Annual Report 2007

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Standard Bank

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Standard Bank

Financial & highlights

24,8%

Normalised[1] return on equity

22%

Increase in normalised[1] headline earnings to **R13 153 million**

21%

Increase in normalised[1] headline earnings per share to **960,6 cents**

21%

Increase in distributions per share to **386 cents**

28%

Growth in normalised[1] loans and advances to **R650 billion**

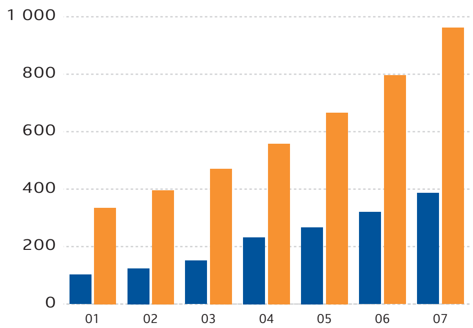
R1,2 trillion

Total normalised[1] assets

[1]Results normalised to reflect substance of Black Economic Empowerment Ownership (Tutuwa) initiative and group shares held for the benefit of policyholders, refer to page 83 for an explanation. With the exclusion of the annual financial statements, all figures quoted in this annual report are on a normalised basis (unaudited), unless stated that they are on an International Financial Reporting Standards (IFRS) basis (audited).

Headline earnings and distributions per share (cents)

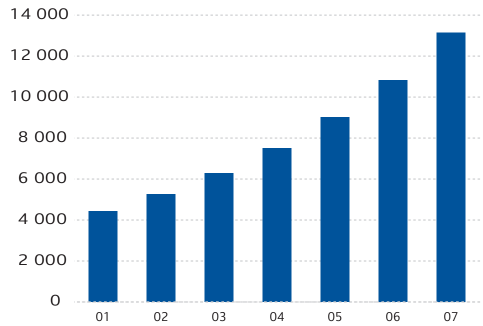
CAGR (2001 – 2007): Headline earnings per share 19%
Distributions per share 25%



Distributions per share
Headline earnings per share

Headline earnings (Rm)

CAGR (2001 – 2007): 20%



Performance against objectives

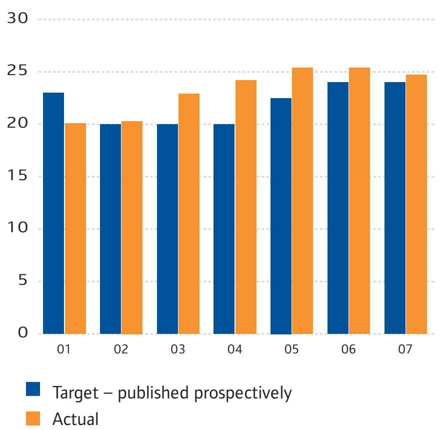
Higher interest rates and household debt levels in South Africa resulted in the group slightly exceeding its published objective for the credit loss ratio.

	Actual 2007[1] %	Objective 2007[1] %	Achieved 2007	Objective 2008[1]	Medium-term objective[1]
Return on equity	**24,8**	24,0	✓	21,0%	22,5%
Headline earnings per share growth	**21**	16,5[2]	✓	CPIX + 5%	CPIX + 10%
Cost-to-income ratio (excluding capital profit on MasterCard)	**52,0**	≤53,5	✓	≤51,0%	Continuous improvement
Credit loss ratio	**0,78**	≤0,75	✗	≤1,00%	≤1,00%

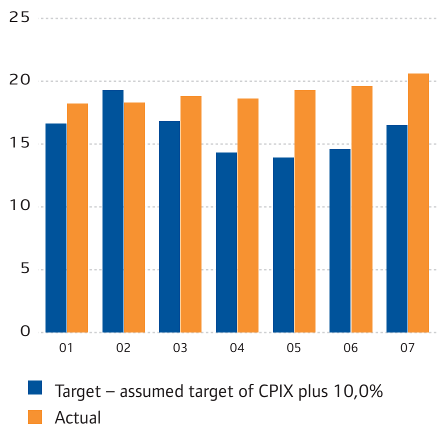
[1]*Results and objectives normalised to reflect substance of the Tutuwa initiative and group shares held for the benefit of policyholders, refer to page 83 for an explanation.*

[2]*Average South African inflation (CPIX) for 2007 of 6,5% plus 10,0%.*

Return on equity (%)



Headline earnings per share growth (%)



Our vision

- We are committed to making a real difference to financial services in South Africa and other emerging markets.
- We will ensure long-term sustainability by harmonising the needs of our customers, our people and our shareholders and by being relevant to the societies in which we operate.
- We will only succeed if we are able to attract, retain, develop and deploy teams of people with energy, passion and skills.

Our values

Serving our customers

We do everything in our power to ensure that we provide our customers with the products, services and solutions to suit their needs, provided that everything we do for them is based on sound business principles.

Growing our people

We encourage and help our people to develop to their full potential, and measure our leaders on how well they grow and challenge the people they lead.

Delivering to our shareholders

We understand that we earn the right to exist by providing appropriate long-term returns to our shareholders. We try extremely hard to meet our various targets and deliver on our commitments.

Being proactive

We strive to stay ahead by anticipating rather than reacting, but our actions are always carefully considered.

Working in teams

We, and all aspects of our work, are interdependent. We appreciate that, as teams, we can achieve much greater things than as individuals. We value teams within and across business units, divisions and countries.

Guarding against arrogance

We have confidence in our ability to achieve ambitious goals and we celebrate success, but we must never allow ourselves to become arrogant.

Respecting each other

We have the highest regard for the dignity of all people. We respect each other and what Standard Bank stands for. We recognise that there are corresponding obligations associated with our individual rights.

Upholding the highest levels of integrity

Our entire business model is based on trust and integrity as perceived by our stakeholders, especially our customers.

We aim to

exceed the performance expectations of our shareholders and other stakeholders while living our vision and values. We strive to:

- be a **full service financial organisation** (offering transactional banking, saving, borrowing, lending, investment, insurance, risk management, wealth management and advising);
- be a leading emerging markets financial service provider with a recognised **competence in both organic expansion and integrating acquisitions;**
- make **disciplined and objective choices on risk and reward;**
- achieve **demonstrable customer centricity** by identifying and pursuing optimal market segments, product choices and distribution channels, with constant renewal of this process;
- have **"best in class" systems and processes** where scaleability and transportability are particular features;
- make **leadership a core competency** to give us a competitive edge;
- be an **employer of choice**, renowned for attracting, growing, empowering, rewarding and retaining talent, and to be a leader in managing people across cultures;
- be **visible in achieving social relevance;** and
- be **proactive and innovative** in our views and our actions, especially relative to the relevant competitors.

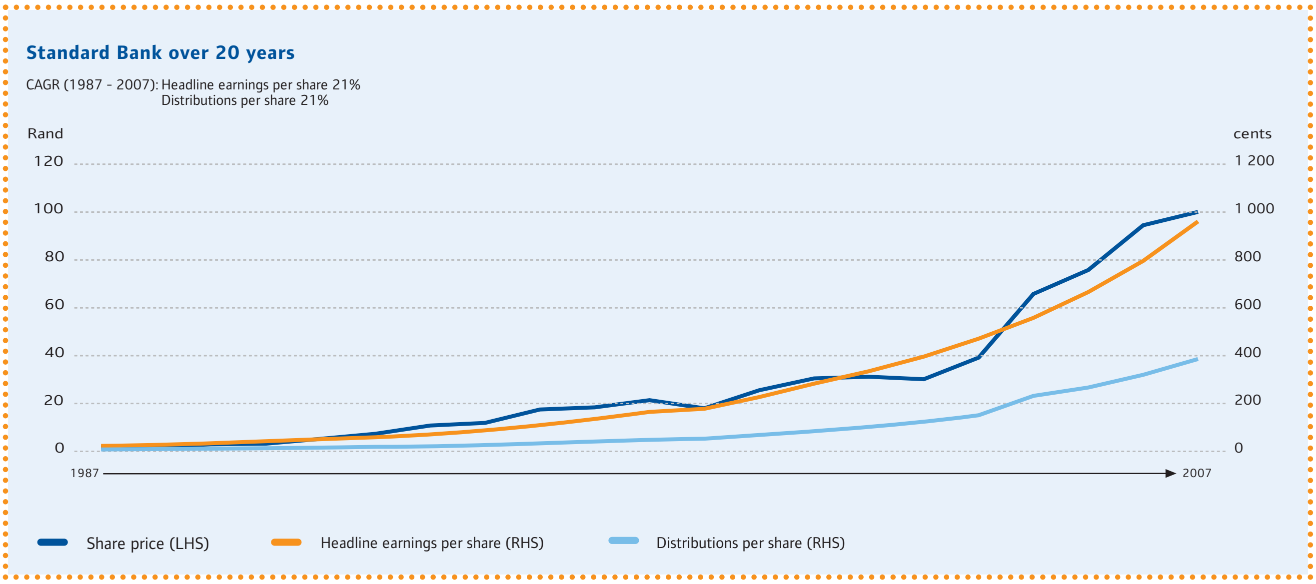
Where we came from

- In 1862, The Standard Bank of British South Africa was established.
- Operations commenced immediately in London and by January 1863 the bank's agents in Port Elizabeth were discounting bills. "British" was dropped from the name in 1883.
- In 1962 a subsidiary company was formed to carry on business in South Africa and South West Africa (now Namibia). The name Standard Bank Limited was adopted for the holding company in England (subsequently to become Standard Chartered Bank Plc).
- A holding company in South Africa was established in 1969 as Standard Bank Investment Corporation (now Standard Bank Group Limited) – the holding company of The Standard Bank of South Africa Limited, and listed on the JSE in 1970.

How we grew

- Standard Chartered sold its 39% stake in Standard Bank Group in 1987, transferring complete ownership of the holding company to South Africa.
- The re-establishment of Standard Bank's African links began in 1988, with the establishment of a branch in Swaziland and Botswana.
- In 1992 Standard Bank acquired ANZ Grindlays' operations in Botswana, Kenya, Uganda, Zaire, Zambia and Zimbabwe, and minority holdings in banks in Ghana and Nigeria.
- Standard Bank London was established in 1992 and in the same year operations in Jersey and the Isle of Man were acquired. Two years later, the Isle of Man presence was broadened considerably with the acquisition of Standard Chartered's banking activities on the island.
- Standard Bank acquired control of Liberty Life and entered into bancassurance arrangements in 1999.
- Standard Bank acquired Jardine Fleming Bank in Hong Kong and Commercial Bank of Malawi in 2001.
- In 2002 Standard Bank acquired Uganda Commercial Bank.
- In 2003 Standard Bank established investment banks in Russia and Brazil and acquired control of Banco Standard Totta de Moçambique.
- In 2004, Standard Bank concluded its Black Economic Empowerment Ownership initiative.
- A representative office was established in Angola in 2007.
- Standard Bank took control of BankBoston Argentina with effect from 1 April 2007.
- Standard Bank acquired a 61% share of Dundas Ünlü with effect 1 September 2007 and commenced expanding its operations in the Turkish market under the name of Standard Ünlü.
- Standard Bank's Nigerian operation, Stanbic Bank (Nigeria), was merged with those of IBTC Chartered Bank Plc (IBTC) and Standard Bank acquired sufficient additional shares at a total value of R2,8 billion in the enlarged IBTC to establish a controlling interest with effect from 24 September 2007.
- In December 2007, shareholders approved the transaction whereby Industrial and Commercial Bank of China (ICBC) invested R36,7 billion in Standard Bank for a 20% shareholding.

Standard Bank gained independence from Standard Chartered Plc 20 years ago



In those 20 years

Standard Bank has grown headline earnings per share and distributions per share by over 20% per year

In December 2007, shareholders approved the transaction whereby ICBC became a supportive, non-controlling 20% shareholder

Strategic partnership

between Standard Bank and ICBC

Summary of the transaction that cements the strategic partnership

ICBC to be an anchor shareholder, supportive of Standard Bank's next phase of growth

- 20% investment in Standard Bank by ICBC
  - ensure alignment of interests and ICBC will share in the value to be created
- Total consideration of R36,7 billion
- New share issue of R15,9 billion
  - 10% of the issued ordinary share capital immediately after such issue
  - R104,58 per share
- Scheme of Arrangement
  - 10% of the issued ordinary share capital immediately after the equity issue
  - Acquired from existing shareholders pro rata to current holdings
  - R136,00 per share
  - R20,8 billion
- Establishes a gateway between Africa and China
- Accelerates the banks' respective international strategies
- Provides support for Standard Bank's next phase of growth
- Demonstrates confidence in South African and African financial services

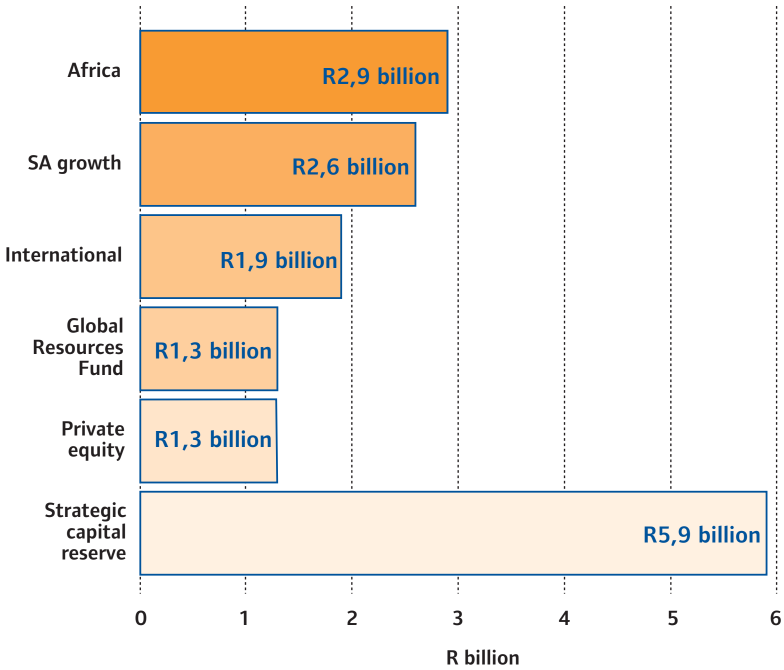
Five major sources of incremental earnings from business co-operation

Areas of co-operation	Specific drivers
China-Africa trade and business flows	• Growing trade flows and foreign direct investment between China and Africa • ICBC brings unrivalled access to Chinese customers
Africa	• Transactional banking (payments, letters of credit and domestic banking) • Investment banking – with over 800 potential corporate Chinese clients active in Africa
China	• Resource banking • Investment banking products for Chinese customers
International	• Limited geographic overlap • China is a major trading partner and investor in international markets in which Standard Bank is present
Global Resources Fund	• Jointly owned by ICBC and Standard Bank • Focused on mining, metals, oil and gas industries

Standard Bank

中国工商银行
INDUSTRIAL AND COMMERCIAL BANK OF CHINA

Indicative application of proceeds of new share issuance (R15,9 billion)[1]



Africa	• Capital to support accelerated growth in existing markets • Investments to build critical mass in key markets e.g. Kenya, Ghana, Angola
SA growth	• Robust corporate asset growth • Conversion to Basel II
International	• Accelerated organic growth • Proposed branch in India
Global Resources Fund	• Global Resources Fund
Private equity	• Global private equity initiatives
Strategic capital reserve	• Capital held for unspecified future opportunities – similar surplus capital position as 18 months ago

[1]*As disclosed to shareholders in presentation on 23 November 2007.*

Key dates

25 October 2007	• Proposed transaction announced
3 December 2007	• Standard Bank shareholders' general and scheme meetings at which 95% approval was obtained
13 December 2007	• ICBC's shareholders meeting to approve transaction at which 99% approval was obtained
18 December 2007	• Court sanction of the Scheme of Arrangement
14 February 2008	• Transaction became unconditional
3 March 2008	• Settlement of consideration and issue of new shares

Other highlights

Black economic empowerment and the Financial Sector Charter

- At the 7th Oliver Empowerment Business Awards Standard Bank was named the winner in the Financial Sector and Tertiary Segment, and received the Platinum Empowerment Award as South Africa's Top Performing Empowered Company.
- Standard Bank was named top commercial financier of black economic empowerment in the BusinessMap Foundation BEE Awards 2007.
- Over the past three years Standard Bank's overall charter score has increased from 52,94 points (out of 100) as at 31 December 2004, to 96,39 points as at 31 December 2007.
- Black management represents 49% of total management at Standard Bank compared with 44% as at 31 December 2006 and 33% when the charter was implemented in 2004.
- The number of low-income Mzansi Blue accounts has grown 42% to over 622 000 as at 31 December 2007.
- Standard Bank procured goods and services worth R3,3 billion in 2007 compared with R2,2 billion in 2006 from black businesses.
- A third of the board of directors and 24% of the top 50 executives were black as at 31 December 2007.

Sponsorships

Standard Bank was a regional partner to the inaugural ICC World Twenty20 Championship hosted in South Africa in September. The investment in Pro20 Cricket has helped to revive and sustain the game in South Africa, creating a new appeal for sports lovers and bringing back crowds to stadiums. Standard Bank scooped South Africa's top sponsorship prize at the 2007 Sunday Times/Business Times Marketing Excellence Awards.

In addition to being awarded the Marketing Excellence Gold in Sports Sponsorships, Standard Bank also took the Sponsorships Grand Prix in recognition of its exemplary execution, activation and leveraging of Pro20 Cricket.

Emerging Markets

Bank of the

YEAR

The Banker magazine

2007 Recognition

African Business magazine
- Best overall of 100 top African banks

The Banker magazine
- Emerging Markets Bank of the Year
- Bank of the Year in:
  - Democratic Republic of Congo
  - Lesotho
  - Malawi
  - Moçambique
  - South Africa
  - Swaziland
  - Zimbabwe
- Deals of the Year:
  - Nigeria: Guaranty Trust Bank (USD350 million 8,5% Eurobond)
  - Tanzania: Celtel Tanzania (USD75 million syndicated credit facility)
  - Zambia: Equinox Mineral (USD584 million financing for the Lumwana copper project)

Credit magazine
- Emerging Market's Deal of the Year (USD400 million debt issue for TransCredit Bank in Russia)

Euromoney magazine
- Best Bank in South Africa
- Best Project Finance House in Africa
- Best Debt House in Africa

Global Finance magazine
- Best Bank in:
  - Namibia
  - South Africa
  - Uganda
  - Zimbabwe
- World's Best Investment Banks
  - Best Debt Bank in the Middle East/Africa

Global Trade Review magazine
- Leading trade services bank in sub-Saharan Africa

Markinor/Sunday Times Top Brands Survey
- Top Corporate and Merchant bank

Sunday Times/Business Times Marketing Excellence Awards
- Large Marketing Organisation of the Year
- Gold Award Marketing Organisation of the year

Standard Bank won the OBS Award of Excellence: Bank. This award is part of the Ombudsman for Banking Service Independent Award of Excellence, in recognition of banks and bank individuals who have excelled at dispute resolution.

Achieved service levels of $^{8,5}/_{10}$* despite increased regulatory requirements following the implementation of the National Credit Act and the Financial Intelligence Centre Act.

**Customer evaluation of branch services (CEBS).*

Basel II – the path to compliance

The 1988 Basel Capital Accord (Basel I) provided a global guideline to standardise the calculation of the minimum regulatory capital requirement for banks. The approach was very high level and similar assets attracted a similar capital requirement, regardless of the inherent risk and credit rating of the counterparty.

Pillar 1
Minimum capital requirement

Pillar 2
Supervisory review process

Pillar 3
Market disclosure

Basel II provides us with an internationally recognised framework which incorporates best practices for capital and risk management. The overall objectives of Basel II are to strengthen the financial system, promote sound risk management and to ensure a level playing field in terms of regulatory capital requirements for internationally active banks.

Our sophisticated risk management approach and forward-looking capital planning and management capabilities enhance our ability to identify and absorb potential future losses and to protect the investments of our depositors, as well as our shareholders for the long term.

	Basel I	Basel II
Risk measure	Single risk measure	Counterparty and transaction specific risk measures
Risk sensitivity	Broad brush approach	Granularity and risk sensitivity
Credit risk mitigation	Limited recognition	Comprehensive recognition
Operational risk	Excluded	Included
Flexibility	"One size fits all"	Menu of approaches
Supervisory review	Implicit	Explicit
Market discipline	None	"Supervisory" role conferred on market
Incentives	None	Explicit and well defined

The group recognised the capability and efficiency that implementation of the Basel II framework would bring and invested significant resources to develop an infrastructure of systems and processes.

2001

A small core team was formed to research and analyse the implications of the proposed Basel II capital adequacy framework on the group.

2003

A detailed gap analysis was conducted and formed the basis for the resource allocation and group-wide projects set up to work towards Basel II compliance.

2007

Approval of the group's target approaches for credit risk, operational risk and market risk, was an important validation of our efforts. Enhancements were made to the bank's internal economic capital and stress testing methodologies.

2008

Basel II went live across Standard Bank on 1 January.

Pro-forma Basel II

Risk-weighted assets	Basel I Rbn	Basel II Rbn
Credit risk	461	465
Trading/market risk	63	54
Operational risk		56
Banking activities	**524**	**575**

Tier I capital adequacy ratios

Basel I: **10,4%**

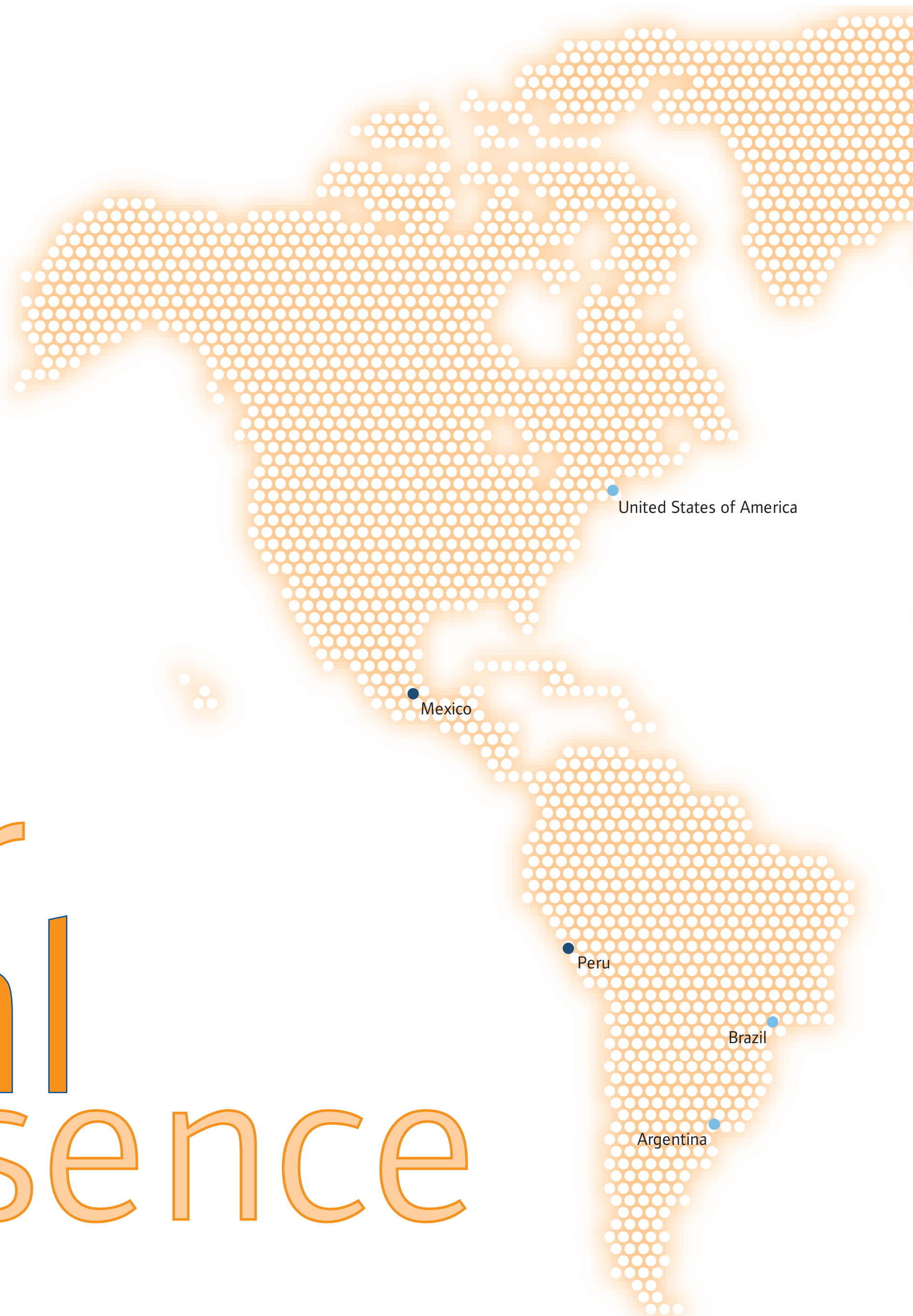
Basel II (pro-forma): **8,5%**

Total capital adequacy ratios

Basel I: **14,4%**

Basel II (pro-forma): **11,3%**

Our global presence



Standard Bank is a South African-based financial services group with a global presence focused on emerging markets. We operate from 18 countries in Africa and from 20 countries on other continents.

Map is a graphic indicative representation

Africa

1 Angola
2 Botswana
3 Democratic Republic of Congo
4 Ghana
5 Kenya
6 Lesotho
7 Madagascar
8 Malawi
9 Mauritius
10 Moçambique
11 Namibia
12 Nigeria
13 South Africa
14 Swaziland
15 Tanzania
16 Uganda
17 Zambia
18 Zimbabwe

The Americas

1 Argentina
2 Brazil
3 Mexico
4 Peru
5 United States of America

Europe

6 Isle of Man
7 Italy
8 Jersey
9 Russian Federation
10 Turkey
11 Ukraine
12 United Kingdom

Middle East

13 Iran
14 United Arab Emirates

Asia

15 China (including Hong Kong)
16 Japan
17 Malaysia
18 Singapore
19 Taiwan

Australasia

20 Australia

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Standard Bank

www.standardbank.co.za

Corporate governance

Standard Bank

Chairman and chief executive's review

The strategic partnership concluded with ICBC represents an important milestone in the 146 year history of Standard Bank. It strengthens our capacity for investment and will add further impetus to our plans to grow our existing businesses, particularly in Africa.

Standard Bank concluded a number of key acquisitions in 2007 to consolidate the group's position in targeted markets.

Overview

In an operating environment that became more challenging as the year progressed, Standard Bank delivered a strong performance for the year to 31 December 2007. It was a year in which we weathered global financial market stresses not seen in the last decade; finalised acquisitions in the important emerging markets of Argentina, Turkey and Nigeria; negotiated and gained the necessary approvals for the historic transaction between Standard Bank and ICBC which resulted in us gaining a valuable strategic partner and a significant injection of tier one capital in a cost effective manner; and achieved financial results that met our principal published objectives of growth in headline earnings per share and return on equity.

Standard Bank's strategy of building revenue streams in other emerging markets delivered pleasing results in 2007. While the contribution to growth in headline earnings from the South African operations slowed to 15%, the businesses in the rest of Africa grew their contribution by 58% and operations outside Africa by 98%. South Africa remains the group's primary operating market, accounting for 82% of headline earnings in 2007 and we continue to focus on maintaining a strong position in our home market as we grow internationally.

