Audited results and dividend announcement

for the year ended 31 December 2007

Standard Bank

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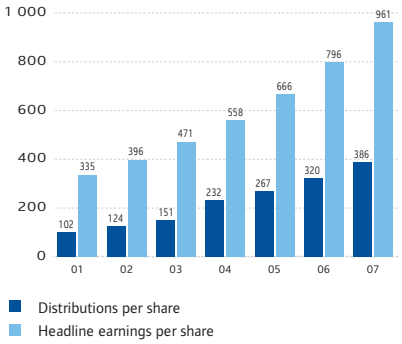
Key financial highlights

	Normalised Unaudited	Objectives 2007[1]	IFRS Audited
Return on equity (%)	24,8	24,0	26,7
Headline earnings growth (%)	22		25
Headline earnings per share (cents)	960,6		1 033,4
Headline earnings per share growth (%)	21	16,5[2]	23
Cost-to-income ratio[3] (%)	52,0	≤53,5	52,4
Credit loss ratio (%)	0,78	<0,75	0,79

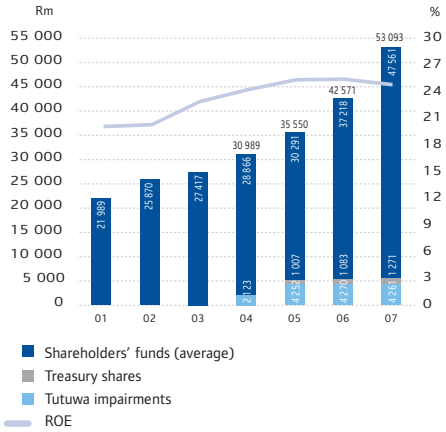
[1]Based on normalised results.
[2]10% above average South African inflation (CPIX) of 6,5%.
[3]Excluding profit on the sale of the remaining shares in MasterCard.

Headline earnings and distributions per share (cents)

CAGR (2001 – 2007): Headline earnings per share 19%
Distributions per share 25%



Return on ordinary equity



Overview of financial results

For Standard Bank, 2007 was a momentous year in which we:

- **weathered global financial market stresses not seen in the last decade;**
- **finalised acquisitions in the important emerging markets of Argentina, Turkey and Nigeria;**
- **negotiated and gained the necessary approvals for the historic transaction between Standard Bank and ICBC which resulted in us gaining a valuable strategic partner and a significant injection of tier one capital in a cost effective manner; and**
- **achieved financial results that met our published objectives for growth in headline earnings per share and return on equity.**

Operating conditions in local and international markets in the second half of the year contrasted starkly with the more favourable conditions in the six months to June 2007. Despite the worsening environment, Standard Bank Group continued to perform strongly, building on the excellent financial results achieved in the first half of the year. For the full year to 31 December 2007, headline earnings per share grew by 23,4% to 1 033,4 cents per share and the group achieved a return on equity of 26,7% on an IFRS basis. On a normalised basis, headline earnings per share grew by 20,6% and a return on equity of 24,8% was achieved. Normalised results, fully explained later in this announcement, adjust the IFRS results for two accounting anomalies that have distorted the results from an economic perspective with effect from 2004. The commentary that follows is based on the normalised results.

The global economy continued to expand rapidly in the first half of 2007, with growth exceeding 5%. In the second half of the year concerns about the US sub-prime market intensified, credit repriced sharply and liquidity contracted. The impact was pervasive, affecting high-yield corporate debt, asset-backed commercial paper, funding and capital markets.

South Africa weathered the credit market turmoil relatively well, but high oil and food prices took their toll. CPIX inflation breached the upper limit of the target range early in the second quarter of the year, and has stayed above the target ever since. This prompted the South African Reserve Bank to raise interest rates by a further 200 basis points over the year. Interest rates in South Africa are now 400 basis points higher than in June 2006. Of concern is the ratio of household debt to disposable income which reached 77,4% in the third quarter of 2007. Higher interest rates and household debt levels indicate heightened credit risk in South Africa, reflected in the higher levels of credit provisioning in the bank's results. Retail sales, vehicle sales and house prices, although buoyant for much of the year, finally succumbed to the impact of higher interest rates and stagnated towards the end of the year.

The group's strategy of building revenue streams in other emerging markets started to show results in 2007. While the growth contribution to headline earnings from the South African operations slowed to 15%, the businesses in the rest of Africa grew their contribution by 58% and operations outside Africa by 98%. South Africa remains the group's primary operating market, accounting for 82% of the total R13 billion in headline earnings for 2007 (2006: 87% of R11 billion).

Analysing the results by global business line, which is more reflective of the way the group's businesses are managed, Corporate & Investment Banking had an excellent year, growing headline earnings by 34%, while Personal & Business Banking grew by a more subdued 18%. Liberty Life (now incorporating 100% of Stanlib) grew its contribution to headline earnings by 15%.

