

Analysis of financial results
for the six months ended 30 June 2006



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We are committed and driven to deliver to our stakeholders.



Group results in brief

All results in this booklet are presented on a normalised basis, unless otherwise indicated as being on the IFRS (International Financial Reporting Standards) basis. Results are normalised for the Black Economic Empowerment Ownership initiative and deemed treasury shares held for the benefit of Liberty Life policyholders. Refer to page 64 for a detailed explanation of normalised results.

Headline earnings of R4 869 million, 18% up

Headline earnings per ordinary share of 359,0 cents, 18% up

Dividend covered 2,5 times by headline earnings per share

Dividend per ordinary share of 144 cents, 18% up

Net asset value per ordinary share 3 231 cents, 22% up

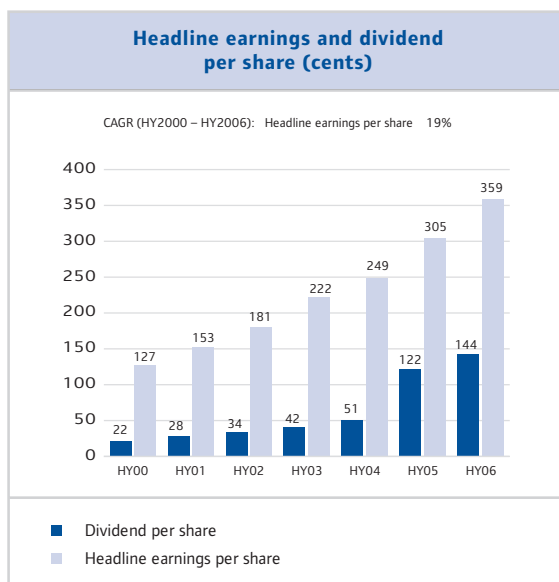
Credit loss ratio 0,70% (June 2005: 0,45%)

Cost-to-income ratio 54,2% (June 2005: 56,4%)

Cost-to-income ratio, excluding capital profit on MasterCard shares 54,7%

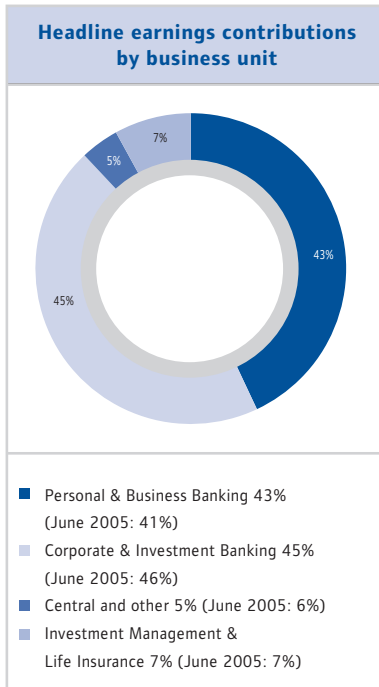
Net currency translation gain recognised in reserves, R2 062 million (June 2005: R1 096 million)

ROE 24,2% (June 2005: 23,7%)



Major business areas

The group operates in South Africa, 17 other African countries and 21 countries outside of Africa. The group’s business units were aligned in 2005 to reflect executive focus areas and reporting lines. This now forms the basis of the group’s reporting segmentation.



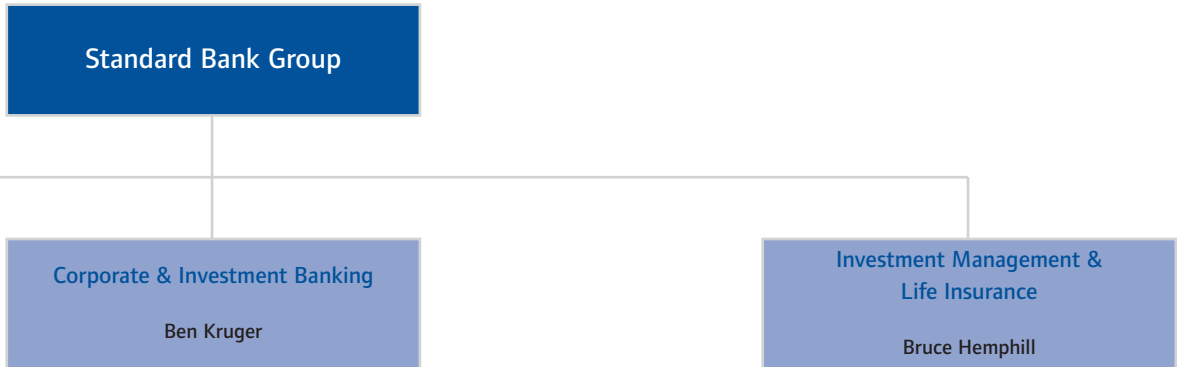
Personal & Business Banking
Peter Wharton-Hood

Banking and other financial services to individual customers and small- to medium-sized enterprises throughout South Africa and in the rest of Africa.

	June 2006	June 2005
External net advances (Rm)	229 966	180 238
Headline earnings (Rm)	2 086	1 683
Headline earnings growth (%)	24	26
ROE (%)	28,9	27,3
Cost-to-income ratio (%)	57,2	60,3
Credit loss ratio (%)	1,02	0,85
Headline earnings contribution (%)	43	41



We are passionate and positive about what we do.



Commercial and investment banking services to larger corporates, financial institutions and international counterparties, focused on South Africa and other emerging markets.

	June 2006	June 2005
External net advances (Rm)	179 469	115 040
Headline earnings (Rm)	2 210	1 896
Headline earnings growth (%)	17	7
ROE (%)	27,9	25,5
Cost-to-income ratio (%)	52,7	54,2
Credit loss ratio (%)	0,26	(0,16)
Headline earnings contribution (%)	45	46

Life insurance and asset management activities by group companies Liberty Life and Stanlib.

	June 2006	June 2005
Total assets (Rm)	185 395	149 001
Third party funds under management (Rm)	182 000	160 000
Normalised embedded value ¹ (Rm)	20 511	17 233
Headline earnings (Rm)	330	276
Headline earnings growth (%)	20	93
ROE (%)	21,2	18,8
Headline earnings contribution (%)	7	7

¹ Liberty Life as published.



We are dedicated to make a difference in the lives of our stakeholders.

Executive management



Craig Bond (45)
Chief executive
Stanbic Africa

BCom, LLB, HDip Tax (Wits), SEP (Harvard)

Joined the group 2000, appointed to exco 2006



Tina Eboka (47)
Corporate Affairs

BS Applied Mathematics (New York),
BS Textile Engineering (Philadelphia),
MBA (Philadelphia), SEP (Harvard)

Joined the group 2005, appointed to exco 2005



Arnold Gain (51)
Credit

BCom (Hons) (Cape Town)

Joined the group 1994, appointed to exco 2005



Ben Kruger (47)
Chief executive
Corporate & Investment Banking

BCom (Hons) (Pretoria), CA (SA),
AMP (Harvard)

Joined the group 1985, appointed to exco 2000



Rob Leith (43)
Chief executive
Corporate & Investment Banking
International

BCom (Hons) (Cape Town), CA (SA)

Joined the group 1991, appointed to exco 2003



Chris Lombard (59)
Leadership Development and Training

BA (Hons) (Stellenbosch), PMD (Harvard)

Joined the group 1978, appointed to exco 1995



Jacko Maree (50)
Group chief executive

BCom (Stellenbosch), MA (Oxford),
PMD (Harvard)

Joined the group 1980, appointed to exco 1995



David Munro (35)
Chief executive
Corporate & Investment Banking – Standard
Bank of South Africa

BCom (PGDA) (Cape Town), CA (SA)
AMPC (Harvard)

Joined the group 1996, appointed to exco 2004



Sipho Ngidi (50)
Human Resources

BAdmin (Zululand), BCom (Hons) (Natal)

Joined the group 2001, appointed to exco 2001



Sarah-Anne Orphanides (38)
Marketing and Communications

BSocSci (Hons) (Cape Town), MBA (London)

Joined the group 2002, appointed to exco 2006



Simon Ridley (50)
Finance

BCom (Natal), CA (SA),
AMP (Oxford)

Joined the group 1999, appointed to exco 2002



Bruce Hemphill (43)
Chief executive
Liberty Life

BA (Cape Town), CPE (College of Law,
Lancaster Gate, London), Solicitor of England
and Wales

Joined the group 1993, appointed to exco 2006



Paul Smith (52)
Risk

BCom (Natal), CA (SA)

Joined the group 1997, appointed to exco 1999



Sim Tshabalala (38)
Chief executive
Personal & Business Banking – Standard Bank
of South Africa

BA LLB (Rhodes), LLM (University of Notre
Dame USA), H Dip Tax (Wits)

Joined the group 2000, appointed to exco 2001



Peter Wharton-Hood (40)
Chief executive
Personal & Business Banking

BCom (Hons) (Wits), CA (SA)

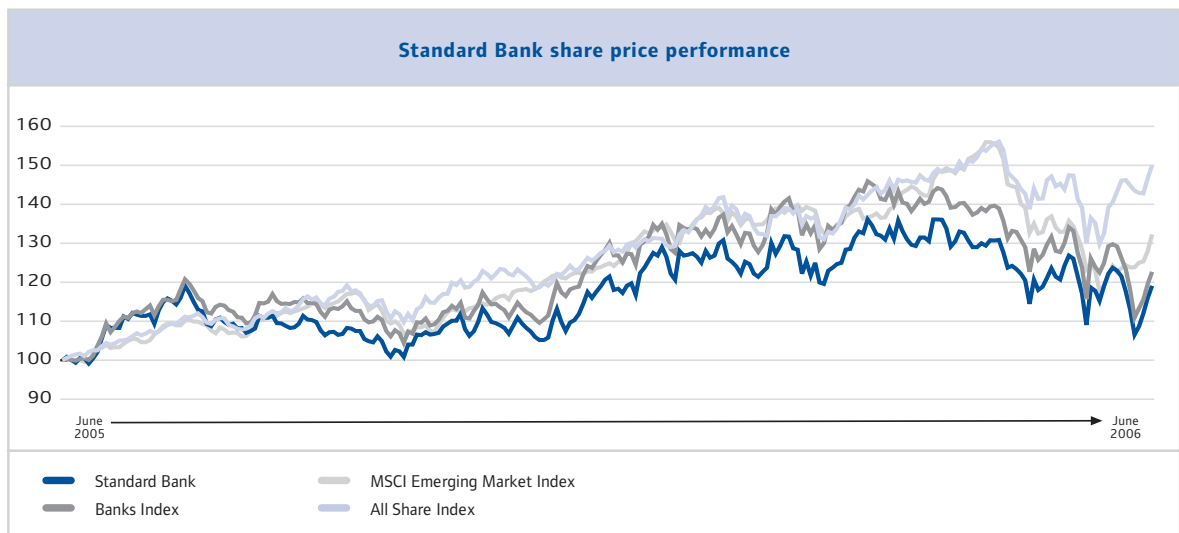
Joined the group 1997, appointed to exco 1999

Key financial results and ratios

		June 2006	Change %	June 2005	December 2005
Standard Bank Group					
Earnings					
Headline earnings	Rm	4 869	18	4 126	9 013
Profit attributable to ordinary shareholders	Rm	5 121	27	4 036	8 981
Other indicators					
Headline EPS	cents	359,0	18	304,8	666,0
Fully diluted headline EPS	cents	353,0	18	300,4	654,5
EPS	cents	377,6	27	298,1	663,6
Fully diluted EPS	cents	371,3	26	293,8	652,2
Dividend cover	times	2,5		2,5	2,5
Total dividends per share	cents	144,0	18	122,0	267,0
Net asset value per share	cents	3 231	22	2 644	2 830
Ordinary shareholders' funds	Rm	43 907	23	35 794	38 270
ROE	%	24,2		23,7	25,2
Capital adequacy	%	14,7		15,0	14,2
Number of ordinary shares in issue					
– weighted average	thousands	1 356 202		1 353 703	1 353 382
– fully diluted weighted average	thousands	1 379 172		1 373 708	1 377 085
Number of employees		40 601		40 514	40 245
Banking activities					
Earnings					
Headline earnings	Rm	4 539	18	3 850	8 393
Profit attributable to ordinary shareholders	Rm	4 671	20	3 877	8 479
Balance sheet					
Total assets	Rm	755 112	34	564 891	601 738
Loans and advances (net of credit impairments)	Rm	415 585	38	301 546	342 870
Deposit and current accounts	Rm	498 994	33	374 063	412 309
Other indicators					
ROE	%	24,4		24,2	25,6
Net interest margin	%	2,75		2,92	2,97
Non-interest revenue to total income	%	54,2		55,0	54,4
Credit impairment charges	Rm	1 300	>100	638	1 207
Credit loss ratio	%	0,70		0,45	0,40
Cost-to-income ratio	%	54,2		56,4	56,0
Effective tax rate (including indirect taxation)	%	25,3		25,6	26,1
Number of employees		36 524	1	36 113	36 131

In the first six months of 2006 the group experienced

- Continued economic growth in most emerging markets.
- Declining appetite for emerging market risk leading to reduced investment inflows.
- Increased volatility in forex markets.
- Buoyant commodity and precious metal markets.
- Record oil price highs impacting negatively on inflation.
- Increasing interest rates in South Africa and across the globe.
- Tighter monetary policy and reduced liquidity across most emerging markets.
- An increasing trend in credit impairments as the South African credit cycle turns.
- Slowdown in growth in South African property market.
- Signs of acceleration in manufacturing in South Africa.
- New vehicle sales in South Africa at record levels.
- Consumer spending in South Africa remains strong but showing signs of moderating off a high base.



Overview of financial results

For the six months ended 30 June 2006, Standard Bank Group increased headline earnings per share by 17% to 384,0 cents per share and posted a return on equity of 26,6%. On a normalised basis headline earnings per share grew 18% and the return on equity was 24,2%.

From a macroeconomic perspective, global economic growth remained generally strong for the six months under review. However, rising inflation in most of the markets in which the group operates resulted in tighter monetary policies and reduced liquidity. Towards the end of the period investors became more risk averse and selective, with the consequence of widening emerging market risk spreads. The resultant volatility in emerging market currencies also negatively affected equities in these markets.

The South African economy remained buoyant in the first half of 2006 and brisk growth in credit extension continued. Consumer spending remained strong although there are now signs of slower growth, albeit off a high base. Inflationary pressures prompted the South African Reserve Bank to tighten monetary policy with a 50bp increase in interest rates in June and a further 50bp at the beginning of August.

Key factors impacting the results

- **Strong revenue growth**

Total banking income grew 21% for the period under review, with strong contributions from both net interest income and non-interest revenue, driven by increased customer activity and demand across most businesses.

- **Healthy asset growth**

Corporate & Investment Banking loans and advances grew by 56%, boosted by balances from interbank trades and the warehousing of surplus liquidity in the market. Excluding these balances, core lending grew by 43%, after several years of subdued growth. International deal flow improved in both trade finance and structured lending while locally, empowerment financing was a very strong driver of asset growth. Personal & Business Banking grew lending assets by a healthy 28% on the back of a 13,4% increase in average property prices for the period and record home loan registration volumes. Sales campaigns in the card business have been successful at targeting all income bands with increasing emphasis on LSM 4 – 8 customers.

- **Opportunities arising from volatile financial and commodity markets**

Revenues were positively impacted by volatility in foreign exchange and commodities markets and, to a lesser extent, negatively impacted in equity derivative trading. Investment Management & Life Insurance benefited from strong equity markets for most of the period. Despite the increased volatility in emerging markets, no material trading losses were incurred.

- **Credit impairment charges increase**

As expected, the low level of credit losses of 2005 did not continue into 2006. The return to a more normal credit loss experience in Corporate & Investment Banking contrasts adversely with the substantial credit recoveries made in the comparative period. Personal & Business Banking's credit loss ratio increased to 1,02% for the period under review, from 0,85% in 2005.

- **Reliance on wholesale priced funding continues**

Retail priced customer deposits continue to grow at a slower pace than consumer lending, resulting in an increasing reliance on more expensive wholesale funding. This has continued to place pressure on margins.

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

The group continues to scale up its operations outside of South Africa, investing in talent and infrastructure which has the immediate effect of increasing costs. The proposed acquisition of BankBoston Argentina remains subject to regulatory approvals. The group is actively investigating further opportunities to expand its activities in West Africa and in July 2006 an office was opened in Angola to take advantage of corporate banking opportunities offered by that market.

Income statement analysis

Net interest income

Net interest income grew 24% (normalised: 23%) mainly in Personal & Business Banking (19%) and in Corporate & Investment Banking (27%).

The group margin reflects a 17bp decline for the six months due to proportionately faster growth in lower margin corporate assets, a R20 billion increase in low margin surplus liquidity assets (a reservoir of liquidity to meet internal liquidity risk standards implemented during the second half of the prior year), and the increased reliance on wholesale funding.

Non-interest revenue

Non-interest revenue grew 20%, comprising 16% growth in fee and commission revenue, 20% in trading revenue and 44% in other revenue sources.

Personal & Business Banking increased fee and commission revenue by 17%. Card-based fees grew 24% as cardholder and merchant turnover volumes rose by 29% and approximately 475 000 new accounts were acquired since year end. Despite low price increases, transaction fees from branches and other points of representation were up 12% as business volumes increased off a higher current account base. An increased number of Internet banking subscribers resulted in 51% growth in online transactions. This, together with

higher volume ATM cash withdrawals, increased electronic banking fees by 17%. Corporate & Investment Banking fees increased by 15% as volume growth benefited banking transaction and foreign currency fees. Knowledge-based fees grew by 19%, with increased advisory activity and increased revenue from brokerage fees due to higher trading volumes by clients.

Commodity trading revenue more than doubled due to increased customer flows. These were spurred by a rising and more volatile commodity market driven by high demand, supply concerns and speculative and hedging activities. Trading revenue in debt securities was lower as liquidity in emerging markets reduced. Foreign exchange trading grew by 14% as rand volatility boosted trading volumes and market share was gained outside of South Africa. Equity trading income was lower due to the non-recurrence of 2005 fair value gains on unlisted equities and the equity derivative trading book being negatively affected by May's weakening in equity markets. Trading revenue from international sources increased by 35% mainly due to commodities.

Growth in other revenue is attributable to an improved underwriting performance in short-term insurance together with increased momentum in income from bancassurance activities. Included in other revenue is a R157 million profit realised on the sale of shares in MasterCard in which 59% of the MasterCard shares owned by the group were sold as part of MasterCard's initial public offering. As this investment is classified as an investment in banking infrastructure and consequently accounted for as an available-for-sale asset, the realised gain is excluded from headline earnings while the remaining unrealised portion of the investment is accounted for at fair value. The unrealised gain applicable to this portion at 30 June 2006 of R173 million was accounted for directly in equity, bringing the total return for the period to R330 million.

Credit impairment charges

Credit impairment charges rose 104% off a low base, with the group's credit loss ratio increasing from 0,45% to 0,70% on a normalised basis. This was mainly as a result of strong growth in lending books and the non-recurrence of prior year corporate recoveries. In Personal & Business Banking the credit loss ratio increased from 0,85% to 1,02%. As anticipated, credit losses in card debtors increased significantly in line with the higher revolving credit portion of the card book, while losses in instalment finance resulted mainly from non-performing finance leases in the transport industry. Additional portfolio provisions based on the potential implications of the National Credit Act and a higher interest rate environment are included in the performing loans charge. The credit loss ratio in Corporate & Investment Banking swung from a 2005 release of 0,16% through substantial recoveries of impaired loans, to a charge of 0,26%. The current year charge relates mainly to two mining and resource clients having difficulty in meeting commodity delivery schedules, impacting their ability to service debt and hedging commitments. Total non-performing loans increased by 20% but reduced as a percentage of the lending book from 1,5% to 1,3%.

Operating expenses

Operating expenses in the group's banking operations increased by 16% with staff costs up 14% and other operating expenses up 20%. With total income growth of 21% exceeding cost growth across the group's businesses, the group's normalised cost-to-income ratio improved from 56,4% to 54,2%.

Staff cost growth was influenced by a number of factors. These included planned increased headcount in growth areas outside Africa, higher incentive provisions in line with a planned move to increase the proportion of performance-related remuneration, annual staff increases, as well as greater need for temporary staff due to increased business volumes and compliance requirements, and the phase-in of share option costs in terms of IFRS2.

Growth in other operating expenses resulted from increased business volumes, escalating premises rentals, and costs relating to repositioning the group brand. Higher IT fees resulted from human resource related systems and trading system implementations and the growth in software, maintenance and licence expenses. Expenses were also increased by professional fees related to the group's preparation for Basel II and the National Credit Act.

Business units

As detailed in the annual report and previous announcements, the group's business units have been segmented in 2005 along business lines which are no longer defined by geography and clearly reflect executive responsibility and reporting lines.

