share code: SBK • ISIN: ZAE000057378

Registered office

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