Banking activities income statement analysis

Net interest income

Growth of 35% was achieved in net interest income – 39% in Personal & Business Banking and 33% in Corporate & Investment Banking. The strong increase in net interest income was driven by 26% growth in average assets across the group's banking operations together with wider net interest margins.

The net interest margin improved 19 basis points to 2,97%, due largely to the endowment impact of higher interest rates on shareholders' funds and transactional deposits. This was offset by a continued reliance on more

expensive wholesale funding to support strong growth in Personal & Business Banking lending, increased competition for term funding and higher central bank reserving costs.

Non-interest revenue

Net fee and commission revenue grew by 23%. The largest category, account transaction fees, grew 10% despite sub-inflation price increases in South Africa. A highlight was the 75% growth in knowledge based fee income, driven by advisory fees emanating from strong investment banking deal flow. Card based commissions grew by 16% as transactional turnover increased and customer numbers grew by 2%. Commission revenue in short-term insurance operations grew by 28% on the back of increased policy sales across the branch network.

Trading revenue grew by 49%, benefiting from increased client deal flow in volatile foreign exchange and interest rate markets. Foreign exchange trading revenues grew strongly across the group, particularly in the rest of Africa. Debt capital markets showed excellent results in the first half of the year and, given the extreme conditions in global credit markets, the second half presented fewer opportunities to generate revenue as the level of client activity slowed. Commodity trading outside Africa grew strongly off increased deal flow in the energy, base and precious metals sectors.

Growth in **other revenue** of 21% originated mainly from the profit of R459 million (2006: R157 million) realised on the sale of the remaining portion of the group's shares in MasterCard. The profit is excluded from headline earnings as it relates to realised gains transferred out of equity on a financial asset defined under IFRS as "available-for-sale". Property related revenue decreased due to the non-recurrence of substantial gains on property investments and lower dividends received from investments.

Credit impairment charges

The 68% increase in the group's credit impairment charge, to R4,6 billion, comprises an 86% increase in impairment charges for non-performing loans and a 16% increase in portfolio based provisions for performing loans. In Personal & Business Banking the total charge increased by 82% while in Corporate & Investment Banking the charge reduced from last year. The group's credit loss ratio increased to 0,78% from 0,60%, slightly outside the group's objective of 0,75% for this indicator.

In Personal & Business Banking, the largest increase in impairment charges came in the mortgage business. Higher inflation and interest rates contributed to a 129% increase in non-performing mortgage loans, resulting in a 171% higher income statement charge for this product. The credit loss ratio for mortgages is 0,54% (2006: 0,27%).

In instalment sale and finance leases, the weaker economic conditions and growth in higher risk dealer originated business increased non-performing loans by 116%. Recovery values in the used passenger market have also deteriorated and indications of increased defaults in the business portfolio are being monitored. Credit impairment charges have increased by 90% and the credit loss ratio in this product is 1,49% (2006: 1,09%).

Credit card customers felt the pinch of rising inflation on disposable income and non-performing loans increased by 46%. Credit impairment charges increased by 48% and the credit loss ratio in this product is 7,20% (2006: 7,03%), well within the group's previous guidance of 7% to 9% through an economic cycle.

The credit loss ratio in Corporate & Investment Banking improved to 0,09% (2006: 0,15%), mainly as a result of doubtful debt rehabilitations in the property finance portfolio.

Operating expenses

Operating expenses increased by 29%, comprising 32% growth in staff costs and 26% in other operating expenses. Excluding recent acquisitions, cost growth amounted to 23% in total, and 26% and 18% in staff costs and other operating expenses respectively. The cost-to-income ratio improved from 52,7% to 52,0% (excluding the capital gain realised on the disposal of MasterCard shares) and the "jaws gap" (income growth less cost growth) remained positive at 2,4% (2006: 6,1%).

The increase in staff costs was driven by a 17% larger staff complement as the group built scale and upskilled management in key markets. Incentive pay provisions increased in line with business performance. The incentive-based remuneration component of total staff costs increased from 31% to 34%, reflecting improved flexibility in staff costs.

The increase in other operating expenses was largely attributable to higher levels of business activity and continued expansion. The group's largest cost component besides staff costs was information technology, which grew by 24% largely as a result of investments in systems development for compliance and risk related projects, increased maintenance costs, higher ATM network and data line expenses.

Balance sheet analysis

Loans and advances grew by 28% in the year, 3% of which related to acquisitions. Organic growth of 25% was achieved in Personal & Business Banking and 26% in Corporate & Investment Banking.