Corporate & Investment Banking had an excellent year, with 34% growth in headline earnings reflecting strong performances in international and African investment banking markets, and the sustained delivery of earnings in South Africa. Personal & Business Banking grew by a more subdued 18% as the strong gains in the first half were offset by more difficult conditions in the second half of the year. Liberty Life, now incorporating 100% of Stanlib, grew its headline earnings by 15%.

An economic review is included directly after this report and provides context to the business environment in which we operated in 2007, as well as our economic outlook for 2008.

The financial results have been comprehensively analysed in the financial review starting on page 72. This includes a full explanation of the differences between the results on an International Financial Reporting Standards basis and what we refer to as a "normalised" basis.

Straight talk

Strategy

In South Africa, we remain focused on servicing the full value chain of local customers' financial services needs and refining our business models in the face of mounting competition across the board. Specific attention is given to maintaining high standards of customer service, notwithstanding significant volume growth, and implementing the structures and systems to support a customer-centric orientation. Innovative product development, especially in understanding and responding to the needs of previously unbanked customers, receives ongoing attention.

The financial performances recorded by our businesses outside South Africa reflect the execution over the last 15 years of a carefully planned strategy to pursue growth in other emerging markets. By applying the banking competencies and systems we have developed and continue to refine in the South African market, and leveraging our emerging market expertise and presence in Africa and other regions, we have been able to realise significant organic growth and acquisition opportunities.

In recent years, Standard Bank has accelerated its investment in developing critical mass in key African markets and scaling up its operations outside Africa. This has involved building management capacity, specialist skills and infrastructure, and making appropriate acquisitions in selected markets.

Standard Bank concluded a number of key acquisitions in 2007 to consolidate the group's position in targeted markets.

Nigeria is a critically important African market for Standard Bank, given the size of its economy and population.

Approval was received from the South African and Argentine regulators for the acquisition of the assets and liabilities of BankBoston Argentina with effect from 1 April 2007. Standard Bank Argentina is a full service bank with strong retail and corporate banking franchises and expands our footprint in Latin America. Its incorporation into the group has progressed well with minimal disruption. Over time we believe that the transaction will demonstrate Standard Bank's ability to successfully operate a full-service bank outside Africa.

Standard Bank concluded the acquisition of 61% of Dundas Ünlü, a specialist financial advisory firm based in Turkey, on 1 September 2007. While this operation is small in the context of the group, this acquisition adds a wider range of investment banking services to our existing operations in this important and growing market.

On 24 September 2007 the group received regulatory approval to buy a controlling interest in IBTC Chartered Bank in Nigeria through the sale of its Nigerian operations, Stanbic Bank (Nigeria), to IBTC Chartered Bank in exchange for a 33,3% share in the combined entity and Standard Bank's acquisition of a further 16,8% of the enlarged entity for R2,8 billion. This acquisition provides a strong platform for further growth in this market. While the newly merged bank is principally a corporate and investment bank with 61 branches, we plan to roll out a full retail banking product offering over the next three years. Nigeria is a critically important African market for Standard Bank, given the size of its economy and population and this acquisition is a most exciting development.

The group concluded an agreement with CFC Bank in Kenya to acquire a controlling interest in CFC Bank by disposing of its shareholding in Stanbic Bank Kenya to CFC Bank in exchange for a 41,4% share in the merged bank, and to simultaneously acquire further shares to 60%. The transaction, which received regulatory approval on 3 April 2008, will expand the group's African network and create a stronger presence in East Africa.

ICBC transaction

The strategic partnership concluded with Industrial and Commercial Bank of China (ICBC) represents an important milestone in the 146 year history of Standard Bank. It strengthens our capacity for investment in a global environment that is more conducive to acquisitions and will add further impetus to our plans to grow our existing businesses, particularly in Africa.

The strategic partnership concluded with ICBC represents an important milestone in the 146 year history of Standard Bank.

The ICBC transaction brings together the largest bank in Africa and the largest bank in China through a 20% shareholding in Standard Bank by ICBC. The key features of the transaction were the issue of 152,5 million new ordinary shares to ICBC at R104,58 per share and the acquisition of 152,5 million ordinary shares from existing shareholders at R136,00 per share, for a total consideration of R36,7 billion. All regulatory and shareholder requirements for the transaction between ICBC and Standard Bank were fulfilled by 14 February 2008 and the transaction was implemented on 3 March 2008.

We believe that ICBC's investment in Standard Bank is a landmark transaction not only for the group but for South Africa and the rest of Africa. At the time, it was the largest investment undertaken by a Chinese company outside China and the largest foreign direct investment into South Africa. As such, it represents a powerful endorsement of the strength of South Africa's banking industry and the quality of its regulatory framework, as well as of Standard Bank's position on the African continent.

ICBC is the leading commercial bank in China with more than 200 million personal banking customers and 2,5 million corporate banking customers. It has over 16 000 domestic branches and outlets, and close on 100 branches in the rest of the world.

The partnership offers Standard Bank significant co-operation benefits, mainly by introducing ICBC clients to Standard Bank in the African countries in which we operate. The transaction has also provided a cost effective source of tier one capital to support the group's longer-term growth prospects in our chosen markets. We expect that the capital will take some time to deploy and this will depress headline earnings per share and return on equity in the short term.

Leadership

In the increasingly competitive environment in which we operate, managing talent has become a critical factor in maintaining competitive advantage, and is an area in which we invest significant resources. Standard Bank aims to be an employer of choice in the banking sector and our approach to human capital management and employment equity is reflective of South Africa's transformation objectives.

The successful performance achieved by the group this year is testimony to the ability of our people to execute our strategic objectives effectively and consistently. This ability is supported by the group's Global Leadership Centre (GLC), which plays an important role in developing excellence among executive and operational leadership. The GLC offers internationally designed management development programmes aligned to global best practice and the group's values and strategy. In 2007, the GLC provided training to over 2 400 managers and 294 executives from across the group. We remain on track to meet our target of offering the bulk of our managers the relevant GLC programmes within three years.

*Managing **talent** has become a critical factor in maintaining **competitive advantage**.*

Several executive management changes, to position the group to capitalise on business opportunities locally and internationally, were recently announced. Sim Tshabalala will be appointed chief executive of Standard Bank of South Africa with effect from June 2008. He will focus on maintaining our strong position in our home market. He will be succeeded in his role as chief executive of Personal & Business Banking in South Africa by Peter Schlebusch.

Ben Kruger and Peter Wharton-Hood, previously chief executives of Corporate & Investment Banking and Personal & Business Banking respectively, will be appointed as chief operating officers of the Standard Bank Group. They will perform cross-cutting roles to support the increasing global integration of the group. Rob Leith will succeed Ben Kruger as chief executive of Corporate & Investment Banking and will remain based in London.

Craig Bond, previously chief executive of Standard Bank Africa, will relocate to Beijing in mid 2008 to take up responsibility for all business links between Standard Bank and ICBC, particularly those that relate to Africa. He will build an in-country Standard Bank team to complement the bank's well established commodity and resource banking office in Shanghai.

Corporate Governance

A full corporate governance report is included on pages 28 to 55 and incorporates a remuneration report and an abridged sustainability report.

Black Economic Empowerment

Black management now comprises 49% of total management in South Africa, up from 33% in 2004 when the Financial Sector Charter (charter) was launched. The ICBC transaction unlocked considerable value for our BEE shareholders, including 4 000 of the bank's black managers, 250 SMEs and the community trust. These shareholders realised a combined R1,5 billion for the sale of 11,1% of their shares in Standard Bank to ICBC. Of this amount, R491 million (pre-tax) was paid to our BEE shareholders as a cash distribution, R766 million was utilised to reduce the outstanding debt owing by the participants and R240 million was utilised to settle accrued finance charges. It is expected that the repayment profile of the remaining debt will be reduced by two years as a result of this transaction.

We recognise the need for the charter to be harmonised with the Broad-based Black Economic Empowerment Codes of Good Practice legislated in 2007. We continue to engage with all parties concerned to achieve this without losing certain sector specific targets agreed to in the charter, which are of considerable national importance.

Basel II has provided all banks in South Africa with an internationally recognised framework incorporating best practice in capital and risk management.

Compliance

The implementation of Basel II on 1 January 2008 has provided all banks in South Africa with an internationally recognised framework incorporating best practice in capital and risk management against which we will be measured by our regulators and stakeholders. Over the past seven years, the group has invested significant resources in the development of systems and processes to support Basel II and related risk management processes. In 2007, we enhanced our internal economic capital and stress testing methodologies. The Bank Supervision Department of the South African Reserve Bank's approval of the group's advanced internal rating based approach for credit risk and internal models for market risk, was an important validation of these efforts. The pro-forma effects of this conversion are included on page 109.

In South Africa, the National Credit Act came into effect on 1 June 2007. As a registered credit provider, Standard Bank fully supports this wide-reaching legislation, and invested considerable time and resources in implementing the necessary policies and procedures to meet its requirements.

Our ongoing constructive engagement with regulators, particularly in South Africa, serves to facilitate the implementation of new regulations and we continue to apply an approach which seeks to derive maximum business value from their integration into our management and control systems.

Directorate

Dr Mamphela Ramphele resigned as a director with effect from 17 May 2007 due to a conflict of interest. We wish to express our appreciation for the valued contribution Dr Ramphele made since she joined the group in March 2005.

Saki Macozoma was appointed deputy chairman of Standard Bank Group in November 2007. He has served as a non-executive director on the board of directors since 1998 and is an active member on a number of sub-committees of the board.

Koosum Kalyan was appointed as a non-executive director in December 2007. We welcome the valuable experience she will bring to the group.

Buddy Hawton will retire from the board after the AGM. Originally appointed to the group board on 1 May 1995, he has played a pivotal role as an independent director. This has been especially the case in relation to his role as chairman of the remuneration committee.

He has also served on the group risk and capital management committee since its inception in 1999. His unfaltering dedication will be missed and we wish him well in his retirement.

In terms of the strategic partnership agreement with ICBC, two non-executive directors will be appointed by ICBC to join the board.

Prospects

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

The group's medium-term financial objectives ***remain unchanged.***

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

The group's medium-term financial objectives remain unchanged: a normalised return on equity of 22,5%, and normalised headline earnings per share growth of average South African inflation (CPIX) plus 10 percentage points. In 2008, returns are anticipated to be slightly reduced by the prevailing economic conditions but more significantly impacted by the short-term financial effects of the ICBC transaction. Consequently, the group's financial objectives for the year ahead have been revised downwards to 21,0% for normalised return on equity and to average South African inflation (CPIX) plus 5 percentage points for growth in normalised headline earnings per share.

We remain confident that we have the ***skills and resources*** *necessary to manage the significant* ***opportunities and challenges*** *that lie ahead.*

Appreciation

We would like to thank the executive team and the people of Standard Bank for the excellent performance achieved in the last year, and the progress made in executing the group's growth strategy. We remain confident that we have the skills and resources necessary to manage the significant opportunities and challenges that lie ahead. We thank our colleagues on the board for their sound guidance and support during an eventful year. To our customers for their continued support and our shareholders whose confidence has sanctioned important strategic developments, we extend our gratitude.

Derek Cooper
Chairman

Jacko Maree
Group chief executive

Economic review

The impact of increasing US frailty on the emerging world has seen capital flows abate, equity markets lose value and sovereign risk spreads widen. Nonetheless, the brunt has been noticeably milder than in previous episodes of global economic or financial disorder.

Global instability

The global economy continued to expand handsomely in the first half of 2007. In the main, China, India and Russia generated sufficient thrust to combat moderate US performance and deliver worldwide growth above 5%, however, in late July growing friction in financial markets began to meaningfully threaten global economic traction.

Alongside a deepening housing recession in the US, rising delinquencies on mortgage loans provided to borrowers of weak credit quality – so-called sub-prime mortgage loans – began to raise concerns about the commercial health of several large US banks. This precipitated a sharp repricing of credit risk, in particular a surge in yields on securities collateralised by sub-prime home loans and widening spreads on structured credit. The uncertainty about the extent and dispersion of related valuation losses and off-balance sheet exposures added to the markets' fragility. The strains were pervasive, encroaching on high-yield corporate debt, asset-backed commercial paper as well as interbank and short-term money markets.

Some of the strains eased late in the third quarter as the US Federal Reserve lowered its benchmark federal funds rate. The semblance of relief, however, proved temporary and revelations of new sub-prime losses alongside increasing evidence of a marked softening in the US real economy renewed the instability in the financial markets during the fourth quarter. Despite attempts by key central banks to provide generous term liquidity to the financial sector into the new year, it was insufficient to quell the rising tide of negative sentiment. Led by financial services, US stock markets plunged late in January 2008 and added to the already pervasive risks to the US economy, especially consumer fundamentals. As a result, the Federal Reserve aggressively eased interest rates on two occasions in January and the Federal government proposed a fiscal response.

Outside of the US, Western European financial markets have suffered the deepest contagion from the sub-prime fallout. Apart from friction in funding markets, several banks have exposure to the US housing market through off-balance sheet structures supported by backup credit lines. In turn, the financial instability has served to undermine consumer demand and temper Europe's growth prognosis. Japan has generally avoided being tainted by the sub-prime financial crisis; however, the recent weakness in consumer spending may be further impinged by negative sentiment from global financial volatility.

Emerging economies still resilient

The impact of increasing US frailty on the emerging world has seen capital flows abate, equity markets lose value and sovereign risk spreads widen. Nonetheless, the brunt has been noticeably milder than in previous episodes of global economic or financial disorder. This is the result of little or practically no exposure by these economies to the sub-prime system or related credit and institutional structures. Improved public finances and macroeconomic fundamentals as well as increasingly credible domestic growth thrust have reduced their vulnerability. In most emerging markets the authorities have been generally preoccupied with stemming inflation and pursuing guarded monetary policy.

Nonetheless, following several years of divergence in the growth trends between emerging and advanced economies, a synchronised slowdown is likely this year. The strained financial and trade linkages with the US and slower growth in other developed economies partly explain the expected decelerating growth profile among emerging economies, but there is also a natural loss of momentum following several years of above-trend performance. Still, emerging economies should post strong growth this year, led by China, India and Russia. The growing dominance of leading emerging economies in recent years, both in their share of global production and growth thrust, should be sustained through 2008.

Africa's harsher external climate

Africa has enjoyed its most promising post-colonial growth experience in recent years. The favourable confluence of a benign external environment, lively commodity cycle, and more constructive domestic policy choices and implementation have encouraged almost uninterrupted growth acceleration since 2002. The continent registered annual average real growth of approximately 5,7% in the past four years. This growth has been widely dispersed with about two-thirds of African markets registering at least 4% growth in 2007.

The continent's economy should again grow robustly in 2008, with supply incentivised by elevated export prices and demand. Nigeria and Angola, especially, will see a surge in production capacity. More widely, escalating internal demand, public sector stimulus, and rising private capital inflows and remittances are providing additional growth impetus.

The more perilous external environment nonetheless poses risks to Africa's near-term growth prognosis, primarily because of the potential for weaker exports, especially commodities, and harsher financial conditions. Also, the political atmosphere remains volatile in some locations although the favourable resolution to Kenya's recent political impasse is encouraging.

South Africa's cyclical cooling

Since 2004 South Africa has sustained real economic growth in excess of 5%. This impressive result was spawned by healthy consumer fundamentals alongside an aggressive "catch-up" public sector investment programme. Also, robust growth in house and financial asset prices buoyed sentiment and, in turn, further encouraged private consumption and investment.

Macrofinancial conditions have, however, recently dimmed, informed by slowing real personal income and net employment growth as well as the lagged impact of a tightened monetary cycle which began in June 2006. The policy rate, and similarly benchmark consumer lending rates, increased by a cumulative 400 basis points over the period. Further, although much of the public sector investment programme is insensitive to the easing consumer cycle, especially because many projects have hard deadlines, about 70% of total capital investment emanates from the private sector and has historically shown resonance with the trend in consumer spending. Consequently, while the public sector build programme will inject support into overall investment, the private sector may reflect some hesitation in the near term.

The impact on the economy from the public utility's incapacity to supply power relative to typical demand further reduces the economy's growth potential. The subtraction is, however, not likely to be excessive, given the semblance of a "national compact" between the supplier and various users that appears to be developing. Large industrial users have begun reducing energy intensity in a manner that minimises production losses. Households may soon be subject to progressive pricing mechanisms and/or quotas that should prompt more efficient energy consumption. Admittedly, the power supply matter remains fluid and during occasions of stretched capacity there is the increased probability of equipment failure.

South Africa's political atmosphere has become murky following the change in leadership within the African National Congress in December. Concerns abound about policy continuity and the effectiveness of the government in service provision during this period of seeming political stasis. A sharply altered policy course, however, seems remote given the existing approach which is significant in its attention to redressing historical racial injustices. This is confirmed in the emphatic social welfare orientation imbued in public finances and fairly well advanced policies on transformation. South Africa is exceedingly liberalised in terms of external financial relations and this introduces limits to the potential for substantive market-unfriendly policies. Public service delivery has, however, been less than optimal for several years and the government will struggle to show marked improvement in the current tense atmosphere.

From 5,1% last year, South Africa's economy should grow at slightly below 4% in 2008.

Summary

The earlier part of 2007 witnessed a generally benign global economy, however, in the latter half of the year the consequences of the weak US housing market alongside mounting delinquencies in the sub-prime mortgage arena began to incite disorder in financial markets. The resulting contamination of the US real economy became increasingly evident in the final quarter of last year and even more palpable early in 2008.

Many other advanced economies experienced some contagion from the instability in the US, especially in domestic funding markets. This tempered their growth prognosis and, in some instances, also provoked a countervailing response from the authorities. Although not completely unscathed, emerging economies have so far not been markedly compromised by the events in the US, and Africa too has hardly witnessed any fallout.

The sub-prime chapter has, however, yet to reach its conclusion and several major banks remain undercapitalised and prone to more losses. Further, all major economic regions are likely to reflect slowing growth in 2008 and it is possible that the US will experience a recession. For Africa, especially, a marked slowdown in global growth would be damaging because of the buoyancy derived from increased commodity demand and prices in recent years. This will be equally challenging for South Africa, in light of a waning internal growth dynamic alongside fluid energy and political arrangements.

Goolam Ballim
Group economist

Board of directors

Doug Band (63)[2]
BCom (Wits), CA (SA)
Appointed: 1997

Directorships: Standard Bank Group, The Standard Bank of South Africa, MTN Group, The Bidvest Group, Tiger Brands

Committee member: Directors' affairs, group audit, group credit, group remuneration, large exposures credit

Elisabeth Bradley (69)[1]
BSc (Free State), MSc (London)
Appointed: 1986

Directorships: Standard Bank Group, The Standard Bank of South Africa, AngloGold Ashanti, The Tongaat-Hulett Group, Toyota SA (chairman), Wesco Investments (chairman)

Committee member: Directors' affairs, group audit

Derek Cooper (67)[1]
CA (SA)
Appointed: 1993

Directorships: Standard Bank Group (chairman), The Standard Bank of South Africa (chairman), Liberty Holdings (chairman), Standard Bank Plc

Committee member: Directors' affairs (chairman), group credit (chairman), group remuneration, group risk and capital management, group transformation, large exposures credit

Buddy Hawton (70)[1]
FCIS (Natal)
Appointed: 1995

Directorships: Standard Bank Group, The Standard Bank of South Africa, Liberty Group, Liberty Holdings, Nampak, Real Africa Holdings, Sun International (chairman), Woolworths Holdings (chairman)

Committee member: Group remuneration, group risk and capital management

Thulani Gcabashe (50)[1]
BA (Botswana and Swaziland), Masters in Urban and Regional Planning (Ball State)
Appointed: 2003

Directorships: Standard Bank Group, The Standard Bank of South Africa, Eskom Enterprises (chairman), Imperial Holdings (vice chairman)

Committee member: Group risk and capital management

Sir Paul Judge (58)[1,4]
MA (Cambridge), MBA (Pennsylvania)
Appointed: 2003

Directorships: Standard Bank Group, The Standard Bank of South Africa, Eurasian Natural Resources Corporation, Isoworth, Oxbridge Capital, Panoramic Lease, Schroder Income Growth Fund, Tempur-Pedic International, Westminster Corporate Finance

Sam Jonah KBE (58)[1,5]
ACSM, MSc, DIC, DSc (UK)
Appointed: 2006

Directorships: Standard Bank Group, The Standard Bank of South Africa, Bayport Management (chairman), Equinox Minerals, Jonah Capital (chairman), MotoGold Mines (chairman), Scharrig Mining (chairman), Titanium Resources Group

Koosum Kalyan (52)[1]
BCom (Honours)
Appointed: 2007

Directorships: Standard Bank Group, The Standard Bank of South Africa, MTN Group, South African Airways, South African Bank Note Company, South African Mint Company

Saki Macozoma (50)[2]
BA (Unisa), BA (Honours) (Boston)
Appointed: 1998

Directorships: Standard Bank Group (deputy chairman), The Standard Bank of South Africa, Andisa Capital (chairman), Iliso Consulting (chairman), Liberty Group (chairman), Liberty Holdings, Safika Holdings (deputy chairman), Stanlib (chairman), Tutuwa Strategic Holdings 2, VW South Africa

Committee member: Allocation (chairman), directors' affairs, group audit, group credit, group remuneration, group risk and capital management, group transformation (chairman)

Jacko Maree (52)[3]
BCom (Stellenbosch), MA (Oxford), PMD (Harvard)
Appointed: 1997

Directorships: Standard Bank Group (chief executive), The Standard Bank of South Africa (chief executive), Stanbic IBTC Bank Plc, Standard International Holdings SA, Standard Bank Plc (chairman), Liberty Group, Liberty Holdings

Committee member: Group credit, group transformation

Rick Menell (52)[1]
MA (Cambridge), MSc (Stanford)
Appointed: 1997

Directorships: Standard Bank Group, The Standard Bank of South Africa, African Rainbow Minerals, Anglovaal Holdings, Bateman Engineering (chairman), Mutual & Federal, Teal Exploration & Mining (president and chief executive)

Committee member: Group remuneration, group risk and capital management

Kgomotso Moroka (53)[1]
BProc (University of the North), LLB (Wits)
Appointed: 2003

Directorships: Standard Bank Group, The Standard Bank of South Africa, Fidelity Security Group, Gobodo Forensic & Investigative Accounting (chairman), Network Healthcare Holdings, New Seasons Investments Holdings, Schindler Lifts (SA), South African Breweries

Chris Nissen (49)[1]
BA Hons, MA Humanities (Cape Town), Diploma in Theology
Appointed: 2003

Directorships: Standard Bank Group, The Standard Bank of South Africa, Boschendal (chairman), Sea Harvest Corporation (chairman), Tiger Brands, Umoya Holdings, Vunani Capital Holdings, Woolworths Holdings

Committee member: Group transformation

Cyril Ramaphosa (55)[2]
BProc (Unisa)
Appointed: 2004

Directorships: Standard Bank Group, The Standard Bank of South Africa, Alexander Forbes, Assore, BDFM, Macsteel Global, Mondi South Africa, MTN Group (chairman), MTN Holdings (chairman), SAB Miller, Shanduka Group (chairman), The Bidvest Group (chairman), Tutuwa Strategic Holdings 1

Myles Ruck (52)[2]
BBus Sc (UCT), PMD (Harvard)
Appointed: 2002

Directorships: Standard Bank Group, The Standard Bank of South Africa, Standard Bank Argentina (chairman), Aveng, Mr Price Group, Shanduka Group

Committee member: Global Personal & Business Banking credit (chairman), global Corporate & Investment Banking credit (chairman), group credit, group risk and capital management, large exposures credit

Martin Shaw (69)[1]
CA (SA)
Appointed: 2004

Directorships: Standard Bank Group, The Standard Bank of South Africa, Illovo Sugar, JD Group, Liberty Holdings, Murray & Roberts Holdings, Pretoria Portland Cement (chairman), Reunert (chairman)

Committee member: Group audit (chairman), group risk and capital management (chairman)

Sir Robert Smith (63)[1, 4]
CA, Fellow of the Institute of Bankers (in Scotland), Honorary Degrees (Edinburgh, Glasgow, Paisley)
Appointed: 2003

Directorships: Standard Bank Group, The Standard Bank of South Africa, Aegon UK, The Weir Group (chairman)

Ted Woods (61)[1]
BCom (Wits), MBA (UCT), CA (SA), CFA
Appointed: 2007

Directorships: Standard Bank Group, The Standard Bank of South Africa

Committee member: Group remuneration (chairman)

[1]*Independent non-executive director.*
[2]*Non-executive director.*
[3]*Executive director.*
[4]*British.*
[5]*Ghanaian.*

Corporate governance

Framework and developments

Introduction

Standard Bank Group has complied with the principles of the Code of Corporate Practices and Conduct (King Code) in the year under review. The principles of the King Code determine the standards for the group's governance framework and practices.

Subsidiary entities within the group are guided by these principles in establishing their respective governance frameworks, which are aligned to group standards in addition to meeting the relevant jurisdictional requirements in their areas of operation.

The group's governance framework enables the board to balance its role of providing oversight and strategic counsel with its responsibility to ensure conformance with regulatory requirements and acceptable risk tolerance parameters.

The Standard Bank of South Africa Limited (SBSA) is a major subsidiary of the group as defined in the JSE Limited (JSE) Listing Requirements, and is the entity that conducts the group's domestic banking operations.

Liberty Group is also a significant subsidiary of the group, and complies with its own set of regulatory and legislative requirements. Compliance is documented in its annual report, which can be found at www.liberty.co.za.

Codes and regulations

Compliance with applicable legislation, regulations, standards and codes remains an essential characteristic of group culture. The board monitors compliance with these by means of management reports, which will include information on the outcomes of any significant interaction with key stakeholders such as the group's various regulators.

The Banking Association of South Africa has drawn up a Code of Banking Practice, embraced by all member banks, to provide safeguards for customers. Standard Bank is assisting the Banking Association to align the Code of Banking Practice to recently introduced consumer protection legislation, notably the National Credit Act (NCA).

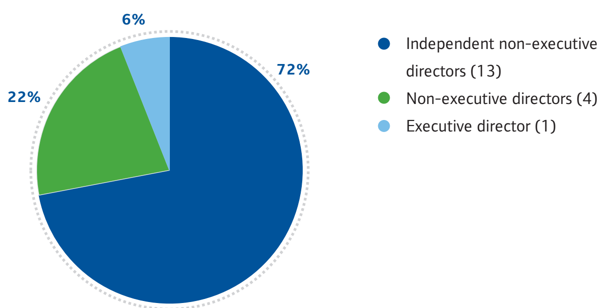
The group has customised the educational material on the Code of Banking Practice, obtained from Bankseta, to make it Standard Bank specific.

Board and directors

Board structure and composition

Ultimate responsibility for governance rests with the board of directors. The group has a unitary board structure and the roles

Board composition



Developments during 2007

- Ongoing focus on director training with particular emphasis on the additional requirements of Basel II.
- Finalised our revised Code of Ethics.
- Integrated acquisitions particularly Standard Bank Argentina and IBTC Chartered Bank (Nigeria) Plc, requiring ongoing efforts to align governance practices with group standards.
- Implemented new governance committees and reporting structures resulting mainly from Basel II.
- Increased stakeholder engagement on sustainability issues, focused mainly on creating greater internal awareness.
- Ernst & Young Excellence Award – Standard Bank was rated in the "Excellent" category for its 2006 sustainability report.
- Included in the JSE Socially Responsible Investment Index for the fourth consecutive year.
- Sponsor of the International Corporate Governance Network annual conference.

of chairman and chief executive are separate and distinct. The chairman is an independent non-executive director. The number and stature of independent non-executive directors ensures that sufficient independence is brought to bear on decision making.

