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Standard Bank Group Limited - Audited results and divdend announcement for the year ended 31 December 2004

STANDARD BANK GROUP LIMITED
(Incorporated in the Republic of South Africa)
(Registered bank controlling company)
(Reg No 1969/017128/06)
JSE Securities Exchange
Share code: SBK
ISIN: ZAE000057378;
Share code SBKP
ISIN: ZAE000038881; and
Share code SBPP
ISIN: ZAE000056339
Namibian Stock Exchange
Share code: STB
ISIN: ZAE000057378

Audited results and dividend announcement for the year ended 31 December 2004
Headline earnings up 22% (21% normalised*)
Headline earnings per share 23% higher (20% normalised*)
ROE increased to 26,4% (24,5% normalised*)
Dividend cover reduced to 2,5 times
Dividends per share up by 53%
* Results normalised to reflect legal substance of black ownership initiative.
Refer Black Ownership Initiative below.

Overview of financial results
Standard Bank Group once again met its primary financial objectives of strong real earnings growth and an attractive return on shareholder equity. Headline earnings increased by 22% to R7 648 million and a return on equity of 26,4% was achieved. The accounting treatment of the group"s Black Ownership Initiative implemented in 2004 impacts favourably on these financial measures. Excluding this effect, headline EPS increased by 20% and return on equity was 24,5%. These results were achieved in a positive economic environment in most markets in which we operate. The global economy grew at its quickest pace in almost two decades in 2004. Emerging markets flourished and Africa"s economies expanded at twice the annual average rate of the last 20 years. In 2004, the South African economy, which represents the group"s most important market, continued to benefit from 10 years of sound economic and political policy: Inflation (measured by CPIX) reduced to an average of 4,3% (2003: 6,8%), interest rates reduced by a further 50 basis points and the rand continued to strengthen against the currencies of our main trading partners. The consumer sector benefited from lower interest rates and buoyant spending patterns persisted throughout 2004. The rand"s appreciation has had a mixed effect across the different sectors of the South African economy. Importers and the general public are benefiting from reduced prices on imported goods whilst many exporters continue to find it difficult to maintain earnings levels.
Within the domestic operations of the group, Retail Banking"s 28% increase in headline earnings resulted from good all-round operational performance and enhanced customer focus, coupled with the buoyant economic conditions. The lower average prime rate resulted in lower net interest income generated from deposit balances, but this impact was offset by strong advances growth. A 600 basis point reduction in interest rates over the past two years has resulted in strengthening demand for credit together with continued improvements in domestic credit loss experience. Furthermore, a significant increase in retail transaction volumes boosted growth in non-interest revenue.

Corporate and Investment Banking increased headline earnings by 24%. This performance was achieved through exceptional growth in advisory and transactional revenue, improved trading performances and a strong increase in investment revenues as a maturing private equity portfolio continued to produce results. Net interest income was negatively impacted by lower interest rates, which reduced interest income earned on allocated capital and corporate transactional balances. The lower interest rate cycle did however assist the financial recovery of clients previously in default, resulting in high levels of credit recoveries and further improvement in the credit loss ratio.
International"s headline earnings was 7% lower in US dollars following the exceptional performance of the prior year, and was marginally below expectations. Most principal product areas and all major regions performed well, benefiting from strong customer flows and increased product delivery. The adverse impact of the stronger rand contributed to consolidated rand earnings from this entity being down by 21%.

The group"s presence in Africa is expanding. Earnings from Africa, excluding South Africa, grew by 30% to R634 million. This result was supported by increased activity levels off a larger customer base assisted by the acquisitions of operations in Mozambique and Botswana.

Liberty Life increased headline earnings by 32%, with headline earnings attributable to Standard Bank Group increasing by 30%. Highlights of Liberty Life"s results were improved investment returns and strong growth in new business.

The group"s key financial highlights were:
- return on equity increased from 22,9% to 26,4% (24,5% normalised);
- headline earnings grew by 22% to R7 648 million (21% normalised);
- headline earnings per share of 578,7 cents per share, 23% higher (20% normalised);
- the cost-to-income ratio deteriorated from 56,2% to 57,5%;
- the credit loss ratio improved from 0,91% to 0,43%;
- dividend cover reduced from 3,1 to 2,5 times; and
- total dividends declared grew by 53% to 231,5 cents per share.