Activity in the Personal & Business Banking market segment remained buoyant for most of the year but towards the end of the year the impact of higher interest rates started to dampen the strong growth momentum built up in recent years. Mortgage loans grew by 29% with growth of 9% in the average value of new registrations, a decline in cancellations and prepayments and increased use of access bond facilities. Further advances on existing mortgages represented 17% (2006: 18%) of total new business. Instalment sale and finance leases grew by 22% excluding loans acquired with the acquisition of BankBoston in Argentina, due to a strong increase in dealer originated new vehicle business. The motor to non-motor ratio of this book is 58:42 (2006: 61:39). Card debtors increased by 31%, demonstrating slower growth than in previous years as credit granting criteria were tightened. Overdrafts and other demand loans grew by 22% due to the growth in the number of personal and business current accounts as well as increased utilisation of existing facilities.

Corporate & Investment Banking grew loans and advances by 26%, excluding loans consolidated through acquisitions. Loans granted to customers grew by 40%, driven by new product offerings, a general increase in customer demand and a number of specialised finance and energy finance transactions outside Africa. Structured finance transactions in the rest of Africa and other corporate lending transactions in South Africa also contributed to this growth. Infrastructure financing is gaining momentum, with progress made during the year on several toll road, port and airport mandates across Africa.

The group's liquidity position remains healthy and short-term marketable assets exceeded the minimum prudential requirements by R60 billion at year end. The structural liquidity mismatch position continues to be closely monitored and the group's long-term funding ratio was increased to 17,8% from 15,5% in the prior year.

Capital and Basel II

The implementation of Basel II on 1 January 2008 has provided the group with an internationally recognised framework incorporating best practice in capital and risk management. The capability that this implementation has developed in the way the group manages its business is recognised and welcomed. The group has invested significant resources over the past seven years in developing the systems and processes to support Basel II and related risk management processes. Over the last year, the group significantly enhanced its internal economic capital and stress testing methodologies. The South African regulator's approval of the group's target approaches of AIRB (advanced internal rating based approach) for credit risk, TSA (the standardised approach) for operational risk and internal models for market risk, was an important milestone in validating these efforts.

The conversion from Basel I to Basel II has led to increased risk-weighted exposures and lower qualifying capital, resulting in lower capital adequacy ratios. As expected, lower exposures in Personal & Business Banking were offset by higher risk-weighted exposures in Corporate & Investment Banking portfolios and the addition of operational risk which was not measured under Basel I. The *pro-forma* impact of conversion to Basel II is illustrated below.

	2007 Basel I Rbn	**2007 *Pro-forma* Basel II Rbn**
Risk-weighted exposures		
Credit risk	**461**	**465**
Trading/market risk	**63**	**54**
Operational risk	**–**	**56**
Total	**524**	**575**
Qualifying capital	**76**	**65**
Group capital adequacy ratios		
Tier I (%)	**10,4**	**8,5**
Total (%)	**14,4**	**11,3**

The group issued USD85 million, Euro100 million and R300 million in Tier III capital, and USD355 million in Tier II capital. The group also refinanced part of its Tutuwa BEE structure, releasing R1 billion in regulatory Tier I capital. Subordinated debt to the value of R882 million was redeemed during the year.

Distributions to shareholders

The group's policy to declare both interim and year-end distributions at a cover ratio of 2,5 times normalised headline earnings remains unchanged. A final dividend of 205 cents per share (2006: 176 cents) has been declared, an increase of 16% on last year's final dividend. The total amount distributed to shareholders in respect of the 2007 financial year was 21% higher than in the prior year.

Financial Sector Charter

Standard Bank remains committed to the principles of the Financial Sector Charter (charter). The bank concurs with the need to harmonise the charter and the Broad-based Black Economic Empowerment Codes of Good Practice legislated in 2007, and is working hard to achieve this without losing certain sector specific targets agreed to in the charter which are of significant national importance. The harmonisation process continues.

The bank's most pleasing achievement in relation to charter targets has been in the area of employment equity. Black managers comprised 49% of Standard Bank management in South Africa at the end of 2007.

Major acquisitions concluded in 2007

BankBoston in Argentina

The group obtained approval from both South African and Argentine regulators for its acquisition of the assets and liabilities of BankBoston Argentina, with effect from 1 April 2007. The transaction resulted in negative goodwill of R382 million which was accounted for as a gain in the income statement, but excluded from headline earnings. The incorporation of this entity into the group has progressed well with minimal disruption and it contributed R129 million to the group's headline earnings and R511 million to earnings.

