Analysis of financial results

for the year ended 31 December 2005

Standard Bank

Contents

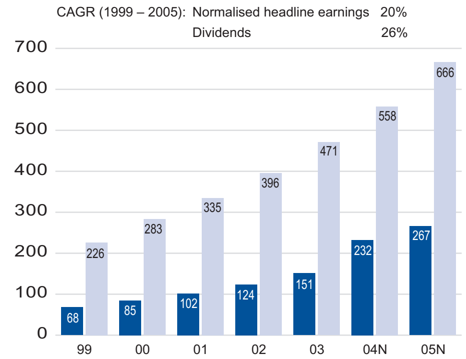
Our stakeholders are our business.

Group results in brief

	Financial objectives 2005
Headline earnings normalised[1] of R9 013 million, 20% up	
Headline earnings of R8 464 million, 12% up	
Headline earnings per ordinary share normalised[1] of 666,0 cents, 19% up	13,9% (10,0% above CPIX of 3,9%)
Headline earnings per ordinary share of 702,3 cents, 23% up	
Dividend covered 2,5 times by normalised[1] headline earnings per share (2004: 2,5 times)	
Total dividends per ordinary share of 267 cents, 15% up	
Cost-to-income ratio 56,6% (2004: 58,0%)	≤55,5%
Credit loss ratio 0,41% (2004: 0,43%)	<0,75%
Net currency translation gain recognised in reserves, R397 million (2004: R1 272 million reversal)	
ROE normalised[1] 25,2% (2004: 24,2%)	22,5%
ROE of 27,8% (2004: 26,0%)	

[1] *Results normalised to reflect legal and economic substance of Black Ownership Initiative and deemed treasury shares held for the benefit of Liberty Life policyholders. Refer page 17 for explanation.*

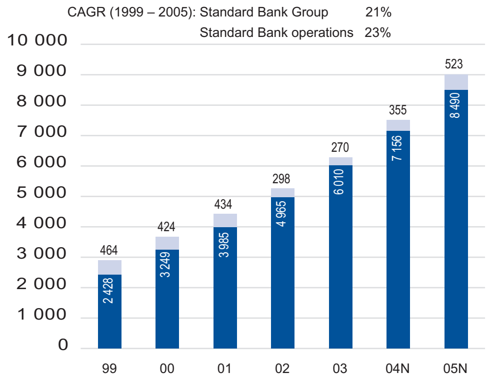
Headline earnings and dividends per share (cents)



- Headline earnings per share
- Dividends per share

N Normalised

Headline earnings (Rm)



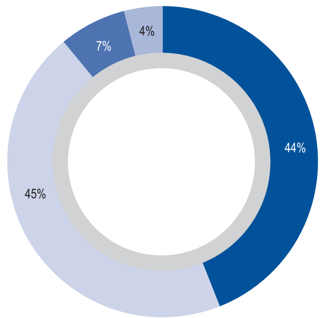
- Liberty Life
- Standard Bank operations

N Normalised

Major business areas – the way forward

The refocusing of operations on key business lines, as described below, as opposed to geographical segmentation aims to encourage the leveraging of skills, economies of scale and synergies. This basis will be followed as the primary segmentation from 2006 onwards.

Normalised headline earnings contributions by business unit



- Personal & Business Banking 44% (2004: 44%)
- Corporate & Investment Banking 45% (2004: 50%)
- Investment Management & Life Insurance 7% (2004: 5%)
- Central & Other 4% (2004: 1%)

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.

	2005	2004
Net advances (Rm)	**202 802**	158 532
Headline earnings (Rm)	**4 013**	3 279
ROE (%)	**30,9**	34,2
Cost-to-income ratio (%)	**60,0**	62,8
Credit loss ratio (%)	**0,71**	0,58
Headline earnings contribution (%)	**44**	44

We are committed to shareholder value.

Standard Bank Group

Corporate & Investment Banking

Ben Kruger

Commercial and investment banking services to larger corporates, financial institutions and international counterparties, focused on emerging markets through South Africa, 16 other African countries and 21 countries outside Africa.

	2005	2004
Net advances (Rm)	**132 181**	101 168
Headline earnings (Rm)	**4 050**	3 774
ROE (%)	**27,0**	27,2
Cost-to-income ratio (%)	**54,0**	51,5
Credit loss ratio (%)	**(0,07)**	0,18
Headline earnings contribution (%)	**45**	50

Investment Management & Life Insurance

Bruce Hemphill[1]

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

	2005	2004
Total assets (Rm)	**162 737**	116 021
Third party funds under management (Rm)	**186 000**	146 000
Normalised embedded value[2] (Rm)	**20 404**	17 623
Normalised headline earnings (Rm)	**620**	411
Headline earnings contribution (%)	**7**	5

[2] *Liberty Life as published.*

[1] *With effect from 1 June 2006, replacing Myles Ruck who retires effective 31 May 2006.*

We develop our strongest assets.

Executive management

Tina Eboka (46)
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 (46)
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)
Deputy chief executive
Corporate & Investment Banking SA

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

Simon Ridley (50)
Finance

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

Joined the group 1999, appointed to exco 2002

Bruce Hemphill (42)
Chief executive (Effective 1 June 2006)
Liberty Life

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

Joined the group 1993, to be appointed to exco 1 June 2006

Myles Ruck will remain as chief executive of Liberty Life until 31 May 2006.

Paul Smith (51)
Risk

BCom (Natal), CA (SA)

Joined the group 1997, appointed to exco 1999

Sim Tshabalala (38)
Deputy chief executive
Personal & Business Banking

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

		Change %	2005	2004
Standard Bank Group				
Earnings				
Headline earnings[1]	Rm	20	**9 013**	7 511
Profit attributable to ordinary shareholders[1]	Rm	17	**8 981**	7 657
Other indicators				
Headline EPS[1]	cents	19	**666,0**	558,1
Fully diluted headline EPS[1]	cents	19	**654,5**	550,9
EPS[1]	cents	17	**663,6**	569,0
Fully diluted EPS[1]	cents	16	**652,2**	561,6
Dividend cover based on normalised HEPS	times		**2,5**	2,5
Total dividends per share	cents	15	**267,0**	231,5
Net asset value per share[1]	cents	15	**2 830**	2 464
Ordinary shareholders' funds[1]	Rm	15	**38 270**	33 310
Price-to-book[1]	times		**2,7**	2,7
ROE[1]	%		**25,2**	24,2
Capital adequacy	%		**14,2**	15,0
Number of ordinary shares				
– weighted average[1]	thousands	1	**1 353 382**	1 345 786
– fully diluted weighted average[1]	thousands	1	**1 377 085**	1 363 500
Standard Bank operations				
Earnings				
Headline earnings[1]	Rm	19	**8 490**	7 156
Profit attributable to ordinary shareholders[1]	Rm	20	**8 576**	7 123
Balance sheet				
Total assets	Rm	17	**593 728**	506 020
Loans and advances	Rm	29	**334 128**	258 873
Deposit and current accounts	Rm	28	**412 462**	322 477
Other indicators				
ROE[1]	%		**25,8**	25,1
Price-to-book[1]	times		**2,6**	2,7
Net interest margin	%		**2,93**	3,07
Non-interest revenue to total income	%		**56,3**	56,7
Credit impairment charges (income statement)	Rm	15	**1 207**	1 050
Credit loss ratio	%		**0,41**	0,43
Cost-to-income ratio	%		**56,6**	58,0
Effective tax rate (including indirect taxation)	%		**27,4**	28,3
Number of employees		2	**36 682**	35 820

[1] *Results normalised to reflect legal and economic substance of Black Ownership Initiative and deemed treasury shares held for the benefit of Liberty Life policyholders. Refer to page 17 for explanation.*

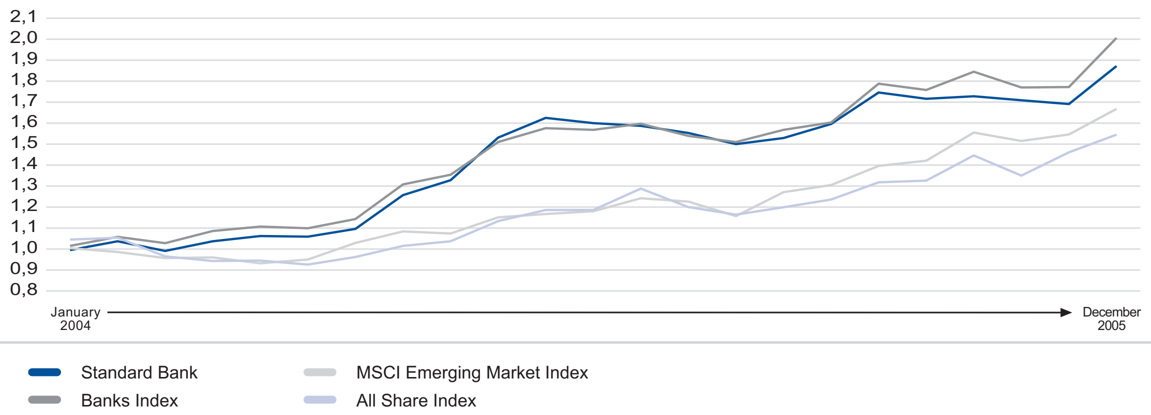
In 2005 the group experienced

- Steady strengthening in most emerging market economies.
- Investment inflows into emerging markets, aided by global liquidity.
- Increased competition in our chosen markets.
- Decreased interest rates across most African markets.
- Sustained lower inflation in South Africa.
- Strong consumer demand in South Africa.
- Buoyant property and equity markets, particularly in South Africa.
- Growing middle class in South Africa with increased disposable income.
- Generally benign credit environment.
- Uncertainty in the life industry prior to the Statement of Intent agreed with the Department of Finance.

Financial results are characterised by

- Strong growth in personal and corporate lending categories.
- Increased personal customer base and volumes translating into higher transactional revenue.
- Recoveries of previously provisioned exposures.
- Increased cost of funding:
  - increased reliance on more expensive wholesale funding; and
  - lengthening of the term structure in the funding book.
- Increased regulation in most jurisdictions leading to increased staff and communication costs.
- Margin compression from lower interest rates and increased loan origination costs.
- Higher property prices assisting Corporate & Investment Banking SA to achieve sizeable gains on listed property investments.
- Low volatility and high levels of global liquidity in international emerging markets and increased competition significantly reducing trading opportunities.
- Strong equity markets benefiting insurance and asset management activities in South Africa.
- Provision made following the Statement of Intent relating to the Pension Fund Adjudicators' (PFA) rulings.
- Integration of Capital Alliance Holdings Limited (CAL) into Liberty Life.
- Distortion of reported results due to the implementation of International Financial Reporting Standards (IFRS).

Standard Bank share price performance



Overview of financial results

Standard Bank Group headline earnings per share for the year to December 2005 increased by 23% to 702,3 cents per share and a return on equity of 27,8% was achieved. These results are based on International Financial Reporting Standards (IFRS) and reflect the consequences of accounting conventions that, in the opinion of the board, distort both the legal and economic substance of the results.

The effect of these distortions has been adjusted for in calculating normalised earnings. On a normalised basis headline earnings per share grew 19% and the return on equity was 25,2% (2004: 24,2%). Further details of the accounting treatment and the calculation of normalised results are discussed on page 17.

Broadly, 2005 was positive for emerging market economies as macroeconomic fundamentals and demand for exports from these markets improved. Investment inflows to these markets, aided by global liquidity and increased investor risk appetite, lifted economic activity but reduced profit margins of our corporate and investment banking activities.

South Africa's economic growth, which is high at present, stemmed substantially from strong local demand. High consumer spending was underpinned by relatively low inflation and interest rates. Net job creation, the positive effect of rising equity and house prices, increased household disposable income and the growing middle class resulted in improved consumer confidence and provided a strong platform for consumer and business banking in South Africa.

Key factors impacting the results

- **Increased consumer activity in South Africa**

  2005 saw continued strong growth in the residential property market and record new vehicle sales. A further 50 basis points reduction in the prime interest rate together with a strengthening economy was conducive to sustained growth in lending and transaction volumes.

- **Rehabilitation of previously impaired loans**

  Corporate & Investment Banking in South Africa and internationally experienced credit recoveries during the year as improved economic conditions in emerging markets led to the recovery of previously distressed counterparties. This helped reduce the group's credit loss ratio to a historic low, despite an increase in the credit loss ratio in Personal & Business Banking SA.

- **Increased funding requirements**

  Customer deposits continue to grow at a slower pace than consumer lending, resulting in an increased reliance on more expensive wholesale funding. In addition, the proportion of term deposits has been increased to lengthen the structure of the funding book in line with internal prudential guidelines. Consequently, average long-term funding as a percentage of total funding has increased from 15% to 18%. During the year, the group successfully concluded its first asset-backed securitisation transactions: R4,5 billion of mortgage loans and R3,0 billion of vehicle and asset finance receivables.

- **Strong equity markets**

  Investment Management & Life Insurance benefited from a strong run in equity markets. Higher property prices assisted Corporate & Investment Banking SA to achieve sizeable gains on its listed property investment portfolio.

- **Intensified competition in emerging markets**

  Emerging markets are increasingly popular with global investors as developing countries' credit ratings continue to improve. In this environment, traditional emerging market players like ourselves are encountering increased competition from the large established global banks in our chosen markets. Consequently, margins have contracted. In addition, these more stable environments have reduced trading opportunities for the group's international operations. These trends have led to the international operations' 2005 results being below expectation.

- **Higher compliance costs**

  Increased regulations are becoming a feature in most of the jurisdictions in which the group operates. Staff costs in South Africa were significantly impacted by additional staff requirements to comply with the Financial Intelligence Centre Act (FICA) and other regulations. FICA requirements were also the main driver behind increased communication costs.

Business units

In 2005, re-alignments of executive focus areas and reporting lines have been implemented to support the group's growth objectives and to provide more flexibility for the deployment of capital, particularly against the background of the recent dispensation announced by the Minister of Finance. The dispensation allows a significant portion of a bank's assets to comprise exposures in the rest of Africa and, to a lesser extent, internationally without having to seek prior Exchange Control approval. This involves de-emphasis of geographical segmentation of businesses in favour of focusing on the three key business segments of the group: Personal & Business Banking, Corporate & Investment Banking and Investment Management & Life Insurance. This refocusing aims at the leveraging of skills, economies of scale and synergies, regardless of geography, and particularly at enhanced customer focus. It is anticipated that the financial results of the group will be presented on this basis from 2006 onwards. For 2005, however, the geographic information has been maintained.

On this new basis, Personal & Business Banking comprises 44% of the group's headline earnings, and grew these earnings in 2005 by 22%. Corporate & Investment Banking comprises 45% and grew by 7%, and Investment Management & Life Insurance comprises 7% and grew by 51%.

On a geographical basis, South African banking increased headline earnings by 21% with growth of 23% in Personal & Business Banking SA. The favourable economic conditions benefited the consumer market and underpinned transactional and lending growth. The division maintained a strong focus on service levels and operational efficiencies notwithstanding increased business volumes and compliance requirements. The home loans business concluded another successful year with a 25% growth in new loans registered and low credit losses. Specific focus on the card business resulted in substantial growth in both balances and turnover.

Corporate & Investment Banking SA increased headline earnings by 15%. The benefits of strong loan growth in commercial property lending was partly offset by lower interest margins resulting from more expensive and longer dated funding. Fees and commissions benefited from increased corporate transaction volumes and new electronic banking products. South African trading income increased by 8%, dampened by low volatility in foreign exchange markets. Other income increased following the revaluation and realisation of listed property investments. A net reversal of credit losses occurred for the third consecutive year supported by an exceptionally favourable credit environment. Operating cost growth was contained to 3% largely through lower IT costs, savings on depreciation and premises costs.

Corporate & Investment Banking International's headline earnings were 28% lower following increased competition and tightening spreads against a background of increased global liquidity across most of its markets. Trading income was also adversely impacted by a continued shift from a reliance on proprietary trading, with lower value at risk utilisation, to becoming more client focused. A net reversal of credit losses resulted from previously impaired accounts now performing. Strategies to improve performance in this operation are being implemented including an increase in the talent pool, particularly in client facing areas, improved systems and a change in emphasis from product to client focus. In addition, the appointment of Ben Kruger as chief executive of Corporate & Investment Banking across the group should quicken the pace of implementing these strategies.

Following strong earnings growth in Rest of Africa over a number of years, headline earnings growth, of 17% was slightly below expectation. Lower lending margins restricted income growth, off a higher cost base. Management's attention in 2005 was mostly inwardly focused with concentration on the alignment of products, policies, procedures and systems across all African countries, and integrating these with the South African operations. The focus for 2006 will be to increase transaction flows through the stronger base that has now been established.

Liberty Life had a very good year and increased normalised headline earnings by 47%, notwithstanding a once-off R321 million after tax provision for the Statement of Intent relating to the Pension Funds Adjudicator (PFA) rulings. Significant gains on investments held in the shareholders portfolio more than offset this provision. Highlights of Liberty Life's results were improved investment returns and strong growth in new business. The Capital Alliance Holdings Limited (CAL) integration is on track and benefits are beginning to be extracted.

The group will continue to invest in expanding its activities in emerging markets outside of South Africa. In December 2005 a consortium led by Standard Bank entered into an agreement with Bank of America to buy BankBoston Argentina. This transaction remains subject to fulfilment of provisions of the agreement and obtaining the necessary regulatory approvals in both South Africa and Argentina. The acquisition is only expected to be concluded in the third quarter and is not anticipated to materially affect the 2006 results. Given our interest in Nigeria, we have invested approximately USD 185 million in our existing banking operation to meet the new minimum capital requirement set by the Central Bank of Nigeria. This enables us to comprehensively evaluate suitable acquisition opportunities.

Overview of financial results continued

Income statement analysis

Net interest income – up 13%

Despite lower margins, strong South African asset growth resulted in increased group net interest income.

Pressure on funding costs resulted in a decline in South African banking margins which affected the group's margin.

The lower interest earned on shareholders' funds and transactional deposits such as current accounts continued to squeeze margins as the average prime rate reduced by 66 basis points to 10,65% in 2005 following a further 50 basis points reduction in the domestic prime rate.

On the funding side, increased utilisation of more expensive wholesale funding to fund asset growth and the lengthening of the average long-term funding ratio from 15% to 18%, impacted margins.

Lending growth was the main contributor to higher net interest income in Rest of Africa and internationally but falling interest rates in key African markets and high levels of global liquidity resulted in tighter margins, partly reducing this benefit.

Non-interest revenue – up 11%

Growth in non-interest revenue resulted from a 14% increase in fee and commission revenue and growth of 25% in other sources of non-interest revenue. Net trading revenue was marginally lower.

In South Africa, fees and commission benefited from a growing customer base and higher transaction volumes resulting in growth of 16% despite below inflation price increases. These increased volumes were particularly evident in card-based commissions, point of representation fees and electronic banking where income growth rates of 29%, 13% and 19%, respectively, were achieved. Migration to electronic banking is continuing as the number of Internet transactions increased by 85% and the number of new internet users increased by 27%. Increased deal flow benefited the corporate finance advisory business and contributed significantly to growth in knowledge-based fees. Rest of Africa recorded fees and commissions growth of 15%, resulting mainly from increased volumes and repricing of electronic banking and point of representation fees. Stanlib benefited from increased assets under management and grew fees by 14%. Internationally, competitive pressures and lower fund management fees led to a reduction of 9% in fee revenue.

Trading revenue grew by 8% in South Africa with improved deal flow in client-based derivative trading. Foreign exchange trading recorded a marginal increase, off a high base, with volumes and market conditions to a large extent the same as in 2004. Buoyant precious metal prices resulted in reduced hedging activity and a consequent reduction in commodity trading revenue. In Rest of Africa, strong growth occurred in foreign exchange trading with favourable spreads and increased volumes from higher volatility being the main drivers.

Corporate & Investment Banking International showed a 9% reduction in trading revenue. Favourable economic conditions in emerging markets resulted in increased competition and tighter spreads, reducing foreign exchange and debt securities trading profits. In commodity markets, revenue was lower off a high base as the re-establishment of the energy business team following some key departures is only expected to take effect in 2006.

In South Africa, growth in the other income category resulted mainly from gains in listed property investments. This was coupled with increased profits from the private equity business and an improved underwriting performance in the short-term insurance operation.

Credit impairment charges – up 15%

The credit impairment charge increased by 15% off a low base. This growth is made up of a decrease in the charge for non-performing loans and a significant increase in the portfolio charge for performing loans. The benign South African credit conditions of the past two years played a significant role in the low credit losses on non-performing loans.

The charge for non-performing loans was also assisted by the corporate and investment banking businesses in South Africa and internationally ending the year with net recoveries following the rehabilitation of previously non-performing exposures. In Personal & Business Banking SA strong growth in all categories of consumer lending, especially in card, resulted in a substantially increased charge in rand terms.

This translated into a net credit loss ratio of 0,41% compared to a ratio of 0,43% the prior year. All businesses reflected lower credit loss ratios for the year, except for Personal & Business Banking SA where the ratio increased from 0,59% in 2004 to 0,73% in 2005. This was mainly as a result of a planned increase in risk appetite on credit card lending and the impact of prudent risk quantifications on a relatively young consumer loan book.

Operating expenses – up 9%

Banking operations contained its overall growth in operating expenses to 9% with staff costs increasing by 12% and other operating expenses growing by 6%.

Staff cost growth resulted mainly from a 2% increase in headcount necessitated by additional volume and compliance requirements and new IT initiatives. A focus on efficiencies at branch level and productivity at head office resulted in containment of staff numbers despite increased business volumes. In line with the group's remuneration policy, increased profitability resulted in higher incentive payments. Staff costs were further increased by the phase-in of share-based payments relating to the group's share incentive schemes as well as a full year's expense relating to rights to shares acquired by black managers in terms of the Tutuwa empowerment initiative, both now required in terms of IFRS.

Growth in other operating expenses resulted mainly from an increase in IT contractor fees as a number of system-based projects in response to operational and regulatory requirements are in progress, including compliance with Basel II. Increased business volumes, higher communication costs and additional client interaction to meet the Financial Intelligence Centre Act (FICA) requirements resulted in increased costs in South Africa. Other operating expenses in the Rest of Africa grew by 17% due to continued investment in improved IT systems and processes across the continent. Internationally, increasing investment in IT infrastructure and network capabilities coupled with the expansion of regional offices resulted in 6% cost growth.