In accordance with agreements reached in the ICBC transaction, two directors representing ICBC will be appointed to the board, one of whom will become deputy chairman. Neither of these directors will be classified as independent. Co-operation will be achieved on a number of other levels, including the involvement of ICBC's representatives in certain governance committees.

The independence of board directors is determined according to the definitions set out in the King Code. The definition of independence in the Company Laws Amendment Act in relation to members of the audit committee also informs the board's classification of non-executive directors. A number of directors have served on the board for more than three terms. In each case, the board considers that these directors are able to act in an independent manner and to fulfil their duties irrespective of the length of time that they have served as directors.

During the year, Saki Macozoma was appointed deputy chairman of the group. Koosum Kalyan was appointed as an independent non-executive director to the group and SBSA boards, in line with group policy on appointments. Buddy Hawton will retire as an independent non-executive director after the group's annual general meeting (AGM).

It is the board's responsibility to ensure that effective management is in place to implement group strategy, and to consider issues relating to succession planning. The board is satisfied that the current pool of talent available within the group and the ongoing work to deepen the talent pool provides adequate succession depth in both the short and long term. During the year, the board also considered other key people-related challenges including talent retention.

Regular interaction between the board and executive management is encouraged and the group executive committee attends all board meetings. The full board (including executive directors) meets without other management in closed sessions at each board meeting. Employees are invited as required to make presentations to the board on material issues under consideration.

Directors are provided with unrestricted access to group management and company information, as well as the resources required to carry out their responsibilities, including external legal advice, at the group's expense.

A feature of the way the board operates is the role played by board committees which facilitate the discharge of board responsibilities. The committees each have a board approved mandate that is regularly reviewed. Details on how these committees operate are provided below.

Skills, knowledge, experience and attributes of directors

The board ensures that directors possess the skills, knowledge and experience necessary to fulfil their obligations. The directors bring a balanced mix of attributes to the board, including:

- international and domestic experience;
- operational experience;
- knowledge and understanding of both the macroeconomic and the microeconomic factors affecting the group; and
- financial, legal, entrepreneurial and banking skills.

Corporate governance continued

The credentials and demographic profile of the board are regularly reviewed by the directors' affairs committee, to ensure the board's composition remains both operationally and strategically appropriate.

Appointment policy

The board regularly reviews the group's nominations and appointments policy. The policy ensures alignment with all necessary legislation and regulations which include, but are not limited to, the requirements of the Companies Act, Banks Act, JSE Listing Requirements and the Financial Sector Charter (charter).

The policy defines the process to be followed for the nomination and appointment of directors and key executives. The policy distinguishes between executive and non-executive appointments as well as internal and external appointments. In terms of the policy, executive management require permission to be appointed to external boards to reduce the potential for conflicts of interest, and to ensure they can dedicate sufficient focus to group business.

In accordance with the policy, the board takes cognisance of the skills, knowledge and experience of the candidate, as well as other attributes considered necessary for the prospective role. The board also considers the need for demographic representation when making a new appointment. Furthermore, candidates are subject to a "fit and proper" investigation, as required by the Banks Act and the JSE.

Board responsibilities

The key terms of reference in the board's mandate, which forms the basis for its responsibilities, are to:

- agree the group's objectives, strategies and plans for achieving those objectives;
- annually review the corporate governance process and assess achievement against objectives;
- review its mandate at least annually and approve recommended changes;
- delegate to the chief executive or any director holding any executive office or any senior executive any of the powers, authorities and discretions vested in the board's directors, including the power of sub-delegation; and to delegate similarly such powers, authorities and discretions to any committee and subsidiary company boards as may exist or be created from time to time;
- determine the terms of reference and procedures of all board committees and review their reports and minutes;
- consider and evaluate reports submitted by members of the executive;
- ensure that an effective risk management process exists and is maintained throughout the group;
- review and monitor the performance of the chief executive and executive management;
- ensure consideration is given to succession planning for the chief executive and executive management;
- establish and review annually, and approve major changes to, relevant group policies;
- approve the remuneration of non-executive directors on the board and board committees, based on recommendations made by the group remuneration committee, and recommend to shareholders for approval;
- approve capital funding for the group, and the terms and conditions of rights or other issues and any prospectus in connection therewith;
- ensure that an adequate budget and planning process exists, measure performance against budgets and plans, and approve annual budgets for the group;
- approve significant acquisitions, mergers, take-overs, divestments of operating companies, equity investments and new strategic alliances by the group;
- consider and approve capital expenditure recommended by the group executive committee;
- consider and approve any significant changes proposed in accounting policy or practice, and consider the recommendations of the group audit committee;
- consider and approve the annual financial statements, interim results and dividend and distribution announcements and notices to shareholders, and consider and agree the basis for considering the group to be a going concern as per the recommendation of the group audit committee;
- assume ultimate responsibility for financial, operational and internal systems of control, and ensure adequate reporting on these by committees to which they are delegated;
- take ultimate responsibility for regulatory compliance and ensure that reporting to the board is comprehensive;
- ensure a balanced and understandable assessment of the group's position in reporting to stakeholders;
- consider and approve the group's political party funding policy;
- review non-financial matters that have not been specifically delegated to a committee; and

- specifically agree, from time to time, matters that are reserved for its decision, retaining the right to delegate any of these matters to any committee from time to time in accordance with the articles of association.

Strategy

The board is responsible for setting the group strategy, which is considered and approved at an annual meeting with the group executive committee.

Once the financial and governance objectives for the following year have been agreed, the board monitors performance on an ongoing basis. Performance against financial objectives is monitored by way of management's quarterly reports and meeting governance objectives is monitored by the directors' affairs committee and reviewed by the board.

Delegation of authority

The ultimate responsibility for the group's operations rests with the board. The board retains effective control through a well-developed governance structure of board committees. These committees provide in-depth focus on specific areas of board responsibility.

The board delegates authority to the chief executive to manage the business and affairs of the group. The group executive committee assists the chief executive when the board is not in session, subject to statutory parameters and the board's limits on the delegation of authority to the chief executive. Membership of the group executive committee is set out on page 60. In addition, a governance framework for group executive management assists the chief executive in his task. The corporate governance framework is set out on page 32. Details of the risk management structure are set out in the risk management section on page 100.

Board-delegated authorities are monitored by the group secretary's office.

Board meetings

The board meets once a quarter with an additional annual meeting to consider group strategy. Ad hoc meetings are held when necessary. One such meeting was held during the year under review.

Board of directors – meeting attendance

Member	Mar	May	Aug	Oct	Oct ad hoc	Dec
DE Cooper (chairman)[1]	✓	✓	✓	✓	✓	✓
SJ Macozoma (deputy chairman)[2]	✓	✓	✓	✓	✓	✓
DDB Band[2]	✓	✓	✓	✓	✓	✓
E Bradley[1]	✓	✓	✓	✓	A	A
TS Gcabashe[1]	✓	✓	✓	✓	✓	✓
DA Hawton[1]	✓	✓	✓	✓	✓	✓
SE Jonah KBE[1]	A	✓	✓	A	✓	✓
Sir Paul Judge[1]	✓	✓	✓	✓	✓	✓
KP Kalyan[1, 3]	–	–	–	–	–	–
JH Maree[4]	✓	✓	✓	✓	✓	✓
RP Menell[1]	✓	✓	A	✓	✓	✓
Adv KD Moroka[1]	✓	✓	✓	✓	A	✓
AC Nissen[1]	✓	✓	✓	✓	✓	✓
MC Ramaphosa[2]	✓	✓	A	✓	✓	✓
Dr MA Ramphele[1, 5]	A	–	–	–	–	–
MJD Ruck[2]	✓	✓	✓	✓	✓	✓
MJ Shaw[1]	✓	✓	✓	✓	A	✓
Sir Robert Smith[1]	✓	✓	✓	✓	✓	✓
EM Woods[1, 6]	✓	✓	✓	✓	✓	✓

[1]*Independent non-executive director.*
[2]*Non-executive director.*
[3]*Appointed 28 December 2007.*
[4]*Executive director.*
[5]*Resigned 17 May 2007.*
[6]*Appointed 1 February 2007.*

✓ = *Attendance*
A = Apology
– = Not applicable

Board effectiveness and evaluation

The board measures its effectiveness through a number of interventions. The performance of the board and its committees are assessed annually against their respective mandates. External auditors review these findings and a report is submitted to the directors' affairs committee.

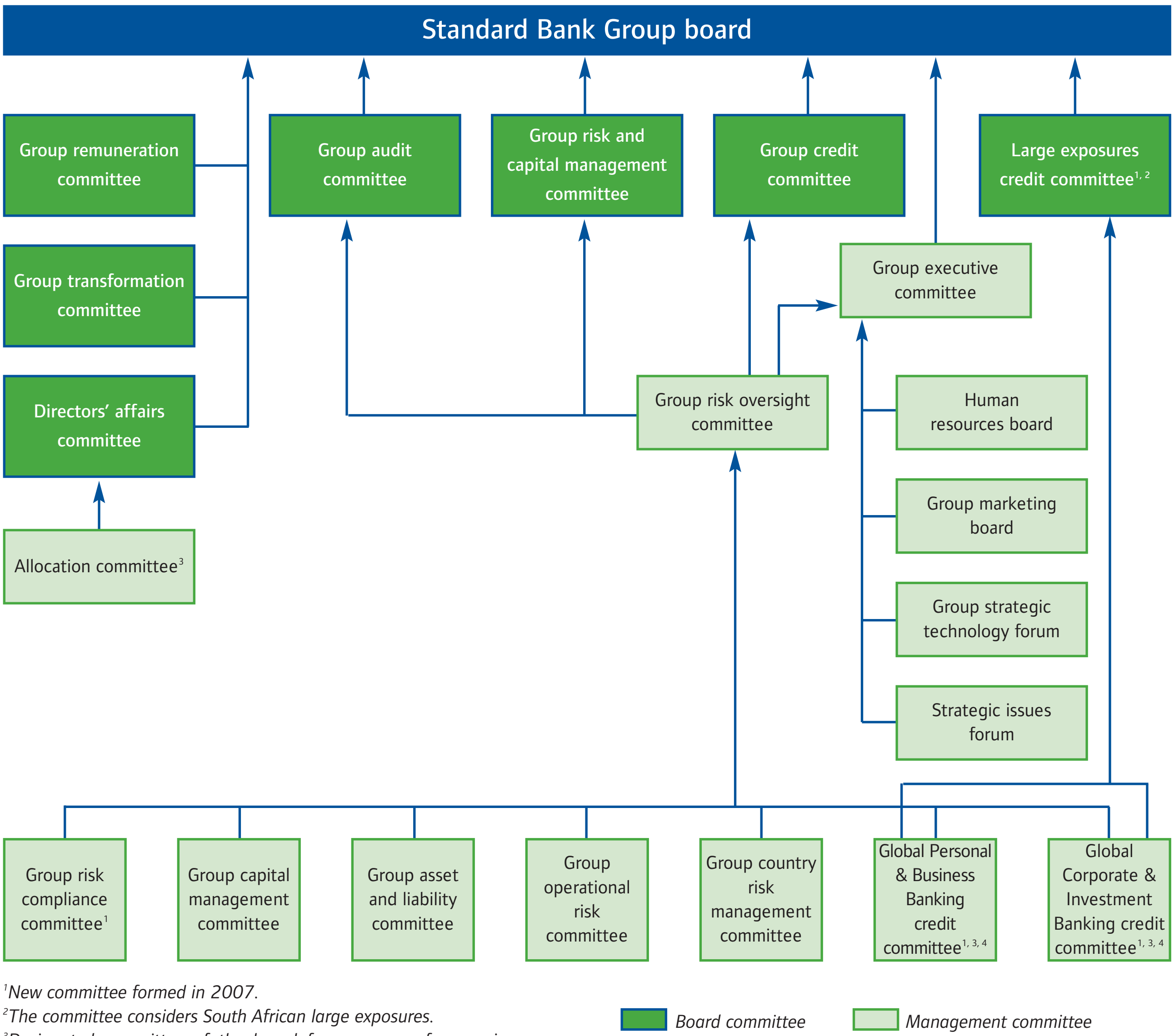
The directors' affairs committee also considers methodologies for conducting evaluations and makes recommendations to the board on determining the adequacy and efficacy of board performance. The aim of these evaluations is to assist the board and committees to constantly improve their effectiveness.

The assessment conducted in 2007 focused on board committees. The consolidated findings were considered by each of the board committees, with the chairmen providing feedback to the board in March 2008. Relevant action points have been noted for implementation.

The performance of the group chairman and chief executive are assessed annually, providing a basis to determine their remuneration.

The directors' affairs committee also reviews the group's corporate governance objectives for the year ahead and makes recommendations to the board in this regard. The board performs an annual assessment of corporate governance performance against its objectives for the year, in line with banking regulations. The assessment for the period under review found that the board had materially achieved its corporate governance objectives. This was confirmed by the board in its assessment of performance against its objectives.

Corporate governance framework



[1]New committee formed in 2007.
[2]The committee considers South African large exposures.
[3]Designated committee of the board for purposes of approving credit models.
[4]Management committee chaired by non-executive director.

Induction and training

A highlight in 2007 has been the increased focus on director training. A revised induction programme for new appointees was also implemented.

Each new director receives a governance manual that includes all relevant group information including mandates, management structures, significant reports, important legislation and group policies. In addition, one-on-one meetings are scheduled with management to introduce new directors to the group and its operations. The induction and ongoing training of directors is the responsibility of the group secretary.

Directors are kept abreast of all relevant legislation and regulations as well as sector developments with the potential to impact the group and its operations. This is achieved by way of management reporting and quarterly board meetings, which are structured to form part of ongoing training. Director training in 2007 placed heavy emphasis on Basel II.

In addition, a number of non-executive directors attended external programmes aimed at enhancing board leadership skills for bank directors.

Board committees

As indicated, board committees are established to assist the board in discharging its responsibilities. They operate in terms of board approved mandates reviewed and approved by the board on an annual basis. The mandates set out their roles, responsibilities, scope of authority, composition and procedures for reporting to the board. All board committee mandates have been reviewed to take into account the amendments to relevant legislation.

Group audit committee

Member	Feb	Feb	May	Jul[1]	Aug	Dec
MJ Shaw (chairman)	✓	✓	✓	✓	✓	✓
DDB Band	A	✓	✓	✓	✓	✓
E Bradley	✓	✓	✓	A	✓	✓
SJ Macozoma	✓	✓	✓	✓	✓	✓

[1]Trilateral meeting held with the South African Reserve Bank (SARB) and the external auditors.
✓ = Attendance
A = Apology

The role of this committee is to review the group's financial position and make recommendations to the board on all financial matters. This includes assessing the integrity and effectiveness of accounting, financial, compliance and other control systems. The committee also ensures effective communication between the internal auditors, external auditors, the board, management and regulators. The committee's key terms of reference comprise various categories of responsibilities, and include the following:

- review the group audit plan with the joint auditors, with specific reference to the proposed audit scope and approach to group risk activities, and the audit fee;
- approve the guidelines for using the external auditors for non-audit work and annually assess the work done to ensure the independence of the external auditors is retained;
- meet with external auditors to discuss audit findings and consider detailed internal audit reports with the internal auditors;
- annually evaluate the role, independence and effectiveness of the internal audit function in the overall context of the group's risk management system;
- review the accounting policies adopted by the group and all proposed changes in accounting policies and practices;
- consider the adequacy of disclosures and the reasons for fluctuations in ratios reported in published documentation;
- review the effectiveness of financial management and the quality of internal accounting control systems and reports produced by financial management;
- review significant differences of opinion between management and the internal audit function;
- review the group compliance plan, with specific reference to the procedures for identifying regulatory risks and controlling their impact on the group, as well as ensuring that the group's policy complies with relevant regulatory and legal requirements;
- monitor ethical conduct; and
- review and make recommendations on any potential conflicts of interest relating to situations of a material nature.

The Corporate Laws Amendment Act came into effect during December 2007. The amendments will impact the functioning and composition of audit committees in the 2008 financial year. The current committee members do not meet the new requirements for audit committee composition. After taking legal advice, the board decided to retain current membership until the 2007 financial year had been finalised to allow the committee to complete its remit. Committee membership will be restructured to ensure compliance for the 2008 financial year.

The group has a formal policy on non-audit fees. The purpose of this policy is to ensure that the independence and objectivity of the auditors is not impaired in the conduct of the audit. The committee monitored compliance with the policy during 2007. Non-audit services are generally pre-approved by the group audit committee. All significant services outside the scope of the general pre-approval are individually approved during the year by the group audit committee. The independence of the auditors and availability of alternative service providers are key factors in considering approval. The split between audit fees and fees for non-audit services is set out on page 247.

The group audit committee has satisfactorily complied with its objectives for the year under review. The committee has reviewed this governance report and, in particular, this note on its operation.

Group risk and capital management committee

Member	Feb	May	Aug	Oct	Nov
MJ Shaw (chairman)	✓	✓	✓	✓	✓
DE Cooper	✓	✓	✓	✓	✓
TS Gcabashe	✓	✓	✓	✓	✓
DA Hawton	✓	✓	✓	✓	✓
SJ Macozoma	✓	✓	✓	✓	✓
RP Menell	✓	✓	A	✓	✓
MJD Ruck	✓	✓	✓	✓	✓

✓ = Attendance

A = Apology

The board is ultimately responsible for risk management. The main purpose of the group risk and capital management committee is to provide independent and objective oversight of risk management within the group. The committee is assisted in fulfilling its mandate by a number of management committees.

Towards the end of 2007, the remit of this committee was enhanced to consider capital management issues in anticipation of the adoption of Basel II, and to align operations with the Banks Act amendments which came into effect on 1 January 2008. The group audit committee will continue to consider group capital positions as a function of recommending proposed dividends to the board.

To achieve effective oversight, the committee reviews and assesses the integrity of risk control systems and ensures that risk policies and strategies are effectively managed and contribute to a culture of discipline and control that reduces the opportunity for fraud.

The group risk and capital management committee has satisfactorily complied with its objectives for the year under review.

A more in-depth risk management section starts on page 98 of this report and sets out the overall framework for risk and capital management within the group.

Group credit committee

Member	Feb	May	Aug	Nov
DE Cooper (chairman)	✓	✓	✓	✓
S Assalini[1]	✓	A	✓	✓
DDB Band	✓	✓	✓	✓
AG Gain[1]	✓	✓	✓	✓
SJ Macozoma	✓	✓	✓	✓
JH Maree[1]	✓	✓	✓	A
T Moodley[1]	✓	✓	A	✓
SP Ridley[1]	✓	✓	✓	✓
MJD Ruck	✓	✓	✓	✓
PJ Smith[1]	✓	✓	✓	A

[1]Executive members.

✓ = Attendance

A = Apology

The role of this committee is to ensure that effective frameworks for credit governance are in place across the group. This involves ensuring that the committees within the structure operate according to clearly defined mandates and delegated authority, and providing for the adequate management, measurement, monitoring and control of credit risk, including country risk. The committee reports to the group audit committee on group credit portfolios, adequacy of provisions and status of non-performing loans.

In addition, there is a large exposures credit committee which approves credit facilities in accordance with regulatory requirements. The committee composition is determined by regulatory requirements and includes three non-executive directors as well as the chief financial officer, chief risk officer and head of credit risk.

The group credit committee complied with its mandate in the year under review.

Directors' affairs committee

Member	Jul	Dec
DE Cooper (chairman)	✓	✓
DDB Band	✓	✓
E Bradley	✓	A
SJ Macozoma	✓	✓

✓ = Attendance

A = Apology

The committee assists the board in its determination and evaluation of the adequacy, efficiency and appropriateness of corporate governance structures and practices within the group. The directors' affairs committee also functions as the nominations committee for the group and its role is to identify, evaluate and recommend nominees to the board and board committees to ensure that the board is able to fulfil its mandated obligations. The committee considers the appropriate size, skills, experience, diversity and demographics of the board when making new appointments. The directors' affairs committee assesses the effectiveness of the board by evaluating the performance of the board and its committees against their respective mandates.

The committee also ensures that an appropriate induction course is in place for all new directors and that there is ongoing development and training for directors, to enable them to remain up-to-date on relevant business and statutory developments.

The mandate of the committee was extended in 2007 after the disbanding of the black ownership initiative committee. The directors' affairs committee is now responsible for considering and approving share awards to black managers and qualifying black non-executive directors in terms of the group's Tutuwa initiative. A management committee, the allocation committee, chaired by a non-executive director (Saki Macozoma), recommends allocations for approval.

The directors' affairs committee has satisfactorily complied with its mandate in the year under review.

Group transformation committee

Member	Feb	May	Jul	Nov
SJ Macozoma (chairman)	✓	✓	✓	✓
DE Cooper	✓	✓	✓	✓
JH Maree[1]	✓	✓	✓	✓
AC Nissen	✓	✓	✓	✓

[1]*Executive member.*

✓ = *Attendance*

The transformation committee provides board oversight of the group's transformation initiatives and provides guidance on appropriate approaches. The committee monitors transformation developments on an ongoing basis to ensure compliance with evolving legislation and related regulations. A key focus of the committee is the monitoring of progress against charter targets. During the course of the year, the committee was also kept apprised of developments in relation to industry codes.

The transformation committee complied with its mandate for the year under review.

Group secretary

It is the role of the group secretary to ensure the board remains cognisant of its duties and responsibilities. In addition to providing the board with guidance on its responsibilities, the group secretary keeps the board abreast of relevant changes in legislation and governance best practices. The group secretary oversees the induction of new directors, including subsidiary directors, as well as the ongoing training of directors. All directors have access to the services of the group secretary.

Going concern

On the recommendation of the group audit committee, the board annually considers and assesses the going concern basis for the preparation of financial statements at the year end. At the interim reporting period, a similar process is followed to enable the board to consider whether or not there is sufficient reason for this conclusion to be affirmed.

Relationship with shareholders

As an indication of its fundamental responsibility to create shareholder value, effective and ongoing communication with shareholders is seen as essential in the group's efforts to remain relevant. In addition to the ongoing engagement facilitated by the investor relations department, the group chairman encourages shareholders to attend the annual general meeting where interaction is welcomed. The chairmen of the group's audit and remuneration committees are available at the meeting to respond to questions from shareholders. Voting at general meetings is conducted by way of poll rather than a show of hands and the group proposes separate resolutions on each significant issue. The results of voting and any issues raised at the meeting are released on SENS (the JSE's electronic news service).

In addition to the AGM, a special general meeting was held on 3 December 2007 to consider the transaction with ICBC. Focused effort was given to communicating with all shareholders prior to the meeting to ensure the highest turnout possible due to the nature of the transaction. Shareholders and other stakeholders were invited to a presentation in Johannesburg on 25 October 2007, when the deal was announced, and to a presentation in Cape Town on 23 November 2007, which provided greater detail on the transaction. This proved successful as an overwhelming majority of shareholders were represented at the meeting and voted in favour of the transaction.

For more information on our relationship with shareholders, please refer to our Sustainability and Black Economic Empowerment Report (sustainability report), which can be found at www.standardbank.co.za.

Dealing in securities

In line with its commitment to conducting business professionally and ethically, the group has policies to restrict the dealing in securities by directors and employees. A personal account trading policy and directors' dealing policy are in place to prohibit employees and directors from trading in securities during closed periods, which are from 1 June to the publication of the interim results, and from 1 December to publication of final results. Compliance with the policies is monitored on an ongoing basis.

Certain nominated employees are prohibited from trading in designated securities due to the price sensitive information they may obtain by virtue of their positions.

Sustainability

Managing the group's economic, social and environmental impacts and responsibilities most effectively is being systematically entrenched in group culture through the emphasis placed on the application of the group's vision and values in all its operations.

The monitoring and reporting of sustainability issues is an evolving discipline within the group. The annual sustainability report provides comprehensive commentary on the group's sustainability and transformation efforts, as well as key non-financial performance indicators. The report aims to present a balanced view, and disclose relevant and material information to the group's stakeholders. Stakeholders are encouraged to refer to the report for information on corporate social investment, communication with shareholders, dedicated stakeholder information, and other sustainability issues not covered in the annual report.

As a consequence of the group's operational commitment to sustainability, it has been included in the JSE Socially Responsible Investment (SRI) Index.

A brief summary of the group's sustainability performance for 2007 can be found on page 46 and the full sustainability report has been included with this report in electronic format. It can also be accessed on www.standardbank.co.za. Printed copies of the report can be obtained from the group secretary.

Ethics and organisational integrity

Standard Bank's revised code of ethics was finalised at the end of 2007. This code is designed to empower employees and enable faster decision making at all levels of our business according to defined ethical principles. It also aims to ensure that, as a significant organisation in the financial services industry, we adhere to the highest standards of responsible business practice.

The code interprets and defines Standard Bank's values in greater detail and provides values-based decision making principles to guide our conduct. It is aligned with other Standard Bank policies and procedures, and supports the relevant industry regulations and laws of the countries in which the group operates.

The code of ethics will be supported by the appropriate organisational structure namely an ethics advice process and an ethics reporting process. These processes will link into existing human resources and compliance structures wherever possible, including grievance processes and the fraud hotline. New structures and roles, including those of business unit ethics officers, will be created to ensure that our values and ethics are effectively embedded.

Standard Bank's ethics officer and the group chief executive are the custodians of the code. Standard Bank's code of ethics was endorsed by the Ethics Institute of South Africa, confirming the highest international best practice standards.

The code will be rolled out during the course of 2008. The roll out will include targeted communications, coaching, reference guides and induction packs. These mechanisms will be tailored to the specific requirements and communication channels available in specific countries and business units.

Political contributions

The group's political party funding policy remains in place and unchanged since the previous report. The amount distributed in 2007 in line with the policy was R1,7 million.

Financial Sector Charter

The charter sets out the commitment of banks and other players in the financial services sector to achieving the ideals of transformation and empowerment in South Africa. As a signatory to the charter, the group has made considerable progress in meeting the objectives of the charter.

The charter provides the framework for promoting black economic empowerment in the financial services sector. Targets relate to skills development and increased participation of black people in the leadership of the group as well as the promotion of empowerment through procurement, enterprise development, access to financial services, empowerment financing, ownership and control. A detailed analysis of group performance against charter requirements is set out in the sustainability report.

International Corporate Governance Network

Standard Bank was a sponsor of the 2007 International Corporate Governance Network conference, which is held annually and aims to increase awareness of shareholder activism and the benefits of transparency and accountability of corporations. This year marked the first time that the conference was held in Africa since its inception in 1995. The International Corporate Governance Network has over 500 members from 38 different countries, that are estimated to hold, and to a large extent control, assets exceeding USD10 trillion.

Remuneration report

Introduction

The purpose of this section is to provide stakeholders with an understanding of the remuneration philosophy and policy applied across the group for executive management, employees, and directors (executive and non-executive). The contents of the report have been agreed by the Standard Bank Group remuneration committee (remco) and the board.

Remuneration philosophy

The group's remuneration philosophy aligns with its core values, including growing our people and delivering value to our shareholders. The philosophy continues to emphasise the fundamental value of our people and their role in ensuring sustainable growth. This approach is crucial in an environment where skills remain scarce.

The board sets the principles for the group's remuneration philosophy in line with approved business strategy and objectives. The philosophy aims to maintain an appropriate balance between employee and shareholder interests. The deliberations of remco inform the philosophy, taking into account reviews of performance at a number of absolute and relative levels – from a business, an individual and a competitive point of view.