IBTC Chartered Bank Plc (IBTC) in Nigeria

Regulatory approval was granted to the group on 24 September 2007 to obtain a controlling interest in IBTC through the sale of its Nigerian operations, Stanbic Bank (Nigeria) Limited, to IBTC in exchange for a 33,3% share in the combined entity, and Standard Bank's acquisition of a further 16,8% of the enlarged entity for R2,8 billion. IBTC has been consolidated with effect from 1 October 2007 and added R67 million to the group's earnings in the three months to 31 December 2007. The transaction resulted in goodwill and intangible assets, based on preliminary purchase price allocation, of R3,0 billion being recognised, and a gain of R534 million on the partial disposal of Stanbic Bank (Nigeria) Limited which has been accounted for directly in equity. The valuation of the intangible assets as part of the purchase price allocation is in progress. The integration of IBTC is well underway.

Acquisition of CFC Bank in Kenya

The group has concluded an agreement with CFC Bank to dispose of its shareholding in Stanbic Bank Kenya to CFC Bank in exchange for a 41,4% share in the merged bank, and to simultaneously acquire further shares worth approximately USD90 million to ensure a controlling interest of 60% therein. This transaction is still subject to regulatory approvals and is unlikely to have a significant impact on group results. If approved, it will expand the group's African network and create a stronger presence in East Africa.

Strategic partnership with Industrial and Commercial Bank of China (ICBC)

The strategic partnership between Standard Bank Group and ICBC, pursuant to which ICBC became a supportive, non-controlling 20% minority shareholder in Standard Bank Group, was announced on 25 October 2007. The key features of the deal are the issue of 152,5 million new ordinary shares to ICBC at R104,58 per share and the acquisition by ICBC of 152,5 million ordinary shares from existing shareholders at R136,00 per share, for a total consideration of R36,7 billion.

The two transactions were approved by the shareholders of both Standard Bank and ICBC at general meetings held on 3 December 2007 and 13 December 2007 respectively, with 97% of Standard Bank shareholders voting in favour of the transaction. The last of the conditions precedent to the transaction was fulfilled on 14 February 2008. The operative date of the scheme was 3 March 2008, on which date the scheme consideration was paid into shareholders' accounts, share balances

updated and new shares issued. The first strategic co-operation committee meeting, jointly chaired by Jacko Maree and President of ICBC, Yang Kaisheng, is scheduled to take place during March in Beijing.

In addition to the co-operation benefits that the transaction provides, Standard Bank has raised new capital required to continue growing its franchise in its chosen markets at a time when bank capital has become a very scarce resource.

This transaction is expected to affect the group's results as follows: revenue benefits of approximately USD50 million are expected to arise from the business co-operation agreements in the first year of co-operation, and by the third year of co-operation, the annual revenue benefits are expected to amount to approximately USD180 million. For 2008, return on equity is expected to be diluted, given that the new equity capital will take time to employ and growth in headline earnings per share is expected to be slower as a result of the dilutive impact of the new shares in issue and the relatively low initial return on ungeared capital. The group's longer-term growth prospects are however substantially enhanced.

Prospects

The outlook for global economic growth has deteriorated significantly in the past six months. Dislocations in developed financial markets have inevitably had a knock-on effect in developing markets and South Africa has not been immune. Growth rates in the markets in which we operate are expected to slow in 2008. Operating conditions will however create both risks and opportunities across the group's diverse financial services operations. The board is confident that with our skilled and passionate people, and highly disciplined approach to risk management, the group is well positioned to manage these risks and capitalise on the opportunities.

Over the next few years the group will focus on identifying suitable capital deployment opportunities for the capital inflow arising from the transaction with ICBC to ensure appropriate shareholder returns.

The group's medium-term financial objectives remain unchanged: a normalised return on equity of 22,5%, and normalised headline earnings per share growth of average South African inflation (CPIX) plus 10 percentage points. In 2008, returns are anticipated to be slightly reduced by the prevailing economic conditions but more significantly impacted by the short-term financial effects of the ICBC transaction. Consequently, the group's financial objectives for the year ahead have been revised downwards to 21% for normalised return on equity and to average South African inflation (CPIX) plus 5 percentage points for growth in normalised headline earnings per share.

Jacko Maree
Chief executive

Derek Cooper
Chairman

Johannesburg
4 March 2008

Declaration of dividends

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

- Ordinary dividend No. 77 of 205 cents per ordinary share (share codes: SBK and SNB, ISIN: ZAE000109815), payable on Monday, 14 April 2008, to ordinary shareholders recorded in the books of the company at the close of business on the record date, Friday, 11 April 2008. The last day to trade to participate in the dividend is Friday, 4 April 2008. Ordinary shares will commence trading ex-dividend from Monday, 7 April 2008.
- 6,5% first cumulative preference shares (first preference shares) dividend No. 77 of 3,25 cents per first preference share (share code: SBKP, ISIN: ZAE000038881), payable on Monday, 7 April 2008, to holders of first preference shares recorded in the books of the company at the close of business on the record date, Friday, 4 April 2008. The last day to trade to participate in the dividend is Friday, 28 March 2008. First preference shares will commence trading ex-dividend from Monday, 31 March 2008.
- Non-redeemable, non-cumulative, non-participating preference shares (second preference shares) dividend No. 7 of 482,03 cents per second preference share (share code: SBPP, ISIN: ZAE000056339), payable on Monday, 7 April 2008, to holders of second preference shares recorded in the books of the company at the close of business on the record date, Friday, 4 April 2008. The last day to trade to participate in the dividend is Friday, 28 March 2008. Second preference shares will commence trading ex-dividend from Monday, 31 March 2008.