Across the group, additional compliance related costs amounted to approximately R200 million in 2005.

Balance sheet analysis

Strong growth in banking assets excluding derivatives occurred across the group with growth of 28% in Personal & Business Banking SA, 35% in Corporate & Investment Banking SA, 18% in the Rest of Africa and 14% in Corporate & Investment Banking International.

Most consumer lending categories in South Africa benefited from lower interest rates:

- Mortgage loans increased by 32% following an increase in the volume and value of new registrations;
- Instalment finance was up 15%, mainly as a result of volume growth as average lending values remained largely unchanged. Results reflected a performance above expectation in motor vehicle business for consumers and a disappointing growth rate in the non-motor book; and
- A strong focus was placed on growth in card debtors with a resulting 55% growth in card balances. Growth resulted mainly from new card openings through targeted campaigns and joint ventures, higher levels of revolving credit facilities and increased consumer spending.

The group's market share in South Africa increased in credit card debtors to 35,1% (2004: 32,8%) and decreased in both mortgage lending, down marginally to 25,6% (2004: 25,8%) and in instalment finance down to 20,3% (2004: 22,1%). Both mortgage lending and instalment finance market share statistics were impacted by securitisations, which reduced the ratios by 0,6% and 1,1% respectively.

Corporate & Investment Banking SA recorded growth in external loans and advances of 24%, mainly from increased commercial property lending, new term deals to corporate customers and increased structured trade finance transactions. Internationally, external loan growth of 45% resulted mainly from increased structured and trade finance deals.

Net asset value as defined by ordinary shareholders equity grew by 13% to R33 billion. In 2004, the group reported a R4,2 billion elimination against equity attributable to ordinary shareholders for shares issued in terms the Black Ownership Initiative deemed to be treasury shares. Following the adoption of IFRS a further elimination was required for group shares held for the benefit of policyholders amounting to R1,1 billion, net of minority interest. On a normalised basis (adding these eliminations back) net asset value increased by 15% to R38 billion, representing mainly the retention of earnings and a R0,4 billion increase in the translation reserve.

Liberty Life

It has been a good year for Liberty Life. Indexed new business premiums increased by 12%. Net cash inflows from insurance operations amounted to R5,7 billion – the highest level to date. In addition, Stanlib and Liberty Ermitage net cash inflows amounted to R13,3 billion and R0,4 billion respectively. Normalised embedded value per share was 15% higher than last year. During the course of 2005 Liberty Life initiated the disposal of its offshore asset manager, Liberty-Ermitage, and the Australian life assurance business, Prefsure, which was included in the acquisition of CAL.

Liberty Life's published earnings are adjusted to exclude all earnings related to Stanlib, this entity's results being consolidated into those of Standard Bank operations.

Capital

The group's capital adequacy ratio reduced to 14,2% from 15,0% at December 2004, still well above the weighted average regulatory requirement of 10,3% for the 25 banks across the group. Tier I capital adequacy reduced from 11,0% to 10,5% due to strong growth in risk-weighted assets marginally exceeding retention of capital following the reduction in dividend cover. In addition, the group

Overview of financial results continued

utilised R677 million to buy back 10,2 million shares thus counteracting the impact on earnings per share of shares issued in relation to the group's share option scheme.

Dividends

In March 2005 the group announced a revised dividend policy using a dividend cover ratio for both interim and year-end dividends. This has resulted in a more even spread between interim and final dividends. Due to the much higher number of shares eliminated in terms of IFRS from 2005, dividend cover has now been applied to normalised headline earnings per share for the purpose of arriving at dividend declarations, slightly reducing the reported dividend growth.

At December 2004 the cover ratio was 2,5 times, down from 3,1 times in 2003. The dividend cover for 2005 has remained unchanged, resulting in total dividends declared of 267,0 cents, 15% higher than the total dividend declared in 2004. The total dividend of 267,0 cents is made up of a final dividend of 145,0 cents (20% lower than 2004) and an interim dividend of 122,0 cents (142% higher than 2004).

The dividend policy is subject to annual review and may be adjusted for business growth, acquisition activity, the impact of Basel II or changes in reported earnings resulting from applying fair value accounting principles.

Summarised group income statement

	Change %	2005 Rm	2004 Rm
Net interest income	13	**12 987**	11 492
Non-interest revenue	11	**16 718**	15 044
Fee and commission revenue	14	**11 172**	9 816
Trading revenue	(1)	**3 742**	3 788
Other revenue	25	**1 804**	1 440
Total income	12	**29 705**	26 536
Credit impairment charges	15	**1 207**	1 050
Impairments for non-performing loans	(3)	**1 006**	1 041
Impairments for performing loans	>100	**201**	9
Income after credit impairment charges	12	**28 498**	25 486
Operating expenses	9	**16 817**	15 384
Staff costs	12	**9 613**	8 610
Other operating expenses	6	**7 204**	6 774
Net income before goodwill	16	**11 681**	10 102
Goodwill impairment	(50)	**24**	48
Net income from banking	16	**11 657**	10 054
Income from associates and joint ventures	>100	**200**	97
Net income before taxation	17	**11 857**	10 151
Taxation	13	**3 243**	2 873
Profit for the year	18	**8 614**	7 278
Liberty Life profit for the year (net of minorities)	(62)	**201**	530
Liberty Life (excluding deemed treasury shares)		**380**	530
Deemed treasury shares held by Liberty policyholders		**(179)**	–
Group profit for the year	13	**8 815**	7 808
Less: attributable to minorities		**157**	124
Less: attributable to preference shareholders		**226**	–
Attributable to ordinary shareholders	10	**8 432**	7 684
Headline adjustable items added back or reversed		**32**	(146)
Headline earnings	12	**8 464**	7 538
Normalised adjustments		**549**	(27)
Normalised headline earnings	20	**9 013**	7 511

Group income statement for the year ended 31 December 2005

	Change Standard Bank operations %	Change Liberty Life %	Change Standard Bank Group %
Income from banking operations	12		12
Net interest income	13		13
Interest income	10		10
Interest expense	8		8
Non-interest revenue	11		11
Income from life insurance operations		58	58
Net insurance premiums		53	53
Investment income and gains		65	65
Management and service fee income		8	8
Total income	12	58	37
Credit impairment charges	15		15
Benefits due to policyholders		65	65
Net insurance benefits and claims		72	72
Fair value adjustment to policyholders' liabilities under investment contracts		46	46
Fair value adjustment on third party fund interests		32	32
Income after credit impairment charges and policyholders' benefits	12	35	17
Operating expenses in banking operations	9		9
Staff costs	12		12
Other operating expenses	6		6
Operating expenses in life insurance operations		54	54
Acquisition costs – insurance and investment contracts		87	87
Other operating expenses		31	31
Net income before goodwill	16	3	13
Goodwill impairment	(50)		>100
Net income from banking and insurance	16	(11)	10
Income from associates and joint ventures	>100	(13)	78
Net income before indirect taxation	17	(11)	11
Indirect taxation	45	(19)	20
Profit before direct taxation	16	(10)	10
Direct taxation	8	>100	32
Profit for the year	18	(62)	2
Attributable to minorities	27	(62)	(54)
Attributable to preference shareholders			
Attributable to ordinary shareholders	15	(62)	10

2005			2004		
Standard Bank operations Rm	**Liberty Life Rm**	**Standard Bank Group Rm**	Standard Bank operations Rm	Liberty Life Rm	Standard Bank Group Rm
29 705		**29 705**	26 536		26 536
12 987		**12 987**	11 492		11 492
38 697		**38 697**	35 247		35 247
25 710		**25 710**	23 755		23 755
16 718		**16 718**	15 044		15 044
	51 127	**51 127**		32 311	32 311
	18 979	**18 979**		12 406	12 406
	30 982	**30 982**		18 830	18 830
	1 166	**1 166**		1 075	1 075
29 705	**51 127**	**80 832**	26 536	32 311	58 847
1 207		**1 207**	1 050		1 050
	41 004	**41 004**		24 809	24 809
	32 816	**32 816**		19 115	19 115
	6 834	**6 834**		4 666	4 666
	1 354	**1 354**		1 028	1 028
28 498	**10 123**	**38 621**	25 486	7 502	32 988
16 817		**16 817**	15 384		15 384
9 613		**9 613**	8 610		8 610
7 204		**7 204**	6 774		6 774
	7 222	**7 222**		4 684	4 684
	3 594	**3 594**		1 920	1 920
	3 628	**3 628**		2 764	2 764
11 681	**2 901**	**14 582**	10 102	2 818	12 920
24	**397**	**421**	48	–	48
11 657	**2 504**	**14 161**	10 054	2 818	12 872
200	**26**	**226**	97	30	127
11 857	**2 530**	**14 387**	10 151	2 848	12 999
565	**213**	**778**	389	262	651
11 292	**2 317**	**13 609**	9 762	2 586	12 348
2 678	**1 634**	**4 312**	2 484	792	3 276
8 614	**683**	**9 297**	7 278	1 794	9 072
157	**482**	**639**	124	1 264	1 388
226	**–**	**226**	–	–	–
8 231	**201**	**8 432**	7 154	530	7 684

Normalised headline earnings

Reconciliation to normalised headline earnings

	Change Standard Bank operations %	Change Liberty Life %	Change Standard Bank Group %	2005 Standard Bank operations Rm	2005 Liberty Life Rm	2005 Standard Bank Group Rm	2004 Standard Bank operations Rm	2004 Liberty Life Rm	2004 Standard Bank Group Rm
Profit attributable to ordinary shareholders	15	(62)	10	**8 231**	**201**	**8 432**	7 154	530	7 684
Headline adjustable items added back or reversed				**(106)**	**399**	**293**	36	(599)	(563)
Goodwill impairment				**24**	**397**	**421**	48	–	48
Impairment of properties and equipment				**–**	**–**	**–**	15	–	15
Profit on sale of properties and equipment				**(64)**	**–**	**(64)**	(44)	–	(44)
Impairment of intangibles				**–**	**–**	**–**	12	–	12
Recycled investment gains on available-for-sale assets				**(64)**	**–**	**(64)**	–	(599)	(599)
Other capital (profits)/losses				**(2)**	**2**	**–**	5	–	5
Taxation on headline adjustable items				**20**	**–**	**20**	(3)	11	8
Minority share of headline adjustable items				**–**	**(281)**	**(281)**	–	409	409
Headline earnings	13	(9)	12	**8 145**	**319**	**8 464**	7 187	351	7 538
Normalised adjustments – net of minorities				**345**	**204**	**549**	(31)	4	(27)
Preference dividend accrual[1]				**3**		**3**	(114)	–	(114)
8,5% cumulative redeemable preference dividend recognised[2]				**342**	**25**	**367**	83	4	87
Fair value movements and dividends received on deemed treasury shares[3]				**–**	**179**	**179**	–	–	–
Normalised headline earnings	19	47	20	**8 490**	**523**	**9 013**	7 156	355	7 511
Normalised profit attributable to ordinary shareholders	20	(24)	17	**8 576**	**405**	**8 981**	7 123	534	7 657

[1] *Dividends on non-cumulative, non-redeemable shares are only accounted for when declared. The adjustment ensures that the dividend associated with the year under review is accounted for on an accrual basis.*

[2] *The Tutuwa SPV 8,5% preference shares subscribed for by Standard Bank Group are not recognised as an asset for accounting purposes as the dividends and capital redemption are settled by the group's own dividends. Consequently, the preference dividend receivable is not accounted for. The adjustment is to accrue for preference dividends receivable for the year under review. A similar adjustment has been made for Liberty Life.*

[3] *Effective on 1 January 2005, Standard Bank and Liberty Holdings shares held by Liberty Life for the benefit of policyholders are deemed to be treasury shares for accounting purposes. Fair value movements are eliminated from the income statement and dividends received are eliminated against dividends paid. The elimination is attributable to Standard Bank ordinary shareholders to the extent of the effective holding in Liberty Life (30%). This adjustment adds back the value of the deemed treasury shares to income to reflect the correct legal and economic position of these assets held for the benefit of policyholders and corrects the percentage holding by SBG in Liberty Life to the effective legal holding.*

Description of normalised headline earnings

Headline earnings have been adjusted in calculating normalised headline earnings for required accounting conventions that do not reflect the underlying legal and economic substance of transactions. A common element in these transactions relates to shares in issue deemed by accounting convention to be treasury shares. Consequently the number of shares used for per share calculation purposes are materially lower than the economic substance, resulting in inflated per share ratios. With regard to segmental and product reporting, normalised adjustments have been made within Central funding and Liberty Life with the results of the other business units unaffected.

Black Ownership Initiative

The group concluded its Black 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" calculation:

- reverses the elimination of preference shares against equity;
- adjusts headline earnings for preference dividends receivable not recognised in income;
- adds back the number of shares held by the black participants to the weighted number of shares in issue, in calculating normalised headline earnings per share; 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 for the benefit of policyholders are deemed to be treasury shares for accounting purposes, with effect from January 2005, and eliminated. The corresponding movement in the policyholder liabilities is however not eliminated, resulting in a mismatch in the overall equity 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 shareholder's 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 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 (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.

Balance sheet at 31 December 2005

	Change Standard Bank operations %	Change Liberty Life %	Change Standard Bank Group %
Assets			
Cash and balances with banks	87	89	87
Short-term negotiable securities	41		41
Derivative assets	(19)		(19)
Trading assets	19		19
Investments	(9)	37	29
Loans and advances	29		29
Current and deferred taxation	(17)	>100	(10)
Other assets	(36)	7	(25)
Disposal groups held for sale			
Interest in associates and joint ventures[1]	>100	41	53
Goodwill and other intangible assets	13	>100	>100
Property and equipment	10	11	10
Total assets	17	42	22
Equity and liabilities			
Equity	15	(37)	4
Equity attributable to ordinary shareholders	18	(32)	13
Ordinary share capital	0		0
Ordinary share premium	(17)		(17)
Reserves[2]	21	(32)	16
Preference share capital and premium	–		–
Minority interest[2]	(12)	(39)	(38)
Liabilities	17	48	23
Derivative liabilities	(15)	>100	(15)
Trading liabilities	49	–	49
Deposit and current accounts	28	–	28
Current and deferred taxation[3]	17	>100	44
Other liabilities	20	53	32
Disposal groups held for sale			
Policyholders' liabilities		44	44
Subordinated bonds	10		31
Total equity and liabilities	17	42	22

[1] *On adoption of IFRS, associates in Liberty Life increased, due to including holdings in mutual funds of between 20% and 49% as associates, previously included in investment securities.*

[2] *The equity attributable to Liberty Life decreased on 1 January 2005 with the adoption of IFRS due to policyholders' investments in group shares being treated as treasury shares. A corresponding decrease occurred in minority interests.*

[3] *Increase due to the gross-up of deferred tax on present value of in-force business (PVIF) and revalued investment properties as required by IFRS.*

2005			2004		
Standard Bank operations Rm	**Liberty Life Rm**	**Standard Bank Group Rm**	Standard Bank operations Rm	Liberty Life Rm	Standard Bank Group Rm
58 535	**12 317**	**70 852**	31 326	6 516	37 842
30 313	**–**	**30 313**	21 461	–	21 461
100 188	**–**	**100 188**	124 236	–	124 236
38 446	**–**	**38 446**	32 438	–	32 438
18 347	**135 057**	**153 404**	20 068	98 609	118 677
334 128	**–**	**334 128**	258 873	–	258 873
902	**88**	**990**	1 093	1	1 094
8 124	**4 879**	**13 003**	12 675	4 548	17 223
–	**2 380**	**2 380**	–	–	–
815	**4 170**	**4 985**	296	2 954	3 250
610	**1 843**	**2 453**	540	425	965
3 320	**1 216**	**4 536**	3 014	1 100	4 114
593 728	**161 950**	**755 678**	506 020	114 153	620 173
34 489	**5 475**	**39 964**	29 867	8 666	38 533
31 217	**1 714**	**32 931**	26 558	2 506	29 064
135	**–**	**135**	135	–	135
2 107	**–**	**2 107**	2 541	–	2 541
28 975	**1 714**	**30 689**	23 882	2 506	26 388
2 991	**–**	**2 991**	2 991	–	2 991
281	**3 761**	**4 042**	318	6 160	6 478
559 239	**156 475**	**715 714**	476 153	105 487	581 640
98 791	**35**	**98 826**	116 212	2	116 214
21 462	**–**	**21 462**	14 410	–	14 410
412 462	**–**	**412 462**	322 477	–	322 477
3 988	**2 938**	**6 926**	3 409	1 403	4 812
11 946	**9 346**	**21 292**	9 985	6 089	16 074
–	**1 267**	**1 267**	–	–	–
–	**140 835**	**140 835**	–	97 993	97 993
10 590	**2 054**	**12 644**	9 660	–	9 660
593 728	**161 950**	**755 678**	506 020	114 153	620 173

Statement of changes in shareholders' funds

	Ordinary share capital and premium Rm	Empower-ment reserve Rm	Trans-lation reserve Rm	Hedge of net investment reserve Rm	Statutory credit risk reserve Rm
Balance at 1 January 2004 as previously reported	2 407		413	68	–
Adjustment on adoption of IFRS[1]					2
Restated balance at 1 January 2004	2 407		413	68	2
Currency translation reversal and hedging			(1 360)	88	
Increase in statutory credit risk reserve					1
Fair value adjustments					
Financial instrument reclassifications					
Realised fair value adjustments recycled to the income statement					
Impairment resulting from Black Ownership Initiative		(4 360)			
Unrecognised profit on sale of subsidiary shares		114			
Increase in minorities resulting from acquisitions					
Issue of share capital and share premium	269				
Share issue and repurchase costs					
Equity-settled share-based transactions					
Other					
Attributable earnings for the year					
Net dividends paid					
Balance at 31 December 2004	2 676	(4 246)	(947)	156	3
Balance at 1 January 2005	2 676	(4 246)	(947)	156	3
Adjustment on adoption of IFRS					
Restated balance at 1 January 2005	2 676	(4 246)	(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 decrease 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 transactions					
Other					
Attributable earnings for the year					
Net dividends paid					
Dividends paid to equity holders					
Dividends received from Black Ownership Initiative and deemed treasury shares					
Balance at 31 December 2005	2 242	(4 246)	(321)	(73)	26

All balances are stated net of applicable tax.

[1]The opening IFRS adjustment changed from what was published in June 2005 due to a reallocation by Liberty Life relating to IAS 17 (leases) between revaluation and other reserves and retained earnings.

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
44	484	224			25 195	28 835	8	6 421	35 264
		93		23	(209)	(91)		(5)	(96)
44	484	317		23	24 986	28 744	8	6 416	35 168
						(1 272)		(103)	(1 375)
					(1)	–			–
(5)	138					133		369	502
					24	24			24
	(123)	(7)				(130)		(109)	(239)
						(4 360)		(908)	(5 268)
						114		94	208
								6	6
						269	3 000	138	3 407
					(57)	(57)	(17)	(16)	(90)
				70		70		14	84
		(5)				(5)		(14)	(19)
					7 684	7 684		1 388	9 072
					(2 150)	(2 150)		(797)	(2 947)
39	499	305		93	30 486	29 064	2 991	6 478	38 533
39	499	305		93	30 486	29 064	2 991	6 478	38 533
	(399)		(354)		(148)	(901)		(2 756)	(3 657)
39	100	305	(354)	93	30 338	28 163	2 991	3 722	34 876
						397		(21)	376
		(28)			5	–			–
(140)	126					(14)			(14)
18	(64)					(46)			(46)
			(171)		180	9		197	206
								(288)	(288)
						–		161	161
						246		71	317
						(677)			(677)
						(3)			(3)
				160		160		31	191
		21			(10)	11		18	29
					8 432	8 432	226	639	9 297
					(3 747)	(3 747)	(226)	(488)	(4 461)
					(4 107)	(4 107)	(226)	(649)	(4 982)
					360	360		161	521
(83)	162	298	(525)	253	35 198	32 931	2 991	4 042	39 964

Accounting policies

Basis of preparation

The group's financial results are prepared in accordance with IFRS. 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 and loss, investment properties and derivative instruments.

Changes in accounting policies

The accounting policies are consistent with those adopted in the previous year, except for changes made as a result of the adoption of International Financial Reporting Standards (IFRS). The revised IFRS policies have been consistently applied to both years presented with the exception of IAS 32 – Financial Instruments: Disclosure and Presentation, IAS 39 – Financial Instruments: Recognition and Measurement and IFRS 4 – Insurance Contracts, where the group elected, in terms of IFRS 1, to apply IFRS with effect from 1 January 2005.

A detailed report summarising the impact of conversion to IFRS has been published during the 2005 interim results announcement. Changes since this publication occurred between certain income statement and balance sheet line items to reflect reclassifications and gross-ups in the insurance operation. Within the banking operation, reclassifications were limited to allocation of accrued interest, previously included in other assets and other liabilities, to the respective underlying asset and liability classes.

There was no impact on profit attributable to ordinary shareholders or ordinary shareholders' equity. The impact of the changes on the income statement and balance sheet since published at June 2005 are set out on pages 78 and 79.

Segmental analysis – the way forward

Segmental analysis – the way forward: definitions

Recent re-alignments of executive focus areas and reporting lines have been implemented to support the group's growth objectives and to provide more flexibility for the deployment of capital, particularly against the background of the recent dispensation announced by the Minister of Finance. This dispensation allows a significant portion of a bank's assets to comprise exposures in the rest of Africa, and to a lesser extent, internationally without having to seek prior Exchange Control approval. It is therefore necessary to review the segmentation definitions of the group for the purposes of reporting.

This involves de-emphasis of geographical segmentation in favour of focusing on key business lines of the group: Personal & Business Banking, Corporate & Investment Banking, Central & Other and Investment Management & Life Insurance.

It is anticipated that the segmentation of the group's financial results will be focused on this basis from 2006 onwards and that all analyses of the group's results will be based on this new segmentation. For 2005, however, the existing geographic presentation of results has been maintained.

Included on the following pages is the proposed reporting framework as well as certain salient features for the modified divisions.

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.

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.

Mortgage lending – Loans to individual customers secured by properties.

Card products – Credit card solutions for individuals and businesses.