The group"s published medium-term objectives were:

- headline earnings growth of inflation (CPIX) plus 10%, equating to 14,3%;
- return on equity of 20%;
- a cost-to-income ratio of 56%; and
- a credit loss ratio below 1%.

The cost-to-income ratio objective was not achieved while the other three objectives were well exceeded. Unchanged net interest income coupled with 12% cost growth were the primary reasons for the increased cost-to-income ratio. Cost growth was impacted by a variety of factors including business volumes, continued enhancement of the group"s IT systems capability and staff incentivisation.

*Black Ownership Initiative
The group concluded its black ownership initiative, termed Tutuwa, which was approved by shareholders in September 2004. In terms of the accounting treatment, the preference share capital provided to the empowerment participants is not recognised as an asset and consequently no income is accrued. The Tier I preference share capital raised to help fund the transaction is classified as equity, with the associated preference dividends only accounted for in 2005, when declared. The funding cost of these preference shares is therefore also not accounted for in 2004.

Normalised headline earnings
The unaudited calculation reflecting "normalised" headline earnings, adjusts headline earnings for preference dividends receivable and payable currently excluded.
The elimination of the preference share capital provided to empowerment participants against equity reduced the net asset value of the group by R4 246 million. Adding back this elimination, return on equity on a normalised basis is 24,5%. For purposes of calculating normalised headline earnings per share, the number of shares held by the black participants is added back to the weighted number of shares in issue.

Normalised headline earnings % growth Rm on 2003 Headline earnings disclosed 7 648 22% Dividend receivable on 8,5% preference shares 87 Dividend payable on perpetual preference shares (114) Headline earnings normalised 7 621 21% Headline earnings per share as disclosed (cents) 578,7 23% Normalised headline earnings per share with 566,3 20% empowerment shares added back (cents)

Income statement analysis
Net interest income - unchanged

As mentioned in the group"s 2003 prospects statement, significant domestic margin compression was expected to occur as a result of the 387 basis point reduction in the average prime interest rate from that of the comparative period. Lower interest was earned on shareholders" funds, and reduced interest margins on transactional deposits such as current account credit balances.
Further margin compression was caused by increased reliance on wholesale funding as retail deposits grew at a slower pace than retail assets. Strong asset growth in all domestic retail lending categories helped offset this margin reduction. The reduction in net interest income was also impacted by the scaling down of International"s bond portfolio previously held as a banking asset and its transfer in late 2003 to the trading book.
Provisions for credit losses - reduced 43%
The group"s credit loss experience and associated ratios have all improved significantly over the past six years. The reduction in the overall charge for credit losses for 2004 reflects the effect of a 26% decrease in the charge for non-performing loans and a minimal charge for performing loans.
Given the decline in both historical and expected future default rates, provisioning levels for domestic performing loans were generally lower despite the strong growth in the retail lending book. Consistent with emerging market practices and evolving market data, the parameters used in International to estimate the potential losses inherent in its performing portfolio were re- assessed and this resulted in a reduction in its provision requirements. With respect to non-performing loans, the provisioning charge in Domestic Banking reduced by R255 million or 27% as a result of lower levels of non- performing loans following enhanced collection strategies, recoveries of retail and corporate loans previously impaired and higher property security values. Non performing loans to total advances in Domestic Banking reduced from 2,3% in 2003 to 1,5% in 2004. In International, provisions for non-performing loans were increased to cover emerging market exposures in mining and energy. Africa"s credit losses were reduced by recoveries of amounts written off in previous years.
The gross coverage ratio for the group, calculated as provisions against non- performing loans as a percentage of these loans before deducting security, increased from 42% to 54%. The group"s total credit loss ratio improved from 0,91% to 0,43%, and non-performing loans reduced from 2,1% of loans and advances to 1,5% at year end. These ratios are to some degree flattered by the strong growth in the underlying loan books, but they nevertheless reflect the continued efforts of management to improve credit risk processes across the group.
Non-interest revenue - up 18%
The growth in non-interest revenue was a combination of fee and commission income up 24%, other sources of non-interest income up 36% and trading income remaining constant.
Higher transaction volumes and asset based fees contributed to fee and commission growth across all business units. Retail Banking in particular benefited from increased transaction volumes from existing clients, an increase in its customer base, higher fee income from insurance broking and financial consulting and focused pricing strategies. Corporate and Investment Banking increased fee income through higher business volumes in debt origination, corporate finance and electronic banking while International benefited from higher fees from asset management and structured finance activities. Fee income in Africa gained from a general review of pricing strategies and an increased customer base.
Trading income grew by 36% in Corporate and Investment Banking following an improved performance in debt securities and a sustained performance from forex off an already high base. This was however offset by the impact of the stronger rand exchange rate on trading income of International and lower growth off an exceptional performance in 2003. International"s 2004 trading income benefited from growth in debt securities and forex trading, partly offset by a disappointing performance in equity derivatives principal trading, which activity has since been discontinued.
Growth in other income resulted mainly from gains on private equity investments, increased property income and an improved underwriting result from the group"s short-term insurance operation.
Operating expenses - up 12%
Operating expenses increased in Domestic Banking by 16%, and 4% elsewhere in the group.
Staff costs and other operating expenses both increased by 12%. Headcount increased by 2% to cope with increased business