A key success factor for the group is its ability to attract, retain and motivate the talent it requires to achieve its strategic and operational objectives. The group's remuneration philosophy includes short- and long-term incentives to support this.

Short-term incentives, which are delivery specific, are viewed as strong drivers of competitiveness and performance. A significant portion of top management's reward is therefore variable, being determined by financial performance and personal contribution against specific criteria set in advance. This incentivises the commitment and focus required to achieve targets.

Long-term incentives seek to ensure that the objectives of management and shareholders are broadly aligned over longer time periods.

Remuneration policy

Remco assists the board in monitoring the implementation of the group remuneration policy, which ensures that:

- reward strategies and remuneration are competitive, and facilitate the recruitment, motivation and retention of high-calibre employees at all levels;
- salary structures and policies, as well as cash and share-based incentives, motivate sustained high performance and are linked to corporate performance objectives;
- stakeholders are able to make a reasonable assessment of reward practices and the governance process; and
- the group complies with all applicable laws and codes.

Remuneration governance

Board responsibility

The board remains ultimately responsible for the remuneration policy. Remco operates in terms of an agreed mandate approved annually by the board. On remco's recommendation, the board will in some instances refer matters to shareholders for approval, for example, new share-based incentive schemes and board and committee fees.

Subsidiaries and group operations

Outside Africa

Standard Bank Plc

Standard Bank Plc operates in a regulatory environment that requires it to have its own remuneration committee. The board of Standard Bank Plc approves this committee's mandate, which accords with the group remuneration philosophy. The committee is chaired by an independent non-executive director of Standard Bank Plc, and reviews remuneration practices in the group's international operations based on best practice within specific jurisdictions. Certain matters considered by the committee are subject to final approval by remco.

Standard Bank Argentina

Standard Bank Argentina has a remuneration committee that aligns with group practice and its remuneration philosophy is also informed by local requirements.

Rest of Africa

The remuneration of board members in African countries outside South Africa is approved in each country and reviewed by remco. The remuneration of executive management in these countries is reviewed and, in some instances, approved by remco. Stanbic Bank Uganda, subsequent to its listing on the Ugandan Stock Exchange, formed a remuneration committee as required by regulation. A remuneration committee was established in Nigeria in 2007.

All country committees' decisions are guided by group philosophy and policy as well as the specific social, legal and economic context of the countries in which they operate.

There is an ongoing project to integrate and align reward policies and procedures to respective markets and to group philosophy. This includes consideration of appropriate benchmarks where reliable surveys are available. Although we indicated that this project would be completed by June 2007, it remains work in progress.

The following key factors have informed the implementation of reward policies and procedures that support the achievement of business goals:

- the provision of rewards that enable the attraction, retention and motivation of employees and the development of a high performance culture;

- maintaining competitive remuneration in line with country specific markets, trends and required statutory obligations;
- rewarding people according to their contribution;
- allowing a reasonable degree of flexibility in remuneration processes and choice of benefits by employees;
- moving to a cost-to-company remuneration structure (defined on page 40) where possible; and
- educating employees on the full employee value proposition.

Liberty Life
The Liberty Life board determines the remuneration philosophy and policy for Liberty Life. It has an established remuneration committee that monitors the implementation of practices within that business. Details of Liberty Life's remuneration policy can be found in its annual report.

Remco operation

Buddy Hawton, an independent non-executive director, chaired remco for the 2007 year. He also chaired the Liberty Life remuneration committee. As Buddy Hawton will retire after the 2008 AGM, Ted Woods was appointed as chair of the committee from 2008. Buddy has remained on the committee until his retirement. The committee and the board are grateful to Buddy for his dedication and leadership of the committee over the past twelve years. Remco continues to comprise a majority of independent non-executive directors. All its members have the relevant skills and experience to perform their duties.

The key terms of reference set out in remco's mandate include:

- reviewing group remuneration philosophy and policy;
- determining the remuneration of executive directors, as well as the chairman and non-executive directors, which are subject to board and shareholder approval;
- considering the guaranteed remuneration, annual performance bonus and pension incentives of the group's highest-paid executive managers, excluding Liberty Life's executives and directors;
- considering the average percentage increases of the guaranteed remuneration of executive management across the group, as well as long-term and short-term incentives;
- agreeing incentive schemes and awards across the group;
- considering the compulsory employee benefits applicable to all levels and categories of employees in the group; and
- reviewing the performance measures and criteria to be used for annual incentive payments for all employees.

Remco held two meetings during the year, with attendance recorded below:

Member	Feb	Nov
DA Hawton (chairman)[1]	✓	✓
DDB Band[2]	✓	✓
DE Cooper[1]	✓	✓
SJ Macozoma[2]	✓	✓
RP Menell[1]	✓	✓
EM Woods[1, 3]	✓	✓

[1]Independent non-executive director.
[2]Non-executive director.
[3]Has assumed role of chairman with effect from 2008.
✓ = Attendance

The chief executive attends meetings by invitation. Other members of executive management are invited to attend when appropriate.

No individual, irrespective of position, is present when his or her remuneration is discussed.

In determining the remuneration of non-executive directors, some of whom are members of board committees, remco considers the extent and nature of their responsibilities, and reviews information provided by advisors and relevant comparative data from other major South African, African and international banks.

To determine the remuneration of executive directors and executive management, remco reviews market and competitive data, and considers group performance against financial objectives and individual performance against specific, non-financial objectives set for each person.

Remco utilises the services of a number of suppliers and advisors to assist it in tracking market trends relating to all levels of staff. In 2007 the following suppliers were used:

- Deloitte & Touche;
- Ernst & Young;
- Global Remuneration Solutions;
- HayGroup;
- McLagan Partners;
- Mercer Consulting Group;
- Remchannel; and
- Employment Conditions Abroad.

Taking account of the input of these suppliers, remco makes its decisions on market-related guaranteed remuneration and total remuneration. It also assesses market practice in relation to share-based incentive plans and considers market-related information in its review of board and committee fees. The board then reviews remco's proposals and, where relevant, will submit them to shareholders for approval at the AGM.

Remuneration structure

Non-executive directors

Terms of service

All non-executive directors are provided with a letter of appointment setting out the terms of their engagement.

In terms of the articles of association, non-executive directors are required to retire at 70. At the AGM held on 29 May 2007, shareholders approved the change to the articles of association to enable an extension of this age where a director has not completed five years of service by the time he or she turns 70.

Directors are appointed by the shareholders at the AGM and interim board appointments are allowed between AGMs. These appointments are made in terms of group policy. The interim appointees are required to retire at the next AGM where they make themselves available for re-election by shareholders. In addition, one third of the non-executive directors are required to retire at each AGM and may offer themselves for re-election. If recommended by the directors' affairs committee and supported by the board, the board then proposes their re-election to shareholders.

There is no limitation to the number of times a non-executive director may stand for re-election.

Fees

Non-executive directors receive fixed fees for service on boards and board committees. There are no contractual arrangements for compensation for loss of office. Non-executive directors do not receive short-term incentives, nor do they participate in any long-term incentive schemes. Remco reviews the non-executive directors' fees annually and makes recommendations to the board for consideration.

Fees are payable for the reporting period 1 January to 31 December of each year.

Category	2008[1]	2007
Chairman[2]	R3 272 947	R2 846 074
Director	R128 000	R113 500
International director	£30 100	£27 300
Group risk and capital management committee:		
– chairman	R200 000	R159 000
– member	R100 000	R74 000
Group audit committee[3]:		
– chairman	R254 000	R220 000
– member	R117 000	R101 500
Group credit committee:		
– member per meeting	R12 500	R11 300
Directors' affairs committee:		
– chairman	R80 000	–
– member	R40 000	R25 000
Group transformation committee:		
– chairman	R108 000	R97 500
– member	R54 000	R48 800
Group remuneration committee:		
– chairman	R136 000	R123 000
– member	R62 500	R56 700
Ad hoc meeting attendance[3]	R12 500	R11 300

[1]Proposed for approval by shareholders at the 2008 AGM.

[2]Standard Bank Group chairman's fees include the board, subsidiary board and all committee memberships but do not include fees for Liberty Holdings Limited, or Standard Bank Plc. The chairman is currently the chairman of the directors' affairs and group credit committees and is a member of the large exposures credit, group remuneration, group risk and capital management and group transformation committees.

[3]Fee per meeting for attendance by non-executive directors or persons acting in an alternate capacity (not a member of the committee) or non-executive director attendance at management/subsidiary board or committee meeting where no other fee is specifically approved. The same fee is applicable to all committees where attendance is on an ad hoc or alternate capacity.

Remuneration report continued

Retirement benefits

Previously, non-executive directors were provided with the opportunity to participate in a pension scheme. Only two directors still participate in this pension scheme, Elisabeth Bradley and Buddy Hawton.

Executive director: chief executive

The group currently only has one executive director, the chief executive Jacko Maree.

Jacko Maree receives a remuneration package and qualifies for long-term incentives on the same basis as other employees. The components of his package are as follows:

- guaranteed remuneration – based on his market value and the role that he plays;
- annual bonus and pension incentive – used to incentivise the achievement of group objectives;
- share-based incentives – rewards the sustainable creation of shareholder value and aligns behaviour to this goal; and
- pension – provides a competitive post-retirement benefit in line with group employees.

Jacko Maree's South African contract has a six month termination clause. Consistent with other internationally mobile executives of the group, he is also paid a portion of his remuneration internationally under a separate offshore contract. In terms of the articles of association, executive directors are not subject to rotational requirements. His bonus and pension incentive is subject to an assessment by remco of performance against various criteria. The agreed criteria are weighted so that 70% applies to the financial performance of the group, based on key financial measures and the group's performance against these and 30% applies to qualitative aspects of performance, such as effective implementation of group strategy, human resource leadership and transformation.

He is not subject to a retention agreement.

Management

Terms of service

The minimum terms and conditions for South African managers are governed by relevant legislation. The notice period for these managers is one month, unless otherwise stated in their contract of employment. Employees on international assignments have notice periods of three months.

The terms and conditions of employment of all managers in the rest of Africa are guided by the legislation of specific countries and are aligned to group practice. Notice periods vary from one month (particularly where stipulated by legislation) to three months. In some countries, notice periods also depend on the level of responsibility of a particular manager and whether or not they are leaving to join a competitor.

For international managers (outside Africa), ie for Standard Bank Plc employees, all grades of senior manager and above have three month notice periods. Manager and staff grades have one month notice periods. Notice periods in other Corporate & Investment Banking outside Africa offices vary according to local legislation and/or market practice.

Fixed remuneration

In South Africa and other African countries, managerial remuneration is either based on, or moving towards, a total cost-to-company structure. Cost-to-company comprises a fixed cash portion, compulsory benefits (medical aid and retirement fund membership) and optional benefits. Market data is used to benchmark salary levels and benefits. Salaries are normally reviewed annually in March.

Operations in most of the African countries outside of South Africa offer country specific benefits.

Corporate & Investment Banking outside Africa managerial remuneration is arrived at after considering independent salary and benefit surveys. Peer group comparisons are regularly completed. Salaries are normally reviewed annually. Salary caps were introduced in 2007 for executive and managerial positions in line with market practice.

For all employees, performance-related payments have formed an increasing proportion of total remuneration over time to achieve business objectives and reward individual contribution.

All employees (executives, managers and general staff) are rated on the basis of performance and potential and this is used to influence performance-related remuneration.

Rating and the consequent pay decision is done on an individual basis. There is therefore a link between rating, measuring individual performance and reward.

Short-term incentives

Executives and managers in South Africa and other African countries participate in a performance bonus scheme. Individual awards are based on a combination of business unit performance, job level and individual performance. In keeping with the remuneration philosophy, the bonus scheme seeks to attract and retain high-performing managers.

International employees (outside Africa) participate in the Corporate & Investment Banking outside Africa incentive plan. There are no grade or level restrictions. The level of award received by each employee will be related to the following factors:

- financial performance;
- divisional performance; and
- individual performance and contribution to the team and/or group.

As well as taking performance factors into account, the size of the award is assessed in terms of market-related issues and pay levels for each skill set, which may for instance be influenced by the scarcity of skills in that area.

Corporate & Investment Banking outside Africa operates a mandatory deferral into Quanto stock (see below) for incentives above agreed levels.

Long-term incentives

It is essential for the group to retain key skills over the longer term. This is done particularly through share-based incentive plans. The purpose of these is to align the interests of the group, its subsidiaries and employees, as well as to attract and retain skilled, competent people.

Group share incentive scheme (GSIS) and Equity growth scheme (EGS)

Share options (under the GSIS) and participation rights (under the EGS) are granted to qualifying employees (including executive directors) in terms of the following:

- the specific grant is not subject to prior shareholder approval, as approval for the schemes has already been obtained;
- no options or participation rights are issued at a pricing discount nor can they be repriced; and
- the directors have the discretion to vary the vesting period.

Share options are awarded to employees in the group's non-South African operations and participation rights are awarded to employees in the group's South African operations.

The combined maximum award to an employee, in terms of the GSIS and EGS, is not more than 2,5% of the total number of shares reserved for both schemes.

The table below sets out the general conditions of the various options or participation rights issued. The directors have the discretion to vary the vesting categories but not the expiry periods.

Vesting category	Year	%	Expiry
A	3, 4, 5	50, 75, 100	10 years
B	5, 6, 7	50, 75, 100	10 years
C	2, 3, 4	50, 75, 100	10 years

The board has resolved, on the recommendation of remco, that with effect from March 2008, awards granted to group executive committee members under the EGS and GSIS are subject to a vesting condition over and above duration of service. In terms of this condition, vesting of rights in any year will be withheld from group executive committee members if real growth in group normalised headline earnings per share over the vesting period of these rights is not achieved on a compound annual growth basis.

Should the condition be breached in any year, the default position is for group executive committee members to lose the rights or options vesting in that particular year. If this condition is breached, and remco believes that specific group executive committee members bear low or minimal accountability for events or conditions that lead to the vesting condition being breached, then remco will have the discretion to limit the denial of vesting for such persons. Such discretion is limited in aggregate to 50% of the award which is due to vest with group executive committee members.

Shadow share schemes

In addition to the GSIS and EGS, other schemes that provide longer-term benefits targeted at a small number of specialist investment banking staff in South Africa and internationally are used. These schemes provide cash incentives to select managers based on the relevant business unit's performance and valuation.

In early 2008 Corporate & Investment Banking outside Africa launched a new long-term incentive scheme in the form of the Quanto Stock Unit Plan. The scheme was developed after a review of its compensation strategy to strengthen the retention effect of incentive remuneration and to promote an equity culture through shares, or an equivalent, which is linked to the performance of the overall Standard Bank Group.

Quanto stock units are linked to the Standard Bank Group share price, but expressed in US Dollars. The deferral into Quanto stock is determined from the total annual incentive. 100% vesting occurs after three years subject to the recipient remaining in employment and not being under notice on the date of vesting.

Liberty Life has its own incentive schemes. For further information, please refer to Liberty Life's annual report.

Retention agreements

As part of the group's strategy to retain highly mobile and talented employees, the group will selectively enter into agreements in terms of which retention payments are made. Retention payments have to be repaid should the individual concerned leave within a stipulated period.

Post-retirement benefits

Pension

Retirement benefits are typically provided on the same basis for employees of all levels and are predominantly defined contribution benefits. Over time almost all of the group's defined benefit fund arrangements have been replaced by defined contribution arrangements, except where local legislation requires otherwise or members enjoy entrenched defined benefits.

Death benefit cover is provided in almost all countries, either through self-insurance from within the pension funds or through external underwriting.

Membership of the principal fund, the Standard Bank Group Retirement Fund (SBGRF), exceeds 95% of Standard Bank's permanent staff in South Africa. Membership and retirement benefit criteria are as follows:

- employees who were members of the fund on 31 December 1994 have guaranteed defined benefits available; and
- new members from 1 January 1995 have defined contribution benefits.

In addition, a defined contribution plan, the Flexible Executive Option, is available as a split option for senior managers and executive management whose remuneration passes a threshold defined by remco. Under this arrangement, participation in the SBGRF continues up to the threshold, and contributions above it are placed in the Flexible Executive Option. The threshold is reviewed on an annual basis.

Healthcare

In South Africa, post-retirement healthcare funding for employees recruited prior to 1 March 2000 is made available through a fund (the Provider Fund). Membership and benefit criteria are as follows:

- employees in service on 29 February 2000, who received a medical aid subsidy from the bank, became Provider Fund members on 1 March 2000, effective from the date of joining the bank. Employees in service on 29 February 2000, who join the bank's medical aid at a later date, become members from the date of joining the medical aid;
- members receive a benefit to assist them in meeting their post-retirement medical aid costs. This benefit is a capital amount, based on a defined rand target benefit adjusted annually in line with CPIX plus 2%. The capital amount must be used to buy an annuity which is expected to be applied towards post-retirement healthcare costs. The capital amount takes into account normal retirement age and years of service; and
- employees recruited from 1 March 2000 do not receive post-retirement healthcare benefits.

In other African countries, a pension payout is the most common post-retirement benefit. In a limited number of countries, post-retirement medical aid subsidies may continue from the employer, usually for a limited period.

In addition to pension payouts in terms of a defined contribution scheme, retired Standard Bank Plc employees are eligible to apply for healthcare cover with the current provider at the employee's expense.

Liberty Life has its own post-retirement benefits schemes. For further details please refer to Liberty Life's annual report.

Please refer to note 37 of the annual financial statements for further detail on post-retirement benefits.

General staff

Terms of service

The notice period for general staff in Africa is one month. Most general staff in Africa are unionised. Their terms and conditions of employment are therefore guided by the respective collective agreement(s) in particular countries.

Fixed remuneration

Remuneration of all general staff, both local and international, is based on a basic salary plus benefits, which generally includes medical aid, retirement fund membership, housing benefit (in some jurisdictions) and a travel allowance for select levels.

Generally, salary increases are negotiated on an annual basis, usually effective in March. Salary increases are based on similar factors as those considered when reviewing managerial staff increases.

Incentives

All general staff in South Africa participate in the general staff value sharing scheme. The value sharing is contingent on the group reaching its annual financial and yearly specific targets (set in terms of group strategy). For the past five years, these have included customer service objectives. Similar remuneration philosophies are applied in other African operations.

Corporate & Investment Banking outside Africa general staff participate in the incentive plan outlined in the section on managers' short-term incentives on page 40.

Post-retirement benefits

Post-retirement benefits for general staff are principally the same as for managers. Refer to the section dealing with managers above for an outline of these benefits.

Remuneration for 2008

The group will continue to ensure its remuneration policies and practices remain competitive, incentivise performance and are aligned across the group and with its values.

Details on the proposed 2008 remuneration packages for non-executive directors can be found in the notice to members. These are subject to shareholder approval at the AGM on 28 May 2008.

Directors' emoluments 2007

	Services as director of Standard Bank Group R'000	Standard Bank Group committee fees R'000	Services as director of group subsidiaries R'000	Cash portion of package R'000	Bonus and pension incentives/ performance related payments[1] R'000	Other benefits R'000	Pension contri-butions R'000	Otherwise in connection with the affairs of SBG and its subsidiaries R'000	Total annual remune-ration R'000
Executive director									
JH Maree				4 475	13 098	335	722		18 630[2]
	–	–	–	4 475	13 098	335	722	–	18 630
Non-executive directors									
DE Cooper (chairman)	2 846		2 013			162[3]		40	5 061
SJ Macozoma (deputy chairman)	114	355	1 105						1 574
DDB Band	114	183	327					4 230[4]	4 854
E Bradley	79	127	114						320
TS Gcabashe	114	74	114						302
DA Hawton	79	197	506						782
SE Jonah KBE	114		114						228
Sir Paul Judge	384		384						768
KP Kalyan[5]	1		1						2
RP Menell	114	130	114						358
Adv KD Moroka	114		114						228
AC Nissen	114	48	114						276
MC Ramaphosa	114		114						228
MJD Ruck	114	131	912						1 157
MJ Shaw	114	379	567						1 060
Sir Robert Smith	384		384						768
EM Woods[6]	104	52	104						260
	5 017	1 676	7 101	–	–	162	–	4 270	18 226
Former non-executive director									
Dr MA Ramphele[7]	53		53						106
Total	5 070	1 676	7 154	4 475	13 098	497	722	4 270	36 962

[1] *In order to align incentive awards with the performance to which they relate, bonuses above reflect the amounts accrued in respect of each year and not the amount paid.*

[2] *Total annual remuneration excludes the benefit of share incentives. The expense recognised for the year, calculated in terms of International Financial Reporting Standards on share-based payments (IFRS 2), relating to share incentives is R3 433 177.*

[3] *Use of motor vehicle.*

[4] *This amount was payable to Doug Band by Gymnogene Investments, a company in which he is a 33% shareholder and which had a contractual relationship with the bank. The payment arises from a share of the profit on disposal of private equity investments in a portfolio sourced and arranged by Gymnogene Investments on behalf of the bank. Although the contract expired on 31 December 2004, payments of this nature are likely to recur if and when the three remaining investments in this portfolio are realised on a profitable basis to the bank.*

[5] *Appointed 28 December 2007.*

[6] *Appointed 1 February 2007.*

[7] *Resigned 17 May 2007.*

Directors' emoluments 2006

	Services as director of Standard Bank Group R'000	Standard Bank Group committee fees R'000	Services as director of group subsidiaries R'000	Cash portion of package R'000	Bonus and pension incentives/ performance related payments[1] R'000	Other benefits R'000	Pension contri-butions R'000	Otherwise in connection with the affairs of SBG and its subsidiaries R'000	Total annual remune-ration R'000
Executive directors									
JH Maree				4 227	10 811	229	662		15 929[2]
MJD Ruck[3]			184	1 764	1 500	209	128		3 785
	–	–	184	5 991	12 311	438	790	–	19 714
Non-executive directors									
DE Cooper (chairman)	2 567		1 767			135[4]		40	4 509
DDB Band	104	224	374					396[5]	1 098
E Bradley	73	126	104						303
TS Gcabashe	104	67	104						275
DA Hawton	73	171	561						805
SE Jonah KBE[6]	95		95						190
Sir Paul Judge	312		312						624
SJ Macozoma	104	370	1 090						1 564
RP Menell	104	119	104						327
Adv KD Moroka	104		104						208
AC Nissen	104	45	104						253
MC Ramaphosa	104		104						208
Dr MA Ramphele	104		104						208
MJD Ruck[7]	61	24	112						197
MJ Shaw	104	318	482						904
Sir Robert Smith	312		312						624
	4 429	1 464	5 833	–	–	135	–	436	12 297
Former non-executive directors									
T Evans[8]	19	9	19						47
Dr CB Strauss[9]	41		41						82
	60	9	60	–	–	–	–	–	129
Total	4 489	1 473	6 077	5 991	12 311	573	790	436	32 140

[1]*In order to align incentive awards with the performance to which they relate, bonuses above reflect the amounts accrued in respect of each year and not the amount paid.*

[2]*Total annual remuneration excludes the benefit of share incentives. The expense recognised for the year, calculated in terms of International Financial Reporting Standards on share-based payments (IFRS 2), relating to share incentives is R3 264 977.*

[3]*Retired as an executive director on 2 June 2006.*

[4]*Use of motor vehicle.*

[5]*This amount was payable to Doug Band by Gymnogene Investments, a company in which he is a 33% shareholder and which had a contractual relationship with the bank. The payment arises from a share of the profit on disposal of private equity investments in a portfolio sourced and arranged by Gymnogene Investments on behalf of the bank. Although the contract expired on 31 December 2004, payments of this nature are likely to recur if and when the three remaining investments in this portfolio are realised on a profitable basis to the bank.*

[6]*Appointed 1 February 2006.*

[7]*Remained on SBG board with effect from 3 June 2006 as a non-executive director. Appointed to SBSA board on 15 August 2006.*

[8]*Resigned on 8 March 2006.*

[9]*Retired on 24 May 2006.*

Share incentives – 2007

Director's name	Balance of share incentives as at 1 Jan 2007	Number of share incentives allocated in 2007	Issue or offer date	Number of share incentives forfeited during the year	Number of share incentives exercised or accepted during the year	Balance of share incentives as at 31 Dec 2007	Number of share incentives	Issue or offer date	Issue or offer price (R)	Vesting category	Expiry date
JH Maree	2 000 000	–	–	–	200 000	1 800 000	975 000	13/03/01	31,90	A	13/03/11
							25 000	23/05/01	33,50	A	23/05/11
							300 000	11/03/04	40,65	C	11/03/14
							375 000	10/03/06	79,50	A	10/03/16
							125 000	10/03/06	79,50	B	10/03/16

Gains on the exercise of share incentives granted in previous years – 2007

	Number of share incentives	Issue or offer date	Issue or offer price (R)	Exercise or delivery date	Exercise or delivery market price (R)	Gains on exercise or delivery of share incentives (R)
JH Maree	200 000	11/03/04	40,65	03/04/07	109,45	13 760 000

Share incentives – 2006

Director's name	Balance of share incentives as at 1 Jan 2006	Number of share incentives allocated in 2006	Issue or offer date	Number of share incentives forfeited during the year	Number of share incentives exercised or accepted during the year	Balance of share incentives as at 31 Dec 2006	Number of share incentives	Issue or offer date	Issue or offer price (R)	Vesting category	Expiry date
Standard Bank Group Limited											
JH Maree	1 500 000	500 000	10/03/06	–	–	2 000 000	975 000	13/03/01	31,90	A	13/03/11
							25 000	23/05/01	33,50	A	23/05/11
							500 000	11/03/04	40,65	C	11/03/14
							375 000	10/03/06	79,50	A	10/03/16
							125 000	10/03/06	79,50	B	10/03/16
MJD Ruck	248 400	–	–	62 500	185 900	–					
Liberty Group											
MJD Ruck	466 000	–	–	383 000	83 000	–					

Gains on the exercise of share incentives granted in previous years – 2006

	Number of share incentives	Issue or offer date	Issue or offer price (R)	Exercise or delivery date	Exercise or delivery market price (R)	Gains on exercise or delivery of share incentives (R)
Standard Bank Group Limited						
MJD Ruck	60 000	13/03/01	31,90	23/03/06	87,56	3 339 600
	117 500	13/03/02	27,80	23/03/06	87,56	7 021 800
	2 500	15/03/00	25,00	20/04/06	88,00	157 500
	900	27/11/00	26,40	20/04/06	88,00	55 440
	5 000	14/04/99	17,15	20/04/06	88,00	354 250
						10 928 590
Gains on exercise of equity participation rights under the SCMB Shadow Share Scheme						93 350
						11 021 940
Liberty Group						
MJD Ruck	83 000	02/06/03	48,50	02/06/06	78,00	2 448 500
						13 470 440

Abridged sustainability report

Achieved an "excellent" rating in the Ernst & Young Excellence in Sustainability Reporting awards.

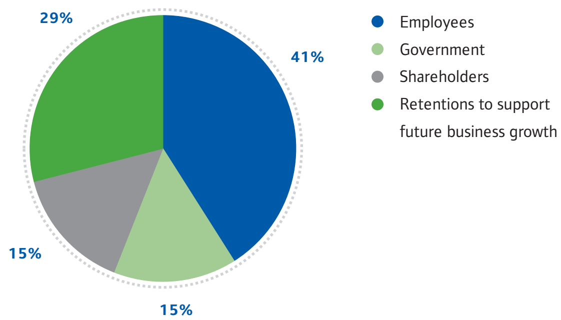
This summary sets out some of Standard Bank Group's 2007 non-financial performance. For a complete view of our sustainability performance we refer stakeholders to the 2007 Sustainability and Black Economic Empowerment Report (sustainability report) which has been included with this report in electronic format. The sustainability report can be accessed on our corporate website www.standardbank.co.za. Printed copies can be requested from the group secretary (see inside back cover for contact details).