Transactional products – Transactions in products through channels such as ATMs, Internet, Telephone banking and branches. This includes deposit taking activities, electronic banking and cheque accounts.

Bancassurance – Short- and long-term insurance products and financial planning services.

Corporate & Investment Banking

Commercial and investment banking services to larger corporates, financial institutions and international counterparties, focused on emerging markets through offices in South Africa, 16 other African countries and 21 countries outside Africa.

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

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

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

Central & Other

Includes the impact of the Tutuwa transaction and group capital management activities together with certain group costs not recovered 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.

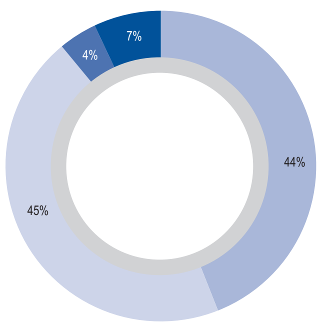
Reporting structure for key business areas

Standard Bank Group

- **Personal & Business Banking** — Peter Wharton-Hood
  - Instalment sale and finance leases
  - Mortgage lending
  - Card products
  - Transactional products
  - Bancassurance
- **Corporate & Investment Banking** — Ben Kruger
  - Global markets
  - Banking and trade finance
  - Investment banking
- **Investment Management & Life Insurance** — Bruce Hemphill[1]
  - Liberty Life
  - Stanlib

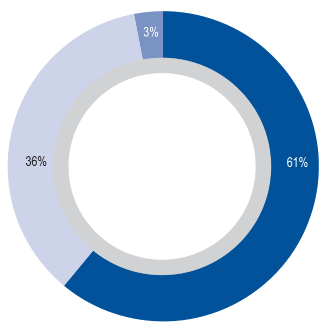
[1] *With effect from 1 June 2006, replacing Myles Ruck who retires effective 31 May 2006.*

Normalised headline earnings contribution (%)



- Personal & Business Banking 44% (2004: 44%)
- Corporate & Investment Banking 45% (2004: 50%)
- Central & Other 4% (2004: 1%)
- Investment Management & Life Insurance 7% (2004: 5%)

Total income contribution (%)



- Personal & Business Banking 61% (2004: 58%)
- Corporate & Investment Banking 36% (2004: 40%)
- Investment Management & Life Insurance 3% (2004: 2%)

Personal & Business Banking

Income statement

	Change %	2005 Rm	2004 Rm
Net interest income	17	**9 439**	8 056
Non-interest revenue	20	**8 768**	7 278
Total income	19	**18 207**	15 334
Credit impairment charges	59	**1 296**	813
Income after credit impairment charges	16	**16 911**	14 521
Operating expenses	13	**10 923**	9 630
Net income before goodwill	22	**5 988**	4 891
Goodwill impairment		**13**	(1)
Net income from banking operations	22	**5 975**	4 892
Income from associates and joint ventures	67	**142**	85
Net income before taxation	23	**6 117**	4 977
Taxation	25	**2 084**	1 667
Profit for the year	22	**4 033**	3 310
Attributable to minorities	(24)	**29**	38
Attributable to ordinary shareholders	22	**4 004**	3 272
Headline adjustable items	(10)	**9**	10
Taxation on headline adjustable items		**–**	(3)
Headline earnings	22	**4 013**	3 279
ROE (%)		**30,9**	34,2
Total assets	28	**213 704**	167 566
Total advances (after credit impairments)	28	**202 802**	158 532
Net interest margin (%)		**4,95**	5,50
Cost-to-income ratio (%)		**60,0**	62,8
Credit loss ratio (%)		**0,71**	0,58

Favourable

- Continued strong lending growth, especially in mortgage advances and card debtors, partially offset by higher origination costs.
- Higher fee and commission revenue due to increased customer base resulting in higher transactional volumes across the African continent.
- Increased bancassurance volumes due to new business and favourable equity market conditions.
- Improved earnings from associated undertakings mainly due to higher income attributable to the African Bank joint venture.

Adverse

- Increased margin compression due to more reliance on wholesale funding.
- Increased impairments on performing loans, off a low base, attributable to strong growth in advances book and additional provisions relating to the National Credit Act (NCA).
- Increased staff and other costs in the branch networks to handle increased volumes and compliance requirements.
- Continued investment in branch network and electronic channel infrastructure.
- Increased STC from reduced group dividend cover.

Major product areas

	Total income			Normalised headline earnings		
	Change %	**2005 Rm**	2004 Rm	Change %	**2005 Rm**	2004 Rm
Instalment sale and finance leases	19	**1 458**	1 224	13	**307**	272
Mortgage lending	26	**2 426**	1 928	47	**793**	541
Card products	25	**2 363**	1 888	44	**402**	279
Transactional products	16	**10 796**	9 344	11	**2 049**	1 848
Bancassurance	23	**1 164**	950	36	**462**	339
Personal & Business Banking	19	**18 207**	15 334	22	**4 013**	3 279

Loans and advances by product

	Change %	**2005 Rm**	2004 Rm
Gross loans and advances	28	**205 066**	160 472
Instalment sale and finance leases	16	**40 178**	34 704
Mortgage lending	31	**124 137**	94 490
Card debtors	52	**11 967**	7 852
Transactional products	23	**28 784**	23 426
Credit impairments for performing and non-performing loans	17	**(2 264)**	(1 940)
Net loans and advances	28	**202 802**	158 532

Deposit and current accounts

	Change %	**2005 Rm**	2004 Rm
Client deposit and current accounts	27	**118 693**	93 163
Current accounts	20	**34 871**	28 941
Cash management deposits	46	**3 788**	2 595
Call deposits	40	**30 689**	21 952
Savings accounts	22	**14 085**	11 544
Term deposits	(8)	**22 699**	24 583
Securitised funding		**7 326**	–
Other funding and loans	48	**5 235**	3 548
Interdivisional funding	28	**70 287**	55 093
Total	27	**188 980**	148 256

Instalment sale and finance leases

- Healthy increase in motor book.
- Loss of market share in non-motor category.
- Credit losses stemming from a few large accounts.

Mortgage lending

- Buoyant property market resulting in strong growth.
- Decrease in properties in possession.
- Further improvement in collection strategies and processes.
- Increased concessions in latter part of the year.
- Higher loan origination costs.

Card

- Increased cardholder spend and base.
- Improved credit systems capabilities.
- Increased card fraud.
- Increased partner programme costs (Voyager).

Transactional products

- New products and favourable economy led to increased volumes.
- Increased cost associated with compliance requirements.
- Higher cash holding and security costs.

Bancassurance

- Increased business volumes and market penetration.
- Strong equity markets resulting in higher investment income.
- Higher short-term claims incidence.

Corporate & Investment Banking

Income statement

	Change %	2005 Rm	2004 Rm
Net interest income	4	**3 674**	3 543
Non-interest revenue	1	**7 046**	6 973
Total income	2	**10 720**	10 516
Credit impairment charges		**(87)**	195
Income after credit impairment charges	5	**10 807**	10 321
Operating expenses	7	**5 789**	5 418
Net income before goodwill	2	**5 018**	4 903
Goodwill impairment	(78)	**11**	49
Net income from banking operations	3	**5 007**	4 854
Income from associates and joint ventures	>100	**58**	10
Net income before taxation	4	**5 065**	4 864
Taxation	(13)	**960**	1 106
Profit for the year	9	**4 105**	3 758
Attributable to minorities	(19)	**21**	26
Attributable to ordinary shareholders	9	**4 084**	3 732
Headline adjustable items		**(53)**	42
Taxation on headline adjustable items		**19**	–
Headline earnings	7	**4 050**	3 774
ROE (%)		**27,0**	27,2
Total assets	13	**372 752**	329 175
Total advances (after credit impairments)	31	**132 181**	101 168
Net interest margin (%)		**1,42**	1,51
Cost-to-income ratio (%)		**54,0**	51,5
Credit loss ratio (%)		**(0,07)**	0,18

Favourable

- Strong loan book growth most notably in the property sector.
- Recoveries of previously provisioned exposures.
- Buoyant base metals, precious metals, energy and equities markets.
- Good growth in fee and commission income due to higher volumes and new products in electronic banking.
- Strong securitisation business flows.
- Higher fair value adjustments due to favourable market conditions in the domestic property sector and resource investments.
- Good control of domestic expense growth.
- Reduction in the effective tax rate due to higher levels of exempt income.
- Improved risk management as evidenced by international credit rating.

Adverse

- Increased competition and high levels of liquidity across most markets resulting in margin compression.
- Subdued trading conditions (low volatility, tightening of spreads) reducing levels of customer flows.
- Re-establishment of the energy business following some key departures.
- Reduced reliance on proprietary trading in favour of client focus.
- Increased systems and people investment internationally.

Major product areas

	Total income			Normalised headline earnings		
	Change %	**2005 Rm**	2004 Rm	Change %	**2005 Rm**	2004 Rm
Global markets	0	**4 486**	4 476	(8)	**1 287**	1 398
Banking and trade finance	7	**3 930**	3 671	8	**1 420**	1 318
Investment banking	(3)	**2 304**	2 369	27	**1 343**	1 058
Corporate & Investment Banking	2	**10 720**	10 516	7	**4 050**	3 774

Loans and advances by product

	Change %	**2005 Rm**	2004 Rm
Gross loans and advances	30	**133 620**	102 662
Overnight lending	35	**27 477**	20 365
Term lending	17	**47 639**	40 610
Loans granted under resale agreements	48	**26 291**	17 750
Commercial property finance	34	**16 196**	12 095
Other loans and advances	35	**16 017**	11 842
Credit impairments for performing and non-performing loans	(4)	**(1 439)**	(1 494)
Net loans and advances	31	**132 181**	101 168

Global markets

- Provision releases on energy exposures.
- Buoyant base metals, precious metals, energy and equities market leading to increased trading opportunities.
- Low volatility and tightening of spreads from increased competition impacting various trading desks.
- Reduced levels of proprietary risk taking.
- Re-establishment of the energy business.
- Investment in people and systems to accommodate the changing business model.

Banking and trade finance

- New products, specifically in electronic banking.
- Increased geographic and regional expansion led to loan growth.
- Increased assets under custody.
- Recoveries on previously provisioned exposures.
- High levels of corporate and global liquidity resulting in margin compression.

Investment banking

- Strong equity and local property markets resulted in positive fair value adjustments.
- Strong growth in property finance book.
- Reduced income internationally from assets under management.
- Successful year for the advisory businesses.

Investment Management & Life Insurance

Income statement

	Change %	2005 Rm	2004 Rm
Income from Liberty Life	35	**10 123**	7 502
Net insurance premiums	53	**18 979**	12 406
Investment income and gains	65	**30 982**	18 830
Management and service fee income	8	**1 166**	1 075
Benefits due to policyholders	65	**(41 004)**	(24 809)
Income from Stanlib	15	**762**	663
Net interest income	(36)	**(28)**	(44)
Non-interest revenue	12	**790**	707
Total income	33	**10 885**	8 165
Operating expenses	49	**7 636**	5 133
Net income before goodwill	7	**3 249**	3 032
Goodwill impairment		**397**	–
Net income before associates	(6)	**2 852**	3 032
Income from associates and joint ventures		**26**	30
Net income before taxation	(6)	**2 878**	3 062
Taxation	73	**1 992**	1 151
Group profit for the year	(54)	**886**	1 911
Attributable to minorities	(56)	**588**	1 325
Attributable to ordinary shareholders	(49)	**298**	586
Net headline earnings adjustable items		**118**	(179)
Gross headline adjustable items		**399**	(599)
Taxation on headline adjustable items		**–**	11
Minority share of headline adjustable items		**(281)**	409
Headline earnings	2	**416**	407
Normalised adjustments		**204**	4
Black Ownership Initiative adjustment		**25**	4
Deemed treasury shares held for the benefit of policyholders		**179**	–
Normalised headline earnings	51	**620**	411
ROE normalised (%)		**24,1**	15,3
Total assets (Rm)	40	**162 737**	116 021
Normalised embedded value (Rm)	16	**20 404**	17 623
Indexed new business (Rm)	12	**4 870**	4 336
Total funds under management (Rm)	27	**276 000**	218 000
Liberty Life funds	25	**90 000**	72 000
Third party funds	27	**186 000**	146 000

Favourable

- Increased assets under management and new business premiums resulted in significant positive net cash inflows.
- Improved market performance assisted both fee income and investment income and gains.
- Indexed new business premiums increased by 12%.
- Effective 1 January 2005, shareholders' investments were reclassified from available-for-sale (gains and losses accounted for in equity) to fair value (gains and losses accounted for through profit and loss) as part of the IFRS conversion.

Adverse

- Restructuring and integration costs.
- Provision for Statement of Intent relating to PFA rulings, R599 million total impact on embedded value, with R321 million impact on headline earnings.
- Non-recurring fees paid in respect of a subordinated bond issue qualifying as insurance capital.

Reconciliation of normalised headline earnings

	Group		Personal & Business Banking SA		Corporate & Investment Banking SA		Rest of Africa		Corporate & Investment Banking International		Other	
	Rm	Change %	Rm	Change %	Rm	Change %	Rm	Change %	Rm	Change %	Rm	Change %
2005												
Personal & Business Banking	**4 013**	**22**	**3 664**	**23**			**349**	**19**				
Instalment sale and finance leases	**307**	**13**	**239**	**13**			**68**	**13**				
Mortgage lending	**793**	**47**	**670**	**52**			**123**	**24**				
Card products	**402**	**44**	**399**	**46**			**3**	**(50)**				
Transactional products	**2 049**	**11**	**1 892**	**11**			**157**	**14**				
Bancassurance	**462**	**36**	**464**	**33**			**(2)**	**(78)**				
Corporate & Investment Banking	**4 050**	**7**			**3 213**	**15**	**372**	**16**	**465**	**(28)**		
Global markets	**1 287**	**(8)**			**911**	**8**	**166**	**16**	**210**	**(49)**		
Banking and trade finance	**1 420**	**8**			**1 147**	**3**	**159**	**16**	**114**	**70**		
Investment banking	**1 343**	**27**			**1 155**	**36**	**47**	**12**	**141**	**(15)**		
Central & Other	**330**	**>100**									**330**	**>100**
Banking activities	**8 393**	**18**										
Investment Management & Life Insurance	**620**	**51**									**620**	**51**
Liberty Life	**523**	**47**									**523**	**47**
Stanlib	**97**	**73**									**97**	**73**
Normalised headline earnings	**9 013**	**20**	**3 664**	**23**	**3 213**	**15**	**721**	**17**	**465**	**(28)**	**950**	**>100**
2004												
Personal & Business Banking	3 279		2 985				294					
Instalment sale and finance leases	272		212				60					
Mortgage lending	541		442				99					
Card products	279		273				6					
Transactional products	1 848		1 710				138					
Bancassurance	339		348				(9)					
Corporate & Investment Banking	3 774				2 805		322		647			
Global markets	1 398				840		143		415			
Banking and trade finance	1 318				1 114		137		67			
Investment banking	1 058				851		42		165			
Central & Other	47										47	
Banking activities	7 100											
Investment Management & Life Insurance	411										411	
Liberty Life	355										355	
Stanlib	56										56	
Normalised headline earnings	7 511		2 985		2 805		616		647		458	

Reconciliation of total income

	Group		Personal & Business Banking SA		Corporate & Investment Banking SA		Rest of Africa		Corporate & Investment Banking International		Other	
	Rm	Change %	Rm	Change %	Rm	Change %	Rm	Change %	Rm	Change %	Rm	Change %
2005												
Personal & Business Banking	**18 207**	**19**	**16 434**	**20**			**1 773**	**11**				
Instalment sale and finance leases	**1 458**	**19**	**1 276**	**20**			**182**	**15**				
Mortgage lending	**2 426**	**26**	**2 252**	**27**			**174**	**16**				
Card products	**2 363**	**25**	**2 353**	**25**			**10**	**0**				
Transactional products	**10 796**	**16**	**9 412**	**16**			**1 384**	**10**				
Bancassurance	**1 164**	**23**	**1 141**	**23**			**23**	**15**				
Corporate & Investment Banking	**10 720**	**2**			**6 451**	**4**	**1 182**	**11**	**3 130**	**(5)**	**(43)**	**(7)**
Global markets	**4 486**	**0**			**2 013**	**1**	**398**	**16**	**2 075**	**(5)**		
Banking and trade finance	**3 930**	**7**			**2 937**	**8**	**644**	**8**	**392**	**13**	**(43)**	
Investment banking	**2 304**	**(3)**			**1 501**	**3**	**140**	**12**	**663**	**(15)**		
Central & Other	**16**	**(30)**									**16**	**(30)**
Banking activities	**28 943**	**12**										
Investment Management & Life Insurance	**762**	**15**									**762**	**15**
Liberty Life[1]												
Stanlib	**762**	**15**									**762**	**15**
Total	**29 705**	**12**	**16 434**	**20**	**6 451**	**4**	**2 955**	**11**	**3 130**	**(5)**	**735**	**15**
2004												
Personal & Business Banking	15 334		13 734				1 600					
Instalment sale and finance leases	1 224		1 066				158					
Mortgage lending	1 928		1 778				150					
Card products	1 888		1 879				9					
Transactional products	9 344		8 081				1 263					
Bancassurance	950		930				20					
Corporate & Investment Banking	10 516				6 188		1 066		3 308		(46)	
Global markets	4 476				2 002		342		2 178		(46)	
Banking and trade finance	3 671				2 724		599		348			
Investment banking	2 369				1 462		125		782			
Central & Other	23										23	
Banking activities	25 873											
Investment Management & Life Insurance	663										663	
Liberty Life[1]												
Stanlib	663										663	
Total	**26 536**		**13 734**		**6 188**		**2 666**		**3 308**		**640**	

[1] *Liberty Life income of R51 127 million (2004: R32 311 million) is excluded from the total income analysis above due to the distortion caused by the large minority interest in this income.*

Analysis of total group results

Headline earnings per share

	Change %	2005	2004
Normalised headline earnings (Rm)	20	**9 013**	7 511
Normalised headline earnings per share (cents)	19	**666,0**	558,1
Normalised earnings per share (cents)	17	**663,6**	569,0
Headline earnings (Rm)	12	**8 464**	7 538
Headline earnings per share (cents)	23	**702,3**	570,3
Earnings per share (cents)	20	**699,7**	581,4

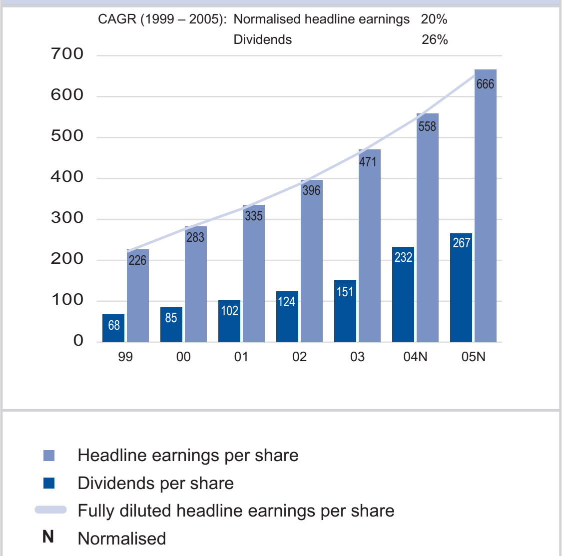
Movement in number of shares issued and weighted average number of shares issued

	2005		2004	
	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 – IFRS	**1 252 918**	**1 252 918**	1 338 730	1 338 730
Holding company shares held for Liberty policyholders (deemed treasury shares)	**(49 307)**	**(49 307)**		
Restated opening balance – IFRS	**1 203 611**	**1 203 611**	1 338 730	1 338 730
Share option settlements	**10 439**	**5 694**	13 378	7 056
Ordinary shares held by Tutuwa SPVs[1]			(99 190)	(24 120)
Share buy-backs	**(10 164)**	**(4 420)**		
Deemed treasury shares: Net sales	**2 818**	**284**		
Standard Bank Group – end of year – IFRS	**1 206 704**	**1 205 169**	1 252 918	1 321 666
Reconciliation to normalised shares in issue				
Adjustments:				
Add back: SBG shares held by Tutuwa SPVs[1]	**99 190**	**99 190**	99 190	24 120
Add back: SBG shares held for the benefit of policyholders (deemed treasury shares)[2]	**46 489**	**49 023**		
Standard Bank Group normalised – end of year	**1 352 383**	**1 353 382**	1 352 108	1 345 786

[1] *The delivery of the Standard Bank Group shares purchased and owned by the Tutuwa SPVs is not accounted for until the eventual redemption or disposal of the 8,5% preference shares held by the group. The number of ordinary shares for purposes of EPS calculations is therefore reduced until delivery is recognised. The normalised adjustment reflects the legal substance of the delivery and ownership of the shares.*

[2] *The weighted average number of shares in issue for earnings per share is calculated after deducting the full number of group shares held (100%) for the benefit of policyholders in Liberty Life, as the accounting standards do not contemplate minority portions of treasury shares. The adjustment adds back the total shares eliminated thereby accounting for it as being in issue to external parties.*

Headline earnings and dividends per share (cents)



Dividends and fully diluted headline earnings per share

	Change %	2005 cents	2004 cents
Normalised fully diluted headline earnings per share	19	**654,5**	550,9
Normalised fully diluted earnings per share	16	**652,2**	561,6
Fully diluted headline earnings per share	20	**670,9**	560,4
Fully diluted earnings per share	17	**668,4**	571,3
Total dividends declared per share	15	**267,0**	231,5
Interim	>100	**122,0**	50,5
Final	(20)	**145,0**	181,0
Dividend cover (times) 2005 based on normalised HEPS (2004 based on HEPS)		**2,5**	2,5

Fully diluted weighted average ordinary shares

	2005 000's	2004 000's
Weighted average ordinary shares – IFRS	**1 205 169**	1 321 666
Adjustments:		
Existing share option schemes – dilutive shares	**23 703**	17 714
Tutuwa transaction – dilutive shares	**32 655**	5 612
Fully diluted weighted average ordinary shares – IFRS	**1 261 527**	1 344 992
Reconciliation to normalised fully diluted weighted average shares		
Reverse dilutive impact of Tutuwa included above	**(32 655)**	(5 612)
Add back: SBG shares held by Tutuwa SPVs	**99 190**	24 120
Add back :SBG shares held in policyholder funds (deemed treasury shares)	**49 023**	–
Normalised fully diluted weighted average shares	**1 377 085**	1 363 500

Dividend growth rate

In 2004, headline earnings per share (HEPS) of 578,7 cents was utilised for the purposes of determining dividend per share of 231,5 cents with a cover of 2,5 times. As from the 2005 interim results, dividends are determined with reference to normalised HEPS, which in 2004 was 566,3 cents. In reviewing the growth of the 2005 total dividend, the 2004 HEPS and dividend base needs to be considered as follows:

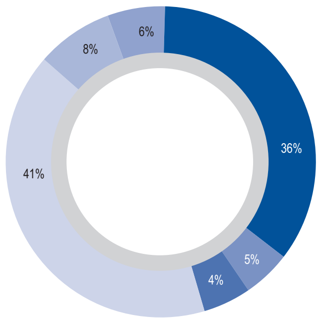
	HEPS cents	Associated dividend cents	2005 growth using 2,5 times %
2004 HEPS	578,7	231,5	15
Normalised adjustments	(12,4)		
Normalised HEPS	566,3	226,5	
IFRS adjustments	(8,2)		
Restated 2004 normalised HEPS	558,1	223,0	19

Under 2005 accounting and dividend policies, the 2004 total dividend would have been 223 cents and the growth rate of the 2005 total dividend of 267 cents would have been 19%.