volumes, new products launched, compliance with new regulations and the consolidation of operations in Mozambique and Botswana. Staff costs per employee increased by 10%. The group is gradually increasing the variable component of remuneration to more closely align remuneration to the performance of the group. The performance-based element of remuneration was adjusted to reflect the strong domestic results and improved customer service ratings. The group has also increased provisions for potential pension obligations by R150 million and staff costs were further increased by R127 million to finance the general staff scheme within the group"s Black Ownership Initiative.

IT costs increased due to increased development and a more conservative write- off policy on desktop computers. In line with the increased business volumes, most direct operating expense categories increased accordingly.

Taxation

The effective tax rate reduced to 28,2% (2003: 31,0%). The direct tax rate reduced to 24,4% (2003: 26,6%) following an increase in non-taxable income from wholesale activities and settlements with revenue authorities in the previous year not repeated. In terms of new accounting requirements, Secondary Tax on Companies (STC) credits resulting from dividends received exceeding dividends paid, are accounted for as a deferred tax asset. The reduction in tax resulting from this change was R47 million (2003: R32 million). The higher ratio of non-interest revenue to total income increased the ratio of taxable VAT supplies to total supplies, resulting in relatively lower irrecoverable VAT and a reduction in indirect tax to 3,8% (2003: 4,4%) of income before tax.

Balance sheet

Banking assets

Banking assets increased by R61 billion, 14% on the previous year, and loans and advances increased by 17%. Loan growth accelerated in the domestic low interest rate environment and was up 27%, particularly in the following key lending product categories:

- mortgage loans, which were 40% higher, reflected growth in both volume and value terms assisted by the improved sales processes and buoyant residential property market;
- instalment finance, which was 20% up, mainly as a result of volume growth in motor vehicle sale; and
- card debtor balances which were 40% higher as a result of increased consumer spending, improved card issuing processes, and better than expected volumes from the Barclaycard joint venture.

Strong focus continues to be placed on the quality of all new loans granted. Although not a specific objective of the group, domestic market share was gained in mortgage lending, 25,8% (2003: 22,9%) and credit card debtors, 32,8% (2003: 28,8%). Instalment finance declined marginally from 22,3% in 2003 to 22,1% in 2004.

Domestic corporate lending remained subdued with growth restricted to 12% in line with the group"s strategy of not pursuing low-margin corporate lending business. The rand value of foreign currency lending reduced and the stronger rand slowed demand for credit by exporters.

Shareholders" funds

Ordinary shareholders" funds grew by 1% to R29 billion. Excluding the impairment arising from the Black Ownership Initiative of R4 billion, the increase amounted to 16%.