Personal & Business Banking comprises 43% (June 2005: 41%) of the group's headline earnings and grew its earnings by 24%. South Africa was the main source of earnings growth in this segment. Robust growth was posted across most consumer lending products offsetting the impact of tighter margins. An increase in credit losses was experienced with the most noticeable increase in card debtors. Buoyant economic activity boosted transactional fee income despite low fee increases. Income from short-term insurance and bancassurance activities showed strong growth. Income from associates and joint ventures increased significantly, mainly as a result of strong performances from the African Bank (ABIL) joint venture, the recently acquired investment in RCS Investment Holdings and the investment in SA Home Loans.

Given the substantial growth potential in the mass market, we believe that direct access to this segment is vital. To this end it was announced that the ABIL joint venture will be terminated, allowing Standard Bank to more independently drive its mass market strategy. Competitive pressures in retail banking in South Africa continue to intensify and a number of factors have had a dampening effect on short-term profitability. The proportion of new home loan business from external originators increased, pushing up acquisition costs.

Corporate & Investment Banking, comprising 45% (June 2005: 46%) of the group's earnings, grew its earnings by 17%. The global

Overview of financial results continued

markets division benefited from a good trading performance, underpinned by the run in base and precious metal markets coupled with increased volatility in foreign exchange markets. This was partially offset late in the reporting period by higher volatility in debt and equity markets, which reduced overall trading income. Increased deal flow in cross-border repurchase trades, structured lending transactions, clearing facilities and property loans benefited banking and trade finance. Fee income was boosted by increased transaction volumes in electronic banking, trade finance and custody. As mentioned above, credit impairments reverted from recoveries in 2005 to a charge in 2006. Investment banking achieved strong earnings growth by increasing project and structured finance lending balances and fees. Realisations of property investments contributed to income growth but were partially offset by adverse fair value adjustments on the listed property portfolio towards the end of the period.

Investment Management & Life Insurance contributed 7% (June 2005: 7%) to the group's headline earnings and grew its earnings by 20%. Notwithstanding a difficult operating environment, and a slow down in new premium growth, Liberty Life recorded good financial results for the period. Return on embedded value improved from 16,3% to 18,3%. The results were positively impacted by strong investment market performance, higher average asset levels earning higher management fees and better risk experience.

Balance sheet analysis

The group's banking assets increased by 34%. This included growth in Personal & Business Banking of 27% and Corporate & Investment Banking of 39%.

Personal & Business Banking's mortgage loan book increased 31% buoyed by strong volumes and client demand which saw record registrations of new mortgages in South Africa towards the end of the period. The instalment finance book was up 17% on June 2005 (10% on December 2005). Growth in the instalment finance lending slowed as a result of early settlements and low growth mainly in non-motor new business transaction volumes. The focus on card growth generated a 44% increase in card debtors. This growth was driven by an increase in new accounts, a higher level of revolving facilities and increased consumer spending.

The group's South African market share in mortgage lending and instalment finance at June 2006 decreased to 25,1% (June 2005: 26,6%) and 20,5% (June 2005: 22,1%) respectively. These declines were partly due to some R10 billion of securitisation transactions as part of the bank's funding strategy. Market share in credit card debtors increased to 35,9% (June 2005: 34,0%).

A 56% loan growth in Corporate & Investment Banking arose across all lending categories. Fully collateralised lending, which requires minimal capital usage, has increased significantly as a result of new product offerings and increased customer demand. The provision of dollar liquidity on a collateralised basis to emerging market counterparties and commodity related variation margins has also increased significantly. Term lending increased by 55% assisted by the conclusion of a number of large corporate transactions in South Africa. Strong growth also occurred in trade and specialised finance lending. The group's global markets business benefited from cross-border repurchase trades, structured lending transactions and higher clearing facilities.

The group's ordinary shareholders' equity grew year-on-year by 23% on a normalised basis. This growth resulted from earnings retained after dividends and a R2,1 billion increase in the foreign currency translation reserve.

The group utilised R102 million to buy back 1,3 million shares and issued 7,6 million shares to settle share-option obligations. The group issued bonds qualifying as Tier II banking capital to the value of R3 billion.

Dividends

The group's stated policy is a dividend cover ratio for both interim and year-end dividends of 2,5 times covered by normalised headline earnings. This policy is subject to annual review and may be adjusted for the purposes of growing the business, acquisition activity, the impact of Basel II or changes in reported earnings resulting from applying fair value principles.

Based on an unchanged cover ratio of 2,5 times, a dividend of 144 cents per share (June 2005: 122 cents) was declared for the six-month period, 18% higher than the comparative prior period.

Summarised group income statement

	June 2006 Rm	Change %	June 2005 Rm	December 2005 Rm
Net interest income	7 636	23	6 192	13 357
Non-interest revenue	9 048	20	7 566	15 928
Fee and commission revenue	5 725	16	4 936	10 419
Trading revenue	2 279	20	1 905	3 721
Other revenue	1 044	44	725	1 788
Total income	16 684	21	13 758	29 285
Credit impairment charges	1 300	>100	638	1 207
Impairments for non-performing loans	1 087	>100	496	1 006
Impairments for performing loans	213	50	142	201
Income after credit impairment charges	15 384	17	13 120	28 078
Operating expenses	9 039	16	7 759	16 403
Staff costs	5 070	14	4 447	9 370
Other operating expenses	3 969	20	3 312	7 033
Net income before goodwill	6 345	18	5 361	11 675
Goodwill impairment	4	(78)	18	24
Net income before associates and joint ventures	6 341	19	5 343	11 651
Income from associates and joint ventures	97	83	53	200
Net income before taxation	6 438	19	5 396	11 851
Taxation	1 627	18	1 380	3 098
Profit for the period	4 811	20	4 016	8 753
Less: attributable to minorities	29	7	27	51
Less: attributable to preference shareholders	111	(1)	112	223
Attributable to ordinary shareholders – banking activities	4 671	20	3 877	8 479
Headline adjustable items – banking activities	(132)		(27)	(86)
Headline earnings – banking activities	4 539	18	3 850	8 393
Investment Management & Life Insurance headline earnings	330	20	276	620
Standard Bank Group headline earnings	4 869	18	4 126	9 013

Group income statement

	Banking activities Rm	June 2006 Investment Management & Life Insurance Rm	Standard Bank Group Rm
Income from banking activities	16 684		16 684
Net interest income	7 636		7 636
Interest income	22 266		22 266
Interest expense	14 630		14 630
Non-interest revenue	9 048		9 048
Income from investment management and life insurance activities		24 272	24 272
Net insurance premiums		9 497	9 497
Investment income and gains		13 876	13 876
Management and service fee income		899	899
Total income	16 684	24 272	40 956
Credit impairment charges	1 300		1 300
Benefits due to policyholders		18 747	18 747
Net insurance benefits and claims		15 804	15 804
Fair value adjustment to policyholders' liabilities under investment contracts		2 730	2 730
Fair value adjustment on third party fund interests		213	213
Income after credit impairment charges and policyholders' benefits	15 384	5 525	20 909
Operating expenses in banking activities	9 039		9 039
Staff costs	5 070		5 070
Other operating expenses	3 969		3 969
Operating expenses in investment management and life insurance activities		2 777	2 777
Acquisition costs – insurance and investment contracts		1 196	1 196
Other operating expenses		1 581	1 581
Net income before goodwill	6 345	2 748	9 093
Goodwill impairment	4	–	4
Net income before associates and joint ventures	6 341	2 748	9 089
Income from associates and joint ventures	97	6	103
Net income before indirect taxation	6 438	2 754	9 192
Indirect taxation	300	136	436
Profit before direct taxation	6 138	2 618	8 756
Direct taxation	1 327	1 050	2 377
Profit for the period	4 811	1 568	6 379
Attributable to minorities	29	1 118	1 147
Attributable to preference shareholders	111	–	111
Attributable to ordinary shareholders	4 671	450	5 121

	Banking activities	Change % Investment Management & Life Insurance	Standard Bank Group	Banking activities Rm	June 2005 Investment Management & Life Insurance Rm	Standard Bank Group Rm	Dec 2005 Standard Bank Group Rm
	21		21	13 758		13 758	29 285
	23		23	6 192		6 192	13 357
	22		22	18 257		18 257	38 967
	21		21	12 065		12 065	25 610
	20		20	7 566		7 566	15 928
		19	19		20 413	20 413	53 113
		11	11		8 521	8 521	18 979
		26	26		11 056	11 056	32 212
		8	8		836	836	1 922
	21	19	20	13 758	20 413	34 171	82 398
	>100		>100	638		638	1 207
		29	29		14 574	14 574	41 004
		44	44		10 948	10 948	32 816
		6	6		2 565	2 565	6 834
		(80)	(80)		1 061	1 061	1 354
	17	(5)	10	13 120	5 839	18 959	40 187
	16		16	7 759		7 759	16 403
	14		14	4 447		4 447	9 370
	20		20	3 312		3 312	7 033
		(28)	(28)		3 846	3 846	7 797
		(47)	(47)		2 254	2 254	3 594
		(1)	(1)		1 592	1 592	4 203
	18	38	24	5 361	1 993	7 354	15 987
	(78)	(100)	(99)	18	397	415	421
	19	72	31	5 343	1 596	6 939	15 566
	83	-	75	53	6	59	226
	19	72	31	5 396	1 602	6 998	15 792
	16	10	14	259	124	383	778
	19	77	32	5 137	1 478	6 615	15 014
	18	23	20	1 121	856	1 977	4 312
	20	>100	38	4 016	622	4 638	10 702
	7	>100	>100	27	463	490	1 498
	(1)	-	(1)	112	-	112	223
	20	>100	27	3 877	159	4 036	8 981

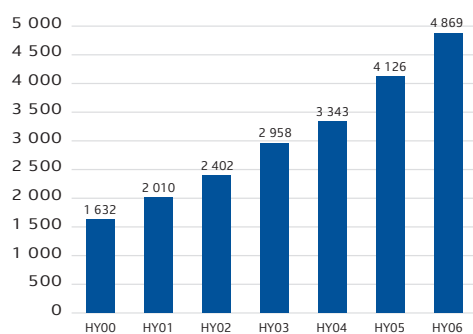
Headline earnings

Reconciliation to headline earnings

	June 2006		Standard Bank Group	Standard Bank Group Change %	June 2005		December 2005	Standard Bank Group
	Banking activities Rm	Investment Management & Life Insurance Rm			Banking activities Rm	Investment Management & Life Insurance Rm		
Profit attributable to ordinary shareholders	4 671	450	5 121	27	3 877	159	4 036	8 981
Headline adjustable items added back or reversed	(153)	(379)	(532)		(28)	397	369	293
Goodwill impairment	4	–	4		18	397	415	421
Gains on disposal of businesses and divisions	–	(378)	(378)		–	–	–	–
Profit on sale of properties and equipment	(1)	–	(1)		(46)	–	(46)	(64)
Recycled investment gains on available-for-sale assets	(157)	–	(157)		–	–	–	(64)
Other capital losses/(profits)	1	(1)	–		–	–	–	–
Taxation on headline adjustable items	21	–	21		1	–	1	20
Minority share of headline adjustable items	–	259	259		–	(280)	(280)	(281)
Headline earnings	4 539	330	4 869	18	3 850	276	4 126	9 013

Headline earnings (Rm)

CAGR (HY2000 – HY2006): 20%



- Adjustments to headline earnings mainly comprise profit on sale of a portion of MasterCard shares and gains on disposal of Liberty subsidiaries.

Headline earnings by business unit

	June 2006 Rm	Change %	June 2005 Rm	December 2005 Rm
Personal & Business Banking	2 086	24	1 683	3 990
Corporate & Investment Banking	2 210	17	1 896	4 050
Central and other	243	(10)	271	353
Banking activities	4 539	18	3 850	8 393
Investment Management & Life Insurance	330	20	276	620
Standard Bank Group headline earnings	4 869	18	4 126	9 013

Personal & Business Banking

- Higher net interest income due to strong growth across all lending products, particularly card in the LSM 4 – 8 bands.
- Margin compression from higher reliance on wholesale priced funding and increased new business acquisition costs (pricing concessions and origination fees).
- Higher fee and commission revenue due to higher customer base and increased transaction volumes and values.
- Higher insurance income due to low loss ratios and increased bancassurance earnings.
- Increased credit impairments, resulting from strong growth in advances book, particularly card lending in line with the changed portfolio mix of this growing book, and the anticipated impact of new legislation.
- Higher operating expenditure due to business growth and costs relating to repositioning the group brand.
- Increasing contribution from recently acquired associates.

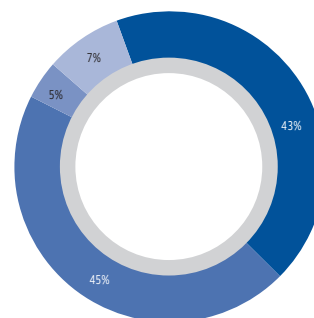
Corporate & Investment Banking

- Higher net interest income due to growth in collateralised lending, property loan book, cash management balances and term lending.
- Higher fee and commission revenue from increased transaction volumes and arranging fees.
- Strong trading performance in commodities and foreign exchange as volatility and volumes in these markets increased.
- Recent slowdown in property and equity markets reducing earlier gains.
- Higher credit impairment charges mainly as a result of two mining client exposures, contrasting with credit recoveries in the comparative period.
- Significant investment in staff and infrastructure as part of upscaling of operations outside South Africa.

Investment Management & Life Insurance

- Increase in management fees due to higher assets under management.
- Positive investment market performance.
- Improved risk experience.
- Disappointing growth in new insurance business volumes.

Headline earnings contribution



- Personal & Business Banking 43% (June 2005: 41%)
- Corporate & Investment Banking 45% (June 2005: 46%)
- Central and other 5% (June 2005: 6%)
- Investment Management & Life Insurance 7% (June 2005: 7%)

Group balance sheet

	Banking activities Rm	June 2006 Investment Management & Life Insurance Rm	Standard Bank Group Rm
Assets			
Cash and balances with banks	73 849	10 290	84 139
Short-term negotiable securities	30 381	–	30 381
Derivative assets	120 021	–	120 021
Trading assets	66 083	–	66 083
Investments	18 135	159 823	177 958
Loans and advances	415 585	–	415 585
Current and deferred taxation	879	139	1 018
Other assets	24 973	7 107	32 080
Disposal groups held for sale	–	–	–
Interest in associates and joint ventures	1 032	5 015	6 047
Goodwill and other intangible assets	796	1 741	2 537
Property and equipment	3 378	1 280	4 658
Total assets	755 112	185 395	940 507
Equity and liabilities			
Equity	45 331	12 546	57 877
Equity attributable to ordinary shareholders	40 667	3 240	43 907
Ordinary share capital	136	–	136
Ordinary share premium	2 207	–	2 207
Reserves	38 324	3 240	41 564
Preference share capital and premium	4 489	–	4 489
Minority interest	175	9 306	9 481
Liabilities	709 781	172 849	882 630
Derivative liabilities	120 386	108	120 494
Trading liabilities	43 538	–	43 538
Deposit and current accounts	498 994	–	498 994
Current and deferred taxation	3 636	3 101	6 737
Other liabilities	29 251	17 304	46 555
Disposal groups held for sale	–	–	–
Policyholder liabilities	–	150 282	150 282
Subordinated bonds	13 976	2 054	16 030
Total equity and liabilities	755 112	185 395	940 507

	Banking activities	Change % Investment Management & Life Insurance	Standard Bank Group	Banking activities Rm	June 2005 Investment Management & Life Insurance Rm	Standard Bank Group Rm	Dec 2005 Standard Bank Group Rm
	39	24	37	53 028	8 315	61 343	71 106
	26		26	24 081	–	24 081	25 931
	16		16	103 434	–	103 434	100 188
	98		98	33 374	–	33 374	38 431
	(20)	26	19	22 765	126 844	149 609	164 447
	38		38	301 546	–	301 546	342 870
	(21)	(49)	(26)	1 111	270	1 381	990
	15	10	14	21 764	6 457	28 221	13 186
				–	–	–	2 380
	>100	30	44	327	3 868	4 195	4 985
	38	(15)	(3)	575	2 044	2 619	2 453
	17	6	14	2 886	1 203	4 089	4 581
	34	24	32	564 891	149 001	713 892	771 548
	26	(2)	18	36 083	12 785	48 868	51 022
	24	12	23	32 890	2 904	35 794	38 270
	1		1	135	–	135	135
	(8)		(8)	2 405	–	2 405	2 107
	26	12	25	30 350	2 904	33 254	36 028
	50		50	2 991	–	2 991	2 991
	(13)	(6)	(6)	202	9 881	10 083	9 761
	34	27	33	528 808	136 216	665 024	720 526
	12	>100	12	107 108	17	107 125	103 482
	94		94	22 474	–	22 474	21 462
	33		33	374 063	–	374 063	412 309
	12	23	17	3 255	2 513	5 768	6 926
	>100	63	>100	10 728	10 605	21 333	21 601
				–	–	–	1 267
		22	22	–	123 081	123 081	140 835
	25	100	43	11 180	–	11 180	12 644
	34	24	32	564 891	149 001	713 892	771 548

Statement of changes in shareholders' funds

	Ordinary share capital and premium Rm	Trans- lation reserve Rm	Hedge of net investment reserve Rm	Statutory credit risk reserve Rm
Balance at 1 January 2005 as previously reported	2 676	(947)	156	3
Minority interests in unincorporated property partnerships				
Restated balance at 1 January 2005	2 676	(947)	156	3
Currency translation movement and hedging		626	(229)	
Increase in statutory credit risk reserve				23
Fair value adjustments				
Realised fair value adjustments recycled to the income statement				
Net increase in treasury shares				
Change in shareholding of subsidiaries				
Increase in minorities resulting from acquisitions				
Issue of share capital and share premium	246			
Share buy-backs	(677)			
Share issue and repurchase costs	(3)			
Equity-settled share-based payment transactions				
Other				
Attributable earnings for the year				
Dividends paid				
Balance at 31 December 2005	2 242	(321)	(73)	26
Balance at 1 January 2006	2 242	(321)	(73)	26
Currency translation movement and hedging		1 931	131	
Fair value adjustments				
Realised fair value adjustments recycled to the income statement				
Cash flow hedges – included in the initial measurement of the acquisition cost				
Net increase in treasury shares				
Change in shareholding of subsidiaries				
Decrease in minorities resulting from disposals				
Issue of share capital and share premium	203			
Share buy-backs	(102)			
Share issue and repurchase costs				
Equity-settled share-based payment transactions				
Capital reduction in subsidiary				
Other				
Attributable earnings for the period				
Dividends paid				
Balance at 30 June 2006	2 343	1 610	58	26

All balances are stated net of applicable tax.

Cash flow hedging reserve Rm	Available- for-sale revaluation reserve Rm	Re- valuation and other reserves Rm	Treasury shares Rm	Share- based payment reserve Rm	Retained earnings Rm	Ordinary share- holders' funds Rm	Preference share capital and premium Rm	Minority interest Rm	Total equity Rm
39	100	305	–	93	30 908	33 333	2 991	7 505	43 829
								2 449	2 449
39	100	305	–	93	30 908	33 333	2 991	9 954	46 278
						397		(21)	376
		(28)			5	–			–
(140)	126					(14)			(14)
18	(64)					(46)			(46)
			(5)		(6)	(11)		(11)	(22)
								(1 142)	(1 142)
								161	161
						246		71	317
						(677)			(677)
						(3)			(3)
				160		160		31	191
		21			(10)	11		18	29
					8 981	8 981	223	1 498	10 702
					(4 107)	(4 107)	(223)	(798)	(5 128)
(83)	162	298	(5)	253	35 771	38 270	2 991	9 761	51 022
(83)	162	298	(5)	253	35 771	38 270	2 991	9 761	51 022
						2 062		25	2 087
127	258					385			385
1	(135)					(134)			(134)
(9)						(9)			(9)
					(15)	(15)		(9)	(24)
								(119)	(119)
								(166)	(166)
						203	1 500	36	1 739
						(102)			(102)
							(2)		(2)
				91		91		18	109
								(529)	(529)
		4				4		9	13
					5 121	5 121	111	1 147	6 379
					(1 969)	(1 969)	(111)	(692)	(2 772)
36	285	302	(5)	344	38 908	43 907	4 489	9 481	57 877

Accounting policies

Basis of preparation

The group's financial results in this booklet are prepared on a normalised basis which adjusts the IFRS results for accounting conventions that do not reflect the economic substance of transactions. The consolidated financial statements are prepared in accordance with the going concern principle under the historical cost basis as modified by the revaluation of financial instruments classified as available-for-sale, financial assets and liabilities held at fair value through profit or loss, investment properties and derivative instruments.

The adjustments made to IFRS to determine the normalised results are discussed and disclosed in detail on pages 64 to 67. In summary, the adjustments to normalise the IFRS treatment affect mainly transactions which, in terms of IFRS, result in treasury shares. Affected transactions currently include the Black Economic Empowerment Ownership initiative and shares held for the benefit of policyholders.