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	ZAE000109815	ZAE000038881	ZAE000056339
Namibian Stock Exchange (NSX)			
Share code	SNB		
ISIN	ZAE000109815		
Dividend number	77	77	7
Dividend per share (cents)	205	3,25	482,03
Dividend payment dates			
Last day to trade *"CUM"* dividend	Friday 4 April 2008	Friday 28 March 2008	Friday 28 March 2008
Shares trade *"EX"* dividend	Monday 7 April 2008	Monday 31 March 2008	Monday 31 March 2008
Record date	Friday 11 April 2008	Friday 4 April 2008	Friday 4 April 2008
Payment date	Monday 14 April 2008	Monday 7 April 2008	Monday 7 April 2008

Ordinary share certificates may not be dematerialised or rematerialised between Monday, 7 April 2008 and Friday, 11 April 2008, both days inclusive.

Preference share certificates (first and second) may not be dematerialised or rematerialised between Monday, 31 March 2008 and Friday, 4 April 2008, both days inclusive.

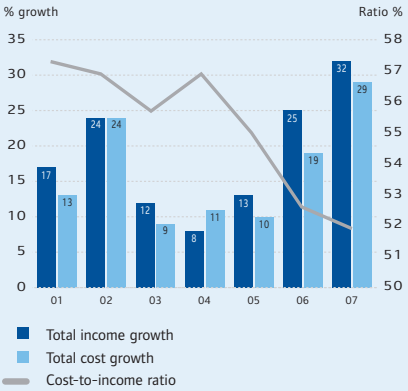
Where applicable, dividends in respect of certificated shares will be transferred electronically to shareholders' bank accounts on the payment date. In the absence of specific mandates, dividend cheques will be posted to shareholders. Preference shareholders who have dematerialised their share certificates will have their accounts at their CSDP or broker credited on Monday, 7 April 2008. Ordinary shareholders who have dematerialised their share certificates will have their accounts at their CSDP or broker credited on Monday, 14 April 2008.

On behalf of the board

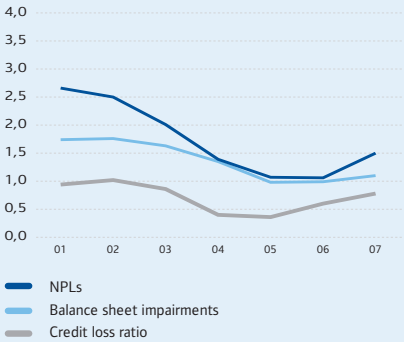
Loren Wulfsohn
Group secretary

Normalised results (Unaudited)

Cost and income growth (%)



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



With effect from 2004, the group has adjusted its results reported under International Financial Reporting Standards (IFRS) for two required accounting conventions that do not reflect the underlying economic substance of the transactions. Consistent with prior years, the IFRS results have been adjusted for the following items to arrive at the normalised results:

- preference share funding for the group's Black Economic Empowerment Ownership initiative (Tutuwa) transaction that is deducted from equity and reduces the shares in terms of IFRS; and
- group company shares held for the benefit of Liberty Life policyholders that result in a reduction in the number of shares and the exclusion of fair value adjustments and distributions on these shares. The IFRS treatment causes an accounting mismatch between income from investments and changes in policyholders' liabilities.

On 20 December 2007 the group entered into a financing arrangement that effectively externalised R1 billion of the preference share financing provided in terms of the group's Tutuwa initiative. This transaction resulted in the release of 24,7 million shares previously deemed by IFRS to be "treasury shares". As the transaction took place close to the end of the financial period the impact on the weighted average number of shares was insignificant. The result of these adjustments is as follows:

Normalised headline earnings

for the year ended 31 December 2007

	Weighted average number of shares '000	Headline earnings Rm	Growth on 2006 %
Disclosed on an IFRS basis	1 230 961	12 721	25
Tutuwa initiative	98 378	358	
Group shares held for the benefit of Liberty Life policyholders	39 884	74	
Normalised	1 369 223	13 153	22