Liberty Life

Liberty Life grew its new business premiums by 15% to R13 440 million while improving the new business margin to 24%. Net cash inflows from insurance operations remained strong at R3 640 million. Management expenses increased by 5% to R1 928 million on a comparable basis. Embedded value per share increased by 17% to R67,25 and the capital position of the group remained strong, with capital covering the requirement 2,1 times.

Liberty Life has made an offer to purchase the entire issues share capital of Capital Alliance Holdings Limited for R3 billion. A court hearing to sanction the scheme of acquisition is set for 12 April 2005.

Capital

The group"s capital adequacy ratio increased to 15,4% from 14,9%, exceeding the weighted average regulatory requirement of 10,5% for the group. Tier I capital adequacy remained constant due to strong profit growth, offset by strong risk- weighted asset growth and a net utilisation of capital for the Black Ownership Initiative. The increase in total capital adequacy mainly arises from a net increase in Tier II capital due to a bond maturing in 2005 being refinanced prior to the year-end to take advantage of favourable market conditions.

Dividends

Sustained high returns on equity over recent years, disciplined focus on risk- weighted assets and the introduction of secondary and tertiary forms of capital have resulted in strong group capital adequacy levels. This is despite substantial domestic asset growth and expansion in International and Africa. Earnings retention has been gradually reduced over the past three years with dividend cover declining from 3,3 to an originally planned cover ratio of 3,0 times for 2004. It has however become increasingly evident that a still lower level of earnings retention is appropriate over the medium term. The recent circular (19/2004) issued by the South African Reserve Bank which clarifies the future regulatory approach to Tier I capital has also informed the group"s view on earnings retention. The group"s dividend policy is accordingly adjusted to a cover of 2,5 times for the 2004 year, calculated on headline earnings per share. Depending on business growth, acquisition activity and the projected impact of Basel II, this cover may potentially be reduced further, but this will be reviewed annually. The advent of fair value accounting has significantly increased the likelihood of volatility in reporting earnings. In the case of extreme volatility the group may adjust the dividend cover to avoid significant changes in absolute dividends declared.

The above policy will also apply to interim dividends.

As a result of the reduced dividend cover a final dividend of 181 cents has been declared bringing the total dividend for the year to 231,5 cents, an increase of 53%.

Prospects

Continued focus on operational excellence and customer service, together with the current positive domestic economic conditions, are expected to sustain consumer business growth through 2005, albeit at a slower rate. Corporate business activity is expected to increase given the potential for growth in infrastructural and empowerment financing business.

The group will continue to increase the contribution from its operations in the rest of Africa, through extracting efficiencies and the roll-out of retail and commercial banking products proven in South Africa. Increased economic development and organic business growth across the African continent should provide ample opportunities for financial intermediation in the years ahead. Whilst the markets in which International operates continue to enjoy good growth, the level of competition in developing economies has increased and margins remain under pressure. International has made significant strides in enhancing its franchise and upgrading its IT, support and risk structures, providing a good platform for growth off a well established network.

The group will be adopting International Financial Reporting Standards (IFRS) in 2005. Accounting standards continue to be subject to vigorous debate and sometimes changing interpretation. In particular, uncertainties remain around the interpretation of the basis of credit impairment quantification and accounting for the equity settled component of empowerment initiatives, both of which could