Changes in accounting policies and reclassifications

The accounting policies are consistent with those adopted in the previous year. The group adopted new IFRS accounting standards and interpretations issued with an 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 restatement of the results.

Since the previous results, the group reclassified certain asset and liability balances to more appropriate classifications resulting in changes to individual asset and liability line items. In addition, Stanlib, the group's asset management operation, has been reclassified from banking activities to investment management and life insurance activities to reflect the revised operating structure of the group. This reclassification impacted certain individual banking and insurance income statement line items. These reallocations did not impact profit or equity attributable to ordinary shareholders of the group.

Where reporting responsibility for individual divisions within business units change, the segmental analysis is reclassified accordingly.

Analysis of group results

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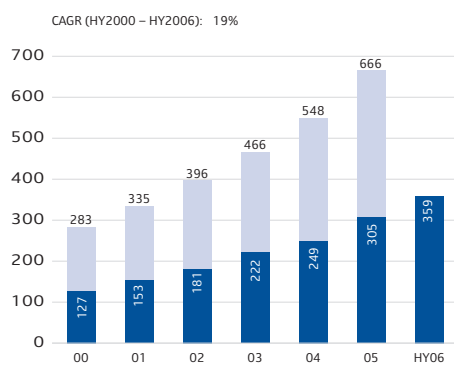
Headline earnings and dividends per share

	June 2006	Change %	June 2005	December 2005
Headline earnings (Rm)	4 869	18	4 126	9 013
Headline earnings per share (cents)	359,0	18	304,8	666,0
Earnings per share (cents)	377,6	27	298,1	663,6
Total dividends per share declared (cents)	144,0	18	122,0	267,0
Interim	144,0	18	122,0	122,0
Final				145,0
Dividend cover (times) – based on normalised HEPS	2,5		2,5	2,5

Movement in number of ordinary shares issued and weighted average number of ordinary shares issued

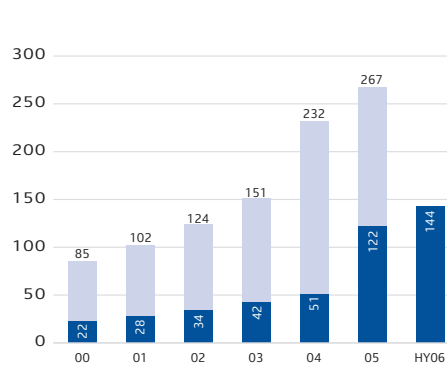
	June 2006		June 2005		December 2005	
	Issued number of shares 000's	Weighted number of shares 000's	Issued number of shares 000's	Weighted number of shares 000's	Issued number of shares 000's	Weighted number of shares 000's
Beginning of the year	1 352 383	1 352 383	1 352 108	1 352 108	1 352 108	1 352 108
Share option settlements	7 680	4 036	6 098	2 813	10 439	5 694
Share buy-backs	(1 305)	(217)	(4 441)	(1 218)	(10 164)	(4 420)
Standard Bank Group – end of period	1 358 758	1 356 202	1 353 765	1 353 703	1 352 383	1 353 382
Reconciliation to IFRS shares in issue						
Standard Bank Group – end of period – normalised	1 358 758	1 356 202	1 353 765	1 353 703	1 352 383	1 353 382
Adjustments:						
SBG shares held by Tutuwa SPVs	(99 190)	(99 190)	(99 190)	(99 190)	(99 190)	(99 190)
SBG shares held for the benefit of Liberty Life policyholders (deemed treasury shares)	(44 235)	(45 362)	(52 137)	(50 738)	(46 489)	(49 023)
Standard Bank Group – end of period – IFRS	1 215 333	1 211 650	1 202 438	1 203 775	1 206 704	1 205 169

Headline earnings per share (cents)



■ Headline earnings per share – first half
■ Headline earnings per share – second half

Dividends per share (cents)



■ Dividend per share – interim
■ Dividend per share – final

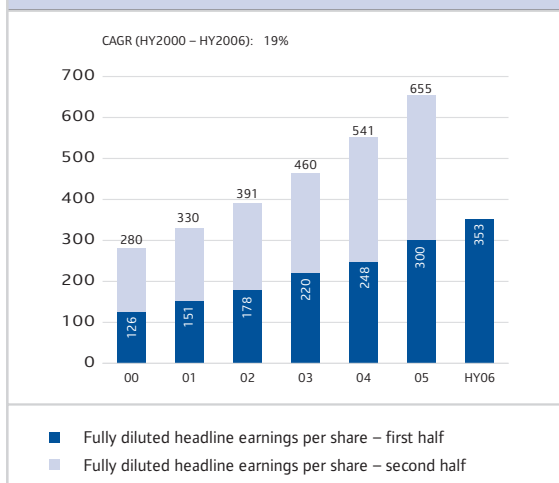
Fully diluted headline earnings per share

	June 2006 cents	Change %	June 2005 cents	December 2005 cents
Fully diluted headline earnings per share	353,0	18	300,4	654,5
Fully diluted earnings per share	371,3	26	293,8	652,2

Fully diluted weighted average number of ordinary shares

	June 2006 000's	June 2005 000's	December 2005 000's
Weighted average shares	1 356 202	1 353 703	1 353 382
Adjustments:			
Equity compensation plans	22 970	20 005	23 703
Fully diluted weighted average shares	1 379 172	1 373 708	1 377 085
Reconciliation to fully diluted weighted average IFRS shares			
Fully diluted weighted average shares – normalised	1 379 172	1 373 708	1 377 085
Adjustments:			
SBG shares held by Tutuwa SPVs	(99 190)	(99 190)	(99 190)
SBG shares held for the benefit of Liberty Life policyholders (deemed treasury shares)	(45 362)	(50 738)	(49 023)
Tutuwa transaction – dilutive shares	45 000	30 345	32 655
Standard Bank Group fully diluted weighted average shares – IFRS	1 279 620	1 254 125	1 261 527

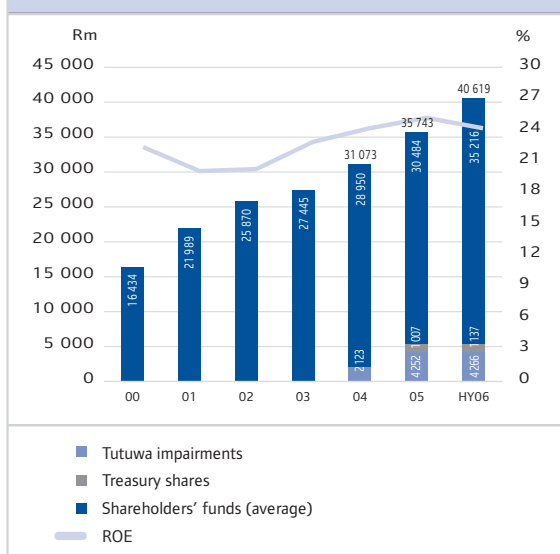
Fully diluted headline earnings per share (cents)



Return on ordinary equity

	Average equity June 2006 Rm	ROE June 2006 %	Average equity June 2005 Rm	ROE June 2005 %	Average equity December 2005 Rm	ROE December 2005 %
Personal & Business Banking	14 541	28,9	12 330	27,3	12 993	30,7
Corporate & Investment Banking	15 953	27,9	14 858	25,5	14 974	27,0
Central and other	6 980	7,0	4 688	11,6	4 817	7,3
Banking activities	37 474	24,4	31 876	24,2	32 784	25,6
Investment Management & Life Insurance	3 145	21,2	2 940	18,8	2 959	21,0
Standard Bank Group	40 619	24,2	34 816	23,7	35 743	25,2
Reconciliation to IFRS						
Standard Bank Group normalised average equity	40 619		34 816		35 743	
Empowerment reserve impairment (Tutuwa SPVs preference shares and dividends receivable)	(4 266)		(4 246)		(4 252)	
Central and other	(4 045)		(4 017)		(4 024)	
Investment Management & Life Insurance	(221)		(229)		(228)	
Group company shares held in policyholders' funds	(1 137)		(1 075)		(1 007)	
Standard Bank Group – IFRS	35 216	26,6	29 495	26,7	30 484	27,8

Return on ordinary equity



Cost of equity and economic returns

Cost of equity estimates

	Average June 2006 %	Average June 2005 %	Average December 2005 %
Personal & Business Banking	12,9	13,1	13,0
Corporate & Investment Banking	13,8	14,3	14,3
Central and other	11,8	12,1	12,0
Banking activities	13,0	13,4	13,1
Investment Management & Life Insurance	10,6	11,2	11,0
Standard Bank Group	11,8	12,1	12,0

Economic returns generated by Standard Bank Group

	June 2006 Rm	Change %	June 2005 Rm	December 2005 Rm
Average ordinary equity	40 619	17	34 816	35 743
Headline earnings	4 869	18	4 126	9 013
Cost of equity charge	(2 377)	13	(2 106)	(4 289)
Economic profits on headline earnings	2 492	23	2 020	4 724
Other changes in net asset value	2 384	>100	1 015	497
Net currency translation gains	2 062	88	1 096	397
Other reserve movements	322		(81)	100
Total economic return	4 876	61	3 035	5 221

Ordinary shareholders' equity (net asset value)

Net asset value

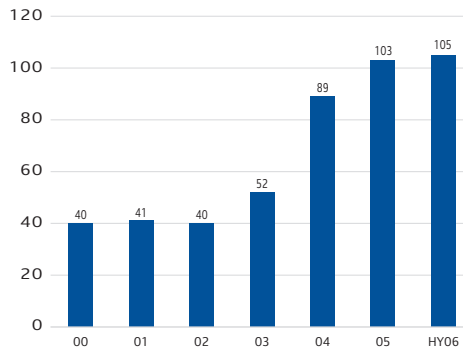
	June 2006 Rm	Change %	June 2005 Rm	December 2005 Rm
Personal & Business Banking	15 658	25	12 531	14 163
Corporate & Investment Banking	18 284	18	15 441	15 403
Central and other	6 681	37	4 869	5 500
Banking activities	40 623	24	32 841	35 066
Investment Management & Life Insurance	3 284	11	2 953	3 204
Standard Bank Group	43 907	23	35 794	38 270

Analysis of changes in net asset value

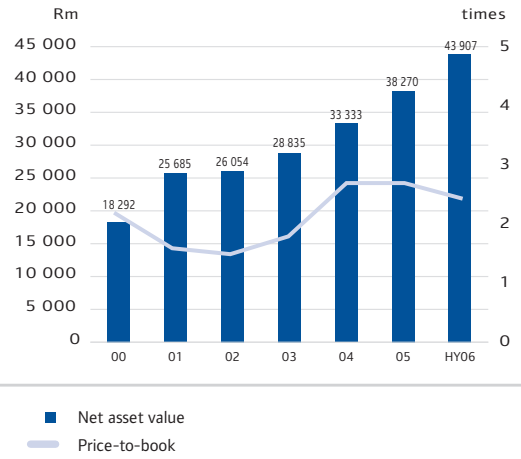
	June 2006 Rm	Change %	June 2005 Rm	December 2005 Rm
Net asset value at beginning of year	38 270	15	33 333	33 333
Group earnings for the period attributable to ordinary shareholders	5 121	27	4 036	8 981
Dividends	(1 969)	(20)	(2 454)	(4 107)
Currency translation movements, net of hedging	2 062	88	1 096	397
Share buy-backs	(102)	(64)	(281)	(677)
Issue of ordinary share capital and share premium (net)	203	40	145	243
Other direct movements	322		(81)	100
Standard Bank Group net asset value	43 907	23	35 794	38 270

- Strong risk-weighted asset growth in Personal & Business Banking gave rise to increased equity allocations.
- Growth in equity in Corporate & Investment Banking due to currency translation gains in June 2006 together with strong risk-weighted asset growth in the banking book.
- Increase in equity within Central and other from currency translation gains.
- Growth in Investment Management & Life Insurance net asset value was partly offset by a capital reduction in Liberty.

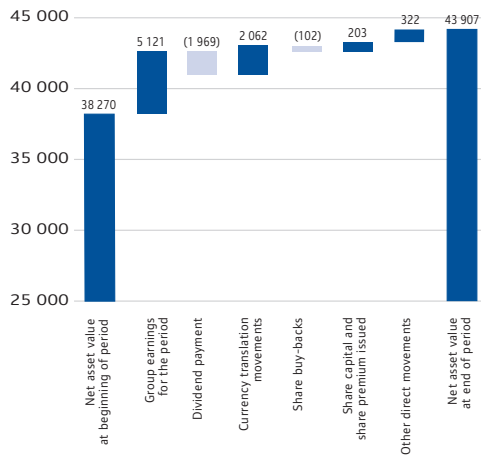
Market capitalisation (Rbn)



Price-to-book and net asset value



Movements in ordinary shareholders' funds (Rm)



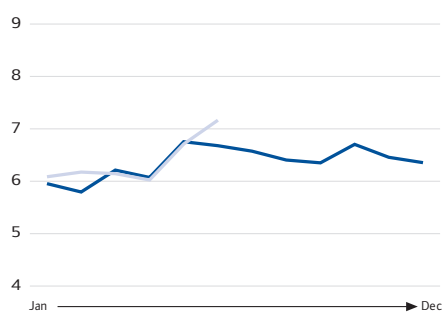
Currency analysis of net asset value

	Total Rm	Rand Rm	Dollar Rm	Sterling Rm	Euro Rm	Other ZAR linked Rm	Various Rm
June 2006							
Underlying exposures	43 907	28 352	6 947	1 982	1 720	973	3 933
Currency profile changes due to hedging strategies			(2 866)	2 690	889		(713)
Actual exposures	43 907	28 352	4 081	4 672	2 609	973	3 220
June 2005							
Underlying exposures	35 794	23 768	5 827	1 235	2 459	835	1 670
Currency profile changes due to hedging strategies			(2 013)	3 072	(1 059)		
Actual exposures	35 794	23 768	3 814	4 307	1 400	835	1 670
December 2005							
Underlying exposures	38 270	25 527	5 162	1 194	2 317	854	3 216
Currency profile changes due to hedging strategies			(1 601)	2 191	(526)		(64)
Actual exposures	38 270	25 527	3 561	3 385	1 791	854	3 152

Closing currency profile of NAV

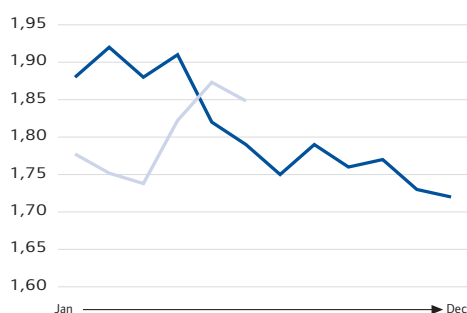
	Total %	Rand %	Dollar %	Sterling %	Euro %	Other ZAR linked %	Various %
June 2006 before hedging	100	65	16	4	4	2	9
June 2006 after hedging	100	65	9	11	6	2	7
June 2005 before hedging	100	66	16	4	7	2	5
June 2005 after hedging	100	66	11	12	4	2	5
Dec 2005 before hedging	100	67	14	3	6	2	8
Dec 2005 after hedging	100	67	9	9	5	2	8

Closing USD/ZAR exchange rate



— 2005
— 2006

Closing GBP/USD exchange rate



— 2005
— 2006

Currency translation effects

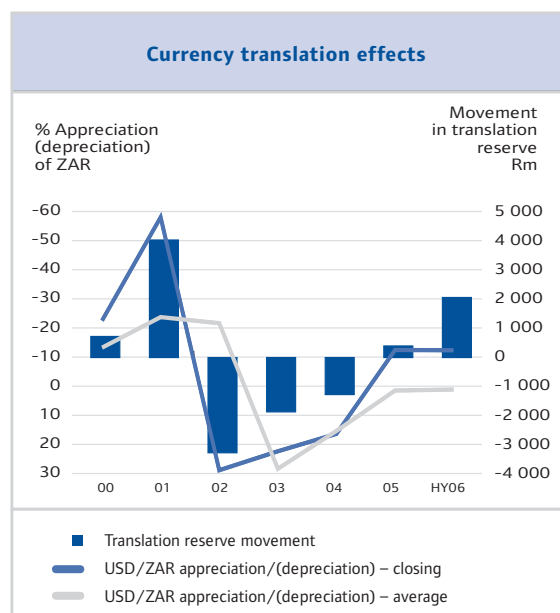
Exchange rates

	Rate change %			Rates		
	June 2006	June 2005	December 2005	June 2006	June 2005	December 2005
Average USD/ZAR	1	4	1	6,31	6,20	6,36
Closing USD/ZAR	(13)	(19)	(13)	7,17	6,68	6,36
Average GBP/ZAR	2	1	2	11,29	11,73	11,57
Closing GBP/ZAR	(21)	(11)	(1)	13,24	11,97	10,95
Average Euro/ZAR	2	(1)	1	7,75	8,06	7,91
Closing Euro/ZAR	(22)	(5)	2	9,16	8,08	7,52
Rand appreciation/(depreciation) (weighted for the group) vs African currencies						
Average for the period	3	1	2			
Closing	(7)	(8)	(5)			

Movement in group currency translation reserve

	June 2006 Rm	June 2005 Rm	December 2005 Rm
Balance at the beginning of the year: debit	(394)	(791)	(791)
Translation movement for the period	2 062	1 096	397
Rest of Africa	305	132	85
Outside Africa	932	957	605
Central and other	694	169	(64)
Gross translation movements	1 931	1 258	626
Currency hedges gains/(losses)	131	(162)	(229)
Balance of the net translation reserve: credit/(debit)	1 668	305	(394)

- The rand depreciated 81 cents against the USD and 229 cents against the GBP towards the end of the reporting period contributing towards the positive translation movement of R2 062 million.
- The weakening of the USD relative to GBP and the Euro has given rise to gains on currency hedges on foreign dollar capital.
- Main reporting currency of international activities is USD and this has been partly hedged to include GBP and Euro exposure in the capital base. Increased hedging of exposures in African currencies has also taken place.



Risk-weighted assets

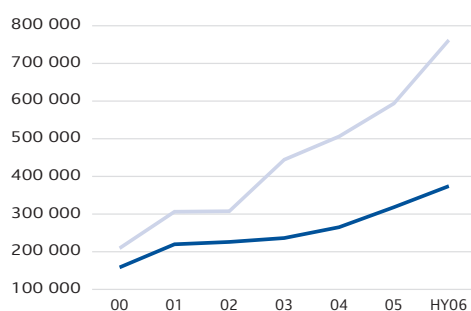
Average risk-weighted assets by business unit

	Average June 2006 Rm	Change %	Average June 2005 Rm	Average December 2005 Rm
Personal & Business Banking	162 297	23	131 850	139 126
Corporate & Investment Banking	176 544	19	148 246	152 960
Banking book	131 375	20	109 223	112 316
Trading book	45 169	16	39 023	40 644
Central and other	3 565	9	3 270	3 490
Banking activities	342 406	21	283 366	295 576
Investment Management & Life Insurance	948	(49)	1 876	1 294
Standard Bank Group	343 354	20	285 242	296 870

Risk-weighted assets – closing

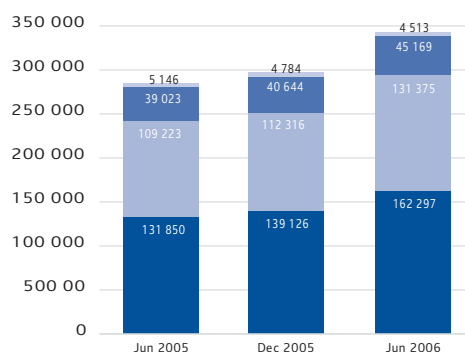
	June 2006 Rm	Change %	June 2005 Rm	December 2005 Rm
On-balance sheet	299 755	28	234 069	257 424
Off-balance sheet	25 012	39	18 048	20 834
Trading activity notional assets	49 477	23	40 152	40 021
	374 244	28	292 269	318 279

**Risk-weighted assets trend
(closing balances) (Rm)**



■ Risk-weighted assets
■ Total assets (banking activities)

**Risk-weighted assets
by risk class (average) (Rm)**



■ Personal & Business Banking
■ Corporate & Investment Banking – banking book
■ Corporate & Investment Banking – trading book
■ Other

- Personal & Business Banking growth results from increased consumer advances, particularly mortgages and card.
- Corporate & Investment Banking growth results from increased trading activities, lending growth across most territories and the impact of currency translations outside Africa.
- The widening gap between risk-weighted assets and total assets is attributable to strong growth in fully collateralised lending which carries minimal risk weightings, including repurchase agreements and the increase in surplus liquidity placed with international banks.