Normalised headline earnings by business unit (using existing segmentation)

	Change %	2005 Rm	2004 Rm
Domestic Banking	21	**6 991**	5 790
Personal & Business Banking SA	23	**3 664**	2 985
Corporate & Investment Banking SA	15	**3 213**	2 805
Other domestic operations		**114**	–
Rest of Africa	17	**721**	616
Corporate & Investment Banking International	(28)	**465**	647
Corporate & Investment Banking International (USD)	*(28)*	***73***	*101*
Stanlib	73	**97**	56
Central funding and eliminations	>100	**216**	47
Central funding and eliminations – IFRS		**(129)**	78
Tutuwa adjustments		**345**	(31)
Standard Bank operations	19	**8 490**	7 156
Liberty Life normalised	47	**523**	355
Liberty Life – IFRS	(9)	**319**	351
Policyholder deemed treasury shares added back and Tutuwa adjustments	>100	**204**	4
Standard Bank Group	20	**9 013**	7 511

Normalised headline earnings contributions



- Corporate & Investment Banking SA 36% (2004: 37%)
- Corporate & Investment Banking International 5% (2004: 9%)
- Stanlib and Other 4% (2004: 1%)
- Personal & Business Banking SA 41% (2004: 40%)
- Rest of Africa 8% (2004: 8%)
- Liberty Life 6% (2004: 5%)

Review of results based on existing segmentation

Personal & Business Banking SA

- Continued strong lending growth in home loans and card.
- Pressure on margins from increased wholesale funding and increased amortisation of originator fees.
- Increase in fee and commission revenue due to increased transactional volumes and a higher customer base.
- Higher operating expenditure attributable to business growth and costs of compliance.
- Increased credit impairments, off a low base, due to growth in the advances book and additional provisions relating to the NCA.
- Increased branch staff, due to FICA requirements and increased volumes.

Corporate & Investment Banking SA

- Higher fee and commission income particularly from electronic banking.
- Recoveries of previously provisioned exposures.
- Strong contributions from buoyant equity and listed property markets.
- Strong trading performance in equity derivatives as a result of improved customer flows. Other trading desks maintained 2004 record performance in quiet currency and interest rate markets.
- Growth in staff costs due to increased headcount and higher incentive payments in line with increases in earnings.
- Good control of other operating expenditure.

Rest of Africa

- Improved foreign currency trading volumes in Mozambique, Zambia, Botswana and Kenya.
- Operational risk losses and lower recoveries in Uganda and increased credit provisioning in Tanzania, Swaziland and Lesotho.
- Falling interest rates across most countries on the continent leading to margin compression.
- Investment in IT systems across Africa.

Corporate & Investment Banking International

- Increased competition evidenced by high liquidity and spread tightening across emerging markets.
- Low volatility in foreign exchange markets.
- Re-establishment of the energy team after the departure of key staff.
- In line with most UK banks, increased tax provisioning following a recent court ruling on deductability of payouts to employee trusts.
- Recoveries of previously provisioned exposures.
- Gains on the sale of unlisted shares and mining investments.
- Buoyant energy and metals markets.
- Low levels of proprietary risk taking.

Central funding and eliminations

- Dividends on 8,5% Tutuwa preference shares now received for a full year compared to a quarter last year.

Stanlib

- Increase in assets under management.
- Higher fee and commission revenue.
- Increased cash balances resulted in higher net interest income.
- Higher staff costs due to increased headcount.
- Increased STC on ordinary dividends.

Liberty Life

- Positive net inflows, highest level to date.
- Improved market performance.
- At 1 January 2005, shareholders' investments were reclassified from available-for-sale (gains and losses accounted for in equity) to fair value (gains and losses accounted for through profit and loss).
- Restructuring and integration costs due to the acquisition of CAL.
- Provision relating to the industry Statement of Intent on the PFA rulings.

Return on ordinary equity

	Average equity 2005 Rm	ROE 2005 %	Average equity 2004 Rm	ROE 2004 %
Domestic Banking	**20 780**	**33,6**	18 094	32,0
Personal & Business Banking SA	**11 757**	**31,2**	8 593	34,7
Corporate & Investment Banking SA	**7 913**	**40,6**	7 420	37,8
Other domestic operations	**1 110**		2 081	
Rest of Africa	**2 630**	**27,4**	2 116	29,1
Corporate & Investment Banking International	**5 667**	**8,2**	5 335	12,1
Corporate & Investment Banking International (USD)	***891***	***8,2***	*869*	*11,6*
Stanlib	**168**	**57,7**	160	35,0
Central funding and eliminations	**3 707**		2 759	
Elimination of Tutuwa preference shares	**(4 024)**		(2 009)	
Standard Bank operations – IFRS	**28 928**	**28,2**	26 455	27,2
Liberty Life	**2 791**	**18,7**	2 609	13,5
Elimination of Tutuwa preference shares and policyholders' deemed treasury shares	**(1 235)**		(114)	
Standard Bank Group – IFRS	**30 484**	**27,8**	28 950	26,0
Reconciliation to normalised ROE				
Empowerment reserve and dividends receivable	**4 252**		2 123	
Group company shares held in policyholder funds	**1 007**		–	
Standard Bank Group normalised	**35 743**	**25,2**	31 073	24,2

- The 2005 average equity includes an impairment of R1 007 million for Liberty Life policyholders owning Standard Bank and Liberty Holdings shares. On a normalised earnings basis the group achieved a ROE of 25,2%, up from 24,2% last year.
- Domestic ROE has increased due to strong profit growth compounded by higher dividend payments to fund group dividends on a reduced cover as well as share buy-backs. This has been partially offset by an accumulation of equity capital to fund increased asset growth.
- Rest of Africa's ROE is lower than last year due to slower earnings growth.
- Corporate & Investment Banking International's reduced earnings resulted in a decrease in ROE.
- Central funding's average equity (before deducting the impact of the eliminated Tutuwa preference shares) increased due to return of capital from Rest of Africa and Corporate & Investment Banking International, partially offset by the effect of share buy-backs.
- The significant increase in Stanlib's ROE is a result of a significant increase in earnings for the current period and a dividend payment.
- Liberty Life's ROE was assisted by strong profit growth and utilisation of surplus capital to purchase CAL.

Cost of equity and economic returns

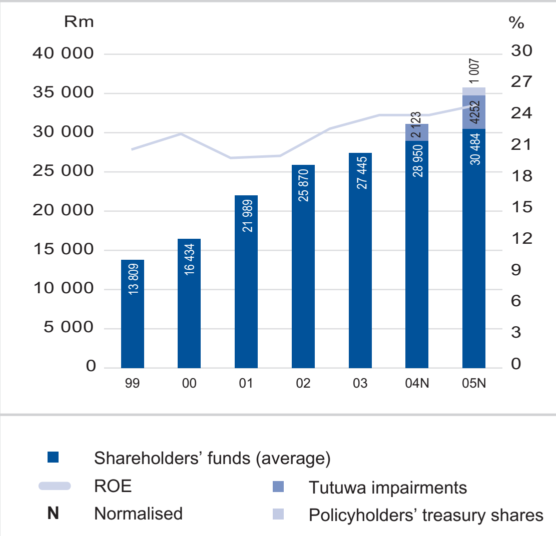
Cost of equity estimates

	Average 2005 %	Average 2004 %
Domestic Banking	**12,5**	13,7
Corporate & Investment Banking International	**15,8**	16,3
Corporate & Investment Banking International (USD)	***12,4***	*11,5*
Rest of Africa	**18,1**	18,0
Rest of Africa (USD)	***14,7***	*13,8*
Standard Bank operations	**12,7**	13,8
Liberty Life	**11,0**	12,4
Standard Bank Group	**12,0**	13,4

Economic returns generated by Standard Bank Group

	Change %	**2005 Rm**	2004 Rm
Average ordinary equity (normalised)	15	**35 743**	31 073
Headline earnings (normalised)	20	**9 013**	7 511
Cost of equity charge	3	**(4 289)**	(4 164)
Economic profits on normalised headline earnings	41	**4 724**	3 347
Other changes in net asset value		**514**	(1 237)
Translation gains/(reversals)		**397**	(1 272)
Other reserve movements		**117**	35
Total economic return	>100	**5 238**	2 110

Return on ordinary equity



Ordinary shareholders' equity (net asset value)

Net asset value

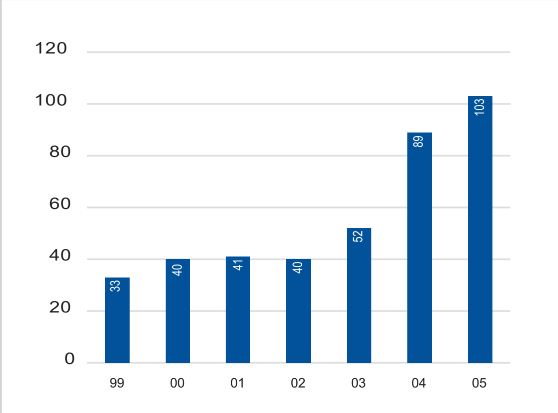
	Change %	2005 Rm	2004 Rm
Domestic Banking	17	**23 065**	19 637
Rest of Africa	8	**2 569**	2 372
Corporate & Investment Banking International	8	**5 426**	5 019
Corporate & Investment Banking International (USD)	*(4)*	***854***	*891*
Stanlib	2	**181**	177
Central funding	19	**4 006**	3 370
Standard Bank operations normalised	15	**35 247**	30 575
Liberty Life	11	**3 023**	2 735
Standard Bank Group net asset value normalised	15	**38 270**	33 310
Tutuwa impairment		**(4 246)**	(4 246)
Accrued dividends on Tutuwa preference shares		**(21)**	–
Liberty Life deemed treasury shares		**(1 072)**	–
Standard Bank Group net asset value – IFRS	13	**32 931**	29 064

Analysis of changes in net asset value – IFRS

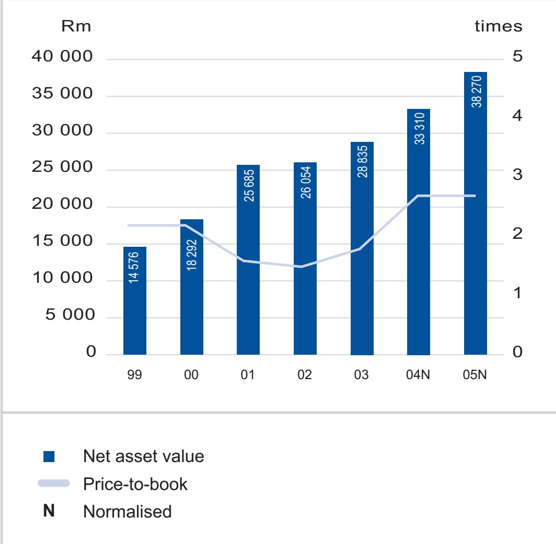
	Change %	2005 Rm	2004 Rm
Net asset value at beginning of year	1	**29 064**	28 835
Change in accounting policy and Liberty deemed treasury shares	>100	**(901)**	(91)
Restated net asset value at beginning of year	(2)	**28 163**	28 744
Group earnings for the year attributable to ordinary shareholders	10	**8 432**	7 684
Dividends (net of deemed treasury shares)	74	**(3 747)**	(2 150)
Currency translation movements, net of hedging		**397**	(1 272)
Tutuwa impairment		**–**	(4 246)
Share buy-backs		**(677)**	–
Issue of ordinary share capital and share premium	(9)	**246**	269
Other direct movements	>100	**117**	35
Net asset value at end of year	13	**32 931**	29 064

- Domestic Banking's NAV increase was partially offset by R4 billion of equity capital distributed to fund the group dividend and share buy-backs. The increased levels of equity were required to fund growth in risk-weighted assets.
- Translation gains and earnings growth account for the increase in equity in Rest of Africa. This has been partly reduced by dividend payments.
- Corporate & Investment Banking International's growth in NAV is due to translation gains, partially offset by a return of capital.
- Stanlib's NAV has remained flat due to current year profits being distributed as a dividend.
- The increase in Central funding arises from dividends received from Rest of Africa and the return of capital from Corporate & Investment Banking International. Central funding's NAV includes R1,2 billion capital provided to Stanbic Bank Nigeria in compliance with new local capital requirements, not yet deployed in the business.

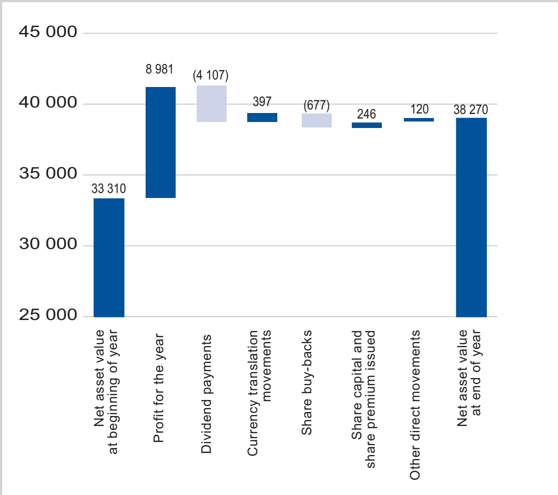
Market capitalisation (Rbn)



Price-to-book and net asset value



Movements in normalised ordinary shareholders' funds (Rm)

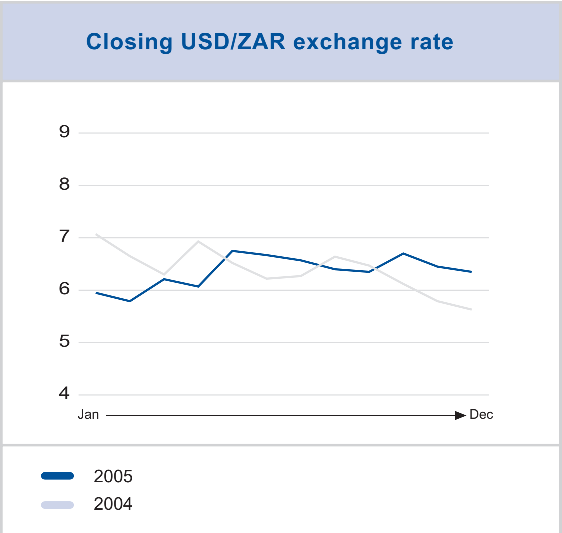


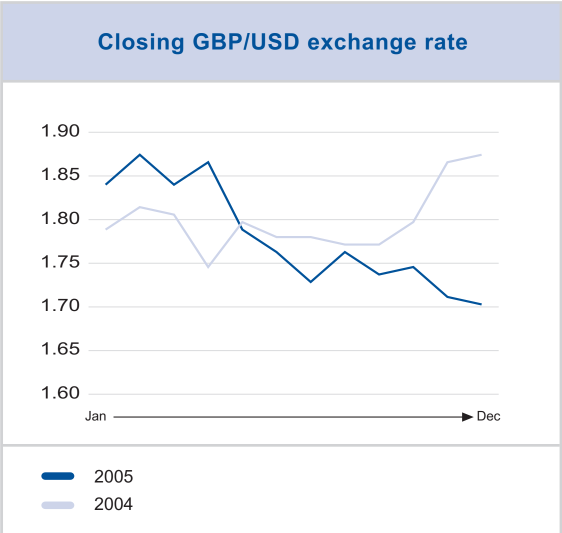
Currency analysis of net asset value

	Total	Rand	Dollar	Sterling	Euro	Other	
						ZAR linked	Various
	Rm	Rm	Rm	Rm	Rm	Rm	Rm
December 2005							
Underlying exposures	**32 931**	**20 188**	**5 162**	**1 194**	**2 317**	**854**	**3 216**
Currency profile changes due to hedging strategies			**(1 601)**	**2 191**	**(526)**		**(64)**
Actual exposures	**32 931**	**20 188**	**3 561**	**3 385**	**1 791**	**854**	**3 152**
December 2004							
Underlying exposures	29 064	18 889	4 738	1 414	1 819	768	1 436
Currency profile changes due to hedging strategies			(2 402)	2 402			
Actual exposures	29 064	18 889	2 336	3 816	1 819	768	1 436

Closing currency profile of NAV

	%	%	%	%	%	%	%
2005 before hedging	**100**	**61**	**16**	**3**	**7**	**3**	**10**
2005 after hedging	**100**	**61**	**11**	**10**	**5**	**3**	**10**
2004 before hedging	100	65	16	5	6	3	5
2004 after hedging	100	65	8	13	6	3	5





Currency translation effects

Exchange rates

	Rate change % 2005	Rate change % 2004	Rates 2005	Rates 2004
Average USD/ZAR	**1**	15	**6,36**	6,44
Closing USD/ZAR	**(13)**	16	**6,36**	5,63
Average GBP/ZAR	**2**	4	**11,57**	11,80
Closing GBP/ZAR	**(1)**	9	**10,95**	10,82
Average Euro/ZAR	**1**	6	**7,91**	8,01
Closing Euro/ZAR	**2**	9	**7,52**	7,66
Rand appreciation/(depreciation) (weighted for the group) vs African currencies				
Average for the period	**2**	13		
Closing	**(5)**	12		

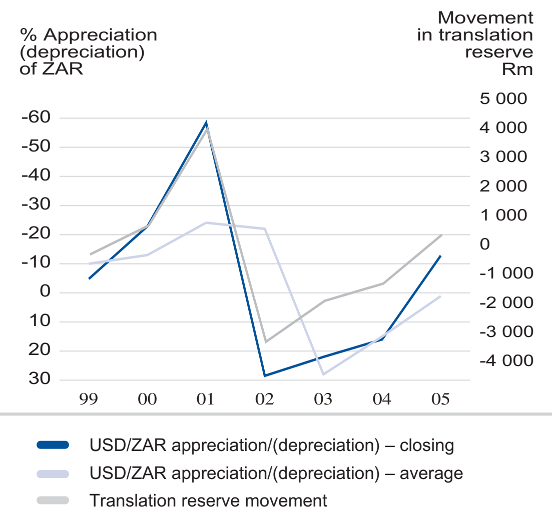
Movement in group currency translation reserve

	2005 Rm	2004 Rm
Balance at the beginning of the year: (debit)/credit	**(791)**	481
Translation movement for the year	**397**	(1 272)
Domestic Banking	**67**	(118)
Rest of Africa	**85**	(224)
Corporate & Investment Banking International[1]	**544**	(783)
Central funding[1]	**(64)**	(212)
Liberty Life	**(6)**	(23)
Gross translation movements	**626**	(1 360)
Currency hedges (losses)/gains	**(229)**	88
Balance of the net translation reserve: debit	**(394)**	(791)

[1] *Includes the reallocation of an intercompany shareholders' loan from Central funding to Corporate & Investment Banking International.*

- The rand depreciated 73 cents against the USD in 2005 and this was the main contributor to the positive translation reserve movement of R397 million.
- The group remains averse to an overconcentration of its net asset value in US dollars and has hedges in place to support this strategy. The strengthening of the USD relative to GBP and Euro has accordingly given rise to losses on currency hedges on dollar capital invested in Corporate & Investment Banking International.
- The translation loss in Central funding arose due to a strengthening of the rand relative to other currencies in which surplus capital is held, while the weakening of the rand relative to USD gave rise to translation gains for Corporate & Investment Banking International.

Currency translation effects



Risk-weighted assets

Average risk-weighted assets

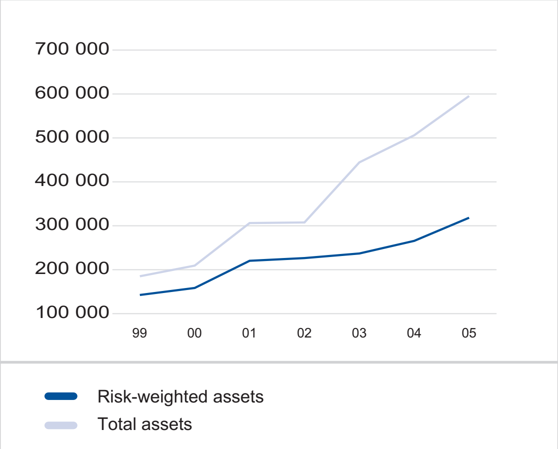
	Change %	Average 2005 Rm	Average 2004 Rm
Domestic Banking	22	**228 308**	186 795
Personal & Business Banking SA	28	**131 217**	102 728
Corporate & Investment Banking SA	15	**94 070**	81 597
Banking book	26	**80 938**	64 332
Trading book	(24)	**13 132**	17 265
Other domestic operations	22	**3 021**	2 470
Rest of Africa	10	**16 828**	15 258
Corporate & Investment Banking International	15	**49 971**	43 446
Banking book	16	**22 459**	19 371
Trading book	14	**27 512**	24 075
Stanlib	(6)	**1 294**	1 373
Central funding	(66)	**469**	1 395
Standard Bank Group	20	**296 870**	248 267

Risk-weighted assets – closing

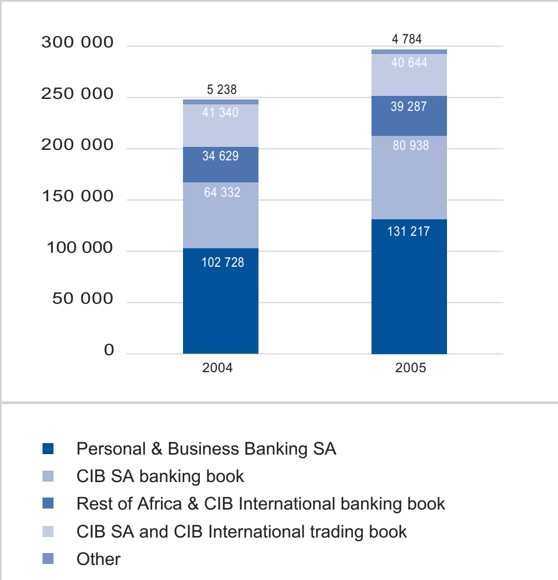
	Change %	2005 Rm	2004 Rm
On-balance sheet	21	**257 424**	212 218
Off-balance sheet	32	**20 834**	15 742
Trading activity notional assets	8	**40 021**	37 188
	20	**318 279**	265 148

- Strong growth in consumer and corporate advances accounted for the majority of the increase in average risk-weighted assets.
- Domestic's banking book growth was partially offset by lower trading book capital requirements as a result of lower volatilities and volumes.
- Internationally, average risk-weighted assets increased mainly as a result of currency movements. Underlying dollar amounts increased only marginally.
- Growth in lower risk-weighted residential mortgages is the main contributor to the continued widening gap between total and risk-weighted assets.