impact the group"s 2005 results.
We believe economic conditions in the countries in which we operate are unlikely to repeat the rapid improvement of 2004. Taking the above factors into account we remain confident that the group"s quality of staff and diverse spread of businesses should continue to produce returns to shareholders in line with our published objectives. Standard Bank Group"s principal financial objectives for 2005 are a return on equity of 22,5%, revised upwards from 20%, and headline earnings growth of inflation (CPIX) plus 10 percentage points.
Jacko Maree, Chief Executive
Derek Cooper, Chairman
Declaration of dividends
Notice is hereby given that the following final dividends have been declared: ordinary dividend No. 71 of 181 cents per ordinary share (share codes: SBK and STB, ISIN: ZAE000057378), payable on Monday, 18 April 2005, to ordinary shareholders recorded in the books of the company at the close of business on the record date, Friday 15 April 2005. The last day to trade to participate in the dividend is Friday, 8 April 2005. Ordinary shares will commence trading ex-dividend from Monday, 11 April 2005; 6,5% first cumulative preference shares (first preference shares) dividend No. 71 of 3,25 cents per first preference share (share code: SBKP, ISIN: ZAE000038881), payable on Monday, 11 April 2005, to holders of first preference shares recorded in the books of the company at the close of business on the record date, Friday 8 April 2005. The last day to trade to participate in the dividend is Friday, 1 April 2005. First preference shares will commence trading ex-dividend from Monday, 4 April 2005; and non-redeemable, non-cumulative, non-participating preference shares (second preference shares) dividend No. 1 of 379,34 cents per second preference share (share code: SBPP, ISIN: ZAE000056339), payable on Monday, 11 April 2005, to holders of second preference shares recorded in the books of the company at the close of business on the record date, Friday 8 April 2005. The last day to trade to participate in the dividend is Friday, 1 April 2005. Second preference shares will commence trading ex-dividend from Monday, 4 April 2005.
The relevant dates for the payment of the dividends are as follows:

	Ordinary shares	First preference shares	Second preference shares
JSE Securities Exchange SA Share code	SBK	SBKP	SBPP
ISIN	ZAE000057378	ZAE000038881	ZAE000056339
Namibian Stock Exchange(NSX) Share code	STB		
ISIN	ZAE000057378		
Dividend payment dates			
Last day to trade "CUM" dividend	Friday 8 April 2005	Friday 1 April 2005	Friday 1 April 2005
Shares trade "EX" dividend	Monday 11 April 2005	Monday 4 April 2005	Monday 4 April 2005
Record date	Friday 15 April 2005	Friday 8 April 2005	Friday 8 April 2005
Payment date	Monday 18 April 2005	Monday 11 April 2005	Monday 11 April 2005

Ordinary share certificates may not be dematerialised or rematerialised between Monday, 11 April 2005 and Friday, 15 April 2005, both days inclusive.
Preference share certificates (first and second) may not be dematerialised or rematerialised between Monday, 4 April 2005 and Friday, 8 April 2005, both days inclusive.
Where applicable, dividends in respect of certificated shares will be transferred electronically to shareholders" bank accounts on payment date. In the absence of specific mandates, dividend cheques will be posted to shareholders. Preference shareholders who have dematerialised their share certificates will have their accounts at their CSDP or broker credited on 11 April 2005. Ordinary shareholders who have dematerialised their share certificates will have their accounts at their CSDP or broker credited on 18 April 2005.
By order of the board,
Loren Wulfsohn,
Group Secretary
Financial statistics

	% change	2004 R million Audited	2003 R million Audited
Standard Bank Group			
Shares in issue (millions)			
Number of ordinary shares in issue			
- end of period		1 253	1 339
- weighted average		1 322	1 334
Cents per ordinary share			
Headline earnings	23	578,7	470,7
Dividends	53	231,5	151,0
Earnings	23	585,7	478,1
Fully diluted earnings	21	569,1	472,2
Net asset value	8	2 322	2 154
Financial performance (%) Return on equity		26,4	22,9
Capital adequacy (%)			

Capital ratio		
- primary capital		
- total capital	11,5	11,5
Standard Bank operations		
Financial performance (%)	27,6	24,0
Return on equity	57,5	56,2
Effective tax rate (includingindirect taxes)	28,2	31,0