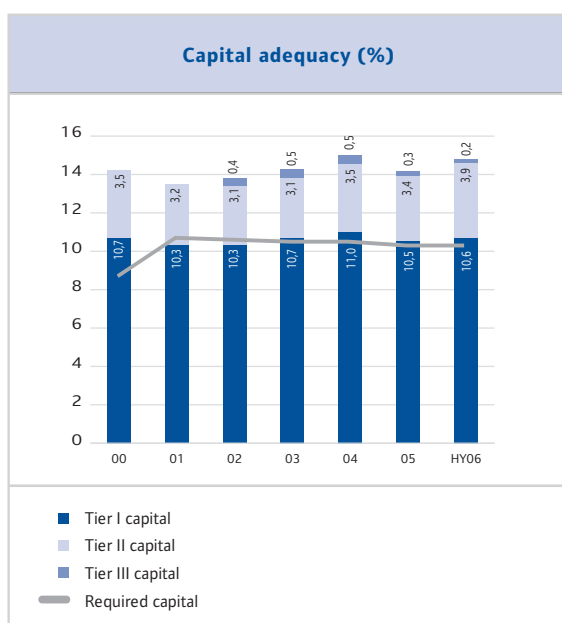
Capital adequacy – regulatory capital and risk-weighted assets

	June 2006 Rm	Change %	June 2005 Rm	December 2005 Rm
Normalised ordinary shareholders' equity	43 907	23	35 794	38 270
Reversal of normalised adjustments	(5 314)		(5 321)	(5 339)
IFRS ordinary shareholders' equity	38 593	27	30 473	32 931
Minority interest	334	–	334	281
Perpetual preference shares	4 481	50	2 983	2 983
Less: elimination of insurance operations ¹	(2 935)	57	(1 871)	(2 122)
Less: impairments and other	(665)	26	(527)	(520)
Tier I capital	39 808	27	31 392	33 553
Preference share capital	8	–	8	8
Tier II bonds	12 813	28	10 047	9 467
Provision for performing loans	1 361	11	1 226	1 236
Revaluation reserve	176	(7)	189	210
Tier II capital	14 358	25	11 470	10 921
Tier III capital	886	2	867	854
Total regulatory capital	55 052	26	43 729	45 328

Capital adequacy ratios and targets

	Effective group constraint (including buffers) %	SARB regulatory constraint %	Target %	June 2006 %	June 2005 %	December 2005 %
Standard Bank Group						
Total capital adequacy ratio	13,4	10,0	13,0	14,7	15,0	14,2
Tier I capital adequacy ratio	9,4	6,0	9,0	10,6	10,8	10,5
Preference shares as % of Tier I		20,0		11,3	9,5	8,9
Tier II and III as % of Tier I		100,0		38,3	39,3	35,1
Lower Tier II as % of Tier I		50,0		32,2	32,0	28,2
Ordinary equity as % of capital			60,0	64,2	65,0	67,4
Preference shares as % of capital			10,0	8,1	6,8	6,6
Tier II and III as % of capital			30,0	27,7	28,2	26,0

¹In accordance with Basel II principles relating to the treatment of insurance entities, insurance operations are excluded from the capital base and risk-weighted assets. Capital in insurance operations in excess of statutory minimum requirements is accordingly not recognised in group capital.



Capital adequacy ratios

	June 2006				June 2005				December 2005	June 2006
	Tier I capital %	Tier II capital %	Tier III capital %	Total capital %	Tier I capital %	Tier II capital %	Tier III capital %	Total capital %	Total capital %	Host reg req %
Standard Bank Group	10,6	3,9	0,2	14,7	10,8	3,9	0,3	15,0	14,2	–
The Standard Bank of South Africa	8,1	4,1	0,2	12,4	8,5	4,5	0,3	13,3	12,5	10
Rest of Africa										
Stanbic Bank Botswana	11,4	7,2	–	18,6	11,6	4,9	–	16,5	15,8	15
Stanbic Bank Congo s.a.r.l.	13,3	–	–	13,3	12,9	–	–	12,9	11,0	10
Stanbic Bank Ghana	18,1	0,6	–	18,7	17,0	0,4	–	17,4	18,3	10
Stanbic Bank Kenya	16,9	0,9	–	17,8	17,7	–	–	17,7	15,4	12
Stanbic Bank Malawi	12,5	6,3	–	18,8	12,1	4,1	–	16,2	19,2	10
Stanbic Bank Nigeria	165,2	0,2	–	165,4	18,9	–	–	18,9	307,0	10
Stanbic Bank Tanzania	10,2	0,4	–	10,6	10,6	0,5	–	11,1	10,1	10
Stanbic Bank Uganda	14,3	1,4	–	15,7	14,8	0,6	–	15,4	15,7	12
Stanbic Bank Zambia	21,2	0,3	–	21,5	16,2	0,1	–	16,3	21,6	10
Stanbic Bank Zimbabwe	21,3	10,8	–	32,1	16,8	2,9	–	19,7	26,2	10
Standard Bank Lesotho	17,2	–	–	17,2	23,1	–	–	23,1	17,6	8
Lesotho Bank (1999)	19,2	0,4	–	19,6	26,6	0,6	–	27,2	16,8	8
Standard Bank Mauritius	45,0	0,8	–	45,8	16,1	0,4	–	16,5	24,7	10
Standard Bank Mozambique	10,0	–	–	10,0	14,7	–	–	14,7	13,5	10
Standard Bank Namibia	9,5	3,3	–	12,8	9,4	3,7	–	13,1	13,2	10
Standard Bank Swaziland	7,8	3,0	–	10,8	8,0	0,8	–	8,8	9,3	8
Standard International Holdings, incorporating	9,2	5,8	1,2	16,2	9,0	5,7	0,6	15,3	14,3	10-12
– Standard Bank London Limited										
– Standard Bank Argentina S.A.										
– Standard Bank Asia Limited										
– Standard Merchant Bank Asia										
– Banco Standard de Inversiones Anonima										
– ZAO Standard Bank										
Standard Bank Jersey	8,3	3,3	–	11,6	9,2	2,2	–	11,4	11,4	10
Standard Bank Isle of Man	7,7	5,4	–	13,1	7,5	4,6	–	12,1	11,1	10
Aggregate regulatory capital requirement				10,3				10,3	10,3	
Liberty Life (calculated in terms of the Long-term Insurance Act – CAR – times covered)				2,1				1,8	2,0	

Standard Bank of South Africa

- Strong risk-weighted asset growth reduced previously high Tier I ratios.
- Tier II capital adequacy reduced due to strong risk-weighted asset growth and a redemption in December 2005, partly offset by new issues in April 2006.

Rest of Africa

- Standard Bank Botswana – Further Pula 50 million Tier II capital was raised.
- Standard Bank Nigeria – Capitalisation of the bank in accordance with revised minimum capital requirements of Naira 25 billion (approximately \$200 million).

- Standard Bank Zimbabwe – Unpredictable local economic conditions give rise to volatility in capital and risk-weighted assets.

- Standard Bank Mauritius – a repositioning of the operation as a wholesale bank in the local market is taking place. In advance of these changes existing assets were transferred to other group banks.

Standard International Holdings

- A capitalisation of \$100 million at the end of June 2006, to facilitate future asset growth, resulted in increased ratios.

Standard Bank Group

- Strong asset growth was offset by capital retention, a R1,5 billion preference share issue and net raising of Tier II bonds, mainly in SBSA.

Business unit review

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-

Definitions

As advised at the December 2005 year-end, re-alignments of reporting away from geography into business line categories, have been implemented.

Reporting systems in the rest of Africa are currently being developed to enable reporting on the new segmental basis. For the current reporting period, the rest of Africa's results are still being segmented using certain estimates, which will be refined on a continuous basis.

The retail component of operations outside Africa is currently not considered to be material and therefore this operation has been included in the Corporate & Investment Banking segment.

We repeat the following brief review of the segmentation definitions of the group for the purposes of reporting.

Personal & Business Banking

Banking and other financial services to individual customers and small- to medium-sized enterprises throughout South Africa and in the rest of Africa.

Mortgage lending – Provides residential accommodation loans to individual customers.

Instalment sale and finance leases – Comprises two main areas, instalment finance in the consumer market, mainly vehicles, and secondly, finance of vehicles and equipment in the business market.

Card products – Provides credit card solutions to individuals and businesses.

Transactional products – Transactions in products associated with the various points of contact channels such as ATMs, Internet, telephone banking and branches. This includes deposit taking activities, electronic banking and cheque accounts.

Bancassurance – Provides short-term and long-term insurance products to clients, mainly through third parties, and provides financial planning services to clients.

Corporate & Investment Banking

Commercial and investment banking services to larger corporates, financial institutions and international counterparties, focused on South African and other emerging markets.

Global markets – Includes foreign exchange, fixed income, derivatives, equities and commodities trading businesses, securitisation, debt origination and money market funding units.

Banking and trade finance – Includes corporate lending and transactional banking businesses, custodial services, trade finance business and property related lending.

Investment banking – includes equity investment and advisory businesses, project finance, structured lending as well as the asset and wealth management units.

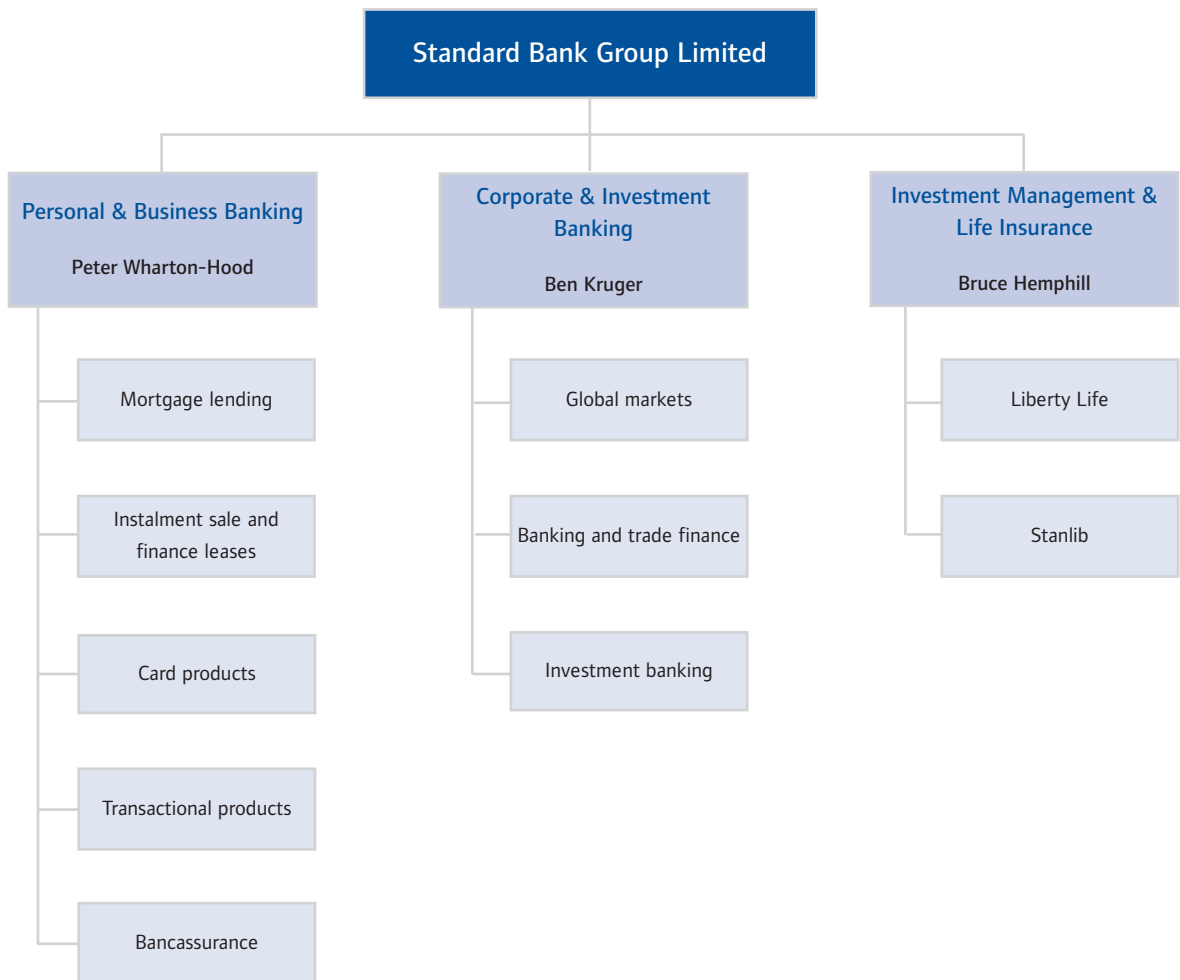
Central and other

Includes the impact of the Tutuwa initiative and group capital instruments, together with certain group overheads not recoverable from business segments, activities and taxes not allocated to business segments and inter-segment eliminations.

Investment Management & Life Insurance

Life insurance and asset management activities by group companies Liberty Life and Stanlib.

Reporting structure for key business units



Personal & Business Banking

Income statement

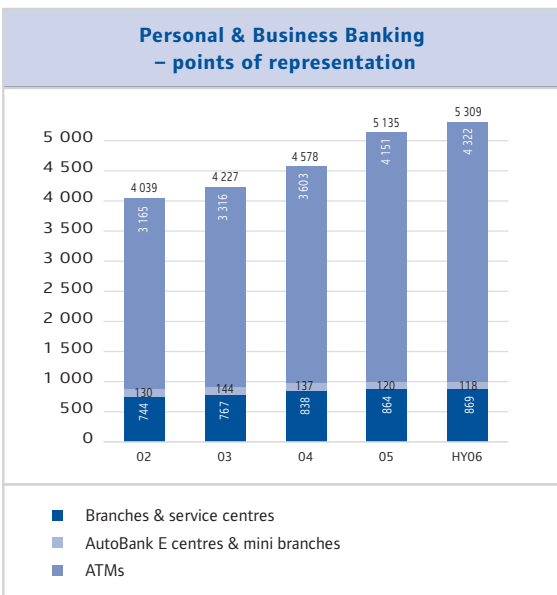
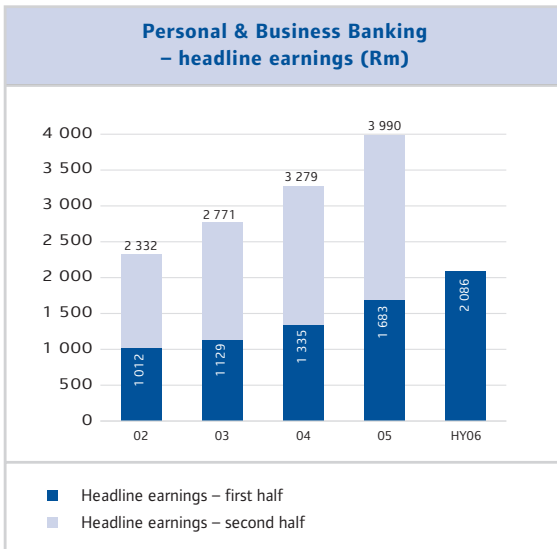
	June 2006 Rm	Change %	June 2005 Rm	December 2005 Rm
Net interest income	5 179	19	4 359	9 210
Non-interest revenue	4 909	21	4 053	8 787
Total income	10 088	20	8 412	17 997
Credit impairment charges	1 103	52	726	1 296
Income after credit impairment charges	8 985	17	7 686	16 701
Operating expenses	5 773	14	5 069	10 587
Net income before goodwill	3 212	23	2 617	6 114
Goodwill impairment	–	(100)	13	13
Net income before associates and joint ventures	3 212	23	2 604	6 101
Income from associates and joint ventures	72	71	42	142
Net income before taxation	3 284	24	2 646	6 243
Taxation	1 180	23	959	2 233
Profit for the period	2 104	25	1 687	4 010
Attributable to minorities	17	13	15	29
Attributable to ordinary shareholders	2 087	25	1 672	3 981
Headline adjustable items	(1)		11	9
Headline earnings	2 086	24	1 683	3 990
ROE (%)	28,9		27,3	30,7
Total assets	246 938	27	194 022	217 906
External total advances (after credit impairments)	229 966	28	180 238	202 807
Net interest margin (%)	4,54		4,83	4,75
Cost-to-income ratio (%)	57,2		60,3	58,8
Credit loss ratio (%)	1,02		0,85	0,70
Effective tax rate (%)	35,9		36,2	35,8

Favourable

- Continued strong advances growth across most products.
- Higher fee and commission revenue, despite below inflation average increases, due to increased customer base, transactional volumes and values.
- Increased bancassurance earnings due to increased market penetration, lower loss ratios and favourable equity market conditions for most of the period under review.
- Increasing contribution from recently acquired associates.

Adverse

- Margin compression due to greater reliance on wholesale priced funding.
- Increased competition leading to higher pricing concessions and originator fees.
- Increased non-performing loans in line with a strategy to grow exposure to higher yielding customers in the card market.
- Increased impairments on performing loans attributable to strong growth in advances book, anticipated impact of the National Credit Act, National Payments System Act and increased interest rates.
- Impairments against finance leases in the transport industry.
- Higher operating expenditure attributable to business growth, re-branding costs and continued investment in electronic channel infrastructure.



Corporate & Investment Banking

Income statement

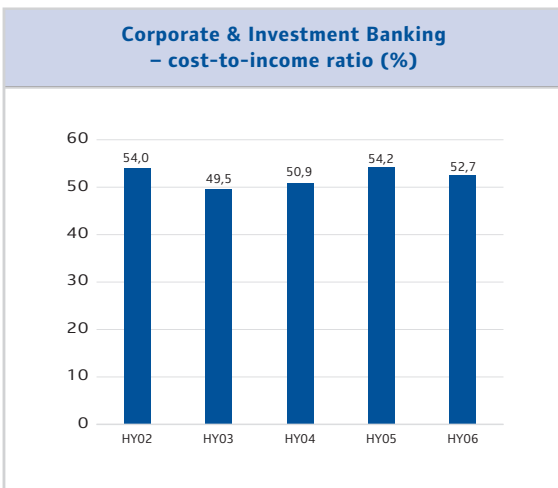
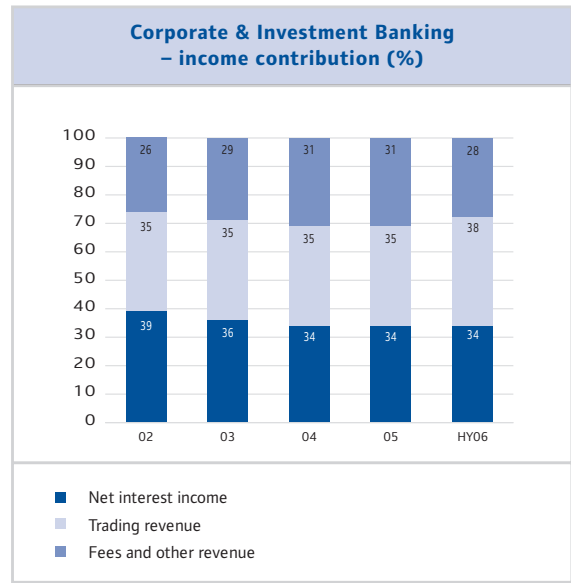
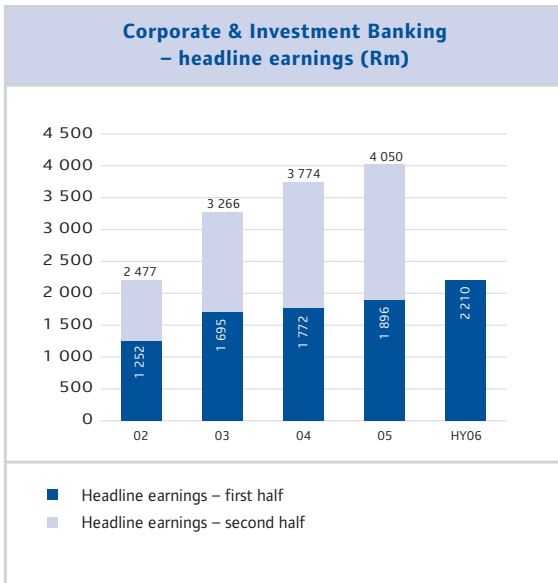
	June 2006 Rm	Change %	June 2005 Rm	December 2005 Rm
Net interest income	2 066	27	1 628	3 674
Non-interest revenue	4 003	19	3 373	7 046
Total income	6 069	21	5 001	10 720
Credit impairment charges	197		(83)	(87)
Income after credit impairment charges	5 872	15	5 084	10 807
Operating expenses	3 197	18	2 710	5 789
Net income before goodwill	2 675	13	2 374	5 018
Goodwill impairment	4	(20)	5	11
Net income before associates and joint ventures	2 671	13	2 369	5 007
Income from associates and joint ventures	26	>100	11	58
Net income before taxation	2 697	13	2 380	5 065
Taxation	479	–	479	960
Profit for the period	2 218	17	1 901	4 105
Attributable to minorities	12	20	10	21
Attributable to ordinary shareholders	2 206	17	1 891	4 084
Headline adjustable items	4		5	(53)
Taxation on headline adjustable items	–		–	19
Headline earnings	2 210	17	1 896	4 050
ROE (%)	27,9		25,5	27,0
Total assets	502 081	39	361 532	377 408
External total advances (after credit impairments)	179 469	56	115 040	136 837
Net interest margin (%)	1,30		1,40	1,40
Cost-to-income ratio (%)	52,7		54,2	54,0
Credit loss ratio (%)	0,26		(0,16)	(0,07)
Effective taxation rate (%)	17,8		20,1	19,0

Favourable

- Higher net interest income mainly due to growth in fully collateralised lending, property loan book, cash management balances and term lending.
- Higher fee and commission income from increased transaction volumes, including electronic banking and growth in arranging fees.
- Strong trading performance as a result of volatile base metal and precious metal markets coupled with increased volumes and volatility in forex.
- Higher income from property investments.