Socioeconomic impact

In South Africa, Standard Bank plays a valuable role in developing the local economy through:

- economically empowering our employees, shareholders and business partners;
- expansion of financial services;
- contributing to the sustainability of state and regional treasuries; and
- social development and upliftment projects.

Distribution of wealth created by the group (%)



In 2007 the group increased wealth created for stakeholders by 31% on 2006. The value added distribution over five years is shown in the table below:

Value added distribution over five years

	2007 %	2006 %	2005 %	2004 %	2003 %
Employees	**41**	41	42	43	43
Government	**15**	15	14	14	16
Shareholders	**15**	15	18	11	10
Retentions	**29**	29	26	32	31

Black economic empowerment and the Financial Sector Charter

2007 material developments

- As at 31 December 2007, 49% of all managers in Standard Bank's domestic operations were black.
- Of the 2 751 employees that graduated from the Global Leadership Centre's (GLC) two week core programme, 1 301 were black employees.
- The Mafisa learnership initiative was launched aimed at equipping learners from rural areas for a career in banking. The programme had an initial intake of 25 learners.
- Launched the Remote Account Opening project aimed at delivering products to areas that are convenient for previously unbanked people.
- Delivered a 42% increase in the number of low-income Mzansi Blue accounts to over 622 000 as at 31 December 2007.
- Extended R11,2 billion in housing finance to the affordable housing market in the period 1 January 2004 to 31 December 2007.
- Supported start-up and existing black small and medium enterprises (BSMEs) through the provision of mentorship programmes and our working relationship with the Department of Trade and Industry's Small Enterprise Development Agency.
- Named South Africa's Top Performing Empowered Company at the 7th Oliver Empowerment Business Awards.

Standard Bank summary scorecard by charter category

	Maximum possible points	**Audited results 2007**	Audited results 2006	Audited results 2005
Human resource development	20	**19,19**	19,27	15,80
Management employment equity	15	**15,00**	15,00	12,50
Skills development spend	3	**3,00**	3,00	3,00
Black learnerships	2	**1,19**	1,27	0,30
Access to financial services	18	**17,72**	14,76	11,41
Access to financial services	8	**7,75**	6,64	5,94
Origination	8	**7,97**	6,12	3,47
Consumer education	2	**2,00**	2,00	2,00
Empowerment financing	22	**22,00**	22,00	20,11
Targeted investment	17	**17,00**	17,00	15,11
BEE transaction financing	5	**5,00**	5,00	5,00
Procurement and enterprise development	15	**15,00**	13,80	11,40
Ownership and control	22	**19,48**	19,48	18,45
Ownership	14	**12,00**	12,00	12,00
Board of directors	3	**3,00**	3,00	3,00
Control: Top 50 executive management	5	**4,48**	4,48	3,45
Corporate social investment	3	**3,00**	3,00	3,00
Total score	100	**96,39**	92,31	80,17

Shareholders

2007 material developments

- Shareholders voted in favour of the proposed strategic partnership with Industrial and Commercial Bank of China in December.

In the 2006 report we said we would…	Progress made in 2007
Host two analyst days for local and international shareholders and analysts to interact with operational management.	Four analyst days were hosted for local shareholders to engage with operational management. Executive management participated in four international road shows.
Roll out a shareholder education campaign to broaden financial understanding among our employee shareholders.	Held 25 briefing sessions to enhance black managers' understanding of the benefits of the Tutuwa Managers Trust.

Customers

2007 material developments

- Successfully implemented the requirements of the National Credit Act.
- Successfully completed the implementation of the "Know Your Customer" requirements.
- Introduced certain risk-sharing arrangements to improve access to credit for small and medium enterprises.
- Conducted a customer service week, which emphasised standing in the customer's shoes, to create a culture of customer empathy and improve customer service.
- Issued over 120 000 chip credit cards in the Blue, Achiever and Gold product ranges, including an initial roll out to around 18 000 employees.
- Introduced online banking to twelve African countries outside of South Africa.

In the 2006 report we said we would…	Progress made in 2007
Respond to the increase in competition and new entrants, particularly in the credit card industry.	Standard Bank continues to monitor and analyse the various credit card co-branding initiatives and transactional offerings in the market.
Respond to customers' increasing awareness of bank charges and pricing as well as requests for concessionary pricing.	In 2007, Standard Bank refined its pricing strategy and simplified pricing structures, while enhancing transparency. Price increases in South Africa were kept as low as possible, with an average increase of approximately 4,7%, against average inflation of 6,5% over the period. Requests for concessionary pricing were mainly confined to asset-based finance rates and to a lesser extent, transaction and cash deposit fees in the business banking sector. Fee and rate concessions continue to be managed centrally to ensure a responsible balance between profitability and customer expectations is maintained.
Embed a customer-centric model throughout all operations.	Personal & Business Banking made changes to its operating model to deliver improved focus on customer needs and expectations. A customer-centric business model was successfully implemented across Corporate & Investment Banking in South Africa, to support more effective and personalised interaction with customers and strengthen origination capacity.
Build on the systems and services foundation laid in the rest of Africa to launch home loans, vehicle and asset finance, business banking term loans and Internet banking in appropriate countries, with the correct levels of credit and operational systems support.	Personal & Business Banking branch infrastructure and systems outside South Africa are in the process of being aligned to our standards, which will enable additional products and services to be systematically introduced in other emerging markets where the bank has a presence.
Continue to focus on growth in emerging markets.	**Argentina:** Acquired a majority stake (76,7%) in BankBoston Argentina, which has been rebranded Standard Bank Argentina. **Nigeria:** Expanded our presence through the acquisition of a controlling stake in IBTC Chartered Bank Plc which was merged with our existing operation. **Turkey:** Expanded our operation with the acquisition of 61% in the specialist advisory and securities firm Dundas Ünlü.
Install generators in 64 branch sites in the Eastern and Western Cape.	Installed 108 generators in branches throughout South Africa, including the Eastern and Western Cape.

Customer statistics (South Africa)

		2007	2006	2005
Customer base				
Total customer base		**> 8 000 000**	> 7 000 000	> 7 000 000
% of customer base per banking segment				
Personal banking	%	**92,45**	93,07	92,08
Private banking	%	**0,71**	0,67	0,71
Business banking	%	**6,19**	5,64	6,46
Employees	%	**0,65**	0,62	0,75
Race composition				
African	%	**66**	63	63
Coloured	%	**9**	9	8
Indian	%	**5**	6	6
White	%	**20**	22	23
Gender composition				
Female	%	**48**	44	46
Male	%	**52**	56	54
Age composition				
0-28 years old	%	**28**	29	29
29-55 years old	%	**59**	54	57
56+ years old	%	**13**	17	14

Employees

2007 material developments

- Personal & Business Banking launched its Women's Forum.
- Corporate & Investment Banking focused on its core people processes globally.
- Spent 2,9% of our payroll on training and development.
- Implemented Independent Counselling and Advisory Services in an additional nine African countries.
- Undertook HIV/AIDS prevalence surveys in South Africa and Zambia.
- Thirteen of our African operations outside South Africa became members of the National Business Coalition against HIV/AIDS.

In the 2006 report we said we would…	Progress made in 2007
Ensure all group managers and executives attend relevant leadership development programmes over a three-year timeframe.	2 457 managers and 294 executives attended a two-week leadership development programme at the GLC.
Roll out the multi-rater tool to international operations.	Both our African and international banking operations used the multi-rater tool during 2007.
Audit disability access in Standard Bank's existing facilities in South Africa.	This project could not commence in 2007 as planned, and has now been scheduled to start in 2008. We are, however, confident that this exercise will confirm that all our facilities have adequate access for people with disabilities.
Formalise Standard Bank's coaching and mentoring programme.	The coaching and mentoring programme was formally launched in 2007, reaching 2 066 bank employees.
Extend Independent Counselling and Advisory Services to all employees and their families in the African countries in which the bank operates.	Independent Counselling and Advisory Services has been implemented in a further nine African countries. This service is now available to bank employees in 14 African countries.
Formalise Standard Bank's safety, health and environmental risk oversight committee.	The safety, health and environmental risk oversight committee was formalised.

Training and talent sourcing

	2007	2006	2005
Development programme participants			
Personal & Business Banking and Corporate & Investment Banking Graduate Development programmes	**114**	113	115
Group Internal Audit Trainee programme[1]	**4**	2	–
Training Outside Public Practice (TOPP)	**48**	48	35
BANKseta Letsema and Kuyasa learnership programmes	**258**	183	180
Mafisa learnership programme[2]	**25**	–	–
The Standard Bank Banking Group programme	**64**	92	69

[1]*Programme started in 2006.*
[2]*New programme started in 2007.*

Managing HIV/AIDS

Standard Bank continues to focus on a data-driven approach to understanding the potential risk and impact on our workforce and revenues that HIV/AIDS could have if it is not properly managed or interventions are not suitably resourced. Prevalence surveys identify the potential current and future impacts of HIV/AIDS on our employees, enabling us to put plans in place to mitigate the impact. In September, employees at head office and a number of branches in South Africa voluntarily participated in the bank's HIV/AIDS risk assessment programme. We randomly tested about 4 500 employees and the results were projected for total employee numbers. The findings reflected a prevalence percentage similar to that measured in the 2003 survey for the South African banking sector. This suggests that Standard Bank's internal workplace programme is registering a positive impact in terms of educating employees and holding the overall prevalence of the disease at this relatively low level (3,4% for the sector). We also undertook an HIV/AIDS prevalence survey in Zambia. We are aiming to complete similar surveys during 2008 in those countries in Africa where we have adequate medical support available, such as medical aid schemes.

In 2007, Standard Bank committed approximately R2,4 million to its HIV/AIDS employee awareness programme in South Africa.

Regulators

2007 material developments

- Successfully implemented Basel II.
- A regulatory college for central bank supervisors from across the African continent was hosted by the South African Reserve Bank (SARB) at our head office in February 2007. Various country regulator issues were discussed, including preparations for Basel II.
- Increased interaction with SARB focused on our expansion in different regulatory jurisdictions.

In the 2006 report we said we would...	Progress made in 2007
Ensure that group businesses continue to comply with all applicable regulatory and legislative requirements and timeframes.	No material incidents of non-compliance with laws or regulations, including legal actions for anti-competitive behaviour, anti-trust and monopoly practices, took place in the year and no material sanctions, fines or penalties were imposed.
Undertake ongoing training to ensure that all affected employees are kept up to date with regulatory developments.	Increased investment in employee training and implemented the Compliance Training Tracking Tool in our South African banking operations.

Suppliers

2007 material developments

- Standard Bank's total charter qualifying procurement spend for 2007 was R5,6 billion, with R3,3 billion spent with BEE suppliers and R186 million with BSMEs.
- Hosted four supplier summits in South Africa.
- The Banking Association Procurement Committee agreed that financial institutions are not required to report on second tier procurement spend.
- Launched the Procurement Optimisation Initiative in Africa.

In the 2006 report we said we would…	Progress made in 2007
Advance Standard Bank's decentralisation of procurement in South Africa's provinces, and throughout Africa, enabling regional offices to conduct their own locally-based procurement and enterprise development.	In South Africa, the procurement function was further decentralised to five additional provincial offices. The bank's procurement disciplines have also been introduced in our African operations.
Focus on increasing second tier spending amongst suppliers.	The bank has attempted to ascertain the amount of its second tier BEE procurement spend, but no charter scorecard points have been claimed due to difficulties in verifying data from primary vendors.
Align the charter and the codes in terms of supply chain management systems and processes across all businesses in our South African banking operations.	This process is well underway, although not yet complete. The decentralised procurement initiative is a key component of this objective.

Community

2007 material developments

- Using 1% of domestic profit after tax, we continue to fund core corporate social investment projects in education, enterprise development and health and welfare. We supported projects chosen by employee volunteers and sponsored community groups with a focus on women, youth and the disabled.
- Regional partner of the inaugural twenty-over Cricket World Cup – the International Cricket Council (ICC) World Twenty20 Championship held in South Africa, and team sponsor of the Proteas One Day International (ODI) team at the ICC Cricket World Cup held in the West Indies.
- Formal recognition functions were held for Women in Soccer and Women in Cricket, recognising the various roles women play in these sports.
- Renewed our sponsorship of the National Arts Festival up to 2010, continuing a 23 year association.
- Journalist development programmes were implemented at the National Arts Festival, the Joy of Jazz Festival and the ICC World Twenty20 Championship.
- The Standard Bank Joy of Jazz Festival paid tribute to women's month with a line-up featuring South African jazz masters Miriam Makeba, Gloria Bosman, Dorothy Masuka and Letta Mbulu.

In the 2006 report we said we would…	Progress made in 2007
Provide a mechanism to inspire and motivate employees by increasing their involvement in corporate social investment initiatives.	Standard Bank's Employee Community Involvement programme provides employees with an avenue to get to know their communities better and to be part of making a real difference. The Global Leadership Centre provides a module on social relevance where employees are encouraged to make an ongoing positive difference in the communities they work in.
Build partnerships that allow Standard Bank and its beneficiaries to benefit from financial as well as social return on investment.	Commissioned a non-governmental organisation, Siyakhula Trust, to conduct due diligence on each social partner Standard Bank identified in 2006.
Increase awareness of Standard Bank's history by implementing a programme to celebrate its 145th anniversary in October.	Held a successful historical exhibition and celebration for Standard Bank's 145th anniversary.

Corporate social responsibility spend breakdown per category

	2007 Rm	2006 Rm	2005 Rm
Corporate social investment			
Education[1]	**46,3**	32,5	39,1
Entrepreneurship	**5,2**	11,4	3,2
Sport development	**6,5**	6,5	4,1
Community development/Health and welfare	**4,4**	7,8	5,4
Heritage	**0,7**	0,7	2,4
Arts and culture development	**0,9**	0,9	1,5
Bursaries	**1,2**	1,1	2,2
Other	**0,4**	1,0	3,0
Strategic stakeholder management			
Business Trust	**5,8**	5,8	5,7
Public interest projects	**12,1**	11,1	6,7
Premier Service Excellence Awards	**1,2**	0,4	2,8
Corporate membership	**1,6**	2,2	1,9
Total corporate social responsibility spend	**86,3**	81,4	78,0

[1]*Including Liberty Life corporate social responsibility spend of R20,5 million (2006: R15 million, 2005: R18 million).*

Employee Community Involvement programme

Approximately R1,2 million (2006: over R190 000) was donated to various beneficiaries through the Employee Community Involvement programme. Employees raised over R590 000 (2006: over R95 000) of this amount. The increase in donations can be attributed to greater awareness of the Employee Community Involvement programme. This involved:

- using internal media to launch the revised programme to employees;
- presenting the revised programme to business units and all provincial offices;
- incorporating the programme as a module in the courses run by the Global Leadership Centre; and
- both the Global Leadership Centre and Corporate & Investment Banking adding corporate social investment and the Employee Community Involvement programme into the portfolios of certain employees.

Environment

2007 material developments

- The board of directors agreed to investigate implementing the Equator Principles.
- Standard Bank's Africa environmental policy was approved.

In the 2006 report we said we would…	Progress made in 2007
Complete the environmental risk and control assessments for Standard Bank's environmental risk framework.	Environmental risk and control assessments were rescheduled to 2008. The environmental risk framework is being developed in phases, with the initial focus on Standard Bank Africa, and will continue across the rest of Standard Bank after the establishment of appropriate working committees.

Environmental governance

An environmental risk framework is being developed in South Africa and the rest of Africa, and thereafter will be extended to subsidiaries outside of Africa.

Standard Bank's Africa environmental risk policy was approved in 2007 and working committees are in the process of being implemented to create environmental standards that are applicable to our business operations and services. This will also address the indirect impacts of our financing activities and provide standards for responsible lending.

Environmental management

	South Africa	Rest of Africa
Environmental policy	✓	✓
Legal registers[1]	✓	In progress
Environmental risk management	In progress	In progress
Working committees	✓	In progress

[1]Incorporating applicable environmental legislation.
✓ = Implemented

Standard Bank direct impact statistics (South Africa)

		2007	2006	2005
Area occupied[1]				
Total floor area covered	m^2	**263 895**	250 979	232 979
Energy consumption[1]				
Energy consumption[2]	megawatt-hours	**102 029**	90 779	85 743
Total cost	Rm	**29**	25	22
Waste				
Fluorescent tubes	kg	**14**	14	N/A[3]
Glass	tons	**4,5**	3,6	2,5
Wet waste	tons	**393**	413	235
Compactable waste	tons	**71**	72	37
Aluminium cans	tons	**2,7**	1,9	1,2
Recycling recoveries				
Waste paper	R'000	**215**	141	N/A[3]
Ink cartridges	R'000	**511**	530	N/A[3]
Computer waste	R'000	**369**	72	N/A[3]
Land in biodiversity rich habitats				
Mogale's Gate[4]	hectares	**3 060**	3 060	3 060

[1]Consumption figures for buildings in Simmonds Street (3,5,6), 25 Sauer Street, Constantia Kloof, Port Elizabeth (regional head office), Kingsmead Durban and Riverclub. These buildings make up the bulk of the Standard Bank energy usage.
[2]Increase in energy consumption is due to increases in equipment load, staff numbers and total building area.
[3]Not available.
[4]Located 20km northwest of Mogale City in western Gauteng.

tivated. Involved.

pirados. Motivados. Comprometidos.

kanya.

يلهم. متحفز.مشارك. يلهم. متحفز.مشارك. يلهـ

os. Motivados. Envolvidos.

ndakanya.

हित प्रेरित प्रोत्साहित निहित

na le seabe.

積極 投入

ego. Re na le tšhušumetšo. Mafolofolo.

nspireerd. Gemotiveerd. Betrokke.

积极 投入

ikitlaetsa.

. Yaratıcı. Kararlı. İlgili.

与え. やる気になる. 関与する.

дохновение. Мотивация. Участие.

vée. Engagée.

Standard Bank

www.standardbank.co.za

Operational review

Standard Bank

What we do

Standard Bank

Personal & Business Banking

Banking and other financial services to individual customers and small- to medium-sized enterprises in South Africa, the Rest of Africa and Argentina.

Corporate & Investment Banking

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

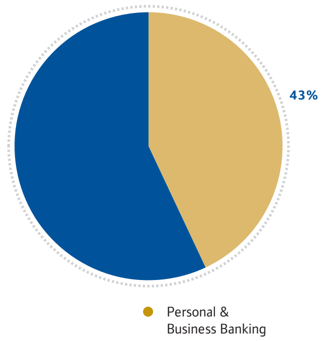
Investment Management & Life Insurance (Liberty Life)

Investment management and life insurance activities through group companies Liberty Life and its wholly-owned subsidiary, Stanlib.

Personal & Business Banking

- Headline earnings R5 661 million (2006: R4 816 million).
- Headline earnings growth 18% (2006: 24%).
- Headline earnings contribution 43% (2006: 45%).
- Return on equity 28,1% (2006: 31,6%).
- Cost-to-income ratio 52,1% (2006: 53,8%).
- Credit loss ratio 1,34% (2006: 1,00%).
- External net loans and advances R340 billion (2006: R265 billion).

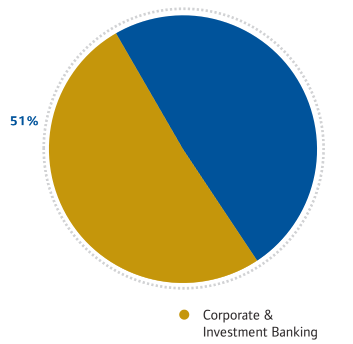
% of group headline earnings



Corporate & Investment Banking

- Headline earnings R6 765 million (2006: R5 033 million).
- Headline earnings growth 34% (2006: 20%).
- Headline earnings contribution 51% (2006: 46%).
- Return on equity 27,3% (2006: 27,7%).
- Cost-to-income ratio 52,6% (2006: 52,6%).
- Credit loss ratio 0,09% (2006: 0,15%).
- External net loans and advances R306 billion (2006: R237 billion).

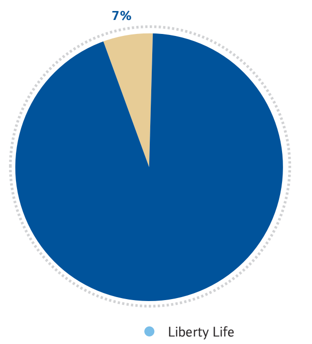
% of group headline earnings



Investment Management & Life Insurance

- Headline earnings R973 million (2006: R843 million).
- Headline earnings growth 15% (2006: 36%).
- Headline earnings contribution 7% (2006: 8%).
- Return on equity 25,8% (2006: 26,5%).
- Total assets R222 billion (2006: R203 billion).
- Normalised embedded value R27 billion (2006: R23 billion).
- Third party funds under management R188 billion (2006: R169 billion).

% of group headline earnings



Central and other contributed (1%) to headline earnings (2006: 1%).

Group executive committee

Craig Bond (46)
Chief executive
Standard Bank Africa

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

Joined the group 2000, appointed to exco 2006

Tina Eboka (48)
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 (53)
Credit

BCom (Hons) (Cape Town)

Joined the group 1994, appointed to exco 2005

Bruce Hemphill (44)
Chief executive
Liberty Life

BSoc (Cape Town), CPE (College of Law, London)

Joined the group 1993, appointed to exco 2006

Ben Kruger (48)
Chief executive
Corporate & Investment Banking

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

Joined the group 1985, appointed to exco 2000

Rob Leith (45)
Chief executive
Corporate & Investment Banking – International

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

Joined the group 1991, appointed to exco 2003

Jacko Maree (52)
Group chief executive

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

Joined the group 1980, appointed to exco 1995

Group executive committee

David Munro (37)
Chief executive
Corporate & Investment Banking – Standard Bank of South Africa

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

Joined the group 1996, appointed to exco 2004

Sipho Ngidi (52)
Human Resources

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

Joined the group 2001, appointed to exco 2001

Sarah-Anne Orphanides (39)
Marketing and Communications

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

Joined the group 2002, appointed to exco 2006

Simon Ridley (52)
Finance

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

Joined the group 1999, appointed to exco 2002

Paul Smith (53)
Risk

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

Joined the group 1997, appointed to exco 1999

Sim Tshabalala (40)
Chief executive
Personal & Business Banking – Standard Bank of South Africa

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

Joined the group 2000, appointed to exco 2001

Peter Wharton-Hood (42)
Chief executive
Personal & Business Banking

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

Joined the group 1997, appointed to exco 1999

Personal & Business Banking

Operating conditions in the South African personal and business banking market remained buoyant in the first half of 2007. However, in the second half of the year, the impact of higher interest rates slowed the momentum in the strong growth trend experienced in recent years.

The year was characterised by an increasingly challenging regulatory environment.

Overview

Standard Bank's Personal & Business Banking division is well established in southern Africa. In recent years it has been well positioned to take up the opportunities of a growing and transforming South African marketplace. From its deep roots in southern Africa, the franchise has made meaningful progress with its strategy to grow operational platforms in high-potential markets in the rest of Africa, and in other selected emerging markets where the group has a presence. In the last year the group's acquisition of banking operations in Nigeria and Argentina will help accelerate this international expansion.

Operating conditions in the South African personal and business banking market remained buoyant in the first half of 2007. However, in the second half of the year, the impact of higher interest rates slowed the momentum in the strong growth trend experienced in recent years. Interest rates in South Africa increased by a further 200 basis points in 2007 and by year end were 400 basis points higher than in June 2006. Higher interest rates and household debt levels indicate heightened credit risk in South Africa, reflected in the higher levels of credit provisioning. Retail sales, vehicle sales and house prices succumbed to the higher interest rates and stagnated towards the end of the year.

The year was characterised by an increasingly challenging regulatory environment. This included the National Credit Act (NCA), which was introduced on 1 June 2007, the Competition Commission Enquiry, the Financial Intelligence Centre Act (FICA) and Financial Advisory and Intermediary Services (FAIS) Act and preparation for the introduction of Basel II on 1 January 2008.

In line with our strategy to ensure that our banking systems support continuous improvement in the quality of service to our clients, and effectively facilitate the growth of operations in new markets, we accelerated investment in management and infrastructure capacity in our operations during the year. Branch infrastructure projects were undertaken to upgrade IT in order to facilitate the upgrade of our core banking system to SAP.

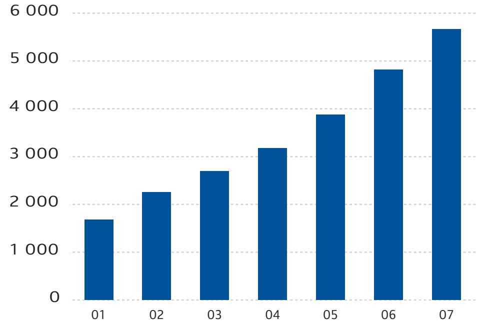
After a steady build up of scale and capacity in recent years, the bank's investments in its operations outside South Africa gathered momentum during 2007. In Africa, we strengthened management teams in all represented markets and continued to implement a major campaign to roll out products and acquire retail customers.

Strategy

Standard Bank's strategy to serve the full value chain of customer needs in its domestic operation – from the most basic to the most sophisticated of financial services needs – and to maintain high standards of customer service and cost effective delivery channels, notwithstanding significant volume growth, continues to provide the knowledge and experience required for expansion internationally.

Headline earnings (Rm)

CAGR (2001 - 2007): 22%



Improving customer service

A number of initiatives were introduced to improve customer focus and service levels. These included centralised customer information, targeted solutions for different customer portfolios, improvements in customer-facing employee training and efficiency of processes.

The project to replace our legacy systems with a core banking system will be implemented over a five to seven year period. A single customer repository is in the process of being implemented and the product functionality will be rolled out in 2008, starting with a low-income unsecured lending product. This complex process of IT renewal introduces new generation, integrated and scaleable systems architecture and improves operability between products. The system upgrade also enhances credit management and monitoring capability.

After extensive research, the bank increased its investment in the branch and autobank networks in South Africa. Sales-only outlets were upgraded, 19 of them to full banking functionality, 10 outlets were closed, 20 new outlets established and a further 45 relocated, expanded or revamped. We embarked on a project to upgrade our AutoBank machines with user interfaces better suited to a multilingual customer base. We have responded to physical attacks on our autobank network with a combination of tactical operations and security initiatives designed to address any existing vulnerabilities.

Our lower income transactional product, Mzansi, increased by 42% to over 622 000 accounts, evidence of strong growth in this segment of the market. The bank improved its Financial Sector Charter distribution requirements, establishing 30 outlets to service the lower income markets. Investment in a further eight outlets in this segment of the market is planned for 2008.

*Our lower income transactional product, **Mzansi**, increased by 42% to over 622 000 accounts, evidence of **strong growth** in this segment of the market.*

To manage power interruptions, the bank installed generators in 108 branches in 2007 and plans to install a further 63 in 2008 at a total cost of R75 million. Our head office, data and processing centres are also supported by generators. All outlets have uninterrupted power supply to ensure core IT server requirements are met.