Consolidated balance sheet

	% change	2004 R million Audited	2003 R million Audited
Assets			
Standard Bank operations	14	505 810	444 371
Cash and balances with banks	42	31 384	22 081
Short-term negotiable securities	(4)	21 040	22 018
Derivative assets	19	124 235	104 723
Trading assets	(4)	32 130	33 488
Investment securities	(2)	19 640	20 057
Loans and advances	17	257 154	220 375
Other assets	(6)	16 494	17 540
Interest in associates and jointventures	(47)	286	541
Goodwill and other intangible assets	(6)	479	508
Property and equipment	(2)	2 968	3 040
Liberty Life	14	109 767	96 195
Current assets	25	4 616	3 687
Investments	14	104 442	91 868
Goodwill and other intangible assets	32	366	277
Equipment and furniture	(6)	343	363
Total assets	14	615 577	540 566
Equity and liabilities			
Liabilities	14	577 013	505 302
Standard Bank operations	14	475 900	417 518
Derivative liabilities	18	116 214	98 634
Trading liabilities	(21)	14 410	18 162
Deposit and current accounts	16	316 516	272 677
Other liabilities and provisions	(8)	19 267	20 989
Subordinated bonds	35	9 493	7 056
Liberty Life	15	101 113	87 784
Other liabilities	25	3 064	2 444
Convertible bonds	(100)	-	1 500
Policyholder liabilities	17	98 049	83 840
Capital and reserves	11	32 078	28 843
Ordinary shareholders' funds	1	29 087	28 835
Preference share capital and premium	100	2 991	8
Minority interest	1	6 486	6 421
Total equity and liabilities	14	615 577	540 566

Consolidated income statement

	% change	2004 R million Audited	2003 R million Audited
Standard Bank operations			
Interest income	(4)	35 206	36 796
Interest expense	(6)	23 755	25 359
Net interest income before provisions for credit losses	0	11 451	11 437
Provisions for credit losses	(43)	1 048	1 848
Net interest income	8	10 403	9 589
Non-interest revenue	18	15 048	12 790
Income from operations	14	25 451	22 379
Operating expenses	12	15 242	13 608
Staff costs	12	8 499	7 581
Other operating expenses	12	6 743	6 027
Net income from operations	16	10 209	8 771

Goodwill amortisation	(43)	(98) (173)	144
Exceptional items	(92)	12	102
Income from associates and joint ventures	(5)	97	
Income before tax	16	10 220	8 844
Indirect tax expense	0	389	388
Income before direct tax	16	9 831	8 456
Direct income tax expense	6	2 489	2 353
Income after tax	20	7 342	6 103
Attributable to minorities	22	127	104
Standard Bank profit for the year	20	7 215	5 999
Liberty Life			
Net income from operations	22	2 097	1 713
Realised investment gains attributable to shareholders" assets	27	598	471
Goodwill amortisation and impairment	(85)	(12)	(78)
Income before tax	27	2 683	2 106
Direct income tax expense	9	900	823
Income after tax	39	1 783	1 283
Attributable to minorities	39	1 257	904
Liberty Life profit for the year	39	526	379
Group profit for the year	21	7 741	6 378

Headline earnings

	% change	2004 R million Audited	2003 R million Audited
Group profit for the year	21	7 741	6 378
Standard Bank profit adjusted for:			
Goodwill amortisation		98	173
Exceptional items		(15)	(162)
Exceptional items before tax		(12)	(144)
Profit on sale of properties and equipment		(44)	(238)
Impairment of properties and equipment		15	41
- Impairment of intangibles		12	116
Loss/(profit) on sale of businesses		5	(57)
- Other capital profits		-	(6)
Tax on the above items		(3)	(18)
Liberty Life profit adjusted for:		(176)	(109)
Goodwill amortisation and impairment		12	78
Realised investment gains attributable to shareholders" assets		(598)	(471)
Capital gains tax		10	25
Attributable to minorities		400	259
Headline earnings	22	7 648	6280

Segmental report

	% change	2004 R million Audited	2003 R million Audited
Headline earnings			
Domestic Banking	27	5 842	4 602
Retail Banking	28	3 158	2 476
Corporate and Investment Banking	24	2 656	2 140
Other domestic operations		28	(14)
International	(21)	685	866
International (USD million)	(7)	107	115
Africa	30	634	489
Stanlib	48	59	40
Central funding and eliminations		78	13

Standard Bank operations	21	7 298	6 010
Liberty Life	30	350	270
Standard Bank Group	22	7 648	6 280

Consolidated statement of changes in shareholders' funds

	2004 R million Audited	2003 R million Audited
Balance at beginning of the year	28 843	25 828
Change in accounting policy	-	144
Restated balance at beginning of the year	28 843	25 972
Profit for the year	7 741	6 378
Dividends paid	(2 150)	(1 753)
Net translation reversal	(1 308)	(1 866)
Issue of share capital and share premium	3 195	133
Other reserve movements, net of tax and minorities	3	(21)
Equity impact of empowerment transactions	(4 246)	-
Balance at end of the year	32 078	28 843