Adverse

- Credit impairments on two mining and resource exposures.
- Staff cost growth mainly due to increased headcount driven by business growth, higher incentive provisions and acquisition costs of trading teams.
- Higher operating expenditure attributable to business growth and continued investment to build scale in operations outside of South Africa.
- Recent slowdown in property and equity markets offsetting earlier gains.



Banking activities – product analysis

Personal & Business Banking

Total income and headline earnings by product

	Total income				Headline earnings			
	June 2006 Rm	Change %	June 2005 Rm	December 2005 Rm	June 2006 Rm	Change %	June 2005 Rm	December 2005 Rm
Mortgage lending	1 379	18	1 171	2 425	501	14	440	793
Instalment sales and finance leases	811	18	685	1 458	95	4	91	307
Card products	1 471	38	1 066	2 363	172	16	148	402
Transactional products	5 746	14	5 033	10 588	1 040	20	870	2 025
Bancassurance	681	49	457	1 163	278	>100	134	463
Personal & Business Banking	10 088	20	8 412	17 997	2 086	24	1 683	3 990

External loans and advances by product

	June 2006 Rm	Change %	June 2005 Rm	December 2005 Rm
Gross loans and advances	232 729	28	182 418	205 072
Mortgage lending	142 829	31	109 082	124 137
Instalment sales and finance leases	44 191	17	37 632	40 178
Card debtors	14 117	44	9 807	11 967
Transactional products	31 592	22	25 897	28 790
Credit impairments	(2 763)	27	(2 180)	(2 265)
Net loans and advances	229 966	28	180 238	202 807

Deposit and current accounts by product

	June 2006 Rm	Change %	June 2005 Rm	December 2005 Rm
External funding	131 304	28	102 190	118 724
Current accounts	37 925	21	31 283	34 871
Cash management deposits	4 094	19	3 451	3 788
Call deposits	37 215	48	25 188	30 689
Savings accounts	14 942	12	13 342	14 085
Term deposits	22 749	(10)	25 319	22 699
Securitisation funding	8 720	100	–	7 326
Other funding and loans	5 659	57	3 607	5 266
Interdivisional funding	87 916	26	69 694	74 161
Deposit and current accounts	219 220	28	171 884	192 885

Mortgage lending

- Active property market underpinned by strong growth in property registration volumes.
- Asset quality remains consistent in a still benign environment.
- Improved collection process strategies leading to effective rehabilitation and asset recoveries.
- Increased proportion of new business volumes from originators.
- Increased pricing concessions.

Instalment sale and finance leases

- Strong vehicle sales in South Africa.
- Increased provisioning for transport and haulage customers.
- Increased expenditure to improve average turnaround times.

Card products

- Strong growth in new account sales, primarily to first time holders.
- Increased account acquisition costs.
- Increased net interest yield and provisioning due to higher proportion of revolving credit accounts.

Transactional products

- Increased transactional activity related to strong consumer spending and new products.

Bancassurance

- Increase in new business volumes and market penetration coupled with low loss ratios and increased investment returns.

Corporate & Investment Banking

Total income and headline earnings by product

	Total income				Headline earnings			
	June	Change	June	December	June	Change	June	December
	2006		2005	2005	2006		2005	2005
Rm	%	Rm	Rm	Rm	%	Rm	Rm	
Global markets	2 653	25	2 129	4 428	816	11	735	1 417
Banking and trade finance	2 333	12	2 077	4 433	742	6	700	1 560
Investment banking	1 083	36	795	1 859	652	41	461	1 073
Corporate & Investment Banking	6 069	21	5 001	10 720	2 210	17	1 896	4 050

External loans and advances by product

	June	Change	June	December
	2006		2005	2005
	Rm	%	Rm	Rm
Gross loans and advances	181 138	55	116 618	138 277
Overnight lending	42 868	60	26 839	32 133
Term lending	57 330	55	36 935	47 639
Loans granted under resale agreements	45 377	96	23 185	26 291
Commercial property finance	17 313	22	14 222	16 196
Other loans and advances	18 250	18	15 437	16 018
Credit impairments	(1 669)	6	(1 578)	(1 440)
Net loans and advances	179 469	56	115 040	136 837

Global markets

- Strong trading performance in base and precious metal markets.
- Increased volumes and volatility assisted forex trading.
- Sudden weakening in the market in May 2006 impacted equity derivatives, compounded by non-recurrence of 2005 fair value gains on unlisted equities.
- Additional impairment charges on counterparty positions.
- Higher provision for incentive bonuses and increased acquisition costs relating to the recruitment of trading teams.
- Higher technology costs mainly as a result of accelerated implementation of new projects.

Banking and trade finance

- Growth in commercial property lending.
- Increase in average cash management credit balances and growth in the term lending book.

- Increased provision of dollar liquidity and fully collateralised lending to emerging market counterparties.
- Fee and commission income up mainly due to volume increases.
- Credit impairments reverted from recoveries in 2005 to a charge in 2006.

Investment banking

- Higher interest and fee income in structured and project finance.
- Improved earnings from infrastructure investments.
- Increased income from property investments.
- Lower effective tax rate due to increased proportion of exempt income.

Investment Management & Life Insurance

Income statement

	June 2006 Rm	Change %	June 2005 Rm	December 2005 Rm
Net insurance premiums	9 497	11	8 521	18 979
Investment income and gains	13 876	26	11 056	32 212
Management and service fee income	899	8	836	1 922
Total income	24 272	19	20 413	53 113
Benefits due to policyholders	18 747	29	14 574	41 004
Net insurance benefits and claims	15 804	44	10 948	32 816
Fair value adjustment to policyholders' liabilities under investment contracts	2 730	6	2 565	6 834
Fair value adjustment on third party fund interests	213	(80)	1 061	1 354
Income after policyholders' benefits	5 525	(5)	5 839	12 109
Operating expenses	2 777	(28)	3 846	7 797
Net income before goodwill	2 748	38	1 993	4 312
Goodwill impairment	–	(100)	397	397
Net income before associates	2 748	72	1 596	3 915
Income from associates and joint ventures	6	–	6	26
Net income before taxation	2 754	72	1 602	3 941
Taxation	1 186	21	980	1 992
Profit for the period	1 568	>100	622	1 949
Attributable to minorities	1 118	>100	463	1 447
Attributable to ordinary shareholders	450	>100	159	502
Headline adjustable items	(120)		117	118
Headline earnings	330	20	276	620
ROE (%)	21,2		18,8	21,0
Total assets	185 395	24	149 001	169 810
Normalised total embedded value	20 511	19	17 233	20 404

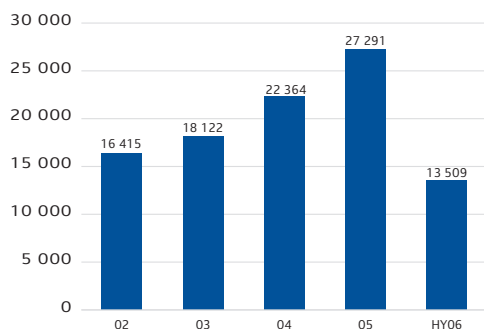
Favourable

- Increase in management fees due to higher assets under management.
- Positive weighted average investment return in Liberty portfolios of 14,9%.
- Improved risk experience in Liberty.
- Profit on sale of Liberty off-shore subsidiaries, Liberty Ermitage and Prefsure, included in earnings attributable to ordinary shareholders but excluded from headline earnings.
- Capital adequacy ratio rebuilt after capital reduction.

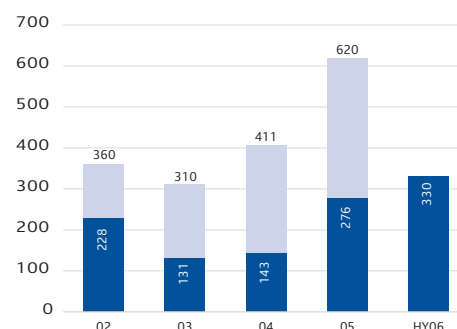
Adverse

- Insurance industry continues to be challenged by increasingly dynamic market place where product, pricing and distribution are facing major revisions.
- Increased regulatory and compliance burden in the industry.
- Disappointing new business volumes in Liberty, particularly single premiums.
- Recent interest rate increases and higher volatility in investment markets.

Net premium income and inflows (Rm)



Headline earnings (Rm)



■ Headline earnings – first half
 ■ Headline earnings – second half

External assets under management

	June 2006 Rbn	Change %	June 2005 Rbn	December 2005 Rbn
Asset management assets under management				
Segregated funds	90	30	69	83
Properties	2	-	2	2
Total asset management assets under management	92	30	71	85
Wealth management funds under administration				
Single manager unit trust	27	(31)	39	34
Alternate single manager business	3	-	3	3
Institutional marketing	7	100	-	-
Linked products	9	50	6	8
Structured products	22	29	17	19
Multi-manager	13	86	7	10
Rest of Africa	9	50	6	8
Liberty Ermitage	-	(100)	11	11
Total wealth management funds under administration	90	1	89	93
Total external assets under management	182	14	160	178

Investment Management & Life Insurance *continued*

Reconciliation of headline earnings

	June 2006 Rm	Change %	June 2005 Rm	December 2005 Rm
Liberty Life – IFRS				
Profit for the period as published	1 404	>100	366	1 442
Headline adjustable items	(378)		397	399
Headline earnings	1 026	34	763	1 841
Libhold				
(Holding: Jun 06: 52,1%; Jun 05: 52,2%; Dec 05: 52,2%) ¹				
Liberty Life attributable headline earnings	533		389	942
Libhold attributable headline earnings	(60)		10	1
Libhold (loss)/profit	(58)		11	3
Preference dividends	(2)		(1)	(2)
Reverse fair value movement and dividends on deemed treasury shares in Libhold	(6)		30	(26)
Headline earnings for the period	467	9	429	917
Standard Bank Group (Holding: Jun 06: 61,5%; Jun 05: 57,7%; Dec 05: 59,1%)²				
(Effective holding: Jun 06: 32,05%; Jun 05: 30,1%; Dec 05: 30,9%) ³				
Headline earnings before adjustment for deemed treasury shares	268	19	226	519
Adjustment resulting from deemed investment in group companies' shares	(30)		(1)	(179)
Reverse fair value movement and dividends on deemed treasury shares in Libhold	(4)		17	(15)
Reverse fair value movement arising from deemed treasury shares in SBG	(21)		13	(148)
Elimination of dividends – SBG	(21)		(31)	(45)
Increase in earnings due to higher effective holding	16		–	29
Standard Bank's share of headline earnings from Stanlib	49		37	76
Headline earnings from Investment Management & Life Insurance – IFRS	287	10	262	416
Reconciliation to normalised headline earnings				
Headline earnings from Investment Management & Life Insurance – IFRS	287		262	416
Adjustments	43		14	204
Dividend on cumulative redeemable preference shares	13		13	25
Fair value movements and dividends received on deemed treasury shares	30		1	179
Headline earnings from Investment Management & Life Insurance – Normalised	330	20	276	620

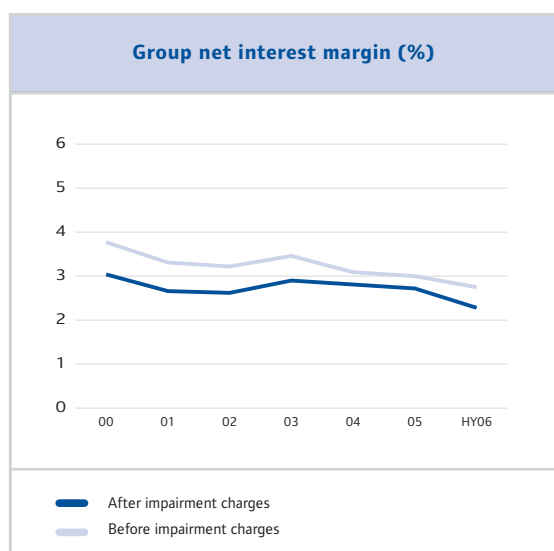
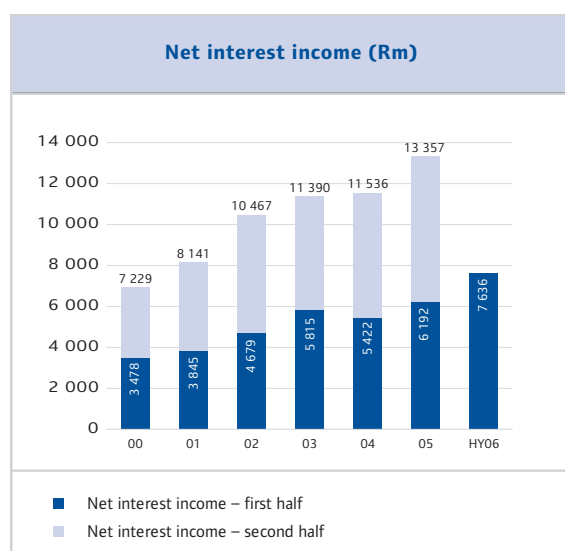
¹IFRS holding at period end, earnings consolidated using the average holding during the period.²IFRS holding at period end after adjusting for deemed treasury shares, earnings consolidated using the average holding during the period.³IFRS effective holding in Liberty Life at period end after adjusting for deemed treasury shares.

Banking activities

46	Net interest income and margin analysis
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Net interest income (NII) and margin analysis (NIM)

	NII June 2006 Rm	NIM June 2006 %	Change	NII June 2005 Rm	NIM June 2005 %	NII December 2005 Rm	NIM December 2005 %
			%				
Personal & Business Banking	5 179	4,54	19	4 359	4,83	9 210	4,75
Corporate & Investment Banking	2 066	1,30	27	1 628	1,40	3 674	1,40
Central and other	391		91	205		473	
Banking activities	7 636	2,75	23	6 192	2,92	13 357	2,97



Favourable

- Strong loan growth in both Personal & Business Banking and Corporate & Investment Banking.
- Increase in card margins due to growth in the higher yielding revolving credit book.
- Corporate & Investment Banking outside Africa having a positive endowment impact due to increased LIBOR based rates.

Adverse

- Higher reliance on more expensive wholesale priced funding to fund the strong growth in advances.
- Higher mortgage lending origination costs due to increased volumes and higher rates.
- Increased average concession rates on new mortgage lending and asset backed financing transactions due to increased competition.

- Decreased corporate overnight lending and property finance margins mainly due to a change in client mix and competitive pressures.
- Negative endowment effect due to lower average interest rates in South Africa.
- Margin compression across emerging markets in Africa as a result of declining treasury bill rates.
- Higher levels of surplus liquidity, fully collateralised lending and trading assets earning lower margins.
- A change in mix in the group balance sheet with a decrease in higher margin Personal & Business Banking assets as a proportion of the balance sheet.

Movement in average assets, NII and group NIM

	Average assets Rm	NII Rm	NIM %
June 2005 – IFRS – group	422 284	6 008	2,87
Reclassification of collateral accounts previously netted against derivative liabilities	3 935		
Reclassification of Stanlib out of banking activities	(1 879)	15	
Normalised adjustment on Tutuwa preference shares	4 017	169	
Restated 2005 – normalised – banking activities	428 357	6 192	2,92
Personal & Business Banking	47 856	820	(0,12)
Corporate & Investment Banking	86 933	438	(0,06)
Central and other	(2 981)	186	0,09
Change in mix			(0,08)
June 2006 – banking activities	560 165	7 636	2,75

Movement in NII and margin per business unit

	Personal & Business Banking		Corporate & Investment Banking		Banking activities	
	NII	NIM	NII	NIM	NII	NIM
	Rm	%	Rm	%	Rm	%
June 2005	4 467	5,07	1 630	1,43	6 008	2,87
Restatements	(108)	(0,24)	(2)	(0,03)	184	0,05
Restated June 2005	4 359	4,83	1 628	1,40	6 192	2,92
Net non-interest earning assets	195	0,46	133	0,95	461	1,14
Interest earning assets – June 2005	4 554	5,29	1 761	2,35	6 653	4,06
Impact of volume changes	1 149		332		1 601	
Impact of rate changes	(291)	(0,34)	161	0,16	(141)	(0,14)
Lending – Yield ¹	(14)	(0,02)	196	0,26	207	0,13
– Cost of lending ²	(48)	(0,06)	(34)	(0,05)	(85)	(0,05)
Funding	(182)	(0,21)	96	0,12	(117)	(0,07)
Endowment – Capital and reserves	(47)	(0,05)	(18)	(0,02)	(72)	(0,04)
Assets held for liquidity purposes (including mix)	(33)	(0,04)	(67)	(0,13)	(99)	(0,12)
Other treasury and banking activities	33	0,04	(12)	(0,02)	25	0,01
Change in composition of balance sheet		(0,01)		(0,22)		(0,04)
Interest earning assets – June 2006	5 412	4,94	2 254	2,29	8 113	3,88
Net non-interest earning assets	(233)	(0,40)	(188)	(0,99)	(477)	(1,13)
June 2006	5 179	4,54	2 066	1,30	7 636	2,75

¹ Yield changes refer to the difference in movement between average client rates and base lending rates.

² Cost of lending changes refer to the difference in movement between base lending rates and an allocated cost based on the term nature of the asset.

Non-interest revenue

	June 2006 Rm	Change %	June 2005 Rm	December 2005 Rm
Fee and commission revenue	5 725	16	4 936	10 419
Point of representation	2 610	12	2 322	4 887
Electronic banking	477	16	410	879
Knowledge based fees and commission	341	21	282	582
Card based commission	1 041	24	841	1 845
Insurance – fees and commission	263	15	228	503
Documentation and administration fees	179	22	147	282
Currency service fees	282	16	244	549
Other	532	15	462	892
Trading revenue	2 279	20	1 905	3 721
Commodities	632	>100	245	721
Forex	1 035	14	906	1 681
Debt securities	519	(6)	555	1 019
Equities	91	(50)	183	305
Other	2	(88)	16	(5)
Other revenue	1 044	44	725	1 788
Banking and other	293	90	154	436
Banking and other	136	(12)	154	436
Realised MasterCard profit (excluded from headline earnings)	157		–	–
Property related revenue	386	2	379	782
Insurance – underwriting and bancassurance profit	365	90	192	570
Total non-interest revenue	9 048	20	7 566	15 928

Favourable

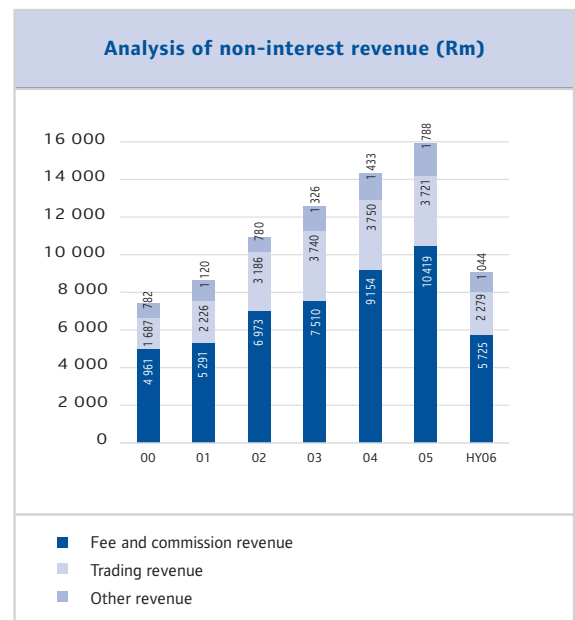
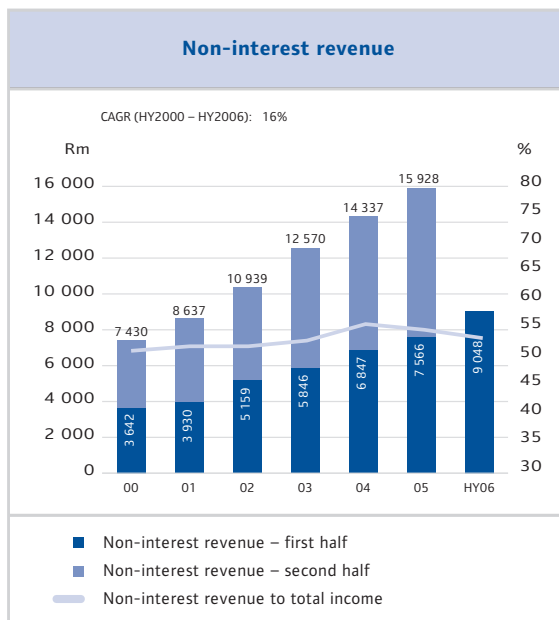
- Higher point of representation revenue due to increased transactional activity and customer spending.
- Higher card based commission due to increased point of sale turnover.
- Increased volumes across lending categories and electronic banking.
- Increased commodity volumes in base metals coupled with favourable trading opportunities and increased customer flows in precious metals on the back of record prices.
- Forex trading revenue growth from rand volatility, changes in interest rates and increased volumes across the African continent.
- Higher banking and other revenue as a result of the realisation of a portion of MasterCard shares as part of an initial public offering.
- Increase in insurance new business volumes and market penetration coupled with lower loss ratios and higher investment income.