Managing regulatory change

As a registered credit provider, Standard Bank fully supports the NCA, which came into effect on 1 June 2007, and has implemented the necessary policies and procedures to comply with its requirements. The bank welcomes the NCA's effect of protecting customers and regulating responsible lending. By regulating both formal and informal lending, the NCA levels the competitive playing field between banks and non-traditional participants, and legitimises the bank's ability to compete in all segments of the market previously characterised by disproportionately high lending margins.

The adoption of Basel II has also required significant resources since planning for the new framework commenced in 2001. While Basel II has significantly reduced the credit risk capital requirements for Personal & Business Banking portfolios, it has had the more general impact of further improving risk management practices throughout the bank.

Standard Bank believes that its pricing structures are appropriate and competitive in a highly competitive industry. In 2007, the bank submitted its position to the Competition Commission's public inquiry into bank charges and is confident that no contravention of the Competition Act has occurred. We expect the inquiry to result in enhanced transparency and comparability in the pricing of banking products.

The division's strategy of selectively growing its presence in high-growth markets in Africa and other emerging markets started to show anticipated results.

International expansion

Beyond South Africa's borders, the division's strategy of selectively growing its presence in high-growth markets in Africa and other emerging markets started to show anticipated results in 2007.

The acquisition of BankBoston Argentina was finalised in April 2007 and has enabled the expansion of Standard Bank's footprint in the South American market. BankBoston's people, processes and systems were integrated into the Standard Bank Group and substantial brand awareness was achieved with an overnight rebranding exercise. This is the bank's first investment in full-service banking off the African continent.

In Africa, the bank's existing retail operations in Uganda, Namibia, Zimbabwe, Swaziland, Lesotho and Malawi all produced strong financial results, while the markets into which retail banking was introduced (Nigeria, Ghana, Kenya and Moçambique) performed in line with expectations. Significant investment in branch infrastructure and autobanks is supporting further growth in the bank's African operation. A new internet banking service was introduced into 13 African countries during the year, resulting in over 12 000 active subscribers. The purchase of IBTC Chartered Bank in Nigeria provides a strong platform for growth in this market. We plan to roll out a full retail banking product offering over the next three years.

Following its success in the South African operation, the adoption of a customer-centric business model proceeded well in 2007 with full implementation expected by the end of 2008. By strengthening our in-country capability in African markets, we have been able to develop an in-depth understanding of local customers and their basic transactional needs. This knowledge will be used to build the capability necessary for further lending in the future.

Financial performance

Personal & Business Banking grew headline earnings by 18% (2006: 24%) from a high base and contributed 43% to the group's headline earnings (2006: 45%). The division achieved a

Total income and headline earnings by product

	Total income			Headline earnings		
	Change %	**2007 Rm**	2006 Rm	Change %	**2007 Rm**	2006 Rm
Mortgage lending	20	**3 356**	2 797	(15)	**825**	969
Instalment sale and finance leases	40	**2 191**	1 561	(4)	**110**	114
Card products	30	**3 937**	3 025	23	**370**	300
Transactional and lending products	30	**15 731**	12 061	24	**3 614**	2 913
Bancassurance	27	**1 860**	1 467	43	**742**	520
Personal & Business Banking	29	**27 075**	20 911	18	**5 661**	4 816

commendable ROE of 28,1% (2006: 31,6%). Earnings performance from the product divisions was varied, with card, transactional and lending products, and bancassurance performing well. Mortgage loans, and instalment sale and finance leases were impacted by higher credit charges.

Personal & Business Banking achieved 39% growth in net interest income boosted by a larger asset base and higher margins primarily due to the positive effect of higher interest rates on shareholders' funds and transactional deposits. Non-interest revenue increased by 19% reflecting increased transactional volumes and value per transaction despite sub-inflation price increases in South Africa.

Non-performing loans increased by R4,2 billion, primarily driven by an increase of R2,6 billion in the early arrears category in secured mortgage loans. Credit impairment charges increased by 82% and the total credit loss ratio was 1,34% (2006: 1,00%). The largest increase in impairment charges was recorded in the mortgage business, where the higher inflation and interest rate environment contributed to a 129% increase in non-performing loans. The total credit loss ratio for mortgages increased to 0,54% (2006: 0,27%).

In instalment sale and finance leases, weaker economic conditions increased non-performing loans by 116%. Recovery values in the used passenger vehicle market have deteriorated. Credit impairment charges increased by 90% and the total credit loss ratio in this product was 1,49% (2006: 1,09%).

Credit card customers felt the impact of the rising inflation environment and non-performing loans increased by 46%. Credit impairment charges increased by 48% and the total credit loss ratio in this product was 7,20% (2006: 7,03%), well within the group's risk parameters.

An increase in staff costs and compliance, risk and infrastructure related projects all contributed to higher costs, but the cost-to-income ratio of 52,1% (2006: 53,8%) was at a record low, which was commendable considering the business's strong growth in the rest of Africa.

Personal & Business Banking grew loans and advances by 28%. Mortgage loans grew by 29%, with growth of 9% in the average value of new registrations and a decline in cancellations and prepayments. Instalment sale and finance leases grew by 31% due to a strong increase in dealer originated new vehicle business in South Africa, the inclusion of Argentina for the first time and expansion of the product offering into the rest of Africa.

Card debtors increased by 31%, reflecting a reduction in the growth rate experienced in previous years. Credit granting criteria were tightened resulting in only a 2% increase in the number of credit cards in issue. Overdrafts and other demand loans grew by 22% due to growth in the number of personal and business current accounts and increased utilisation of existing facilities.

The year ahead

In South Africa, the interest rate outlook will continue to dampen consumer and SME credit demand and volume and asset growth rates are likely to moderate. We anticipate that the higher average interest rates in 2008 will cause credit loss ratios to worsen further. We will maintain our strong focus on risk management and collections, and a balance between sensible cost management and investment. Regulatory compliance will continue to receive the highest level of attention.

*In South Africa, the interest rate outlook will continue to **dampen** consumer and SME **credit demand.***

In the rest of Africa, we will strengthen our focus on countries with higher earning potential and concentrate on the opportunities for the division presented by our expanded presence in Nigeria. Our proven service led sales strategies in the South African market are being replicated in Africa, and customer service improved with the refinement of appropriate product offerings and further investment in the physical network. Newly launched products will be leveraged to deepen penetration into the middle and higher value customer segments, while channel offerings will continue to expand in areas such as mobile banking and business online.

Corporate & Investment Banking

Our strategy to develop a substantial emerging markets corporate and investment banking franchise was firmly endorsed in 2007.

Overview

Standard Bank's Corporate & Investment Banking division serves a wide range of clients around the world in terms of their requirements for banking, finance, trading, investment and advisory services. The division's franchise value and contribution to group earnings grew significantly in 2007. Our strategy of expanding in high-growth markets in Africa and other emerging markets, and managing the business in a more globally integrated way, continued to deliver significant value from the early indications of a step-change in profitability at the end of last year.

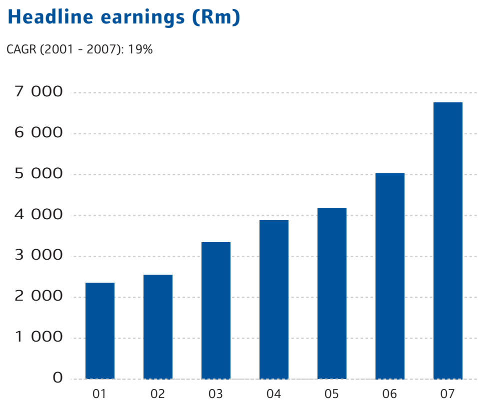
Over the past 20 years, Corporate & Investment Banking has evolved in line with the globalisation of capital markets and the growing sophistication of financing requirements in South Africa. This strong track record and core product expertise has positioned the bank to participate effectively in the development of capital markets in other emerging economies.

The group's expansion in emerging markets has been facilitated by significant investment in management, specialist product teams and infrastructure capacity in recent years, enabling the bank to originate local and regional business opportunities. Standard Bank's Corporate & Investment Banking franchise has entrenched its reputation as one of Africa's leading investment banks during the year, as it consolidated its position in key markets on the continent with a combination of acquisitions and steady organic growth.

Standard Bank's Corporate & Investment Banking franchise has entrenched its reputation as one of Africa's leading investment banks during the year.

The bank's focus on emerging markets helped to insulate it from direct exposure to the sub-prime crisis which was primarily played out in developed markets. As concerns about the US sub-prime market grew and global markets became more volatile, the bank intensified its focus on liquidity in an environment where a number of international banks had difficulty securing funding and distributing products. Macro hedge positions executed in the middle of the year to guard against an anticipated downturn in credit markets offered protection during periods of high volatility, enabling the bank to liquidate positions in an orderly manner.

In South Africa, the continent's largest economy, the corporate and investment banking environment was characterised by significant leveraged transactions in the corporate sector. The franchise maintained its strong market position, delivering corporate and investment banking transactions and client service across the integrated value chain, and enhanced its performance with the successful execution of major transactions.



Corporate & Investment Banking's leading position in its selected product lines and geographic markets was recognised by numerous local and international awards during the year. In particular, the Global Finance magazine awards for the Best Foreign Exchange Bank and Best Trade Finance Bank and the Euromoney magazine awards for Best Project Finance House in Africa and Best Debt House in Africa, bear testimony to the reputation the franchise maintains in its markets. In addition to these accolades, Corporate & Investment Banking was placed first and second in the Dealmakers Annual Awards categories of General Corporate Finance and Mergers & Acquisitions by deal value. It was rated by South African corporates as the Best Full Service Foreign Exchange Bank in South Africa in the Professional Management Review Survey and the African Investors' Project Summit awarded Standard Bank the African Infrastructure Deal of Year for the funding arrangement for the Gautrain Rapid Rail Link Project.

Strategy

Our strategy to develop a substantial emerging markets corporate and investment banking franchise was firmly endorsed in 2007 as client relationships were entrenched and product portfolios were widened across all geographic locations. A strong focus on achieving a higher return on equity in our operations outside Africa was maintained and higher levels of revenue were pursued across all areas of the business, reflected in the significantly improved results delivered by the division.

Accelerating international expansion

After a steady build up of capacity in recent years, the international investment banking business delivered exceptional growth in US Dollar earnings in spite of an increasingly challenging global environment. The attention given to customer relationship management in recent years was reflected in the growing number of large customers generating profits in excess of USD1 million.

*Our **trading operations benefited** significantly from the further development of systems and risk management processes, and **posted outstanding** results.*

Our trading operations benefited significantly from the further development of systems and risk management processes, and posted outstanding results.

Much of the growth in earnings outside Africa was achieved by the regions in active commodity and energy markets. The year was also characterised by our continued investment in developing people and infrastructure capacity, and the strengthening of investment banking platforms in Argentina, Turkey, Asia and Russia, all of which benefited from new management capacity. In September, we concluded the acquisition of 61% of Dundas Ünlü, a specialist financial advisory firm based in Istanbul. Standard Ünlü offers a wide range of investment banking services to corporates and institutions in a growing market.

Meaningful progress was achieved in Africa where the bank has a presence. This performance was driven by four key strategic interventions: the strengthening of management capacity and responsibility in each market; the integration of management teams across these and other markets in which the bank operates; implementation of a consistent strategy for market engagement across the spectrum of corporate, investment and retail banking; and the distribution of a broad range of retail and wholesale products.

In west Africa, 2007 proved to be a watershed year for the operation in Nigeria. The acquisition of IBTC was concluded on 24 September and the new enlarged entity was consolidated from 1 October 2007 and the integration of operations, staff and systems was completed. The acquisition has secured a market leading position for Corporate & Investment Banking in global markets, investment banking and asset management and good progress has been achieved to date in these highly competitive markets. Progress was also achieved in developing critical mass in Angola and Ghana. The representative office in Angola is being upgraded to a commercial bank and Standard Bank's profile in Ghana is being strengthened.

Investing in organic growth

In South Africa, we continued to focus on driving organic growth by leveraging off the bank's strong track record for delivery and execution. Quality earnings growth was achieved in general corporate and investment banking activities and enhanced by the successful execution of major transactions. During the year, we participated in the financing arrangements for a number of major infrastructure projects in the South African market. These included arranging R3 billion of funding for the Gautrain Rapid Rail Link Project, arrangement of the R2 billion inaugural bond for the Airports Company of South Africa and funding of locomotives for the Transnet iron ore line for a private sector rail operator. In addition, we progressed several significant toll road, port and airport mandates across the continent.

In recent years, the corporate and investment banking environment has benefited from an increasing flow of foreign direct investment into South Africa as offshore investors have sought new sources of growth in the emerging world and outward investment by South African companies looking to expand internationally. A prime example of the latter trend was Medi-Clinic's acquisition of Hirslanden, a leading private hospital group in Switzerland. Standard Bank was the sponsor and a joint financial advisor to Medi-Clinic.

The South African franchise leverages trade and investment flows through the group's global network and, using the opportunities provided by increasing global integration and knowledge transfer, concluded a number of cross-border transactions in the Democratic Republic of Congo, Zambia and Nigeria in 2007; for example, Standard Bank's arrangement of a USD2 billion loan facility for the funding of MTN Nigeria's network infrastructure expansion.

*We **participated** in the financing **arrangements** for a number of **major infrastructure projects** in the South African market.*

Although market events were successfully anticipated over the course of the year, market volatility towards the end of the financial year impacted the trading businesses. The volatile environment has necessitated a re-evaluation of our risk appetite with reduced country and trading risks where appropriate. The strengthening of risk management systems is strongly reflected in Standard Bank's delivery on the Basel II project and its implementation of economic capital modelling for credit portfolios.

The customer-centric model was further entrenched across Corporate & Investment Banking in South Africa to support more effective and personalised interaction with customers and strengthen origination capacity. Much of the success in 2007 was based on a focused intent to leverage customer relationships across the entire value chain. A key business enabling development in this regard was the investment in the replacement and enhancement of the market leading business online channel, offering a central on line portal enabling customers to manage their interaction with Standard Bank across products and countries. The new channel has been successfully piloted in Uganda and is in the process of being implemented in Nigeria. Implementation plans for South Africa and other African countries are under way.

Financial performance

Corporate & Investment Banking had an excellent year, with 34% (2006: 20%) headline earnings growth reflecting strong performances in international and African investment banking markets and quality earnings in South Africa. The division's contribution to group headline earnings increased to 51% (2006: 46%).

The division grew loans and advances by 26%, excluding those consolidated through acquisitions. Loans granted to customers grew by 40%, driven by new product offerings, a general increase in customer demand and a number of specialised finance and energy transactions outside Africa. Structured finance transactions in the rest of Africa and other corporate lending transactions in South Africa also contributed to this performance.

Fee and commission revenue benefited from 79% growth in knowledge based fees, largely as a result of advisory fees generated by good investment banking deal flows.

A strong trading performance was achieved as a result of increased client deal flows in volatile foreign exchange and interest rate markets. Foreign exchange trading revenues grew strongly across the group, particularly in the rest of Africa albeit off a low base. Debt capital markets delivered excellent results in the first half of the year and, given the extreme conditions in global credit markets, the second half presented fewer opportunities to generate revenue as the level of client activity slowed. Commodity trading outside Africa grew strongly from increased deal flows in the energy, base and precious metal sectors.

The credit loss ratio reduced to 0,09% in comparison with 0,15% in 2006, largely as a result of doubtful debt rehabilitations in the property finance portfolio.

Expansion and upskilling of staff in key geographic locations and higher incentive provisions in line with business performance resulted in an increase in staff costs and other operating expenses costs, although the cost-to-income ratio remained constant at 52,6%.

Total income and headline earnings by product

	Total income			Headline earnings		
	Change %	**2007 Rm**	2006 Rm	Change %	**2007 Rm**	2006 Rm
Global markets	54	**8 473**	5 518	68	**2 517**	1 497
Banking and trade finance	27	**7 870**	6 217	31	**2 618**	1 996
Investment banking	26	**3 413**	2 717	6	**1 630**	1 540
Corporate & Investment Banking	37	**19 756**	14 452	34	**6 765**	5 033

The year ahead

An increasingly challenging economic environment in international and local markets has made it necessary for us to continue heightening our awareness of risk, pricing and capital management, while the demanding revenue environment will place greater focus on cost management.

Given the continued global financial market turmoil, 2008 is likely to be a year of caution until liquidity, transparency and the appropriate pricing of risk returns to the financial sector. We believe, however, that growth opportunities in emerging markets together with a healthy pipeline of transactions will enable us to achieve our targeted growth in earnings. In particular, shortfalls in power and transport infrastructure in some key African markets have added impetus to investment in these sectors and Corporate & Investment Banking is well positioned to benefit across a number of product areas.

Given the continued global financial market turmoil, 2008 is likely to be a year of caution.

Liberty Life

Liberty Life made important progress in the implementation of its strategy to expand into a broad-based wealth management company in 2007.

Overview

Liberty Life made important progress in the implementation of its strategy to expand into a broad-based wealth management company in 2007. At the same time, the existing business delivered strong financial results, achieving good earnings growth and a strong return on embedded value.

Liberty Life's strategy to expand its focus from life insurance to broader wealth management began to deliver results during the year, characterised by a distinct shift in the structure, philosophy and direction of the business.

The acquisition of 100% of Stanlib was concluded in 2007 in response to the structural change in the industry in which clients are increasingly demanding off-balance sheet savings solutions. Stanlib delivered good results, as strong investment performance boosted net cash inflows and growth in off-balance sheet sales through life distribution channels demonstrated the merits of the acquisition.

Liberty Life has announced its intention to expand into other African markets. Smaller markets will be approached with a standardised model within acceptable risk tolerance levels and a more tailored deal-by-deal approach will enable faster acquisition of business in the larger markets. While it may take time for Liberty Life Africa to contribute materially to earnings, the targeted markets offer significant longer-term potential.

Strategy

Liberty Life's business operating model was migrated from the front office, back office structure, which was established to support the driving down of costs and stretching of life insurance sales targets in a linear fashion, to a more sophisticated model that supports the planned expansion strategy. Individual life and corporate benefits, traditionally the central pillars of the structure which drove all other activities, are now separate business units, along with properties, Africa, health, Stanlib and strategic ventures. These specialised units draw on the expertise of centralised marketing, distribution and other group services. The new operating model facilitates a focused, specialised approach and leverages the collective power of the group.

Liberty Life has announced its intention to expand into other African markets.

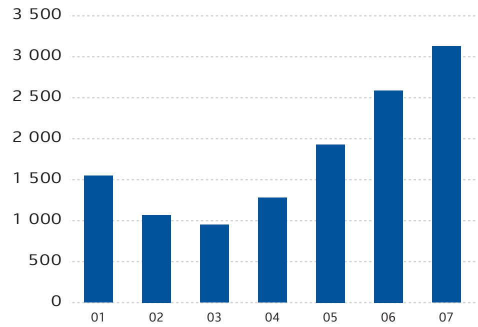
Liberty Life's people have been identified as a key enabler in the achievement of the business's objectives. Throughout the year under review, Liberty Life invested significantly in building a culture of open engagement with staff and financial advisors. This approach is considered to be critical to the execution of strategy because it ensures that the customer's perspective is core to the solutions-driven approach and it strengthens Liberty Life's position in the war for talent.

To enable Liberty Life to extend its offering to customers who prefer to access financial services from non-traditional channels, the strategic ventures team has developed innovative new partnerships with select well known consumer brands, such as kulula.com.

Liberty Life has introduced a technology-enabled, multiple-revenue, health solutions business through the purchase of the premier South African IT healthcare solutions provider. This new venture will have the flexibility and scaleability to tap into the needs of health businesses in South Africa and other emerging markets.

BEE normalised headline earnings (Rm)[1]

CAGR (2001-2007): 12%



[1] *Liberty Life as published.*

Liberty Life Properties has been restructured into a cluster of property businesses involving management, development and investment through a new structured asset management unit.

Financial performance

The contribution from Liberty Life to group headline earnings grew by 15% to R973 million. The most important performance metric, BEE normalised return on embedded value, was a strong 19,5% and was well above the medium-term target of 14,5% to 15,5%, assisted mainly by strong equity markets in 2007. Return on equity for 2007 was 25,8%.

*Stanlib received the **2007 Raging Bull award** for the **best domestic unit trust management** company in South Africa.*

2007 was a good year for new business, with growth achieved across all sales channels and major product lines. Total group pro-forma new business production sales grew 15% to R134,2 billion, with equally strong on- and off-balance sheet new business sales.

Stanlib significantly improved its investment performance in 2007, which culminated in Stanlib receiving the 2007 Raging Bull award for the best domestic unit trust management company in South Africa. Institutional investment performance has also shown significant improvement. This improved investment performance was a major factor in the strong turnaround in Liberty Life net cash flows from an outflow in 2006 of R2,2 billion to an inflow of R17,4 billion in 2007.

In November 2005, as part of our restructuring and reorganisation plan, Liberty Life undertook to deliver a value uplift of R676 million, net of costs. The business has delivered a value uplift of over R835 million, well in excess of the target and a year ahead of schedule, in spite of additional expenditure on IT and significant resources allocated to its improved risk-based capital programme.

The year ahead

Markets have seen a sharp increase in volatility since the third quarter of 2007, reflecting increased uncertainties in the global and South African economic outlook. Liberty Life's earnings and embedded value are strongly correlated to the performance of local capital markets, whereas the group's new business and persistency are broadly influenced by such factors as disposable income, inflation, debt servicing costs and employment.

We remain confident, however, of the long-term prospects for South Africa and Africa and are confident that the group will achieve actuarial assumptions over the medium term, leading to real growth in BEE normalised embedded value in line with Liberty Life's stated growth expectations.

*Markets have seen a **sharp increase in volatility**, reflecting increased uncertainties in the global and South African economic outlook.*

Financial review

Overview of financial results

Operating conditions in local and international markets in the second half of the year contrasted starkly with the more favourable conditions in the six months to June 2007. Despite the worsening environment, Standard Bank Group continued to perform strongly, building on the excellent financial results achieved in the first half of the year. For the full year to 31 December 2007, headline earnings per share grew by 23,4% to 1 033,4 cents per share and the group achieved a return on equity of 26,7% on an IFRS basis.

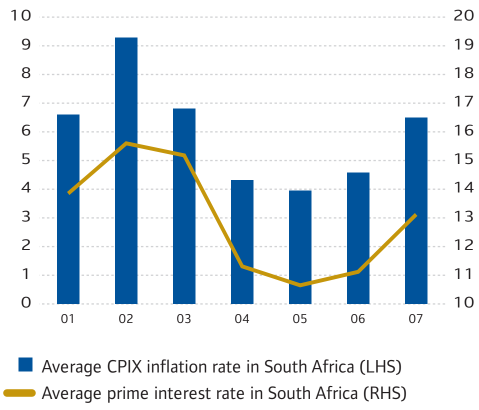
On a normalised basis, headline earnings per share grew by 20,6% and a return on equity of 24,8% was achieved. Normalised results, fully explained on page 83, adjust the IFRS results for two accounting anomalies that have distorted the results from an economic perspective with effect from 2004. The commentary that follows is based on the normalised results.

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

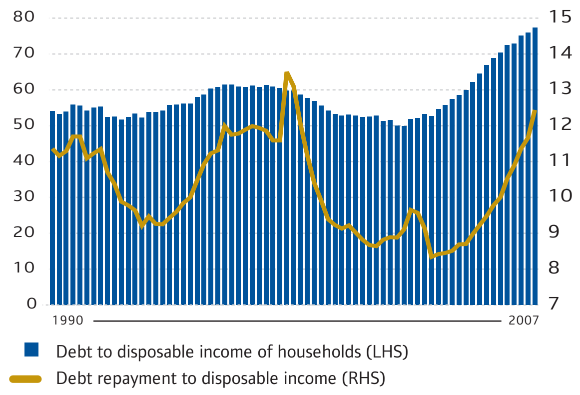
South Africa weathered the credit market turmoil relatively well, but high oil and food prices took their toll. CPIX inflation breached the upper limit of the target range early in the second quarter of the year, and has stayed above the target ever since. This prompted the South African Reserve Bank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

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

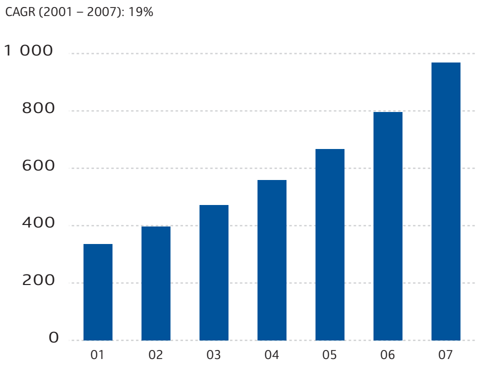
Prime interest rate and CPIX inflation in South Africa (%)



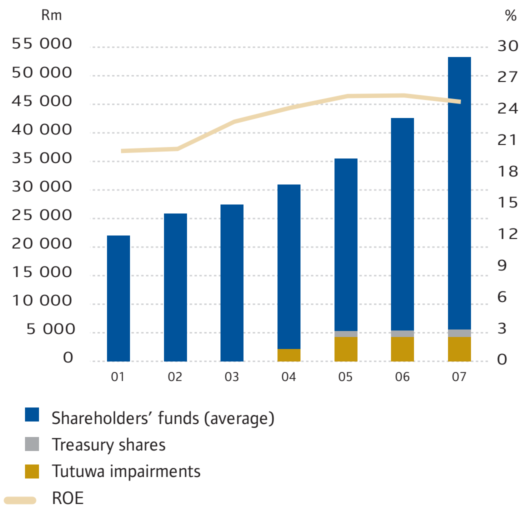
Historic quarterly debt and disposable income trend in South Africa (%)



Headline earnings per share (cents)



Return on ordinary equity



Key financial highlights

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

[1]*Based on normalised results.*
[2]*10,0% above average South African inflation (CPIX) of 6,5%.*
[3]*Excluding profit on the sale of the remaining shares in MasterCard.*

Performance against objectives

The group annually reviews and publishes its financial objectives for the year ahead as well as its medium-term objectives. The historic performance of the group against these objectives is illustrated on page 3.

The group exceeded its principal financial targets for 2007:

- a normalised return on equity of 24,8% was achieved compared with a 2007 objective of 24% and a medium-term objective of 22,5%; and
- normalised headline earnings per share increased by 21% compared with the 2007 and medium-term objective of 10 percentage points above the average South African inflation rate (CPIX) of 6,5%, which calculated to an objective of 16,5% for 2007.

The credit loss ratio objective was not met. Credit losses of 0,78% of average loans and advances were recorded, slightly above the 2007 objective of 0,75% but well within the medium-term objective of 1,00%. Increased credit losses in the personal and business banking environment following increased South African interest and inflation rates were the main factors impacting the group's performance.

The group strives to continually improve its cost-to-income ratio over the medium term and set an objective of 53,5% for 2007. A ratio of 52,0% was achieved, excluding capital profit realised on the sale of the group's remaining investment in MasterCard. The positive gap between the income growth rate and the rate of cost growth was 2,4%, despite costs incurred in integrating newly acquired operations.