Consolidated cash flow information

	2004 R million Audited	2003 R million Audited
Net cash from operating activities	15 990	16 598
Net cash from/(used in) operating funds	906	(7 753)
Net cash from/(used in) investing activities	1 014	(5 812)
Net cash used in financing activities	(4 037)	(1 759)

Third party funds under management

	2004 R million Audited	2003 R million Audited
Asset management	81 927	70 354
Wealth management	196 018	136 479

Contingent liabilities and capital commitments

	2004 R million Audited	2003 R million Audited
Contingent liabilities		
Letters of credit	4 827	4 920
Guarantees	17 520	16 562
Unutilised facilities	18 497	14 887
	40 844	36 369
Capital commitments		
Capital Alliance Holdings Limited acquisition	3 094	-
Contracted capital expenditure	664	215
Capital expenditure authorised but not yet contracted	438	505

Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of financial instruments classified as instruments available-for-sale, held at fair value, held for trading or derivative instruments as well as investment and owner occupied properties in the group"s insurance operations.

The accounting policies comply in all material respects with South African Statements of Generally Accepted Accounting Practice (SA GAAP) as well as with the South African Companies Act of 1973.

Changes in accounting policies

These accounting policies are consistent with those applied in 2003 except for the adoption of AC 501, Accounting for Secondary Tax on Companies (STC), with effect from 1 January 2004. As required by this new interpretation, a deferred tax asset is recognised for unused STC credits to the extent that the group expects that it will utilise the credits to reduce its STC liability in future. No deferred tax asset was previously recognised on unused STC credits. The impact of adopting AC 501 is as follows:

	2004 R million Audited	2003 R million Audited
Income statement		
Reduction in tax and increase in earnings	47	32
Balance sheet		
Increase in retained earnings and increase in Deferred tax asset included in other assets	223	176

There was no impact on minorities' interest. The 2003 amounts have been restated accordingly.
Auditors' report
The auditors, PricewaterhouseCoopers Inc. and KPMG Inc., have issued their opinion on the group financial statements for the year ended 31 December 2004. A copy of the auditors' unqualified report is available for inspection at the company"s registered office.
Board of Directors
DE Cooper (Chairman)
JH Maree* (Chief Executive)
DDB Band
E Bradley
T Evans
TS Gcabashe
DA Hawton
Sir Paul Judge#
SJ Macozoma
RP Menell
Adv KD Moroka
AC Nissen
RA Plumbridge
MC Ramaphosa
MJD Ruck*
MJ Shaw
Sir Robert Smith# Dr CL Stals
Dr CB Strauss
* Executive directors # British
Group Secretary
L Wulfsohn
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Registered office
9th Floor, Standard Bank Centre, 5 Simmonds Street, Johannesburg, 2001
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Share transfer secretaries in:
South Africa Computershare Investor Services 2004 (Proprietary) Limited
70 Marshall Street, Johannesburg, 2001, PO Box 61051, Marshalltown,
Johannesburg, 2107

Namibia
Transfer Secretaries (Proprietary) Limited Shop 12, Kaiserkrone Centre, Post Street Mall, Windhoek, PO Box 2401, Windhoek Website disclosure
The Standard Bank Group Limited results for the year ended 31 December 2004 will be published on the Standard Bank group website at 08h05 South African time.
http://www.standardbank.co.za
Live broadcast on Summit TV
A live results broadcast will be available to Southern African viewers via Summit, DStv Channel 55 at 16h00.
Live teleconference
Dial in numbers are:
South Africa 16h00 0800 200 648
United Kingdom 14h00, GMT 0800 917 7042
Europe 15h00,Central European Time +800 246 78700
USA 09h00, Eastern Standard Time 1 800 860 2442
Canada 09h00, Eastern Standard Time 1 866 519 5086

A delayed audio webcast will be available from 17h00 on www.standardbank.co.za.
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