Adverse

- Declining liquidity in debt securities in emerging markets reduced trading volumes.
- Sudden weakening in the market in May 2006 impacted equity derivatives, compounded by non-recurrence of 2005 fair value gains on unlisted equities.
- Realised profit on listed property investments in the first quarter, partly offset by negative fair value adjustments on the portfolio as market sentiment changed in May and June.

Non-interest revenue per business unit

	June 2006 Rm	Change %	June 2005 Rm	December 2005 Rm
Personal & Business Banking	4 909	21	4 053	8 787
Corporate & Investment Banking	4 003	19	3 373	7 046
Central and other	136	(3)	140	95
Banking activities	9 048	20	7 566	15 928



Credit impairment charges

Income statement impairment charges per product

	June 2006 Rm	Change %	June 2005 Rm	December 2005 Rm
Personal & Business Banking	1 103	52	726	1 296
Mortgage lending	213	42	150	323
Instalment sales and finance leases	209	57	133	296
Card debtors	434	99	218	326
Other lending	247	10	225	351
Corporate & Investment Banking	197		(83)	(87)
Corporate lending	197		(91)	(137)
Property finance	–		8	50
Central and other	–		(5)	(2)
Banking activities	1 300	>100	638	1 207

Credit loss ratio by business unit

	June 2006 %	June 2005 %	December 2005 %
Personal & Business Banking	1,02	0,85	0,70
Mortgage lending	0,33	0,30	0,31
Instalment sales and finance leases	0,99	0,75	0,79
Card debtors	6,52	4,89	3,29
Other lending	1,54	1,69	1,06
Corporate & Investment Banking	0,26	(0,16)	(0,07)
Corporate lending	0,30	(0,20)	(0,12)
Property finance	0,00	0,12	0,36
Banking activities	0,70	0,45	0,40

Favourable

- Improved collection processes across the group.
- Appropriate strategies to manage the increased risk are being implemented.

Adverse

- Increased non-performing loans in line with a strategy to grow exposure to higher yielding customers in the card market.
- Increased impairment charges within Personal & Business Banking, mainly as a result of maturing card and home loan portfolios.
- Impairments on finance leases in the transport industry.
- Additional performing loan impairments in Personal & Business Banking pertaining to the anticipated effects of the National Credit Act (lengthening of recovery period), National Payments

System Act (loss of preferred debit orders) and the June 2006 increase in interest rates.

- Increasing signs of stress observed in components of transactional personal market.
- Previous net recovery trend in Corporate & Investment Banking reverting to more normal loss experience:
 - Provisions against non-performing mining and resource exposures due to clients having difficulty in meeting commodity delivery schedules impacting their ability to service debt and hedging commitments; and
 - Rehabilitation of previously distressed counterparties not recurring to the same extent as prior period.

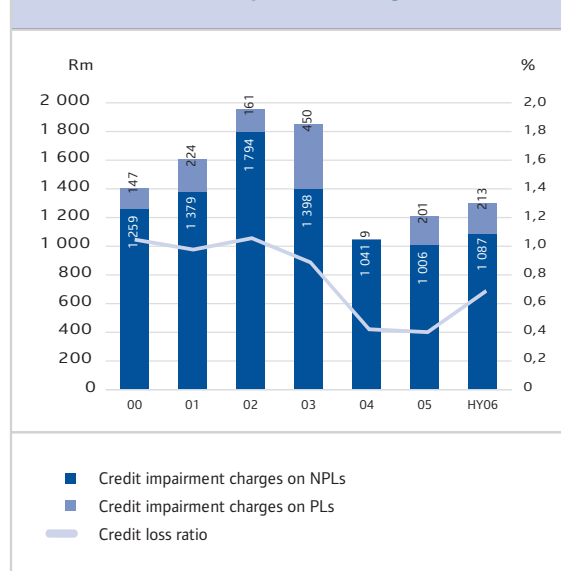
Income statement impairment charges

	June 2006			June 2005			December 2005		
	NPL Rm	PL Rm	Total Rm	NPL Rm	PL Rm	Total Rm	NPL Rm	PL Rm	Total Rm
Personal & Business Banking	893	210	1 103	568	158	726	1 061	235	1 296
Corporate & Investment Banking	194	3	197	(69)	(14)	(83)	(55)	(32)	(87)
Central and other	-	-	-	(3)	(2)	(5)	-	(2)	(2)
Banking activities	1 087	213	1 300	496	142	638	1 006	201	1 207

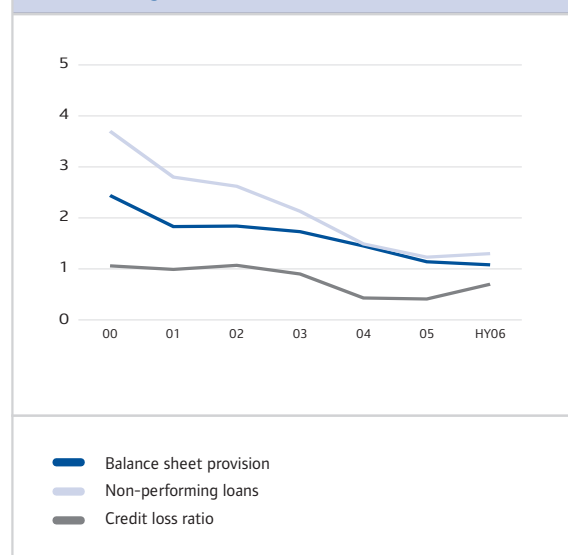
Balance sheet impairments

	June 2006			June 2005			December 2005		
	Prov NPL Rm	Prov PL Rm	Total Prov Rm	Prov NPL Rm	Prov PL Rm	Total Prov Rm	Prov NPL Rm	Prov PL Rm	Total Prov Rm
Personal & Business Banking	1 591	1 172	2 763	1 464	716	2 180	1 305	960	2 265
Corporate & Investment Banking	1 028	641	1 669	931	647	1 578	818	622	1 440
Central and other	2	119	121	35	122	157	37	119	156
Banking activities	2 621	1 932	4 553	2 430	1 485	3 915	2 160	1 701	3 861

Credit impairment charges



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



Non-performing loans

Analysis of external loans and advances in terms of South African Reserve Bank regulatory definitions

	Gross advances	Non-performing loans			Performing loans		
	Total Rm	Sub-standard Rm	Doubtful Rm	Loss Rm	Total Rm	Special mention Rm	Standard Rm
June 2006							
Personal & Business Banking	232 729	2 024	1 636	479	4 139	4 362	224 228
Corporate & Investment Banking	181 138	560	169	498	1 227	838	179 073
Central and other	6 271	–	–	4	4	–	6 267
Gross loans and advances	420 138	2 584	1 805	981	5 370	5 200	409 568
Percentage of total book (%)	100,0	0,6	0,4	0,3	1,3	1,2	97,5
June 2005							
Personal & Business Banking	182 418	1 521	1 197	490	3 208	3 506	175 704
Corporate & Investment Banking	116 618	561	424	229	1 214	836	114 568
Central and other	6 425	–	–	43	43	–	6 382
Gross loans and advances	305 461	2 082	1 621	762	4 465	4 342	296 654
Percentage of total book (%)	100,0	0,7	0,5	0,3	1,5	1,4	97,1
December 2005							
Personal & Business Banking	205 072	1 481	1 265	407	3 153	3 639	198 280
Corporate & Investment Banking	138 277	524	37	391	952	811	136 514
Central and other	3 382	–	–	39	39	–	3 343
Gross loans and advances	346 731	2 005	1 302	837	4 144	4 450	338 137
Percentage of total book (%)	100,0	0,6	0,4	0,2	1,2	1,3	97,5

Analysis of NPLs per business unit

	Gross NPLs (net of interest in suspense)			Securities and expected recoveries		
	June 2006 Rm	June 2005 Rm	December 2005 Rm	June 2006 Rm	June 2005 Rm	December 2005 Rm
Personal & Business Banking	4 139	3 208	3 153	2 600	1 784	1 930
Mortgage lending	2 267	1 566	1 728	1 855	1 081	1 398
Instalment sales and finance leases	674	554	508	361	279	243
Card debtors	288	180	161	81	52	47
Other lending	910	908	756	303	372	242
Corporate & Investment Banking	1 227	1 214	952	503	525	369
Corporate Lending	881	880	642	345	353	226
Property Finance	346	334	310	158	172	143
Central and other	4	43	39	2	8	2
	5 370	4 465	4 144	3 105	2 317	2 301

Staff home loan impairment in terms of IAS 39

Impairments for country risk

Credit risk inherent in off-balance sheet exposures and other asset classes

Banking activities

Criteria for classification of loans and advances

Standard	Items that are fully current and the full repayment of the contractual principal and interest amounts are expected.
Special mention	Items where the loan is performing but evidence exists that the borrower is experiencing difficulties. Ultimate loss is not expected but could occur if adverse conditions persist.
Sub-standard	Items that show underlying well defined weaknesses that could lead to probable loss if not corrected. The risk that these items may be impaired is probable and the group relies to a large extent on any available security.
Doubtful	Items which are considered to be impaired, but are not yet considered final losses because of some pending factors which may strengthen the quality of the items.
Loss	Items which are considered to be uncollectable and where the realisation of collateral and institution of legal proceedings have been unsuccessful. These items are considered of such little value that they should no longer be included in the net assets of the group.

	Net after securities and expected recoveries			Balance sheet impairments for NPLs			Gross impairment coverage		
	June 2006 Rm	June 2005 Rm	December 2005 Rm	June 2006 Rm	June 2005 Rm	December 2005 Rm	June 2006 %	June 2005 %	December 2005 %
	1 539	1 424	1 223	1 539	1 424	1 223	37	44	39
	412	485	330	412	485	330	18	31	19
	313	275	265	313	275	265	46	50	52
	207	128	114	207	128	114	72	71	71
	607	536	514	607	536	514	67	59	68
	724	689	583	724	689	583	59	57	61
	536	527	416	536	527	416	61	60	65
	188	162	167	188	162	167	54	49	54
	2	35	37	2	35	37	50	81	95
	2 265	2 148	1 843	2 265	2 148	1 843	42	48	44
				92	84	90			
				55	67	30			
				209	131	197			
				2 621	2 430	2 160			

Non-performing loans continued

NPL coverage % to gross advances

	June 2006 %	June 2005 %	December 2005 %
Gross NPLs	1,3	1,5	1,2
Less: Securities and collateral	(0,8)	(0,8)	(0,7)
Less: Impairments for non-performing loans	(0,5)	(0,7)	(0,5)
Net NPLs	(0,0)	(0,0)	(0,0)
Coverage : Gross ¹	42	48	44
: Net ²	100	100	100
Gross advances (Rm)	420 138	305 461	346 731

¹ Gross coverage = NPLs provision/Gross NPL

² Net coverage = NPLs provision/(Gross NPL – Security)

Balance sheet impairments on loans and advances

	June 2006 Rm	Change %	June 2005 Rm	December 2005 Rm
Non-performing loans	2 621	8	2 430	2 160
Performing loans	1 932	30	1 485	1 701
Total	4 553	16	3 915	3 861
Balance sheet impairments as a % of gross loans and advances at end of period	1,08		1,28	1,11
Non-performing loans	0,62		0,80	0,62
Performing loans	0,46		0,48	0,49

Favourable

- No material overall change in the quality of the loan portfolio, despite increasing interest rates.

Operating expenses

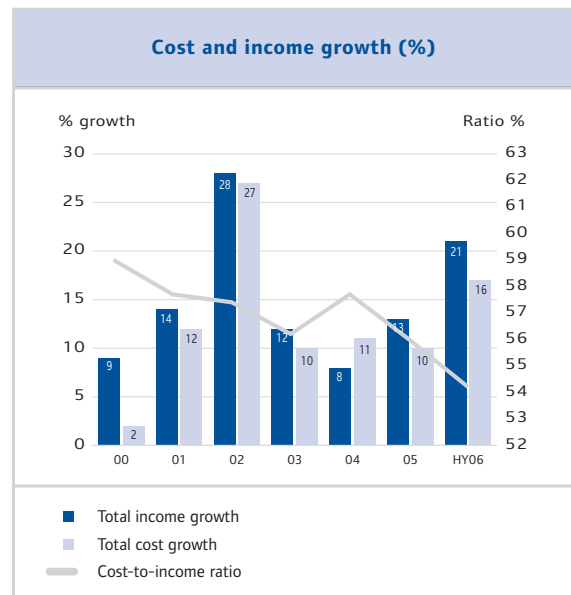
	June 2006 Rm	Change %	June 2005 Rm	December 2005 Rm
Personal & Business Banking	5 773	14	5 069	10 587
Corporate & Investment Banking	3 197	18	2 710	5 789
Central and other	69		(20)	27
Banking activities	9 039	16	7 759	16 403

Cost-to-income ratio

	June 2006 %	June 2005 %	December 2005 %
Personal & Business Banking	57,2	60,3	58,8
Corporate & Investment Banking	52,7	54,2	54,0
Banking activities	54,2	56,4	56,0

Cost-to-income

- Strong revenue growth across the group resulted in a 2,2% improvement in the cost-to-income ratio.
- The cost-to-income ratio excluding the realised MasterCard profit, at 54,7% reflects a 1,7% improvement from June 2005 (1,3% improvement from December 2005).



Staff costs and headcount analysis

	June 2006 Rm	Change %	June 2005 Rm	December 2005 Rm
Staff costs				
Personal & Business Banking	2 801	7	2 613	5 383
Corporate & Investment Banking	2 020	24	1 634	3 486
Central and other	249	25	200	501
Banking activities	5 070	14	4 447	9 370
Analysis of staff costs				
Fixed remuneration	3 522	7	3 292	6 304
Variable remuneration and other costs	1 548	34	1 155	3 066
Total	5 070	14	4 447	9 370
Headcount				
Personal & Business Banking	30 049	(0)	30 177	30 117
Corporate & Investment Banking	5 758	11	5 187	5 258
Central and other	717	(4)	749	756
Banking activities	36 524	1	36 113	36 131

- Salary increments and increased incentive provisions in line with earnings growth.
- Continued move to increase proportion of performance-related remuneration to total package.
- Acquisition and retention costs for international trading teams.
- Revised incentive structure and increasing talent pool outside South Africa.
- Increase in Corporate & Investment Banking headcount due to business growth.
- Increased staff costs due to phase-in of share-option costs in line with IFRS.



Other operating expenses

	June 2006 Rm	Change %	June 2005 Rm	December 2005 Rm
Other operating expenses by business unit				
Personal & Business Banking	2 972	21	2 456	5 204
Corporate & Investment Banking	1 177	9	1 076	2 303
Central and other	(180)	(18)	(220)	(474)
Banking activities	3 969	20	3 312	7 033
Analysis of other operating expenses				
Information technology ¹	662	18	562	1 396
Depreciation and amortisation	414	1	410	742
Communication	375	13	331	711
Premises	796	38	576	1 253
Other	1 722	20	1 433	2 931
Total	3 969	20	3 312	7 033

¹Information technology spend, including depreciation, subcontractors and IT staff costs amounted to R1 458 million (June 2005: R1 269 million), up 15%.

Favourable

- Operational risk losses attributable to credit card fraud reduced from a high level in 2005.

Adverse

- Higher premises cost as a result of re-branding, increased rentals and branch refurbishments.
- Higher communication costs as a result of increased courier volumes, coupled with increased phone usage and tariffs.
- Increased consulting fees to cater for upgrading of ATMs and preparation for Basel II and National Credit Act.
- Initial setup costs for outsourcing of cheque processing.

- Increased travelling costs due to the integration of operations across all markets into Personal & Business Banking and Corporate & Investment Banking.
- Increased fee and commission expense due to new business acquisition costs in card products.
- Increased marketing and advertising relating to re-branding.

Loans and advances

By advance type

	June 2006 Rm	Change %	June 2005 Rm	December 2005 Rm
Loans and advances held at amortised cost	418 456	38	303 487	344 628
Loans and advances to banks	42 169	81	23 321	25 139
Call loans	18 616	>100	6 445	7 708
Loans granted under resale agreements	23 553	40	16 876	17 431
Loans and advances to customers	366 597	31	280 166	312 598
Mortgage lending	136 579	24	109 706	121 684
Instalment sales and finance leases	43 829	13	38 958	39 492
Card debtors	14 117	44	9 807	11 967
Overnight lending	44 039	19	37 076	37 344
Revolving credit accounts	7 395	17	6 339	6 461
Term lending	70 017	44	48 593	61 621
Loans granted under resale agreements	21 824	>100	6 309	8 860
Commercial property finance	17 313	22	14 222	16 196
Other loans and advances	11 484	25	9 156	8 973
Securitised assets consolidated	9 690			6 891
Mortgage lending	7 057			4 258
Instalment sales and finance leases	2 633			2 633
Loans and advances held at fair value	32	(69)	103	35
Loans and advances to banks – call loans	2	(97)	73	10
Loans and advances to customers – term lending	30		30	25
Accrued interest	1 650	(12)	1 871	2 068
Gross loans and advances	420 138	38	305 461	346 731
Credit impairment charges	(4 553)	16	(3 915)	(3 861)
Credit impairments for non-performing loans	(2 621)	8	(2 430)	(2 160)
Credit impairments for performing loans	(1 932)	30	(1 485)	(1 701)
Net loans and advances	415 585	38	301 546	342 870

Loans and advances by business unit (net of credit impairments)

	Total June 2006 Rm	Elimina- tions Rm	External June 2006 Rm	External change %	Total June 2005 Rm	Elimina- tions Rm	External June 2005 Rm	Total December 2005 Rm
Personal & Business Banking	230 131	(165)	229 966	28	180 278	(40)	180 238	202 807
Corporate & Investment Banking	182 711	(3 242)	179 469	56	115 838	(798)	115 040	136 837
Central and other	7 158	(1 008)	6 150	(2)	6 514	(246)	6 268	5 277
Eliminations	(4 415)	4 415	–	–	(1 084)	1 084	–	(2 051)
Banking activities	415 585	–	415 585	38	301 546	–	301 546	342 870

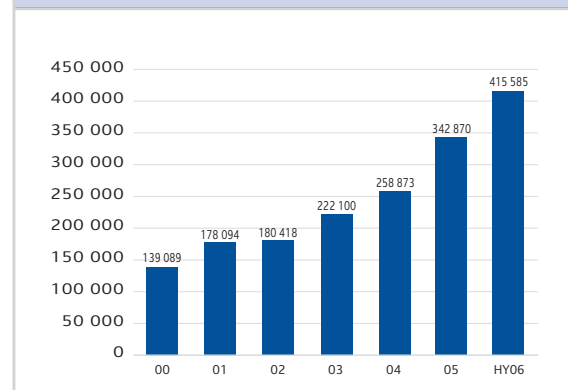
Favourable

- Mortgage lending increased due to an increase of 19% in registration volumes and a 27% increase in registration values.
- Growth of 22% in motor book instalment sale and finance leases driven by an 18% increase in new vehicle sales volumes.
- Growth in card debtors due to an increase in new accounts, a higher level of revolving and cash facilities and increased consumer spending.
- Overnight lending increased due to strong overdraft account growth and higher collateral and margin balances on the back of rising commodity prices.
- The provision of dollar liquidity and fully collateralised lending to emerging market counterparties increased significantly as a result of new product offerings and increased customer demand impacting call and term loans.
- Growth in term lending driven by an increase in Black Economic Empowerment financing and growth in trade finance balances.
- Continued strong economic growth in the property market resulted in increased demand for commercial property finance.
- Increased repurchase agreement balances mainly due to higher cross border trades to place surplus liquidity.

Adverse

- Increased early repayments and maturity experienced by instalment sales and finance lease books.
- Disappointing new business volume growth in instalment sales and finance leases, particularly in the non-motor category.