Movement in average assets, net interest income and margin

	Average assets Rm	NII Rm	NIM %
2006 as reported	609 766	17 001	2,79
Reclassifications[1]	1 825		(0,01)
2006 restated	611 591	17 001	2,78
Net non-interest earning assets	(129 783)	471	0,85
Interest earning assets – 2006	481 808	17 472	3,63
Impact of volume changes	**107 848**	**4 397**	
Impact of rate changes		**1 224**	**0,21**
Lending yields		**(147)**	**(0,03)**
Unwinding of discount on credit provisions – IAS 39		**209**	**0,04**
Funding rates		**(169)**	**(0,03)**
Endowment – funding		**755**	**0,13**
Endowment – capital and reserves		**870**	**0,15**
Assets held for liquidity purposes		**(508)**	**(0,09)**
Other treasury and banking activities		**214**	**0,04**
Change in composition of balance sheet			**0,08**
Interest earning assets (excluding recent acquisitions)	**589 656**	**23 093**	**3,92**
Recent acquisitions	**21 564**	**1 005**	**0,02**
Interest earning assets	**611 220**	**24 098**	**3,94**
Net non-interest earning assets	**160 517**	**(1 202)**	**(0,97)**
Net non-interest earning assets (excluding recent acquisitions)	**156 940**	**(1 238)**	**(0,99)**
Recent acquisitions	**3 577**	**36**	**0,02**
2007	**771 737**	**22 896**	**2,97**
NII change %		**35**	

[1]*Inclusion of wealth management entities.*

Banking activities income statement analysis

Net interest income

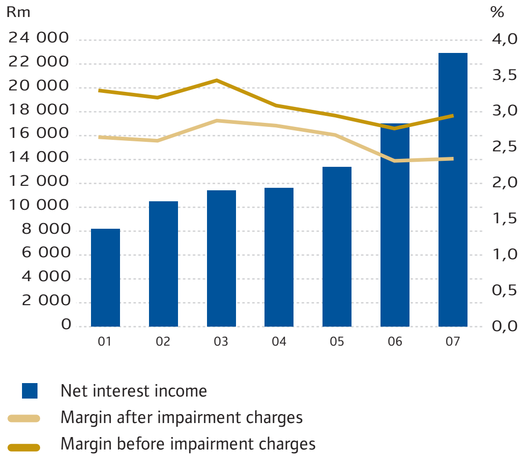
Growth of 35% was achieved in net interest income (NII), 39% in Personal & Business Banking and 33% in Corporate & Investment Banking. The strong increase in NII was driven by 26% growth in average assets across the group's banking operations together with wider net interest margins (NIM).

The NIM improved 19 basis points to 2,97%, due largely to the endowment impact of higher interest rates on shareholders' funds and transactional deposits. This was offset by a continued reliance on more expensive wholesale funding to support strong growth in Personal & Business Banking lending, increased competition for term funding and higher central bank reserving costs.

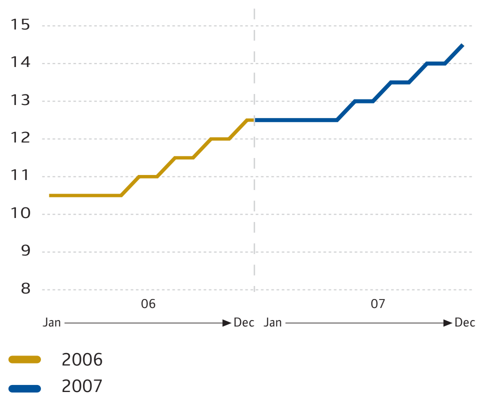
An analysis of the group's movement in average assets, NII and NIM is provided above.

Net interest income and net interest margin

CAGR (2001 – 2007): 19%



Prime interest rate (%)



Non-interest revenue

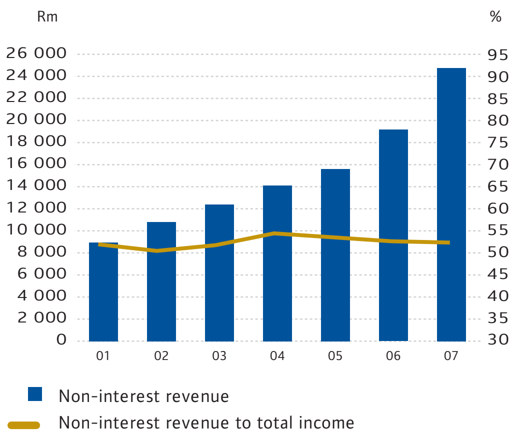
Net fee and commission revenue grew by 23%. The largest category, account transaction fees, grew 10% despite sub-inflation price increases in South Africa. A highlight was the 75% growth in knowledge-based fee income, driven by advisory fees emanating from strong investment banking deal flow. Card based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

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

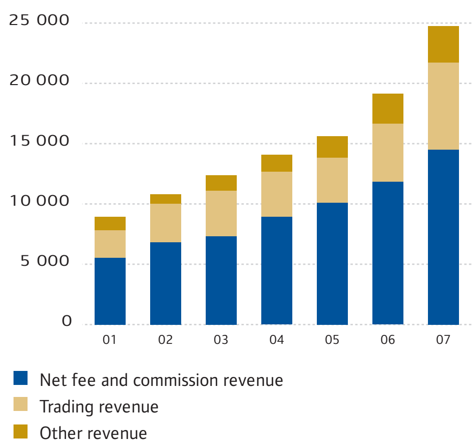
Growth in other revenue of 21% originated mainly from the profit of R459 million (2006: R157 million) realised on the sale of the remaining portion of the group's shares in MasterCard. The profit is excluded from headline earnings as it relates to realised gains transferred out of equity on a financial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

Non-interest revenue

CAGR (2001 – 2007): 18%

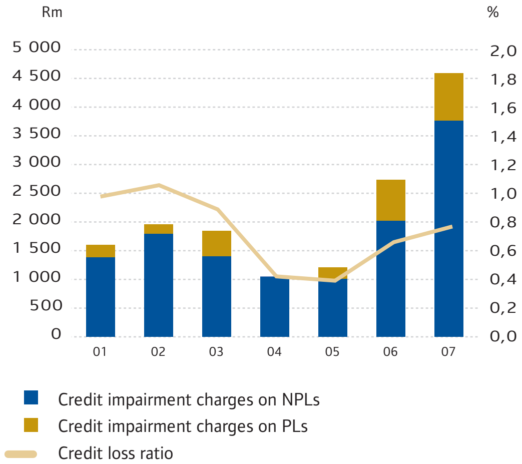


Analysis of non-interest revenue (Rm)

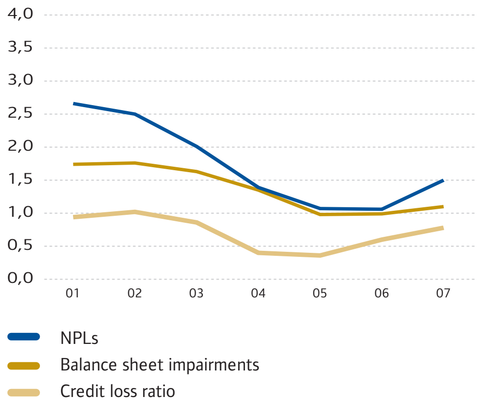


Financial review continued

Credit impairment charges



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



Income statement impairment charges per business unit (net of recoveries)

	2007				2006			
	NPL Rm	PL Rm	Total Rm	Credit loss ratio %	NPL Rm	PL Rm	Total Rm	Credit loss ratio %
Personal & Business Banking	**3 690**	**550**	**4 240**	**1,34**	1 915	418	2 333	1,00
Mortgage lending	**1 054**	**2**	**1 056**	**0,54**	386	4	390	0,27
Instalment sale and finance leases	**738**	**171**	**909**	**1,49**	348	131	479	1,09
Card debtors	**1 182**	**298**	**1 480**	**7,20**	722	278	1 000	7,03
Other loans and advances	**716**	**79**	**795**	**2,01**	459	5	464	1,57
Corporate & Investment Banking	**74**	**176**	**250**	**0,09**	107	228	335	0,15
Corporate lending	**181**	**103**	**284**	**0,11**	176	150	326	0,16
Property finance	**(107)**	**73**	**(34)**	**(0,15)**	(69)	78	9	0,05
Central and other		**100**	**100**			65	65	
Banking activities	**3 764**	**826**	**4 590**	**0,78**	2 022	711	2 733	0,60

Credit impairment charges

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

In Personal & Business Banking, the largest increase in impairment charges came from the mortgage business. Higher inflation and interest rates contributed to a 129% increase in non-performing mortgage loans, resulting in a 171% higher income statement charge for this product.

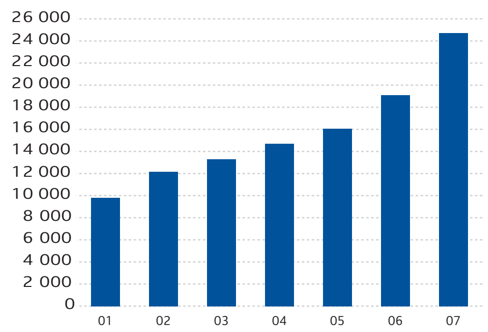
In instalment sale and finance leases, the weaker economic conditions and growth in higher risk dealer originated business increased non-performing loans by 116%. Recovery values in the used passenger market have also deteriorated and indications of increased defaults in the business portfolio are being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

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

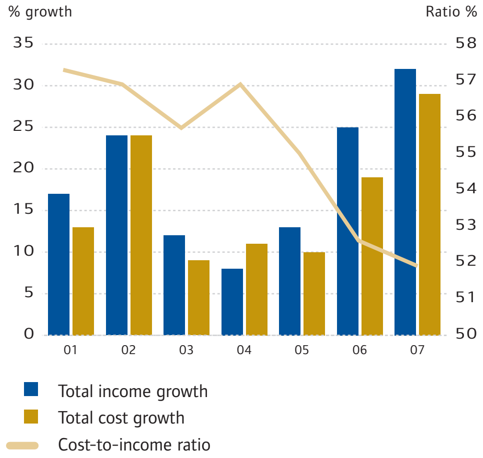
The credit loss ratio in Corporate & Investment Banking improved to 0,09% (2006: 0,15%), mainly as a result of doubtful debt rehabilitations in the property finance portfolio.

Operating expenses (Rm)

CAGR (2001 – 2007): 17%



Cost and income growth (%)



Operating expenses

	Change %	2007 Rm	2006 Rm
Staff costs			
Fixed remuneration	25	**9 550**	7 619
Variable remuneration and other costs	46	**4 938**	3 382
Total staff costs	32	**14 488**	11 001
Other operating expenses			
Information technology	24	**2 109**	1 707
Depreciation and amortisation	26	**1 093**	865
Communication	24	**993**	799
Premises	19	**1 873**	1 571
Other	31	**4 150**	3 162
Total other operating expenses	26	**10 218**	8 104
Total operating expenses	29	**24 706**	19 105
Cost-to-income ratio	%	**51,6**	52,5
Cost-to-income ratio excluding capital profit on MasterCard	%	**52,0**	52,7
Cost-to-income ratio excluding capital profit on MasterCard and new acquisitions	%	**51,3**	52,7

Operating expenses

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

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

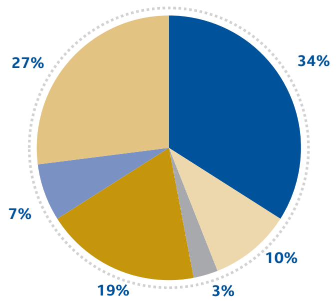
The increase in other operating expenses was largely attributable to higher levels of business activity and continued expansion. The group’s largest cost component besides staff costs was information technology, which grew by 24% largely as a result of investments in systems development for compliance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

Financial review continued

Balance sheet analysis

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

Composition of gross loans and advances



- Mortgage loans: 34% (2006: 33%)
- Instalment sale and finance leases: 10% (2006: 10%)
- Card debtors: 3% (2006: 3%)
- Term loans: 19% (2006: 19%)
- Overdrafts and other demand loans: 7% (2006: 7%)
- Other: 27% (2006: 28%)

Activity in the Personal & Business Banking market segment remained buoyant for most of the year but towards the end of the year the impact of higher interest rates started to dampen the strong growth momentum built up in recent years.

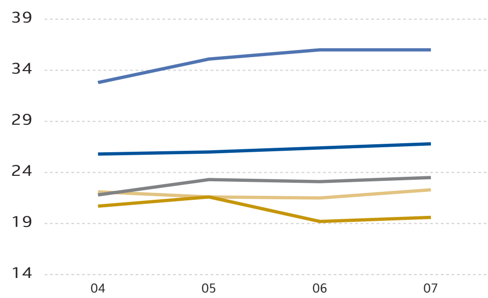
Mortgage loans grew by 29% with growth of 9% in the average value of new registrations, a decline in cancellations and prepayments and increased use of access bond facilities. Further advances on existing mortgages represented 17% (2006: 18%) of total new business. Instalment sale and finance leases grew by 22% excluding loans acquired with the acquisition of BankBoston Argentina, due to a strong increase in dealer originated new vehicle business. The motor to non-motor ratio of this book is 58:42 (2006: 61:39).

Card debtors increased by 31%, demonstrating slower growth than in previous years as credit granting criteria were tightened. Overdrafts and other demand loans grew by 22% due to the growth in the number of personal and business current accounts as well as increased utilisation of existing facilities.

The group's South African market shares in these key segments, which include assets securitised, increased as follows since December 2006: mortgage lending from 26,4% to 26,8%; instalment finance from 21,5% to 22,3%; card debtors remained at 36,0%; and other loans increased from 19,2% to 19,6%.

Corporate & Investment Banking grew loans and advances by 26%, excluding loans consolidated through acquisitions. Loans granted to customers grew by 40%, driven by new product offerings, a general increase in customer demand and a number of specialised finance and energy finance transactions outside Africa. Structured finance transactions in the rest of Africa and other corporate lending transactions in South Africa also contributed to this growth.

Standard Bank's market share movement (%)[1]



[1] *Including securitisation.*

Infrastructure financing is gaining momentum, with progress made during the year on several toll road, port and airport mandates across Africa.

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

Distributions to shareholders

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

Restructuring of the group's holding in Stanlib

Following an approach by Liberty Life, the group restructured its investment in Stanlib with effect from 29 January 2007. The group previously owned 48,8% of Stanlib, 37,4% directly and an effective 11,4% through its subsidiary, Liberty Life. After obtaining approval from its minority shareholders, Liberty Life acquired the investment in Stanlib directly owned by Standard Bank Group as well as the 25,2% owned by a black economic empowerment (BEE) consortium. The purchase consideration was settled by issuing Liberty Group shares and a cash payment. The transaction had no material impact on the group's results and a R31 million gain on an IFRS basis was accounted for directly in equity.

Major acquisitions concluded in 2007

BankBoston in Argentina

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

IBTC Chartered Bank Plc (IBTC) in Nigeria

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

The impact of the acquisitions on the results of the banking operations and group headline earnings is set out in the following table:

Income statement impact of major acquisitions on normalised results

	Standard Bank Group excluding acquisitions Rm	Organic growth %	Acquisitions Standard Bank Argentina Rm	IBTC Chartered Bank Plc Rm	Total Rm	Standard Bank Group as reported Rm	Growth as reported %
Net interest income	21 855	29	827	214	1 041	22 896	35
Non-interest revenue	23 962	25	550	235	785	24 747	29
Net fee and commission revenue	13 885	17	432	194	626	14 511	23
Trading revenue	7 077	46	118	21	139	7 216	49
Other revenue	3 000	21	–	20	20	3 020	21
Total income	45 817	27	1 377	449	1 826	47 643	32
Credit impairment charges	4 486	64	52	52	104	4 590	68
Income after credit impairment charges	41 331	24	1 325	397	1 722	43 053	29
Operating expenses	23 416	23	1 099	191	1 290	24 706	29
Staff costs	13 850	26	549	89	638	14 488	32
Other operating expenses	9 566	18	550	102	652	10 218	26
Net income	17 915	25	226	206	432	18 347	28
Goodwill impairment	6	(60)	(382)	–	(382)	(376)	(>100)
Share of profit from associates and joint ventures	283	30	–	–	–	283	30
Net income before taxation	18 192	25	608	206	814	19 006	31
Taxation	4 971	25	58	52	110	5 081	28
Profit for the year	13 221	25	550	154	704	13 925	32
Attributable to minorities and preference shareholders	691	90	39	87	126	817	>100
Attributable to ordinary shareholders – banking activities	12 530	23	511	67	578	13 108	29
Headline adjustable items – banking activities	(546)		(382)	–	(382)	(928)	>100
Headline earnings – banking activities	11 984	20	129	67	196	12 180	22
Headline earnings – Liberty Life	973	15	–	–	–	973	15
Standard Bank Group headline earnings	12 957	20	129	67	196	13 153	22

Financial review continued

Other impacts of major acquisitions on banking activities

	Banking activities excluding acquisitions Rm	Organic growth %	Acquisitions Standard Bank Argentina Rm	IBTC Chartered Bank Plc Rm	Total Rm	Banking activities as reported Rm	Growth as reported %
Loans and advances	633 478	25	10 861	5 635	16 496	649 974	28
Total assets	940 559	21	16 596	11 965	28 561	969 120	25
Number of employees	40 646	8	2 648	1 007	3 655	44 301	17

Acquisition of CFC Bank in Kenya

The group has concluded an agreement with CFC Bank to dispose of its shareholding in Stanbic Bank Kenya to CFC Bank in exchange for a 41,4% share in the merged bank, and to simultaneously acquire further shares worth approximately USD90 million to ensure a controlling interest of 60% therein. This transaction received regulatory approval on 3 April 2008 and is unlikely to have a significant impact on group results, however, it will expand the group's African network and create a stronger presence in East Africa.

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

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

The two transactions were approved by the shareholders of both Standard Bank and ICBC at general meetings held on 3 December 2007 and 13 December 2007 respectively, with 97% of Standard Bank shareholders voting in favour of the transaction. The last of the conditions precedent to the transaction was fulfilled on 14 February 2008. The operative date of the scheme was 3 March 2008, on which date the scheme consideration was paid into shareholders' accounts, share balances updated and new shares issued. The first strategic co-operation committee meeting, jointly chaired by Jacko Maree and President of ICBC, Yang Kaisheng, is scheduled to take place during March in Beijing.

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

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

Capital and Basel II

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

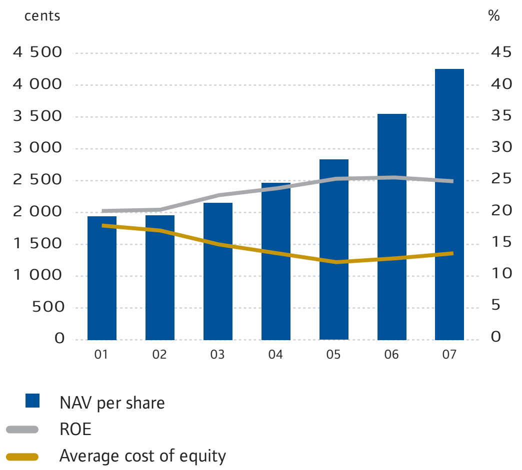
The conversion from Basel I to Basel II has led to increased risk-weighted exposures and lower qualifying capital, resulting in lower capital adequacy ratios. As expected, lower exposures in Personal & Business Banking were offset by higher risk-weighted exposures in Corporate & Investment Banking portfolios and the addition of operational risk which was not measured under Basel I. The pro-forma impact of conversion to Basel II is illustrated on page 109 in the risk management section.

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

Group returns on equity and economic returns

Risk adjusted performance measures continue to form part of a balanced set of business unit financial performance indicators, which are monitored regularly, ensuring that appropriate returns are generated for risks incurred. Cost of equity and weighted average cost of capital estimates are calculated for each market in which the group operates to serve as objective performance benchmarks and investment criteria.

Group net asset value per share and return on equity



Return on equity and cost of ordinary equity

	Average equity 2007 Rm	**ROE 2007 %**	**Average cost of equity 2007 %**	Average equity 2006 Rm	ROE 2006 %	Average cost of equity 2006 %
Personal & Business Banking	**20 144**	**28,1**	**14,6**	15 223	31,6	13,5
Corporate & Investment Banking	**24 810**	**27,3**	**15,8**	18 199	27,7	14,8
Central and other	**4 374**	**(5,6)**	**13,4**	5 972	2,1	12,6
Banking activities	**49 328**	**24,7**	**14,6**	39 394	25,3	13,7
Liberty Life	**3 765**	**25,8**	**12,9**	3 177	26,5	11,6
Standard Bank Group	**53 093**	**24,8**	**13,4**	42 571	25,4	12,6

The group's return on equity remained well above the cost of equity. Within Central and other, the group's return on equity was reduced by costs incurred with regard to the group's global leadership centre, business acquisition costs and portfolio-based credit impairments booked centrally. The group continued to generate positive economic returns well above its cost of equity.

Economic returns

	2007 Rm	2006 Rm
Average ordinary equity	**53 093**	42 571
Headline earnings	**13 153**	10 818
Cost of equity charge	**(7 091)**	(5 364)
Economic profit on headline earnings	**6 062**	5 454
Other changes in net asset value	**1 245**	3 081
Net currency translation movement and hedging	**155**	2 173
Other gains/(losses) excluded from headline earnings	**1 090**	908
Total economic returns	**7 307**	8 535

Total economic returns were reduced by a large reduction in the foreign currency translation movement for the year as the rand remained relatively stable against most of the group's other functional currencies.

Closing shareholders' funds exposure to currencies

	Total Rm	Rand Rm	US Dollar Rm	Sterling Rm	Euro Rm	ZAR linked Rm	Naira Rm	Other Rm
2007								
Underlying exposures	58 406	36 304	8 728	1 333	727	1 219	4 340	5 755
Currency profile changes due to hedging strategies		(6 428)	(3 741)	4 153	6 670		(136)	(518)
Actual exposures	**58 406**	**29 876**	**4 987**	**5 486**	**7 397**	**1 219**	**4 204**	**5 237**
2006								
Underlying exposures	48 352	31 620	7 116	2 151	2 226	966	1 460	2 813
Currency profile changes due to hedging strategies			(2 843)	2 876	705		(564)	(174)
Actual exposures	48 352	31 620	4 273	5 027	2 931	966	896	2 639

Closing currency profile of net asset value

	Total %	Rand %	US Dollar %	Sterling %	Euro %	ZAR linked %	Naira %	Other %
2007 before hedging	100	62	15	2	1	2	8	10
2007 after hedging	100	51	9	9	13	2	7	9
2006 before hedging	100	65	15	4	5	2	3	6
2006 after hedging	100	65	9	10	6	2	2	6

Closing shareholders' funds exposed to foreign currencies, including the impact of the group's hedging activities, are set out in the table above.

ZAR hedges at the end of the year are in respect of the group's anticipated future investment in foreign operations of ZAR received post the year end on the issue of shares to ICBC. Exposures to Naira and other exposures increased in 2007, primarily due to business acquisitions in Nigeria and Argentina.

Accounting policies

The group's financial statements are prepared in accordance with, and comply with International Financial Reporting Standards (IFRS) and the South African Companies Act. The accounting policies are consistent with those applied in the previous year except for:

- the adoption of IFRS 7 *Financial Instruments: Disclosures*. This new standard has not changed the recognition of financial instruments but has resulted in the reclassification of certain financial assets and fee expenses;
- the adoption of other accounting standards and interpretations issued with an effective date of 1 January 2007. The adoption of these standards and interpretations has not had a material effect on the results, nor has it required any restatements of the results;
- the early adoption of IFRS 8 *Operating Segments*, which is effective for annual periods beginning on or after 1 January 2009. This standard has been early adopted to provide users of the financial statements with financial information on segments that is more relevant to decision making and in accordance with internal reporting of the information to management. The standard has not had an impact on the group's results but has impacted the format of disclosure and measurement of the results of reportable segments;
- the early adoption of IFRIC 11 *IFRS 2 Group and Treasury Share Transactions*, which is effective for annual periods beginning on or after 1 March 2007. The group's accounting treatment already complies with this interpretation and it has therefore not impacted the group's results; and

- the group changing its accounting policies relating to:
  - transactions with minority shareholders where the group purchases an additional interest from minority shareholders or sells a portion of its interest to minority shareholders, while the group controls the entities both before and after the transaction. Any excess of the purchase consideration over the group's proportionate share of the additional net asset value of a subsidiary acquired is now accounted for directly in equity. Previously, the group accounted for the excess as goodwill. Any profit or loss on the partial disposal of the group's interest in a subsidiary is also accounted for directly in equity. Previously, the group accounted for the profit or loss on partial disposal in the income statement. This change in accounting policy is considered appropriate as it results in transactions with minority shareholders, which are presented as equity holders, being accounted for in the statement of changes in equity and not in the income statement. The policy has been applied retrospectively;
  - the measurement of investment guarantees on certain insurance contracts, as a result of the revised Professional Guidance Note 110 issued by the Actuarial Society of South Africa effective for valuation dates on or after 31 December 2007. The group has moved from a stochastic model that projects investment returns for various asset classes according to the estimated probability distribution based on historical observations and future expectations (referred to as a real-world model) to one that reproduces the market prices of tradable assets as closely as possible (referred to as a market-consistent stochastic model). The new model will more accurately reflect fair value. The cumulative effect at 1 January 2006 is not provided as it is not practical as a result of data not being collected in a way that permits retrospective application of the new policy. The change in accounting policy is applied prospectively; and
  - certain modelling (valuation) changes in respect of insurance contracts. These changes have influenced expected cash flows and ultimately liability determined values as well as the timing of profit recognition on the individual insurance policies. Cumulatively, the financial impact at both 1 January 2006 and 31 December 2006 is not material to the group's results or the value of policyholders' contracts. No restatements have therefore been accounted for and the change in accounting policy is applied prospectively.

Details of the impact of accounting policy changes and reclassifications resulting from the items listed above are disclosed in note 34 on page 258 and in Annexure A on page 278.

Explanation of principal differences between normalised and IFRS results

Description of normalised adjustments

The group's consolidated financial statements are prepared in accordance with, and comply with IFRS as issued by the International Accounting Standards Board (IASB). The annual report, with the exception of the annual financial statements and other financial information identified as being on an IFRS basis, is prepared on a normalised basis that adjusts the IFRS results for two specific and unique accounting conventions that do not reflect the underlying economic substance of transactions (the normalised adjustments):

- the group's Tutuwa initiative; and
- group shares held by the insurance operation for the benefit of policyholders.

A common element in these transactions relates to shares in issue deemed by accounting convention to be treasury shares. Consequently, investments by the group that are allocated to Standard Bank shares are recognised by IFRS as a deduction against equity; and the number of shares used for per-share calculation purposes is materially lower than the economic substance, resulting in inflated per-share ratios. With regard to segmental reporting, the normalising adjustments have been made within Liberty Life, and Central and other. The results of the other business units are unaffected.

Black Economic Empowerment Ownership (Tutuwa) initiative

The group concluded its Tutuwa initiative 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 obtained financing through the issue of perpetual preference shares. These funds were used to subscribe for 8,5% redeemable, cumulative preference shares issued by special purpose vehicles (SPVs) controlled by Standard Bank Group (SBG). These SPVs purchased SBG shares. Subsequently, the SPVs containing these shares were sold to black participants. The capital and dividends on the redeemable preference shares issued by the SPVs are repayable from future ordinary dividends received on the SBG shares held.

As a result of SBG's right to receive its own dividends back in the form of dividends and capital on the redeemable 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.

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

- the redeemable preference shares issued by the SPVs and subscribed for by SBG are not recognised as financial assets, but eliminated against equity as a negative empowerment reserve;
- the negative empowerment reserve represents SBG shares held by the SPVs that are deemed to be treasury shares in terms of accounting conventions;
- 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 Standard Bank Group for the purposes of financing the transaction are classified as equity. Dividends paid on the perpetual preference shares are accounted for on declaration and not on an accrual basis.