Normalised financial statistics

for the year ended 31 December

	% change	2007	2006
Standard Bank Group			
Number of ordinary shares in issue (000's)			
– end of period		**1 372 597**	1 362 633
– weighted average		**1 369 223**	1 358 415
– diluted weighted average		**1 388 217**	1 380 416
Cents per ordinary share			
Headline earnings	21	**960,6**	796,4
Diluted headline earnings	21	**947,5**	783,7
Total distributions	21	**386,0**	320,0
Earnings	25	**1 028,5**	820,7
Diluted earnings	26	**1 014,5**	807,6
Net asset value	20	**4 255**	3 548
Financial performance (%)			
ROE		**24,8**	25,4
Net interest margin		**2,97**	2,78
Credit loss ratio		**0,78**	0,60
Cost-to-income ratio		**51,6**	52,5
Cost-to-income ratio excluding capital profit on MasterCard		**52,0**	52,7

Normalised headline earnings contribution by business unit

for the year ended 31 December

Rm	% change	2007	2006
Personal & Business Banking	18	**5 661**	4 816
Corporate & Investment Banking	34	**6 765**	5 033
Central and other	(>100)	**(246)**	126
Central and other – IFRS		**(572)**	(208)
Tutuwa adjustments	(2)	**326**	334
Banking activities	22	**12 180**	9 975
Liberty Life	15	**973**	843
Liberty Life – IFRS	59	**867**	547
Policyholders' deemed treasury shares and Tutuwa adjustment	(64)	**106**	296
Standard Bank Group	22	**13 153**	10 818

Abridged audited results prepared in accordance with IFRS

Consolidated income statement

for the year ended 31 December

Rm	% change	2007	2006
Income from banking activities	32	**47 296**	35 819
Net interest income	35	**22 549**	16 654
Non-interest revenue	29	**24 747**	19 165
Income from investment management and life insurance activities	(16)	**49 834**	59 344
Total income	2	**97 130**	95 163
Credit impairment charges	68	**4 590**	2 733
Benefits due to policyholders	(22)	**37 153**	47 896
Income after credit impairment charges and policyholders' benefits	24	**55 387**	44 534
Operating expenses in banking activities	29	**24 706**	19 105
Operating expenses in investment management and life insurance activities	14	**7 423**	6 486
Net income before goodwill	23	**23 258**	18 943
Goodwill (gain)/impairment	(>100)	**(376)**	15
Net income before associates and joint ventures	25	**23 634**	18 928
Share of profit from associates and joint ventures	29	**355**	275
Net income before indirect taxation	25	**23 989**	19 203
Indirect taxation	41	**1 185**	841
Profit before direct taxation	24	**22 804**	18 362
Direct taxation	6	**6 232**	5 852
Profit for the year	32	**16 572**	12 510
Attributable to minorities	43	**2 471**	1 723
Attributable to preference shareholders	67	**450**	269
Attributable to ordinary shareholders	30	**13 651**	10 518
Basic earnings per share (cents)	28	**1 109,0**	864,5
Diluted earnings per share (cents)	27	**1 044,1**	820,1

Headline earnings

for the year ended 31 December

Rm	% change	2007	2006
Group profit attributable to ordinary shareholders	30	**13 651**	10 518
Headline earnings adjustable items added back or reversed[1]		**(966)**	(601)
Goodwill (gain)/impairment – IFRS 3		**(376)**	15
Profit on sale of property and equipment – IAS 16		**(61)**	(53)
Impairment of property and equipment – IAS 16		**10**	9
Gains on disposal of businesses and divisions – IAS 27		**(6)**	(374)
Impairment of intangibles – IAS 38		**26**	–
Investment gains on available-for-sale assets – IAS 39		**(559)**	(198)
Taxation on headline earnings adjustable items		**32**	14
Minority share of headline earnings adjustable items		**4**	257
Headline earnings	25	**12 721**	10 188

[1]*These headline earnings adjustable items have been included in the calculation of normalised headline earnings disclosed on page 8 and 9.*

Segment report

for the year ended 31 December

Rm	% change	2007	2006
Revenue contribution by business unit			
Personal & Business Banking	29	**27 075**	20 911
Corporate & Investment Banking	37	**19 756**	14 452
Central and other	1	**812**	803
Banking activities	32	**47 643**	36 166
Liberty Life	(17)	**50 320**	60 410
Standard Bank Group – Normalised	1	**97 963**	96 576
Adjustments for IFRS	(41)	**(833)**	(1 413)
Standard Bank Group – IFRS	2	**97 130**	95 163
Profit and loss attributable to ordinary shareholders			
Personal & Business Banking	18	**5 710**	4 844
Corporate & Investment Banking	35	**6 805**	5 029
Central and other	88	**593**	315
Banking activities	29	**13 108**	10 188
Liberty Life	2	**975**	960
Standard Bank Group – Normalised	26	**14 083**	11 148
Adjustments for IFRS	(31)	**(432)**	(630)
Standard Bank Group – IFRS	30	**13 651**	10 518