Loans and advances (Rm)



Deposit and current accounts

By deposit type

	June 2006 Rm	Change %	June 2005 Rm	December 2005 Rm
Deposit and current accounts held at amortised cost	461 851	37	338 130	384 288
Deposits and loans from banks	28 419	15	24 631	16 965
Deposits from banks and central banks	10 741	(12)	12 189	8 187
Deposits from banks under repurchase agreements	17 678	42	12 442	8 778
Deposits and loans from customers	433 432	38	313 499	367 323
Current accounts	50 315	16	43 550	47 811
Cash management deposits	51 136	14	44 701	55 003
Card creditors	1 226	12	1 098	1 188
Call deposits	106 752	88	56 781	66 512
Savings accounts	16 569	13	14 652	15 478
Term deposits	104 225	15	90 464	104 389
Negotiable certificates of deposit	47 417	13	42 004	43 544
Repurchase agreements	17 703	>100	6 931	12 488
Other funding and loans	29 369	>100	13 318	13 584
Securitisation funding	8 720		–	7 326
Deposit and current accounts held at fair value	31 936	3	31 061	22 888
Deposits and loans from banks	21 312	(5)	22 501	9 305
Deposits from banks and central banks	21 228	(6)	22 501	9 245
Deposits from banks under repurchase agreements	84		–	60
Call deposits from customers	10 624	24	8 560	13 583
Accrued interest	5 207	7	4 872	5 133
Banking activities	498 994	33	374 063	412 309

Deposit and current accounts by business unit

	June 2006 Rm	Change %	June 2005 Rm	December 2005 Rm
Personal & Business Banking	219 220	28	171 884	192 885
Deposit and current accounts – retail priced	111 662	9	102 190	106 203
Deposit and current accounts – money market	10 922		–	5 195
Securitisation funding	8 720		–	7 326
Interdivisional funding	87 916	26	69 694	74 161
Corporate & Investment Banking	288 179	41	204 793	223 242
Deposit and current accounts	373 686	36	275 131	298 661
Interdivisional funding	(85 507)	22	(70 338)	(75 419)
Central and other	(1 181)		4 220	3 231
Deposit and current accounts	1 228	(66)	3 576	1 973
Interdivisional funding	(2 409)		644	1 258
Eliminations	(7 224)	6	(6 834)	(7 049)
Banking activities	498 994	33	374 063	412 309

Favourable

- Increased call deposits due to higher interest rates offered on large balances.
- New money market call account launched in 2005 resulted in growth in Personal & Business Banking's wholesale priced call deposits.
- Continued growth in Mzansi (low income Financial Sector Charter compliant) accounts, increasing by 116 000 to 368 300.
- Higher collateral on the back of securities lending.
- Higher variation margins were held in call deposits on the back of rising commodity prices.
- South African corporate clients being cash flush in the prevailing low interest rate environment.
- Increased repurchase agreement balances mainly due to higher cross border trades to place surplus liquidity.
- Additional corporate term deposits and negotiable certificates of deposits raised to fund strong asset growth.

Adverse

- Increase in wholesale priced deposits to fund the strong asset growth.
- Dampened retail priced deposit growth, mainly due to the low interest rate environment making term deposits less attractive.

Subordinated bonds (Tier II unless stated otherwise)

	Nominal value	June 2006 Rm	June 2005 Rm	December 2005 Rm
SBSA		10 600	9 100	7 600
Issued 1 December 2000 (SBK2)	ZAR 1 500 million	–	1 500	–
Issued 29 October 2001 (SBK3)	ZAR 2 000 million	2 000	2 000	2 000
Issued 17 November 2004 (SBK5)	ZAR 2 000 million	2 000	2 000	2 000
Issued 28 February 2005 (Tier III) (SBK6)	ZAR 600 million	600	600	600
Issued 24 May 2005 (SBK7)	ZAR 3 000 million	3 000	3 000	3 000
Issued 10 April 2006 (SBK8)	ZAR 1 500 million	1 500	–	–
Issued 10 April 2006 (SBK9)	ZAR 1 500 million	1 500	–	–
Standard Bank Swaziland				
Issued 15 September 2005	E 35 million	35	–	35
Standard Bank Namibia				
Issued 15 November 2001	NAD 150 million	150	150	150
Stanbic Botswana		120	61	58
Issued 12 December 2001	BWP 30 million	36	37	35
Issued 1 December 2003	BWP 20 million	24	24	23
Issued 2 June 2006	BWP 50 million	60	–	–
Standard International Holdings		2 794	1 603	2 478
Issued 24 November 2000	USD 100 million	–	668	–
Issued 14 July 2004	USD 100 million	717	668	635
Issued 15 April 2005 (Tier III)	USD 40 million	286	267	254
Issued 7 October 2005	USD 250 million	1 791	–	1 589
Total bonds qualifying as regulatory banking capital		13 699	10 914	10 321
Fair value adjustments (not qualifying as regulatory capital)¹		114	141	124
Issued 29 October 2001 (SBK3)		42	60	50
Issued 17 November 2004 (SBK5)		65	73	67
Issued 24 May 2005 (SBK7)		7	8	7
Accrued interest		163	125	145
Total subordinated bonds – banking activities		13 976	11 180	10 590
Liberty Life		2 054	–	2 054
Issued September 2005 (qualifying as regulatory insurance capital)		2 000	–	2 000
Accrued interest		54	–	54
Total subordinated bonds – Standard Bank Group		16 030	11 180	12 644

¹ Bonds have been fair valued for interest rate risk where these items were subject to hedge accounting. Where the hedge relationships expired, the fair value adjustments are amortised over the remaining life of the bonds.

Reconciliation to IFRS and restatements

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Description of normalised results

The results are prepared in accordance with IFRS except for adjustments relating to required accounting conventions that do not reflect the underlying economic substance of transactions (the normalised adjustments). A common element in these transactions relates mostly to shares in issue deemed by accounting convention to be treasury shares. Consequently, the “assets” are recognised as a deduction against equity and the number of shares used for per share calculation purposes is materially lower than the economic substance, resulting in inflated per share ratios. With regard to the normalising segmental and product reporting, adjustments have been made within Investment Management & Life Insurance, and Central and other. The results of the other business units are unaffected.

Black Economic Empowerment Ownership initiative

The group concluded its Black Economic Empowerment Ownership initiative (Tutuwa) in October 2004 when it sold an effective 10% interest in its South African banking operations to a broad-based grouping of black entities.

The group subscribed for 8,5% redeemable, cumulative preference shares issued by special purpose vehicles (SPVs) controlled by Standard Bank Group (SBG). The initial repurchase of SBG shares by the SPVs is treated as a reduction in the group's equity. Subsequent to the repurchase of the SBG shares, the SPVs containing these shares were sold to the black participants. The capital and dividends on the preference shares are repayable from future ordinary dividends received on SBG shares. As a result of SBG's right to receive its own dividends back in the form of preference dividends and capital on the preference shares, the subsequent sale of the SPVs and consequent delivery of the SBG shares to the black participants (although legally effected) is not accounted for as a sale. The preference share investment in the SPVs is also not accounted for as an asset. The preference share asset is effectively eliminated against equity as a negative empowerment reserve.

As a consequence of the above, the accounting treatment followed until full redemption, or third party financing is:

- the 8,5% redeemable, cumulative preference shares issued by the SPVs and subscribed for by SGB are not recognised as financial assets, but eliminated against equity;
- the preference dividends received from the SPVs are eliminated against the ordinary dividends paid on the SBG shares held by the SPVs;
- for purposes of the calculation of earnings per share, the weighted average number of shares in issue is reduced by the number of shares held by those SPVs that have been sold to the black participants. The shares will be restored on full redemption of the preference shares, or to the extent that the preference share capital is financed by a third party; and
- perpetual preference shares issued by the group for the purposes of financing the repurchased SBG shares, are classified as equity. Dividends paid are accounted on declaration and not on an accrual basis.

The “normalised” adjustment:

- recognises a loan asset by reversing the elimination of the Tutuwa SPV preference shares against equity;
- accrues for preference dividends receivable, in interest income, which were not recognised;
- adds back the number of shares held by the black participants to the weighted number of shares in issue, for purposes of calculating normalised per share ratios; and
- adjusts dividends declared on perpetual preference shares to an accrual basis.

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 IAS 32, Standard Bank and Liberty Holdings shares held by Liberty Life on behalf of policyholders are deemed to be treasury shares for accounting purposes. The corresponding movement in the policyholder liabilities is however not eliminated, resulting in a mismatch in the overall equity and income statement of the group. The accounting consequences in the consolidated financial statements are:

- the investment in group shares is set off against equity in the group financial statements;
- within equity, the cost price of the group shares is eliminated against ordinary shareholders' funds and minority interest;
- the fair value movements are eliminated from the income statement, reserves and minority interests;
- dividends received on group shares are eliminated against dividends paid; and

- no adjustment is however made for policyholder liabilities. Increases in the fair value of group shares and dividends declared on these shares increases the liability to policyholders. The increase in the liability to policyholders is accounted for in the income statement. The increase in assets held to match the liability position is however eliminated against equity. This results in a mismatch in the 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%) and not the effective 30% owned by the group, 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 to calculate per share ratios.

For purposes of calculating the normalised results, the adjustments described above are reversed and the group shares held on behalf of policyholders are treated as issued to parties external to the group.

Group income statement – reconciliation to restated IFRS

	June 2006		IFRS Rm	IFRS change %	June 2005		IFRS Rm
	Normalised Rm	Adjustment Rm			Normalised Rm	Adjustment Rm	
Income from banking activities	16 684	(172)	16 512	22	13 758	(169)	13 589
Net interest income	7 636	(172)	7 464	24	6 192	(169)	6 023
Interest income	22 266	(172)	22 094	22	18 257	(169)	18 088
Interest expense	14 630		14 630	21	12 065		12 065
Non-interest revenue	9 048		9 048	20	7 566		7 566
Income from investment management and life insurance activities	24 272	(188)	24 084	18	20 413	(40)	20 373
Net insurance premiums	9 497		9 497	11	8 521		8 521
Investment income and gains	13 876	(188)	13 688	24	11 056	(40)	11 016
Management and service fee income	899		899	8	836		836
Total income	40 956	(360)	40 596	20	34 171	(209)	33 962
Credit impairment charges	1 300		1 300	>100	638		638
Benefits due to policyholders	18 747		18 747	29	14 574		14 574
Net insurance benefits and claims	15 804		15 804	44	10 948		10 948
Fair value adjustment to policyholders' liabilities under investment contracts	2 730		2 730	6	2 565		2 565
Fair value adjustment on third party fund interests	213		213	(80)	1 061		1 061
Income after credit impairment charges and policyholders' benefits	20 909	(360)	20 549	10	18 959	(209)	18 750
Operating expenses in banking activities	9 039		9 039	16	7 759		7 759
Staff costs	5 070		5 070	14	4 447		4 447
Other operating expenses	3 969		3 969	20	3 312		3 312
Operating expenses in investment management and life insurance activities	2 777		2 777	(28)	3 846		3 846
Acquisition costs – insurance and investment contracts	1 196		1 196	(47)	2 254		2 254
Other operating expenses	1 581		1 581	(1)	1 592		1 592
Net income before goodwill	9 093	(360)	8 733	22	7 354	(209)	7 145
Goodwill impairment	4		4		415		415
Net income before associates and joint ventures	9 089	(360)	8 729	30	6 939	(209)	6 730
Income from associates and joint ventures	103		103	75	59		59
Net income before indirect taxation	9 192	(360)	8 832	30	6 998	(209)	6 789
Indirect taxation	436		436	14	383		383
Profit before direct taxation	8 756	(360)	8 396	31	6 615	(209)	6 406
Direct taxation	2 377		2 377	20	1 977		1 977
Profit for the period	6 379	(360)	6 019	36	4 638	(209)	4 429
Attributable to minorities	1 147	(145)	1 002	>100	490	(26)	464
Attributable to preference shareholders	111	1	112	(2)	112	2	114
Attributable to ordinary shareholders	5 121	(216)	4 905	27	4 036	(185)	3 851

Group balance sheet – reconciliation to restated IFRS

	June 2006		IFRS Rm	IFRS change %	June 2005		IFRS Rm
	Normalised Rm	Adjustment Rm			Normalised Rm	Adjustment Rm	
Assets							
Cash and balances with banks	84 139	–	84 139	37	61 343	–	61 343
Short-term negotiable securities	30 381	–	30 381	26	24 081	–	24 081
Derivative assets	120 021	–	120 021	16	103 434	–	103 434
Trading assets	66 083	–	66 083	98	33 374	–	33 374
Investments	177 958	(5 027)	172 931	20	149 609	(4 990)	144 619
Loans and advances	415 585	(4 169)	411 416	38	301 546	(4 017)	297 529
Current and deferred taxation	1 018	–	1 018	(26)	1 381	–	1 381
Other assets	32 080	–	32 080	14	28 221	–	28 221
Interest in associates and joint ventures	6 047	–	6 047	44	4 195	–	4 195
Goodwill and other intangible assets	2 537	–	2 537	(3)	2 619	–	2 619
Property and equipment	4 658	–	4 658	14	4 089	–	4 089
Total assets	940 507	(9 196)	931 311	32	713 892	(9 007)	704 885
Equity and liabilities							
Equity	57 877	(9 086)	48 791	22	48 868	(9 007)	39 861
Equity attributable to ordinary shareholders	43 907	(5 314)	38 593	27	35 794	(5 321)	30 473
Ordinary share capital	136	–	136	1	135	–	135
Ordinary share premium	2 207	–	2 207	(8)	2 405	–	2 405
Reserves	41 564	(5 314)	36 250	30	33 254	(5 321)	27 933
Preference share capital and premium	4 489	–	4 489	50	2 991	–	2 991
Minority interest	9 481	(3 772)	5 709	(11)	10 083	(3 686)	6 397
Liabilities	882 630	(110)	882 520	33	665 024	–	665 024
Derivative liabilities	120 494	–	120 494	12	107 125	–	107 125
Trading liabilities	43 538	–	43 538	94	22 474	–	22 474
Deposit and current accounts	498 994	–	498 994	33	374 063	–	374 063
Current and deferred taxation	6 737	–	6 737	17	5 768	–	5 768
Other liabilities	46 555	(110)	46 445	>100	21 333	–	21 333
Policyholder liabilities	150 282	–	150 282	22	123 081	–	123 081
Subordinated bonds	16 030	–	16 030	43	11 180	–	11 180
Total equity and liabilities	940 507	(9 196)	931 311	32	713 892	(9 007)	704 885

Group income statement restatements

June 2005

	June 2005 IFRS as previously reported Rm	Stanlib ¹ Rm	Liberty Life ² Rm	June 2005 IFRS restated ³ Rm
Income from banking activities	13 951	(362)		13 589
Net interest income	6 008	15		6 023
Interest income	18 135	(47)		18 088
Interest expense	12 127	(62)		12 065
Non-interest revenue	7 943	(377)		7 566
Income from investment management and life insurance activities	20 023	424	(74)	20 373
Net insurance premiums	9 068		(547)	8 521
Investment income and gains	10 955	63	(2)	11 016
Management and service fee income		361	475	836
Total income	33 974	62	(74)	33 962
Credit impairment charges	638			638
Benefits due to policyholders	15 982		(1 408)	14 574
Net insurance benefits and claims	6 350		4 598	10 948
Fair value adjustment to policyholders' liabilities under investment contracts	8 517		(5 952)	2 565
Fair value adjustment on third party fund interests	1 115		(54)	1 061
Income after credit impairment charges and policyholders' benefits	17 354	62	1 334	18 750
Operating expenses in banking activities	7 953	(194)	–	7 759
Staff costs	4 557	(110)		4 447
Other operating expenses	3 396	(84)		3 312
Operating expenses in investment management and life insurance activities	2 500	256	1 090	3 846
Acquisition costs – insurance and investment contracts	1 159		1 095	2 254
Other operating expenses	1 341	256	(5)	1 592
Net income before goodwill	6 901	–	244	7 145
Goodwill impairment	330		85	415
Net income before associates and joint ventures	6 571	–	159	6 730
Income from associates and joint ventures	53		6	59
Net income before indirect taxation	6 624	–	165	6 789
Indirect taxation	259		124	383
Profit before direct taxation	6 365	–	41	6 406
Direct taxation	1 991	–	(14)	1 977
Profit for the period	4 374	–	55	4 429
Attributable to minorities	384		80	464
Attributable to preference shareholders	114			114
Attributable to ordinary shareholders	3 876	–	(25)	3 851

¹As part of the re-alignment of executive focus and reporting lines, Stanlib has been reclassified and included with the reporting structure of Liberty Life forming the segment Investment Management & Life Insurance.

²Restatements arising from further clarification of IFRS requirements in the second half of 2005, grossing up of minorities on property consortiums and adjustment of goodwill at acquisition of Capital Alliance Holdings Limited.

³Refer to page 66 for reconciliation to normalised results.

December 2005

	Dec 2005 IFRS as previously reported Rm	Stanlib ¹ Rm	Liberty Life ² Rm	Dec 2005 IFRS restated Rm
Income from banking activities	29 705	(762)		28 943
Net interest income	12 987	28		13 015
Interest income	38 697	(72)		38 625
Interest expense	25 710	(100)		25 610
Non-interest revenue	16 718	(790)		15 928
Income from investment management and life insurance activities	51 127	862	343	52 332
Net insurance premiums	18 979			18 979
Investment income and gains	30 982	93	356	31 431
Management and service fee income	1 166	769	(13)	1 922
Total income	80 832	100	343	81 275
Credit impairment charges	1 207			1 207
Benefits due to policyholders	41 004			41 004
Net insurance benefits and claims	32 816			32 816
Fair value adjustment to policyholders' liabilities under investment contracts	6 834			6 834
Fair value adjustment on third party fund interests	1 354			1 354
Income after credit impairment charges and policyholders' benefits	38 621	100	343	39 064
Operating expenses in banking activities	16 817	(414)	–	16 403
Staff costs	9 613	(243)		9 370
Other operating expenses	7 204	(171)		7 033
Operating expenses in investment management and life insurance activities	7 222	514	61	7 797
Acquisition costs – insurance and investment contracts	3 594			3 594
Other operating expenses	3 628	514	61	4 203
Net income before goodwill	14 582	–	282	14 864
Goodwill impairment	421			421
Net income before associates and joint ventures	14 161	–	282	14 443
Income from associates and joint ventures	226			226
Net income before indirect taxation	14 387	–	282	14 669
Indirect taxation	778			778
Profit before direct taxation	13 609	–	282	13 891
Direct taxation	4 312			4 312
Profit for the year	9 297	–	282	9 579
Attributable in minorities	639		282	921
Attributable to preference shareholders	226			226
Attributable to ordinary shareholders	8 432	–		8 432

¹As part of the re-alignment of executive focus and reporting lines, Stanlib has been reclassified and included with the reporting structure of Liberty Life forming the segment Investment Management & Life Insurance.

²Restatements arise from grossing up of minorities on property consortiums.

Group balance sheet restatements

June 2005

	June 2005 IFRS as previously reported Rm	Accrued interest ¹ Rm	Stanlib ² Rm	Liberty Life ³ Rm	Other reclassifi- cations ⁴ Rm	June 2005 IFRS restated ⁵ Rm
Assets						
Cash and balances with banks	60 994	32	283	34		61 343
Short-term negotiable securities	28 060	474	(298)		(4 155)	24 081
Derivative assets	103 434					103 434
Trading assets	33 550	335	(511)			33 374
Investments	141 923	337	533	(2 329)	4 155	144 619
Loans and advances	291 879	1 871	(7)		3 786	297 529
Current and deferred taxation	1 382			(1)		1 381
Other assets	31 219	(3 049)		51		28 221
Interest in associates in joint ventures	330			3 865		4 195
Goodwill and other intangible assets	2 105			514		2 619
Property and equipment	4 031			58		4 089
Total assets	698 907	–	–	2 192	3 786	704 885
Equity and liabilities						
Equity	37 642	–	–	2 219	–	39 861
Equity attributable to ordinary shareholders	30 498	–	–	(25)	–	30 473
Ordinary share capital	135					135
Ordinary share premium	2 405					2 405
Reserves	27 958			(25)		27 933
Preference share capital and premium	2 991					2 991
Minority interest	4 153			2 244		6 397
Liabilities	661 265	–	–	(27)	3 786	665 024
Derivative liabilities	103 322			17	3 786	107 125
Trading liabilities	28 992		(488)		(6 030)	22 474
Deposit and current accounts	366 495	1 670	(132)		6 030	374 063
Current and deferred taxation	5 332			436		5 768
Other liabilities	21 892	(1 795)	620	616		21 333
Policyholder liabilities	124 177			(1 096)		123 081
Subordinated bonds	11 055	125				11 180
Total equity and liabilities	698 907	–	–	2 192	3 786	704 885

¹Accrued interest has been reclassified to the asset or liability to which it relates.

²As part of the re-alignment of executive focus and reporting lines, Stanlib has been reclassified and included with the reporting structure of Liberty Life forming the segment Investment Management & Life Insurance.

³Restatements arising from further clarification of IFRS requirements in the second half of 2005, grossing up of minorities on property consortiums and adjustment of goodwill at acquisition of Capital Alliance Holdings Limited.

⁴Reclassifications of certain collateral and structured finance transactions to more appropriate line items, following a review of the substance of the underlying transactions.

⁵Refer to page 67 for reconciliation to normalised.