Standard Bank operations risk-weighted assets trend (closing balances) (Rm)



Standard Bank operations risk-weighted assets by risk class (Rm)



Capital adequacy – regulatory capital and risk-weighted assets

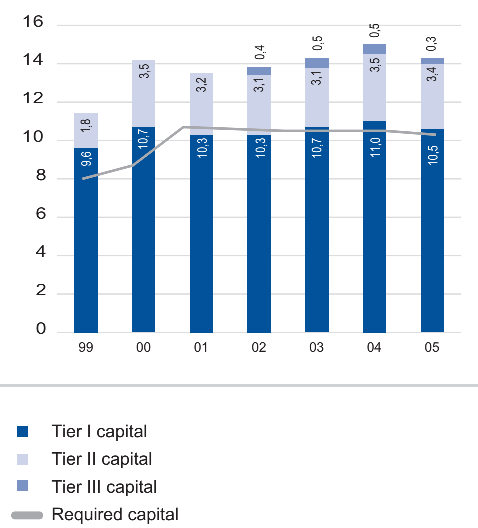
	Change %	**2005 Rm**	2004 Rm
Ordinary shareholders' equity	13	**32 931**	29 064
Minority interest	(12)	**281**	318
Perpetual preference shares	–	**2 983**	2 983
Elimination of insurance operations[1]	(26)	**(2 122)**	(2 872)
Impairments and other	36	**(520)**	(382)
Tier I capital	15	**33 553**	29 111
Preference share capital	–	**8**	8
Tier II bonds	18	**9 467**	8 042
Credit impairments for performing loans	19	**1 236**	1 036
Revaluation reserve	(14)	**210**	243
Tier II capital	17	**10 921**	9 329
Tier III capital	(33)	**854**	1 282
Total capital	14	**45 328**	39 722

Capital adequacy ratios and targets

Standard Bank Group	Effective group constraint (including buffers) %	SARB regulatory constraint %	Target %	**2005 %**	2004 %
Total capital adequacy ratio[1]	13,4	10,0	13,0	**14,2**	15,0
Tier I capital adequacy ratio	9,4	6,0	9,0	**10,5**	11,0
Preference shares as % of Tier I		20,0		**8,9**	10,2
Tier II and III as % of Tier I		100,0		**35,1**	36,5
Lower Tier II as % of Tier I		50,0		**28,2**	27,6
Ordinary equity as % of capital			60,0	**67,4**	65,8
Preference shares as % of capital			10,0	**6,6**	7,5
Tier II and III as % of capital			30,0	**26,0**	26,7

[1] *In 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 not recognised in group capital. Comparatives have been restated accordingly.*

Capital adequacy (%)



Capital adequacy ratios

	2005				2004				
	Tier I capital %	Tier II capital %	Tier III capital %	Total capital %	Tier I capital %	Tier II capital %	Tier III capital %	Total capital %	Host regulatory requirement %
Standard Bank Group	**10,5**	**3,4**	**0,3**	**14,2**	11,0	3,5	0,5	15,0	–
The Standard Bank of South Africa	**8,6**	**3,6**	**0,3**	**12,5**	9,1	3,8	0,5	13,4	10
Rest of Africa									
Stanbic Bank Botswana	**12,1**	**3,7**	**–**	**15,8**	11,9	4,1	–	16,0	15
Stanbic Bank Congo s.a.r.l.	**11,0**	**–**	**–**	**11,0**	10,8	–	–	10,8	10
Stanbic Bank Ghana	**18,0**	**0,3**	**–**	**18,3**	16,8	–	–	16,8	10
Stanbic Bank Kenya	**14,7**	**0,7**	**–**	**15,4**	19,8	–	–	19,8	12
Stanbic Bank Malawi	**15,0**	**4,2**	**–**	**19,2**	14,8	4,9	–	19,7	10
Standard Bank Mauritius	**24,0**	**0,7**	**–**	**24,7**	17,6	0,6	–	18,2	10
Standard Bank Mozambique	**13,5**	**–**	**–**	**13,5**	18,4	–	–	18,4	10
Stanbic Bank Nigeria	**307,0**	**–**	**–**	**307,0**	26,8	0,3	–	27,1	10
Stanbic Bank Tanzania	**9,2**	**0,9**	**–**	**10,1**	8,8	0,8	–	9,6	10
Stanbic Bank Uganda	**14,6**	**1,1**	**–**	**15,7**	17,3	0,5	–	17,8	12
Stanbic Bank Zambia	**21,5**	**0,1**	**–**	**21,6**	18,6	0,1	–	18,7	10
Stanbic Bank Zimbabwe	**22,4**	**3,8**	**–**	**26,2**	15,3	3,7	–	19,0	10
Standard Bank Lesotho	**17,2**	**0,4**	**–**	**17,6**	10,0	0,5	–	10,5	8
Lesotho Bank (1999)	**16,1**	**0,7**	**–**	**16,8**	21,9	0,7	–	22,6	8
Standard Bank Namibia	**9,7**	**3,5**	**–**	**13,2**	9,0	3,8	–	12,8	10
Standard Bank Swaziland	**6,1**	**3,2**	**–**	**9,3**	7,7	0,8	–	8,5	8
SIH, incorporating	**8,1**	**5,7**	**0,5**	**14,3**	8,2	6,1	0,8	15,1	10-12
– Standard Bank London									
– Standard Bank Asia Limited									
– Standard Merchant Bank Asia									
– Banco Standard de Investimentos Anonima									
– ZAO Standard Bank									
Standard Bank Jersey	**9,1**	**2,3**	**–**	**11,4**	9,5	2,5	–	12,0	10
Standard Bank Isle of Man	**5,9**	**5,2**	**–**	**11,1**	7,1	4,4	–	11,5	10
Aggregate regulatory capital requirement				**10,3**				10,5	
Liberty Life (calculated in terms of the Long-term Insurance Act – CAR – times covered				**2,0**				2,5	

The Standard Bank of South Africa

- Tier I capital adequacy reduced marginally due to strong growth in risk-weighted assets not fully matched by retained earnings accumulation, given the consequences of a lower dividend cover ratio.
- Tier II capital adequacy reduced following the conclusion of tier II refinancing and redemption process, combined with strong risk-weighted asset growth.

Rest of Africa

- High levels of capital in Stanbic Nigeria relative to risk-weighted assets, following the further capitalisation of the bank to meet new local minimum capital requirements.

Standard International Holdings

- Total capital adequacy reduced mainly due to lower tier II adequacy: asset growth more than offset the change in tier II capital following the raising of new external tier II debt in replacement of maturing bonds, and the repayment of group subordinated loan capital.

Standard Bank Group

- The impact of a reduced dividend cover and share buy-backs combined with strong risk-weighted asset growth resulted in a reduction in capital adequacy levels.

Standard Bank operations

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

	Change %	NII 2005 Rm	NIM[1] 2005 %	NII 2004 Rm	NIM[1] 2004 %
Domestic Banking	14	**10 683**	**3,16**	9 350	3,40
Personal & Business Banking SA	19	**8 474**	**4,81**	7 144	5,36
Corporate & Investment Banking SA	1	**2 400**	**1,56**	2 374	1,76
Other domestic operations	14	**(191)**		(168)	
Rest of Africa	6	**1 609**	**5,78**	1 520	6,08
Corporate & Investment Banking International	12	**630**	**0,59**	562	0,57
Corporate & Investment Banking International (USD)	*14*	***99***	***0,59***	*87*	*0,57*
Stanlib	(36)	**(28)**		(44)	
Central funding and eliminations	(11)	**93**		104	
Total net interest income	13	**12 987**	**2,93**	11 492	3,07

[1] *Based on total average assets excluding trading derivatives, as this category does not have a funding impact.*

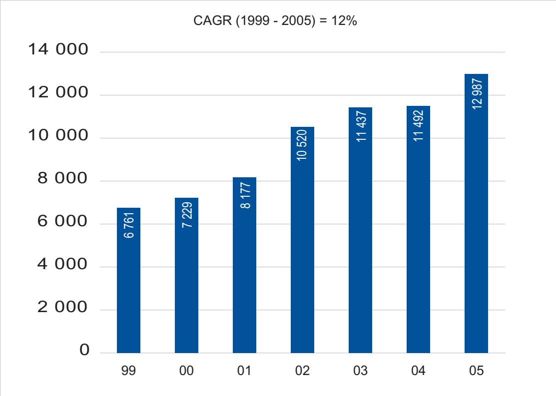
Favourable

- Strong consumer lending asset growth due to favourable economic conditions and low interest rates.
- Improved loan growth in Corporate & Investment Banking SA towards the end of the year.
- Change in the mix of the group balance sheet with an increase in higher margin Domestic assets and higher margin Personal & Business Banking SA balances as a proportion of total Domestic Banking.
- Interest received on tax refunds in 2005.

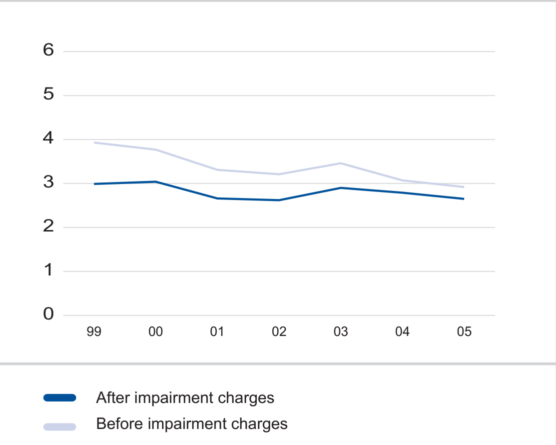
Adverse

- Higher reliance on more expensive wholesale funding to fund the strong growth in Personal & Business Banking SA advances.
- Higher mortgage lending origination costs due to a greater proportion of business being raised through originators.
- Increased average concession rates in the latter part of the year on new mortgage lending transactions.
- Higher funding costs due to the lengthening of the term structure of the funding book in line with internal prudential guidelines.
- Negative endowment effect due to the lower interest rate environment in South Africa and a number of African markets.

Net interest income (Rm)



Group net interest margin (%)



Movement in average assets, NII and group NIM

	Average assets Rm	NII Rm	NIM %
2004	374 548	11 451	3,06
Restatements on adoption of IFRS	166	41	0,01
Restated 2004	374 714	11 492	3,07
Movements:			
Domestic Banking	62 278	1 333	(0,17)
Rest of Africa	2 841	89	(0,02)
Corporate & Investment Banking International	8 184	68	0,00
Stanlib	52	16	0,00
Central funding and eliminations	(4 780)	(11)	(0,01)
Improved mix arising from Domestic Banking growth			0,06
2005	**443 289**	**12 987**	**2,93**

Movement in NII and margin per business unit

	Domestic Banking		Rest of Africa		Corporate & Investment Banking International		Total	
	NII Rm	NIM %	NII Rm	NIM %	NII Rm	NIM %	NII Rm	NIM %
2004	9 320	3,39	1 510	6,04	561	0,57	11 451	3,06
Restatements	30	0,01	10	0,04	1	0,00	41	0,01
Restated 2004	9 350	3,40	1 520	6,08	562	0,57	11 492	3,07
Net non-interest earning assets	419	0,74	47	0,94	(14)	0,72	452	1,23
Interest earning assets – 2004	9 769	4,14	1 567	7,02	548	1,29	11 944	4,30
Impact of volume changes	1 884		(254)		(135)		1 501	
Impact of rate changes	(570)	(0, 23)	368	1,65	235	0,55	33	0,02
Lending – Yield[1]	279	0,12	128	0,57	(482)	(1,14)	(75)	(0,03)
– Cost of funds[2]	(313)	(0,13)					(313)	(0,11)
Funding – Yield[1]	(765)	(0,32)	350	1,57	779	1,84	364	0,13
– Cost of funds[2]	368	0,16					368	0,13
– Endowment	(203)	(0,09)	(130)	(0,58)			(333)	(0,12)
Endowment – Capital and reserves	(95)	(0,04)	(65)	(0,29)	93	0,22	(67)	(0,02)
Assets held for prudential requirements	67	0,03	200	0,90			267	0,10
Other treasury and banking activities	92	0,04	(115)	(0,52)	(155)	(0,37)	(178)	(0,06)
Change in composition of balance sheet		(0,24)		(2,10)		(0,75)		(0,56)
Interest earning assets – 2005	**11 083**	**3,67**	**1 681**	**6,57**	**648**	**1,09**	**13 478**	**3,76**
Net non-interest earning assets	(400)	(0,51)	(72)	(0,79)	(18)	(0,50)	(491)	(0,83)
2005	**10 683**	**3,16**	**1 609**	**5,78**	**630**	**0,59**	**12 987**	**2,93**

[1] *Yield changes refer to the difference in movement between average client rates and the prime lending rate.*

[2] *Cost of funds changes refer to the difference in movement between average wholesale cost of funds rate and the prevailing inter-bank market rate.*

Non-interest revenue

	Change %	2005 Rm	2004 Rm
Fee and commission revenue	14	**11 172**	9 816
Point of representation	12	**4 887**	4 371
Electronic banking	25	**879**	706
Knowledge based fees and commission	6	**1 335**	1 255
Card based commission	28	**1 845**	1 437
Insurance – fees and commission	19	**503**	422
Documentation and administration fees	18	**282**	239
Foreign currency service fees	16	**549**	472
Other	(2)	**892**	914
Trading revenue	(1)	**3 742**	3 788
Commodities	(7)	**721**	779
Forex	(3)	**1 681**	1 725
Debt securities	(16)	**1 019**	1 216
Equities	>100	**326**	38
Other		**(5)**	30
Other revenue	25	**1 804**	1 440
Banking and other	11	**452**	409
Property related revenue	28	**782**	612
Insurance – underwriting and bancassurance profit	36	**570**	419
Total non-interest revenue	11	**16 718**	15 044

Favourable

- Higher customer base, transaction volumes, and to a lesser extent, repricing initiatives, increased fee and commission revenue.
- Equities trading improved off a low base mainly due to higher levels of institutional and broker flows.
- Higher profits on private equity and property investments in low interest rate environment.
- Gains on investment securities in Corporate & Investment Banking International due to increased commodity prices.
- Improved business volumes and market penetration in bancassurance.
- Increased volumes and higher take up on new electronic banking products.
- Favourable local equity markets had a positive effect on fund management fees.
- Increased foreign currency trading volumes across the African continent.

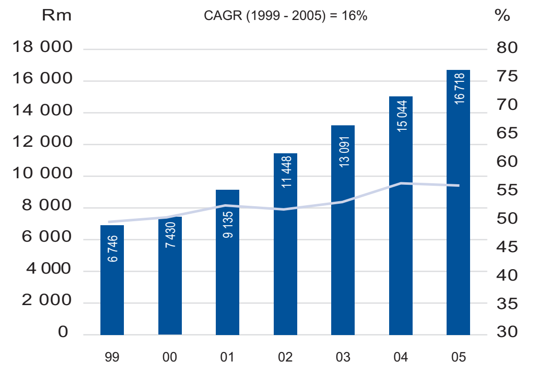
Adverse

- Subdued performance, off a high base, in debt securities in Corporate & Investment Banking International. This was mainly due to tight credit spreads and low volatility reducing business opportunities.
- Higher commodity prices led to reduced client hedging activities.
- Dampened foreign currency profits as low volatility reduced trading margins in the South African and international operations.
- Re-establishment of the energy team following some key staff departures.
- Lower fund management fees internationally on the back of an emerging market bond rally in 2004.
- Reduced levels of proprietary risk trading.

Non-interest revenue per business unit

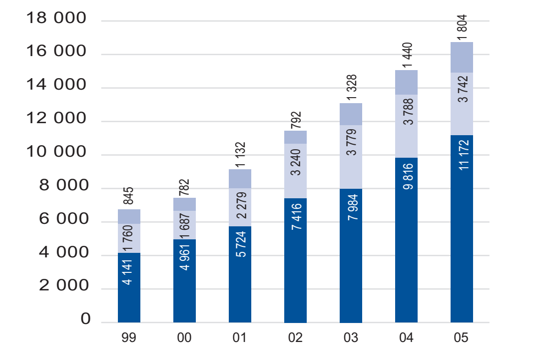
	Change %	**2005 Rm**	2004 Rm
Domestic Banking	15	**12 103**	10 484
Personal & Business Banking SA	21	**7 960**	6 590
Corporate & Investment Banking SA	6	**4 051**	3 814
Other domestic operations	15	**92**	80
Rest of Africa	17	**1 346**	1 146
Corporate & Investment Banking International	(9)	**2 500**	2 746
Corporate & Investment Banking International (USD)	*(8)*	***393***	*426*
Stanlib	12	**790**	707
Central funding and eliminations		**(21)**	(39)
Total non-interest revenue	11	**16 718**	15 044

Non-interest revenue



■ Non-interest revenue
— Non-interest revenue to total revenue

Analysis of non-interest revenue (Rm)



■ Fee and commission revenue
■ Trading revenue
■ Other revenue

Credit impairment charges

Income statement charge

	Change %	2005 Rm	2004 Rm
Loans, overdrafts and other corporate exposures	(40)	**262**	439
Card debtors	96	**326**	166
Instalment sale and finance leases	21	**296**	244
Mortgage advances	61	**323**	201
Total credit impairment charges	15	**1 207**	1 050

Credit loss ratio by business unit

	2005			2004		
	NPL %	**PL %**	**Total %**	NPL %	PL %	Total %
Domestic Banking	**0,41**	**0,09**	**0,50**	0,36	0,05	0,41
Personal & Business Banking SA	**0,59**	**0,14**	**0,73**	0,56	0,03	0,59
Corporate & Investment Banking SA	**0,00**	**(0,00)**	**(0,00)**	(0,06)	0,11	0,05
Rest of Africa	**0,34**	**(0,06)**	**0,28**	0,47	(0,09)	0,38
Corporate & Investment Banking International	**(0,16)**	**(0,06)**	**(0,22)**	0,77	(0,40)	0,37
Standard Bank operations	**0,34**	**0,07**	**0,41**	0,43	0,00	0,43

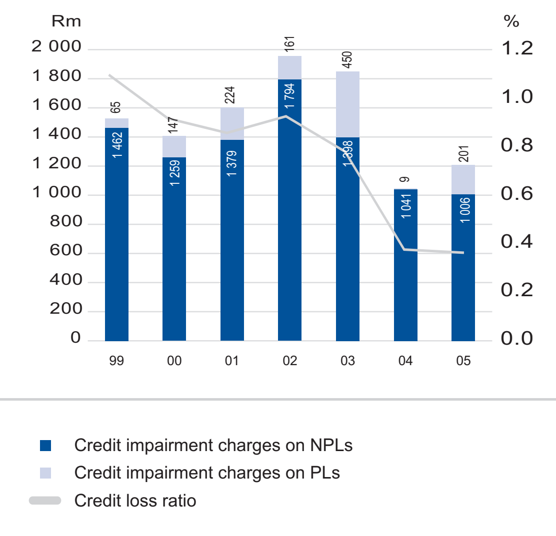
Favourable

- Improved collection processes across the group.
- No incremental provisions for performing loans in Corporate & Investment Banking SA due to provisions considered adequate.
- Corporate recoveries internationally as previously distressed counterparties were rehabilitated.
- In Rest of Africa a release of centrally held provisions, no longer required, fully offset increased non-performing loan provisioning from the alignment of risk gradings with Domestic operations.

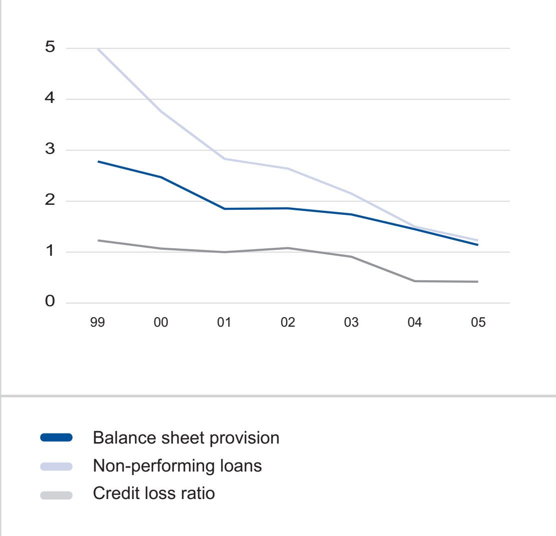
Adverse

- Higher provisions in Personal & Business Banking SA due to strong loan growth.
- Additional performing loans provisions in Personal & Business Banking SA pertaining to the National Credit Act.
- Additional performing loans provisions in Botswana in line with the incurred loss model.
- Significant performing loan provision releases in Corporate & Investment Banking International included in the prior year base due to lower portfolio risk and reassessment of loss parameters.