Financial statistics

for the year ended 31 December

	% change	2007	2006
Standard Bank Group			
Number of ordinary shares in issue (000's)			
– end of period		**1 256 916**	1 224 856
– weighted average		**1 230 961**	1 216 687
– diluted weighted average		**1 307 414**	1 282 478
Cents per ordinary share			
Headline earnings	23	**1 033,4**	837,4
Diluted headline earnings	22	**973,0**	794,4
Total distributions	21	**386,0**	320,0
Basic earnings	28	**1 109,0**	864,5
Diluted earnings	27	**1 044,1**	820,1
Net asset value	22	**4 270**	3 504
Financial performance (%)			
ROE		**26,7**	27,4
Net interest margin		**2,94**	2,74
Credit loss ratio		**0,79**	0,60
Cost-to-income ratio		**51,9**	53,0
Cost-to-income ratio excluding capital profit on MasterCard		**52,4**	53,2
Capital adequacy (%)			
Capital ratio			
– tier I capital		**10,4**	10,8
– total capital		**14,4**	14,8

Contingent liabilities and capital commitments

as at 31 December

Rm	**2007**	2006
Letters of credit	**14 299**	9 133
Guarantees	**31 916**	23 367
Irrevocable unutilised facilities	**47 172**	51 436
	93 387	83 936
Capital commitments		
Contracted capital expenditure	**161**	309
Capital expenditure authorised but not yet contracted	**4 156**	1 682
	4 317	1 991

Consolidated balance sheet

as at 31 December

Rm	% change	2007	2006
Assets			
Cash and balances with central banks	44	**20 618**	14 343
Financial investments, trading and pledged assets	9	**331 596**	303 343
Loans and advances	29	**646 781**	502 519
Loans and advances to banks	10	**98 631**	89 785
Loans and advances to customers	33	**548 150**	412 734
Investment property	13	**14 937**	13 200
Derivative and other assets	19	**141 968**	118 850
Interest in associates and joint ventures	43	**12 293**	8 584
Goodwill and other intangible assets	>100	**6 666**	2 374
Property and equipment	38	**7 216**	5 242
Total assets	22	**1 182 075**	968 455
Equity and liabilities			
Equity	25	**68 436**	54 708
Equity attributable to ordinary shareholders	25	**53 671**	42 916
Ordinary share capital	1	**137**	136
Ordinary share premium	(47)	**1 231**	2 303
Reserves	29	**52 303**	40 477
Preference share capital and premium		**5 503**	5 503
Minority interest	47	**9 262**	6 289
Liabilities	22	**1 113 639**	913 747
Deposit and current accounts	29	**705 843**	545 164
Deposits from banks	42	**72 372**	51 093
Deposits from customers	28	**633 471**	494 071
Derivative, trading and other liabilities	10	**200 691**	182 115
Policyholders' liabilities	10	**186 137**	168 898
Subordinated debt	19	**20 968**	17 570
Total equity and liabilities	22	**1 182 075**	968 455

Consolidated cash flow information

for the year ended 31 December

Rm	2007	2006
Net cash from operating activities	**32 694**	23 763
Net cash used in operating funds	**(14 956)**	(14 048)
Net cash used in investing activities	**(14 001)**	(13 511)
Net cash (used in)/from financing activities	**(1 115)**	2 187

Statement of changes in equity

for the year ended 31 December

Rm	Ordinary shareholders' funds	Preference share capital and premium	Minority interest	Total equity
Balance at 1 January 2006	32 931	2 991	5 770	41 692
Change in accounting policy	(276)		(126)	(402)
Restated balance at 1 January 2006	32 655	2 991	5 644	41 290
Total recognised income and expenses	13 619	269	1 968	15 856
Profit for the year	10 518	269	1 723	12 510
Items accounted for directly in reserves	3 101		245	3 346
Currency translation movement and hedging	2 173		10	2 183
Cash flow hedging and available-for-sale revaluations	965			965
Change in shareholding of subsidiaries	(133)		(315)	(448)
Other reserve movements	96		550	646
Issue of share capital and premium	299	2 512	57	2 868
Share buy-backs	(102)			(102)
Net dividends paid	(3 555)	(269)	(1 380)	(5 204)
Balance at 31 December 2006	42 916	5 503	6 289	54 708
Balance at 1 January 2007	**42 916**	**5 503**	**6 289**	**54 708**
Total recognised income and expenses	**14 293**	**450**	**3 896**	**18 639**
Profit for the year	**13 651**	**450**	**2 471**	**16 572**
Items accounted for directly in reserves	**642**		**1 425**	**2 067**
Currency translation movement and hedging	**155**		**(52)**	**103**
Cash flow hedging and available-for-sale revaluations	**194**			**194**
Change in shareholding of subsidiaries	**665**		**1 384**	**2 049**
Other reserve movements	**(372)**		**93**	**(279)**
Issue of share capital and premium	**300**		**73**	**373**
Share buy-backs	**626**		**(455)**	**171**
Net distributions paid	**(4 464)**	**(450)**	**(541)**	**(5 455)**
Balance at 31 December 2007	**53 671**	**5 503**	**9 262**	**68 436**