December 2005

	Dec 2005 IFRS as previously reported Rm	Stanlib ¹ Rm	Liberty Life ² Rm	Other reclassifi- cations ³ Rm	Dec 2005 IFRS restated Rm
Assets					
Cash and balances with banks	70 852	254			71 106
Short-term negotiable securities	30 313	(254)		(4 128)	25 931
Derivative assets	100 188				100 188
Trading assets	38 446	(15)			38 431
Investments	153 404	70	1 545	4 128	159 147
Loans and advances	334 128	(55)		4 656	338 729
Current and deferred taxation	990				990
Other assets	13 003		183		13 186
Disposal groups held for sale	2 380				2 380
Interest in associates and joint ventures	4 985				4 985
Goodwill and other intangible assets	2 453				2 453
Property and equipment	4 536		45		4 581
Total assets	755 678	–	1 773	4 656	762 107
Equity and liabilities					
Equity	39 964	–	1 728	–	41 692
Equity attributable to ordinary shareholders	32 931	–	–	–	32 931
Ordinary share capital	135				135
Ordinary share premium	2 107				2 107
Reserves	30 689				30 689
Preference share capital and premium	2 991				2 991
Minority interest	4 042		1 728		5 770
Liabilities	715 714	–	45	4 656	720 415
Derivative liabilities	98 826			4 656	103 482
Trading liabilities	21 462				21 462
Deposit and current accounts	412 462	(153)			412 309
Current and deferred taxation	6 926				6 926
Other liabilities	21 292	153	45		21 490
Disposal groups held for sale	1 267				1 267
Policyholder liabilities	140 835				140 835
Subordinated bonds	12 644				12 644
Total equity and liabilities	755 678	–	1 773	4 656	762 107

¹As part of the re-alignment of executive focus and reporting lines, Stanlib has been reclassified and included with the reporting structure of Liberty Life forming the segment Investment Management & Life Insurance.

²Restatements arise from grossing up of minorities on property consortiums.

³Reclassifications of certain collateral and structured finance transactions to more appropriate line items, following a review of the substance of the underlying transactions.

Key financial results and ratios – IFRS basis

		June 2006	Change %	June 2005	December 2005
Standard Bank Group					
Earnings					
Headline earnings	Rm	4 653	18	3 941	8 464
Profit attributable to ordinary shareholders	Rm	4 905	27	3 851	8 432
Other indicators					
Headline earnings per share	cents	384,0	17	327,4	702,3
Fully diluted headline earnings per share	cents	363,6	16	314,2	670,9
Earnings per share	cents	404,8	27	319,9	699,7
Fully diluted earnings per share	cents	383,3	25	307,1	668,4
Dividend cover	times	2,7		2,7	2,6
Total dividends per share	cents	144,0	18	122,0	267,0
Net asset value per share	cents	3 176	25	2 534	2 729
Ordinary shareholders' funds	Rm	38 593	27	30 473	32 931
ROE	%	26,6		26,7	27,8
Capital adequacy	%	14,7		15,0	14,2
Number of ordinary shares in issue					
– weighted average	thousands	1 211 650		1 203 775	1 205 169
– fully diluted weighted average	thousands	1 279 620		1 254 125	1 261 527

Other information

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Financial and other definitions

Normalised results

The financial results and ratios restated on an economic substance basis to adjust accounting anomalies on preference dividends receivable and payable, resulting from the Tutuwa initiative, and to reinstate deemed treasury shares eliminated against equity, but held for the benefit of policyholders. All results and ratios in this booklet are stated on a normalised basis unless otherwise indicated as being on an IFRS basis.

Standard Bank Group

CAGR (%)	Compound annual growth rate.
Dividend cover (times)	Normalised headline earnings per share divided by ordinary dividends per share.
Dividends per share (cents)	Total ordinary dividends declared per share in respect of the period.
Dividend yield (%)	Dividends per share as a percentage of the closing share price.
Earnings per share (EPS) (cents)	Earnings attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue.
Headline earnings (Rm)	Earnings attributable to ordinary shareholders excluding goodwill impairment, capital profits and losses, and recycled profits or losses on available-for-sale financial instruments.
Headline earnings per share (HEPS) (cents)	Headline earnings divided by the weighted average number of ordinary shares in issue.
Net asset value (Rm)	Equity attributable to ordinary shareholders.
Net asset value per share (cents)	Net asset value divided by the number of ordinary shares in issue at period end.
Price earnings ratio (times)	Closing share price divided by headline earnings per share.
Price-to-book (times)	Market capitalisation divided by net asset value.
Profit attributable to ordinary shareholders (Rm)	Profit for the period attributable to ordinary shareholders, calculated as profit for the period less dividends on non-redeemable, non-cumulative, non-participating preference shares declared before period end, less minority interests.
Profit for the period (Rm)	Income statement profit attributable to ordinary shareholders, minorities and preference shareholders for the period.
Return on equity (ROE) (%)	Headline earnings as a percentage of monthly average ordinary shareholders' funds.
Shares in issue (number)	Number of ordinary shares in issue as listed on the JSE.
Tutuwa	Tutuwa is the group's Black Economic Empowerment Ownership initiative entered into in terms of the Financial Sector Charter.
Weighted average number of shares (number)	The weighted average number of ordinary shares in issue during the period as recorded on the JSE.

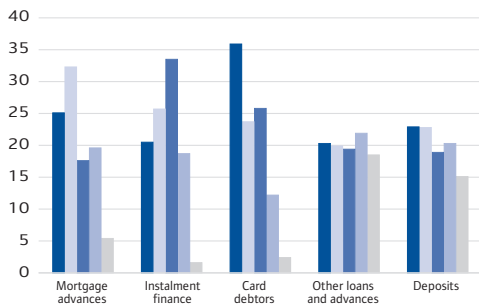
Banking activities

Cost-to-income ratio (%)	Operating expenses as a percentage of total income.
Credit loss ratio (%)	Total impairment charges on loans and advances per the income statement as a percentage of average daily and monthly gross loans and advances.
Effective taxation rate (%)	Direct and indirect taxation as a percentage of income before taxation.
Gross coverage ratio (%)	Non-performing loan impairments as a percentage of gross non-performing loans.
Impairment of non-performing loans (Rm)	Impairment for specific identified credit losses, net of the present value of estimated recoveries.
Impairment of performing loans (Rm)	Impairment for incurred credit events inherent in the performing loan book.
Net interest margin (NIM) (%)	Net interest income (NII) as a percentage of daily and monthly average total assets, excluding trading derivative assets.
Non-interest revenue to total income (%)	Non-interest revenue as a percentage of total income.
Outside Africa	All operations outside of Africa.
Rest of Africa	All operations in Africa, outside of South Africa.
Return on equity (ROE) (%)	Headline earnings, excluding Investment Management & Life Insurance, as a percentage of monthly average ordinary shareholders' funds, after deducting capital relating to Investment Management & Life Insurance.
Return on risk-weighted assets (%)	Headline earnings, excluding income from Investment Management & Life Insurance, as a percentage of average risk-weighted assets of the banking activities.

Supplementary information on a geographic basis

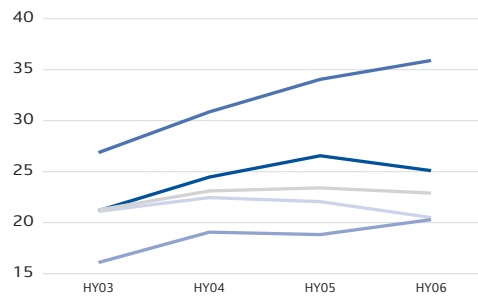
	South Africa					
	Personal & Business Banking Rm	Corporate & Investment Banking Rm	Stanlib Rm	Liberty Rm	Other domestic Rm	Total Rm
June 2006						
Total income	9 113	3 490	489	23 783	265	37 140
Normalised headline earnings	1 931	1 781	63	267	178	4 220
Average ordinary shareholders' equity	13 213	8 495	198	2 947	2 838	27 691
Total assets	228 842	295 770	6 866	178 529	1 494	711 501
Risk-weighted assets (average)	153 574	106 325	948	–	2 793	263 640
Number of employees	24 403	3 376	573	3 504	717	32 573
June 2005						
Total income	7 522	2 919	424	19 989	95	30 949
Normalised headline earnings	1 522	1 411	48	228	121	3 330
Average ordinary shareholders' equity	11 151	7 868	161	2 779	915	22 874
Total assets	178 807	234 691	1 152	147 849	4 437	566 936
Risk-weighted assets (average)	124 246	92 873	1 876	–	2 638	221 633
Number of employees	24 746	3 181	549	3 852	749	33 077

South African market share analysis (excluding securitisation) (%)



■ SBSA
■ Absa
■ FirstRand
■ Nedbank
■ Other

South African market share trend (excluding securitisation) (%)



— Mortgage advances
— Instalment finance
— Card debtors
— Other loans and advances
— Deposits

Personal & Business Banking Rm	Rest of Africa		Total Rm	Outside Africa		Central funding and eliminations Rm	Standard Bank Group Rm
	Corporate & Investment Banking Rm	Corporate & Investment Banking Rm		Corporate & Investment Banking Rm	Corporate & Investment Banking Rm		
975	649		1 624	1 941		251	40 956
155	181		336	248		65	4 869
1 328	1 498		2 826	5 960		4 142	40 619
18 096	16 336		34 432	228 946		(34 372)	940 507
8 723	9 837		18 560	60 382		772	343 354
5 646	557		6 203	1 825		–	40 601
890	582		1 472	1 513		237	34 171
161	166		327	319		150	4 126
1 179	1 330		2 509	5 660		3 773	34 816
15 215	12 214		27 429	144 624		(25 097)	713 892
7 604	8 576		16 180	46 797		632	285 242
5 431	537		5 968	1 469		–	40 514

Segmental income statement

June 2006

	Personal & Business Banking Rm	Corporate & Investment Banking Rm	Central and other Rm	Banking activities Rm	Investment Management & Life Insurance Rm	Standard Bank Group Rm
Income from banking activities	10 088	6 069	527	16 684		16 684
Net interest income	5 179	2 066	391	7 636		7 636
Interest income	11 480	11 278	(492)	22 266		22 266
Interest expense	6 301	9 212	(883)	14 630		14 630
Non-interest revenue	4 909	4 003	136	9 048		9 048
Fee and commission revenue	4 525	1 213	(13)	5 725		5 725
Trading revenue	–	2 296	(17)	2 279		2 279
Other revenue	384	494	166	1 044		1 044
Income from investment management and life insurance activities					24 272	24 272
Net insurance premiums					9 497	9 497
Investment income and gains					13 876	13 876
Management and service fee income					899	899
Total income	10 088	6 069	527	16 684	24 272	40 956
Credit impairment charges	1 103	197	–	1 300		1 300
Benefits due to policyholders					18 747	18 747
Net insurance benefits and claims					15 804	15 804
Fair value adjustments to policyholders' liabilities under investment contracts					2 730	2 730
Fair value adjustment on third party fund interests					213	213
Income after credit impairment charges and policyholders' benefits	8 985	5 872	527	15 384	5 525	20 909
Operating expenses in banking activities	5 773	3 197	69	9 039		9 039
Staff costs	2 801	2 020	249	5 070		5 070
Other operating expenses	2 972	1 177	(180)	3 969		3 969
Operating expenses in investment management and life insurance activities					2 777	2 777
Acquisition costs – insurance and investment contracts					1 196	1 196
Other operating expenses					1 581	1 581
Net income before goodwill	3 212	2 675	458	6 345	2 748	9 093
Goodwill impairment	–	4	–	4	–	4
Net income before associates and joint ventures	3 212	2 671	458	6 341	2 748	9 089
Income from associates and joint ventures	72	26	(1)	97	6	103
Net income before indirect taxation	3 284	2 697	457	6 438	2 754	9 192
Indirect taxation	218	79	3	300	136	436
Profit before direct taxation	3 066	2 618	454	6 138	2 618	8 756
Direct taxation	962	400	(35)	1 327	1 050	2 377
Profit for the period	2 104	2 218	489	4 811	1 568	6 379
Attributable to minorities	17	12		29	1 118	1 147
Attributable to preference shareholders	–	–	111	111	–	111
Attributable to ordinary shareholders	2 087	2 206	378	4 671	450	5 121
Headline adjustable items	(1)	4	(135)	(132)	(120)	(252)
Normalised headline earnings	2 086	2 210	243	4 539	330	4 869
Headline earnings IFRS	2 086	2 210	70	4 366	287	4 653
Return on equity (%)	28,9	27,9	7,0	24,4	21,2	24,2
Cost-to-income ratio (%)	57,2	52,7	13,1	54,2		
Net interest margin (%)	4,54	1,30		2,75		
Credit loss ratio (%)	1,02	0,26		0,70		
Average ordinary shareholders' equity	14 541	15 953	6 980	37 474	3 145	40 619
Average assets	229 814	321 717	8 634	560 165	–	560 165
Number of employees	30 049	5 758	717	36 524	4 077	40 601

June 2005

	Personal & Business Banking Rm	Corporate & Investment Banking Rm	Central and other Rm	Banking activities Rm	Investment Management & Life Insurance Rm	Standard Bank Group Rm
Income from banking activities	8 412	5 001	345	13 758		13 758
Net interest income	4 359	1 628	205	6 192		6 192
Interest income	10 372	10 736	(2 851)	18 257		18 257
Interest expense	6 013	9 108	(3 056)	12 065		12 065
Non-interest revenue	4 053	3 373	140	7 566		7 566
Fee and commission revenue	3 856	1 059	21	4 936		4 936
Trading revenue	–	1 885	20	1 905		1 905
Other revenue	197	429	99	725		725
Income from investment management and life insurance activities					20 413	20 413
Net insurance premiums					8 521	8 521
Investment income and gains					11 056	11 056
Management and service fee income					836	836
Total income	8 412	5 001	345	13 758	20 413	34 171
Credit impairment charges	726	(83)	(5)	638		638
Benefits due to policyholders					14 574	14 574
Net insurance benefits and claims					10 948	10 948
Fair value adjustments to policyholders' liabilities under investment contracts					2 565	2 565
Fair value adjustment on third party fund interests					1 061	1 061
Income after credit impairment charges and policyholders' benefits	7 686	5 084	350	13 120	5 839	18 959
Operating expenses in banking activities	5 069	2 710	(20)	7 759		7 759
Staff costs	2 613	1 634	200	4 447		4 447
Other operating expenses	2 456	1 076	(220)	3 312		3 312
Operating expenses in investment management and life insurance activities					3 846	3 846
Acquisition costs – insurance and investment contracts					2 254	2 254
Other operating expenses					1 592	1 592
Net income before goodwill	2 617	2 374	370	5 361	1 993	7 354
Goodwill impairment	13	5	–	18	397	415
Net income before associates and joint ventures	2 604	2 369	370	5 343	1 596	6 939
Income from associates and joint ventures	42	11	–	53	6	59
Net income before indirect taxation	2 646	2 380	370	5 396	1 602	6 998
Indirect taxation	179	62	18	259	124	383
Profit before direct taxation	2 467	2 318	352	5 137	1 478	6 615
Direct taxation	780	417	(76)	1 121	856	1 977
Profit for the period	1 687	1 901	428	4 016	622	4 638
Attributable to minorities	15	10	2	27	463	490
Attributable to preference shareholders	–	–	112	112	–	112
Attributable to ordinary shareholders	1 672	1 891	314	3 877	159	4 036
Headline adjustable items	11	5	(43)	(27)	117	90
Normalised headline earnings	1 683	1 896	271	3 850	276	4 126
Headline earnings IFRS	1 683	1 896	100	3 679	262	3 941
Return on equity (%)	27,3	25,5	11,6	24,2	18,8	23,7
Cost-to-income ratio (%)	60,3	54,2	(5,8)	56,4		
Net interest margin (%)	4,83	1,40		2,92		
Credit loss ratio (%)	0,85	(0,16)		0,45		
Average ordinary shareholders' equity	12 330	14 858	4 688	31 876	2 940	34 816
Average assets	181 958	234 784	11 615	428 357	–	428 357
Number of employees	30 177	5 187	749	36 113	4 401	40 514

Shareholder information

	June 2006		June 2005		December 2005	
	Number of shares (million)	% holding	Number of shares (million)	% holding	Number of shares (million)	% holding
Ten major shareholders⁽¹⁾						
Public Investment Corporation	174,6	12,8	167,1	12,3	175,2	13,0
Old Mutual Group	138,1	10,2	157,8	11,7	150,8	11,1
Tutuwa Group	102,3	7,6	102,3	7,6	102,3	7,6
– Staff	42,0	3,1	42,0	3,1	42,0	3,1
– Strategic partners	40,2	3,0	40,2	3,0	40,2	3,0
– Communities and regional businesses	20,1	1,5	20,1	1,5	20,1	1,5
Liberty Group ⁽²⁾	44,2	3,3	52,1	3,8	46,5	3,4
Investment Solutions	42,6	3,1	40,0	3,0	41,3	3,1
Sanlam Group	40,4	3,0	42,5	3,1	37,7	2,8
Dodge & Cox	15,3	1,1	9,5	0,7	10,1	0,7
Metlife	12,7	0,9	15,4	1,1	14,4	1,1
	570,2	42,0	586,7	43,3	578,3	42,8

¹ Beneficial holdings determined from the share register and investigations conducted on our behalf in terms of S140A of the Companies Act.

² Policyholders' funds.

Credit ratings

The latest credit ratings for Standard Bank Group are detailed below:

	Short-term	Long-term	Outlook
The Standard Bank of South Africa			
Fitch Ratings (July 2006)			
Foreign currency	F2	BBB+	Stable
Local currency		A-	Stable
National	F1+(zaf)	AA+(zaf)	Stable
Standard & Poor's (November 2005) public information rating			
Local currency		BBBpi	
Moody's Investors Services (January 2005) public information rating			
Bank deposit rating	P-2	Baa1	Stable
Standard International Holdings Limited			
Fitch Ratings (August 2005)			
Foreign currency	F2	BBB+	Stable
Moody's Investors Services (July 2005)			
Issuer rating		Baa2	Stable
Standard Bank Plc			
Fitch Ratings (August 2005)			
Foreign currency	F2	BBB+	Stable
Moody's Investors Services (July 2005)			
Issuer rating	P-2	Baa1	Stable
Liberty Life			
Fitch Ratings (June 2006)			
National Insurer Financial Strength		AA(zaf)	Stable
National Long-term		AA-(zaf)	Stable
RSA Sovereign ratings: Foreign currency			
Fitch Ratings		BBB+	
Standard & Poor's		BBB+	
Moody's Investors Services		Baa1	
RSA Sovereign ratings: Local currency			
Fitch Ratings		A	
Standard & Poor's		A+	
Moody's Investors Services		A2	

JSE Securities Exchange South Africa – share statistics

	June 2006	June 2005	December 2005
Share prices (cents)			
– High for the period	8 900	6 795	7 875
– Low for the period	6 850	5 750	5 750
– Closing	7 700	6 465	7 581
Shares traded			
– Number of shares (000)	577 897	380 519	841 835
– Value of shares (Rm)	46 415	23 985	56 387
– Turnover in shares traded (annualised) (%)	85,1	56,2	62,2
Number of shares in issue (million)			
– End of period	1 359	1 354	1 352
– Weighted average	1 356	1 354	1 353

Instrument codes

JSE Securities Exchange

Ordinary shares

Share code: SBK

ISIN code: ZAE000057378

6,5% cumulative preference shares

Share code: SBKP

ISIN code: ZAE000038881

Non-redeemable non-cumulative preference shares

Share code: SBPP

ISIN code: ZAE000056339

Deposit notes

Share code: SBR001

ISIN code: ZAE000077780

Bond Exchange of South Africa

Subordinated debt

SBK 3: ZAG000018086

SBK 5: ZAG000023078

SBK 6: ZAG000024043

SBK 7: ZAG000024894

SBK 8: ZAG000029679

SBK 9: ZAG000029687

Senior bond SBS1: ZAG000023235

Senior bond SBS2: ZAG000024522

Senior bond SBS3: ZAG000030586

Namibian Stock Exchange (NSX)

Ordinary shares

Share code: SNB

ISIN code: ZAE000057378

Dividend payment dates

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

	Ordinary shares	6,5% cumulative 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	74	74	4
Dividend per share (cents)	144	3,25	366,12
Dividend payment dates			
Last day to trade "CUM" dividend	Friday 8 September 2006	Friday 1 September 2006	Friday 1 September 2006
Shares trade "EX" dividend	Monday 11 September 2006	Monday 4 September 2006	Monday 4 September 2006
Record date	Friday 15 September 2006	Friday 8 September 2006	Friday 8 September 2006
Payment date	Monday 18 September 2006	Monday 11 September 2006	Monday 11 September 2006

Ordinary share certificates may not be dematerialised or rematerialised between Monday, 11 September 2006 and Friday, 15 September 2006, both days inclusive.

Preference share certificates (first and second) may not be dematerialised or rematerialised between Monday, 4 September 2006 and Friday, 8 September 2006, both days inclusive.

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