Credit impairment charges



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



Non-performing loans

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[1]	Items that show underlying well defined weaknesses that could lead to probable loss if not corrected.
Doubtful[1]	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[1]	Items which are considered to be uncollectable and where the realisation of collateral and institution of legal proceedings have been unsuccessful.

[1] *Classified as non-performing for disclosure purposes.*

Standard Bank Group's external loans and advances in line with the 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
2005							
Domestic Banking	**274 150**	**1 770**	**1 259**	**390**	**3 419**	**3 066**	**267 665**
Personal & Business Banking SA	**196 393**	**1 423**	**1 222**	**325**	**2 970**	**3 033**	**190 390**
Corporate & Investment Banking SA	**77 581**	**347**	**37**	**26**	**410**	**33**	**77 138**
Other domestic operations	**176**	**–**	**–**	**39**	**39**	**–**	**137**
Rest of Africa	**14 413**	**134**	**43**	**134**	**311**	**882**	**13 220**
Corporate & Investment Banking International	**49 359**	**101**	**–**	**313**	**414**	**502**	**48 443**
Other	**67**	**–**	**–**	**–**	**–**	**–**	**67**
Gross loans and advances	**337 989**	**2 005**	**1 302**	**837**	**4 144**	**4 450**	**329 395**
Percentage of total book (%)	**100,0**	**0,6**	**0,4**	**0,2**	**1,2**	**1,3**	**97,5**
2004							
Domestic Banking	216 087	1 647	1 198	406	3 251	2 399	210 437
Personal & Business Banking SA	153 141	1 142	1 101	321	2 564	2 380	148 197
Corporate & Investment Banking SA	62 884	505	97	43	645	19	62 220
Other domestic operations	62	–	–	42	42	–	20
Rest of Africa	12 287	95	36	77	208	581	11 498
Corporate & Investment Banking International	34 286	124	192	135	451	442	33 393
Other	9	–	–	–	–	–	9
Gross loans and advances	262 669	1 866	1 426	618	3 910	3 422	255 337
Percentage of total book (%)	100	0,7	0,6	0,2	1,5	1,3	97,2

For purposes of this analysis, intra-group loans and advances are eliminated against individual business units.

Non-performing loans continued

Analysis of NPLs per business unit

	Gross NPLs (net of interest in suspense) 2005 Rm	2004 Rm
Domestic Banking	**3 419**	3 251
Personal & Business Banking SA	**2 970**	2 564
Mortgage advances	**1 702**	1 375
Card debtors	**161**	104
Instalment sale and finance leases	**474**	463
Other personal and business	**633**	622
Corporate & Investment Banking SA	**410**	645
Corporate & Investment Banking SA	**100**	314
Property finance	**310**	331
Other domestic operations	**39**	42
Rest of Africa	**311**	208
Corporate & Investment Banking International	**414**	451
Standard Bank operations	**4 144**	3 910
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		
Total group impairments		

NPL coverage % to gross advances

	2005 %	2004 %
Gross NPLs	**1,2**	1,5
Less: Securities and collateral	**(0,6)**	(0,7)
Less: Impairments for non-performing loans	**(0,6)**	(0,8)
Net NPLs	**0,0**	0,0
Coverage : Gross[1]	**47**	54
: Net[2]	**100**	100
Gross advances (Rm)	**337 989**	262 669

[1] *Gross coverage = NPLs provision/Gross NPL*
[2] *Net coverage = NPLs provision/(Gross NPL – Security)*

	Securities and expected recoveries		Net after securities and expected recoveries		Impairments for NPLs		Gross impairment coverage	
	2005 Rm	2004 Rm	2005 Rm	2004 Rm	2005 Rm	2004 Rm	2005 %	2004 %
	2 025	1 776	**1 394**	1 475	**1 394**	1 475	**41**	45
	1 855	1 406	**1 115**	1 158	**1 115**	1 158	**38**	45
	1 373	913	**329**	462	**329**	462	**19**	34
	47	30	**114**	74	**114**	74	**71**	71
	230	226	**244**	237	**244**	237	**51**	51
	205	237	**428**	385	**428**	385	**68**	62
	168	366	**242**	279	**242**	279	**59**	43
	25	188	**75**	126	**75**	126	**75**	40
	143	178	**167**	153	**167**	153	**54**	46
	2	4	**37**	38	**37**	38	**95**	90
	142	19	**169**	189	**169**	189	**54**	91
	44	4	**370**	447	**370**	447	**89**	99
	2 211	1 799	**1 933**	2 111	**1 933**	2 111	**47**	54
					90	92		
					30	64		
					107	68		
					2 160	2 335		

Balance sheet impairments on loans and advances

	Change %	2005 Rm	2005 % of loans	2004 Rm	2004 % of loans
Non-performing loans	(7)	**2 160**	**0,64**	2 335	0,89
Performing loans	16	**1 701**	**0,50**	1 461	0,56
Total	2	**3 861**	**1,14**	3 796	1,45

Favourable

- Benign domestic credit conditions due to low interest rates and low inflation.
- Non-performing loans increased in value, but decreased as a percentage of book year on year.
- A number of large recoveries and rehabilitations in the corporate businesses.
- Escalating security values in mortgage lending.

Adverse

- Increased risk appetite associated with credit card lending.
- Increase in the total non-performing loan book for Rest of Africa as risk gradings are being aligned to domestic operations.

Operating expenses

	Change %	2005 Rm	2004 Rm
Domestic Banking	9	**12 057**	11 082
Personal & Business Banking SA	13	**9 727**	8 588
Corporate & Investment Banking SA	3	**2 649**	2 577
Other domestic operations	>100	**(319)**	(83)
Rest of Africa	15	**1 854**	1 611
Corporate & Investment Banking International	9	**2 525**	2 318
Corporate & Investment Banking International (USD)	*11*	***397***	*359*
Stanlib	(8)	**414**	449
Central funding and eliminations	(57)	**(33)**	(76)
Total operating expenses	9	**16 817**	15 384

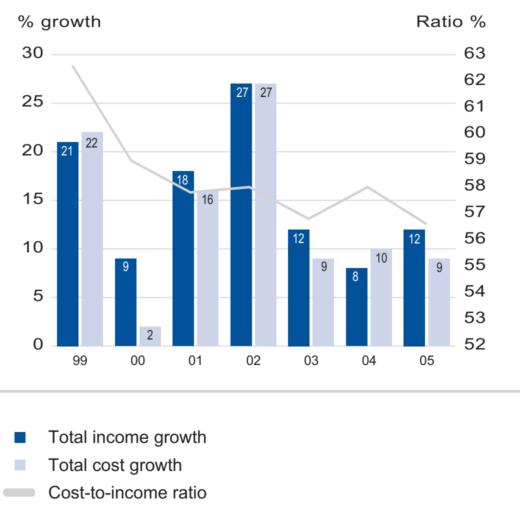
Cost-to-income ratio

	%	%
Domestic Banking	**52,9**	55,9
Personal & Business Banking SA	**59,2**	62,5
Corporate & Investment Banking SA	**41,1**	41,6
Rest of Africa	**62,7**	60,4
Corporate & Investment Banking International	**80,7**	70,1
Stanlib	**54,3**	67,7
Standard Bank Group	**56,6**	58,0

Cost-to-income

- Continued strong revenue growth domestically resulted in a 3% positive shift in the ratio.
- The group ratio was negatively impacted by reduced trading revenue in the international operations and increased investment in infrastructure in Rest of Africa.

Cost and income growth



Staff costs and headcount analysis

Staff costs

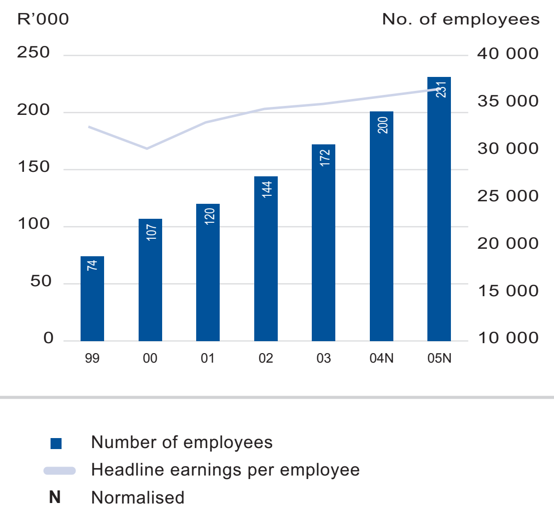
	Change %	2005 Rm	2004 Rm
Domestic Banking	12	**6 678**	5 987
Personal & Business Banking SA	10	**3 172**	2 873
Corporate & Investment Banking SA	9	**1 455**	1 333
Other domestic operations	15	**2 051**	1 781
Rest of Africa	13	**850**	752
Corporate & Investment Banking International	10	**1 776**	1 612
Corporate & Investment Banking International (USD)	*12*	***279***	*250*
Stanlib	4	**243**	233
Central funding and eliminations	>100	**66**	26
Total staff costs	12	**9 613**	8 610

Headcount

		Number	Number
Domestic Banking	1	**28 518**	28 108
Personal & Business Banking SA	0	**17 653**	17 587
Corporate & Investment Banking SA	6	**3 213**	3 029
Business Operations	(1)	**4 097**	4 154
Group Credit	3	**1 449**	1 409
Group IT	11	**1 350**	1 221
Group HR, Risk, Finance and other	7	**756**	708
Rest of Africa	6	**6 119**	5 799
Corporate & Investment Banking International	9	**1 494**	1 376
Stanlib	3	**551**	537
Standard Bank operations	2	**36 682**	35 820

- Salary increases and increased incentive provisions in line with earnings growth.
- Increased staff costs in the branch network to handle increased volumes and compliance burden.
- Increased employees to support IT initiatives, coupled with business growth.
- Revised incentive structure in the international operations.
- Increased talent pool in Rest of Africa.
- Increased share-based payment costs due to phase-in approach in line with IFRS.

Headline earnings per employee



Other operating expenses

	Change %	2005 Rm	2004 Rm
Other operating expenses by business unit			
Domestic Banking	6	**5 379**	5 095
Personal & Business Banking SA	15	**6 555**	5 715
Corporate & Investment Banking SA	(4)	**1 194**	1 244
Other domestic operations	27	**(2 370)**	(1 864)
Rest of Africa	17	**1 004**	859
Corporate & Investment Banking International	6	**749**	706
Corporate & Investment Banking International (USD)	*8*	***118***	*109*
Stanlib	(21)	**171**	216
Central funding and eliminations	(3)	**(99)**	(102)
Total other operating expenses	6	**7 204**	6 774
Analysis of other operating expenses			
Information technology[1]	10	**1 427**	1 294
Depreciation and amortisation	(16)	**764**	914
Communication	21	**722**	598
Premises	12	**1 276**	1 140
Other	7	**3 015**	2 828
Total	6	**7 204**	6 774

[1] *Total information technology spend, including depreciation, subcontractors and IT staff costs amounted to R2 953 million (2004: R2 649 million), up 11%.*

Favourable

- Depreciation acceleration relating to the change in accounting estimate in respect of the depreciable period in 2004, not repeated.
- Capitalisation of trading system project costs.

Adverse

- Higher operating expenses due to increased compliance burden and business volumes.
- Increased communication costs as new call centres were opened to cater for increased volumes coupled with higher telephone tariffs.
- Higher partner programme costs, notably Voyager and Diners.
- Higher premises expenses due to an increase in rentals paid and greater spend on new points of representation.
- Increased information technology costs to cater for additional human resource related projects.

Domestic market share analysis

Instalment finance

- Good performance in motor book.
- Non-motor book decreased.
- Increased cross-selling to bank customers.
- Securitisation of motor book reduced market share by 1,1%.

Mortgage advances

- New business market share maintained.
- 26% growth in new loans granted.
- Maintained good relationships with mortgage originators.
- Securitisation reduced market share by 0,6%.

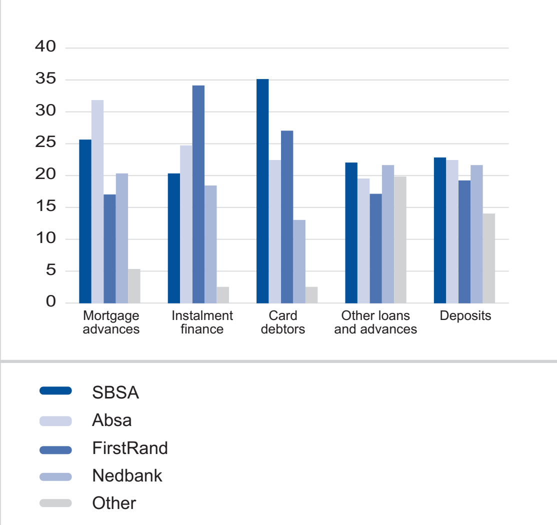
Card debtors

- Targeted campaigns and joint ventures with retailers increased market share.
- Increased number of accounts due to cross-selling.

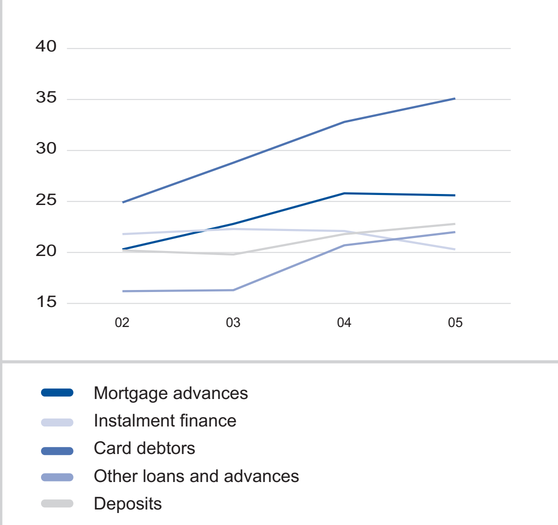
Other loans and advances

- Increased share of overdraft market by 4%.
- Increase in revolving credit demand due to low interest rates.
- Increased corporate lending due to targeted marketing in last quarter.

Market share analysis (%)



Market share trend (%)



Loans and advances

By advance type

	Change %	2005 Rm	2004 Rm
Loans and advances held at amortised cost	30	**335 886**	258 219
Loans and advances to banks	80	**25 139**	13 964
Call loans	>100	**7 708**	3 635
Loans granted under resale agreements	69	**17 431**	10 329
Loans and advances to customers	24	**303 856**	244 255
Card debtors	52	**11 967**	7 852
Instalment sales and finance leases	13	**39 492**	34 844
Mortgage lending	28	**121 684**	95 172
Overnight lending	26	**32 743**	25 965
Revolving credit accounts	12	**6 461**	5 772
Term lending	20	**57 480**	47 882
Loans granted under resale agreements	28	**8 860**	6 918
Commercial property finance	34	**16 196**	12 095
Other loans and advances	16	**8 973**	7 755
Securitised assets consolidated		**6 891**	–
Instalment sales and finance leases		**2 633**	–
Mortgage lending		**4 258**	–
Loans and advances held-to-maturity			
Instalment sales and finance leases to customers[1]		–	689
Loans and advances held at fair value	(98)	**35**	2 039
Loans and advances to banks	(98)	**10**	641
Call loans		**10**	138
Loans granted under resale agreements		**–**	503
Loans and advances to customers		**25**	1 398
Term lending		**25**	–
Mortgage lending[2]		**–**	1 398
Accrued interest	20	**2 068**	1 722
Gross loans and advances	29	**337 989**	262 669
Credit impairment charges	2	**(3 861)**	(3 796)
Credit impairments for non-performing loans	(7)	**(2 160)**	(2 335)
Credit impairments for performing loans	16	**(1 701)**	(1 461)
Net loans and advances	29	**334 128**	258 873

[1] *2004 loans and advances "held-to-maturity" included a purchased book in vehicle and asset finance which, effective 1 January 2005, has been reclassified to "held at amortised cost".*

[2] *2004 loans "held at fair value" includes a home loan book, which effective 1 January 2005, has been reclassified to "held at amortised cost".*

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

	Total 2005 Rm	Eliminations Rm	External 2005 Rm	Total 2004 Rm	Eliminations Rm	External 2004 Rm	External change %
Domestic Banking	**276 102**	**(4 866)**	**271 236**	216 281	(2 898)	213 383	27
Personal & Business Banking SA	**194 431**	**(133)**	**194 298**	151 416	–	151 416	28
Corporate & Investment Banking SA	**81 503**	**(4 704)**	**76 799**	64 903	(2 936)	61 967	24
Other domestic operations	**168**	**(29)**	**139**	(38)	38	–	
Rest of Africa	**14 188**	**(64)**	**14 124**	12 061	(139)	11 922	18
Corporate & Investment Banking International	**49 756**	**(936)**	**48 820**	34 877	(1 218)	33 659	45
Stanlib	**55**	**(1)**	**54**	21	–	21	>100
Central funding	**1 818**	**(1 924)**	**(106)**	4 382	(4 494)	(112)	(5)
Eliminations	**(7 791)**	**7 791**	**–**	(8 749)	8 749	–	
Standard Bank operations	**334 128**	**–**	**334 128**	258 873	–	258 873	29

Favourable

- Mortgage lending increased mainly due to an increase of 11% in registration volumes and a 12% increase in registration values.
- Growth of 29% in motor book instalment sale and finance leases, driven by a 26% increase in the number of new vehicle sales.
- Increased card debtors attributable to an increase in new account openings and higher usage of revolving facilities.
- Increased business volumes from improved marketing campaigns in Rest of Africa.
- Increased international loans and advances in the latter half of the year, most noticeably in structured finance and secured lending.
- Corporate growth primarily driven by new empowerment financing transactions.
- Buoyant property market in South Africa resulted in increased commercial property lending.

Adverse

- For Personal & Business Banking SA, overnight lending decreased due to the migration of personal clients to term lending.
- Disappointing performance in non-motor instalment sale and finance leases.

Deposit and current accounts

By deposit type

	Change %	2005 Rm	2004 Rm
Deposit and current accounts held at amortised cost	25	**384 441**	308 596
Deposits and loans from banks	(28)	**16 965**	23 531
Deposits from banks and central banks	(48)	**8 187**	15 758
Deposits from banks under repurchase agreements	13	**8 778**	7 773
Deposits and loans from customers	29	**367 476**	285 065
Current accounts	24	**47 811**	38 487
Cash management deposits	23	**55 003**	44 667
Card creditors	12	**1 188**	1 059
Call deposits	53	**66 512**	43 397
Savings accounts	34	**15 478**	11 566
Term deposits	1	**104 542**	103 020
Negotiable certificates of deposit	65	**43 544**	26 363
Repurchase agreements	>100	**12 488**	3 718
Other funding and loans	6	**13 584**	12 788
Securitisation funding		**7 326**	–
Deposit and current accounts held at fair value	>100	**22 888**	7 996
Deposits and loans from banks	63	**9 305**	5 701
Deposits from banks and central banks	62	**9 245**	5 695
Deposits from banks under repurchase agreements	>100	**60**	6
Call deposits from customers	>100	**13 583**	2 295
Accrued interest	(13)	**5 133**	5 885
Total Standard Bank operations	28	**412 462**	322 477

Deposit and current accounts by business unit

	Change %	2005 Rm	2004 Rm
Domestic Banking	30	**332 152**	256 481
Personal & Business Banking SA	29	**177 801**	138 244
Deposit and current accounts	29	**107 514**	83 151
Interdivisional funding	28	**70 287**	55 093
Corporate & Investment Banking SA	31	**149 649**	114 625
Deposit and current accounts	29	**224 464**	173 665
Interdivisional lending	27	**(74 815)**	(59 040)
Other domestic operations	30	**4 702**	3 612
Deposit and current accounts		**959**	(325)
Interdivisional funding	(5)	**3 743**	3 937
Rest of Africa	12	**23 777**	21 302
Corporate & Investment Banking International	13	**70 113**	62 219
Stanlib	(85)	**153**	1 024
Central funding and eliminations	(26)	**(13 733)**	(18 549)
Standard Bank operations	28	**412 462**	322 477

Favourable

- Increase in medium and other term deposits is in line with the group's strategy to increase long-term funding in accordance with internal liquidity guidelines.
- Overnight corporate deposit balances increased due to high levels of liquidity in the corporate market.
- New money market call account launched mid-year, resulted in growth in Personal & Business Banking SA call deposits.
- Increase in branch overnight deposits as clients have additional disposable income combined with new account openings.
- Term deposits are up due to an increase in the issue of long-term NCDs which allow flexibility and can be structured to the client's needs.
- New Mzansi account openings of 232 000, bringing total accounts to 322 000.
- Marketing campaigns in Rest of Africa increased account volumes.

Adverse

- Higher reliance on wholesale funding to fund consumer asset growth.