Private equity associates and joint ventures[1]

Rm	2007	2006
Cost	**198**	99
Carrying value	**317**	254
Fair value	**383**	274
Loans to associates and joint ventures	**442**	204
Equity accounted income	**144**	72
Other income from associates and joint ventures	**–**	–
Profit or loss on disposal of associates and joint ventures	**–**	–

[1]*These associates and joint ventures are accounted for using the equity method and are subject to the headline earnings exemption for listed banks.*

Major business acquisitions

Rm	BankBoston Argentina	IBTC Nigeria
Date of acquisition	**1 April 2007**	**24 September 2007**
Percentage of voting equity instruments acquired (%)	**76,68**	**50,10**
Contribution to revenue if acquisition occurred on 1 January 2007	**1 378**	**1 099**
Contribution to net profit if acquisition occurred on 1 January 2007[1]	**177**	**227**
The details of the fair value of the assets and liabilities acquired and goodwill arising are as follows[2]:		
Cash and balances with central banks	**1 796**	**1 514**
Trading assets and financial investments	**1 839**	**3 255**
Loans and advances	**9 865**	**3 922**
Property, equipment, intangibles and other assets	**690**	**1 263**
Deposit and current accounts	**(12 589)**	**(4 171)**
Derivatives and other liabilities	**(835)**	**(3 388)**
Net asset value	**766**	**2 395**
Less: minority interest	**(355)**	**(1 195)**
Goodwill/(excess)[3]	**(382)**	**2 998**
Cost of acquisition	**29**	**4 198**
Less: fair value of 49,9% of subsidiary effectively disposed to minorities[4]		**(1 377)**
Cash consideration paid	**29**	**2 821**

[1]*Excludes excess recognised as a goodwill gain.*
[2]*Carrying amounts approximate fair values.*
[3]*Goodwill represents the premium paid for control and excess represents negative goodwill on acquisition.*
[4]*Fair value of the equity instruments of the subsidiary was determined with reference to the listed share price of IBTC Nigeria.*

Accounting policies

Basis of preparation

The abridged consolidated financial statements are prepared in accordance with, and comply with International Financial Reporting Standards (IFRS) and the South African Companies Act. The consolidated financial statements are prepared in accordance with the going concern principle under the historical cost basis as modified by the revaluation of certain assets and liabilities where required or elected in terms of IFRS.

Changes in accounting policies

The accounting policies are consistent with those adopted in the previous year except for:

- The adoption of IFRS 7 *Financial Instruments: Disclosures*. This new standard has not changed the recognition of financial instruments but has resulted in the reclassification of certain financial assets and fee expenses.
- The adoption of other accounting standards and interpretations issued with an effective date of 1 January 2007. The adoption of these standards and interpretations has not had a material effect on the results, nor has it required any restatements of the results.
- The early adoption of IFRS 8 *Operating Segments*. The standard has no impact on the group's results but has impacted the format of disclosure and measurement of the results of reportable segments.
- The early adoption of IFRIC 11 *IFRS 2 Group and Treasury Share Transactions*. The group's accounting treatment already complies with this interpretation and it has therefore not impacted the group's results or position.
- The group changing its accounting policies relating to:
  - transactions with minority shareholders where the group purchases an additional interest from minority shareholders or sells a portion of its interest to minority shareholders, while the group controls the entities both before and after the transaction. Any excess of the purchase consideration over the group's proportionate share of the additional net asset value of a subsidiary acquired is now accounted for directly in equity. Previously, the group accounted for the excess as goodwill. Any profit or loss on the partial disposal of the group's interest in a subsidiary is also accounted for directly in equity. Previously, the group accounted for the profit or loss on partial disposal in the income statement;
  - the measurement of investment guarantees, in terms of actuarial Practice Guidance Note 110, on certain insurance contracts. The new model will more accurately reflect fair value. The cumulative impact is not material to the group's results; and
  - certain modelling (valuation) changes in respect of insurance contracts. These changes have influenced expected cash flows and ultimately liability determined values as well as timing of profit recognition on the individual insurance policies. The cumulative financial impact is not material.

Other reclassifications

Following a review of interest rate swap transactions, interest income has now been set-off against corresponding interest expense amounts.

Audit opinion on the annual financial statements

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

Standard Bank Group Limited

Registration No. 1969/017128/06

Incorporated in the Republic of South Africa

Directors:

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

**Executive director* *#British* *##Ghanaian*

Group secretary:

L Wulfsohn

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