The "normalised" adjustment:

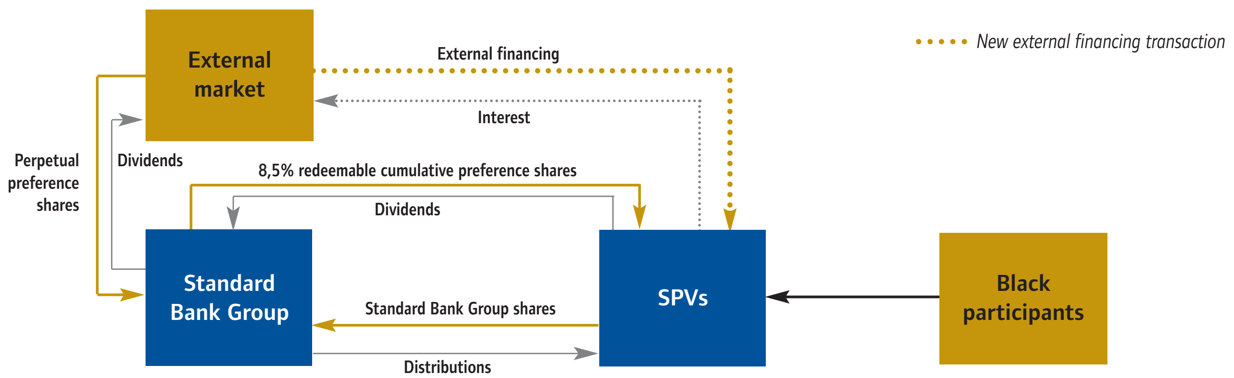
- recognises a loan asset by reversing the elimination of the redeemable preference shares against equity;
- accrues for preference dividends receivable on the loan asset within interest income;
- adds back the number of shares held by the black participants to the weighted number of shares in issue, for purposes of calculating normalised per share ratios; and
- adjusts dividends declared on perpetual preference shares to an accrual basis.

On 20 December 2007 the group obtained financing external to SBG for a portion of the financing provided to the SPVs. As a result, the negative empowerment reserve has been reduced by the value of the external financing obtained of R1 billion and a proportion of the SBG shares held by the SPVs (24,7 million shares) are no longer deemed to be treasury shares for accounting purposes. As the transaction was concluded close to the end of 2007, the impact on the weighted average number of shares in issue, for the IFRS-based calculation of earnings per share, was insignificant.

Group 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.

Graphic presentation of the Tutuwa transaction



In terms of IAS 32 *Financial Instruments: Presentation*, SBG and Liberty Holdings shares held by Liberty Life on behalf of policyholders are deemed to be treasury shares for accounting purposes.

The accounting consequences in the consolidated IFRS group financial statements are:

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

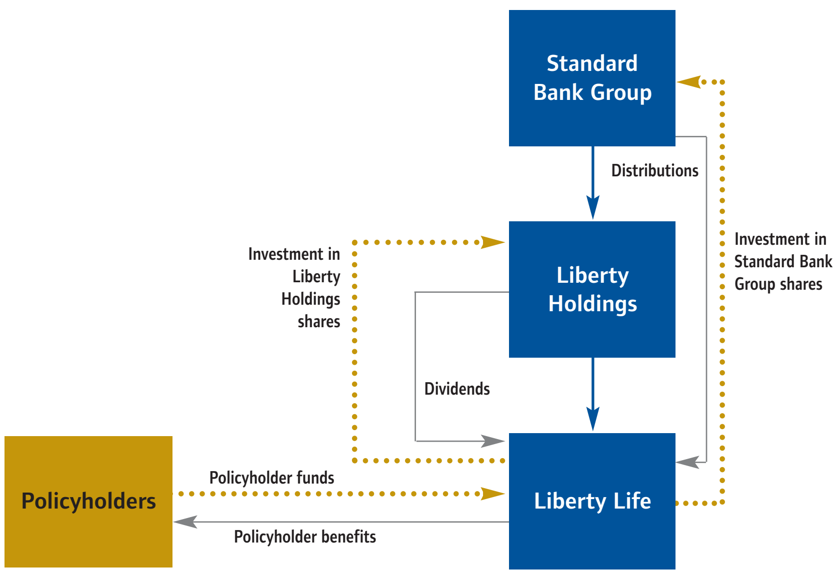
The corresponding movement in the policyholder liabilities is, however, not eliminated. No adjustment is made to policyholder liabilities in the balance sheet, or the increase in the policyholder liabilities in the income statement, that result from the changes in the fair value of the SBG shares and dividends received on these shares that are held for the risk and rewards of the policyholders. As a result, the application of IAS 32 gives rise to a mismatch in the overall equity and income statement of the group.

The weighted average number of shares in issue for per-share figures is calculated by deducting the full number of group shares held (100%) and not the IFRS effective 35% 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 average 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.

The impact of the normalised adjustments on the issued and weighted number of shares is provided on page 86.

Graphic presentation of shares held for the benefit of policyholders



Financial review continued

Adjustments to IFRS results

	Headline earnings			Ordinary shareholders' equity
	Banking activities Rm	Liberty Life Rm	Standard Bank Group Rm	Standard Bank Group Rm
IFRS – 2007	**11 854**	**867**	**12 721**	**53 671**
Tutuwa initiative	**326**	**32**	**358**	**3 347**
Group shares held for the benefit of Liberty Life policyholders		**74**	**74**	**1 388**
Normalised – 2007	**12 180**	**973**	**13 153**	**58 406**
IFRS – 2006	9 641	547	10 188	42 916
Tutuwa initiative	334	27	361	4 285
Group shares held for the benefit of Liberty Life policyholders		269	269	1 151
Normalised – 2006	9 975	843	10 818	48 352

Reconciliation to normalised shares in issue

	2007		2006	
	Issued number of shares 000's	Weighted number of shares 000's	Issued number of shares 000's	Weighted number of shares 000's
End of the year – IFRS	**1 256 917**	**1 230 960**	1 224 856	1 216 687
Adjustments:				
Shares held by Tutuwa SPVs	**74 499**	**98 378**	99 190	99 190
Shares held for the benefit of Liberty Life policyholders (deemed treasury shares)	**41 181**	**39 885**	38 587	42 538
End of the year – normalised	**1 372 597**	**1 369 223**	1 362 633	1 358 415

Summarised group balance sheet – reconciliation to normalised

	2007			2006		
	IFRS Rm	**Adjustments Rm**	**Normalised Rm**	IFRS Rm	Adjustments Rm	Normalised Rm
Assets						
Financial investments	**245 352**	**5 935**	**251 287**	216 217	5 402	221 619
Loans and advances to customers	**548 150**	**3 193**	**551 343**	412 734	4 201	416 935
Assets not impacted	**388 573**		**388 573**	339 504		339 504
Total assets	**1 182 075**	**9 128**	**1 191 203**	968 455	9 603	978 058
Equity and liabilities						
Equity	**68 436**	**8 983**	**77 419**	54 708	9 479	64 187
Equity attributable to ordinary shareholders	**53 671**	**4 735**	**58 406**	42 916	5 436	48 352
Preference share capital and premium	**5 503**		**5 503**	5 503		5 503
Minority interest	**9 262**	**4 248**	**13 510**	6 289	4 043	10 332
Liabilities	**1 113 639**	**145**	**1 113 784**	913 747	124	913 871
Other liabilities	**37 266**	**145**	**37 411**	34 323	124	34 447
Liabilities not impacted	**1 076 373**		**1 076 373**	879 424		879 424
Total equity and liabilities	**1 182 075**	**9 128**	**1 191 203**	968 455	9 603	978 058

Seven-year review

Consolidated normalised balance sheet[1]

	2007 USD m	2007 Sterling m	2007 Euro m
Assets			
Banking activities	**142 309**	**71 050**	**96 912**
Cash and balances with central banks	3 028	1 512	2 062
Financial investments, trading and pledged assets	22 029	10 998	15 002
Loans and advances	95 444	47 652	64 997
Current and deferred tax assets	155	78	106
Derivative and other assets	19 801	9 886	13 484
Interest in associates and joint ventures	244	122	166
Goodwill and other intangible assets	812	405	553
Property and equipment	796	397	542
Investment management and life insurance activities	**32 611**	**16 282**	**22 208**
Total assets	**174 920**	**87 332**	**119 120**
Equity and liabilities			
Equity	**11 369**	**5 676**	**7 742**
Equity attributable to ordinary shareholders	8 577	4 282	5 841
Preference share capital and premium	808	403	550
Minority interest	1 984	991	1 351
Liabilities	**163 551**	**81 656**	**111 378**
Banking activities	**133 044**	**66 425**	**90 603**
Deposit and current accounts	103 648	51 748	70 584
Derivative, trading and other liabilities	25 870	12 916	17 617
Current and deferred tax liabilities	749	374	510
Subordinated debt	2 777	1 387	1 892
Investment management and life insurance activities	**30 507**	**15 231**	**20 775**
Total equity and liabilities	**174 920**	**87 332**	**119 120**

[1]*Figures included in the seven-year review have been restated where necessary to provide a meaningful comparison of performance over the year.*
[2]*CAGR refers to compound annual growth rate based on rand amounts for the period 2001 to 2007.*

Exchange rates utilised to convert the 31 December 2007 balance sheet:
USD – 6,81 (2006: 7,05)
Sterling – 13,64 (2006: 13,80)
Euro – 10,00 (2006: 9,29)

CAGR[2] %	2007 Rm	2006 Rm	2005 Rm	2004 Rm	2003 Rm	2002 Rm	2001 Rm
21	**969 120**	775 220	602 959	508 196	443 030	306 019	306 196
(8)	**20 618**	14 343	12 636	11 380	8 253	27 094	33 785
21	**150 016**	135 362	86 711	73 017	75 950	57 223	47 716
23	**649 974**	506 720	388 668	282 272	235 475	189 141	187 853
(4)	**1 058**	969	867	1 041	803	428	1 322
27	**134 844**	111 875	109 473	136 755	118 556	28 369	31 881
44	**1 660**	1 130	812	294	537	275	187
41	**5 529**	1 043	517	483	505	664	714
12	**5 421**	3 778	3 275	2 954	2 951	2 825	2 738
16	**222 083**	202 838	171 770	117 192	97 536	87 334	89 038
20	**1 191 203**	978 058	774 729	625 388	540 566	393 353	395 234
16	**77 419**	64 187	50 620	43 634	35 264	32 060	31 666
15	**58 406**	48 352	37 994	33 172	28 835	26 054	25 685
	5 503	5 503	2 991	2 991	8	8	8
15	**13 510**	10 332	9 635	7 471	6 421	5 998	5 973
21	**1 113 784**	913 871	724 109	581 754	505 302	361 293	363 568
21	**906 029**	724 655	564 792	474 666	416 342	282 440	282 694
20	**705 843**	545 164	413 623	321 453	278 076	244 556	241 568
33	**176 171**	159 809	136 678	140 215	128 207	28 556	31 294
5	**5 101**	4 166	3 901	3 338	2 826	2 415	3 804
21	**18 914**	15 516	10 590	9 660	7 233	6 913	6 028
17	**207 755**	189 216	159 317	107 088	88 960	78 853	80 874
20	**1 191 203**	978 058	774 729	625 388	540 566	393 353	395 234

Seven-year review continued

Consolidated normalised income statement[1]

	2007 USD m	2007 Sterling m	2007 Euro m
Banking activities			
Net interest income	3 248	1 624	2 373
Non-interest revenue	3 510	1 755	2 564
Total income	6 758	3 379	4 937
Credit impairment charges	651	326	476
Income after credit impairment charges	6 107	3 053	4 461
Operating expenses	3 504	1 752	2 560
Net income before goodwill	2 603	1 301	1 901
Goodwill impairment	(53)	(27)	(39)
Net income before associates and joint ventures	2 656	1 328	1 940
Share of profit from associates and joint ventures	40	20	29
Net income before indirect taxation	2 696	1 348	1 969
Indirect taxation	130	65	95
Income before direct taxation	2 566	1 283	1 874
Direct taxation	591	295	431
Profit for the year	1 975	988	1 443
Attributable to minorities and preference shareholders	116	58	85
Banking activities profit attributable to ordinary shareholders	1 859	930	1 358
Investment management and life insurance activities			
Net income before goodwill but after income from associates	825	412	603
Goodwill impairment			
Net income before indirect taxation	825	412	603
Indirect taxation	38	19	28
Profit before direct taxation	787	393	575
Direct taxation	293	146	214
Profit for the year	494	247	361
Attributable to minorities	355	178	260
Investment management and life insurance profit attributable to ordinary shareholders	139	69	101
Group profit attributable to ordinary shareholders	1 998	999	1 459
Headline earnings	1 866	933	1 363

[1]*Figures included in the seven-year review have been restated where necessary to provide a meaningful comparison over the period.*
[2]*CAGR refers to compound annual growth rate based on rand amounts for the period 2001 to 2007.*

Average exchange rates utilised to convert the 31 December 2007 income statement:
USD – 7,05 (2006: 6,77)
Sterling – 14,10 (2006: 12,49)
Euro – 9,65 (2006: 8,51)

CAGR[2] %	2007 Rm	2006 Rm	2005 Rm	2004 Rm	2003 Rm	2002 Rm	2001 Rm
19	**22 896**	17 001	13 357	11 619	11 390	10 467	8 177
18	**24 747**	19 165	15 616	14 096	12 387	10 792	8 942
19	**47 643**	36 166	28 973	25 715	23 777	21 259	17 119
19	**4 590**	2 733	1 207	1 050	1 848	1 955	1 603
19	**43 053**	33 433	27 766	24 665	21 929	19 304	15 516
17	**24 706**	19 105	16 091	14 694	13 297	12 147	9 812
21	**18 347**	14 328	11 675	9 971	8 632	7 157	5 704
	(376)	15	24	48			
22	**18 723**	14 313	11 651	9 923	8 632	7 157	5 704
34	**283**	218	200	97	102	96	49
22	**19 006**	14 531	11 851	10 020	8 734	7 253	5 753
20	**917**	604	562	389	387	382	309
22	**18 089**	13 927	11 289	9 631	8 347	6 871	5 444
19	**4 164**	3 376	2 536	2 387	2 321	2 030	1 447
23	**13 925**	10 551	8 753	7 244	6 026	4 841	3 997
48	**817**	363	274	177	73	89	77
22	**13 108**	10 188	8 479	7 067	5 953	4 752	3 920
9	**5 816**	6 085	4 338	3 075	2 518	1 333	3 401
			397		63		
9	**5 816**	6 085	3 941	3 075	2 455	1 333	3 401
6	**268**	237	216	262	240	223	185
10	**5 548**	5 848	3 725	2 813	2 215	1 110	3 216
11	**2 068**	2 476	1 776	889	855	391	1 123
9	**3 480**	3 372	1 949	1 924	1 360	719	2 093
9	**2 505**	2 412	1 447	1 334	935	474	1 488
8	**975**	960	502	590	425	245	605
21	**14 083**	11 148	8 981	7 657	6 378	4 997	4 525
20	**13 153**	10 818	9 013	7 511	6 280	5 263	4 419

Seven-year review continued

Statistics, returns and capital adequacy[1]

	CAGR[2] %	2007	2006	2005	2004	2003	2002	2001
Standard Bank Group normalised[3]								
Share statistics								
Number of ordinary shares in issue listed on JSE Limited (thousands)								
– weighted average		**1 369 223**	1 358 415	1 353 382	1 345 786	1 334 099	1 328 192	1 318 696
– end of period		**1 372 597**	1 362 633	1 352 383	1 352 108	1 338 730	1 331 078	1 324 938
Dividend cover (times)		**2,5**	2,5	2,5	2,5	3,1	3,2	3,3
Dividend yield (%)		**3,9**	3,4	3,5	3,5	3,9	4,1	3,3
Earnings yield (%)		**9,6**	8,4	8,8	8,5	12,0	13,1	10,7
Price earnings ratio (times)		**10,4**	11,9	11,4	11,8	8,3	7,6	9,3
Price-to-book (times)		**2,4**	2,7	2,7	2,7	1,8	1,5	1,6
Number of shares traded (thousands)		**1 056 767**	1 014 873	841 835	892 633	908 179	673 703	511 549
Turnover in shares traded (%)		**77,2**	74,7	62,2	66,3	68,1	50,7	38,8
Market capitalisation (Rm)	22	**137 370**	128 769	102 524	88 969	52 451	40 132	41 338
Share statistics per ordinary share (cents)								
Basic earnings	20	**1 028,5**	820,7	663,6	569,0	478,1	376,2	343,1
Headline earnings	19	**960,6**	796,4	666,0	558,1	470,7	396,3	335,1
Dividends	25	**386,0**	320,0	267,0	231,5	151,0	124,0	102,0
Net asset value	14	**4 255**	3 548	2 809	2 453	2 154	1 957	1 939
Return on equity (%)		**24,8**	25,4	25,4	24,2	22,9	20,3	20,1
Banking activities normalised[3, 4]								
Selected returns and ratios								
Headline earnings contribution (Rm)		**12 180**	9 975	8 393	7 100	5 958	4 903	3 985
Return on equity (%)		**24,7**	25,3	25,6	24,9	23,8	20,9	19,9
Net interest margin (%)		**2,97**	2,78	2,97	3,09	3,45	3,20	3,31
Non-interest income to total income (%)		**51,9**	53,0	53,9	54,8	52,1	50,8	52,2
Cost-to-income ratio (%)		**51,6**	52,5	55,2	56,9	55,7	56,9	57,2
Cost-to-income ratio excluding capital profit on MasterCard (%)		**52,0**	52,7	55,2	56,9	55,7	56,9	57,2
Credit loss ratio (%)		**0,78**	0,60	0,35	0,40	0,86	1,02	0,94

[1]*Figures included in the seven-year review have been restated where necessary to provide a meaningful comparison over the period.*
[2]*CAGR refers to compound annual growth rate based on rand amounts for the period 2001 to 2007.*
[3]*Refer page 83 for an explanation of normalised results.*
[4]*Standard Bank Group excluding Liberty Life.*

	CAGR %	2007	2006	2005	2004	2003	2002	2001
Standard Bank Group IFRS								
Share statistics								
Number of ordinary shares in issue in terms of IFRS (thousands)								
– weighted average		**1 230 960**	1 216 687	1 205 169	1 321 666	1 334 099	1 328 192	1 318 696
– end of period		**1 256 917**	1 224 856	1 206 704	1 252 918	1 338 730	1 331 078	1 324 938
Share statistics per ordinary share (cents)								
Basic earnings	22	**1 109,0**	864,5	699,7	581,4	478,1	376,2	343,1
Headline earnings	21	**1 033,4**	837,4	702,3	570,3	470,7	396,3	335,1
Dividends	25	**386,0**	320,0	267,0	231,5	151,0	124,0	102,0
Net asset value	14	**4 270**	3 504	2 706	2 311	2 154	1 957	1 939
Return on equity (%)		**26,7**	27,4	27,9	26,1	22,9	20,3	20,1
Banking activities IFRS								
Selected returns and ratios								
Headline earnings contribution (Rm)	20	**11 854**	9 641	8 048	7 131	5 958	4 903	3 985
Return on equity (%)		**26,1**	27,3	28,0	27,0	23,8	20,9	19,9
Net interest margin (%)		**2,94**	2,74	2,92	3,08	3,45	3,20	3,31
Non-interest income to total income (%)		**52,3**	53,5	54,5	55,0	52,1	50,8	52,2
Cost-to-income ratio (%)		**51,9**	53,0	55,8	57,1	55,7	56,9	57,2
Cost-to-income ratio excluding capital profit on MasterCard disposal (%)		**52,4**	53,2	55,8	57,1	55,7	56,9	57,2
Credit loss ratio (%)		**0,79**	0,60	0,36	0,40	0,86	1,02	0,94
Effective tax rate (%)		**27,2**	28,1	26,9	27,9	31,0	33,3	30,5
Headline earnings per employee (rand)		**267 579**	255 709	222 745	202 109	172 731	144 640	120 444
Number of employees at year end	5	**44 301**	37 703	36 131	35 283	34 493	33 898	33 086
Capital adequacy[1]								
Risk-weighted assets (Rm)	16	**524 443**	421 187	318 279	265 148	236 346	225 995	219 773
Tier I capital (Rm)	16	**54 579**	45 415	33 553	29 111	25 289	23 277	22 637
Total capital (Rm)	17	**75 756**	62 468	45 328	39 722	33 797	31 187	29 669
Tier I capital to risk-weighted assets (%)		**10,4**	10,8	10,5	11,0	10,7	10,3	10,3
Total capital to risk-weighted assets (%)		**14,4**	14,8	14,2	15,0	14,3	13,8	13,5
ZAR exchange rates at 31 December								
USD	(9)	**6,81**	7,05	6,36	5,63	6,68	8,58	12,00
Sterling	(4)	**13,64**	13,80	10,95	10,82	11,95	13,82	17,45
Euro	(1)	**10,00**	9,29	7,52	7,66	8,42	9,01	10,68
Market indicators at 31 December								
Standard Bank Group share price (cents)								
– high for the year		**11 950**	9 650	7 875	6 750	3 960	3 810	3 605
– low for the year		**9 000**	6 850	5 750	3 686	2 650	2 595	2 600
– closing	21	**10 008**	9 450	7 581	6 580	3 918	3 015	3 120
Prime overdraft rate (%)		**14,50**	12,50	10,50	11,00	11,50	17,00	13,00
JSE All Share Index – closing	19	**28 958**	24 915	18 097	12 657	10 387	9 277	10 457
JSE Banks Index – closing	19	**35 876**	36 121	29 234	22 975	14 153	12 035	12 812

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

Banking activities average balance sheet

	Trading book Rm	Average assets Non–interest earning Rm	Interest earning Rm	2007 Total average balance Rm
Assets				
Cash and balances with central banks[2]	3 034	5 096	7 740	15 870
Trading assets	72 628	7 117		79 745
Financial investments	740		61 388	62 128
Net loans and advances	38 238		542 092	580 330
Loans and advances to banks	7 576		58 815	66 391
Loans and advances to customers	30 662		489 980	520 642
– Mortgage loans			197 813	197 813
– Instalment sale and finance leases			52 959	52 959
– Card debtors			20 345	20 345
– Overdrafts and other demand loans	6 249		54 275	60 524
– Term loans	24 381		129 602	153 983
– Loans granted under resale agreements			1 979	1 979
– Commercial property finance			17 838	17 838
– Foreign currency loans			14 373	14 373
– Other loans and advances	32		796	828
Gross loans and advances	38 238		548 795	587 033
– *Credit impairments*			(6 703)	(6 703)
Investment property	118	1 228		1 346
Other assets	14 555	9 304		23 859
Interest in associates and joint ventures	98	4 536		4 634
Goodwill and other intangible assets		1 612		1 612
Property and equipment	57	2 156		2 213
Total average assets and interest excluding trading derivative assets	129 468	31 049	611 220	771 737
Trading derivative assets	69 287			69 287
Total average assets and interest	198 755	31 049	611 220	841 024
Equity and liabilities				
Equity	1 949	54 635		56 584
Liabilities	121 907	24 116	566 309	712 332
Trading liabilities	35 529	2 253		37 782
Deposit and current accounts	80 613		550 259	630 872
Deposits from banks	2 102		41 307	43 409
Deposits from customers	78 511		508 952	587 463
– Current accounts			77 566	77 566
– Cash management deposits			53 372	53 372
– Call deposits	1 125		94 383	95 508
– Savings accounts			17 475	17 475
– Term deposits	27 704		120 452	148 156
– Negotiable certificates of deposit			69 993	69 993
– Repurchase agreements	12 470		40 317	52 787
– Other funding	37 212		18 226	55 438
– Securitisation issuances			17 168	17 168
Other liabilities and provisions	4 979	21 863		26 842
Subordinated debt	786		16 050	16 836
Total average equity, liabilities and interest excluding trading derivative liabilities	123 856	78 751	566 309	768 916
Trading derivative liabilities	72 108			72 108
Total average equity, liabilities and interest	195 964	78 751	566 309	841 024
Margin on total average assets excluding trading derivatives	129 468	31 049	611 220	771 737
Margin on total average loans and advances	38 238		542 092	580 330
Margin on average interest earning assets			611 220	611 220

[1] *Interest received and paid on trading derivative financial instruments has been netted with interest received on derivative asset instruments used for hedging purposes. The interest split between assets and liabilities will therefore not equate to interest income and interest expense per the income statement.*
[2] *Included within interest earning cash and balances with central banks is the SARB interest free deposit. This is utilised to meet liquidity requirements and is reflected in the margin as part of interest earning assets to reflect the cost of liquidity.*

		Average assets			2006		
			Non–		Total		
	Average	Trading	interest	Interest	average		Average
Interest[1]	rate	book	earning	earning	balance	Interest[1]	rate
Rm	%	Rm	Rm	Rm	Rm	Rm	%
		4 026	4 070	6 031	14 127		
		66 777	4 673		71 450		
7 458	12,00	292		44 128	44 420	5 449	12,27
56 988	9,82	22 784		431 649	454 433	37 624	8,28
2 244	3,38	5 918		66 631	72 549	1 767	2,44
54 300	10,43	16 866		368 951	385 817	35 588	9,22
22 130	11,19			145 833	145 833	13 957	9,57
7 056	13,32			43 402	43 402	4 960	11,43
3 563	17,51			14 150	14 150	2 075	14,66
5 993	9,90	7 189		43 173	50 362	4 056	8,05
12 191	7,92	9 677		88 414	98 091	7 694	7,84
249	12,58			3 486	3 486	369	10,59
2 391	13,40			15 591	15 591	1 795	11,51
600	4,17			13 777	13 777	541	3,93
127	15,34			1 125	1 125	141	12,53
56 544	9,63	22 784		435 582	458 366	37 355	8,15
444	(6,62)			(3 933)	(3 933)	269	(6,84)
		42	753		795		
		15 613	5 701		21 314		
		14	2 751		2 765		
			579		579		
		40	1 668		1 708		
64 446	8,35	109 588	20 195	481 808	611 591	43 073	7,04
		66 783			66 783		
64 446	7,66	176 371	20 195	481 808	678 374	43 073	6,35
		1 872	44 277		46 149		
41 550	5,83	100 585	22 058	438 056	560 699	26 072	4,65
		29 370	50		29 420		
40 116	6,36	65 239		424 207	489 446	24 843	5,08
2 806	6,46	592		40 283	40 875	1 964	4,80
37 310	6,35	64 647		383 924	448 571	22 879	5,10
1 713	2,21			58 448	58 448	1 036	1,77
4 422	8,29			47 679	47 679	3 095	6,49
8 340	8,73	660		65 416	66 076	4 490	6,80
554	3,17			13 421	13 421	232	1,73
10 831	7,31	14 677		99 646	114 323	7 468	6,53
6 460	9,23			48 457	48 457	3 719	7,67
2 467	4,67	8 508		39 288	47 796	1 680	3,51
685	1,24	40 802		2 156	42 958	342	0,80
1 838	10,71			9 413	9 413	817	8,68
		4 895	22 008		26 903		
1 434	8,52	1 081		13 849	14 930	1 229	8,23
41 550	5,40	102 457	66 335	438 056	606 848	26 072	4,30
		71 526			71 526		
41 550	4,94	173 983	66 335	438 056	678 374	26 072	3,84
22 896	2,97	109 588	20 195	481 808	611 591	17 001	2,78
22 896	3,95	22 784		431 649	454 433	17 001	3,74
24 098	3,94			481 808	481 808	17 472	3,63