Subordinated bonds (Tier II unless stated otherwise)

	Nominal value	2005 Rm	2004 Rm
SBSA		**7 600**	7 700
Issued 31 May 2000 (SBK1)	ZAR 1 200 million	**–**	1 200
Issued 1 December 2000 (SBK2)	ZAR 1 500 million	**–**	1 500
Issued 29 October 2001 (SBK3)	ZAR 2 000 million	**2 000**	2 000
Issued 28 June 2002 (Tier III) (SBK4)	ZAR 1 000 million	**–**	1 000
Issued 17 November 2004 (SBK5)	ZAR 2 000 million	**2 000**	2 000
Issued 28 February 2005 (Tier III) (SBK6)	ZAR 600 million	**600**	
Issued 24 May 2005 (SBK7)	ZAR 3 000 million	**3 000**	
Rest of Africa			
Standard Bank Swaziland			
Issued 15 September 2005	E 35 million	**35**	
Standard Bank Namibia			
Issued 15 November 2001	NAD 150 million	**150**	150
Stanbic Botswana		**58**	66
Issued 12 December 2001	BWP 30 million	**35**	40
Issued 1 December 2003	BWP 20 million	**23**	26
Corporate & Investment Banking International		**2 478**	1 408
Issued 24 November 2000	USD 100 million	**–**	563
Issued 21 February 2003 (Tier III)	USD 50 million	**–**	282
Issued 14 July 2004	USD 100 million	**635**	563
Issued 15 April 2005 (Tier III)	USD 40 million	**254**	
Issued 7 October 2005	USD 250 million	**1 589**	
Total bonds qualifying as regulatory banking capital		**10 321**	9 324
Liberty Life			
Issued September 2005 (qualifying as regulatory insurance capital)		**2 000**	
Fair value adjustments (not qualifying as regulatory capital)[1]		**124**	169
Accrued interest		**199**	167
Total subordinated bonds		**12 644**	9 660

[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.*

Business unit review on existing segmentation basis

Personal & Business Banking SA

Income statement

	Change %	2005 Rm	2004 Rm
Net interest income	19	**8 474**	7 144
Non-interest revenue	21	**7 960**	6 590
Total income	20	**16 434**	13 734
Credit impairment charges	62	**1 273**	786
Income after credit impairment charges	17	**15 161**	12 948
Operating expenses	13	**9 727**	8 588
Net income before goodwill	25	**5 434**	4 360
Goodwill impairment		**13**	–
Net income from banking operations	24	**5 421**	4 360
Income from associates and joint ventures	66	**141**	85
Net income before indirect taxation	25	**5 562**	4 445
Indirect taxation	30	**222**	171
Profit before direct taxation	25	**5 340**	4 274
Direct taxation	29	**1 686**	1 309
Profit for the year	23	**3 654**	2 965
Headline adjustable items	(57)	**10**	23
Taxation on headline adjustable items		**–**	(3)
Headline earnings	23	**3 664**	2 985
ROE (%)		**31,2**	34,7
Total assets	28	**197 897**	154 205
Total advances	28	**194 431**	151 416
Cost-to-income ratio (%)		**59,2**	62,5
Credit loss ratio (%)		**0,73**	0,59
Effective tax rate (%)		**34,3**	33,3

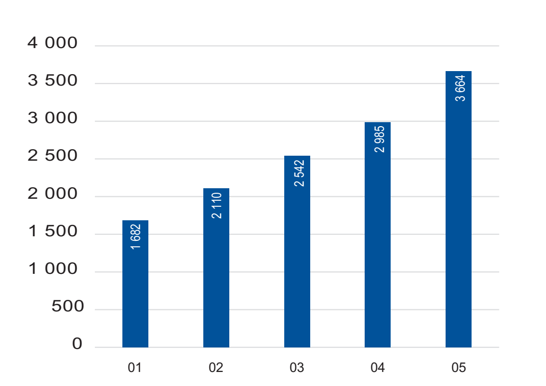
Favourable

- Continued strong lending growth, especially in mortgage advances and card debtors.
- Higher fee and commission revenue from increased transaction volumes and values.
- Increased bancassurance volumes due to new business and favourable equity market conditions, partially offset by a higher claims incidence in the short-term underwriting business.
- Increased market share in card primarily due to the Bluebean portfolio.
- Service levels were maintained despite volume growth and increased compliance requirements.
- Improved earnings from associated undertakings due to higher income attributable to the African Bank joint venture.

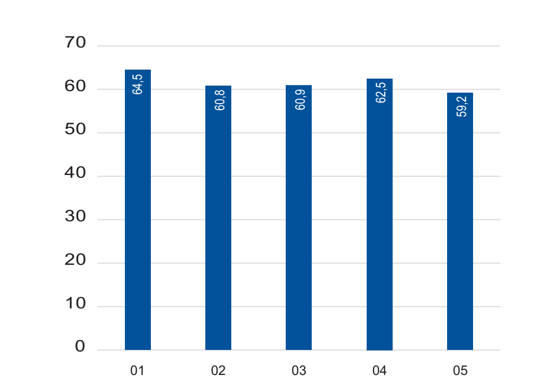
Adverse

- Margin compression due to more reliance on wholesale funding.
- Higher home loan origination costs and increased concessions in the latter part of the year.
- Increased impairments on performing loans, off a low base, attributable to strong growth in advances book and additional provisions relating to the National Credit Act.
- Increased operating expenditure and staff costs due to increased business volumes, points of representation and additional compliance requirements.
- Increased STC from reduced group dividend cover.
- Operational losses incurred in Card as a result of external fraud.

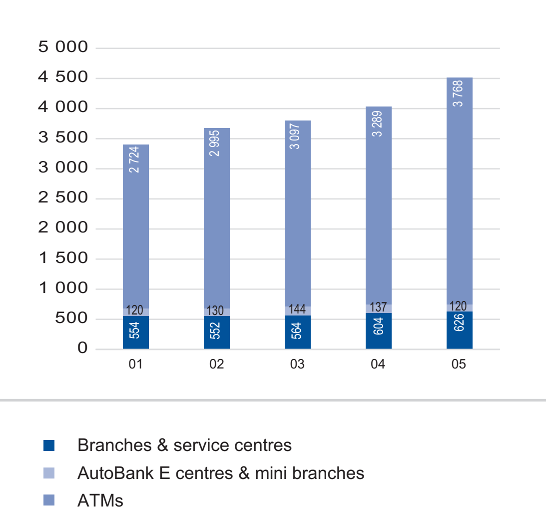
Personal & Business Banking SA – headline earnings (Rm)



Personal & Business Banking SA – cost-to-income ratio (%)



Personal & Business Banking SA – points of representation



Corporate & Investment Banking SA

Income statement

	Change %	2005 Rm	2004 Rm
Net interest income	1	**2 400**	2 374
Non-interest revenue	6	**4 051**	3 814
Total income	4	**6 451**	6 188
Credit impairment charges		**(2)**	31
Net income after credit impairment charges	5	**6 453**	6 157
Operating expenses	3	**2 649**	2 577
Net income from banking operations	6	**3 804**	3 580
Income from associates and joint ventures	>100	**58**	10
Net income before indirect taxation	8	**3 862**	3 590
Indirect taxation	50	**75**	50
Profit before direct taxation	7	**3 787**	3 540
Direct taxation	(28)	**528**	735
Profit for the year	16	**3 259**	2 805
Attributable to minorities		**1**	–
Attributable to ordinary shareholders	16	**3 258**	2 805
Headline adjustable items		**(64)**	–
Taxation on headline adjustable items		**19**	–
Headline earnings	15	**3 213**	2 805
ROE (%)		**40,6**	37,8
Total assets	8	**246 674**	229 407
Total advances	26	**81 503**	64 903
Cost-to-income ratio (%)		**41,1**	41,6
Credit loss ratio (%)		**(0,00)**	0,05
Effective tax rate (%)		**15,6**	21,9

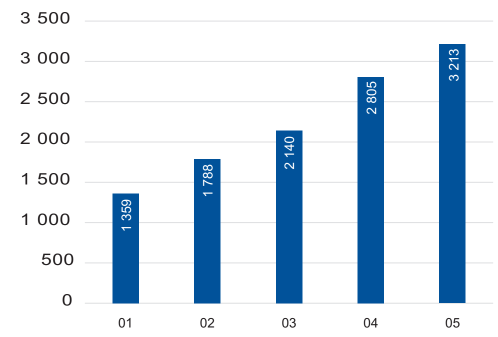
Favourable

- Strong loan book growth, most notably in the property sector and medium-term empowerment financing.
- Increased electronic banking transactional fees and strong securitisation business revenues.
- Higher fair value adjustments due to favourable market conditions in the domestic property sector.
- Strong trading performance on the equity desk due to improved profitability from both broker and institutional clients.
- Reversal of impairment losses on rehabilitated accounts, as well as recoveries of prior period bad debts written off.
- Good control of expense growth.
- Reduction in effective tax rate due to higher levels of exempt income.

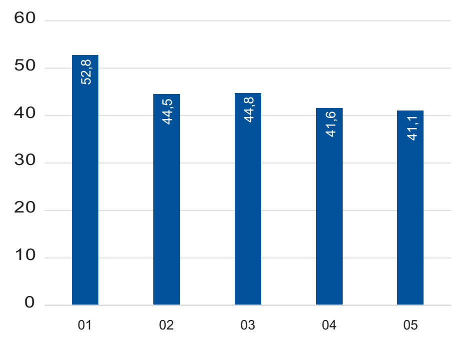
Adverse

- Margin on total banking assets decreased due to increased competition, margin squeeze in property lending and tight margins in empowerment related medium-term lending.
- Staff cost growth due to an increase in headcount as a result of business growth, higher incentive payments and share option costs.
- Dampened growth in profitability from forex trading, off a high base, due to low volatility in exchange rates leading to reduced trading spreads.
- Higher commodity prices led to reduced client hedging activities.

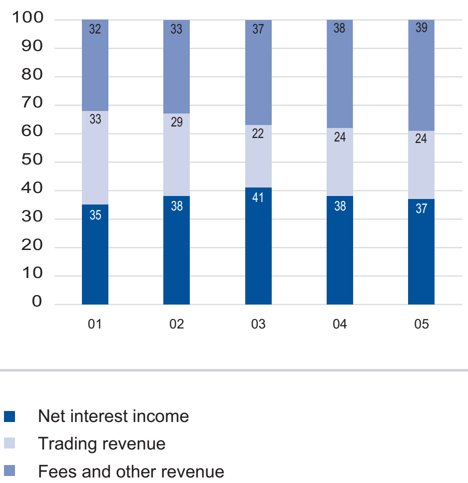
Corporate & Investment Banking SA – headline earnings (Rm)



Corporate & Investment Banking SA – cost-to-income ratio (%)



Corporate & Investment Banking SA – income contribution (%)



Rest of Africa

Income statement

	Change %	2005 Rm	2004 Rm
Net interest income	6	**1 609**	1 520
Non-interest revenue	17	**1 346**	1 146
Total income	11	**2 955**	2 666
Credit impairment charges	(16)	**38**	45
Income after credit impairment charges	11	**2 917**	2 621
Operating expenses	15	**1 854**	1 611
Net income before goodwill	5	**1 063**	1 010
Goodwill impairment		**–**	(2)
Net income from banking operations	5	**1 063**	1 012
Income from associates and joint ventures		**1**	–
Net income before indirect taxation	5	**1 064**	1 012
Indirect taxation	4	**52**	50
Profit before direct taxation	5	**1 012**	962
Direct taxation	(8)	**241**	261
Profit for the year	10	**771**	701
Attributable to minorities	(23)	**49**	64
Attributable to ordinary shareholders	13	**722**	637
Headline adjustable items		**(1)**	(21)
Headline earnings	17	**721**	616
ROE (%)		**27,4**	29,1
Total assets	19	**30 043**	25 348
Total advances	18	**14 188**	12 061
Cost-to-income ratio (%)		**62,7**	60,4
Credit loss ratio (%)		**0,28**	0,38
Effective tax rate (%)		**27,5**	30,7

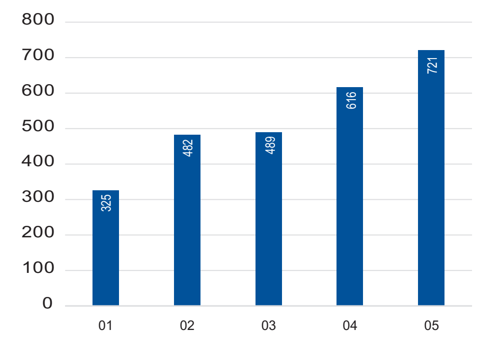
Favourable

- Significant increases in trading volumes in Mozambique and Zambia as a result of currency volatility, coupled with loan growth.
- Loan growth in Botswana and Kenya and increased treasury bills holdings and trading volumes in Botswana.
- Some recovery in Congo.
- Tax credits on dividends paid in Botswana.

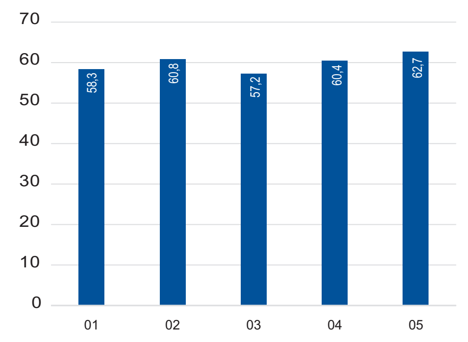
Adverse

- Investment in improved IT systems and processes across the continent.
- Increased credit provisioning due to re-alignment of risk gradings with domestic operations more than offset by release of central portfolio provisions no longer required.
- High operational risk losses in Uganda, coupled with lower client recoveries.
- Falling interest rates in most countries leading to margin compression.
- Additional performing loans provisions in Botswana in line with the incurred loss model.

Rest of Africa – headline earnings (Rm)



Rest of Africa – cost-to-income ratio (%)



Corporate & Investment Banking International

Income statement

	Change %	2005 Rm	2004 Rm
Net interest income	12	**630**	562
Non-interest revenue	(9)	**2 500**	2 746
Total income	(5)	**3 130**	3 308
Credit impairment charges		**(100)**	146
Income after credit impairment charges	2	**3 230**	3 162
Operating expenses	9	**2 525**	2 318
Net income before goodwill	(16)	**705**	844
Goodwill impairment	(78)	**11**	50
Net income before indirect taxation	(13)	**694**	794
Indirect taxation	>100	**36**	7
Profit before direct taxation	(16)	**658**	787
Direct taxation	7	**204**	190
Profit for the year	(24)	**454**	597
Headline adjustable items	(78)	**11**	50
Headline earnings	(28)	**465**	647
Headline earnings (USD)	(28)	**73**	101
ROE (%)		**8,2**	12,1
USD ROE (%)		***8,2***	*11,2*
Total assets	14	**122 660**	107 128
Total advances	43	**49 756**	34 877
Cost-to-income ratio (%)		**80,7**	70,1
Credit loss ratio (%)		**(0,22)**	0,37
Average exchange rate – US dollar		**6,36**	6,44

Favourable

- Buoyant base, energy and precious metals markets, providing trading opportunities.
- Recoveries on previously provisioned exposures.
- Gains on investment securities following the sale of unlisted shares.
- Mark to market gains on resource banking investments following strong commodity price performance.
- Improvements in risk profile confirmed by international ratings agencies.

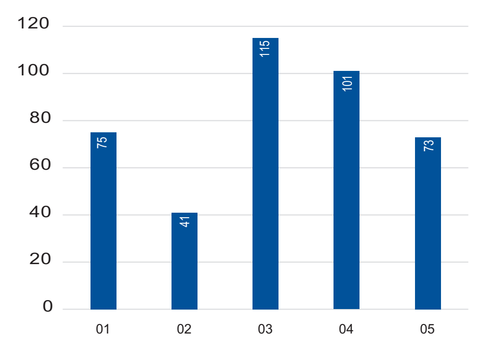
Adverse

- Increased competition and high levels of global liquidity across most markets.
- Continued low volatility and spread tightening across emerging markets reducing debt trading opportunities.
- Low volatility in foreign exchange markets with stable trade volumes offset by compressed margins.
- Re-establishment of the energy business following the departure of key staff.
- In line with most UK banks, increased tax provisioning following a recent court ruling on deductability of payments to employee trusts.
- Shifting reliance from proprietary trading market risk in favour of client focus.
- Increased expenditure on staff, systems and infrastructure.

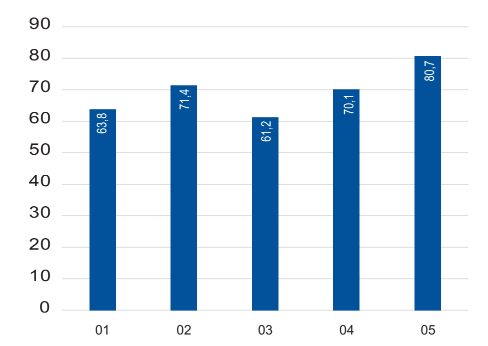
Income statement expressed in *USD*

	Change %	2005 USDm	2004 USDm
Net interest income	14	**99**	87
Non-interest revenue	(8)	**393**	426
Total income	(4)	**492**	513
Credit impairment charges		**(16)**	22
Income after credit impairment charges	3	**508**	491
Operating expenses	11	**397**	359
Net income before goodwill	(16)	**111**	132
Goodwill impairment	(75)	**2**	8
Net income before indirect taxation	(12)	**109**	124
Indirect taxation	>100	**6**	1
Profit before direct taxation	(16)	**103**	123
Direct taxation	7	**32**	30
Profit for the year	(24)	**71**	93
Headline adjustable items	(75)	**2**	8
Headline earnings	(28)	**73**	101

Corporate & Investment Banking International – headline earnings (USDm)



Corporate & Investment Banking International – cost-to-income ratio (%)



Liberty Life

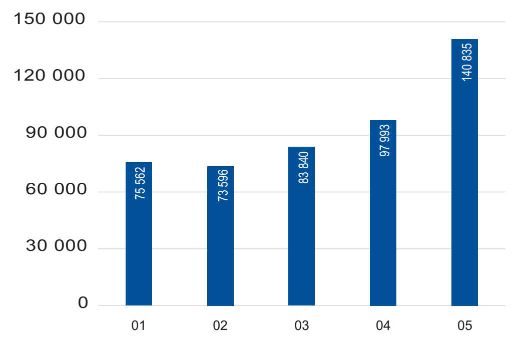
Liberty Life Group as published

	Change %	2005 Rm	2004 Rm
Net insurance premiums	53	**18 979**	12 406
Investment income and gains		**31 671**	18 827
Management and service fee income		**1 166**	1 075
Total revenue	60	**51 816**	32 308
Benefits due to policyholders	65	**41 004**	24 809
Net insurance benefits and claims		**14 020**	9 405
Transfer and fair value adjustment to policyholders' liabilities under investment contracts		**25 630**	14 376
Fair value adjustment on third party mutual fund liabilities		**1 354**	1 028
Income after policyholders' benefits	44	**10 812**	7 499
Acquisition costs and other operating expenses	50	**(7 427)**	(4 941)
Goodwill impairment		**(397)**	–
Equity accounted earnings from joint ventures		**91**	73
Profit before taxation	17	**3 079**	2 631
Taxation	>100	**1 623**	793
Profit for the year	(21)	**1 456**	1 838
Attributable to:			
Minority interests		**14**	–
Equity holders	(22)	**1 442**	1 838
Headline earnings	47	**1 841**	1 250

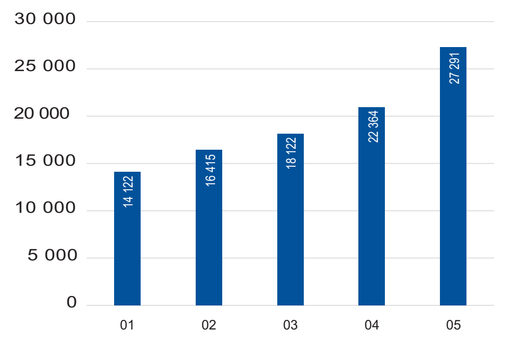
Highlights

		Change %	2005	2004
Net premium income and inflows	Rm	22	**27 291**	22 364
Headline EPS	cents	59	**731,2**	459,7
Total assets	Rm	46	**166 064**	114 004
Ordinary shareholders' funds	Rm	11	**9 434**	8 526
Policyholder liabilities	Rm	44	**140 835**	97 993
Normalised embedded value	Rm	16	**20 404**	17 623
Normalised embedded value per share	Rands	15	**73,41**	63,72
Dividend per share	cents	11	**350,0**	315,0

Policyholder liabilities (Rm)



Net premium income and inflows (Rm)



Liberty Life reconciliation of earnings

	Change %	2005 Rm	2004 Rm
Liberty Life			
Headline earnings	47	**1 841**	1 250
Net investment gains[3]		**–**	588
Investment gains attributable to shareholders' assets		**–**	599
Capital gains tax on shareholders' investment gains		**–**	(11)
Goodwill impairment and loss on sale of subsidiary		**(399)**	–
Profit for the year	(22)	**1 442**	1 838
Libhold			
(Holding: 2005: 52,2%[1]; 2004: 50,2%[1])			
Headline earnings	36	**877**	646
Liberty Life attributable earnings		**902**	648
Headline earnings from Liberty Life		**942**	671
Less: Stanlib income reflected in Standard Bank operations		**(40)**	(23)
Libhold attributable earnings		**1**	(2)
Libhold profit		**3**	–
Preference dividends		**(2)**	(2)
Reverse fair value movement and dividends on deemed treasury shares in Libhold		**(26)**	–
Net investment gains		**–**	328
Investment gains attributable to shareholders' assets		**–**	334
Capital gains tax on shareholders' investment gains		**–**	(6)
Goodwill impairment and loss on sale of subsidiary		**(200)**	–
Profit for the year	(30)	**677**	974
Standard Bank Group (holding: 2005: 59,1%[1]; 2004: 54,7%[1])			
(Effective holding: 2005: 30,9%[2]; 2004: 27,4%[2])			
Headline earnings	(9)	**319**	351
Headline earnings before adjustment for deemed treasury shares	42	**498**	351
Adjustment resulting from deemed investment in group companies' shares		**(179)**	–
Reverse fair value movement and dividends on deemed treasury shares in Libhold		**(15)**	–
Reverse fair value movement arising from deemed treasury shares in SBG		**(148)**	–
Elimination of dividends – SBG		**(45)**	–
Increase in earnings due to higher effective holding		**29**	–
Net investment gains		**–**	179
Goodwill impairment and loss on sale of subsidiary		**(118)**	–
Profit from Liberty Life	(62)	**201**	530

[1] *Holding at year end, earnings consolidated using the average holding during the year (2005 – after adjusting for deemed treasury shares).*

[2] *Effective holding in Liberty Life at year end (2005 – after adjusting for deemed treasury shares).*

[3] *Shareholders' investments previously accounted for as available-for-sale now accounted for as held at fair value through profit and loss.*

Stanlib

Asset Management assets under management

	Change %	2005 Rbn	2004 Rbn
Life funds	25	**90**	72
Segregated funds	26	**83**	66
Rest of Africa	–	**2**	2
Unit trusts	24	**57**	46
Total Asset Management assets under management	25	**232**	186

Wealth Management funds under administration

	Change %	2005 Rbn	2004 Rbn
Single Manager Unit Trust	14	**56**	49
Linked products	50	**9**	6
Structured products	43	**20**	14
Multi-Manager	100	**10**	5
Rest of Africa	33	**8**	6
Total Wealth Management funds under administration	29	**103**	80
Total Assets under management	26	**335**	266
Less: Common assets	23	**59**	48
Total external assets under management	27	**276**	218

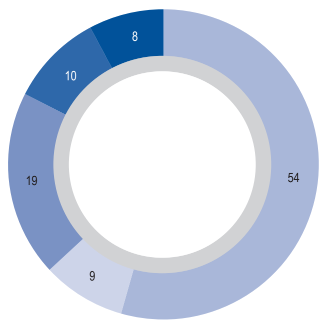
Favourable

- Stanlib headline earnings increased by 73%.
- Increased net fee income as a result of positive net inflows, positive market performance and increased assets under management.
- Net interest income earned on higher cash balances.

Adverse

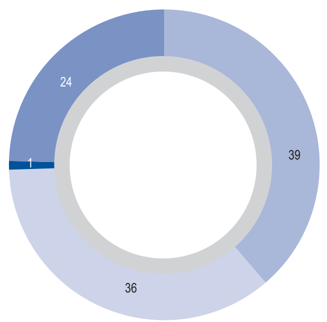
- Increased taxation attributable to higher net profit and STC on dividends declared.

Funds under administration – Wealth Management



- Single manager unit trust 54% (2004: 61%)
- Linked products 9% (2004: 7%)
- Structured products 19% (2004: 18%)
- Multi-manager 10% (2004: 6%)
- Rest of Africa 8% (2004: 8%)

Assets under administration – Asset Management



- Life funds 39% (2004: 39%)
- Segregated funds 36% (2004: 35%)
- Rest of Africa 1% (2004: 1%)
- Unit trust 24% (2004: 25%)

Other information

Regroupings

Group income statement for the year ended 31 December 2004

	2004 as published at interim Rm	Reclassification of insurance income and expenses Rm	2004 restated Rm
Income from banking operations	26 536		26 536
Net interest income	11 492		11 492
Interest income	35 247		35 247
Interest expense	23 755		23 755
Non-interest revenue	15 044		15 044
Income from life insurance operations	31 298	1 013	32 311
Net insurance premiums	12 115	291	12 406
Investment income and gains	18 372	458	18 830
Management and service fee income	811	264	1 075
Total income	57 834	1 013	58 847
Credit impairment charges	1 050		1 050
Benefits due to policyholders	24 586	223	24 809
Net insurance benefits and claims	19 365	(250)	19 115
Fair value adjustment to policyholders' liabilities under investment contracts	4 077	589	4 666
Fair value adjustment on third party fund interests	1 144	(116)	1 028
Income after credit impairment charges and policyholders' benefits	32 198	790	32 988
Operating expenses in banking operations	15 384		15 384
Staff costs	8 610		8 610
Other operating expenses	6 774		6 774
Operating expenses in life insurance operations	4 120	564	4 684
Acquisition cost – insurance and investment contracts	1 920	–	1 920
Other operating expenses	2 200	564	2 764
Net income before goodwill	12 694	226	12 920
Goodwill impairment	48	–	48
Net income from banking and insurance	12 646	226	12 872
Income from associates and joint ventures	97	30	127
Net income before indirect taxation	12 743	256	12 999
Indirect taxation	389	262	651
Profit before direct taxation	12 354	(6)	12 348
Direct taxation	3 277	(1)	3 276
Profit for the year	9 077	(5)	9 072
Attributable to minorities	1 393	(5)	1 388
Attributable to ordinary shareholders	7 684	–	7 684

The major reclassifications relate to the following:
- IAS 12 – Income Taxes: relating to the gross-up of deferred taxation on present value of in-force and investment properties.
- IAS 17 – Operating Leases: line items adjusted to reflect a decrease in lease income with a corresponding reduction in the fair value adjustment on investment properties as a result of the straight-lining of rental income.
- IAS 27 – Consolidated and Separate Financial Statements: relating to reclassification of mutual funds which are now consolidated.

Group balance sheet at 31 December 2004

	2004 as published at interim Rm	Reclassification of insurance balances Rm	Accrued interest Rm	2004 restated Rm
Assets				
Cash and balances with banks	37 842	–	–	37 842
Short-term negotiable securities	21 040	–	421	21 461
Derivative assets	124 236	–	–	124 236
Trading assets	32 204	–	234	32 438
Investment securities	19 705	–	363	20 068
Investments held by insurance operations	102 192	(3 583)	–	98 609
Loans and advances	257 151	–	1 722	258 873
Current and deferred taxation	1 094	–	–	1 094
Other assets	18 578	1 385	(2 740)	17 223
Interest in associates and joint ventures	296	2 954	–	3 250
Goodwill and other intangible assets	918	47	–	965
Property and equipment	4 114	–	–	4 114
Total assets	619 370	803	–	620 173
Equity and liabilities				
Equity	38 533	–	–	38 533
Equity attributable to ordinary shareholders	29 064	–	–	29 064
Ordinary share capital and premium	2 676	–	–	2 676
Reserves	26 388	–	–	26 388
Preference share capital and premium	2 991	–	–	2 991
Minority interest	6 478	–	–	6 478
Liabilities	580 837	803	–	581 640
Derivative liabilities	116 212	2	–	116 214
Trading liabilities	14 410	–	–	14 410
Deposit and current accounts	316 592	–	5 885	322 477
Current and deferred taxation	4 176	636	–	4 812
Other liabilities	22 454	(328)	(6 052)	16 074
Policyholders' liabilities – insurance contracts	65 479	493	–	65 972
Policyholders' liabilities – investment contracts	32 021	–	–	32 021
Subordinated bonds	9 493	–	167	9 660
Total equity and liabilities	619 370	803	–	620 173

Over and above IAS 12, IAS 17 and IAS 27 reallocations as discussed on page 78, the following are further reclassifications within the insurance operations:

- IAS 39 – Financial Instruments: reclassification of derivative financial liabilities, previously netted off against derivative financial assets, to derivative financial instruments within liabilities.
- IFRS 4 – Insurance Contracts: reclassification of the fair value of the reinsurance portion from policyholders' liabilities under insurance contracts to assets.

Financial definitions

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 year.
Dividend yield (%)	Dividends per share as a percentage of the closing share price.
Earnings attributable to ordinary shareholders (Rm)	Profit for the year attributable to ordinary shareholders, calculated as profit for the year less dividends on non-redeemable, non-cumulative, non-participating preference shares declared before year-end, less minority interests.
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 and 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 year-end.
Normalised results	The financial results and ratios restated on a legal and economic substance basis to adjust accounting anomalies on preference dividends receivable and payable, resulting from the Black Ownership Initiative, and to reinstate deemed treasury shares eliminated against equity, but held for the benefit of policyholders.
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 for the year (Rm)	Annual income statement profit attributable to ordinary shareholders, minorities and preference shareholders.
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 at year-end after deducting ordinary shares issued in terms of the Tutuwa transaction, of which dividends are retained to finance the purchase consideration and after deducting shares held for the benefit of policyholders deemed to be treasury shares.
Tutuwa	Tutuwa is the group's Black Ownership Initiative transaction entered into in terms of the Financial Sector Charter.
Weighted average number of shares (number)	Weighted average number of ordinary shares in issue after deducting ordinary shares, issued in terms of the Tutuwa transaction, of which dividends are retained to settle the purchase consideration and after deducting shares held for the benefit of policyholders deemed to be treasury shares.

Standard Bank operations

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 losses inherent in the performing loan book (but not individually identified).
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.
Return on equity (ROE) (%)	Headline earnings, excluding income from Liberty Life, as a percentage of monthly average ordinary shareholders' funds, after deducting capital relating to Liberty Life.
Return on risk-weighted assets (%)	Headline earnings, excluding income from Liberty Life, as a percentage of average risk-weighted assets of the banking operations.

Segment income statement

2005	Domestic Banking Personal & Business Banking SA Rm	Corporate & Investment Banking SA Rm	Other domestic operations Rm	Total Rm
Income from banking operations	16 434	6 451	(99)	22 786
Net interest income	8 474	2 400	(191)	10 683
Interest income	19 899	19 541	(5 494)	33 946
Interest expense	11 425	17 141	(5 303)	23 263
Non-interest revenue	7 960	4 051	92	12 103
Fee and commission revenue	7 445	1 412	(27)	8 830
Trading revenue	–	1 577	4	1 581
Other revenue	515	1 062	115	1 692
Income from life insurance operations	–	–	–	–
Net insurance premiums	–	–	–	–
Investment income and gains	–	–	–	–
Management and service fee income	–	–	–	–
Total income	16 434	6 451	(99)	22 786
Credit impairment charges	1 273	(2)	(21)	1 250
Benefits due to policyholders	–	–	–	–
Net insurance benefits and claims	–	–	–	–
Fair value adjustments to policyholders' liabilities under investment contracts	–	–	–	–
Fair value adjustment on third party fund interests	–	–	–	–
Income after credit impairment charges and policyholders' benefits	15 161	6 453	(78)	21 536
Operating expenses in banking operations	9 727	2 649	(319)	12 057
Staff costs	3 172	1 455	2 051	6 678
Other operating expenses	6 555	1 194	(2 370)	5 379
Operating expenses in life insurance operations	–	–	–	–
Acquisition costs – insurance and investment contracts	–	–	–	–
Other operating expenses	–	–	–	–
Net income before goodwill	5 434	3 804	241	9 479
Goodwill impairment	13	–	–	13
Net income from banking and insurance	5 421	3 804	241	9 466
Income from associates and joint ventures	141	58	–	199
Net income before indirect taxation	5 562	3 862	241	9 665
Indirect taxation	222	75	165	462
Profit before direct taxation	5 340	3 787	76	9 203
Direct taxation	1 686	528	(98)	2 116
Profit for the year	3 654	3 259	174	7 087
Attributable to minorities	–	1	(1)	–
Attributable to preference shareholders	–	–	–	–
Attributable to ordinary shareholders	3 654	3 258	175	7 087
Headline adjustable items	10	(45)	(61)	(96)
Goodwill impairment	13	–	–	13
Profit on sale of properties and equipment	(3)	–	(61)	(64)
Recycled investment gains on available-for-sale assets	–	(64)	–	(64)
Other capital (profits)/losses	–	–	(1)	(1)
Taxation on headline adjustable items	–	19	1	20
Minority share of headline adjustable items	–	–	–	–
Headline earnings	3 664	3 213	114	6 991
Headline earnings normalised	3 664	3 213	114	6 991
Return on equity (%)	31,2	40,6		33,6
Average ordinary shareholders' equity	11 757	7 913	1 110	20 780
Cost-to-income ratio (%)	59,2	41,1		52,9
Net interest margin (%)	4,81	1,56		3,16
Average assets (excluding derivatives)	176 181	154 044	7 319	337 544
Credit loss ratio (%)	0,73	(0,00)		0,50
Total assets	197 897	246 674	7 467	452 038
Number of employees	17 653	3 213	7 652	28 518

Rest of Africa Rm	Corporate & Investment Banking International Rm	Stanlib Rm	Central funding Rm	Standard Bank operations Rm	Liberty Life Rm	Elimination of treasury shares and Tutuwa Rm	Standard Bank Group Rm
2 955	3 130	762	72	29 705	–	–	29 705
1 609	630	(28)	93	12 987	–	–	12 987
2 499	3 111	72	(931)	38 697	–	–	38 697
890	2 481	100	(1 024)	25 710	–	–	25 710
1 346	2 500	790	(21)	16 718	–	–	16 718
898	731	753	(40)	11 172	–	–	11 172
378	1 770	21	(8)	3 742	–	–	3 742
70	(1)	16	27	1 804	–	–	1 804
–	–	–	–	–	51 821	(694)	51 127
–	–	–	–	–	18 979	–	18 979
–	–	–	–	–	31 676	(694)	30 982
–	–	–	–	–	1 166	–	1 166
2 955	3 130	762	72	29 705	51 821	(694)	80 832
38	(100)	–	19	1 207	–	–	1 207
–	–	–	–	–	41 004	–	41 004
–	–	–	–	–	32 816	–	32 816
–	–	–	–	–	6 834	–	6 834
–	–	–	–	–	1 354	–	1 354
2 917	3 230	762	53	28 498	10 817	(694)	38 621
1 854	2 525	414	(33)	16 817	–	–	16 817
850	1 776	243	66	9 613	–	–	9 613
1 004	749	171	(99)	7 204	–	–	7 204
–	–	–	–	–	7 222	–	7 222
–	–	–	–	–	3 594	–	3 594
–	–	–	–	–	3 628	–	3 628
1 063	705	348	86	11 681	3 595	(694)	14 582
–	11	–	–	24	397	–	421
1 063	694	348	86	11 657	3 198	(694)	14 161
1	–	–	–	200	26	–	226
1 064	694	348	86	11 857	3 224	(694)	14 387
52	36	3	12	565	213	–	778
1 012	658	345	74	11 292	3 011	(694)	13 609
241	204	142	(25)	2 678	1 634	–	4 312
771	454	203	99	8 614	1 377	(694)	9 297
49	–	106	2	157	997	(515)	639
–	–	–	226	226	–	–	226
722	454	97	(129)	8 231	380	(179)	8 432
(1)	11	–	–	(86)	399	–	313
–	11	–	–	24	397	–	421
–	–	–	–	(64)	–	–	(64)
–	–	–	–	(64)	–	–	(64)
(1)	–	–	–	(2)	2	–	–
–	–	–	–	20	–	–	20
–	–	–	–	–	(281)	–	(281)
721	465	97	(129)	8 145	498	(179)	8 464
721	465	97	216	8 490	523	–	9 013
27,4	8,2	57,7		28,2	18,7		27,8
2 630	5 667	168	(317)	28 928	2 791	(1 235)	30 484
62,7	80,7	54,3		56,6			56,6
5,78	0,59			2,93			2,93
27 837	106 124	1 433	(29 649)	443 289			
0,28	(0,22)		(0,15)	0,41			0,41
30 043	122 660	787	(11 800)	593 728	161 950		755 678
6 119	1 494	551		36 682	3 563		40 245

Segment income statement continued

2004	Domestic Banking Personal & Business Banking SA Rm	Corporate & Investment Banking SA Rm	Other domestic operations Rm	Total Rm
Income from banking operations	13 734	6 188	(88)	19 834
Net interest income	7 144	2 374	(168)	9 350
Interest income	14 788	20 178	(3 733)	31 233
Interest expense	7 644	17 804	(3 565)	21 883
Non-interest revenue	6 590	3 814	80	10 484
Fee and commission revenue	6 250	1 265	100	7 615
Trading revenue	–	1 516	(51)	1 465
Other revenue	340	1 033	31	1 404
Income from life insurance operations	–	–	–	–
Net insurance premiums				
Investment income and gains				
Management and service fee income				
Total income	13 734	6 188	(88)	19 834
Credit impairment charges	786	31	(12)	805
Benefits due to policyholders	–	–	–	–
Net insurance benefits and claims	–	–	–	–
Fair value adjustments to policyholders' liabilities under investment contracts	–	–	–	–
Fair value adjustment on third party fund interests	–	–	–	–
Income after credit impairment charges and policyholders' benefits	12 948	6 157	(76)	19 029
Operating expenses in banking operations	8 588	2 577	(83)	11 082
Staff costs	2 873	1 333	1 781	5 987
Other operating expenses	5 715	1 244	(1 864)	5 095
Operating expenses in life insurance operations	–	–	–	–
Acquisition costs – insurance and investment contracts	–	–	–	–
Other operating expenses	–	–	–	–
Net income before goodwill	4 360	3 580	7	7 947
Goodwill impairment	–	–	–	–
Net income from banking and insurance	4 360	3 580	7	7 947
Income from associates and joint ventures	85	10	2	97
Net income before indirect taxation	4 445	3 590	9	8 044
Indirect taxation	171	50	99	320
Profit before direct taxation	4 274	3 540	(90)	7 724
Direct taxation	1 309	735	(105)	1 939
Profit for the year	2 965	2 805	15	5 785
Attributable to minorities	–	–	–	–
Attributable to preference shareholders	–	–	–	–
Attributable to ordinary shareholders	2 965	2 805	15	5 785
Headline adjustable items	20	–	(15)	5
Goodwill impairment	–	–	–	–
Impairment of properties and equipment	2	–	13	15
Impairment of intangibles	12	–	–	12
Profit on sale of properties and equipment	(2)	–	(22)	(24)
Recycled investment gains on available-for-sale assets	–	–	–	–
Other capital (profits)/losses	11	–	(6)	5
Taxation on headline adjustable items	(3)	–	–	(3)
Minority share of headline adjustable items				
Headline earnings	2 985	2 805	–	5 790
Headline earnings normalised	2 985	2 805	–	5 790
Return on equity (%)	34,7	37,8		32,0
Average ordinary shareholders' equity	8 593	7 420	2 081	18 094
Cost-to-income ratio (%)	62,5	41,6		55,9
Net interest margin (%)	5,36	1,76		3,40
Average assets (excluding derivatives)	133 338	134 992	6 936	275 266
Credit loss ratio (%)	0,59	0,05		0,41
Total assets	154 205	229 407	8 056	391 668
Number of employees	17 587	3 029	7 492	28 108

Rest of Africa Rm	Corporate & Investment Banking International Rm	Stanlib Rm	Central funding Rm	Standard Bank operations Rm	Liberty Life Rm	Elimination of treasury shares and Tutuwa Rm	Standard Bank Group Rm
2 666	3 308	663	65	26 536	–		26 536
1 520	562	(44)	104	11 492	–		11 492
2 416	2 226	65	(693)	35 247			35 247
896	1 664	109	(797)	23 755			23 755
1 146	2 746	707	(39)	15 044	–		15 044
779	805	662	(45)	9 816			9 816
296	1 941	38	48	3 788			3 788
71	–	7	(42)	1 440			1 440
–	–	–	–	–	32 311		32 311
					12 406		12 406
					18 830		18 830
					1 075		1 075
2 666	3 308	663	65	26 536	32 311		58 847
45	146	–	54	1 050			1 050
–	–	–	–	–	24 809		24 809
–	–	–	–	–	19 115		19 115
–	–	–	–	–	4 666		4 666
–	–	–	–	–	1 028		1 028
2 621	3 162	663	11	25 486	7 502		32 988
1 611	2 318	449	(76)	15 384	–		15 384
752	1 612	233	26	8 610			8 610
859	706	216	(102)	6 774			6 774
–	–	–	–	–	4 684		4 684
–	–	–	–	–	1 920		1 920
–	–	–	–	–	2 764		2 764
1 010	844	214	87	10 102	2 818		12 920
(2)	50	–	–	48			48
1 012	794	214	87	10 054	2 818		12 872
–	–	–	–	97	30		127
1 012	794	214	87	10 151	2 848		12 999
50	7	–	12	389	262		651
962	787	214	75	9 762	2 586		12 348
261	190	97	(3)	2 484	792		3 276
701	597	117	78	7 278	1 794		9 072
64	–	61	(1)	124	1 264		1 388
–	–	–	–	–	–		–
637	597	56	79	7 154	530		7 684
(21)	50	–	(1)	33	(588)		(555)
(2)	50	–	–	48	–		48
–	–	–	–	15	–		15
–	–	–	–	12	–		12
(19)	–	–	(1)	(44)	–		(44)
–	–	–	–	–	(599)		(599)
–	–	–	–	5	–		5
–	–	–	–	(3)	11		8
					409		409
616	647	56	78	7 187	351		7 538
616	647	56	47	7 156	355		7 511
29,1	12,1	35,0		27,2	13,5		26,0
2 116	5 335	160	750	26 455	2 609	(114)	28 950
60,4	70,1	67,7		58,0			58,0
6,08	0,57			3,07			3,07
24 996	97 940	1 381	(24 869)	374 714			
0,38	0,37		(1,42)	0,43			0,43
25 348	107 128	1 868	(19 992)	506 020	114 153		620 173
5 799	1 376	537		35 820	3 260		39 080

Shareholder information

	2005		2004	
	Number of shares (million)	**% holding**	Number of shares (million)	% holding
Ten major shareholders[1]				
Public Investment Corporation	**175,2**	**13,0**	156,7	11,6
Old Mutual Group	**150,8**	**11,1**	165,6	12,2
Tutuwa Group	**102,3**	**7,6**	102,3	7,6
– Staff	**42,0**	**3,1**	42,0	3,1
– Strategic partners	**40,2**	**3,0**	40,2	3,0
– Communities and regional businesses	**20,1**	**1,5**	20,1	1,5
Liberty Group[2]	**46,5**	**3,4**	49,3	3,7
Investment Solutions	**41,3**	**3,1**	38,9	2,9
Sanlam Group	**37,7**	**2,8**	48,0	3,5
Metlife	**14,4**	**1,1**	14,8	1,1
Transnet Pension Fund	**13,1**	**1,0**	15,3	1,1
	581,3	**43,1**	590,9	43,7

[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 (August 2005)			
Foreign currency	F2	BBB+	Stable
Local currency		A-	Positive
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 (July 2005)			
National		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

	2005	2004
Share prices (cents)		
– High for the year	**7 875**	6 750
– Low for the year	**5 750**	3 686
– 31 December	**7 581**	6 580
Shares traded		
– Number of shares (000)	**841 835**	892 633
– Value of shares (Rm)	**56 387**	40 688
– Turnover in shares traded (%)	**62,2**	66,0
Number of shares in issue (million)		
– End of period	**1 352**	1 352
– Weighted average	**1 353**	1 346

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
Senior bond SBS1: ZAG000023235
Senior bond SBS2: ZAG000024522

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	73	73	3
Dividend per share (cents)	145	3,25	370,52
Dividend payment dates			
Last day to trade “CUM” dividend	Thursday 6 April 2006	Friday 31 March 2006	Friday 31 March 2006
Shares trade “EX” dividend	Friday 7 April 2006	Monday 3 April 2006	Monday 3 April 2006
Record date	Thursday 13 April 2006	Friday 7 April 2006	Friday 7 April 2006
Payment date	Tuesday 18 April 2006	Monday 10 April 2006	Monday 10 April 2006

Ordinary share certificates may not be dematerialised or rematerialised between Friday, 7 April 2006 and Thursday, 13 April 2006, both days inclusive.

Preference share certificates (first and second) may not be dematerialised or rematerialised between Monday, 3 April 2006 and Friday, 7 April 2006, both days inclusive.

Where applicable, dividends in respect of certificated shares will be transferred electronically to shareholders’ bank accounts on payment date. In the absence of specific mandates, dividend cheques will be posted to shareholders. Preference shareholders who have dematerialised their share certificates will have their accounts at their CSDP or broker credited on Monday, 10 April 2006. Ordinary shareholders who have dematerialised their share certificates will have their accounts at their CSDP or broker credited on Tuesday, 18 April 2006.

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